



“Adani Green Energy Limited Q1 FY-20 Earnings Conference Call”

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Moderator: Good day ladies and gentlemen and welcome to the Q1 FY20 Earnings Conference Call of Adani Green Energy Limited. We have with us today from the management Mr. Jayant Parimal – CEO, Mr. Ashish Garg – CFO, Mr. Raj Kumar Jain – Head Business Development, Mr. Ashwin Bajaj – Head Investor Relations for Energy Company and Mr. Udayan Sharma – Investor Relations for Adani Green Energy.

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. Jayant Parimal. Thank you and over to you sir.

Jayant Parimal: Good morning to all of you. I am Jayant Parimal. I welcome all of you on the Q1 FY20 analyst call. We have announced our financial result for this quarter yesterday on 7th August 2019. Adani Green Energy Limited is the largest renewable energy company listed on stock exchanges in India.

Coming to a result of Q1 FY20, on the Solar side we have clocked a CUF of 25.3% versus 21.6% in Q1 FY19. The plant availability in this quarter was 99.5% and we sold 1054 million units at an average realization of Rs. 5.10. Against this in the last year in the same quarter we had sold 932 million units and plant availability was 99.6%. On the wind side our operational portfolio as on June, 2019 was 72 MW and CUF was 35.8% versus 29.8% in last year, Q1FY19. Plant availability was 70.6% versus 84%. We sold 56 million units at an average realization of Rs. 3.90 paisa. There are certain issues at the end of our OEM which is affecting the plant availability, our O&M team is actively working to rectify the same and we expect them to be fixed in the couple of months.

As we have guided repeatedly, Solar is a seasonal business wherein typically Q4 is the best quarter, followed by Q1, when the radiation is better than other quarters. We are happy to announce that in Q1 FY20 our Solar portfolio has achieved a near P50 performance. We have given a detailed bridge, there is a presentation uploaded on the website. On the slide #13 detailed bridge has been provided wherein Q1 FY20 earnings presentation explains the solar performance. As we have mentioned earlier in our earnings call of Q4 FY19, we would be commissioning approximately 200 MW each of wind and solar capacities in H1 of FY20. We are happy to announce that out of that 50 MW of solar plant in Jhansi was commissioned in May ‘19, 100 MW of 200 MW in Rawra has been commissioned on 2nd of August ‘19, balance 100 also will get commissioned next week. So, almost 250 MW of solar will get commissioned. 100 MW of OEM wind power project has already been commissioned in July, 2019. So, approximately 150 MW of solar and 100 MW of wind is already commissioned. Next week we expect another 100 solar to be commissioned and additional Wind approximately 100-150 MW are also in advance stage and in a month or two, we expect to commission them. So, with the commissioning of all the projects as we speak we already have operational capacity of 2,220

MW, next week we will commission another 100, it will become 2,320 and later on when we commission additional wind the capacity will keep on increasing.

We are proud to let you know that our solar plant at Kanasar, Rajasthan has been conferred with Leadership in Performance Award by CII as a testament of our industry-leading O&M practices.

AGEL is committed to and adopt the sustainable approach towards all the ESG aspects. For Q1 FY20 AGEL plants operated 7.87 million continuous safe hours with zero LTI. We contributed to a greener environment for our nation by avoiding emission of approximately a million ton of CO2. We are committed to publish our first sustainability report by September 2019.

At AGEL we strongly believe in continuous enrichment of capabilities of our employees. We compulsorily train all our employees both in head offices and sites on various technical, safety and behavioral aspects and we have given a lot of significant number of man days of training to our employees in Q1 FY19 and our employee engagement ratio is also very high as per the recent survey. Approximately 79% to 80% of our employees are actively engaged employees which itself is a very high number in this industry.

Now I will request Ashish to take you through our financial section

Ashish Garg:

Very good morning to all of you. Just to take you through some of the financial highlights for Quarter 1, 2020; our total revenues were up by 40% to Rs. 661 crores for Quarter 1, 2020. Our revenue from sale of power was up by 17% to Rs. 554 crores. There was an about 106 crores of revenue on sale of some of the capital equipment for our projects and accordingly our EBITDA was Rs. 496 crores which was up by 13%. Our EBITDA margin from power sale was 90% which is in line with our expectations and business model.

