



Adani Green Energy Limited

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Management Representatives:

Mr. Vneet Jaain - CEO

Mr. Sagar Adani – Executive Director

Finance & Investor Relations Team



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Moderator: Ladies and gentlemen, Good evening and welcome to the Q1 results call of Adani Green Energy Ltd. organised by Batlivala & Karani Securities India Pvt. Ltd. At this moment, all participants are in a listen-only mode, later we will conduct the question and answer session. At that time if you have a question please press “*” and “1”. I would now like to turn the conference over to Mr. Ankit Panchmatia. Over to you sir.

Ankit: Hello and good evening to everyone on the call. On behalf of BnK Securities I welcome you all on 1 Q FY '21 earnings call of Adani Green Energy Ltd. Today from the management we have Mr. Vneet Jaain CEO, Mr. Sagar Adani Executive Director supported by the Finance and the IR team on this call. Now I handover this call to Mr. Vineet Jaain for his opening remarks post which we will open the floor for Q and A.

Vneet Jaain: Good evening, thank you for joining this call. A warm welcome to all the participants in this conference of Adani Green Energy Ltd. to discuss operational and financial performance for the quarter ended June 2020. I hope all of you are safe and taking good care of yourself.

We have uploaded the earnings presentation on our website and we hope you would have had sufficient time to go through the same.

The first quarter of FY 21 has been a period where the entire humanity has had to fight with a strange threat to its existence i.e. the COVID-19 pandemic. While COVID has posed severe challenges to several businesses across various industries, it has been an opportunity for Adani Green Energy to display the resilience of its business model.

With ‘must-run’ status given to Renewable plants in India and Electricity being classified as an ‘essential service’, the electricity has been off-taken on a continuous basis with no material curtailment.

MNRE has given an extension in the deadline for the period of 5 months from March 25, 2020 to all renewable projects under implementation. Construction activity has resumed in a phased manner. Hence, there is negligible resultant impact on the construction activities as well.

I am happy to let you know that US-based Mercom Capital has, recently, ranked Adani Green Energy Limited as the largest solar power developer in the world. For your information, Adani’s solar portfolio of 12.32 GW is higher than the total installed capacity of U.S. in 2019.

During the quarter, AGEL was awarded 8 GW solar development bid from SECI, which is the single Largest Solar development bid ever awarded in the world. With this award, the total capacity has gone up to 14.2 GW including operational, awarded & under-implementation projects, reaching closer to the target of 25 GW by 2025.

This project involves total investment of ~ USD 6 bn. The investment will lead to creation of 4 lakh direct and indirect jobs. The renewable energy generated will displace 900 mn tonnes of CO2.

In March, 2020, we had entered into a binding agreement with French energy major TOTAL SA to divest Adani Green Energy’s 50% stake in the 2,148 MW Operational Solar capacity. We have concluded this 50:50 JV between Adani Green Energy and TOTAL and have received total investment of Rs. 3,707 Cr.

TOTAL S.A. is a French multinational integrated energy company and has operations in more than 130 countries. It is a major producer and supplier of oil, natural gas and low carbon electricity globally. While the strategic partnership with TOTAL SA will help us adopt global best practices, the unlocking of cash will help us fund our future growth.

During the quarter, SECI awarded 50 MW Kilaj Solar plant in Rawra, Rajasthan was commissioned. The PPA tariff of the project is INR 2.54/unit. With this, the combined Operational Capacity of AGEL today is 2,595 MW which includes Solar Capacity of 2,198 MW and Wind capacity of 397 MW.

Coming to Operational performance, Net Export in Q1 FY21 increased to 1,382 mn units, up by 24% YoY. This was on the back of added Solar capacity of 250 MW & added Wind capacity 175 MW, steady solar CUF of 24.8% and improved Wind CUF of 40.1% on a YoY basis.

