“Adani Green H1 FY23 Earnings Conference Call with Fixed Income Investors”

Organized by Mizuho

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Ravi Tewari: Thank you everyone for joining the call. Let me introduce the participants from Adani Green. We have Mr. Vneet S Jaain, who is the MD and CEO, Mr. Kaushal Shah, who has been the CFO at Adani Green for the last two years, and will now be taking up new responsibilities within Adani Group, Mr. Phuntsok Wangyal, who is now going to take up the responsibility as the new CFO at Adani Green. Also, on the call we have Mr. Anupam Mishra, who is Head of Corporate Finance at Adani group, Mr. Raj Kumar Jain, who is Head of Business Development and Mr. Viral Raval, who is the Lead Investor Relations. I will now hand it over to Mr. Kaushal Shah for opening remarks and we will follow it up with Q&A. Thank you.

Kaushal Shah: Good morning everyone. Thank you, Ravi, for the brief introduction. Thank you all for joining this call for updates on H1 FY23 results of Adani Green. As Ravi rightly mentioned, you know, Mr. Phuntsok Wangyal who has more than 20 years of experience and was with Engie India earlier. So he will be taking over as the CFO and I amd within the group only and moving to some other role in the group, so available in case of any future, you know, requirement as well. So, having said that, as you know, we have already uploaded the earnings presentation on our website and we hope that you would've had sufficient time to go through the same. Let me just update you on operational performance as well as on the capacity front. So on a year on year basis, the operational capacity has increased by 24% to 6,724 megawatts, where legal COD is achieved, and over and above this, 948 megawatts, which is partially commissioned. So that also is expected to be commissioned and we will be able to declare the legal COD pretty soon, but that is already there. Also, as you all are aware that the country's first hybrid project of 1.7 Gigawatts, you know, we have already implemented and that's the big achievement from the company side. So the next is on the ESG front. I would like to highlight that, AGEL has received Sustainalytics ESG risk rating of 'Low Risk' with a score of 14.6, which is the best among key large global peers. The global industry average is 33.5 and we got a score of 14.6. So this is an excellent, you know, achievement by Adani Green. Again, this shows our commitment on the ESG front, and continuous improvement. Also, AGEL has won CII's Climate Action Program (CAP) 2.0 'Committed' award.

And as you are all aware that, you know, we have committed to various goals like zero single-use-plastic usage and water neutrality by 2025. All our operational plant have already achieved the single-use-plastic free status. Now, let me take you on the operation front. So solar portfolio of CUF has improved by 110 bps on year on year basis to 24.3%. Similarly, on the wind side, you know, we have achieved CUF of 41% barring 150 megawatt project where there was a transmission line issue and because of that, the overall of CUF has gone down. But as mentioned in our comments in our results, you know, overall impact is only 0.4% (of the total annual generation expected for FY23). So that's where we are as far as CUF is concerned, I have already told you that the country's first hybrid project are 1.7 Gigawatts, we have made it operational. All the newly commissioned plants are managed by Adani Group's intelligent Energy Network Operation Center. And because of that, as you know, the mean time of fault-finding and repair is very minimal and hence EBITDA margin of close to 92%. Sale of energy has increased to 6,618 million units, which is a 67% increase, and Revenue from the power supply has increased by 45%. EBITDA from the power supply is increased by 52%, and the Cash Profit has increased by 49%.

Another important development, which has happened is that Adani Green has received a favorable order from the APTEL for its 288 megawatt of solar plants of Kamuthi. As you all are aware that Kamuthi has 648 megawatts of power plants. But in these 288 megawatts, you know, the tariff originally was Rs. 7.1 and they used to pay us at 5.10 per unit. So now the APTEL has given a favorable order and as per that, you know, we will have a one time revenue of Rs. 568 crore and recurring revenue of Rs. 90 crore. So this is again, you know, big achievement. We have not accounted this till date because we expect that the matter will go to the Supreme Court. So, you know, once the final position comes post that we will account, but we are very confident that even if they go to the Supreme Court, the, the result will be in our favour.