On the cash profit basis which is EBITDA plus other income less interest another borrowing costs and income tax expenditure for the Quarter 1 of 2020, we were at about 257 crores which was marginally up by 2% on a year-on-year basis.

As on 30th June, 2019, our gross debt was at Rs. 12,643 crores and the net debt was 10,639 crores. The project cost for operational capacity of 2,220 MW that is now commissioned is about 13,500 crores and for the balance under construction capacity of about 3,070 MW the estimated project cost would be in the region of about 16,500 crores translating in the additional debt raising of about 12,400 crores. This is based on a 75:25 debt to equity.

We have diversified funding mix from Indian bank from both private and public sector side and foreign banks. And recently we have also done a Green Bond of \$500 million which was receipted very well internationally at this opens an alternative source of funding for Adani Green Energy Ltd. The bond has a rating of BB+ just one notch below India's sovereign rating and this was the highest rated bond from the renewable sector in India at the time it was done. The bond received very strong subscription from marquee investors across US, Europe and Asia.

On the Bond side, our unique feature was that we have been able to achieve a repayment structure which allows us to defray the debt over the life of the PPA for about 24 years and accordingly the repayment on the debt in RG Group for which we have issued the Bond in a 930 MW capacity, the repayment is only about 9% of the overall debt in the first 5 years. We are able to use the entire free cash on a concept of a PLCR after meeting our debt repayments every 6 months and believe that by doing this we are able to significantly enhance the returns on equity and also finance some of our growth in the next few years.

We typically build our bid capacity at about CAPEX to EBITDA of 6 times to 6.5 times. This is a very important decision-making metrics for us internally. For the entire capacity we have given the presentation which was operational part as well as for the growth, where do we stand and we believe that we are able to continue on this metric and at this metrics we believe the equity returns could be in the region of about 18% to 20% for us.

We have been very cautious in bidding for new projects in Quarter 20 wherever total available bids for 2,200 MW we won 130 MW out of wind at a tariff of 2.83 versus market average of 2.81. With this, I end the financial updates and would like to open the call for the Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Modi from ICICI Securities.

Rahul Modi: Just a couple of questions; on the recent issue we have seen with Andhra, do we have any capacities there that are stuck in that issue and what's your view in that?

Jayant Parimal: As far as Andhra is concerned, we do not have any direct PPA with any Government of Andhra undertaking. We have a 50 MW PPA which is physically located in Andhra in the park but the PPA is with NTPC and they are a good paymaster and they normally pay ahead of time and we have LC back facilities and all. So, as we speak we are not affected by whatever happened in Andhra. Nonetheless it's an unfortunate thing and the Government of India is very committed to see that the sanctity of the contract is maintained and you have yourself seen that the Minister has openly advocated against that. Respective parties have gone and approached different judicial and quasi-judicial bodies and they have obtained a suitable stay which is a good thing. So, we believe that the rule of law will prevail in our country and these kind of things will not happen.

Rahul Modi: The LC mechanism which is recently started from 1st of August, so the DISCOMs we are either directly selling to or now we have got NTPC and SECI which are also looking for LCs from their eventual buyers. So, do you see any disruption or there is a good continuation if you can throw some light on how...?

Jayant Parimal: It was effective from 1st of August, so we have not seen any disruption. What it has led to is that we have received more and more LCs, so all our NTPC PPAs in any case were backed by LC

and they had religiously given us LC. SECI payment was very standard and routine. They also have promised us that within a few days they will give LC for all the facilities. Wherever we have on ISTS like the two 100 MW wind plants which are on ISTS there we have already received LC from the buying party. Similarly, one new plant which we have commissioned on ISTS, there also the DISCOM has promised us that within a few days they will give us an LC. So, we believe it is a very-very welcome step and it will ensure timely payment and all. But even without these LC enforcement if you go to our presentation and somewhere slide #18, we have given our quarter ending receivable ageing, you will be able to appreciate that other than Tamil Nadu which have got some backlog we do not have any backlog at all. We get paid on time by NTPC, SECI as well as the state entities located in the state of Punjab, UP, even Karnataka. So, that way we are better placed and I am sure with this new LC enforcement the things will be only better.