On Financial Performance, with added capacities and strong operational performance, Revenue from Power Supply has increased by 10% YoY to Rs. 609 Cr and EBITDA from Power Supply has increased by 12% YoY to Rs. 555 Cr.

The PAT has turned positive with Net Profit of Rs. 22 Cr in Q1 FY21 as against Net Loss of Rs. 97 Cr in Q1 FY20 primarily on account of higher EBITDA, increased Other Income and change in depreciation method from Written Down Value to Straight Line method. As you may be aware, in a renewable project, due to higher interest cost in the initial phase, the Net Profit is normally lower and the Net Profit increases in the later phase as the interest cost goes down.

The Cash Profit has increased by 9% YoY to Rs. 232 Cr backed by strong revenue and EBITDA performance.

To conclude, the financial results for Q1 FY21 display the resilience of the Company even in scenarios like COVID-19 pandemic. Across our plants we have also resumed construction activity which was temporarily halted due to the pandemic. We look forward to continue our operations and construction activities normally while taking all precautions for safety of all direct and indirect employees.

Our O&M practices powered by Adani Energy Network Operation Centre (Adani-ENOC) have further enabled us to continue our operations uninterrupted resulting in high Plant availability thereby ensuring high CUF performance. We will continue our efforts to implement the best O&M practices to keep the performance of all our plants at optimal levels.

We follow a disciplined Capital Management philosophy and have well diversified sources of financing with access to both domestic banks and financial institutions as well as international capital markets. This enables us to pursue our targeted capacity expansion without any hurdles.

Adani Green Energy has progressed to become the largest solar power producer in the world, having won the world's largest solar bid of 8 GW and, with this, we have moved closer to our goal of commissioning renewable capacity of 25 GW by 2025.

We look forward to continue our journey forward at a rapid pace and are committed to contribute to India's sustainable development goals.

We thank all the participants to listen patiently. We can open the floor for questions and answers, now.

Moderator: Ladies and gentlemen we will now begin the question and answer session. If you have a question please press "*" and "1" on your phone and await your turn to ask the question and when guided by me. If your question has been answered before your turn and you wish to withdraw your request you may do so by pressing "*" and "1" again. Participants are requested to press "*" and "1" to ask a question. The first question is from Mr. Mohit Kumar from IDFC Securities. Please go ahead.

Mohit: Good evening sir and congratulations on good set of results and operational performance. I have 2 questions, firstly on the 8 GW when is the likelihood of everything getting converted into PPA and when do you start executing on this project and what is the status of the manufacturing unit?

Sagar Adani: I think 8 GW basically we are expecting the final PPA's to be signed very soon in the next month or month and half latest. Thereafter, 8 GW will basically come in tranches of 2 GW per year over the next 4 years starting FY22 upto FY25. So that's what our development plan is for the project. Regarding the manufacturing facility we are planning it right now the team is making the detailed reports. I think towards January-February is when we plan to start construction. We think that by December of '21 we should be able to commission our manufacturing facility.

