

“Adani Green Energy Limited  
FY2020 Earnings Conference Call”

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**Moderator:** Ladies and Gentlemen, good day and welcome to the Adani Green Energy Limited FY2020 Earnings Conference Call hosted by UBS Securities. 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Gopal Ritolia from UBS Securities. Thank you, and over to you Sir!

**Gopal Ritolia:** Thanks Lizaan. It is a pleasure to host Adani Green for FY2020 Earnings call. The management participants for today’s call are Mr. Jeet Adani, Vice President Adani Group, Mr. Sagar Adani, Executive Director, AGEL, Mr. Raj Kumar Jain, Head Business Development, Mr. Shalin Shah, Head of Finance, Mr. D. Balasubramanyam, Group Head Investor Relations and Mr. Rahul Kumar, Group DGM, Finance. I now hand over the call to Mr. Sagar Adani for opening comments. Thanks.

**Sagar Adani:** Thank you very much for the call. Good afternoon to everyone from India. First of all before starting any comments on AGEL particularly I do hope that all of you and all of your families are all safe in the situation that we find ourselves in. Please take care and be safe. Regarding AGEL just I would like to give a few highlights to everyone who are connected. Thank you for taking the time out.

I will walk through a few highlights of AGEL and our strategy going forward and then I can open the forum up for any specific Q&A. I assume that everyone may have read through the presentation that we had put up on our website a while back.

Broadly in AGEL, I will cover it into three parts one is on the ‘Operation’ side and how we are fairing as far as that is concerned. On the ‘development’ side, under construction projects what is our strategy and how we are thinking about it and on the ‘capital’ side to fund our construction how are we looking at the entire piece.

So starting with operations in the past year, as all of you must have seen we have broadly met the expectations that we had set out for ourselves. There was due to the extended monsoon in India, a little bit of a dip in generation from what we had expected but we were able to recover from an EBITDA perspective by clamping down on some of the operations costs and our EBITDA we have been able to perform in line with what the expectations were that we set out. So that is we feel very fairly happy about that.

In terms of under-construction projects, we were able to add about 575 megawatts of assets both wind and solar that we are executed in FY2020. Those assets are now under stabilization and will very soon start generating at their full capacity.

In terms of 'capital' we were able to do quite a few marquee transactions and have been able to demonstrate a very strong Investment Grade ratings in our RG2 bond and we will continue to replicate that model going forward as more and more of our assets start coming online.

Going forward, of course, when we find ourselves in the situation about the Coronavirus I am happy to inform all of you that since the last two months basically when India has been under the situation, every one of our assets is generating to the most optimum possible. All of our solar assets are generating properly, wind assets generating properly. We have our staff that quarantined inside every one of our plants and all the routine maintenance, breakdown maintenance is all being carried out on time and in the safest manner possible, so all of our assets are generating to the fullest extent. There are no disruptions as far as operations are concerned even continuing right now.

We faced some very minor curtailments in few specific assets because of the demand reduction but even that curtailment is not of any material nature. So otherwise, I would be able to say on a portfolio basis we have been performing very, very solid and we hope to continue that performance going ahead.

As far as receivables are concerned we have seen that NTPC & SECI where we have most of our portfolio contracted, as well as many of the state government DISCOMs, in fact even in the times of such duress, have been paying us on time. We feel very confident with the receivables that we have right now and we expect them to continue in the manner that they are currently. Of course, from a liquidity cover point of view all of our assets are basically in three categories RG0 which is our domestic RG Group in which houses are Tamil Nadu assets we have 1.1-liquidity cover already in those assets. RG1 we have about 1.15-liquidity cover and RG2 we have 1.25-liquidity cover so from a liquidity standpoint as well as assuming that we do face some depression in our receivables we still are fairly covered as far as these group of assets go.

Talking broadly about development and under construction projects we definitely have had a setback by about two, two-and-a-half months in all of our construction activities. We do hope that sometime by mid or end of June we should be able to restart our construction activities. Of course, what I would like to point out though is that contractually there has been circular issued by the government where every single day that the lockdown is extended plus a margin we get automatic extension across all of our contracts under force majeure.