- Rahul Modi:** This Tamil Nadu giving an LC just in case?
- Jayant Parimal:** No, as of now they have not given. We have requested but you will appreciate that this LC mandate is more enforceable on RLDCs than SLDCs.
- Rahul Modi:** So, because this is within the state?
- Jayant Parimal:** The state we are connected to SLDC, so power being a concurrent subject. Otherwise all ISTS there is absolutely no issue.
- Rahul Modi:** On them inside you had mentioned obviously the availability has been slightly lower, what was the issue and who is the OEM for that?
- Jayant Parimal:** We have a legacy 50-60 MW which we had procured through Inox, these are all Inox Wind Turbines and they are located in their wind farms and our exposure is 12 MW, 20 MW and 30 MW. So, we cannot take over the O&M and due to their bad financial condition somehow sometimes they don't pay their local contractors that leads to some disruption. But that is a legacy problem which we are trying to resolve. All our new plants are in control and in most of the new plants we ourselves are doing O&M, so that non-payment to the local contractors and therefore disruption etc. it will not arrive. In any case, the legacy problem we are also resolving.
- Rahul Modi:** This Inox 3 which we had purchased, the 100 MW in Gujarat, so we will be doing the O&M ourselves?
- Jayant Parimal:** Yes we will be doing our O&M, for some time it is free as a warranty period, after that we will...
- Rahul Modi:** I agree it's free but are they coming and doing the job or we will have...?
- Jayant Parimal:** They are doing the job but because this farm is dedicated to us, so we are in full control. So, if they don't do our own manpower will go and do it. But the problem with the earlier stuff is that

we have only 6 turbines in our 250 MW or 500 MW wind farm, so it is not possible for me to go and maintain 3 turbines or 5 turbines etc. that also we are trying to resolve it.

Moderator: The next question is from the line of Mohit Kumar from IDFC Securities.

Mohit Kumar: Two questions mostly on the wind; first is on the operating assets, how has been the performance so far in past 4 months? And second is on SECI III, SECI IV, SECI V, are we on schedule or do you think there is a chance that there could be a contractual delay and thereby liability could kick in?

Jayant Parimal: Let me explain you; as I just now explained some legacy things of Inox have issues on availability. We have a 12 MW in Mundra which is through Gamesa that we commissioned in the month of February that plant is operating at more than 70% PLF, far better than the third-party estimates, availability is near 100%. All the new plants availability is also great, so wind availability other than those legacy plants which are smaller investments which we had made in Inox Park, other than that everything is doing well. Then you asked about the timeline of SECI III, SECI IV etc. You will appreciate that these are all ISTS connected plants, so even if we are ready unless the CTU is ready we cannot pump power and Government of India is cognizant of that and MNRE grants suitable extensions and all the extensions are till the LTA is operational plus another 30 to 50 days. So, we do not pay any penalty till the LTA is operationalized plus another 30 to 45 days. So, we do not foresee any possibility of any penalty being imposed on us due to delay in the SECI III-SECI IV. It's a universal problem in government of India is aware of that and all CTU bid projects have this issue so they do get delayed.

Mohit Kumar: Given the fact that you have tied up with Suzlon and Inox then the problem and the problem persists on the OEM side, do you think you will meet this deadline that is mentioned in the PPT on page #26?

Jayant Parimal: Those are the deadlines which we have mentioned as per the PPA but we will have suitable extensions there and another thing other than Suzlon and Inox we have also tied up with Gamesa, we have recently tied up some 800 MW incremental with Gamesa, so several of new projects are being executed using Gamesa Turbines. So, we are cognizant of what you have mentioned and as a result we have taken suitable advance steps to diversify our OEM list.

Mohit Kumar: How much is Suzlon in this?

Jayant Parimal: Suzlon we have given them an order of approximately 300 MW odd of which 50 MW they have already supplied, balance they say that they will be able to supply and 800 MW we have ordered to Gamesa and we will further order as and when the need arises. So, as we speak we are working with 3 OEMs, Inox for a historical project, some 300 MW odd we have ordered Suzlon of which part capacity has already been supplied and erected and balance new capacities we have ordered to Gamesa.

Mohit Kumar: Coming to the financing side, so out of 4 GW of capacity which is under construction how much has been financially closed at this point of time and do you find any difficulty raising money for the Indian rupee term loan?