- Mohit:** Will we be owning 100% of the JV that manufacturing unit or it will be in a subsidiary have you worked out? Is there something you can share with us?
- Sagar Adani:** It will be a subsidiary of AGEL. As of now currently the plan is that 100% of it will be owned by AGEL and we will not be doing any joint ventures currently.
- Mohit:** Second question is around the of course it requires a reasonable equity . The money from the Total I believe the entire is showed into our balance sheet. So what is the usage of this cash? Have we used it for reducing debt as of now or is it entirely being kept to invest in the equity requirement in all our under-construction projects.
- Sagar Adani:** Basically the cash that has come in is what will fund the equity requirement for the entire under construction projects. So with this we would be full funded for the upto 8 GW. So this will be the equity that AGEL will have, for funding all of its equity requirements for the pipeline that it is executing.
- Mohit:** Thank you.
- Moderator:** The next question is from Mr. Neerav Shah from GeeCcc Holdings. Please go ahead.
- Neerav:** Want update on what will be the commissioning for this year, next year and FY '23 as per the current plans what is the net addition in these three years?
- Sagar Adani:** I think we are basically looking at commissioning about 3500 MW over the next 2 years that will entail a Capex of about 20000 crores, so that is what is being tied up over the next 2 years. Of course plant commissioning can be a month or two here or there so won't give you exactly upto March '21 and March '22 but basically over the next 2 years we are looking at about 3500 MW odd commissioning in AGEL which will take the total operating capacity of AGEL to 6 GW. Beyond that, i.e. FY'23 onwards we will have 8 GW that will be constructed in tranches of 2000 MW per year from FY22, '23, '24 and '25. But of-course we continue to bid for projects so 3 years is a very long horizon by that time hopefully we will be able to win additional capacities and that number will be more than what it is today.
- Neerav:** The second question is in terms of are we okay to develop projects without PPA for merchant capacities so what's your view on solar with storage in terms of how you think your participation in that segment will be?
- Sagar Adani:** I think currently we already have more than enough in our hand in terms of contracted capacities. So if you look at the total portfolio of 14 GW you know that itself is a tall order. And of-course there are some large bids coming out in the market where you know we are pretty uniquely placed. So we will look at executing the capacities which are contracted to begin with. Of course as of now we don't see any reason why we should be doing any merchant capacity but of course if the opportunity comes up then we will always be open to looking at it. But as of now there is no plan on the horizon.
- Neerav:** Third question is that recently module prices have inched up marginally I mean you think it's more to do with supply logistic issues and it will again normalize soon or has the view changed in terms of your outlooks on module prices?
- Sagar Adani:** Neerav the way we understand about the module prices right now because the first 4-5 odd months were a wash out in China in their own domestic market for setting up projects. I think there was a very big mandate from the government from China to push for large scale construction of infrastructure projects and especially solar projects. Over the next couple of months to kind of make up for the lack of economic activity over the first couple of months. So what we have been seeing is that there is a very heightened demand in China for modules until January of 2021 which is why we are seeing that temporarily there is been a little bit of disruption in prices but I think broadly as an industry, as well from the feedback that we get, we expect that the prices from Jan 2021 onwards should normalize back to kind of what they were 6 months back.
- Neerav:** Thank you,
- Moderator:** The next question is from Mohit Kumar from IDFC. Please go ahead.

