

“Adani Green Energy Limited
Q1 FY25 Earnings Conference Call”

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MANAGEMENT: **MR. AMIT SINGH, CEO – ADANI GREEN ENERGY LIMITED**
MR. PHUNTSOK WANGYAL, CFO – ADANI GREEN ENERGY LIMITED
MR. RAJ KUMAR JAIN, HEAD BUSINESS DEVELOPMENT – ADANI GREEN ENERGY LIMITED
MR. ANUPAM MISRA, HEAD CORPORATE FINANCE – ADANI GROUP
MR. VIRAL RAVAL, HEAD INVESTOR RELATIONS – ADANI GREEN ENERGY LIMITED

MODERATOR: **MR. MOHIT KUMAR – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Adani Green Energy Limited Q1 FY25 earnings conference call hosted by ICICI 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you and over to you, sir.

Mohit Kumar: Thank you, Neerav. Good afternoon. On behalf of ICICI Securities, we welcome you all to Q1 FY25 earnings call for Adani Green Energy Limited. Today, we have with us the management. I will now hand over the call to Viral to introduce the management, which will be followed by opening remarks, followed by Q&A. Over to you, Viral. Thank you.

Viral Raval: Thank you, Mohit, and good afternoon to everyone. Thank you for joining us in the call. We have Mr. Amit Singh with us, CEO of Adani Green. We have Mr. Phuntsok Wangyal, CFO. We have Mr. Raj Kumar Jain, Head of Business Development. We have Mr. Anupam Misra also, who heads Corporate Finance at the group, and I look after the investor relations. So without further ado, we can begin the call with opening remarks by Amit. Thank you.

Amit Singh: Thank you, Viral. Lovely to have you all here this afternoon.

Let me just start by giving a bit of an opening remark and state some of our operational and financial performance. Adani Green is absolutely committed to achieve 2030 capacity target of 50 gigawatt, including at least 5 gigawatt of energy storage through pump hydro. With secured sites and clear visibility on evacuation, we are firmly on track to meet this target. We are tirelessly working on developing the world's largest single location renewable energy plant of 30 gigawatt at Khavda in Gujarat.

In order to accelerate execution, we have taken three key steps.

- Deployed advanced robotics technology for the installation of solar modules, which significantly enhances work productivity.
- We have developed an extensive local supply chain, supporting our execution and contributing to local economic growth.
- We have established a sustained mobilization of human resources in both Khavda and Rajasthan to ensure a very skilled and dedicated workforce to support our ongoing ramp up.

Yesterday, Adani Green operationalized wind power capacity of 250 megawatt at Khavda. The plant is equipped with India's largest and one of the world's most powerful onshore wind turbine generator, with 5.2 megawatt rated capacity. Khavda has one of the best wind resources in India, as you know, which averages around 8 meters per second, making it an ideal location for wind energy production. This capacity addition boosts the operational capacity of Khavda to 2.25 gigawatts, combining solar and wind sources. It further strengthens AGEL's leadership in India with a total operational portfolio of 11.2 gigawatts.

Reflecting on the financial performance for the first quarter, let me just share with you some key metrics.

- Our revenue from power supply increased by 24% year-on-year to INR2,528 crores.
- Our EBITDA from power supply increased by 23% to INR2,374 crores with an industry-leading EBITDA margin of 92.6%. This exceptional margin is driven by tech-enabled operations and maintenance, which are expected to improve further with integration of AI and ML.
- Cash profit has increased by 32% to INR1,390 crores.
- This strong financial performance is underpinned by robust capacity addition of 2.6 gigawatts over the past year. Energy sales has increased by 22% to 7,356 million units.
- Notably, AGEL has consistently generated significantly higher electricity than the commitments under power purchase agreements. In financial year '24, actual generation exceeded PPA commitments by 11%. In Q1 FY25, generation is already at 31% of the annual PPA commitment.

Let me further share with you some positive updates about our credit ratings.

- India Ratings & Research has upgraded AGEL's long-term issuer rating to 'AA-' from 'A+', reflecting a strong operational performance, continuously improving leverage and healthy cash flows.

While we have been outperforming in our operations, we continue to implement best-in-class ESG practices across the organization. Let me share with you a couple of recent milestones.

- Recently, AGEL has been ranked third in FTSE Russell ESG assessment in the alternative electricity segment. The company has achieved the topmost score of 5 in the governance theme as well.
- AGEL is also ranked among the top five renewable energy companies by ISS ESG and the top ten by Sustainalytics.

Our latest achievements highlight our dedication to setting a blueprint for ultra-large-scale deployment of renewable energy. By integrating innovative technologies, fostering local partnerships and mobilizing a dedicated workforce, we are enhancing our operational efficiency and contributing to a greener future. We remain committed to lead the transition to renewable energy, creating lasting positive impacts for communities and the environment alike.