The next important point for all of you is that, you know, as I was just mentioning earlier, also, that some of the projects are partially commissioned and have not achieved the legal COD. And, because of that we have to sell this power on a short term access basis, and we could generate Rs. 1,312 crore as infirm revenue. Now, this is not part of P&L. This will go to the balance sheet and will reduce my project cost. So, you know, last year also, we have almost achieved Rs. 540 crore revenue. So all in all from the infirm revenue, which is not part of my P&L from last October onwards, we have generated around Rs. 1,852 crore due to be precise in the form of income revenue. So it's a huge cash positive for us.

Another important development, which all of you should know, is the receivables. You can see that in March we had receivables of Rs. 1,681 crore. In September, this is only 1,113 crore. So substantial amount we have recovered from Tamil Nadu as well as Telangana, almost Rs. 700 plus crores, which is, you know, almost USD 95 million. And moving forward also, we see that the trend will continue. Some of my friends have a question that, you know, how Tamil Nadu is able to fund. So, you know, there couple of developments that operating losses are now, you know, fully funded by the state government. Second, you know, they have increased the tariff, almost 20%, with the various customers on an average. So these are the additional sources over and above the working capital and the loan, which they are availing from the PFC, REC and the local banks.

So that has helped them to, you know, pay this overdue. On the interest rate. Again, you know, questions come that in the rising interest rate scenario, how we are performing. So I'm happy to report, and last time also I conveyed that almost 76% of our portfolio is fixed rate, around 11% of the portfolio where the loan is fixed for almost two to three years. So typically whenever you take initial, greenfield loan, first two to three years, it is a fixed rate, and then it'll convert into a variable rate. So only 11% of the portfolio overall is, is, uh, variable. However, you know, in the near future, as I was just telling that we should be doing the bond issuance once the market stabilize, and then, uh, you know, uh, we will be having that also converted into the fixed. So all in all, you know, very solid performance in the sense that the execution, whatever we have planned is, you know, we have achieved.

By year end, we are expecting to close around 8,300 megawatt roughly, and you know, the hundred would be in the range of 7,200 crores. Some of the friends always ask for the Net Debt to EBITDA. So if you look at the September numbers, we are at 5.8, which is, you know, way below the 7.5, which has been agreed against the holdco bond And, and the last, but not the least, I would like to assure, you know, the investor friends that FCFE over next two years is sufficient enough to repay even if there is a delay in the refinance of the holdco bond. So this is another question we keep getting from the various investors. So we have a sufficient, FCFE which is being generated along with the existing cash balance. We should be able to, you know, repay, even if there is a delay in the refinance of the holdco bond, which we don't envisage to happen, but I'm just saying even in a worst case scenario, you know, we are fully geared up to make sure that this is achievable. So with this, you know, I, leave it for the Q&A session to start. Thank you very much for patiently hearing.

Moderator: Thank you. Ladies and gentlemen, if you would like to ask a question, please press star, followed by one on your telephone keypad. If you change your mind, please press star followed by two. To withdraw your question. If you remain via web browser, can press the Q&A button and tap in your question. When preparing to ask your question, please ensure your phone is muted locally.

Moderator: First we have a question from an online participant. Can you please bridge the current EBITDA run rate of 46 billion to your guidance of 72 billion? Thank you.

Kaushal Shah: So there are various operating assets which will come up between the current, uh, declared COD and the march COD. So that will generate this ETBIDA of Rs. 7,200 crores. I hope I answered your question.

Moderator: Thank you. Our next questions comes from Sharon Chen from Bloomberg. Please proceed with your question.

Sharon Chen: Hi, thanks for hosting this call. Um, I had a question on the finance cost paid, because you mentioned that, um, about 76% of your debt, um, is in fixed rate, but I saw that your finance cost actually increased from about 1,300 core to 2,300 in total. Could, could you just talk through, you know, what led to the increase? Thank you.

Kaushal Shah: I don't know which, numbers you are comparing, but if you look at Q2 of last year versus Q2 of the current year, then there is a significant capacity ramp which has happened. So, you know, like revenue has increased. Similarly, all the operating cost as well as the finance cost has increased, but overall at a portfolio level, we have a average interest of 9.1%, and all of our foreign debt is fully hedged. So there is no risk as far as the Forex movement is concerned.

Sharon Chen: One follow up question on finance cost pay, does that include any payment made to Total on the staple instruments? And this, I'm, I'm talking the, the amount in the cash flow statement?

