“Adani Green Energy Limited
Adani Energy Day”

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Welcome all of you, we will get into the AGEL presentation. We have some slides where we will talk about the strategy broadly. We have lot of slides, but we will let it be on your table for your further reading. In the presentation will broadly talk about the strategy only.

Adani Group, we have already discussed. So I will skip these things, I will straightaway come to Adani Green Energy Limited. Now, this is our starting slide wherein we are trying to impress upon you that we have a robust business model, which is based on rapid growth with predictable returns. We are a utility type of a company with predictable & stable returns. And this in turn is on three limbs, which are; execution strength & pan-India presence, predictable annuity return and robust financial performance.

We will take limb by limb. Limb number one, execution strength & pan-India presence. Till now we have a contracted publicly declared portfolio of 5,290MW, it does not include 205 MW of Essel acquisition, which we have declared, as it is pending some bank approvals. Of 5,290 MW, 2,420 MW is operational and 2,870 MW are under construction. Here, in India whenever we are talking about MW, this is all megawatt AC and not megawatt peak. The entire portfolio is diversified geographically in 11 states and also resource wise we have 50% pure solar, 32% pure wind, and 18% hybrid. Thus, current stuff we have built very, very financially efficiently.

We measure our project competitiveness or attractiveness in terms of project CAPEX by project EBITDA on a 25 year basis. And we are proud to say that we have built our existing 2,420 MW at 6x. And on a fully built-out basis of 5,290 MW it will become 6.21x. The entire portfolio is contracted and it has predictable annuity return. Off-taker profile, Sovereign NTPC & SECI 65% and non-SECI non-NTPC is 35%. Everything is contracted for 25 years, we don't have, as of now, any corporate PPA. And tariff profile is 100% fixed, we do not have any linkage with anything. Till now we have been able to maintain good strong generation profile due to better O&M practices. And we try to achieve P50, and we have been broadly between P50 to P75.

On the financial side also our performance have been robust, we have been able to maintain approximately 90% EBITDA margin. As built, we have asset base of US$2.3 billion, fully built will be US$4.2 billion. And because of the way the governance is there etc., etc., we have been able to get very good rating in the bond markets. The first one on offering was BB+, second was BBB-. In fact, our
ratings are lower because of the Government of India rating. In fact, otherwise, they were really to be BBB.

Now, we take theme after theme. The first is diversification. So, we bring a diversified portfolio which is geographically diversified. You can see the projects are all over the country, 11 states, this helps us that the generation at every month is diversified. If the monsoon gets delayed in one part, the solar goes up there, where monsoon arrives earlier the solar goes slightly low. So they counterbalance each other. So, you have geographical diversity. Similarly on the resource side also, solar, wind and hybrid, so we have a diversified resource base also. And the same thing strong PPA counterparties, 65% of Government of India. And we are the only large listed pure-play renewable power producer in India.

Now, we want to draw your attention to the AGEL context wherein there are key considerations which we must keep in mind. You will appreciate that the Government of India has committed to Paris accord. And they want to develop 175 GW of renewable by 2022. And by 2030 it will become 450 GW. So it throws a huge opportunity for people like us to grow. As of now, we have 5,290 MW. We have several things already there, but because we have not publicly declared it, because certain milestones have not been achieved. So, we believe that our portfolio will increase significantly in line with the growth of renewable in this country. So, we will be having lot of under construction portfolio, but it will be supported by consistently growing operational portfolio which will generate stronger cash flow to fund the future growth.

Now, this growth which is very fast growth, it will lead to certain implications and certain risk considerations, which we have divided into three parts. One is developments/construction risk, where do I get so much resource or land and connectivity? How do I complete the projects in a cost efficient manner, in a timely manner? How do I ensure that my supply chain is efficient and there is no disruption? And similarly, how to get timely cash flow to fund the projects? That is what we will deal with one-by-one. We have operating risk because we have such a huge portfolio and our plants must meet what we want to achieve in P50. We must minimize our O&M cost compared to whatever we have targeted. And we should optimize the asset life so that although we have 25 years of contracted period, theoretically the solar plants will do much higher than that.

Then the third risk is on the capital side, which is nothing but timely availability of capital to meet the future growth requirement, and how to optimize the available cash profile so that it matches our requirements. And then how to reduce the cost of debt as well as equity, and how to design an integrated finance plan, which provides end-to-end visibility. So these are the three key areas of risk,
which in our subsequent slides we will try to address them, how at AEGL level we are addressing them. And moreover, you will appreciate that because in last several years the tariff also has fallen, and therefore we have to evolve our construction methodology, O&M methodology and capital strategies so that we emerge stronger even in a falling tariff scenario. So we will try to address one after another.

