"Adani Enterprises Limited Q1 FY-22 Earnings Conference Call"

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MANAGEMENT:

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MODERATOR: **MR. ASHISH SHAH – CENTRUM BROKING LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Adani Enterprises Limited Q1 FY22 Earnings Conference Call hosted by Centrum Broking 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 '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Ashish Shah from Centrum Broking. Thank you and over to you sir.

Ashish Shah: Thank you Bilal. Very good morning to all. On behalf of Centrum Broking, I welcome all the participants to the Adani Enterprises Limited Q1 FY22 Earnings Conference Call. Today we have from the management Mr. Robbie Singh – CFO, Adani Enterprises Limited, Mr. Vinay Prakash –Director – Adani Enterprises Ltd and CEO of Natural Resources business and Mr. Ramesh Nair – CEO of the Mundra Solar PV Limited.

I now hand over the call to Mr. Robbie Singh for his opening remarks which will be followed by Q&A session. Please note that Mr. Robbie Singh will be available with us till 11.30, so we request the participants to prioritize their questions for businesses other than Mining Services and Solar Mfg. at the start of the call which will be answered by Mr. Singh and questions on Mining Services and Solar Mfg. businesses can be asked subsequently as Mr. Vinay Prakash and Mr. Ramesh Nair will continue to be available with us.

So over to you Robbie. Thank you.

Robbie Singh: Thank you Centrum for hosting the call. Good afternoon everyone. My name is Robbie. I'm CFO for Adani Enterprise. AEL has been a successful incubator since 1994 creating five infrastructure unicorns as independent listing and entities with strong businesses. Our constant endeavor to invest in strategic new businesses has translated into profitable returns for our shareholders. The model of building new businesses and creating value has delivered returns at a compound annual growth rate of 32% to shareholders since inception. In the last 4 years the demerger of Adani Green Energy Limited and Adani Total Gas Limited has boosted our shareholder's return at a CAGR of 123% since the announcements. In continuation of this process of value creation we have completed acquisition of Mumbai International Airport. With this acquisition Adani Airport holding has now eight airport concessions, seven operating and one under development which is Navi Mumbai Airport. The company has also signed concession agreements for three road projects. These road products are under the HAM, BOT and TOT models for the maintenance of 235 kms of road. Further our water business has received LOA from Bihar Urban Infrastructure Development Corporation for Bhagalpur waste-water project.

Coming to this quarter's performance:

It has been another quarter of stellar operational and financial performance across our established business segments of solar manufacturing, mining services and integrated resource management. My colleagues Vinay Prakash and Ramesh Nair will talk specifically about the solar business , mining services and IRM business. Consolidated total income increased by 131% and is now at

12,731 crores. Consolidated EBITDA increased by over 200% and is now at 948 crores. Consolidated PAT attributable to owners increased by eight times and is now at 271 crores.

Now let each business CEO take you through the respective business highlights. With this I hand over to my colleague Mr. Vinay Prakash. Vinay over to you.

Vinay Prakash: Thanks Robbie. Good morning to all. As far as the mining business is concerned; in mining services business the company's MDO for nine coal blocks with peak capacity of (100+) million metric tons per annum. Further the company has two MDO projects for iron ore with the peak capacity of 16 million metric tons per annum. These 11 projects are located in the state of Chhattisgarh, Madhya Pradesh and Orissa. The company has also signed coal block development and production agreements for two commercial mines, one is Dhirauli 5 million metric tons per annum in the state of MP and Gondulpara which is 4 million metric tons per annum in the state of Jharkhand. PEKB which is Parsa East and Kanta Basan block has been operational since Feb, 2013 and it is the first and the only captive opencast coal mine washery in the country producing at peak rated capacity of 15 million metric tons. GP 3 mine which was open in April 2019 and Talabira mine which was opened in December 2019 is continuing to increase their production. Also, the company has operationalized Kurmitar Iron Ore mine in Orissa in the current quarter. Coal mine production volume increased by 114% at 4.7 million metric tons in Q1 FY22 against the production volume of 2.2 million metric tons in Q1 FY21. Further the coal dispatch increased by 84% at 4.6 million metric tons in Q1 FY22 against the dispatch of 2.5 million metric tons in Q1 FY21. In Q1 FY22 EBITDA increased by 43% at Rs. 307 crores as compared to Rs. 215 crores in Q1 FY21.