Kaushal Shah: Yeah, so you know, we have, Stapled Instrument, we have done an arrangement with the Total that we have to repay after 25 years. So this is an equity instrument and you know, generally the we can distribute around 18 to 20% to the sponsor. So here we have agreed around 13% to Total for the distribution every year. So this is that regular, but this is, this is not an interest payment, This is in the nature of, you know, distribution.

Anupam Mishra: So just to clarify on this one, basically from an accounting perspective, it is treated as, debt because it is interest bearing. But the way the covenants have been structured around this facility, it is actually subordinated to senior debt. And, it actually ranks in the form of shareholder subordinated debt and therefore this is paid, uh, in the form of distribution that Kaushal mentioned.

Sharon Chen: Okay, Thank you. Thank you. Our next questions comes from Parth Jhala, from Goldman Sachs. What debt instrument was repaid using the USD 500 million proceeds from ihc?

Kaushal Shah: So normally what is happening is that, this USD 500 million, we used to have a short term, uh, you know, the borrowing, which we used to do it in case because the upstreaming from the SPV happens twice in a year. So in between we have a short term borrowing, and as soon as we receive that, we repay that. So immediately when we receive this money, we have reduced our loan, but, you know, this is available on the call at any given point of time.

Anupam Mishra: Okay. Just to add to that, effectively what we've done in this transaction is that there was a subordinated debt. It has been replaced with common equity.

Moderator: Thank you. Our next question comes from Prapti Gupta from BlackRock. What impact you factor in from the recent subsidy reduction on solar panels by government for your new project. You mentioned about FCFE good enough to redeem the holdco bond 24. Can you please run us through your consol cash flow? Thank you.

Raj Kumar Jain: So, while the question is a bit unclear because there is, there was no subsidy per se on these solar panels. What has happened is recently the government has imposed, a basic custom duty on solar panels when they are imported from overseas. So, as far as we are concerned, our current projects, whatever we have, they provide a provision in the power purchase agreement, where this increase in the cost due to basic custom duty imposition would be passed on to the power cost to the buyer of power. So we are immune from this increase in the solar panel cost in almost all of our projects. Going forward, whatever we are bidding, we are considering whatever potential impact is there due to this in the prices of modules available in India.

Kaushal Shah: So I think another question was that about how we are having the FCFE. So here, you know, we will send you the separately the detailed working but primarily what we are seeing is that by year end, we should have around 8,300 megawatt of the capacity. And mostly every year, we will be adding around 4,000 megawatt capacity, which will generate substantial, cash flow or internal accruals. And on top of it, you know, we are expecting the infirm power revenue, which we have received during the current year and last year, the same will continue over next two years. So if you add all of these things, you know, there will be a sufficient free cash flow, which will be available with us. On top of it, if you look at our balance sheet, we have a cash of almost around Rs. 4,000 crores. So, you know, all put together, we should be able to completely repay our (holdco) debt, even if there is a delay in the refinancing, which we don't see as a challenge. Only thing is that, you know, we wanted to do the refinancing for the longer tenure. So if market, let's say in a worst case scenario does not stabilize, we have an option to access the local market as well for a shorter tenure of three years to five years, and then do the refinancing, which is available at 9 - 9.5%. So, you know, we have all planned, we are also ready as well as our internal FCFE will cover up the required repayment. So there is no risk.

Moderator: Thank you. Our next question comes from Imtiaz Shefuddin from Barclays. Please proceed with your question. Thank you.

Imtiaz Shefuddin: I just have one question with regards to your capacity expansion plans, uh, you've mentioned, um, in your presentation slide pack that you have 3,200 megawatts under construction and another 10,500 under execution. Um, can, can we just have a rough idea of how much, um, this is gonna cost you, uh, and how much of the funding has been done? Um, and also, um, you know, how do you, how do you see, um, you know, whatever that has not been funded yet, uh, how are you expecting to finalize those? Thank you.

Kaushal Shah: Well, sure, it's a good question. So, you know, uh, the cost for each of these projects, because there will be solar, wind as well as hybrid projects which are there. So the cost will be different, you know, for each of the projects. And, you know that for the solar, it could be around in Rs. 4.5 – 5.0 crores per MW, and for the wind, you know, it'll be around Rs. 5.5 to 6.0 crore per MW. So that could be the broader range I'm just telling that. Now, uh, you know, on the capital management program, and it's a good question that you are raising. So what we have done is that, let's say Adani Green, which is a holding company, is that company itself is doing the EPC work for all the projects. So at Adani green level, we have almost 1.2 billion, roughly around Rs. 9,000 non-fund based letter of credit facility.

