

“Adani Green Energy Limited  
9M FY23 Earnings Conference Call”

**February 08, 2023**

**MANAGEMENT: MR. VNEET S. JAAIN, MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER**

**MR. PHUNTSOK WANGYAL, CHIEF FINANCIAL  
OFFICER**

**MR. RAJ KUMAR JAIN, HEAD OF BUSINESS  
DEVELOPMENT**

**MR. VIRAL RAVAL, LEAD - INVESTOR RELATIONS**

**MODERATOR: MR. RUPESH SANKHE – ELARA SECURITIES PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Adani Green Energy Q3 FY '23 Earnings Conference Call hosted by Elara Securities Private Limited. 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 star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rupesh from Elara Securities Private Limited. Thank you, and over to you, sir.

**Rupesh Sankhe:** Good afternoon, everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY '23 conference call of Adani Green Energy. I take this opportunity to welcome the management of Adani Green Energy Limited represented by Mr. Vneet Jaain, MD & CEO; Mr. Phuntsok Wangyal, CFO; Mr. Raj Kumar Jain, Head of Business Development; and Mr. Viral Raval, Lead - Investor Relations.

We will begin the call with a brief overview by the management followed by Q&A session. I will now hand over the call to Mr. Phuntsok Wangyal for his opening remarks. Over to you, sir.

**Phuntsok Wangyal:** Good afternoon to all the participants. On behalf of Adani Green, thank you for joining AGEL's Q3 FY '23 earnings call. I will take the participants through some of the recent updates, starting with capacity growth. In terms of capacity, as we stand today, we have 7,324 megawatt of legally-declared COD. Apart from that, as we have advised, we also have another 830 megawatts of operational capacity, which is in the process of being legally-declared COD. So effectively, as we stand today, we have 8,154 megawatt of operational capacity.

Now during the 9-month period, some of the notable achievements which we have are we commissioned the largest hybrid cluster in India, 1,440 megawatt. Apart from that, one of the largest wind project of 325 megawatt in MP. Apart from the fact that our solar plant of 150 megawatts was also commissioned. This is from a capacity growth perspective.

During the same period, we also signed PPA for our projects – 450 megawatt wind projects with SECI and another 50 megawatt solar projects with SECI during this period, which also strengthens our project pipeline and demonstrates that Adani Green has got a firm portfolio of committed capacity.

Now I will go to operational and financial performance. During the 9-month period, from a solar portfolio perspective, what you will see is our CUF has increased by 140 basis points. So today, as we stand, it is 24%. This reflects our robust operational philosophy, which has led to CUF better than what we achieved during the same period last year.

In terms of wind, after excluding the one-off force majeure event, our CUF is towards around 30%, which is slightly lesser than what we achieved last year. During the same period, as you know, we have commissioned our hybrid cluster and the hybrid cluster CUF stands at 34%. So the CUF of Hybrid cluster clearly demonstrates that why there is a good push for Hybrid and the RTC type of tenders by Government of India. During the same period in terms of energy units, which we have sold have increased by 59%. And this is primarily on account of the capacity augmentation which we did.

During this period, actually compared to last year, we have added a capacity of around 2,064 megawatts, which is a combination of greenfield operational capacity of 1,914 plus our M&A basically Inox capacity of 150 megawatts, which was integrated. Purely from a power supply revenue, during the same period, it has increased by 39%, INR 3,695 crores, just to remind you, it excludes the infirm revenue, which we have generated from our operational fleet. If we add the infirm revenue during the same period, actually, for 9 months, we have generated an infirm revenue of INR 1,645 crores.

EBITDA from our power supply remained at a robust level of around 92% and EBITDA from power supply during the same period increased to INR 3,570 crores. This effectively has led to our cash profit increasing by 41% to INR 1,827 crores. And what it effectively means is today, at this time from our operational capacity of around 8.1 gigawatt. If we really look at the run-rate EBITDA is basically INR 7,380 crores and INR 7,380 crores run rate EBITDA mean Net Debt to Run-rate EBITDA of 5.6 which is much beyond the various covenants which we have agreed under the international bond issuances, which we did. And I am also going to briefly speak about it.