The first key risk is the construction O&M and capital management to counterbalance the falling tariffs. The tariffs are falling, this particular graph shows that at a CAGR of 17% in last five, six years the tariff has fallen from a band of Rs. 9.3 to Rs. 5.5 to a band of Rs. 3.1 to Rs. 2.6 in FY20. So, it has fallen dramatically. But the project costs also have fallen in tandem. Current tariffs are much below the APPC prices. In fact, these prices are even lower than the marginal variable cost of coal of the last megawatt which is running to maintain the grid balance. So the solar and wind, both of them are very competitive and therefore there is no economic reason for any distribution company to back down any renewable plans. So, although on one side it is it is putting a lot of pressure on renewable company, but on other side it is very good that now there is, I mean, it's an economic necessity, it is no longer an RPO obligation.

Now, focus areas to ensure stable returns. So, there are four areas which we are concentrating, compared to what we were doing, and this is how the strategy has changed in AGEL.

Robust construction: Past practices, we were having smaller plants, 20 MW to 100 MW. They were smaller distributed construction sites, naturally slightly more expensive. Now our strategic response is that we are going to larger plants which are gigawatt plus scale, this scale itself brings lot of efficiency. And we are also going for increased hybridization, which is solar plus wind; batteries as of now we don't have, but in future we are looking at batteries as well.

On operational efficiency, we were earlier having leading site-specific practices only, high manpower involvement, high water requirements, etc.

Our strategic response now onwards is to have a Remote Operating Central Control room which we will all visit, lead predictive maintenance, tech-led manpower reduction like robotic cleaning, drone monitoring etc. This is on the operation & management side, so we are bringing our O&M cost down.

On the capital management, initially these were all small size typical construction finance project finance, which we were organizing from PFC, REC, which we still do. But now our strategic response is that we refinance most of the projects,
which leads to elongated maturity in line with the PPA duration, reduced cost of debt, it leads to freeing of the cash for the equity holders. We will discuss this a little more in detail later.

Then, next response is on the technology choices. We are constantly evolving and we are using better strategic partnership with the OEMs. And we are predicting tech map, we are also looking at new alternatives of offshore wind, etc., etc., so that we are ready as and when the country goes for this.

Now, this is another slide to throw light on the lever number one, which is robust development experience, which is to be leveraged for better returns. It's a slightly dense slide, on the left hand side you will see our installed capacity, which is our operational capacity. In FY20, as we speak, it is 2,420 MW, we will try to commission another 350 MW by March 2020. And therefore, we will have slightly higher number of operational assets. And this entire portfolio, both solar as well as wind, we have been able to build at a CAPEX to EBITDA which is the inherent matrix which we use for this thing at 5.99x. We also convert it into another way of looking at it, is a project cost in INR per megawatt hour (mWh), that is more neutral a way of looking at it. So, you will see that solar plants we have been able to build at INR 27,331 per mWh, wind we have been able to build at around INR 21,000 per mWh. And on a weighted average, it is INR 26,605 per mWh. So, so this gets converted into CAPEX to EBITDA of 5.99x.

In last four or five years, I mean, we are a new company, we were set up only in 2015. We are not more than 4.5 years old. In this itself, our design teams have been able to optimize several things. I mean, you might be wondering, why is the CAPEX going down? So, through engineering excellence we have brought down the cable requirement per megawatt peak dramatically by 75%. The steel requirement per megawatt peak by 35%. Land requirement per megawatt peak by 35%. The designs CUF has increased by 45%. In fact, it will further increase, we will not declare in this one, but maybe next time will declare how much it will increase.

Then similarly, the construction improvement has happened. We have moved to larger gigawatt scale sites which will lead to significant reduction in mobilization cost, our manpower costs itself will reduce. We are going for strategic tie-ups with vendors for longer price visibility. Supply chain, we are managing far better. We have not given here detail, but in our latest project in Rawra, 200 MW when the container starts from Shanghai, on the 42nd day, the module out of that container is connected to the grid. So, the date it starts, the container, FOB China, it reaches Mundra port on 20th day. In another 10 days' time it reaches site. And within another 10 days' time it is all up and connected, generating electricity, IDC
(interest during construction) stops. So, this is on the supply chain side, this is the efficiency and we will try to better that number going forward. And this is why we are able to bring down IDC dramatically.