Jayant Parimal: As we speak we have approximately 5.3 GW of total contracted capacity of which approximately 2.3 GW is already commissioned, so what is left is approximately 3 GW odd for which we have already secured domestic financial closure of 3-4 projects. The main large projects which are hybrid which are still to be completed in December '20 or January '21, for that we've already in the process of that and we are hopeful that we will be able to secure that. We are cognizant of the fact that the domestic lending situations have some issues as on now. But one more thing you would see in our borrowing chart, we have actually refinanced all the Indian banks. So, as we speak I don't think we have other than small exposure to IDFC which again is in a bond format, we have any exposure to any domestic bank other than PFC-REC which are NBFCs. So, our current format is that we do see at debt construction finance to construct the plants, COD plus 1 year and put it in a dollar-bond side and we are again looking at doing some dollar-bond offerings and all. So, in case of PFC and REC they are open to lending and we still have significant headroom available there compared to the single borrower limit, so we do not foresee any problem. But I fully agree with you that on the domestic side raising INR is an issue.

Mohit Kumar: On the promoter loan which you have got into unsecured perpetual securities I think it is roughly around 1090 crores, so this is the entire promoter debt which is on the balance sheet which has been covered there into unsecured perpetual, am I right or is there anything else apart from this?

Jayant Parimal: 1,093 crores is what is called perpetual debt, so this money was given by the promoter to help seamlessly ramp up the capacity and objective was not to withdraw the money till the growth phase continues. So, this is the earlier we were booking low interest in this and intention was not to withdraw money, so the promoter last year agreed to convert them into discretionary debt this is why it has become what we call as perpetual debt, which is quasi equity.

Mohit Kumar: Have we seen any improvement in Tamil Nadu receivables to foresee any change due to...?

Jayant Parimal: It is a cycle they keep on paying, so there is always 6 months, 7 months outstanding. So, this is the typical way which they operate. But you will appreciate in solar we don't have any significant OPEX expense, so we have limited working capital requirement and so we keep on doing it. The numbers are broadly in the same range. Since last 3 years that is happening.

Mohit Kumar: There was a curtailment issue in Andhra Pradesh at the media has it been completely resolved or is it still continuing? I know that you don't have much exposure but still if you can answer.

Jayant Parimal: As per media reports the High Court of Andhra has put a stay, so hopefully they should have stopped the curtailment post the Andhra High Court orders.

Moderator: The next question is from the line of Abhishek Puri from Axis Capital.

Abhishek Puri: Specifically on the PLF numbers that you are talking, this P50 is for wind, right? For solar I'm looking at the chart on your page #13 where you have mentioned it is actually marginally just 0.2% below. So, is the target CUF at P50 or P90?

Jayant Parimal: The page number whatever you are referring, in the solar side we always talk in terms of P50, so you can say there is a note that these are P50 targets, so this is a solar performance bridge, which we have shown you. For Q1 FY20 the technical estimates for P50 was 25.55% compared to that we could achieve 25.31%, which is a good achievement, but we should try to match it and there is a bridge, which explains where we have failed. So, unfortunately in the state of Karnataka we have genuine Grid issues, condition issues there because of some hailstorm and all some lines were out, so because of that we lost some generation otherwise if you take into account that we have achieved P50. So, it's a good and bold statement that in Q1 FY20 on a portfolio basis we have been able to achieve P50 which technically one should achieve but unfortunately in India like several people do miss it. In case of wind we quote our targets at P75. There again scientifically speaking P50 should be target but our experience of wind is limited, God willing maybe in future we will quote P50 number for wind also. However, as of now we quote only P75 numbers.

Abhishek Puri: On the wind part specifically when we are looking at other players' results—I understand this can be very regional factors also—when we are looking at results of other companies I think they are reporting a decline in wind PLFs whereas yours is higher than last year. So, which areas or regions would have helped you in terms of gaining in PLF for wind?

Jayant Parimal: Unfortunately, our wind performance is nothing great because of availability we suffered a lot. So, our performance should have been significantly better than what we have reported. However, unfortunately, others are not listed so numbers are not available publicly, you being an analyst might be having access to those numbers. In our case we have set up one 12 MW incremental capacity near Mundra Port where our PLFs have been upwards of 70% for last 6-7 months and for tens of days or maybe even 30 on one month the PLFs have clocked more than 100%. So, we are not making any claim while we are just waiting for one 365 days cycle to get completed then will tell you. We don't have exposure in other parts of the country, we have only in Madhya Pradesh some small capacity and mostly in Gujarat and our forthcoming projects are also predominantly in the state of Gujarat. I am not aware of the regional stuff which you are talking about and I do not have access to anybody else's numbers so I cannot comment.