From a regulatory perspective, during the period, as we spoke during the last earnings call, we have achieved a favorable APTEL order in case of Kamuthi, Tamil Nadu project, where APTEL has reaffirmed our contention that the tariff for our projects stand at INR 7.01.

This effectively means that there is a revenue upside of at least INR 570 crores which is not factored in the financial numbers, which have been presented apart from a recurring impact of 90 crores. Apart from the tariff reaffirmation, during the same period, we received a favorable order from APTEL for same Kamuthi project where APTEL has accepted our contention that CUF beyond 19%, we are entitled to receive revenue actually. The numbers impact of that has also not been factored on a conservative basis as a part of the financial numbers, which has been presented.

Third point, which I thought of briefly talk about is the credit position. Now, as we speak right now, the liabilities which we have, AGELs' various rated credit facilities - 97% of our rated credit facilities are rated between A to AAA equivalent credit rating scale actually.

This clearly shows the strict discipline which AGEL has maintained in the debt management as well as the prudent capital management philosophy, which we have been consistently following. This is getting reaffirmed from the fact that, during the same period, for our Kamuthi plant, our rating was upgraded from A plus to AA minus. What we do understand is on a project finance basis, for a project with TANGENDCO as a credit profile, this is the highest credit rating which any project has achieved in the country.

What I would also like to highlight is from a counterparty perspective, because during the beginning of the call, I talked about some of the PPAs which we have signed from our locked-in portfolio today, as we stand, 89% of our portfolio are sovereign/sovereign equivalent counterparties. Now our prudent capital management as well as high grades of counterparty profile is getting reflected from the fact that all the rating agencies, whether it was international

rating agencies or domestic rating agencies have recently reaffirmed our rating. That's the third point.

Last but not the least, I would like to talk about the ESG which remains a very, very important pillar for AGEL. As you know, AGEL has got a robust ESG framework and policy, which is in line and guided with internationally accepted principles. Now apart from the fact, in line with internationally accepted principles, we have been making all the public disclosure.

During the Q3 period, some of the notable achievements are - as we speak, our entire operational capacity is Zero Waste to Landfill. Secondly, we have received the 'Leaders Award' at the Sustainability 4.0 Awards by Frost & Sullivan and The Energy and Research Institute. Third, during the same period, we have been honoured with 'Platinum Award' by The Asset ESG Corporate Awards 2022.

Now in conclusion, what I would like to state is we have been -- we are making a steady and sustained progress in our endeavour to have a large-scale adoption of cleaner and affordable energy in the country and we are on track on a prudent and conservative basis towards our long-term renewable energy capacity goal.

Thank you. We are now open for Q&A.

**Moderator:** We take the first question from the line of Mr. Mohit Kumar from DAM Capital.

**Mohit Kumar:** And sir, 2 questions, sir. First is, sir, can you spend some time explaining the debt position once again and the repayment scheduled basically in FY '24 and FY '25. Debt which has been capitalized on the books and which are under construction. Can you just separately mention it?

**Phuntsok Wangyal:** Yes, sure. So from a debt perspective, actually, as you would have seen, for a December end, we have a Net Debt of around INR 41,000 crores and from a Gross Debt perspective, it is around INR 47,000 crores. A large part of this debt is already capitalized actually because as I've talked in the beginning, a larger part of capacity was commissioned during the intervening period per se.

Now going forward, as far as next financial year is concerned, and that is where a part of our capacity, which is either in the form of the wind SECI 5, which you may have noticed, plus a partial commissioned capacity, which is yet to declare legal COD 830 megawatts, those are the capacities which will be capitalized.

**Mohit Kumar:** Repayment schedule sir for the next FY '24 and FY '25?

**Phuntsok Wangyal:** Yes. Actually, we have a loan repayment of INR 1,305 crores. This is based upon based on the legal maturity.