So, these are the things which we are improving on the construction side. And mind you, all these things, the LCs are discounted post-FOB. Supplier gets in five, six days, he gets his documents and then he puts in the bank. So practically, the IDC will become 42 days, minus 16 days, so basically 30 days IDC. And that happens to be 55% of the project cost. So on the supply chain, we are bringing a lot of efficiency. And longer construction duration, and hence stable manpower management.

On the capital availability, now we are looking at having what is called construction facility of $1.8 billion. And therefore, removing the risk of the debt capital entirely. And at AEGL level we try to ensure that the equity requirements of everything is available fully funded. And therefore, we are able to complete the project in time. So, moral of the story is, that it is a skill driven construction practices and design improvement which is leading to significant project cost reduction. And whatever numbers we are shown, CAPEX to EBITDA, you can compare it with anybody else who declares this publicly. We are far better. This means that we have a lot of efficiency on the side of construction.

On the O&M side, how to sweat the asset more, this is what we are doing. And we have what is called Remote Operating Nerve Center (RONC), it is nothing but a central control room which we will visit after this particular presentation, which is centralized monitoring facility which has led to a lot of efficiencies. We are doing a lot of data analytics etc., etc. And this is leading to significant improvement in the plant performance. And in the centerpiece you can see there is a significant improvement in the CUF, the plant availability has consistently been over 99%, we try to maintain it 99.9%. And our module cleaning cycle cost also has gone down, we will deal with it slightly more detailed somewhere else.

This has led to a lot of reduction, huge reduction in our O&M cost. And here we have not given data points, maybe in some future presentation we will give you a data point. Because we have 20 MW sites, 50 MW sites, 100 MW site, 648 MW site, so we know that larger the size lower the O&M expense. So far in 20 MW site I am spending Rs. 6 lakh, and in Kamuthi I spend only Rs. 2.5 lakhs to Rs. 2.6 lakhs. So, larger the plant size the lower is O&M. So now with the gigawatt scale sites we expect further reduction in cost. So, moral of the story is that efficient O&M practices lead to achieve best-in-industry operating performance.
Now, third pillar, which is efficient capital management, leading to lower cost, both of debt as well as equity; and extended maturity we will deal with it a little more in detail. On the capital management philosophy, we initially tried to manage project finance and construction finance. Then we implement the project, commission the project. As soon as the projects are operational, they have some background, some history, we try to bundle them together, refinance them opportunistically, either domestically or in the dollar bond market. And then when we are refinancing it, there is a significant up-streaming which is happening and that cash is taken for the future growth.

Now, this is one typical example which we will try to bring to your notice. As we said, the historical plants were built at a CAPEX to EBITDA of 6x, typical Indian financing is 75:25. So, 4.5x is debt, 1.5x is equity. We build the plants, then we go to the dollar market, which in turn are able to offer at least 5x debt. And therefore, 0.5 x of the equity is released there. And then also it leads to a huge weighted average maturity extension of another 5.5 years. So, this leads to equity release. There is a cost saving also on a fully hedged basis, we will see some data points on another 125 to 150 basis points. And this elongated maturity profile of refinancing, it allows us higher annual FCFE.

Typical example, we will give you three examples. We have refinanced practically all our assets in the form of RG1 (930MW), RG2 (570MW) and Kamuthi (648MW). Kamuthi is refinanced with PFC debt. RG1 and RG2 were dollar bonds. And total Rs. 10,000 crores of refinancing we did and that much refinance debt we raised has led to 1,100 upfront equity release. In addition to that, during two years we had already up-streamed some cash. And then going forward, these three group of assets will give us at least Rs. 600 crores per annum internal accrual upstream, and with far less onerous commitments. In fact, you will be happy to note that in RG1, every half yearly we upstream the cash, so we have been able to do our first upstreaming of Rs. 100 cr approximately only a few days back. So, this has led to Rs. 1,700 cr of equity made available in FY20 itself. So, this is the matrix and there is a strategy which we are using on the efficient capital management side.