Abhishek Puri: I think it is largely for Tata Power and Torrent which have reported results and they have seen decline in their wind generation portfolio; specifically they have projects in Maharashtra and Gujarat, so was just wondering what's the difference there. But anyways in terms of the wind since Inox and Suzlon are facing issues have you seen the prices of turbines going up now and what tariffs will be viable with this new prices coming in?

- Jayant Parimal:** We have been broadly able to maintain the CAPEX in the same range, so our existing projects we will be able to complete within whatever guidance we have given which is nothing but in terms of CAPEX by EBITDA. But you will appreciate ultimately the return also depends on the wind site and best wind sites are already gone in or are already under execution. So, for new bids people will have to move to the second-grade location where for the same CAPEX you will get lesser generation in million units. To maintain the same return naturally the prices will have to inch up and you would have seen that in the Gujarat GUVNL bid, the cut-off winning bid was Rs 2.95/kWh and we also had quoted 300 MW at Rs 2.95/kWh, we had won 113 MW some other people also had one similar capacities at Rs 2.95/kWh. That's another matter that GUVNL did not like our tariff and he decided to short close the tender. But even the L1 there was a Rs. 2.80-2.81 paisa, so naturally the prices have gone up and it will go up slightly not because of any other reason but because the windy sites are no longer there. You have to go to the second grade of site and may be slightly what you said that Suzlon is facing some issue, Inox also has some issues, maybe there could be some issues on the CAPEX of the turbines also yes but as far as we are concerned, we are operating at the same level.
- Abhishek Puri:** On the specifically on the SECI I-II-III-IV-V projects which you are putting up in Gujarat; are you also facing land acquisition issues, most of the other players are highlighting and they said won't be able to meet the desired timelines?
- Jayant Parimal:** Partly is that thing is correct but we were slightly more proactive, so we were able to get hold of most of the land and we also secured a lot of private land which was more expensive than the government land but we did secure. Of late the government of Gujarat has again started giving land so we are hopeful that we will be able to get land. We have cognizant of what you said it is a fact that for 5-6 months they simply stopped the process of allotting government land in the state of Gujarat.
- Abhishek Puri:** My last question is for Ashish, specifically on your revenue growth and EBITDA growth has been good for the current quarter, cash profit doesn't seem to grow in this in despite adding capacity and higher utilization rates, any specific reason for that?
- Ashish Garg:** You are right, cash profit has grown marginally.
- Jayant Parimal:** We are somewhere explained it to you in somewhere in presentation. Look earlier what happened in the earlier quarter with which you are comparing there a lot of interest was capitalized. This time interest is not capitalized because they are all operational projects and plus we have upsized the debt. So, there is slightly higher interest burden because of that which is again being reused in the new projects.
- Ashish Garg:** Compared to EBITDA growth of about 13% cash profit has grown by 2%. Revenues part I explained earlier that the revenues has grown by 40% but it also includes a sale of capital

equipment for some of our capacity which is not I would say very low in 1.5%-2% margin. So, predominantly the margin that we report 90% is on account of sale of power revenue.

Abhishek Puri: I was referring to the EBITDA which is 57 crores up as against Cash Profit is up only 6 crores so 50 crores, can I assume that it is largely due to that up sizing of debt?

Jayant Parimal: It is up sizing and earlier it was capitalized, both the reasons are there. Otherwise if you see the head the main increase in interest the cost compared to you are talking about Q4, 2019 so compared to there you have slightly increased stuff.

Abhishek Puri: How has the depreciation has also reduced quarter-on-quarter so from 293 to 248, is there any?

Jayant Parimal: Look, you will see that last year we have not added much operational capacity. Operational capacity has remained broadly similar, so capitalization has been modest and therefore although we have WDV, so but WDV also falls year-after-year. So, that is why you have slight fall in the depreciation unless we had more capacities. So, going forward there will be again increase in depreciation expenses.

Moderator: The next question is from the line of Dhruv Muchhal from Motilal Oswal Securities.