As far as the IRM business is concerned, the company provides end to end procurement and logistics services to its customers. We have developed business relationship with diversified customer across the various end user industries. Our IRM business continues to maintain leadership position as the #1 player in India. The volume this quarter increased by 138% to be at 17.6 million metric tons vs 7.4 million metric tons in Q1 FY21. Now I will give it to my colleague Ramesh Nair for solar manufacturing.

Ramesh Nair: Morning everyone. Mundra Solar Photovoltaic Limited has established India's largest vertical integrated solar photovoltaic manufacturing facility of 1.2 GW which is now debottlenecked to about 1.5 GW capacity, having state of the art plant along with R&D facilities within our electronic manufacturing cluster facility in Mundra SEZ. The Q1 FY22 solar module volume increased by 247% at 271 MW as against the corresponding quarter last year at about 78 MW while EBITDA increased by 10 times at 126 crores against 11 crores in the corresponding quarter. The stellar EBITDA performance was supported by increasing volumes and rising proportion of DCR in sale. Adverse impact of increasing input costs has cushioned by significant cost reduction initiatives taken by the business. We are committed on bringing the cost of lowest global benchmarks and focus on DCR and EPC segment to have sustainable growth in the coming period. That's all from my side. Over to you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We have a first question from the line of Nirav Shah from GeeCee Holdings.

Nirav Shah: First question is on the Australia coal project; do we maintain our timelines of commissioning in September-October this year in output between 3 to 5 million metric tons. And related question to that is, currently we have seen a very sharp increase in the gas and coal prices which are around $150. If you can just share some details as regards to what will be our realization, compared to on our grade, what are the mining costs and key cost head ?

Robbie Singh: we are pretty much on track and we should be able to ship as per timelines previously outlined. Test shipments would commence from October and then formal shipments from November this year. In relation to the final operation of plan, it's being finalized and we hope to share that update with the market as part of the September results.

Nirav Shah: And the first phase capacity will be how much 11 million tons?

Robbie Singh: First phase will be 11 million tons p.a..

Nirav Shah: And then we intend to take it up higher?

Robbie Singh: that’s market-driven and investment planning of that business in particular, so all of that operational plan and any growth plan within the mining capacity would be outlined as part of the September quarter results. But current planning is for 11 million tons.

Nirav Shah: But the logistic capacity should not be a bottleneck, the mining capacity can be quickly ramped up if the market supports?

Robbie Singh: Yeah, there logistic side is fully covered. Mining capacity can be ramped up relatively easily if required. Naturally all of these things, there are a number of competing factors such as, capacity in the market, the percentage of seaborne trade that actually happens, , the long-term commitment of the existing customers that we have which will be part of the IRM business.

Nirav Shah: Second question is on the data center. If you can share some details as to a thumb rule what is the kind of CAPEX that we always look at on a per megawatt basis excluding the land cost? I mean what are the revenue model like at capacities and what are the margins that we can make over here, if you can share some details on that it will be really helpful?

Robbie Singh: No, data center what we can share with you as of today is that our Chennai data center is well advanced. We expect it to be operational sometime next year. Furthermore, we are working through a facility in Mumbai, Hyderabad, Noida and Vizag. So those are the plans. We expect about a gigawatt of equivalent data centers. In relation to the margins we have a comprehensive business plan with our partner which is EdgeConnex. So, as we go through, there is no specific standard model that you follow in this. It is the total service required plus whether we have a major anchor in the data center, whether it distributed across many smaller participants. So that aspect plus the services element determines the margin. Overall, we expect the rate of return in this to be comfortably in the double digit. And due to the fact that we ourselves, are developing these things and it's not third-party development. It will actually retain some of the development profit within the business. Again, it is very early in terms of the full operational guidance plans. Most likely in January this year or March quarter next calendar year, full business plan and showcase presentation would be done on the data center business with the market.

Nirav Shah: On the airport front just one clarification, we've given a revenue number of 107 crores in the presentation whereas the results table has 68 crores, so the difference of the revenue share, is that correct, revenue share to AI?

Robbie Singh: Let me specifically check that. Can you just repeat the question?

Nirav Shah: In the airport segment, the results table, the segmental results show a revenue 68 crores whereas the presentation gives a revenue number of 107 crores. So that difference is our revenue share to AI, so the presentation has the three revenue share numbers whereas the official results table to the exchanges is post that?