So contractually in terms of penalties or tariff etc., we will not be affected at all. Of course, the only way that we would be affected is to the extent of IDC for the capex that

they have already incurred. Now under that thankfully that number is very minor because in the solar projects the main capex is basically solar modules and inverters which we order at the very end of the projects, just before the projects are going to get commissioned. So we have not ordered any of that yet for current underdevelopment pipeline, so even the impact of IDC is very minimal.

As soon as the country opens up and we were able to start construction back on, we will do that at AGEL and continue on our capacity addition targets as we stand today. Now the situation is a little dynamic so we do not know exactly how things are going to play out but what I can tell is that, contractually otherwise from a tariff point of view, we are completely protected to any of these adverse impacts.

From a supply chain point of view, solar thankfully has a very robust supply chain across the world. So in terms of procurement of both solar modules and inverters, we have been in constant touch with every single one of our partners throughout this entire journey. We do feel very confident that starting June and July we should be able to get the supplies that we would need to be able to execute an under construction portfolio, so we have done that exercise. We have projects that have been locked-in and as soon as we are able to start construction, we should be able to quickly mobilize all the material and start the construction that we need to do. That is as far as the development portfolio goes.

In terms of capital, basically we have about 3.5 gigawatts that we are executing currently as we speak in different stages that needs to be executed over the next two years. The funding of that under-construction pipeline will come from both internal accruals as well as the deal that we just closed with *TOTAL* where *TOTAL* has paid a consideration of \$510 million for 50% equity stake in 2,148 MW of projects. So the money coming in from them and the internal accruals would fully fund the equity capital that we would need for the under construction pipeline.

As far as debt capital is concerned, most of these projects are in various stages of tie-ups with both Indian domestic as well as International financial institutions. We do hope that in the next three to four months, every one of our assets should become financially tied up completely and from the very start of construction, we would be able to draw both debt in equity in proportion and start executing on these assets. So it is a very strict monitoring that we do on a regular basis and we feel fairly comfortable as far as that is concerned.

Capital so far at-least does not seem to be a constraint for a business like renewables because even in these unprecedentedly difficult times we have been able to continue our performance to where we would be otherwise. There have been no material disruptions

whatsoever and investors feel as confident as ever in the strength of the fundamental of underlying business.

Of course, it is a little bit of difficult time with the disruptions countrywide that are there right now, especially concerning our under construction portfolio. But of course when things start stabilizing will start executing on them very quickly as and we will start putting up our assets back online and start generating the additional revenue as quickly as we can. Our targets remain the same. Our focus remains the same.

We just have ensured that from a liquidity point of view our operational assets are fully covered and that they are fully derisked and having done that we will focus energy on development and make sure that we can get as many assets online as we can in this coming financial year.

So that is broadly of big picture of AGEL from my side. I am assuming everyone must have gone through the presentation and the numbers if anyone has any questions I am happy to open this up for Q&A and the team can answer any specific questions that anyone may have. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

**Nirav Shah:** Thank you for the opportunity. Congratulations on a stable set of numbers plus closure of the deal. Few questions, firstly we have seen a very recent reduction in the receivables from TN it was Rs.592 Crores as of December, Rs.437 Crores as of March so now what is the roadmap for collecting the balance how much time we expect to recover the balance?

**Salil Shah:** As far as Tamil Nadu receivables are concerned, we have receivable cycles being built over that but as on March end we have received substantial amount of receivables of around Rs.200 Crores from Tamil Nadu DISCOMs and that has reduced our overall receivable cycle and receivables from Tamil Nadu DISCOM has gone down to now Rs.430 Crores.

**Nirav Shah:** What is the roadmap for this balance and you have any visibility that in the next two or three quarters we will be able to reduce this?

**Salil Shah:** We are getting visibility from the DISCOM about for some lumpy amounts to be collected in near future. Otherwise also we have working capital facility that is being tied-up so that takes care of overall obligations to our debt repayments and interest repayment.