Dhruv Muchhal: Sir, firstly your presentation is very detailed, it's very helpful. The first question was on the CAPEX to EBITDA for the under-construction projects; we see that it is increasing marginally from 6.0x- 6.5x versus 5.8x, so defies just the GST amount. So, what's driving this, is it the competition and do you see a similar trend in recent bids?

Jayant Parimal: Your question is pertinent, yes the degree of competitiveness have increased a little so that has led to some pressure on returns. This is why the projects which were completed earlier they are showing better CAPEX to EBITDA compared to what is projected the future ones. Specially the SECI II and SECI IV projects which we had won very competitively at Rs. 2.45 paisa and Rs. 2.51 paisa, so I believe they are skewing some of our numbers. But yes overall because of degree of competition, things have worsened compared to what we could have done earlier. But going forward we again see the people have realized and may be the degree of competitiveness will be lower. Some of our again hybrid projects and all you can see it as 6.21, so going forward we expect it to slightly improve but that is how it is yes.

Dhruv Muchhal: I was wondering because many of the recent bids we have seen that they are not fully subscribed. I believe there are some other issues too. But I thought it was an indication that the competition has declined I mean reducing but seems that's not the case.

Jayant Parimal: What you see these are the PPAs which we have won last year, so at that point in time yes I believe as if there is no tomorrow so people where little fragile. So, some of those things are there but yes of late they have started really realizing and there is under participation especially because of tariff caps and all. You might have read today in the newspaper that for an NTPC

solar bid people did not bid at Rs. 2.78 paisa because they had put a cap which was not viable. Different states have different radiation, for same asset it generates different megawatt hour, so somehow the bidding entities do not understand this nuances and they artificially put all kind of barriers and it leads under participation, under bidding and all. There is at some correction happening and people are also realizing. Those people who bid at Rs. 2.44 paisa perhaps they have realized that. I mean ultimately everybody is in the business for making money for themselves and not for the banks, so somewhere there is a dawning of realization.

Dhruv Muchhal: Secondly on the SECI project where you said 300 MW is with Suzlon, 50 is already supplied so the rest 50 in case they face issues how do you offset this risk?

Jayant Parimal: We already 800 MW of supplies tied up with Gamesa and we can source even more. Gamesa has a huge manufacturing capacity and we have a pro-forma contract with them because unlike others we are only sourcing equipment so everything else is ours. It's only a X MW worth supply like module, so here instead of module the turbines are coming. Gamesa as I am told it they have a 3 GW per annum manufacturing capacity, so I do not foresee any problem on the supply.

Dhruv Muchhal: On the promoter debt just one clarification; the interest gets accumulated every year, so when you repay this perpetual debt I'm referring to, so when you repay this debt it will be along with the accumulated interest over the years?

Jayant Parimal: As and when its ability to pay I mean discretionary. As and when we pay we can pay whatever is available although we can pay up to whatever is theoretically accrued. That discretion is with us.

Dhruv Muchhal: I was referring say for example currently on a PAT level if you are at a loss still the interest gets accumulated and eventually...?

Jayant Parimal: No as of now from this quarter when we converted the whole thing in the perpetual debt neither in tax book nor in Company book, we are accumulating.

Dhruv Muchhal: Not even in the balance sheet it is nowhere getting accumulated. Only a few generate....

Ashish Garg: It is not a charge to profit and loss if that was your question, only in the year in which the same is to be paid....

Jayant Parimal: We are able to pay all we have where with all to pay, we will pay.

Ashish Garg: At that year we will charge it.

Dhruv Muchhal: So, the interest only for that year will be applicable, there will be no accumulation of interest?

Ashish Garg: No, accumulation is there.