Now, this is another example of the RG2 to the latest bond issue which was sovereign rated BBB-. The value creation through efficient capital management. This is the first investment- grade bond deal out of India in renewables space. Now, what we are trying to show you is that the initial project financing which we had done, you will see the curve how the whole thing goes. Major portion of EBITDA initially goes towards debt servicing, and the cash left for the equity holder is relatively low. But post refinancing EBITDA remains same, but you will see that the residual cash towards equity has improved dramatically and significant increase in the residual cash post refinancing. So, this is a good
example and this is what we are trying to replicate in going forward all the projects. So, this is a 20 year fully amortizing bond with average maturity of 13.47 years. Actually it is a facility designed for 23 years, bullet repayment of 24% at the 20th year. And debt is sized in such a way that PLCR of 1.6x is maintained. And issuance was oversubscribed six times. The original coupon was 4.625%, today it is trading at 4.44%, denoting investor confidence. On fully hedged basis, all-in cost was 9.5% compared to the debt which is replaced at 10.5%. The previously issued RG1 which was $500 million, we had issued at 6.25% coupon. This has improved significantly and it is trading today at 4.70%. It is a five year paper, so hopefully when we go back at the end of the fifth year, we will be able to bring down the cost from 6.25% to say 4.7% or 4.8%. So this is what we wanted to show you, how we want to do going forward.

Now, that was our past performance. Now going forward. We have locked-in another 2,870 MW of PPAs, which we have publicly declared. The average tariff is far lower compared to our previous PPAs, it is only Rs. 2.69. The project cost per megawatt hour has fallen significantly, it is only Rs 16,429. Let me compare it with this. For operational projects, it is Rs 26,605 and for under-construction portfolio it is Rs 16,429/mWh. So, using this particular number, our CAPEX to EBITDA is 6.4x It is indeed slightly inferior than 6.0x which we were doing earlier, because of increased competitiveness.

Now we will explain to you how we are trying to handle the increased competitiveness. So, whatever equity IRR we were able to achieve on the existing portfolio, the falling tariff has led to some reduction on an apple-to-apple basis. But then we are managing it with tech lead reduction in project cost per megawatt, project cost in per megawatt hour, sites with better sources, we are upsizing, superior O&M practices, we will bring down our O&M cost itself. The capital management itself will bring another efficiency of 4 to 5 percentage points. So that way we are not only able to maintain the equity IRR, but we will perhaps give better equity IRR even in the locked in growth. And this 6.44x CAPEX to EBITDA, this is on the basis of our current estimated number. Going forward, we believe that it will be better. So, what we are trying to tell you that consistent returns for shareholder even at such dramatically lower tariffs. And we are best equipped to handle this.

So this was on the project and capital side. And we are paying a lot of attention to our ESG stuff. AGEL ESG philosophy, both on environmental side because we are in anyway green, we are trying to match the load curve through hybrid. So, we are trying to generate more energy from the same asset which is through RONC, which is through hybrid solar, etc. We are using only unproductive land for development. We are making big solar parks which is leading to better solar
infrastructure. On the waste management side, although we don't have much waste, but whatever waste we have, we are trying to handle it with better utilization of steel, concrete for structures.

On the social side, we buy all our land across the table, we do not use any land acquisition etc., etc. So, land beneficiaries are fairly treated, documented process is followed for land acquisition. Energy efficient equipment selection is done in the transformer, string inverter and PV module. On the employee safety side we pay a lot of attention. And therefore, we have zero LTI in H1 FY20 and we are a signatory of the UN Global Compact. On the governance side, AGEL has board independence at listed company. Even in SPVs we are having Independent Directors. And we have rigorous audit processes followed, quarterly audit, key issues brought to the management notice and stricter implementation of the related-party transaction policies.

These are on the environment awareness these are the three limbs. Climate awareness, we have already started doing it. We are offsetting carbon emission resource management and waste management. We have made our organization ready for climate readiness. We are bringing more efficiency through load curve, matching load curve, etc. We are doing better resource management through solar parks and we are also using better waste management. And we are trying to align our entire organization to the climate code. Then this RONC, we have already discussed. We will visit that. That had led to a very, very high plant availability quarter after quarter. And we are able to generate more energy for same CAPEX. In fact, this is another one boosting climate efficiency.

The biggest criticism for solar plants, specially located in India is that we are a dusty country, we have a lot of dust. So, dust settles on the modules and the performance goes down. So, we have to do something to clean them. So, we have to clean them at regular intervals. And we use water for that using manual methods. When the plants are small, it was alright, but going forward will have a lot of criticism. So we are cognizant of that fact and we have already started taking a lot of measures towards that. Conventionally you can see in photograph number one, where there was a tractor and then hoses were there, people were having vipers and cleaning it. Now we have shifted to innovation, it is mother of all innovation, we will show you later. This has dramatically reduced our water consumption from 1.3 liter, to 0.7 liter. And this will further reduce. And we are trying to go to near zero in the water consumption itself.