Thank you and I hand the call back to the host.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati:

Thank you so much and congratulations on good numbers again. My first question is, what is your expectation of exit capacity for end of FY25 and '26, and what should be the mix between wind and solar?

- Amit Singh:** Yes. So I think, as we had guided, we are projecting additional 6 gigawatt capacity for this year, out of which we have just commissioned 250 megawatt wind, which will essentially become a backbone of our operations in Khavda. Going forward, majority of our operations are targeted towards, you know, solar in both Rajasthan and Khavda, but we're expecting close to 700 megawatt of additional wind capacity, which will come in during the rest of the year.
- Puneet Gulati:** And in this wind side, both for the 250 megawatt which is commissioned, how much of it is your own 5 megawatt turbine, and for 700 megawatt, what is the plan?
- Amit Singh:** The commissioned turbines are all 5.2 megawatt and in the near future, we are focusing on that platform as well, for maximizing our MUs being generated in Khavda. For other sites we are exploring and we are looking at different options, but I think for now, the focus is to maximize, what we have designed for Khavda specifically. Khavda has a very high frequency distribution of high wind speeds and it requires a particular kind of profile of the blade and different kind of heights and other dimensions.
- So, we are making sure that the engineering work we have done, the supply chain we have established, we will make sure that we accelerate our delivery performance and we deliver these numbers for this year.
- Puneet Gulati:** Okay. Just carrying on a bit on the wind side, your solar plant availability has been upwards of 99%, but wind is about 97%. So, should one assume this is theoretical maximum that our wind path can be, or is there room for this also to expand?
- Amit Singh:** No, I think you should not look at it as a benchmark. I think, these numbers -- the historical numbers have been across India where conditions are significantly different. We are very confident that, the new generation capacity which is coming through in Khavda, where all the new lines are being commissioned and all the evacuation established, we are expecting a higher degree of availability around, you know, you could argue 98% to 99%.
- Puneet Gulati:** And for the new turbine, what will be the CUF?
- Amit Singh:** For the new turbine, I think the average CUF we are projecting in Khavda is closer to 35%.
- Phuntsok Wangyal:** And Puneet, just to add to the wind availability question again, so as you know, our wind portfolio combines site capacity ranging between 50 megawatt to the recently commissioned capacity of 250 megawatt. What we have observed with the larger capacity and more efficient machines which we have installed, if you really see a breakup of plant availability for either for 250 megawatt or our 325 megawatt in MP, the plant availability is in excess of 98%. So, we do believe that progressively on a portfolio level, our availability will also move towards the levels which we have seen in our recently commissioned large-scale projects.
- Puneet Gulati:** Understood. That's very helpful. Secondly, if you can also comment upon what is the current borrowing cost that you are experiencing on the new projects?
- Phuntsok Wangyal:** Yes, sure. So last year we closed with an average portfolio level borrowing cost of 9.4%. What we are definitely seeing from a green perspective is there is massive appetite both at the green

field as well as at the Refinancing level at multiple fronts. What is happening is liquidity per se for green is increasing.

Secondly, the risk spread which a green portfolio is today commanding is much lesser than what we have seen in the past. So some of our fresh borrowings which we have recently done are at a level of less than 9%. What you can say is, it is between 8.6% to 8.9% which is what we are doing right now. Refinancing of our projects are at a level which is even lesser than 8.6%.

Puneet Gulati: Oh, Refinancing is less than 8.6%.

Phuntsok Wangyal: Yes. So, at a portfolio level, as we have guided in our last call, we do expect at a portfolio level my average portfolio interest rate to come down significantly from 9.4%.

Puneet Gulati: And just last bit on your merchant capacity, what is the average realization you are getting on the merchant part of the business and is there an intent to add batteries or BESS as well onto that?

Amit Singh: Yes. I think the merchant pricing, if you look at the last year and going forward, I think if I were to split it between solar and wind, you know the wind pricing has been very strong - we are seeing north of INR 5.5 price realization. So, we feel that a lot of merchant capacity is going to come on the wind side and we will make sure that we continue to grow that as we go.

When it comes to solar we are not very bothered on spot pricing. As we have explained before, we have a lot of bilaterals. We have a lot of C&I discussions which are going on and we are also making sure that we have play, where there is incidental seasonal mismatch. When the prices are high, you take advantage of the spot market. So we are expecting INR 4-4.5 price realization for solar, which is kind of in the near term. We feel that will be the price for the next few years.

And as time goes by, we will make sure that we will de-risk all our merchant portfolio with, different C&I customers being the counterparty. In India, I think it is a big tailwind. I think it was also announced in this year's budget. Our respected Finance Minister talked about how she is going to introduce, efficiency and intensity based carbon regime. This is going to unlock a new sphere of business for C&I. And we being the single largest renewable energy provider, we will directly benefit with some of these trends in the market.