- Dhruv Muchhal:** Accumulation is there, right? But even if irrespective of the profit accumulation is there the cash payment will only happen if you have the ability to pay that way, right?
- Jayant Parimal:** That is correct so accrual is not happening, accumulation is happening.
- Dhruv Muchhal:** Lastly, I just wanted to understand why do we follow WDV for our assets because I understand most of the other companies follow SLM. Is there any specific reason for that?
- Jayant Parimal:** You can go on the slide # 20 where we have knowingly restated the whole account for you in the SLM basis. So, assuming that 113 crores is our PBT for Q1 and similar performance we are able to maintain and it will keep on increasing. So, in four quarters we will have 450 crores of PBT at rate of 35% you would have paid in theory 130 crores odd of tax. The 130 crores odd mean 130 MW of solar power plant. It is nothing but ultimately we have to depreciate today, tomorrow, day after tomorrow and within 25 years 95% of my asset has to be depreciated; whether you uniformly depreciate it or upfront depreciate it. So, we have upfront depreciated it and taken out cash not in form of PBT and residing in my reserves and surpluses, we have taken it in our depreciation account and from there we have recycled the money to increase our portfolio. So, basically, NPV is better in case of WDV although optically it looks that we are making loss.
- Dhruv Muchhal:** Effectively better efficient tax planning?
- Jayant Parimal:** That is correct, in fact knowingly we have for the first time on the slide #20 in the first metrics you will see we have given neutral metrics which is not affected by anything else which is nothing but EBITDA by Gross Block and that too of trailing 12 months. We have not taken forward because forward is you are predicting something. So, you will see that we are operating at 15%. Actually, if you take forward it will be 15.5 or 16%, so in simple layman language, all our existing projects have 6 years or 6.25 years as a simple pay back. This is, we believe, for an infrastructure company it's a great performance. Only thing is that optically we have a negative impact.
- Moderator:** The next question is from the line of Mohit Kumar from IDFC Securities.
- Mohit Kumar:** My first question is regarding the debt upsizing. How much debt you have upsized till date and how much cash flow it has yielded in the FY19 and Q1, FY20?
- Jayant Parimal:** We did two such actions; one was to upsize the TANGEDCO PPA through PFC refinancing. There we raised approximately incremental 900 crores thumb rule give or take here and there. Then we went for bonds, they we upsized approximately 350 crores, so both put together gave us approximately 1200-1250 crores of incremental money available for us to reinvest in the new projects and we are again contemplating some incremental refinancing either through bond etc. where in again we are looking at resizing it up and increasing freeing up or an additional 350

crores odd of money. So, we have two sources of funding our future pipeline, the FCFE itself and then second thing is the incremental capital released by this debt upsizing.

Ashish Garg: Just to add one more point importantly what we have been trying to do in all the refinancing is to defray the repayment of the debt towards more over the period of the PPA and initially the repayment of the debt is a lower amount; for example if you look at the RG-I or the bond that we did of \$ 500 million and the entire structure, the repayment of the debt in the initial 5 years is about 8%- 8.5% to be precise. From earlier it used to be about 18% to 20%, so that gives us an incremental cash release. Every 6 months we are able release that cash to the parent and that basically allows us to reuse for our growth. So, apart from releasing the upfront cash we have been also able to structure the debt in a manner which allows us to release the cash and these are done again at a very prudent debt measures as we said earlier that the bond was rated highest rating at that point in time. So, it is not done in a manner where we are increasing the risk on the debt side.

Jayant Parimal: Somewhere on slide....net debt to EBITDA number we have quoted. Slide # 15 that again is a trailing 12-month EBITDA. It's not a forward EBITDA so you will see that we are at 5.2 level on trailing 12-month TTM basis which is a very fantastic solvency measure. So, we are fully mindful of that and the rating agencies they believe that even up to 6 temporarily for infrastructure company is a good solvency measure. So, we are far below the upper red line, so we use that delta to resize our debt and free up some cash and do some new business.

Mohit Kumar: How much the debt repayments due in FY20 and FY21 for the overall portfolio?

Jayant Parimal: We had given it, I believe it is on slide #17. You will see that in FY20 we have to repay 309 crores, FY21 we have 753 crores of that partly it is net debt will be able to repay it. Similarly in FY22 867 that again is partly whole-co net debt we make it for refinance. FY23 we have 1072 that I believe is partly mentioned that net debt repayment. So, we believe that we have ability to whole net debt so we will be able to repay so we have already declared all these numbers but the actual thing will be better than that only.

Mohit Kumar: Given that there is a very large repayment due in FY20 and FY22, so we will try to reschedule am I right?

Jayant Parimal: Yes.

Mohit Kumar: How much you are building up from the internal accrual and how much you are building from the upsizing in case of how you fund the equity, so can you just throw a ballpark number?