Efficiency in the land usage, I mean, earlier we used to use 5 acres per MW, today we are at 3.2 acres per MW, and going forward it will further reduce. So, moral of
the story is that we are aware of the climate and we are reading our organization for that. And we will bring climate efficiencies.

On the CSR side, we are committed to serve the community for the betterment of lives. And we are doing significant skill development along with the Adani Foundation.

On the governance side, journey so far on the corporate behavior, we have bankruptcy remote structure for RG1, RG2 assets. Quarterly audit is there, compliance is there, board independence is there, and by 2021 as a group we have target that bankruptcy remote structure to be implemented for all SPVs. A related party transaction policy is applicable to all subsidiaries, and board constitution also, Independent Directors at all subsidiary board, and board committees also will be having Independent Directors even at the subsidiary level. So we have a glide path till 2021.

So, AGEL has integrated ESG into its way of business, which provides enhanced value creation. So, the integrated ESG framework has resulted in access to larger pool of capital at reduced cost and value accretive return. So, as an investment case, we believe that AGEL has compelling investment case, we have infrastructure lineage, we have significant growth opportunity, we are disciplined capital allocation, we have world-class O&M practice and we have stable and predictable cash flows. So, we are trying to reduce the risk premium on debt as well as equity as much as possible, by diversifying geographically, by diversifying resource wise, by having world-class O&M practices, therefore, the O&M risk we are reducing. And also by disciplined capital approach we are also bringing down the risk of finance, refinance, etc., etc. So, the risk premium itself is falling both on the debt side as well as equity side. And when both fall, it leads to lower WACC. Therefore with lower WACC, even in a falling tariff scenario, we are able to profitably bid and win and brings a lot of shareholder value.

So, thank you gentlemen. This is what the strategy we wanted to discuss. We have a lot of appendix slides where a lot of details are there, which we will hand it over to you. So, this is what we wanted to present. And if you have now any question on AGEL, we will be happy to answer them.

Participant:  
(Inaudible) How much capacity of AGEL’s ISTS renewable projects are delayed?

Management:  
There are two kinds of PPAs. One, the CTU, Central Transmission Utility connected ISTS bids, which are typically by SECI and all. So there any delay due to transmission infrastructure is practically passed through. And then there are certain bids which are state bids which do not tell you to go on ISTS. If you have
gone on ISTS, it is by your own choice, they have not mandated it. So there we
don't have any flexibility. So, all those plants which are either STU connected or
ISTS connected by choice, they did not ask us. There, every project has to be done
dot on time, before time, we cannot take it for granted. And they are completed
on time. The 200 MW Rawara MSEDCL project, MSEDCL did not ask us to go on
ISTS, we went there by choice, we do not have any flexibility. So, everything has
been completed on time. Another 75 MW MSEDCL wind, we are completing on
time. 250 MW GUVNL project we have completed in time. Delay is happening in
those projects which were by design bids on ISTS, like SECI bids, that you will
connect only to ISTS. And there ISTS gets delayed. So, it is a pass through, so we
do not have any legal liability as of now due to any delay due to this.

Participant: (Inaudible) What is the overdue status for different counterparties?

Management: In fact, we have given us on 30th of October. Look, our Achilles heel is TANGEDCO
historically. So, overdue status other DISCOMs is Rs. 53 crores, in fact in some of
them may be technically overdue. It might not be an overdue, sometimes in SECI
bids there are certain technicalities due to which it falls in overdue status for us.
Another good thing is that even TANGEDCO under pressure of Government of
India has started giving us, if not LC, advanced money. We were pleasantly
surprised on 28th of November that they suddenly deposited Rs. 54 crores
through RTGS into our accounts. We did not know how come they have given us
money. The gentlemen said, banks were not opening LC for us, so we thought
that let me give you one month money in advance. This money I have given you
in advance for generation and please go to the CA website and remove my name
from the defaulter list, because they had to buy some, otherwise they were taken
out from the interstate market. So now we believe that under the pressure of
Government of India, their behavior... so this 582Cr what you are saying, problem
is now contained to that 582 Cr, now we have to take it down to zero. I hope that
in future no overdue will be created in TANGEDCO.

Participant: (Inaudible) Do you waive-off late payment surcharge?

Management: Only in a few. No, late payment surcharge we have not waived. Sometimes we
give discounts to TANGEDCO, nobody else. And others, they take discount
because it is there in the PPA. If they pay promptly, if payment comes it is a
standard mechanism. There was somewhere we have mentioned how much
prompt payment discount we have paid. Another thing is, that now you can see
LC status. We have received LC in most of the cases, in TANGEDCO we gave
received advance in lieu of LC. SECI PPAs we are expecting the LC to be soon.
And so LC not received is only 17% of our portfolio. And gentlemen, the
TANGEDCO is a typical problem and the percentage of that will keep on reducing
in our portfolio. So 648 was a big number in 2500. But going forward it will become far lower.