Robbie Singh: The developing businesses which are there includes airport, mining business which is the Carmichael mine plus the roads business, plus the data center business. In data center there is no revenue but roads have started having revenue. That's why that difference is there.

Moderator: The next question is from the line of Punit from HSBC.

Punit: My question is on the solar manufacturing business, what kind of scale do you expect it to reach over next 2 years? And what is the stance currently given the fact that large part of the business is still in SEZ and government has imposed basic custom duty from April '22. How would that impact you; can you give some color?

Ramesh Nair: If you see the business, we are actually looking at expanding and we are in the process of expanding. We should be around 3-3.5 GW by mid of next year. That's important as part of our strategy and we also are open to whatever is playing out in the country and will take a call as and when it plays out correctly. The call we take as a management team what we feel is right. The environment has never been more positive for manufacturing in the country as it has been in the last about a year because of the various schemes and the focus of the government to build manufacturing within the country starting with the DCR schemes of KUSUM and CPSC and also rooftops to ALMM that is Advanced List of Models and Manufacturers for solar panels. And also, the BCD now expected by end of this financial year. I think there's a lot to look forward to it, clearly a sunrise sector where the lot of things would be happening and lot of volumes would be required as a country gallops to 300 GW by 2030. That is the vision is even if we hit 60%-70% of that volume, still there's a huge lot of requirements of modules within the country. So, the outlook is very positive for manufacturing as far as I am concerned and how the market looks at this point of time.

Punit: So existing 3.5 is coming without the PLI scheme and this 3.5 is both cells and modules or just modules?

Ramesh Nair: Both cells and modules.

Punit: Any plans of further backward integration from silicon?

Ramesh Nair: We keep examining it, we are not concluded on what we should do when the time is right, we would come to the markets and announce it. As of now we are not firmed up any plan.

Punit: And with modules and cell what kind of margins do you expect?

Ramesh Nair: Margins are upward of 15% to 20%, that's what we see as we go forward and it will be definitely with the DCR schemes which is here to stay for the next about a couple of years and with BCD coming up, I think these margins should be always at of higher of 20%-25% for some time to come.

Punit: Next part is some part of your capacity is in SEZ. Will you get impacted with the PCDCL or are you immune to that?

Ramesh Nair: All our capacity is in SEZ and of course there is some relaxation given by the government on clearance to DTA from SEZ. We would look at appropriate decision to even exit SEZ at the right time, if BCD becomes an issue in terms of clearance. That's already part of the game plan in the business and we would play it out as required.

Punit: But so far if nothing changes then there you will fully subject to EMC?

Ramesh Nair: The EMC of which we are part of and where our complete integration to various components are going on. All those things we plan to exit if there is no relaxation on the BCD component of clearance to DTAs and we will have to definitely exit.

Punit: Will that change the economics? So, moving from BCD to DTA?

Ramesh Nair: Nothing much would change tactically. The economics would remain almost the same so there is nothing that we expect substantial to change when we move.

Moderator: The next question is from the line of Ashish Shah from Centrum Broking.

Ashish Shah: My first question is on the Carmichael mine. There you used to have a rail line connecting to the main line. Is that part over or the initial shipments will be through or some other mode of transport?

Robbie Singh: The rail project is on schedule and first test run will be conducted in October.

Ashish Shah: The feeder line into the main line is done? Currently done by October.

Robbie Singh: Correct.

Ashish Shah: Secondly on the airport side of the business. When are we expecting to take over the Mangalore and Thiruvananthapuram airports? I think Thiruvananthapuram had some to-and-fro. So, seeking some clarity there?

Robbie Singh: We expect to have completed all documentation towards the third quarter of this year.

Ashish Shah: All the six airports which we had won and obviously Mumbai is anyways there now? So, all the seven will be within report over here?

Robbie Singh: Yes.

Ashish Shah: Also, more of a medium-term sort of an outlook but we are now built up a reasonable set of portfolios. We have about 14 odd highway assets; we have 8 airport assets, so what is the long-term or 3-to-5-year view? Where we want to have these businesses and enterprises; we are looking at maybe listing them separately or we are looking at a rate in built sort of a structure. And if at some point we will probably want to monetize our investments in these assets. So, if there's any color on that will be helpful?

Robbie Singh: Difficult to give and not appropriate to give you that much forward-looking statement but as you know our record is that we want to stabilize the business. We expect the airport business to stabilize around ‘23-24 and we expect the road businesses to achieve critical mass over the next 18 months to 24 months. At that point in time, we will evaluate what are the best course of action for those businesses.