**Mohit Kumar:** This for FY '25. In FY '24?

**Phuntsok Wangyal:** FY '24 actually, FY '24, INR 1,305 crores.

- Mohit Kumar:** FY '25?
- Phuntsok Wangyal:** FY '25, we will be having INR 1,541 crore apart from the fact that, as you are aware, there is a HoldCo bond, which is getting due which needs to be repaid as a part of FY '25. HoldCo bond as well as, RG1 bond actually.
- Mohit Kumar:** Understood, sir. Second question, sir, has the PPA been signed for all the 8 gigawatt PPA for the manufacturing tender? And related question is that is our solar manufacturing capacity, which we had committed of 2 gigawatt. Is it up and running? And what stake we have in this capacity? Do we have any economic interest in that particular entity.
- Raj Kumar Jain:** Sure. So on the first part, on the manufacturing-linked tender PPAs, we have signed up in the initial part of January, additional 50 megawatts there. So now we are left with close to 2,100 megawatts of the PPA to be signed. We are already in an advanced stage to sign up another 250 megawatt of the PPA, hopefully within the current -- probably in 2 weeks from now. Balance are in advanced stage, and we expect to close them over the course of next quarter or so. Coming to the next question with respect to the manufacturing capacity. Yes, we need to hold for the tender condition, 26% stake in the 2 gigawatt cell and module manufacturing capacity. So we are currently holding that.
- Mohit Kumar:** Okay. And the last question is on the 73 -- you just said that net EBITDA is 74 billion. So can you expect 19 billion EBITDA starting from Q4. Is that a fair assumption?
- Phuntsok Wangyal:** Yes. So as I said in the beginning, actually, for March '23, we are expecting a run rate EBITDA of INR 7,523 crores and from a run rate EBITDA perspective, March '24, this should be near to INR 8,800 crores actually. This is based upon the capacity, which may get commissioned in our next financial year.
- Mohit Kumar:** So 8,524 is the run rate EBITDA at the end of March '24. So this number will most likely come in FY '25. Is that the understanding?
- Phuntsok Wangyal:** A part of the capacity will come in FY '25 actually because as we see by March '23, around 8.3 gigawatt will anyway be operational. So for 8.3 gigawatts, if you -- if I have -- our press release also talks about around INR 7,523 will be our run rate EBITDA actually. On the top of this, the capacity which will be commissioned in the next financial year, a part of that will be a part of FY '24. Hope it clarifies the matter.
- Moderator:** We take your next question from the line of Lavina Quadros from Jefferies.
- Lavina Quadros:** So I just wanted to check at the -- more at a policy level. There was a policy talking about open access for Green Energy which might have helped the Adani Green charge slightly higher tariffs, right? Any progress on that sir on the state level that you're hearing about?
- Raj Kumar Jain:** So 2 parts. As far as Adani Green's current portfolio is concerned, as you know, it's mostly contracted or is virtually fully contracted with the DISCOMs except a very small capacity. So the current run rates and all the EBITDA, we are talking about, about 20,400 megawatt capacity,

we are talking about this is tied up under those things. So the open access of what was notified in the middle of last year as a new initiative by MNRE. Now, that is getting operationalized through various procedures, but not much has happened on that in terms of capacities below 1 megawatt until now in the country.

One megawatt and above, open access was already allowed. So it basically opens up that market, which is below 1 megawatt. But yes, that will take probably a few more months as some of the states start doing the process, which has been formed and the bodies are notified. So it is taking some time, but yes, it's a great move for decarbonization of the industry.

**Lavina Quadros:** Understood. And sir, generally, on the construction side of your existing portfolio, are there any headwinds that you're facing? I know you'll have all the land already, but let's say there's volatility in module prices or is there anything that's leading to, let's say, delay beyond 6 to 12 months in your -- as far as what you can see today?

**Vneet S. Jaain:** Lavina, this is Vneet here. It is on the positive side, Lavina. If you see the prices which were on the higher side, the prices have gone down. In last 3 months, the prices of the cells and modules have gone down a lot if we import either from China or from Southeastern/ Asian countries. And in any case, as you are aware that all the duties are covered in the change-in-law. So in a nutshell, we are not seeing any headwind, in respect of the construction of any of our ongoing projects.

**Moderator:** We'll take the next question from the line of Apoorva Bahadur from GS.

**Apoorva Bahadur:** Sir, I think during your opening remarks, you highlighted that the company earned INR 1,945 crore from sale of infirm power. So can you please share the number of units which were sold over here?

