"Adani Green Energy Limited Q4 & FY19 Earnings Conference Call"

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Moderator: Ladies and Gentlemen, good day and welcome to the Adani Green Energy Limited Q4 and FY19 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Udayan Sharma. Thank you and over to you, sir.

Udayan Sharma: Thank you. Good morning everyone and thank you for joining us. Yesterday that is 15th May, 2019 the company issued press release announcing its financial results for fourth quarter 2019 and the fiscal ended 2019. A copy of Press Release and the Presentation are available in the investor download session of Adani Green Energy website which is www.adanigreenenergy.com. With me today are Mr. Jayant Parimal – the Chief Executive Officer of the company and Mr. Raj Kumar Jain – the Head Business Development. Mr. Parimal will provide a business update, discuss our operational and financial performance and thereafter we will open the floor for Q&A. I am handing the call to Mr. Jayant Parimal.

Jayant Parimal: Good morning to all of you. I am Jayant Parimal and I welcome you to this Earnings Call where we will cover Q4 2019 as well as FY2019. We have announced our financial results for FY19 as well as the last quarter on 15th of May 2019. Adani Green Energy is the first renewable only company of the scale which is listed on stock exchanges in India. We, as on 31st of March 2019, had 1,970 megawatts of renewable capacity operational of which 72 megawatts was wind and balance was solar. In addition to that we have another 725 megawatts of solar which is under various stages of implementation. On the wind side we have incremental 1,475-megawatts capacity which is under implementation and another unique 390-megawatts hybrid capacity from SECI is also under implementation. Out of the 725-megawatts solar capacity under implementation, 50-megawatts capacity which is located in Jhansi, State of Utter Pradesh and supplying power to UPPCL has already been commissioned on 10th May of 2019 and therefore, as we speak our operational capacity becomes 2020 megawatts. In addition to this there is a 40-megawatts solar plant sitting under Adani Power Limited which is not included in these numbers. Post completion of the projects which I have just now listed, the company's operational capacity would be 4,560 megawatts.

Let me point this out with the sense of pride that, we at Adani Green Energy are the first Indian company to reach this milestone of 4.5 gigawatts organically. So, we are operating in 11 states have PPAs with government of India entities as well as state distribution companies. Of the total portfolio about 60% of the PPAs are tied up with the central sovereign entities which are NTPC and SECI and balance

40% are with state DISCOMs. 100% of our portfolio is fully contracted on at long term fixed tariff basis with sovereign and state counterparty.

Now coming to business highlights on the solar slide which are operational we had 22.41% CUF for FY2019 if we take from the date of capitalization against CUF of 20.21% in the FY2018. The plant availability of the solar plants was 99.63% in FY19 compared to 99.67% in FY18. Generation in million units was 3,763 million units in solar plants in FY19 vis-à-vis 1,725 million units in FY18 that is the healthy growth of 118% mainly on account of projects commissioned during this period and we also have a healthy average realization of Rs. 5.09 paisa per unit sold in FY19 compared to Rs. 5.61 paisa in FY18. This realization has come down because several new projects have gone online whose tariff is on the lower side.

Coming to the Quarter 4, 2019 on solar side we have clocked a CUF of 25.89% versus 22.35% in the corresponding period in 2018. Plant availability in Q4 was healthy at 99.82% and we have sold 1,053 million unit at an average realization of Rs. 5.08 paisa per unit against this in Q4 of 2018 we had sold only 633 million units at Rs. 5.30 paisa and plant availability was 99.54%.

On the wind side, we have an operational portfolio as of now of 72 megawatts, earlier we had 60 megawatts. We commissioned a 12 megawatts GAMESA-based wind power plant in Mundra in the state of Gujarat. CUF of FY19 was overall 21.22% versus 15.87% of FY18. Plant availability was not so healthy at 79.16% in FY19 versus 88.55% in FY18. We sold 116 million units at Rs. 4.25 per unit compared to 80 million units last year. The performance was predominantly due to lack of machine availability, due to certain reasons attributable at the OEM level who had the responsibility of maintaining it. Similarly, in Q4 of 2019 operational wind CUF was 20.02% and plant availability was 71% versus CUF of 13.53% last year of the corresponding timeline and the plant availability of 87.45% for the same year.

There is some seasonality in case of solar as well as wind. In case of solar we have an annual target of approximately 25%, but every quarter has got different solar regime. So, therefore the solar CUF also is different. Typically, Q4 is the best amongst four quarters. Our technical estimates which is P50 of Q4 was approximately 28.64% compared to that we have achieved a CUF in Quarter 4 of 25.89%. Similarly, P50 technical estimates for the full year were close to 25% as mentioned earlier vs. an achievement of 22.41% .