Ashish Shah: Lastly more of bookkeeping thing. The consolidation of MIAL will happen line by line or it will be a one-line associate treatment? Are we consolidating it line by line?

Robbie Singh: It will be two parts. One is for Quarter 1 is just equity consolidation and from there onwards it will be line by line

Ashish Shah: From Q2 FY22, it will be a line-by-line consolidation of the revenue EBITDA.

Robbie Singh: Yes.

Moderator: The next question is from the line of Mohit Kumar from DAM Capital.

Mohit Kumar: Are you looking to sell any of your holdings in Adani Wilmar Limited? And what is the kind of expected dilution if it happens for some money raise, that's the first question?

Robbie Singh: We just filed paperwork and current issue type is fully primary and in the first phase we expect dilution to be approximately for current shareholders to be around 10%.

Mohit Kumar: What is the CAPEX layout for Mumbai Airports and other airports in FY22 and FY23 given that you acquired Mumbai Airport and all the other three airports and the related question is what were the acquisition cost for GVK portion of shareholding for Mumbai Airport and how do you plan to monetize the land and how much is the land available monetization from Mumbai Airport, that's my question Mumbai Airport?

Robbie Singh: On airport will just broadly answer the question in terms of the CAPEX. We expect the CAPEX to be in the order of, the order would be, next 2 years in the order of about 4,500 crores FY22 and approximately 9,000 odd crores in FY23 primarily majority of this for the Navi Mumbai Airport. And in relation to your questions on the monetization it's not just the monetization of land. We have a very different model for the airports. At the appropriate time, we will outline the full business case of our airports' vertical. We are looking at more of this as a B2C business where by a significant consumer platform of roughly 300 million users of which about 100 million will be passengers and 200 million will be non-passengers. So, it's not just land monetization, it is the effective management of the B2C element. It will be a much-much different strategy that you might have seen in airports in India before. That aspect of what we do specifically with each airport is dependent on the local area that the airport is in. Once the team has done the basic planning, all the airports are with us, third quarter of the year. We will be able to give out the full business case details and our investment plans in relation to how we see the business, in the second half of the year.

Mohit Kumar: How much is land available and how much has been, in the sense developed?

Robbie Singh: Currently the GIS studies of lands underway and what can be developed, depends on the specifics of agreements of each of the airport All of that we will go through. It would not be appropriate to outline the specific, it is not general, if the land is available, it is still subject to specific approvals in relation to each of the airports where the land is; as to what can be developed, how the specific airport has its business plan. But majority of the land that is there around the airport is not developed. It has to be developed and that's what we are going to. You hear the total land question; we will come back to you and we will provide you the total land area airportwise but broadly about 270 acres is the land area across our airports.

Mohit Kumar: 140 is Mumbai, am I right?

Robbie Singh: Including Mumbai. In Mumbai it is 115 broadly.

Mohit Kumar: What are the acquisition costs from Mumbai Airport specially the GVK portion. Have you assumed roughly Rs. 50 billion to GVK holdings, is that number right?

Robbie Singh: That's the total investment towards MIAL is about 5,200 odd crores which includes the GVK, yes.

Mohit Kumar: This 50 billion is for entire the acquisition cost for Bidvest and the other and plus GVK? Is that number right? 50 billion for this entire stake, for both the acquisition?

Robbie Singh: Yes.

Mohit Kumar: What is the debt at the end of June '21? We earlier used to provide in our debt breakup of the business-wise that breakup in missing in the PPT. Please keep providing that number. That's the helpful and what kind of debt level you see at the end of FY22 on the consol basis for the company?

Robbie Singh: Normally the debt numbers are provided in the half year announcement September and March which we will do that. We don't actually materially expect a very significant change other than the fact that we will bring in MIAL into the books. Overall, from an AEL perspective, the AEL itself doesn't change a step provided the underlying businesses change their debt profile. As at March '21, the total term debt was approximately including the airports was 10,000 crores which includes IRM debt also and, half of this term debt was at the airport business.

Moderator: The next question is from the line of Nirav Shah from GeeCee Holdings.

Nirav Shah: First question is on the IRM business. I mean this quarter it seems we have done an EBITDA of around Rs. 314 per ton so can this largely be attributed to the very sharp increase in the coal prices that we have seen and we have benefited on the inventory gains front?