Participant: Sir, are the LCs being enforced if the money does not come on time?

Management: Yes. But the situation has not arisen ever.

Participant: Sir, are you also looking at bringing in a strategic investor like you did in other companies, like gas and transmission?

Management: So, that is a question you should ask the shareholder, not me.

Participant: No discussions as of now?

Management: I am not aware.

Participant: Sir, media had also reported I think in the TOTAL deal that they would be implementing certain renewable...

Management: I am not aware of.

Participant: Sir, you have mentioned the project cost per megawatt hour. So what is the amount that we are benchmarking it at against the industry? What is the industry average rate that is there for the project implementation cost?

Management: There is no such number available, sometimes some third parties they do publish it. In fact, we are encouraging people to declare such numbers, but unfortunately listed companies are not there in India. Only Azure is the listed company which does declare something. So, you will have to compare it with Azure. We believe definitely we are superior than that. Other players all our private players, so they don't declare such kind of thing, which we are declaring. In fact, we are encouraging the third party publishers also to go and get in touch with these guys and ask for these kind of numbers which we are publicly declaring.

Participant: *(Inaudible)* In terms of Equity, this 5.2 GW, which will come, is there any plan you can share?

Management: Look, for 5,290 MW which we have, we broadly believe that we will be able to finance it by upsizing internal approval and stuff like that. For future, that next bid we will have to think of.

Participant: *(Inaudible)* Is that pure equity or ICD?
Management: When we say equity, it is promoter’s fund. Whether it is in pure equity or quasi equity or ICD or whatever.

Participant: (Inaudible) Why put promoter’s contribution in any form, other than equity?

Management: So, what happens that whatever money we have put there as pure equity, pure equity we cannot bring it back. Whereas, whatever is in quasi equity, ICD, they come back. So, for Rs. 100 project, Rs. 25 is the promoter’s money, typically Rs. 12 is in pure equity or Rs. 10 is pure equity, Rs. 15 rupees is in quasi equity or ICD are promoter contribution. So, when debt upsizing happens, so instead of Rs. 75 they give us Rs. 85 as the debt, then that incremental Rs. 10, this Rs. 15 of the quasi equity, that comes back.

Participant: (Inaudible) What is the interest rates on the ICD?

Management: The banks always have the norms, they will not allow you to charge more than the bank rate. So, the ICDs either at times they are at zero or even if they are interest bearing, it is not more than a bank rate.

Participant: (Inaudible) What is the international ratings of your two bonds?

Management: RG2 is BBB-, RG1 was BB+.

Participant: (Inaudible) Sir, this 50MW Andhra project, is this in solar park?

Management: That is in a park, yes.

Participant: So, are you getting your dues?

Management: There are two things there. Dues, because it is with NTPC, so we get paid for regularly.

Participant: It is not a state DISCOM?

Management: So, not a state DISCOM. But then they added a twist, that we are sitting in a state and we are connected to the STU. So, they do back us down in the name of grid security at times. For which a suitable case has been filed and we are hopeful of a resolution.

Participant: (Inaudible) For RG2, does the all-in cost includes hedging cost in 9.5%?

Management: That’s correct.
Participant: It will be available for what tenure?

Management: This was all agreed while we get a rating. So, for this bond, the rating agencies has asked us to hedge on five year rolling basis. So, we are fully hedged for five years. And at the end of fifth year we will again roll it for five years, and that is how it is.

Participant: (Inaudible) How is it that the land requirement for solar projects have fallen so much?

Management: It's not entirely our creation, it is the Chinese fellows who are doing a lot of innovation. So, earlier the first plant which we set up, I mean, as an Adani Group we set up first plant in Bitta which is sitting under Adani Power Limited. There we used small modules of 110 watts or 115 watts. The Kamuthi plant we use 310 watts 315 watts. 2 square meter giving 310, 315. And in some of our new projects we will be using 420 watts peaks and 430 watt peaks, same size, 2 square meters. So naturally there is 30% to 40% reduction in this square meters. And they are talking now in terms of 500 watt peak also. So maybe two years down the line we will have 500 watt peak modules, so land requirement will fall further.

Participant: And what are your thoughts on using bi-facial?