So what we do is that unlike other peers where, you know, they win the projects and they have to wait for the financial closure. Here, we are able to immediately open the LC in favour of the supplier. And then the, you know, these LCs open at 50 bps and 5.5% is the discount. So at around 6%, we are able to fund these Greenfield projects for almost 9 to 12 months. And then, you know, by the time material becomes ready, you know, that material is sold to the SPV and then by that time have a construction facility funding already available. So they take the disbursement against the security of this equipment and repay the letter of credit and then letter of credit facility is available for the next set of projects. Now you understand that if we use this facility, let's say for 180 days, then this USD 1.2 billion facility becomes USD 2.4 billion facility, it is sufficient to execute around 4 gigawatt of the projects. So as far as you know, the financial closure or the Capex program funding, we are already fully funded and we don't have to have any challenges on this particular, uh, particular piece. I hope I answered your questions. Thank you.

Imtiaz Shefuddin: Yes, you have. Can I just have one follow up? Um, do you do that on, uh, 75:25 or, I mean, uh, 75:25 or 70:30 debt-equity.

Kaushal Shah: Correct. Most Of the projects, like in construction, we get 75:25 debt-equity, and then when we do long term bond of 20-22 years, which is part of our capital management program, you know, the debt can be upsized up to 85:15, depending upon the overall life cycle of the projects, the PLCR, which is 1.6, and all of those covenants, which is replica of RG 2 bond. So, and that also helps us to have an upsize in the equity.

Imtiaz Shefuddin: Great. Thank you. That's very clear.

Kaushal Shah: Thank you.

Moderator: Thank you. Our next questions comes from Oscar Chow from Segantii. Please proceed with your question.

Oscar Chow: Hi, thanks so much for the call and for taking the question. Um, sorry, I, I, um, missed a few things, but, um, so I apologize if I'm asking a question you've already discussed, but any update to the, the, um, new financing that you were, uh, discussing last month, um, and you, where, where you said that you were looking to raise, I think it was a billion dollars higher rated than the, uh, Indian Sovereign. Any update to that? Uh, and maybe just give us, can you remind us what, what date is again?

Anupam Mishra: So Oscar. Hi. This is Anupam. Looking at the market, looking at the market volatility and looking at where the market is, that is something that we have enough time on our hands. The underlying projects have, uh, the existing financing that runs. So we will revisit the market situation in 6 to 9 months time and accordingly update. But as of now, there are no immediate plans to tap this market. And, uh, we are also working on seeing, uh, alternate, uh, foods of liquidity, which includes, uh, I mean broadly the focus for us will be the SEC registered market, and the second focus will be the, the Reg D market, 144/ Reg S, I guess we will wait and we'll see how the, and especially in the current rate environment, although we got some good news yesterday, but we want to watch this market for the 6, 9, 12 months period. And then, we'll look at it. As of now, there are no immediate plans.

Oscar Chow: Okay, understood. Thanks Anupam.

Moderator: Thank you. Our next question comes from an online participant, why your capital expenditure looks much lower in first half 23. Any change in construction plan? Can we have a guidance of Capex and capacity growth for FY 23 and FY 24? Thank you.

Kaushal Shah: So I don't know the, which numbers you are looking at it, but you know, the current year, last year on 31st March, we have 5,400 megawatt of the capacity, which was operational and there was certain work in progress. So similarly, current year also we already have 7,600 MW as I already explained to you and then the remaining are under progress. So if you consider both the gross block plus the capital work in progress, I think, uh, you know, the expenditure, what we are doing is as per the planning. And similarly, the next year also, you know, we will be implementing 4 gigawatts, the subsequent year also the plan is similar and accordingly, you know, the expenditure will be done.

Moderator: Thank you.

Kaushal Shah: And, I think, I already communicated to you about the infirm power. So overall we have, you know, from last October to this October, we have earned Rs. 1,852 crore. Now this is part of my project cost, so you might feel that, you know, the capital expenditure is lower, but because we have earned this revenue and which is part of my balance sheet and part of my, you know, the project cost capital expenditure, the capital expenditure looks lower by that amount. So that could be one of the reason where you feel that our expenditure is lower. Just to clarify this.