Jayant Parimal: I agree approximately we are doing a currently 1000 MW per annum which will be bid around 1000 crores of equity, so maybe 600 crores from FCFE 400 crores from debt resizing and stuff like that.

- Moderator:** The next question is from the line of Santosh Hiredesai from SBICAP Securities.
- Santosh Hiredesai:** You talked about wind projects especially the SECI bids where the competitive intensity was very high and as we move into some of the inferior sites you talked about prices moving up. Could you help us understand what sort of PLFs differential that you see between these two sets? If you can just give us a range let's say for P75, how should one be looking at it?
- Jayant Parimal:** As I said in wind industry everybody talks P75, so let us talk P75 only. God willing later on will talk about P50 also. Typically, our SECI III-IV projects and all they are in the range of 40%, P75. There is one Maharashtra project of 75 MW which I believe is little over 40% but going forward we believe that in even in our hybrid project, our P75 PLFs will be 37%. So, there will be a fall, so instead of 40% it will go to 37%-37.5%, so that 8% reduction in PLF will get suitably reflected in CAPEX. Although the OEMs are improving their machines, the machines are becoming larger, the diameter becoming bigger, so it can capture more energy. So, the per megawatt prices may fall but it may not fall enough to compensate this fall in PLF. There will be some increase in tariff and it is already reflected Rs. 2.95 paisa. We only bid and won although that bid was cancelled that's a separate issue. So, it's a reflection on the harsh reality which all of us are staring at.
- Santosh Hiredesai:** You think 250 bps to 300 basis points reduction in the load factors is probably something which...
- Jayant Parimal:** That's correct.
- Santosh Hiredesai:** I was just trying to understand for these counterparties where we have SECI and NTPCs, what are the terms under which these PPAs follow against the PSA that they have signed? I understand that payments of course are not probably a reflection of what delays they see and they have the liability to pay within what is stipulated. But in case of events like what has happened in Andhra are these back-to-back reflecting in your PPAs? What's the liability for the counterpart in that case? Let's say the part in it does not get scheduled and so on and so forth.
- Jayant Parimal:** The PPAs which we have already signed, and which is there in our portfolio, they do not have any linkage with PSA, what is happening in their past sale agreement whether they are getting paid or not. But I believe in some of the new SECI bids they are trying to link it little bit. In one PPA somewhere there are trying to link it but whatever portfolio we have and everybody has till now that linkage is not there. But overall if you go and talk to SECI they average it out. From somewhere there are delayed payments, somewhere it is on time payments and they have a Payment Security Fund also, so they believe that they will be able to handle it and in case of NTPC also there is no big issue and more so ever NTPC has that weapon in their hand what is called the regulation. So, they issue a regulation notice and they cut even the thermal supplies, so they are far better equipped. No state would like their thermal supplies to be cut. And other good thing is that some of the all the latest bids, we are connected to ISTS so if the states do not

supply, we can sell that power on exchanges. So, even that risk is relatively taken care of. For argument sake our MSEDCCL bid 200 MW which we have commissioned just now in Rajasthan; we are sitting in Rajasthan we are not in control of Maharashtra. So, if Maharashtra although they are giving and they will pay and they have LCs but hypothetically if they don't pay I will sell that power on exchange.

Santosh Hiredesai: Given that you are connected ISTS you have the flexibility to...?

Jayant Parimal: All ISTS projects will have and somehow because everybody is wanting to have cheapest solar and cheapest wind most of the new projects are on ISTS. So, unwittingly that benefit has come I mean we never thought that this is a benefit but now of late we have started realizing that this is a good great benefit to be on ISTS.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Jayant Parimal for closing comments.

Jayant Parimal: Thank you gentlemen and it was an excellent Q&A session and I hope we were able to clarify most of the stuff. As Adani Green we see a great future and it is a rising sector and we have already 5.3 GW and we keep on bidding. But we are very selective in our bidding approach. We have already given you one slide wherein we have mentioned how many megawatts of bids were available and how many did we bid and how many did we win. So, we are very prudent in that and we try to maintain that and this is slide #10 you can have a look at that. We have aspirations to grow may be 10 GW but that is only an aspiration without compromising our returns. So, thank you once again to all the participants and really appreciate your interest in the company and I hope we have been able to satisfy all your queries. Thank you very much.

Moderator: Thank you. On behalf of Adani Green Energy Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.