Management: In fact, we are quite enamored by bi-facial and the world is moving towards that, so we will definitely look at that.

Participant: Lastly, you said you buy land. Any thoughts on why you don’t lease?

Management: We lease land, we either buy or lease land, both. So normally what we try is that when the land prices are reasonable, say Rs. 3 lakhs, Rs. 4 lakhs, Rs. 5 lakhs per acre, we try to buy the land. But in places like Punjab where the land prices are Rs. 20 lakhs, Rs. 30 lakhs, Rs. 40 lakhs, it is not feasible for us to buy the land and do a project, so there we lease it. Even in Karnataka we have leased a lot of land. Even in place like Rajasthan we have leased lot of lead. So we are open to both, whichever is faster we do it.

Participant: And what would be OPEX O&M cost for the plants?

Management: We declare it, I don’t know whether in this we have declared. This presentation doesn’t have. Actually, there are two kind of O&M. So there is an O&M of the plant and then there is O&M we have invited you here in such a nice building I have to spend money on this building, the RONC which you will see, so that’s a HO cost. So, there are two heads there. It is better that we compare only the site level,
because HO today we are in this kind of building, somebody can go and sit in a slightly less spec building. So, we believe that we are doing at Rs. 4 lakh rupees per megawatt at a plant level.

**Participant:** Rs. 4 lakh per megawatt?

**Management:** Per megawatt DC. Portfolio basis, okay? So then what happens, you have a grading there. So, although we have not publicly declared these numbers, but a 20 megawatt fellow he will be consuming say Rs. 6 lakhs, Rs. 6.5 lakhs, because manpower is same per megawatt. The 50 megawatt fellow will be operating at say Rs. 4 lakhs or Rs. 3.5 lakhs. And the 648 megawatt fellow will be operating in Rs. 2.5 lakhs. So, weighted average number is Rs. 4 lakh. So, when we said that we will still bring down our OPEX, our confidence was based on the fact that all our future projects will be gigawatt plus. In fact, we are trying to bring down, I mean, there are only four heads of OPEX in in solar. In other parts of the world there is no creature called security guard, but unfortunately in our country we have to have that security guard. So, there is security expense which I unfortunately cannot bring it down. But we are trying to make our plans so idiot proof or theft proof that even if he takes away there is no value attached to it. So, we are changing our aluminium cables and stuff like that, what will he do with the aluminium cables, he will not get anything. So that we are doing on a systemic level. Then second thing is, while grass grows so we have to cut it. So, that is one expense. And the major expenses module cleaning. So that we are trying to make it so low that it will not be an O&M expense any longer. And then we have some people sitting there who as and when some lose connection is there, etc., etc., they go and connect it. So that is the manpower expense. Other than that we don't have any replacement, this, that very, very minimal, hardly anything.

**Participant:** So your EBITDA margin was 89%

**Management:** 90%. So 90%, so actually 5% is my HO expense and 5% is my planet expense. So we believe that with increasing gigawatt. HO expenses hopefully will remain similar. So this percentages will either improve or maintain at the same level.

**Participant:** Sir, I had a question on your module supplier mix and the quality parameters that you have in place before you order out. So if you can just share the practice over there.

**Management:** So first of all, we only buy from what they call as the top module makers. So, we only buy it from the top 10 kind of fellows. Plus, we have a big quality norm, we have a document and mutually we agree, and these are all very stringent. And our team sits there when the manufacturing is going on, they observe each and
everything. And then we buy only the quality tested parameters. So we don't buy any run-of-the-mill kind of stuff. So, we are very stringent on quality. This is why our plants have been able to perform relatively as good as what was the prediction. So we are very stringent on quality, quality is very important, quality has improved. The Chinese best quality top ten fellows they really make very well. And they are all automated processes and they have improved a lot. So we don't go to grade 2, grade 3 suppliers.

Participant: The second question was on offshore wind, if you can just throw some light on what you think of this market?

Management: Offshore wind, as we speak, is an expensive proposition. But in rest of the world, it is very popular because they attach a lot of value to sky light pollution, noise pollution, etc., etc. So, as a concept, sky light pollution has not come to India, when it comes so offshore will pick up. Government of India has committed to do at least a few gigawatt of offshore. So they have identified some locations. So we have some kind of an arrangement with a German developer. And together with them we keep on exploring this opportunity, participating with the Government of India in doing that. And we are keeping our eyes focused. And as and when this opportunity will arise we will get into it. But as we speak, we believe the cost is so high that unless Government of India subsidizes it heavily, nobody's going to buy that power.