- Sagar Adani:** Nirav, to what Shalin just said, that the government is in works to kind of release stimulus package for the various DISCOMs across the country so the numbers that are in discussion are fairly significant so of course we will wait and watch in terms of how that actually happens but if one of those things does come then that would substantially reduce if not eradicate all of the overdue receivables that we have from them, but anyways, we are not pinning any of our hopes on that one. We were just making sure that whatever our dues are for the next couple of months we are fully covering in terms of both working capital and liquidity cover, so that is what we are doing.
- Nirav Shah:** Thanks Sagar. Second question is what is the update on the manufacturing linked generation order? Where are we in terms of receiving final approvals or signing the contract?
- Sagar Adani:** We basically out of 2000 megawatts we have already signed the contracts for 500 megawatts that would be 500 megawatts of manufacturing translating into 2000 megawatts of development so that has already been through. There is a board meeting that SECI, which is the nodal agency is planning sometime soon. It has been disrupted since the last one-and-a-half to two months because of the Coronavirus but as soon as they are able to kind of get all the people on board in one room in person, they are trying to hold the board meeting and clear this. So basically what we are eligible for in addition to the 500 that has already been given to us is another 1500 megawatts. So, of course the board will sit down and depending on the situation they will decide in terms of what decision they want to take so we do not have visibility on that but whenever that does happen will be the first people to update all of you.
- Nirav Shah:** So the total capacity only will be 8 gigawatts in terms of generation and 2 gigawatts of manufacturing?
- Sagar Adani:** That is correct yes.
- Nirav Shah:** Finally, I mean how has the module prices moved post the bidding for this particular bid so in INR terms they would have really come down?
- Sagar Adani:** They have moved about 10% to 12% to our advantage.
- Nirav Shah:** Thanks. Wishing you all the best.
- Moderator:** Thank you. The next question is from the line of Abhishek Puri from Axis Capital. Please go ahead.

**Abhishek Puri:** Congratulations on a good set of results even in tough environment. I just wanted to check from an NTPC and SECI perspective, you would have raised the April bills with them. NTPC in a separate call and PowerGrid also said that they are receiving only 50% of the money from DISCOMs given that DISCOMs are not able to collect more than 60%-70% of their revenues. Is there any stress on billing at this point in time or after the constant follow-ups from MNRE that we heard that, you know, in terms of priority our renewables getting better payments than other assets?

**Shalin Shah:** Abhishek, thank you for the question. The project that we have with NTPC and SECI which are operational right now for which we are raising invoices, they have already appended security fund lying with them on the back of those projects and they have three months kind of funds which is available for payment of the bills or invoices that we raise and we are not seeing any delay in the payment. In-fact they are taking the rebates that they used to take before the COVID-19. There has been no change in the payment mechanism that we have seen in past two months.

**Abhishek Puri:** In terms of the priority for renewable sector which MNRE had indicated earlier as that been implemented or it is just discussion right now and nothing of that sort is there in practice?

**Shalin Shah:** Renewable is first on status and there have been no change in that particular status during the COVID-19 as well?

**Abhishek Puri:** In terms of payment, I understand it is for operating the asset that code has to be followed but in terms of payment also?

**Shalin Shah:** As per the instructions by MNRE as well as Ministry of Power the payment has to be made specifically as per the PPA guidelines.

**Sagar Adani:** Abhishek to answer your question very clearly. There is no so-called "priority to renewables" for payment. It is just that they are supposed to be paid, when due, it is just as the payment should be done as per the PPPA on time, but there is no so to speak priority of renewables over thermal or something like that.

**Abhishek Puri:** Right, fair enough. My second question again is on the under construction assets. So in your discussions with your module suppliers now have the payment terms changed with them, post this COVID world and how soon is the delivery expected given the disruption which had happened in the manufacturing value chain earlier in China?

**Sagar Adani:** Abhishek, to that, basically the payment terms of as per contracts what we are doing is proactively reaching out to all the manufacturers. Basically China, for example, having

opened up manufacturing a significant amount of modules, but the offtake for them is not there because the Rest of the World is basically shut, so what we have in-fact been doing is we have been renegotiating some of the payment terms with them in our favor. So that is what we have been doing. In terms of supplies there is absolutely no issue in terms of availability of modules from the top Tier 1 suppliers. There is more than enough that is available if someone would need them.

**Abhishek Puri:** Great. That is good to hear. Thank you and all the very best.

**Moderator:** Thank you. The next question is from the line of Dhruv Muchhal from HDFC Mutual Fund. Please go ahead.

**Dhruv Muchhal:** Thank you. I have few questions. Firstly, if you can help me with the commissioning target for FY2021 and FY2022 and the capex based on the numbers that you can share?