Vinay Prakash: You are right. There is sharp increase in the prices and we were having inventory with us because of which we have made such a high EBITDA in this quarter.

Nirav Shah: So, the general range is somewhere between Rs. 100 to 150 that's a normalized one and plus-minus is because of the price fluctuation. Is that the correct understanding?

Vinay Prakash: Yes, because we are actually more in a service function. We do from taking the coal from the mine to supply up to the doorstep, so something which you always get as the services is Rs. 120-150 per ton and plus-minus is always there as a fluctuation which if you are monitoring the market well you will always be there in upside.

Nirav Shah: The second question is on the MDO front any guidance of likely sales that we can do this year and next year based on the scheduled commissioning of these mines in the ramp up?

Vinay Prakash: So first of all, in MDO there's no sales option and MDO is a service function, so this year we are likely to start Sulyari which I think we should start in August itself. We have already started Kurmitar, we are working hard to start Parsa also, so Parsa, Sulyari, Kurmitar, three projects will get added to the three projects which are already there last year which is PEKB, GP 3 and Talabira. We are working hard to see if we can add another one or two projects this year itself, if not then next year we'll have another two to three projects getting auctionized.

Nirav Shah: What the final number can we potentially do around odd 23 million tons this year or any official guidance for that for FY22?

Vinay Prakash: If you take the number 15 million of PKB is a 100%, Talabira 6 million is there, GP 3; 3 million is there, 24 is there from the last three mines. We can add another 3 million for Parsa, we can add another 1 or 2 million tons for Sulyari and we can add 6 million tons for Kurmitar.

Nirav Shah: So, we are talking about an excess of 30 million tons this year?

Vinay Prakash: Yes 30-34 million ton.

Nirav Shah: And next year will be these 32 to 34 million tons plus the projects if it all this float these two-three projects that you mentioning?

Vinay Prakash: These three projects are for sure will come. We are trying to see that we can have another two projects getting operationalized this year, if not then it will be next year. These mines which we're talking about except PEKB will also go for their peak capacity because whatever volumes we're getting from Talabira or GP 3 or Sulyari or Parsa are not the peak capacity. They will touch their peak capacity in next year, so these mines will also give you the extra tonnages plus two other mines which we are planning to get operationalized by end of this financial year or next financial year we'll get it up.

Nirav Shah: So, the potential is up to 40+ million tons in FY23?

Vinay Prakash: Possibility is definitely there; we'll see if we can go touching 50 million ton.

Nirav Shah: Just a final question on Australia project. If I refer to the last quarter’s call, I mean we had some $300 to $400 million of CAPEX pending. So how much is pending as of a date, any significant amount?

Vinay Prakash: Currently the CAPEX number as on 30th June which is pending was about in the range of 200 million or so, it will be which we are just within July and August it will be completed.

Moderator: The next question is from the line of Dilip Shah.

Dilip Shah: Adani enterprises has floated a separate subsidiary to foray into petrochemical business. Could you please give me a little more details on your petrochemical plan in terms of investment, capacity, possible commercial production and location if any plans have been decided as yet?

Robbie Singh: Mr. Dilip we have not yet done any planning as such from the perspective of specifics. We are just right now looking at some feasibility studies to be done and based on that we will come up with our plans which will be at least another 3 to 4 quarters from here.

Moderator: The next question is from the line of Mohit Kumar from DAM Capital.

Mohit Kumar: My question is related to solar business; the EBITDA has stabilized in this quarter I think largely around 30% and we have peak margins we did last year is 40%. Firstly, on volume side we expect we'll be able to do more than 1.2 GW capacities and given that our capacity 1.2 GW is it possible to produce more? And that's the first question on solar.

Ramesh Nair: Yes. I think the basic jump in the volumes also as partly because last year COVID was most severe in terms of the impact and this year it was handled better. So, we almost get the plant running except for about 70-80 MW of slots in the current quarter and yes, we had a good run rate of 115 to 120 MW per month is a run rate that we are doing now. In the current year we should be doing better than 1200 MW for sure maybe close to 1300.

Mohit Kumar: What kind of EBITDA margin is possible; do you think is better than the last year run rate?