Puneet Gulati: So, just from clarification perspective, the current solar realization also is INR 4.5?

Amit Singh: Yes. Let me maybe bring Raj in as well.

Raj Kumar Jain: So, I think we have seen some seasonal movements in that. And the current realization for the year average until now is around INR 4. However, this particular period of Q1 has seen - last year and the year before as well - some softening in prices because of the way the market works, because more solar is available in that period. However, it will pick up as it picks up every year as we move forward in Q2 and Q3 and later in Q4. So, we expect a good realization north of INR 4.5 for the merchant prices as well for the solar assets.

Puneet Gulati: And Q1 specifically what number would it be?

- Raj Kumar Jain:** We are around INR 4.
- Puneet Gulati:** INR 4, Okay. And would it be fair to assume that the new market will focus more on wind than solar?
- Amit Singh:** No, I think we will optimize that mix. We'll take a call as we go. I think it's fair to say that for wind for sure. I think you will see us making sure that we use wind resources very carefully in premium projects because of the nature of the wind where we have not only high generation of 35% as I talked about, but also the time at which the wind blows in some of these locations means that we can realize very good price.
- So, we are very sure that it will stay like that when it comes to wind in premium locations. When it comes to solar, we will mix it to make sure that we service demand for our key customers. But there will not be a vanilla solar merchant. It is not how we are thinking about this.
- Moderator:** Thank you. Next question is from the line of Sabri from Emkay Global. Please go ahead.
- Sabri:** Yes. Good afternoon, sir and congratulations on good set of numbers. So, I have a few conceptual questions. Firstly, relating to pumped storage. So, the project that you are currently doing, I think, I mean, there is this open loop and closed loop systems where I think which are like two different variants of pumped storage. So, can you just give us the capex difference between the two systems and the benefits of the two systems? I remember you in a previous call, you mentioned that INR 4.5 crores to INR 5 crores per megawatt is the run rate. So, what exactly does it refer to?
- Amit Singh:** Yes. Let me invite Raj to answer that.
- Raj Kumar Jain:** I think in our case, we said INR 4.5 crores as the cost and that's true for what we have said for our 5,700 megawatt capacity. And that's where the reference is in terms of capacities. In some cases, the turbines will be submerged. In some cases, the turbines may not be submerged. We do not see that we have anything which is open loop in a meaningful manner.
- But there are advantages which we are able to have in some cases where, again there are some geological differences there in terms of having available water, which is there already. So all that is being done, but the sites which we have chosen for our development, not only for this 5,700 megawatt which we have guided, but for the future sites as well. We have ensured that those are one of the best sites in the country in terms of the capex intensity in those cases and also has the least implication on the environmental factor, whether it is the forest or R&R and other measures. So, the sites can be quickly developed and also don't have the meaningful impact on the ESG side.
- Sabri:** Right. So, these are like closed loop systems, but you are still like putting it up near a water source for the fact that the initial water could be like excess from that river. Is that right?
- Raj Kumar Jain:** Yes. Actually, there are very few cases where we have it and we are not necessarily tapping river waters.

- Amit Singh:** Yes. I think you have to understand that in a pumped storage, you have to fill the dam once in the life of it, and then you can harvest rainwater or other sources of water. So, that is not a key constraint there.
- Raj Kumar Jain:** Again, just to explain the point further, see in a normal hydro plant, if you want to run that hydro plant, you need water which can run the stuff for 8,760 hours. Here you need water which is only 7 hours equivalent, and you just pump up and down that water. So, that is where the disturbance to anything which happens is less than 1% of what a normal hydro plant will do. And that's where some of these discussions are not necessarily relevant for PSPs.
- But yes, at the same time, we still optimize the sites in a manner whereby some of these are taken care of. Again, even the evaporation which happens from a pumped hydro plant is roughly 3%, for the water which we store on day one and that 3% is easily catered through the rainfall which you have in the area. So, that, again, is something you don't need. Even for recharging, you don't need a source, which is, say, a river or something else. It is very natural.
- Sabri:** Right. And another thing is, I mean, I think today or yesterday, I think another project was announced by SJVN in Mizoram. So, there also the input-output efficiency, they have cited 78%, which is also your run rate, I think 76, 77%. So, it is largely established, right, that these plants will run at 75%, 80% sort of efficiency, right, in terms of like the upstream power capacity versus what the pump hydro would produce?
- Raj Kumar Jain:** You're right. The height of the two water levels is what decides this efficiency. So, but it is broadly economical if it is anywhere between 75% to 80% as an efficiency. You can have lower efficiency, but then the cost becomes higher.
- Sabri:** Right, sir. Thank you so much for this. And just a small question regarding the SECI tenders that you have won. So, I mean, what could be the minimum CUF that you want to, like, you have to, like, deliver?
- Amit Singh:** Which tender, sorry?
- Sabri:** I mean, the SECI, I mean, whatever, I mean, it's also like the tenders which come from like the, suppose, 6 gigawatt or 8 gigawatt that you have in the pipeline. Is there a minimum CUF requirement there?
- Raj Kumar Jain:** See, generally, the developer, whomsoever wins, has to give the CUF there, subject to a minimum of 19%. And then, so we optimize our plant configuration in a manner whereby economically it is most optimized. So, we have recently guided that our plants in these SECI tenders are going to have around 33% CUF for plants which we are setting up in Khavda.
- However, SECI again gives an option, the contract gives an option to the developer to revise the CUF once again within the first year, or in some cases, within the first three years, once you finish the plant. So, from SECI perspective, as long as 19% is achieved, it is fine. But we need to specify a CUF. Suppose we have specified a CUF of 30%, then I need to achieve that with a range of +/- 10%.