**Shalin Shah:** In FY2021, we are targeting approximately around 1400 to 1500 MW of projects. Of course, we will keep our eyes on how the lockdown and other situation improves over the period of time and approximate capex of remaining 3.6 gigawatt capacity is in the range of around 20000 out of which we are estimating that in FY2021 we should be having a capex program of around 8,000 to Rs.10000 Crores. What I explained is that under construction capacity as on today is 3.45 megawatts for which the approximately capex outlay is around in the range of Rs.20000 Crores and the operational capacity which we are targeting in FY2021 would be in the range of around 1400 to 1500 megawatt capacity.

**Moderator:** Thank you. The next question is from the line of Hai Yen from Nikko Asset Management. Please go ahead.

**Hai Yen :** Thank you for taking my question. Would you mind repeat the capex number for FY2021 please?

**Shalin Shah:** FY2021 capex outlay would be somewhere in the range of around Rs.8000 Crores to Rs.10000 Crores depending on how this lockdown situation will improve, we are estimating that approximately around Rs.8000 Crores of capex in this financial year.

**Unknown Speaker:** Okay and this 1400 to 1500 megawatt addition right is it correct?

**Shalin Shah:** Yes.



**Hai Yen :** Another question is on the receivables, can you share with us how much receivable is outstanding at the moment at the group level and also the number for RG1 & RG2?  
Thank you.

**Shalin Shah:** Total receivable as on today is around Rs.893 Crores.

**Hai Yen :** Okay, how much is it sitting in RG1 and how much in RG2?

**Sagar Adani:** Can you please specify how much of it is overdue?

**Shalin Shah:** Overdue is around 467 and 426 is not due so totaling is around Rs.893 Crores and specifically for RG1 and RG2 I will just give you the figure. RG1 overdue receivable is around Rs.24 Crores and non-overdue figure is Rs.156 Crores. So total is together Rs.180 Crores in RG1 and in RG2, there is no overdue receivables. So only Rs.61 Crores which is not due so there is zero overdue and non-due is Rs.61 Crores.

**Hai Yen :** Thank you. For 467 Crores overdue is largely come from how much from Tamil Nadu again and what are main things?

**Shalin Shah:** Out of 467, 437 refer to Tamil Nadu and 30 refers to other assets.

**Hai Yen :** How much is from Tamil Nadu again?

**Shalin Shah:** Rs.437 Crores. Of Rs.467 Crores total due, Rs.437 belongs to Tamil Nadu.

**Hai Yen :** Thank you. My next question is on the working capital. In the previous call you were mentioning you are trying to get capital alliance so how has is the progress going and how much working capital lines you have manage to tied up at the moment?

**Shalin Shah:** It is progressing quite well. We have been able to reach out to few of the lenders and got in-principle line also available. We are in the process of now closing the final steps and other term sheet and other things are in process and we are expecting to be completed in the next few weeks.

**Hai Yen :** How much you trying to get?

**Shalin Shah:** From the sanction point of view, we have approached the lenders for Rs.200 Crores for RG1 and Rs.227 Crores for RG2 but from withdrawal point of view it will be depending on how much of receivable cycle is there so if you see today's receivable cycle as on March 31, 2020 whatever cycle which is there, there is no overdue amount typically in RG1 and RG2, so withdrawal will actually depending on the overdue cycles being built

up in case we get cycles extended, otherwise on the sanction point of view we will just try to tie-up the facility for Rs.200 Crores and Rs.225 Crores, but looking at the way we are getting receivables since last two months, we do not expect that we should be able to draw the facilities.

**Sagar Adani:** Can you brief on Tamil Nadu as well?

**Shalin Shah:** On Tamil Nadu we have already tied-up the facility and right now undrawn facility available to us is for two months available and further extension of another three to four months extension of working capital facilities in the way which we are expecting to be tied have been by the mid of May. For all the projects we are maintaining the liquidity of 1. to 1.2X of next year returning obligation.

**Hai Yen :** I have no other questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Swarnam Maheshwari from Edelweiss. Please go ahead.

**Swarnam Maheshwari:** Good evening. I have got two set of questions. The first one is I asked earlier participants also so if our understanding is correct SECI and NTPC PPAs so they normally payout out of their payment security funds if DISCOMs present it, right now what we understand is the DISCOMs are paying less than 25% to all these companies and I think the security fund probably in say next one month or so it is actually likely to get exhausted so I just wanted to understand how do we actually look at this situation, will the working capital start ballooning after that or something else also which we are missing?