Moderator: Sure, thank you. Our next question comes from another online participant. What is the plan for the overall debt maturity in FY 25 and what is the total funding requirement for the company, including debt repayment, compass funding, and new debt repayments?

Kaushal Shah: So I think, uh, you know, again, question comes and, you know, you can send us a separate mail to Viral for detailed working on the overall CapEx plus how we are going to draw, but as I was just communicating, there are two big programs which will be coming up. One is the holdco bond repayment which becomes due, and then, you know, we have an RG 1. These are the two programs which we are mindful. So through the FCFE we are fully geared up. Having said that, we feel that, you know, through the domestic market just to give you highlights for RG 1 around USD 100 million, we have recently funded from the domestic market, and that the funding is available with a 5 year put-call option. The only reason why we want to go to the dollar market is that we want to align the life of the asset with the PPA, which is 22 years, and that's why we would like to tap the, the global market. But in a worst case scenario, the option plan B is already available with us that, you know, access and tap the local market, which is roughly available at 9 – 9.5%, which is in line of our capital management program.

Moderator: Thank you. The also want, you know what,

Kaushal Shah: For RG1, again, you know, because there is a security and we have demonstrated the performance over last four or five years. So, you know, we, we feel that the rate could be 50 bps lower than the holdco bond refinance rate, which can come at 9.5%.

Moderator: Thank you. The participant would also like to know what is the guidance for the offshoring onshore funding costs for the new financing. Can you also please elaborate on the infirm power sales? Thank you.

Anupam Mishra: Yeah, so I'll take this question. Onshore funding, I think where we have mentioned that our cost of funding is around 9%, we have stress-tested our portfolio that even 150 bps increase in the overall cost of funds will not have material impact, for the one or two year period on our overall Capex plans. But we remain confident that onshore funding will remain available within these levels. And from an offshore perspective, as I said, uh, if you look at the, the target two options that we mentioned, that is if we look at Reg D or SEC registered market, then the costs could be in the same range, slightly higher on account of the limited US treasury levels at this stage, but we expect that to sort of stabilize over the course of next 9 - 12 months. So that's where we are. On infirm power sales, Kaushal has already mentioned, Rs. 1,852 crore is what we made from October to October this year. That's a 12 month period, and this is primarily on account of the higher merchant spot prices in India. But we expect this to remain and this will then be a trend where we will be able to actually build up projects at a slightly lower cost, but somehow being able to mitigate the increase on account of the supply chain issues and that that will reduce our cost and keep it under control on the Capex side.

Moderator: Thank you. Our next question comes from another online participant. Please discuss the weak generation from RG 1. Radiation rates have been weak for the last two semi-annual periods while below P 90 levels. The group has not hit P 90 target on a FY basis since inception. Thank you.

Kaushal Shah: So if you look at this, we have already revised our P 90 generation guideline and you know, accordingly, we are able to deliver still, if you look at the overall compliance requirement, we are within the range and the cash flow is sufficient enough to repay the interest as well as the principle.

And revised analysis, whatever we have submitted, the rating agency also has confirmed the same.

Raj Kumar Jain: And see what is also happening. Just to add in this, that, yes, in last couple of years in India, there were some relation shortfall, which was seen across portfolios in India. But this year, if you would see the numbers, those are what we are seeing are good numbers. And I think the first half of this year should be about P 75. So let us look at from a long term perspective on a average basis, probably rather than on a semi-annual basis. But yeah, let, apart from that as Kaushal has mentioned, the numbers are revised and even after the ratings were confirmed with those numbers.

Moderator: Thank you. Our next questions comes from another online participant. Why did capex reduce to INR 18 billion in FY 23 H1 versus INR 74 billion in FY 22 H1? Thank you.

Kaushal Shah: So we actually, I don't have that often numbers off hand, but we will respond back to you with this question specifically. But the capex we should look at the gross block and the capital work in progress. So both put together, once you look at that, you know, probably we will be able to, we will be able to achieve that.

We will revert to you on this specific question.

Moderator: Thank you. Our next question comes from another online participant regarding the imposition of BCD and pass through to off-takers. Do you see any pushback from state DISCOMs in particular? Is there such change in law clauses in the power supplies agreement between S E C I and state DISCOM? Thank you.