- Moderator:** Thank you. Sabri, I'll request to come back for a follow-up question. The next question is from the line of Ajay Sharma from Maybank. Please go ahead.
- Ajay Sharma:** Hi. Can I check the 50 gigawatt target which you have? So, what's the total capex you're looking at to implement this?
- Amit Singh:** If you look at the total capex, which will be in excess of INR 240,000 crores, which includes pumped storage as well. So, it's a big number, which we will continue to optimize and make sure that we get the most out of this thing. If you convert it into US dollars, it's closer to \$30 billion.
- Ajay Sharma:** And do you need to raise any equity by QIP to fund this?
- Amit Singh:** No, I think as we had explained before, the promoter warrants money is expected and we are tapping into it as we need. So, we have that, already done. The way we have designed the project and the way our cash flows from existing projects work and the new projects will also throw in a lot of free cash flow. So, it will essentially help us make sure that we fund this growth, without any further equity raise or dilution as you asked. Anything you want to add, Phuntsok?
- Phuntsok Wangyal:** No, I think that's it.
- Ajay Sharma:** And so, what sort of net debt to EBITDA would you target, basically, because this is a big capex? I mean, can you keep your net debt to EBITDA within the covenants, basically?
- Amit Singh:** Yes. Go ahead, Phuntsok.
- Phuntsok Wangyal:** Yes, so, you would have seen for my full year, net debt to run rate EBITDA is nearer to 4.0x. And the way my free cash flows will grow, as Amit was talking in the beginning, on the top of 10.9 gigawatt, I will be adding 6 gigawatt. And incrementally, the free cash flow will grow. We don't expect net debt to run-rate EBITDA to be of a level higher than what we have right now.
- Amit Singh:** And you have to remember that we have long-term debt. So, I think our ability to throw in free cash flow in the early phase of the project is higher than what you might be looking at an average market participant. So, we generate a lot of free cash from our projects, and it will continue to grow because of our operating philosophy when it comes to capital management program.
- Ajay Sharma:** Okay. Just a last question on the capacity of Khavda, right? So, I mean, 30 gigawatt. So, I mean, do you have customers already in mind, or is this – I mean, is it tied to the PPAs you're expecting? How does it work, basically?
- Amit Singh:** Yes. So, this year, as I said earlier in the call, a lot of our projects that we're executing this year are under PPAs, which we had won a few years ago. Majority of these PPAs are the manufacturing-linked projects, and we have a very strong counterparty, some in Andhra and some in other states. And we have very attractive pricing and exemptions as well available in this project, where we are able to have exemption from ALMM to start with, which means that we can import modules from outside of India.
- These projects also benefit from ISTS waiver. And also, the commissioning timelines for these projects are still ahead of us, so we will also benefit from any pre-COD revenue which will be

generated. So, really, I think our strength is scale and speed, and we will make sure that we bring these projects with a fast track speed, so we maximize the duration of these projects and maximize the pre-COD revenue as well.

Ajay Sharma: I mean, your current execution pipeline is up to 21 gigawatts, I believe. I'm just wondering, so how are you looking at 50 gigawatts? Or, like, I mean, is it based on some future wins, basically? Or, I mean, because it's a large number you're targeting. I'm just wondering.

Amit Singh: Yes, this is the classical way of looking at things, where we only look at PPAs or we look at, you know, things we have won in the tender. Like I said earlier, our approach has now become that we want to target in 2030 a 50 gigawatt capacity, out of which we want to have a 15% of merchant and C&I portfolio. You know, we have been working with lenders and bankers, as you may have seen in our press release.

We have also funded a lot of new capacity into a 60-40 mix, which will allow us to commission these merchant projects, and they're already in the pipeline. And it will allow us to maximize our project establishment on C&I projects or PPAs as need be. We want to make sure that when we look at a resource rich land bank like Khavda, where we have very high solar CUF of 33%, we have a very high CUF of wind, we want to make sure that we use that land resource in the most optimal way.