- Mohit:** My question was on SECI 2, 3 and 4 extension or do you think there will be some kind of delay and do you think all the projects which are under construction will get constructed or there will cancellation?
- Sagar Adani:** I think SECI 1 and 2 we have completely finished, so those are cleared from our perspective. SECI 3 and 4 basically we are looking at what we want to do with that because there has been few challenges in terms of disruption then I think the evacuation from the government is also been quite delayed. So because of that what we understand is the extensions are available for us. So we are right now actively evaluating in terms of what how exactly we want to go about executing them. It's something that we will be consulting together with the government and we should have more clarity on that in the next month and half or so when construction activity really starts to pick up and we have clarity in terms of when the evacuation from the government is going to be ready. So our plan will be based on that. There is no point executing the project before the evacuation is ready so we will be sizing our project planning in sync with when the government evacuation becomes ready which it is yet to be.
- Mohit:** Coming on to the hybrid, we have a sizable number of hybrid I believe it is around 1300-1400 MW, are we on schedule or do you think there is some evacuation challenge, some land challenge because I read somewhere that 1500 Mw has stayed by some High court near Pokran.
- Sagar Adani:** To be very specific we have 1700 MW of hybrid project that we are executing currently which will be executed over the next 2 years. Out of the 1700 MW the recent development that happened in the Rajasthan High Court effects specifically 60 MW. So out of the 1700 MW that we will execute only 60 MW becomes effected by this order unlike what's been reported which is why there is no disruptions or no issues what so ever with regards to execution of this project. We are going ahead as per plan in fact I am very happy to tell that we are expecting that all the 3 hybrid projects we will be executing much ahead of schedule. So we are looking at commissioning that is approximately 3 odd months earlier than it was supposed to. So they are going very strong and very well, there is no disruptions and we are looking forward to have them up and running very-very soon. Also on a lighter note our CEO for Adani Green, we have a new CEO on Board Mr. Vneet Jaain who gave his opening comments, typically whenever he works on a project the timeline gets squeezed automatically by 6 odd months. So we are very fortunate to have him on board and I am sure that these projects are going to come up in a much-much ahead of schedule.
- Mohit:** On the receivables, how is the collection in Q1? Has it improved in last couple of months? And is there any trajectory is there something in the Tamil Nadu receivables which given the discount scheme is a chance that will get liquidated over next 3-4 months in a very large way?
- Sagar Adani:** I think from our perspective Adani Green at total portfolio about 80% of our capacity is tied up with NTPC and SECI which are government of India entities. So our receivables have been completely current with them since day 1 and they have remained current through the time of COVID as well so we have not faced any disruptions with that. I think Tamil Nadu continues to be little bit of a significant delay actually and Tamil Nadu what we understand from internal sources is that they are in the final leg of negotiation with PFC and REC to get the central government support which was a Discom liquidity package. So I think definitely in the next 3-4 months, or sooner than that we hope and expect they should be getting the funds from PFC & REC and thereby liquidate not only ours but all generators dues in the near future.
- Mohit:** Coming on to the specific news which came today in newspaper about Adani Hybrid park where the land has been allocated of around 2000 MW to 3000 odd MW to us. Is that news true and can you tell us what is the plan for park.
- Sagar Adani:** Can you please repeat your question?
- Mohit:** Morning there was a news that the Gujarat cabinet has approved for 41,500 MW capacity of renewable park where the land allocation is being done to SECI, NTPC, Adani Green and Suzlon. And if I remember the number correctly it was around 3000 to 4000 MW which was the allotted to us. Is that news right?
- Sagar Adani:** We have been hearing something like that as well unfortunately we have not been officially communicated the decision of the cabinet, I don't think that the minutes are out yet. So we don't know exactly what is happened, how much capacity has been allocated to which company. What I can tell you is what we applied for was 10000 MW in that park, so out of that how much is finally

been allocated to us we have not been communicated yet formally. So whenever we officially get that we would be communicating out with the people.

Mohit: How much capacity we have right now as on this solar and wind, I think we added 50 MW in the Q1?

Sagar Adani: Yes, we currently have 2200 MW of solar and we have ~400 MW of wind. I think the presentation that we put up on the website for Q1, I think that outlines are pretty clearly, you can have a look at that as that would help.

Mohit: Thank you.

Moderator: The next question is from Mr. Bhavin Gandhi. Please go ahead.

Bhavin: Just a couple of questions from my side, one just wanted to understand the finance cost from the last quarter is moved up. So if you can explain that and the second question was do you see there is any impact of the escalations with China that India having impact on the business?

Shalin: So regarding the increase in the finance cost what is happening is you know that we have a TOTAL SA as partner. As part of our distribution methodology we have to distribute equally between the partners and this was the first distribution which has happened in this quarter and because of this Indian accounting standard in the GAAP we have to charge it to the P&L account otherwise it should have been below the line item normally this is a part of our distribution which we have agreed and which is equally available to both the parties under joint venture company. So I hope this clarifies.