Raj Kumar Jain: Yeah, so, uh, just to be clear on the agreement, the answer is yes. There areexplicit provisions which provide in our cases where this cost is a passthrough to the off-takers. So that's one. As far as change in law process is concerned. Now, with respect to whether there is a pressure from the state DISCOM if there is a higher cost, which you ask from someone who's going to say that why, but in any which way they're legally bound to give it to us. At the same time, Government of India is looking for potential scheme whereby this impact for projects where it is a pass-through is being looked at how that is minimized. If that scheme comes in, I think the overall pain value to the DISCOMs will reduce, but as far as we are concerned, we, we don't get impacted by it. All of whatever change in law claims we had in past, we have been able to get through the regulatory mechanism, which is part of the the earlier agreement. So there is no risk for us.

Moderator: Thank you. Our next question comes from another online participant. What is the normal level of operating assets, which the group typically retains in non RG groups? What further assess do you expect to complete by year? N Thank you.

Kaushal Shah: Typically what we happens is that these projects are of 100 megawatts to 200 megawatts. So we will be, you know, doing a co-obligor group structure. And so, you know, anything between each has an amount of around USD 500 million plus US dollar issuance. We will club that particular group into RG and then take it forward to, that again is for our past practice. We will have a asset portfolio of around 60 to 70% sovereign and then 30% the state DISCOM portfolio. So that combination also gives a lot of strength on the overall cash flow and the generation. So that's how the RG structure is being, is being done.

Moderator: Thank you. Our next question comes from another online participant. Are this infirm power sales on projects which are shown as commissioned in the presentation, or are this for project which are currently shown under their under construction project? Thank you.

Kaushal Shah: So this will be shown, you know, this will be reduced in the balance sheet from the gross block. So, this will be, it is not separately shown in the balance sheet, but this will be part of my under construction projects.

Moderator: Thank you. Our next question comes from another online participant. Could you kindly provide more color on potential US dollar debt is discussed in the Q&A referring to, to the one with rating above the sovereign.

Anupam Mishra: So, I think we already covered this point with respect to timing. I think on tenor stated position on our side is that we want to do all future RGs, uh, in the format that we did RG 2. Just that this will be larger in size and with respect to size of the issuance, if you go down the SEC registered route to get on the index, it's a minimum billion dollars and it has to be IG rating. So that's, that would be if we go down the SEC registered route. So broadly that's, that's the idea, but just as I said from a timing perspective, we have pushed out this transaction. It's not an immediate transaction for us.

Moderator: Thank you. Our next question comes from another online participant. What is your typical annual PLF for hybrid projects? Thank you.

Kaushal Shah: So if you look at this first half, we have achieved close to 37% CUF for the hybrid projects. And moving forward, we should, we feel that it should stabilize around 40%.

Raj Kumar Jain: See, it depends on the assets. So, in some assets which have been commissioned, earlier, the CUF were ranging lower on a design basis just because the mix of solar and wind in them were less intense compared to the recent projects which we have implemented there. That mix is more intense. So going forward on a overall basis, that is the reason why we will have a higher weighted average CUF as a hybrid. So as we commission some of the capacities, which has been mentioned as partially commissioned capacity, you will see that number moving up.

Moderator: Thank you. Our next question comes from another online participant. Why does the group have projects which only partially commissioned is this part of the normal incubation process? Thank you.

Raj Kumar Jain: So partially commissioned projects are the, the term which has been used here is to say that either the full project so if there is a project of a 100 megawatt, we are still doing, we have still done 75, 80, 90 megawatts. So that is the reason it is mentioned as a partially commissioned project or we are finishing that for the 100 megawatt. Or the second scenario is where while we are ready for the project with full capacity, however, for evacuation, whatever elements which the grid has given say out of five elements, three elements are already done or four elements are already done, but the fifth elements is still not ready. So grid has not given us a long term open access or long term evacuation clearance. It has only given us clearance whereby we are able to fully evacuate but on a short term basis, that is the reason. One condition is not there, and that is the reason we say it is partially commissioned.

Moderator: Thank you. Our next question come from another online participant. When will RG 1 and RG 2 compliance certificate be released? Thank you.

Kaushal Shah: By end of this month, we should be able to release that.

Moderator: Thank you. As a reminder, ladies and gentlemen, to ask any further question, please press dial, follow by one on your telephone keypad. If your remain file with browser, can you press the q and a button and tap in your question?