**Sagar Adani:** I will take that quickly. To be honest there is two ways to look at this. One is basically at the end of the day it all depends on how the lockdown extends so if the lockdown is extending to much beyond what people expecting as of now the expectation is that in the first week or second week of June things should start opening up countrywide but if it extends to beyond that of course the pressure on DISCOMs will continue but things open up then revenue collection of this DISCOMs will improve significantly which is where we would be able to pay much better as well. But at the same time in the meantime for all the pressure that there is in the last two months and there will be for the next one month the government as I said is working on a stimulus package for the DISCOMs so if the numbers they talking about a very, very dark, so if that does come true then of course independent of the collection of DISCOMs via the fiscal stimulus lot of these over dues would get clear so that is what our hope is but of course if none of the two things happened, then you are right that there is only points to which SECI and NTPC can pay

out of their pockets and if that situation continues for long without any relief then the receivables would in fact start ballooning up. Yes, you are right.

**Swarnam Maheshwari:** In-fact, Sagar what we understand is on this relief package from the central government which is coming through REC and PFC but that will be in two tranches right and that to actually will be done on the basis of certain conditions being met so we are too sure that the disbursement on behalf of DISCOMs to the generators will happen so soon. Dont you think so it will take about two to three months for the actual amount to be disbursed? What I was saying is on this disbursements coming from REC and PFC behalf of DISCOMs to the GENCOs that will happen in two tranches and that too fulfillment of certain conditions so what we understand is that the disbursements itself will take about two to three months with the actual disbursements whenever that happens it will take about two to three months so is that a correct understanding or you know, you think that that the disbursements can happen as soon as May or end of June?

**Sagar Adani:** To be honest, I am not exactly sure of the timeline as to when exactly the disbursements should start happening. I do not have too much visibility into that directly but our discussions with them they tell us that they are in process of collecting the various dues from the various DISCOMs to the generators and they are looking to instead of paying the money to the DISCOMs they are thinking of paying the money to the generators directly. So that would be a huge relief for us. But of course the timeline of that could it be pushed by 15-20 days? It could be. I am not too sure about that, but it could be. Could it be pushed by two months? May be it could. But the way we are looking at it is that even if it does get pushed by like three months, six months from a liquidity point of view we are covered so from the risk mitigation point of view that is what we are trying and working with it.

**Swarnam Maheshwari:** Got it. I had second one just to understand this better so, the moment we place the solar module orders do we actually get into hedging as soon as the order is placed? I am talking on products part?

**Rahul Kumar:** The forex hedging that policy will do on basically completely on a swap basis which covers the principal 100% and interest for the next 12 months period and we keep on hedging the facilities on the rolling basis so that we are not exposed to any currency movement because the hedges that we role on a spot neutral basis.

**Swarnam Maheshwari:** Rahul can you explain in terms of what we do for module imports?

**Rahul Kumar:** Module imports we do take the hedging lines based on the LCs that they issue because those are foreign currency LCs and we take the forwards against the payment date that we have to move. So it is a forward hedge that we do.

**Swarnam Maheshwari:** Got it so clearly you no forex risk such for us we are very much covered over there?

**Sagar Adani:** As a matter of policy, yes.

**Swarnam Maheshwari:** Great thank you so much gentlemen and wish you all the very best.

**Moderator:** Thank you. The next question is from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

**Dhruv Muchhal:** Sorry I got disconnected. I was on the question of the commissioning target so it is 1400 and 1500 megawatt for FY2021 and the capex is about Rs.8000 to Rs.10000 Crores right?

**Sagar Adani:** That is right, yes.

**Dhruv Muchhal:** Total remaining capex for under construction portfolio will be, you mentioned that number?

**Shalin Shah:** Yes so that is number will be approximately in the range of Rs.20000 Crores.

**Dhruv Muchhal:** So the next year capex Rs.10,000 assume 30% equity funding or 25% equity funding, that equity portion can be easily met through the total money that we have received that is understanding?

**Sagar Adani:** Correct yes.

**Dhruv Muchhal:** So we have decent portfolio of wind projects so if you can just highlight a few things on how is the progress there given the supply chain is the big constraint so how things moving there?