Ramesh Nair: It may not better than last year. We will be able to sustain the last year run rate; there has been some dip in the margins in the current year a little bit as we speak because of poly-silicon prices that have gone up in the world markets. So, there is a shortage of the poly-silicon so poly-silicon prices have actually skyrocketed. It's gone to almost a lifetime high something like about $30 a kg which was something like about $10 or $7-$8 compare a year back. So there has been a pressure on the margin but it's not softening a little bit as we speak, so with various initiative and with the strong DCM market that is in place ,a very strong channel partner based on the retailer that we have built and also the KUSUM segment is actually going up well, KUSUM, a roof top segment, its actually countries doing better as we speak. We expect we can hold onto the margins of the last year.

Mohit Kumar: Are we selling anything in export in this FY in this fiscal or do you think primarily we'll serve the DCM market?

Ramesh Nair: This year we will not be much in exports. We would be primarily in the DCM markets but maybe after 7-8 months from now probably you may have to look into the export market again. I just feel that you don't want to get into it but the increased volumes that we project we may have to reenter the market sometime next year not know.

Mohit Kumar: In the annual report you were speaking about expanding this capacity from by 2 GW as per the solar manufacturing link tender. Do you think this capacity will cope in the next 1.5 or 2 years?

Ramesh Nair: We're expecting the 2 GW model capacities should kick in by end of this year and by Q1 of next year, I’m talking calendar year and by Q1 of next year financial we should be having the full line also up. We'll have about 3 GW of integrated module and full capacity by Q1 next year June.

Mohit Kumar: Do you want to participate in the PLI scheme also or do you think we are.

Ramesh Nair: We are looking at it, we're looking at the modalities reevaluating it. No decision taken as of now.

Mohit Kumar: For the 2 GW expansions have we financially tied up and are there any incentives available from the government side for the full capacity?

Ramesh Nair: There are incentives available from the Gujarat government which we are availing off and obviously and the financials everything is almost tied up for the 2 GW expansions and this is primarily linked to the manufacturing link tender this capacity that we're building in. So that's where it is but it is that we are going ahead and with the evolution of inception market in the country for modules at this point of time, it is the right time to expand into new technology .We expect because it'd be huge demand as they're expecting an ALMM and all the protection that BCD's the timing is perfectly right to put up the expansion at this point of time.

Mohit Kumar: Are we planning to move into the domestic tariff area for particularly this 1 GW capacity?

Ramesh Nair: So, if the BCD becomes a roadblock because if BCD gets levied on clearances from SEZ or DTA which is currently the case then obviously we'll have to move into we have to exit the SEZ and move into DTA and of course government comes with some clarification that from the DTA clearance may not require the BCD maybe exempt or something like that there's a different matter we'll examine at that point of time. As we stand, we may have to exit and we are clear that's not a very big job. that's something not very substantially difficult in doing it and we have the road plan made it here. The options are very clear on that from our side.

Mohit Kumar: What is the CAPEX layout for 2 GW model capacities?

Ramesh Nair: The CAPEX layout is about 1800 crores.

Mohit Kumar: The related question is, does our capacities will be able to produce in N-type module or bifacial module would we need to incur any additional capital cost to change our production line?

Ramesh Nair: Whatever we are putting up at this point of time as part of the expansion of 2 GW is completely the module line and it is capable of producing as high as 780 watt-peak of modules. The capacity will be the very futuristic too because nowadays what is available is about 540-550 watt-peak, the highest watt-peak. But the capacity module and would be as good as 700+ watt-peak. It is compatible for entire for us if you want to go forward to in future. As of now its P-type mono wafer are involved and in maybe 2 years down the line we expected it shift to N-type. There's a sudden very small modification what you call it TOPCon cell or similar cell we'll be able to upgrade the whole cell line to N-type. As we stand whatever we are investing in is completely future ready for high size modules or high size wafers as high as going to 210 mm wafers, so that is what we have designed.

Mohit Kumar: Currently the mining side we have EBITDA turn up around Rs. 653 per ton in the quarter and this is very volatile a lot, of course I understand the new mines are coming up. Is it possible to bake up EBITDA per ton in between pass and can pay to other mines so that we have a little easier for us to model?

Vinay Prakash: I don't think we can give any guidance in terms of per ton EBITDA anytime in the future also for these mines, because it depends on many aspects for that mine whether it is the strip ratio, it is the various variable cost which depends on the technical aspects of a mine. So, one mine or other mine they have a different approach and different equipment sizing also considering the technical aspects. So, it is difficult for us to share with you the per ton EBITDA numbers of all these mines.