Ajay Sharma: Excellent. Thank you very much.

Amit Singh: Let me have Raj add a few words as well. Raj, please go ahead.

Raj Kumar Jain: Yes, sure. Thanks, Amit. So, I think the way, as Amit explained, the approach today is to lock in the best sites in the country. When we say best site, it is the cheapest in terms of the execution cost, the best in terms of the resources, the economies of scale which we can drive in, and the best technology which we can use and then sweat the assets in a manner which are above the benchmarks and beyond the design. So, that's what Khavda provides to us, and that's what some of the other large-scale sites which we have in Rajasthan provide to us.

Now, the question with respect to how do we tie up – obviously, when I have the cheapest resource available, the opportunity - whether it is supposed to be a PPA, whether it is supposed to be a C&I customer, whether it is supposed to be merchant, whether it is supposed to be mixed in RTC power, FDRE power, hybrid power – all of that is something which is available to us.

As we stand here today, we have close to 10-gigawatt worth of PPAs already signed, which I am supposed to deliver. So, that flexibility is already there with me that I can execute those PPAs if I want to, as PPAs for the next two years, as I mix more and more merchant, C&I, and other types of revenues. That obviously extends it further.

And I will be very selective in my revenue tie-up, which maximizes my revenue. And you have seen our track record, where we have been able to tap in one of the best revenue profiles in the industry. So, we continue on that strategy and we will be delivering that. So, I think the focus is more on, as I said, is to have the best in hand and then actually milk it to the maximum.

- Amit Singh:** And I think as a reminder, we have 2.5 lakh acres of land, which is – if you look at the resource allocation, it's equivalent of 65+ gigawatt scale already in our access. So, we develop these and we de-risk it through evacuation to make sure that when we develop a project, we don't strand it as well. And we continue to optimize and high-grade our portfolio.
- Ajay Sharma:** Okay. Yes, that's very clear. Thank you.
- Moderator:** Thank you. The next question is from the land of Nirav Shah from GeeCee Holding. Please go ahead.
- Nirav Shah:** Yes. Good afternoon, sir and congratulations on a very strong set of numbers. A couple of questions. So, this was the first quarter of Khavda operations and as you've mentioned that your PLFs there will be 33%. And being first quarter, I mean, it will be meaningfully low because we are just in the phase of stabilization. So, just want to know that what was the broad PLFs in the first quarter, and how much time will we take to reach the optimum level?
- Amit Singh:** Yes, I think we should not even look at the PLF numbers in the first quarter. I think what we need to do is – you know, Khavda is a place where we are going to be there for the next several years. What we want to do is make sure that we make an operating regime which maximizes our output.
- And we have noticed that in one of the blocks where we had commissioned earlier in the quarter, we have already started to see 33% and above PLF. That is one of the subset of the blocks in one of the SPVs. At the holistic level of all the commissioning which had happened by end of March, we are very confident that we will achieve that number, and in certain cases, slightly higher because of a very sophisticated digital approach which we are deploying in Khavda.
- For some of you who have been there, you would have seen that we have put together a very modern command center there and we will be managing operations from there and making sure that this is all established. Now, going forward, what you will also see is that the stabilization will also be accelerated because of the work we are doing in this space. So, it is looking very positive there.
- Phuntsok Wangyal:** And, Nirav, just to be more specific on this, as far as Khavda portfolio is concerned, the CUF which we have seen even during the stabilization phase is nearer to the portfolio CUF which we have achieved. Now, by the end of this quarter which Amit was talking about, once this portfolio is more or less stabilized. At those levels my average portfolio CUF would have been in excess of 28%. So, that is the delta which we are talking about which Khavda portfolio will bring as a value addition to the overall portfolio.
- Nirav Shah:** Yes. Got it. Got it. Second question, you just mentioned in the reply to a previous participant that the contract starting date for the SECI contract is at a later date and we can benefit from infirm sales because we will be commissioning ahead of schedule. So, what is the broad indicative period that we can get to benefit from this advantage?
- Phuntsok Wangyal:** Yes. I think before Raj gets into that, I will just give you a number on it. You would have seen the operational update, 7,356 million units were generated and you would have seen we have

clearly indicated that there is 1,159 million units which were infirm. That is the value which we are talking about. 15% of the units which we generated in last quarter pertains to projects which are commissioned ahead of schedule and Raj talked about what is the merchant price realization which we are getting. Raj, now you may add.

Raj Kumar Jain: Yes. Sure. Thanks, Phuntsok. So, I think it depends on the individual PPA but broadly on an average, we should be able to aim anywhere between one and a half to two years of pre-COD power. Again, it is enabled just because we are working in an environment where we have secured connectivity for 30 gigawatts. So, in a lot of these cases, the connectivity which is designated against the PPAs comes with all the elements at a different time than what we have been able to accelerate as to the commissioning of the plant. So, we will have this delta available within our portfolio which will enhance the returns for the projects which we are seeing.