**Sagar Adani:** I think one good news is that Suzlon has been resolved right and Suzlon is back on and broadly from our techno-commercial basis has the best performing turbine that there is in terms of value for the price. So not only us but the entire sector is quite happy to see that Suzlon has been revived and that they will be going strong going forward. From a supplier point of view now with Suzlon being there, INOX, Gamesa, GE or four of them there is honestly not much of an issue or much of a constraint from a supply point of view because anyways in the middle some participants who had bid for very lower tariffs

they have decided to not execute on those projects and let the bank guarantees get liquidated. So basically that much capacity has also gone out from the market. Another thing that has happened is that the central government substations where these projects were going to get connected those substations have been a little delayed from what the original plan was so that kind of also helps the industry from the point of view of freezing so even if there is an automatic extension to that effect until the government substations get ready, so as a developer even though let us say my commissioning date is a month from now, but if the government's substation was getting ready four months from now, then I would actually plan my project in a way that I make it ready four months from now so that I do not incur the additional IDC that my plant is ready but it is not being able to evacuate the energy. So that is how most people do it so with these two things mainly from a supply perspective in the market, there is not much of an issue. We also are in active discussions with the various OEMs and they are also all independently working on their larger 3 megawatt platforms. So once those platforms also do come into play then that should significantly be out then better the situation as well at the same time.

**Dhruv Muchhal:** Perfect and you also mentioned the sub-station part so there were a lot of delays earlier so how is the progress there particularly for our projects where our projects are located?

**Sagar Adani:** Basically as you saw we did commission 325 megawatts of wind projects in the last financial year. It is a little bit of a dynamic thing when you know it transmission line and substation so timelines can always move around. So what we do is we keep a very close track of where the government timelines are and how those things are progressing so as to because biggest risk that we have in here is the IDC. That is we execute our project early and the evacuation system is not ready and the project is just sitting for three months, four months five months, then we would incur significant costs in terms of IDC, which would not be optimal. So that is the risk. Of course, we continue to monitor them very closely as all of our projects have been delayed by about two to two-and-a-half months so have the evacuation facilities so, of course these two things go hand in hand and we do always keep a very close watch and we continue to do that and we will decide our execution strategy on the basis of when the evacuation is getting ready.

**Dhruv Muchhal:** Why I am asking this is because a lot of the under construction capacity, which I see right now is wind and I believe the guidance which are giving 1400 and 1500 MW is considering the delays that you expect in the transmission capacity so I should factor in that 1400, 1500 is after the delays, I am factoring all those things?

**Sagar Adani:** Correct. I just want to put a small rider there that of-course is all these are dynamic things of-course, as we understand things today, this is where we see that assuming that country opens up end of June we would be able to achieve this but of course if things get changed

or things get delayed then that understanding would change as well but of course independent of that what is crucial is that whatever the number is whenever we start to executing on those we would do it only when we are fairly confident of evacuation facilities being ready so that we do not encourage the additional energy costs.

**Dhruv Muchhal:** Thank you. On the execution timelines just wanted to understand given that there will be lot of issues in terms of social distancing and other things given this issue will not be resolved very soon so, how does the execution on ground happen now? I was just wondering from say for example just on the land acquisition side so you have to acquire lot of land, which involves a lot of government approvals and processes and meeting a lot of people so all those things getting smoothened or do you see that could be a problem?

**Sagar Adani:** It will definitely be slowed down a little bit and a bit inefficient but definitely not a problem at all. What we have seen even lately some parts of India have opened up and when wherever we have operations or under construction in those parts of India things have already started to move ahead. Of course, it is not as efficient and as quick as it used to be earlier, but they have been starting to normalize, yes.

**Dhruv Muchhal:** So beyond two three months delay we should not be expecting further delays?

**Sagar Adani:** Correct.

**Dhruv Muchhal:** Secondly was only solar manufacturing so you said that you have 500 megawatt in the PPA so for the remaining if you do not get it or whatever happens if it gets delayed, would you go ahead with 500 megawatt or is it a compulsory that you need to have those 2000 megawatt otherwise, you will cannot get the PPA?

**Sagar Adani:** It is nothing compulsory if we do not get the additional, of course, we have not completely decided on that part yet because there is no point preempting that question so the way we see it right now, even the 500 that we have is very profitable so even if we were able to kind of execute 500 and 2,000 megawatts of development that comes with it. If you ask me today that we would definitely look to executing that for sure but if something changes then we are not sure of that yet.