**Phuntsok Wangyal:** I think the number was INR 1,645 crores actually, not INR 1,945 crores.

**Apoorva Bahadur:** How many units were sold for this?

**Phuntsok Wangyal:** Approximately 3,000 million units.

**Apoorva Bahadur:** Okay. And we sold this all on the exchange, right?

**Raj Kumar Jain:** So while it is primarily exchange, but it is not necessary. We look at opportunities with various buyers in the market and identify where we get the best money. But yes, mostly it reflects the prices around the exchange.

**Apoorva Bahadur:** Sir, and also if you can share the HoldCo debt that we have.

**Phuntsok Wangyal:** Yes. So HoldCo debt actually is today, as we speak, is around INR 5,800 crores actually and out of which, anyway, our hedge reserve of around INR 660 crores is already increased. So effectively, it is INR 5,400 crores of HoldCo debt which is there.

**Apoorva Bahadur:** Okay. And how much becomes due in FY '25 for repayment?

- Phuntsok Wangyal:** As we said, this is a bullet repayment actually. So in September '24, we will be having the HoldCo debt repayment which is proposed to be refinanced. So we have around 18 months till date to refinance it.
- Apoorva Bahadur:** Right. Because I understand during the last conference call that we had, there was this understanding that the domestic banks would be more than happy to refinance, right, the debt which is becoming due in FY '25. So is there any change in their view? Or do you expect this to go through?
- Phuntsok Wangyal:** No, we don't see any change in it actually. But as we spoke in the last call, from our perspective, actually, we have wider pool of funding base, including, but not limited to domestic institution. But domestic institutions still remain committed actually.
- Moderator:** We'll take the next question from the line of Mr. Nikhil from Alliance Bernstein.
- Nikhil:** My question again relates to the debt repayment in FY '25, which is a sizable amount. Just wanted to clarify the HoldCo bond again, I know it's been discussed, but what I understand is domestic banks typically are not keen to refinance HoldCo-level debt. If that is the case and in case that happens, what is the plan? Is there any interest to pursue asset divestments like some others in the renewable company do to free assets?
- Phuntsok Wangyal:** Yes. So from a refi perspective, what I can say is we don't envisage any issue per se, actually. What we also need to be mindful is that today, AGEL is -- by the end of this financial year, 8.3 gigawatt operating portfolio company and it shows with a sufficient amount of free cash flow to service all the debt, including but not the HoldCo debt actually. And from an asset divestment perspective, we don't envisage any scenario to arise.
- Nikhil:** Understood. And any plans to buy back the HoldCo bond because it's getting at a 30% discount right now. In that case?
- Phuntsok Wangyal:** So various options are being evaluated. Let me put it in that way, actually. And I'm not sure when we spoke the last time, what we also highlighted is, once those options reaches a certain stage, we will make a market announcement, if it is required.
- Nikhil:** Understood. And just my last question is then on the construction pipeline. So what is a lot of other renewable players are highlighting that due to this ALMM list challenge, there has been a slowdown on their new project commissioning but glad to hear it's not been the case for Adani Green. If you could just elaborate on that because that [inaudible 0:22:49] also other difficult or difficult to navigate.
- Raj Kumar Jain:** Yes, sure. So the good part here is in our portfolio of 20.4 GW, there is hardly a very small capacity, if I remember right, close to 1%, which needs to satisfy the ALMM. Otherwise, this ALMM requirement does not apply right now for any of our projects which we are implementing. As we build our pipeline, going forward, obviously, we will be compliant with the ALMM, and that is where we are working actively with various producers.