Moderator: Thank you. Nirav, I will request you to come back for a follow-up question. Next question is from the line of Nikhil Nigania from AB Bernstein. Please go ahead.

Nikhil Nigania: Yes. Hi. Thank you for taking my question. My question is just a reclarification firstly on the short-term market sale. So, am I correct to understand 15% of volume sold in the last quarter on the short-term market or was it a higher number and what was the contribution of that in the revenues as well?

Phuntsok Wangyal: Yes. So, if you see out of 7,356 million units, 1,159 pertains to those PPA projects where we commissioned ahead of schedule. Then there is an additional 434 million units actually which were contributing from 550 megawatt of merchant project which we have as a part of our portfolio. So, if you see out of the units which we generated, nearly 21% is from market exposure projects. So, from a revenue perspective the contribution should be near to 30%.

Raj Kumar Jain: I just want to highlight one point here. The good part is the Pre-COD power provides you an option whereby you are able to sell that energy in the market and you can get the significant value kicker for those PPAs. At the same time, in terms of risk, those will fall in under a normal COD project after this COD is achieved for all the transmission elements. So, it is a perfect mix whereby we are able to enhance the revenue from the executed PPAs.

Just adding another point there, so like for 7,000 megawatts out of our manufacturing contract PPAs, for close to 16% we have a perennial merchant exposure in the sense that, despite having a PPA, we have an inbuilt provision to be able to sell that in the merchant market. So, that is an additional kicker in those contracts which add significant value to the company.

Nikhil Nigania: Just for one clarification then, we are able to sell it on the merchant market, the infirm power because the evacuation is not ready at the customer end is that the primary reason or just because we are ahead of schedule or the LD date we are allowed to do that?

Phuntsok Wangyal: No, we are ahead of schedule by a significant margin. So, last year 2,000 megawatt project which we have implemented is ahead of schedule just by contract between 1 to 2 years and at the same time the transmission elements also provide some more flexibility within that time period.

- Nikhil Nigania:** Understood, got it, thank you. My second question then is just, I am not sure if I read it correct in the notes the convertible debenture from Total Energies, I think which was invested quite some time back. Has there been any change in that debenture per se the fixed coupon debenture which Total had invested some time back?
- Phuntsok Wangyal:** No, actually I think this you may be referring to Q3 event where when we set up this new platform with TotalEnergies as a part of that platform, the stapled instruments which we had in the past were converted into compulsory convertible debentures. The stapled instruments for accounting purpose were getting treated as debt instruments. Just to make it absolutely clear, because the intent between both the partners was very clear that stapled instruments were nothing but equity instruments. For accounting purpose, to have that clarity those stapled instruments were converted into CCDs. But that was a Q3 last financial year event. Nothing has happened post that.
- Nikhil Nigania:** Okay, probably missed that. But the coupon, do we still give the coupon on that, I think the 12%-13% coupon?
- Phuntsok Wangyal:** No, we don't give it actually. Since, as I said even under the intention of staple was to assume it should be treated as equity. So, from CCD perspective there is no obligation to pay the coupon.
- Nikhil Nigania:** Okay, understood. And even the JV investment which TotalEnergies has done that is a debenture, am I correct to understand that? The JV investment which came in last year?
- Phuntsok Wangyal:** Absolutely, it is exactly in the form of CCD. Now there is absolute clarity that risk reward should be shared equally between the partners or to the extent of their shareholding and your accounting treatment should also reflect that.
- Moderator:** Thank you Nikhil, kindly join the queue for a follow-up question. Next question is from the line of Sumit Kishore from Axis Capital, please go ahead.
- Sumit Kishore:** Good afternoon, a couple of questions.
- Moderator:** Sumit, sorry to interrupt you, can you speak through the handset please?
- Sumit Kishore:** Yes, is this better?
- Moderator:** Yes, thank you.
- Sumit Kishore:** Yes, of the 6 gigawatt capacity that will get added through FY '25, just want to understand at the end of the fiscal what proportion of the total installed capacity would end up being merchant plus C&I and maybe even two years out if you could sort of give us a sense of what proportion would you be keeping in merchant plus C&I? The second question would be on the roadmap going forward for carbon markets and what role Adani Green would have there and how would that be adding to your cash flow stream?
- Amit Singh:** Yes, let me ask Raj to answer the first one and I will comment on the second one, so go ahead Raj.