**Dhruv Muchhal:** The only thing I have always been questioning about the solar manufacturing thing getting more clarity and trying to get more clarity is because for instance your tariff is around 2.92 if I am not wrong and when we see the module prices they have declined quite significantly and it is expected that they can probably fall further significant from current levels. So do you think there will be DISCOM acceptability at the price at which we have bid because if say for instances new tariffs are coming at about 2.55 if I believe

the recent NHPC tariff so do you think there will be acceptability or 2.92 tariff for 8 gigawatt of contract?

**Sagar Adani:**

So the way this works is that and I will break it into two parts one DISCOMs acceptability, of course, prices are very relative thing if you find something at Rs 2.55/unit right now Rs 2.70/unit is expensive, Rs 2.90/unit is expensive but if it becomes free tomorrow than to Rs 2.90/unit very cheap right? So just in that context there is two things happening, which you must be aware of one being that MNRE has officially given SECI the powers to bundle the projects. So the tariff that we see as Rs 2.90/unit to DISCOMs would be Rs 2.70/unit because that would be Rs 2.55/unit tariff and the Rs 2.92/unit tariff clubbed together so these projects in terms of tariff would be clubbed together and sold to the DISCOMs as one PPA of Rs 2.70/unit which would be the average of the two so from a DISCOM point of view it would be a holistic tariff that they would get at the same time you of course aware of very strong possibility that ISTS waiver for these projects would go off in 2022. So whenever that happens is that would automatically add a roughly about 0.60 to 0.70 paisa cost to all of these PPAs so what is at Rs 2.55/unit right now will become Rs 3.15/unit. This power that is 8000 megawatts that you speak of as to be sold incrementally from 2021 to 2025, so the issue basically is only regarding the sale of 2000 megawatts in 2021 because from 2022 onwards the ISTS waiver would go off so this power at that time because this bid has a grandfathered ISTS waiver so this power at that time would hands down be the cheapest for any DISCOMs in the country at that particular point in time in terms of incremental power. Does the answer your question?

**Dhruv Muchhal:**

Sure. Just last two things on the accounting part, how would you be accounting the total acquisition would it be a JV now and you would be accounting a JV line or it will continue with the current way you are doing accounting?

**Sagar Adani:**

That is something that we are currently under discussions with the auditors because that is something that we have to, it is closed in the first week of April I mean the next quarter so we still discussing in terms of how that how we AGEL are looking, we have both options available to us. We have not made a decision on that yet.

**Dhruv Muchhal:**

Lastly was on the debt number. Now what I have done is I have plugged in the balance sheet and got the debt number. I was on debt question so continuing balance sheet and I get a total gross debt number of about Rs.16000 Crores. I was just trying to understand so you have a lot of foreign exchange debt, but you also have hedge against it. Now this number which I get from your balance sheet long-term portion does it include is it mark-to-market the current exchange rate and I mean closing exchange rate as of March or is it netted off with the hedging amount. The point I am saying for hedge now if the currency

has moved from 70 to 75 you might have made hedge gain so this long-term debt, which I see in the balance sheet is it net of the edge gain or is it a gross amount?

**Rahul Kumar:** Balance debt is MTM, mark-to-market which is not netted off because in our policies we do not do hedge accounting so gain against the MTM goes into P&L.

**Dhruv Muchhal:** There is no balance sheet items to net of the hedge gain I mean to get the purer debt number?

**Rahul Kumar:** That will be sitting in the other income in the P&L account from there we can derive that.

**Dhruv Muchhal:** There is no amount goes in the networth I cannot get it separately from the balance sheet. The point is what I am trying to say that when we will look at the debt to EBITDA number as a metrics but what is happening is your debt number is inflated because the currency has depreciated but in effect that does not impact you because you are hedged but your debt to EBITDA looks at a higher value so is there a way to adjust it or come to what the debt amount would be?

**Rahul Kumar:** That I have to check with my accounting team because then that has to be checked with the accounting team it depends on accounting policies that we have taken.

**Dhruv Muchhal:** No issues probably I will get back to you. Great thank you so much.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Gopal Ritolia for his closing comments.

**Gopal Ritolia:** Thanks everyone for taking time out. Thank you Jeet, thanks Sagar and everyone from the management team for providing us the opportunity.

**Moderator:** Thank you. Ladies and gentlemen on behalf of UBS Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.