Mohit Kumar: So, the broadly Parsa Kente the construct of the contract of Parsa Kente and the other mines are they all similar in construct or is there a substantial difference in the way the contracts are structured?

Vinay Prakash: There are two differences; primarily one is that in case of PEKB we had invested in land and iron ore also and there's a washery also attached to the project, where in some projects washery is not there. Otherwise, everything depends and which type of technical aspects you have for the mine, how the seam behaves, what is the strip ratio, what are thicknesses of seam, whether you are going to have a biggest pan to use a small equipments? You need to go for medium size or you go to need go for high size equipments, that all depends on the technical features of the mine.

Mohit Kumar: What is a kind of CAPEX layout you have for increasing the mining capacity from let's say for the new mines in FY22 and FY23 and FY24 it can lay out in the numbers? Secondly are you I think there were presentation which was shared in March 21 which you spoke EBITDA of 28 billion in somewhere in FY25-FY26. Do you still maintain that number or is there any change post COVID?

Vinay Prakash: No. So, we still maintain that number, we are working hard to see if we can achieve it even few months a year in advance also. As far as the investment is concerned in the next 5 years, we are likely to invest more than 10,000 crores in the mining services and if all goes well, we should be pushing to achieve the peak capacity of our mining services by 2025.

Mohit Kumar: I think couple of days backs your group company won couple of mines in the commercial mining which was held 2 days back?

Vinay Prakash: So, we won two commercial mines, one is Jhigador which is in Chhattisgarh and second is Gondkhari which is in Maharashtra. One is open cast mine in Bishrampur, Chhattisgarh and second is underground mine in Maharashtra and all this activity will be done by us Adani Enterprise with some mechanism with the other company.

Mohit Kumar: What is the capacity of Gondkhari mine is 1 million ton, is it possible to ramp up the capacity higher than that?

Vinay Prakash: So, it is 1 million ton as per the plan, we have to still get into the mine plan and see if we can put more number of long walls and take it to 1.5-1.6, but not a big increase possibility because its underground mine. But we'll definitely try to see if we can take it up by another 30%- 40%.

Mohit Kumar: One thing that this is a underground mine and this is the first time you're doing underground. Do we think we are up to in the sense there'll be there's a different challenge altogether?

Vinay Prakash: I don't think it's a different challenge because we have enough bench stands; we have enough expertise available within our India team, our Australia team and our Indonesia team. We are fully equipped; we have been working on undergone mining project for last few years. Is that it got delayed to get a mine now and I'm sure that we are going to put a very responsible and innovative mining to get this production at a very competitive rate.

Mohit Kumar: Lastly on the coal trading, I think the volume was 17-18 million ton. How do you think the demand is panning out currently, do you think will you be able to achieve FY20 numbers, it was 29 million tons for the financial year given the run rate?

Vinay Prakash: We are definitely going to achieve FY20 number but if you really ask me how the demand is spending up in Quarter 2, Quarter 3 is showing it's slightly going down because the prices have gone up pretty high, it's (+150) new castle index which is a general index and it is actually the customers are actually finding it difficult to buy at these prices. We are going to see some drop in tonnages that but it's again when you see a drop in the tonnages market comes down and again you see increase the demand. So, we're hopeful for this year to be a good year for us as far as IRM business is concern and we should definitely do better than FY21 if not better than FY20.

Mohit Kumar: What is your opinion is driving these prices? Because I think the global demand remains much muted right? I don't think that demand has picked up sharply either something in the global market that some disruption which you would like to point out.

Vinay Prakash: Few things are there, one that China the hydro number has is actually down by 8% which is increasing their requirement for thermal power. Then your heat wave is there in many countries which is actually pushing countries to have more thermal power to run their AC's and another thing which we are now seeing it very clearly that because of the low prices in last few years there has been hardly any investment in the mining and which actually is pushing the prices to be higher and if you will see a global trade the number is that growing and the the demand is higher than supply by 25 million tons. We see that the ton bases are going to be under pressure in terms of the importance of going to the under pressure in terms of getting supplies.

Ashish Shah: On behalf of Centrum Broking, I would like to thank all the participants for attending this call and thank you to the management of Adani Enterprises for giving us the opportunity to host the call.

Robbie Singh: Thank you Ashish for hosting the call highly obliged. Thank you all for the good questions.

Moderator: Thank you. On behalf of Centrum Broking Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.