Raj Kumar Jain: So out of the 6 which we are adding, close to 1,800 odd megawatt would be merchant, which is predominantly wind, so 1,000 megawatt out of that is wind, out of which 250 we have already done. Then on a mixed basis already we have some 550 megawatt operational merchant, again that is predominantly wind, 350 megawatt out of that is wind and 200 megawatt solar. So from a split perspective we are talking about close to 1,400 odd megawatt of wind and balance being solar out of roughly 2,400 megawatt merchant in total by end of this year and this is out of a capacity of roughly 17 gigawatt.

Amit Singh: So I think on the second thing you asked, look I think the carbon CBAM rules are now in practice in Europe and if you look at some of the policy updates which are coming from the government, they are also looking to update some kind of a carbon mechanism in India and there is a lot of incentive being put together for industries who are hard to abate sectors or high power consumers or energy consumers to decarbonize themselves and what that does is that drives a lot of growth for C&I discussions, C&I transactions and not only classical industries like steel and cement but also, you probably know the trend in AI and a lot of data centers which are opening up in India are also looking to have a long-term supply of green electrons.

So, we as a renewable energy provider and also combining it with pumped storage and where needed battery systems, we can produce a very high CUF and very high firm dispatch power for our customers and that directly benefits in terms of locking in this premium pricing. Now also a lot of our projects today are registered under the Gold Standard and Verra which were commissioned a few years ago and also we continue to look at the current and new carbon UNFCCC regime where we register these projects and we also benefit from carbon credit sales as well. And the third dimension is the RECs which are generated when we do a Green or a DAM market sale and these RECs also get transacted and customers acquire them and we have bilateral discussions where they want to decarbonize and achieve their own net zero goals.

All of this is underpinned by a very strong enforcement by the government on the carbon efficiency program, the RPO obligations of DISCOMs in states and a lot of other things which are being driven in response to the climate action.

Sumit Kishore: What would be your current backlog of RECs that is unsold?

Amit Singh: I think these numbers we won't be able to share openly but we have put together and we have some signed up with customers at attractive pricing over long term and I think the other thing you will know is that the BEE has enforced RPO obligations and there are quite strong penal actions if you don't meet them by end of the FY25. So we are also expecting that some of the RECs and REC unit price will continue to rise as we get closer to that date and beyond.

Sumit Kishore: Thank you so much for answering my question.

Moderator: Thank you. Next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

Dhruv Muchhal: Yes, thank you. Probably a question to Raj, response earlier. So you mentioned 1,800 MW would be merchant of which 1,000 would be wind. So 800 MW merchant solar of the total 5,000 MW that you are planning to commission this year. But this 800 is pure-pure merchant. There would

be also the pre-commissioning, the pre-COD projects that would be there right? Or this captures everything. 800 captures the merchant plus the pre-commissioning ones.

Raj Kumar Jain: No. So the entire capacity which we have, which we are commissioning this year, will have that pre-commissioning opportunity in terms of being able to realize through multiple means. So we obviously continue to place power in a manner where we maximize the revenue but in the entire capacity which we are commissioning this year, nearly for all I will have the pre-commissioning power.

Phuntsok Wangyal: And Dhruv, I think as a part of portfolio we have given a guidance that 15% of my portfolio will be merchant. And if you see by the end of this financial year, we are talking about 17,000 MW. And if you take 15% of that, that is 2,550, if you do a math this will make it absolutely clear.

Right now, we had 550 MW of, we ended with 550 MW of operational merchant project in last financial year. I commissioned 250 MW the day before yesterday which is a part of 1,800 MW which Raj was talking about.

Dhruv Muchhal: Sure. And just on the strategy of, probably just to get it better. So I understand the benefit of wind merchant but just trying to understand the solar merchant better. So even in the peak times, the summer times, we saw that merchant tariffs at least on the exchanges were about INR 2.5 or INR 3? And probably, assuming that India commissions about 25 GW, 30 GW or even higher, at least the government is targeting capacities of solar. Probably the merchant prices will fall even further during that time when the solar is generating. So how do you maximize benefit from this merchant sales of solar power?

Amit Singh: Let me maybe explain to you the context a little bit. See, a lot of, the ISTS waivers will come into play from June 2025. And ISTS cost, if you look at a peer-to-peer comparison of an electron being generated in let's say Khavda, in one of these merchant projects, and you compare that electron in, for sake of discussion, Bihar or Northeast India, there is at least a INR 1 plus difference or delta.

So this by itself kind of gives a tailwind support on our merchant contracts for the duration of the project. Second, I think when we look at, like I explained to you, we have a very good pipeline of C&I deals which we are working on, which will not only require wind, but will require different combinations of solar as well for daytime.

And our customers are looking at, some kind of a firm power with very high CUF. So we will combine some of this solar power and make sure that we deliver on those contracts. So like you also talked about, I think when you look at just in the slice of time in the daytime, the pricing is weak.