- Moderator:** We take the next question from the line of Mr. Rupesh from Elara Securities.
- Rupesh:** Sir, one question is related to our current and future cash flows. Would it be that sufficient to meet our target and current pipeline? And I just wanted to understand what are the challenges we are seeing today in terms of capacity ramp up.
- Phuntsok Wangyal:** Yes. So from our ability to sustain the capacity augmentation, which is being envisaged, we don't envisage any issue actually because now if you will really look at it, AGEL is basically a mature company with 8.3 gigawatts of operational fleet. And 8.3 gigawatts of operational fleet throws sufficient amount of free cash flow after meeting all the obligations to sustain the capex and to sustain the capacity growth, that we are envisaging.
- Rupesh:** The second question is on, sir, from pumped hydro that earlier, we had [inaudible]. For guidance on capex or time lines on that one, sir?
- Raj Kumar Jain:** Yes, sure. So I think while we have been working on the pumped hydro projects and there are multiple such projects that are at different stages whether it is getting the TOR approvals, environmental assessments and all of that. But as of now, there is no FID on any of those projects. And we will come to the market as we reach to that stage and announce those, but there is still some time left for that.
- Rupesh:** Okay. Sir, one more question on the bidding. There have been slowdown in bidding process, and we have not seen that aggressive on the bidding part. Can you throw some light on that one?
- Raj Kumar Jain:** Sure. So I think what is important to understand is that within our portfolio of this 20.4 GW pipeline, we have significant flexibility to prepone or do the projects at times. And that basically gives us ability to wait through the uncertainties in the market. And that is where when the prices were higher in the last one year, where you have not seen us too much active. We didn't chase the very, very competitive bets.
- So with prices moderating, it obviously opens an opportunity for us. But at the same time, we have a significant pipeline to deliver. So it's not necessarily a significant conversion for us, but we will look at market, identify the opportune bids where we can actually have a significant value add for us beyond the normal returns and then bid there. I hope this satisfies.
- Moderator:** We take the next follow up question from the line of Mr. Mohit Kumar from DAM Capital.
- Mohit Kumar:** My first question is, what is the capex expenditure you have made in FY '23 till date? And what is the budgeted amount for FY '23?
- Phuntsok Wangyal:** Yes, sure. So till date on a gross basis, actually, if you would have seen, our capex is near to INR 5,600 crores and by the end of this in financial year, we expect this gross capex to reach around INR 6,800 crores. Just to reaffirm all this capex is fully funded.
- Mohit Kumar:** And what is the capex expenditure you have pencilled for FY '24 and FY '25?

- Phuntsok Wangyal:** Yes. So FY '24, actually, okay, FY '24 will be broadly towards 10,000 crores. I will put it in that way, but this will be a combination of committed and discretionary capex actually. So as my colleague Mr. Raj was talking about, for many of the projects, we have got necessary flexibility in terms of either prepone or postpone because there are certain elements which are yet to be firming up. For FY '25 numbers will also broadly be on similar lines.
- Mohit Kumar:** And sir, wanted the discretionary, it is due to the procurer's inability to provide something. What is the hurdle there?
- Raj Kumar Jain:** So what happens as you would have tracked the Indian RE space, in a lot of these cases, now we are in a very strong position where we have the land. We have visibility on evacuation of power. But our scheduled COD dates under the projects are still later. So it is our choice whether we would want to do some of those projects prior to their CODs or keep it as per their CODs. In some cases, while we have a clarity that the power can flow, but still, as you would have seen in some of our existing projects, the legal CODs are not done because the evacuation infrastructure, which consists of multiple elements may not be ready.
- So based on that visibility, again, we have time. So this thing is something which provides us significant flexibility to be able to plan our capex. At the same time, as I said, we have full control over the land and a very clear visibility on evacuation, we are in a very strong position to decide when we want to do and what we want to do.
- Mohit Kumar:** Any colour on the funding of this 100 billion. Some colour will be helpful on that.
- Phuntsok Wangyal:** Yes. Part of it is already tied up actually through long-term financing from domestic sources. And as far as balance part is concerned, it is in the process of being tied up and we expect the entire tied up to happen by Q1 of next financial year.
- Mohit Kumar:** Do you expect the borrowing mix to change towards domestic financing going forward? Is that a fair assumption?
- Phuntsok Wangyal:** No. See, as we stand today, actually, a larger part of borrowing was towards non-domestic sources because that also gives certain flexibility in our ability to tie up multiple sources. But if you're asking in terms of the near term, yes, in the near term, it may be slightly towards the domestic sources but on average -- but on a medium-term level, we expect this mix to remain same. But in near term, let's say, Q1 and Q2, yes, may be slightly more from domestic sources.
- Mohit Kumar:** Lastly on the Kamuthi power plant. You said that you received the APTEL order. Is the entire power plant now is billing the Tamil Nadu DISCOM at the rate of INR 7.01 and has this APTEL order been challenged that the reason you have notarized the dividend as of now?
- Vneet S. Jaain:** Yes, Mohit. Now, the whole 648 megawatt, as far as the tariff issue is concerned, it has been resolved. And but you know the APTEL has given the order in our favour. This Tamil Nadu government/ TANGENDCO, they have gone for appeal in the Supreme Court. However, there is no stay by the Supreme Court so far.