Kaushal Shah: I think one important point, which again I would like to highlight that the receivables position of the company has improved substantially. If you look at the March numbers, the outstanding was very high and currently we have only, it was around 1,600 plus crores. Today, we, as we speak in September, it is around 1,100 crores. Two DISCOMs, which was Tamil Nadu and Telangana, both have paid us close to USD 90 million in the first half. And now we are more or less current on the receivables even for these DISCOMs while others, all the SECI portfolio where, anyway, you know, it is current. But these couple of DISCOMs where we have had a six to seven month cycle, now they are at one month. So this is great relief from the cash flow point of view.

And as a result, we could reduce the interest cost because we have repaid the working capital limits, which we otherwise used to have it. And, you know, the Net Debt to EBITDA, which normally friends you are asking, we will share the numbers if anybody wants to have it. But as on September, this is 5.83. So again, it's a very, very healthy against the, the covenant of 7.5. And the run-rate EBITDA for currently operating projects is close to Rs. 7,000 crores. So all in all, you know, we are very much mindful about maintaining our rating. Even, you know, some of the questions we are facing are that about the holdco bond discounting, but, you know, rating agency also has not taken any action because, we have enough dialogues with them that the cash flow is sufficient to take care of everything, whether it is an interest payment or a principal repayment. So this is just I wanted to highlight to you.

Moderator: Thank you. We have our next question from an online participant. Can we explain again why in first half 23 cash flow statement? The capex was INR 18 billions compared to INR 74 billions last year. Thank you.

Kaushal Shah: So actually I already mentioned that, you know, can you name the, the investor we will come back to? So yeah, so we will come back to you with the details. Actually, I don't have that immediate available.

Anupam Mishra: And just to clarify, I think Capex is not only Gross block, it is cross block plus CWIP and a few other line items in the balance sheet. And we will provide a response to this and earlier participant would ask the same question.

Moderator: Thank you. Our next question comes from another online participant. Currently the receivable is about INR 13 billion. What do you expect it to be by end FY 23? Thank you.

Kaushal Shah: So I think more or less we have one month receivable, which is outstanding currently from all the majority of the DISCOMs. So we believe that the similar kind of numbers should be there by year end.

Moderator: Thank you. Our next question come from another online participant that Marcus seems to be reacting quite negatively to the Adani group broad growth expansion plans to the extent possible, which you shared your thinking about your growth expansion plans given how the market has repriced your debt funding costs. Thank you.

Anupam Mishra: As we mentioned earlier as well, I think from our perspective we see that there is volatility in the market. We have after investor engagement and we are meeting investors one on one. We've met a few of you, we've had calls with you. We will outline some of the details around our growth plans. And to your question, I think we have already outlined that we will remain conservative.

For us, our leverage as well as our ratings are of paramount importance. And, we will ensure that the growth plans are not going to be a phase which has high leverage. So we do these investor engagements, which will outline this in a more structured format.

Moderator: Thank you. Our next questions comes from another online participant. Do you consider to buy back or to do tender of holdco, RG 1 or RG 2 bonds considering the current bond price and more favorable onshore financing environment? Thank

Anupam Mishra: Hi Anderson. I think on this one, we are currently considering this at various portfolio companies level. As on date we've not made any market announcements so difficult for us to confirm anything, but, this is something that is being actively considered.

Moderator: Thank you. As a reminder, ladies and gentlemen, to ask any further question, you can press dial, follow by one or telephone key. If you're streaming file web browser, can you press the q and a and type in your question? We currently have no further questions. I will hand over to Ravi to conclude today's call.

Ravi Tewari: Thank you so much everyone, uh, for taking out time to join this call. Um, if there are any further questions, please feel free to reach out the Mizuho sales rep. Um, I will hand it over to the management for making any closing remarks.

Kaushal Shah: So, thank you very much all of you for joining this call. As you know, as informed to you, we are fully committed to maintain our rating and, you know, the covenant compliance, what we have committed to all the bond holders. We are also mindful about our cash flow and the capex plan and the funding program, which will ensure that, you know, it is fully met, whether it is in the obligation or our capex program. And, you know, we'll try to come to the capital market as and when the market stabilizes. If you have any specific questions, please, do write to Viral or any of us so that we can respond immediately. Thank you so much.