But when you look at over a long period of time, when you're combining it with other things like the pumped storage, we also are de-risking ourselves by opening up an arbitrage between daytime price and evening price. So as you know that in 2030 we are projecting around 11% of our capacity with pumped storage, which means that we will have 5.5 plus gigawatt of pumped storage capacity.

And, we will be able to convert the solar MUs into evening as well. So we have de-risked our portfolio, making sure that, we have a good mix between solar and wind and pumped storage. And we are able to then monetize as per the demand of the grid, the customers, and the PPAs, which we have line of sight on.

- Dhruv Muchhal:** Interesting. Thank you. That's helpful. Thanks a lot.
- Moderator:** Thank you. Next follow-up question is from line of Ketan Jain from Avendus Spark. Please go ahead.
- Ketan Jain:** Thank you, sir. My question is on the pumped storage thing. You mentioned the capex for us is around INR 4 crores to INR 5 crores per megawatt. I just want to understand some of the peers have the capex around INR 8 crores to INR 10 crores. What makes it lesser for us? Is it the site? Is it because of the site location? And can you give me the split between the civil and equipment of the INR 5 crores capex? And also, are we doing the EPC on our own or is it outsourced?
- Raj Kumar Jain:** Yes. So I think two, three points. What we understand the industry benchmark is anywhere between INR 5.5 crores to INR 6 crores per megawatt. I cannot talk about where this 8 is. If there is someone who is doing at 8, needs to relook at that. Number two, in terms of the breakup, it depends on the site, but anywhere between – the ratio moves between 45% to 55% between the civil and the equipment.
- But again, as I said, it depends on site to site, depending upon whether you need to have both sides civil work or only one of the sites and the other side is more enhancements. Number – what was the last question?
- Ketan Jain:** EPC. Are we doing it on our own?
- Raj Kumar Jain:** Yes. So we have divided the work into multiple contracts, whether it is equipment supply contracts. So for Chitravati, the equipment is coming from one supplier. The civil part, again, has been divided into more than one contract and that is being done that way. Obviously, as a group, we do our own management and assurance.
- So that is the way it is happening, but it is something which we evolve as we move in the sector and I think as we move further into some of these future projects, we will be able to have more packages to have more control over the time, quality and the cost for these projects.
- Ketan Jain:** And the equipment is localized or is it imported?
- Raj Kumar Jain:** I think I can come back to you on that. The supplier is not from India.
- Amit Singh:** Yes, we won't be able to openly discuss it. I think we are still finalizing some of these things for our ongoing projects, but I think, yes.
- Ketan Jain:** Sir, my last question is on the recent import duty on solar glass, which the government has put. Is this going to impact us? Where are we importing the solar glass or are we going to again now procure it locally?

- Amit Singh:** No, look, I think we are not in manufacturing and I think some of these changes will be reflected in the pricing, but long term, we are expecting the price of module and cell to come down. And as you know that quite a few of our PPAs benefit from – we can import from outside India, so we have that option, available to us in several of the projects over the next year or two.
- So we are not directly impacted by this change in – which was announced a couple of days ago. But listen, I think in India we need a domestic supply chain. We need to localize the economy, so we very much support the move which has happened. And we are very confident that over a period of time, this is only going to reduce the cost and bring down our capex cost as well over a long period of time.
- Ketan Jain:** Thank you and all the best.
- Moderator:** Thank you. Next follow-up question is from the line of Ajay Sharma from Maybank. Please go ahead.
- Ajay Sharma:** Yes. Can I check what sort of tariff are you expecting for the pumped storage projects?
- Amit Singh:** I think pumped storage projects, as I explained earlier, I think we are not looking at purely just putting the pumped storage on a long-term contract only. We will have a combination of approaches. We will – for example, a baseline, if you look at, is around INR 3.8 to 4.5 plus (per unit) when you look at what's happening in the market.
- But our approach is going to be to combine it with solar and wind and also use it for the C&I projects, which we are working on, where, again, the pricing, which you will realize, is going to be higher when we combine for the customers. Now, I think if you look at our mix of 5.5 GW, we will make sure that close to 60 - 70% is on long-term agreements, and we will look to see if we can create an opportunity for us to maximize returns for the rest of that capacity.
- But we will give more color on this as time goes by. I think right now we are focused on executing these projects, making sure that we have this capacity available to us. We are not in a rush to tie up. We have already secured financing, so we are not necessarily looking to put these projects on any kind of low-cost regime as well. So it's going to become our upside opportunity in this decade. I think we've kind of run out of time as well, so absolutely great discussion today. And it will be – maybe pass it back to Viral.
- Viral Raval:** Thanks a lot, everyone, for joining this call today. We'll be happy to connect in person with you if you have any further questions. Thank you all. Thank you, Mohit and ICICI Securities team, for arranging this call. Thanks a lot. Bye.
- Moderator:** Thank you very much. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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