- Mohit Kumar:** Okay. Understood. So this will help us to get the -- judgment comes in our favour, it will help us to get 5.9 billion is the number for the past period and 900 million on a recurring basis, is that understanding correct?
- Vneet S. Jaain:** Absolutely.
- Phuntsok Wangyal:** Mohit just to add, actually, this excludes the late payment surcharge also on it. But for the purpose of this discussion, we have only included the base value.
- Moderator:** We'll take the next question from the line of Mr. Nikhil from Alliance Bernstein.
- Nikhil:** Just on the plan for INR 10,000 crore capex for the next 2 financial years every year. I wanted to understand it's implying effectively 2.5 gigawatt capacity addition every year. Am I correct to understand that? And b, would there be a need to cap equity markets to support this assuming 30% equity finance part of the capex?
- Phuntsok Wangyal:** Yes. So I think as we have advised in the past, actually, usually, the debt equity mix which we have is around 75:25 but for the capex in near term, actually, we don't envisage any capital market to be tapped upon because the capacity and the capex which we are talking about can easily be met by our free cash flow, which 8.1 gigawatts will generate.
- Nikhil:** Understood. And the directionally is 2.5 gigawatt capacity every year. That's what has been envisaged with the next couple of years.
- Phuntsok Wangyal:** Broadly in these levels.
- Nikhil:** One more question. So there, I mean, the rated group companies are on some unique projects like the hydrogen project in enterprise and renewable growth in the cement business, renewable capacity growth. Any synergy being drawn by Adani Green from those 2 benches?
- Raj Kumar Jain:** So yes, there is a significant ESG push across the Adani group portfolio. And obviously, some of them will be looking to set up certain capacities in the future. We would be helping them in terms of conceptualizing their thought process with respect to implementation of that. And based on the market factors, they would implement those capacities. It may give us opportunities in terms of we being able to implement some of those on an arms length basis in a transparent process and that is an additional upside, which we may have. We have not currently factored any of that in our projections.
- Nikhil:** Understood, understood. And just one related question to that. If I understand the hydrogen plant, the land it is planned on. I just want to clarify, the same land which Adani Green has in its portfolio for renewable -- future renewable growth? Or is it a different portion of land in that area?
- Raj Kumar Jain:** As far as Adani Green is concerned, it has that land parcel, which you are talking about for its own development. At the same time, what we understand, the new vertical, which is ANIL has also applied for additional land from the government of Gujarat. So it is their discretion whether they would want some capacities from us or not. Right now, we are not necessarily allocating

something from that because they have their own applications, which are under consideration of the government of Gujarat.

**Nikhil:** Understood. And one last clarification, sorry. The new businesses like even manufacturing, I know you've clarified, they are not part of Green. So that's still hold, right? I mean, Adani Green is focusing only as a renewable developer not in hydrogen, not in manufacturing?

**Raj Kumar Jain:** Yes, you are 100% right. As guided earlier, there is no change in that. There is only 26% stake we currently hold a 2 gigawatt cell and module manufacturing facility. That is the only manufacturing exposure, which Adani Green carries. It does not intend to get into manufacturing of any RE equipment right now.

**Nikhil:** Got it. And any plans to target corporate customers which some other renewable players are doing and that has growing market?

**Phuntsok Wangyal:** So I think two parts of the answer. One, as I have narrated in the earlier question, I have enough capability within my own ecosystem to augment or expedite the implementation. So one, I do not need too many corporate customers based PPAs for my own growth plan. However, yes, you are right. It's a significant opportunity currently available. And as I've mentioned, even within the group also that opportunity lies. So we are looking within the group as well as outside the group. And at an appropriate stage, we will get back to you whatever we tie up.

**Moderator:** We take the next question from the line of Ms. Sonali from Elara Securities.

**Sonali:** So we have seen receivables have improved. So I wanted to understand, do you this sustainable, no receivables ahead? And second, we are seeing your carbon credit income growing over the last few quarters. Can you throw some light on your payables over here? And where do you see this renewable on a full build-out portfolio?