Sagar Adani: With regards to the China-India I think what we are seeing right now is there are about 25 odd GW of projects that will be needing modules over the next basically starting now until which have already been either bid out or contracted or has started construction or in advanced stage of construction. So that's about 25000 odd MW. Now today India does not have the capacity to be able to supply module to such a huge quantity of projects that are currently under implementation. What we are expecting from our point of view is that there is already a 15% safeguard duty for import of modules into India what we are expecting is that the government may additionally Geopolitically considering as well put up an additional basic customs duty. To further increase the cost of importing modules from China. Of course in all of our contracts that is automatically pass-through as change-in-law, so we do expect that there may be some sort of basic custom duty that may come up. But we don't think that there will be any blanket ban or a significant complete shutting down of imports because that would significantly derail the national solar mission of India. And of course what the government wants do is give a very clear signal outside that they wants to stop Chinese imports which is why they are going to put up significant duties and but of course manufacturing capacities will also take about 1-2 years to come online. So until that happens I don't think the government is going to be able to ban the import of modules into India. Which is why while there may be a little bit of working capital management issue here and there on a longer term basis we would be relatively unaffected.

Bhavin: If you can also comment on the TN Discom overdue what is the situation there?

Sagar Adani: I think you may have missed it. I just mentioned it in the earlier question that Mohit had raised. I think what we are expecting is the TANGEDCO should be getting the dues from PFC & REC very soon what we understand is that they are in the final stages of negotiations. So once they receive the funds from PFC & REC under Discom liquidity package of the government of India. Our and all other generator dues should be cleared out in the near future.

Bhavin: As far as our strategy for raising bonds going forward, if you can comment on that part.

Sagar Adani: I think broadly the strategy that we follow is while the projects are under-construction we take construction financing and as soon as they are operational we take them out to the international bond markets. As I said the 3,500 odd MW that will come online over the next 2 years typically 3-4 months after COD we take them out from the international bond markets to re-finance and make that capital available again for the future construction projects. So over the next 2 years broadly

you can assume that there will be 3,000 MW or roughly INR 2,000 crores worth of bonds that we will issue from Adani Green Energy Ltd.

Bhavin: Thank you.

Moderator: The next question is from Mr. Mohit Kumar. Please go ahead.

Mohit: My first question is on the manufacturing unit. So with the capital cost you know will be required how are you going to fund it and will it be set up in SEZ or in domestic tariff area. Thirdly what kind of market opportunity are you looking to explore, what kind of market are you looking for this 2000 MW manufacturing setup.

Sagar Adani: I think like any financing for a manufacturing unit we will be financing it via mix of debt and equity. I think the AGEL will be funding the equity requirement that is needed for the setting up of this plant. These are all not very big numbers so it's very comfortable from our Capex point of view. I think from a market perspective that is very self-evident that the focus that the government of India has on Made in India cells and modules and the fact that they want to make sure that Indian manufactured products are used in infrastructure projects. So I think there are 2-3 very large schemes for promoting domestic manufacturing that are in the works one which we understand is on a very advanced stage and should be announced by the government very soon. So I think when the government announces it we will be able to look at that. I think that will more than cater we will have much bigger market than even we will be able to service. With the 2000 MW of capacity and not only us there is a lot of other players who were very actively looking to set-up manufacturing facilities in India because its very clear that one you know how to sell into the Indian market independently but more importantly also to safeguard our own development. It will become very important to have that backbone of domestic manufacturing available. That will in the future become a very strong value enhancer for AGEL as a developer as well because it will be you know when you compete against when you have imports coming at 30-40 percent duties and you have domestically made products available for you self then that's a very significant competitive advantage that you have when you want to bid for future projects.

Mohit: Secondly sir we haven't seen you participating in last December or January I don't think you are participating in any of the bids. So how likely you are in incorporating the upcoming bids or you want to take a breather for a year or so.

Sagar Adani: I think from our point of view the way we look at it, is that we are only starting off, you know this is only the basic platform that is been built in AGEL, we will definitely be looking at picking up some of the quantities that come up in auctions in the near future. Of course we don't want to make speculative comments on what we will or won't do, time will tell. But I think what's important from our point of view is if there are capacities and bids coming online which offers us the opportunity to invest with our minimum hurdle rates being met then that is something that we will always look forward to do.