Participant: Just two questions. One is, if I look at fiscal year-to-date wind generation data for all India, I find that over April to October total wind generation has actually dropped year-on-year. This is from CEA data.

Management: I have no idea about that.

Participant: So, I mean, is there any change in wind patterns or something impacting wind generation?

Management: Absolutely no idea. I can tell you what we do and how we do. So for that matter, most of the people do like that only, it is a 20 year average which we take. Okay? So we believe that the history will repeat itself in future. Now, if history does not repeat itself in future, we do not know. But even if, I mean, I have no scientific basis for that, but if global warming is going to happen, definitely there will be some changes here and there, but what exactly will happen I don't know. But if there is a more warming, we will have more wind I think so. So in fact it should improve rather than other way. In our case, we have very limited experience required of wind. Our wind strategy is very clear nowadays, we do everything on our own. And in our own projects which we have built ourselves and we are
running ourselves, the projects are doing better than what they were expected to do. But we should not draw too much of conclusion because wind has some kind of cyclicity. So, a performance of year one you should not take too much confidence in that on that basis. But whatever plants we are running and we are operating, they are doing well.

Participant: And at a portfolio level what has been your experience on grid curtailment or back down related loss?

Management: We declare it, I don't know whether here we have it. No, we haven't declared, but on our website we have declared that was September performance. We have declared. We had some grid curtailment. And during rainy season the grid curtailment does increase. At times it is commercial, at times it was genuine grid. In case of Karnataka, we experienced some grid curtailment, but there were genuine grid issues due to which they said that they have backed it down. But in case of Kamuthi also they backed us down, but at times that was more of a commercial reason or ulterior motive or something of that sort.

Participant: So you can't claim those?

Management: We have gone to a regulator and are trying to claim deemed generation, let's see.

Participant: (Inaudible) Have you been allowed safeguard duty claims?

Management: Yes. All those projects which were bid out before the safeguard was in place, there safeguard is pass-through. So we have only two projects, which were before safeguard and where safeguard is a pass-through. In both the cases the regulators have declared that it is a pass-through and you will get it. In one case, which is MSEDCL, we have already filed our claim. And MERC has ordered them that within 45 days of filing the claim you either give the entire money as one upfront money or alternative there is a formula in form of tariff. So the pass-through has been declared by MERC. There is a central SECI project also, There also CERC has already declared that it is as pass-through. But we have not completed the projects so we have not claimed it.

Participant: How much would it be in terms of tariffs?

Management: MERC stuff I can tell you, we have claimed Rs. 100 crores as safeguard duty. So, what the MERC has told MSEDCL that either you pay this gentlemen Rs. 100 crores plus cost of carry, upfront if you can. Alternatively, you give it as some kind of a tariff, which I believe on a levelized basis is around 22 paisa, 23 paisa. So the option lies with them.
Participant: (Inaudible) How has been the performance of your recently commissioned wind projects?

Management: They are too new, this is why we are not giving you any definitive answer. The SECI 1 we commissioned in October, November performance has been good, December performance has been good. But in case of wind, we should not read too much on the basis of monthly performance unless I have a 12 month performance. I should not, because this is why we have not brought on any case study on wind, because we want to wait for 12 months and then tell you. But I believe the machines are doing well, the wind is doing well. But I will reply this question only after 12 months.

Participant: In terms of the financial position of Suzlon and INOX are well known in the market. So, has that impacted some of the O&M practices at our recently commissioned plants or are we taking it now?

Management: Yes, it throws up a lot of challenges. But then because we have huge pipeline and huge exposure to them. So what we have done is that we have ourselves got into lot of details, we ourselves have procured a lot of stuff, and we ourselves are ready that if they don’t respond we will go and repair it. We have developed our in-house capability, we have signed contract with their OEM, I mean INOX’s OEM which is AMS, the technology provider or whatever you call it. So all the spares and everything is available. So if they default on anything, we will go and do it. So in case of wind also we are trying to achieve the availability of the plant around 99%. So let’s hope we are able to achieve it.

Participant: (Inaudible) What is your view on lower interest in SECI solar & wind tenders?

Management: I mean, somehow people have burnt their fingers in past so they are being a little careful. And because of tariff cap and all, people don’t have that kind of margin left to them. If you have margin then you can, if you lose somewhere you gain somewhere and broadly. So it becomes lose-lose game, people will go out. So perhaps that is the reason. So government has responded, it has started increasing the tariff. I am sure with higher tariff interest will be back.

Thank you gentlemen. And after this, we are taking RONC.