**Raj Kumar Jain:** So on the receivables side, there has been significant efforts made by the Government of India to resolve the issue of DISCOM receivables. And with a joint effort of all the players in the industry and the government, a lot of receivables have been resolved from various state DISCOMs.

However, you would agree that our exposure to state DISCOMs is limited a significantly smaller capacity. So as we grow higher, as a percentage of this number comes down. But with the new LPS rules and all of those coming in the payment security mechanisms, it has become very difficult for DISCOMs not to pay. And that is where it is helping us to resolve the receivables, and we are very confident that this would continue, and we will be able to have a very healthy receivable position probably better than what we have today.

That is number one. What was the second question? Carbon credit. Okay. So yes, it is an additional stream of consideration, which in normal cases, we do not factor in, but this is an additional stream of considerations where we have been able to tap the global carbon credit markets and have been able to augment our returns. However, it is market dependent in terms of the pricing. So there may be variation.

But at the same time, yes, as the business model, we will see meaningful carbon credit revenues coming in year-on-year, obviously, which will further go up as we augment capacities. So what you see is for our capacity, which was available with us, say, 1 year, 1.5 year back, and this is expected to ramp up. But again, it's a market which moves based on global considerations, various geopolitical situations. So the pricing is something which is market dependent.

**Phuntsok Wangyal:** Just to add on the receivables side, actually, 2 more points. One is all the payment securities in the form of letter of credit has been given by all the off-takers actually. That is first element. Secondly, till date we never had to draw upon the letter of credit. So this effectively shows that there is a discipline at the end of all the DISCOMs to adhere to their contractual obligations.

**Moderator:** We take the next question from the line of Mr. Mohit Kumar from DAM Capital.

**Mohit Kumar:** Clarification, sir, how much of carbon credit is available with us as of now for the past period and for 3 more power plants, under which scheme you are trying to -- you are trying to -- we are eligible to -- for the carbon credit?

**Raj Kumar Jain:** So broadly, we have currently 5 schemes which are in vogue when it comes to carbon credits globally right now. For especially for projects registered out of India, which are RE projects. So you have GS credits, you have the VCS credits, you have a third standard which is GCC. Fourth standard, which is I-REC and fifth standard is Indian REC. So these are the 5 standards, which are currently there.

Now in terms of the credits, which we have, we follow a yearly cycle. So, most of our credits for GS and VCS are already registered, so our projects are already registered. So those are now in the yearly cycle. For the projects which we are currently doing, the de facto registration is happening in GCC because the standards required under GS and VCS now provide that since India has a certain kind of energy mix, Indian projects are no longer eligible for registration under GS and VCS. So now the reliance is on the GCC and there are a few projects where we are able to tap the I-REC market as well as the Indian REC market.

So it's a combination of all these. In terms of number, I think you have seen a number last year in terms of carbon credits revenue until now. We expect that this number would further increase in future. I think we have disclosed that earlier that on a fully built-out basis we will be having close to \$250 million to \$260 million of credit available to everything you registered.

**Mohit Kumar:** The every year, per annum. Is that right?

**Phuntsok Wangyal:** Yes. But this is basically starting 2025-2026.

**Moderator:** Thank you. I now hand the conference over to the management for closing comments. Over to you, sir.

**Phuntsok Wangyal:** So I think from our side, thank you for all the participants who joined us and we want to just specifically mention that from our side, we are on track to achieve our sustainability goals.

**Viral Raval:** Thank you. Please feel free to reach out to us give if you have any further questions.

**Moderator:** Ladies and gentlemen, on behalf of Elara Securities Private Limited. That concludes this conference. Thank you for joining us, and you may now disconnect your lines.

**Disclaimer:** This transcript is provided without express or implied warranties of any kind and should be read in conjunction with the accompanying materials published by the company. The information contained in the transcript is a textual representation of the company's event and while efforts are made to provide an accurate transcription, there may be material errors, omissions, or inaccuracies in the reporting of the substance of the event. The transcript has been edited wherever required for clarity, correctness of data or transcription error.

This document may contain "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.