Mohit: On SECI what kind of PLF are you expecting for the wind power plant on a sustainable basis?

Sagar Adani: Again, I don't want to quote a specific number because we are doing multiple projects in a different areas. So I think we are executing different projects in different locations so all different project have different considerations, different PLFs and different economics so I think again that number is very different. But I think it ranges from about 30 odd percent all the way to 37%-38% in different places, different projects, different times.

Mohit: Thank you.

Moderator: The next question is from Mr. Barani Vijaykumar from Spark Capital. Please go ahead.

Barani: I don't know whether this was discussed as I joined in a bit late, so the question I had was, now we have this power exchanges where if a buyer would like to buy bundled electricity which offers even green attributes he can of course buy. Right now the liquidity is less but in the future it could increase, the current situation where we go in for PPA either negotiated basis or a competitive bid basis would we be seeing some disruption because of this and would we keep our future plans open to just take advantage of this. How do you see this evolving?

- Sagar Adani:** Again from our point of view the way we look at it is currently it's too early to comment on this. Of course as an organization it is something that may impact us in the medium term which is why we have to be very agile and nimble to make sure that if this is something that develops into something that is worthwhile and is taking off then we have to also be a good participant of this sector but as of now the way it is, that a predominant majority in fact almost completely of whatever setup is done under the PPA market. So that is something that our focus is as well that's what we believe government's focus is as well. So we have aligned ourselves to that and at-least for in the very near future we don't expect that to change very significantly but of course over the medium term when the market shifts we are keeping a very close watch on that and if there is something that we need to tweak into our strategy to account for that then of course we will be the first people to do so.
- Barani:** Thank you.
- Moderator:** The next question is from Mr. Amit U from SK Global. Please go ahead.
- Amit:** This is a basic question like need to understand like what we have been seeing of late is lot of private equity investors interest into the solar space by sourcing funds at a damn cheaper rate from the external sources and leading to a very aggressive kind of a bidding and settling down to say a very low level of ROE. So what are the strategies which we are adopting to compete with such kind of a scenario? Or I would say what are the competitive edge which we have through which in spite of getting into such aggressive level of a bidding we can maintain a double digit. I am not expecting around 15-16-17 but at least close to around 12-13 kind of an ROE level.
- Sagar Adani:** I think whatever you are saying is deemed a very important factor in the industry over the last, it's not anything new, it's something that's been a part of the industry since the very 1st day, since the last 4-5 years. I think with regards to them being able to being able to source capital for much cheaper I mean I will let you be the judge for that, I don't think that's what. Anyways I think from our point of view we are not that's not something that's very relevant for us because we are very clear in terms of whatever we are doing irrespective of what others are doing, if whatever we are doing and we want to do meets our hurdle rate and meets our risk adjusted return expectation from the sector only then we will be participating in whatever we want to do. I think having said that the way we see the threshold and levels to be we do see at least a very steep runway for us going ahead from even where we are right now. I think a combination of a lot of factors and of course I don't want to dissect that on the call right now but we will be able to still very competitively and very significantly participate into the growth of the market that we expect over the next couple of years. Of course whenever we bid and win for projects, you will be able to see that for yourself.
- Amit:** Thank you.
- Moderator:** I would now like to handover the call to Mr. Sagar Adani for closing comments.
- Sagar Adani:** Thank you everyone for joining in, I think you were pleased with our results. I think more importantly we have a very-very exciting time going ahead for the next couple of years. AGEL again with wherever we are right now we still believe is at a very preliminary stage with what the opportunity presents in front of us at the market I think the market is very deep, very profitable and I think we will be able to participate in a very major way in this sector going forward. Thank you for your participation in this call and we will continue our engagement with you and we are pretty excited about AGEL going forward. Thank you.
- Moderator:** Ladies and Gentlemen, this thus conclude your conference for today. We thank you for your participation and for using I-junction conference service. You may please disconnect your lines now. Thank you and have a great day.