Now as we have discussed the expected generation was 28.64% in Q4 2019 and actual CUF was 25.89% there is a gap. We have uploaded a detailed presentation on our website where we have sliced and diced several of these numbers and also put up a bridge trying to explain you the reason for this under performance and it is there on slide#18 of the earning presentation uploaded on the website. Predominantly the underperformance was due to three reasons. One was we have not completed DC capacity there is small DC capacity which is still pending due to some land issues. Another was some grid unavailability which is getting resolved very soon and then there was some radiation shortfall.

And if you take care of all of these things, we are achieving near P50 numbers if you add all of these things. So, a detailed presentation and the bridge is there in our slide#18 of its presentation.

In the meantime, in the next financial year which is FY20 we expect in the first half we will be commissioning approximately 200 megawatts of wind and another 200 megawatts of solar. These 200 megawatts of wind will be SECI-1 wind and SECI-2 wind, but in the solar is MSCDCL bid which we had won last year which is at Rs. 2.71 paisa which is again a CTU connected plant located near Bhadla in the state of Rajasthan. Balance the capacity a part of that will get completed in H2 FY20 and rest of the stuff will get completed in FY21.

Now coming back to financial highlights:

On the back of higher capacity and higher generation in terms of sale of power the revenues were up by 39% to 2,058 crores for FY19 and for the Q4 19 it was 681 crores up by 68% for the same period last year. Our EBITDA was 1,710 crores where we have taken out the trading income as well as the FOREX impact which was up 105% compared to FY18 and was Rs. 470 crores for Q4 2019 up by 90% vis-à-vis same period last year. Our EBITDA margin for FY19 was 90% and for Quarter 4 was 89%. The number is as per our expectation of about 90% EBITDA margin on the full portfolio basis. On a cash profit basis which is basically our EBITDA less interest cost and tax for FY19 we were about 792 crores which was again up by 75% year-on-year and for Q4 2019 it was 228 crores up by 97% year-on-year.

As far as the debt is concerned, as on 31st March, 2019 the gross debt was at 12,236 crores which includes 1,596 crores of debt given by group companies and if you try to calculate net debt wherein we reduce the cash and cash and cash equivalents margin money deposits and trade receivables our net debt is 10,734 and if you further remove the CWIP it becomes 9,771. So, for operational capacity of 1,970 megawatts the net debt is 9,771 crores. Our EBITDA was 1,710 so using that we have a very comfortable external net external debt to EBITDA ratio on a trailing 12 month basis at 5.2 which is expected to improve in next year because the plants are stabilizing, the performances are improving further on the same plant year-on-year.

For a balance under construction capacity of 2,340 megawatts the estimated project cost will be approximately 13,100 crores and debt on 75:25 ratio, would be approximately 9,800 crores. The projects are under implementation and the balance debt is being tied up. Our operational portfolio as on 31st March, 19 was 1,970 megawatts and we have build the entire portfolio of 1,970 megawatts on a CAPEX to operational EBITDA ratio of approximately 6.1x. In our business CAPEX to EBITDA is a very important decision matrix. We do not expect to breach a CAPEX to operational EBITDA number of 6.5x on a full portfolio basis which is to say that we will be very selective and bidding for new projects.

Recently, our bid conversion ratio for solar projects has been only in the range of 25% and the details of which we have given our investor presentation. Our receivable position is also very good and the ageing analysis has been provided in our investor presentation and with this I complete my part of the speech. Now we can open it for Q&A session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Sir, how is the bidding pipeline looking at this point of time especially for the wind and solar and how has been your experience in the past couple of bids I think where we have won couple of in SECI-7 I think we want some bid in solar I think we have some bid, has the competition reduced?

Jayant Parimal: The bidding pipeline I hope you are talking about the country as a whole in that in FY18-19 the solar build on operate basis (BOO) the total bids were approximately 35,000 megawatts only 13,425 megawatts got concluded. As we speak in March, 2019 there were live bids of 22,000 megawatts, hybrids bids were also there for 2,400 megawatts of which 1,200 megawatts got concluded another 1,200 megawatts are there. So, there is a significant pipeline, but to answer your question of how much people are now whining. Perhaps somewhere people have realized that quoting a very aggressive tariff may not work because the in case of solar the solar module prices they are predominantly controlled by China in between it sell dramatically, but right now there is some kind of ebbing going on and the prices is stabilized and at times the model prices go up also by 1 or 2 percent. This is why you are finding that the bid prices also have stabilized depending on the location of the plant, the solar bid prices could be anything between INR 2.50, 2.60, 2.70, a unit. In case of wind because wind is even more location specific the best wind sides are limited and the technological advancement in wind is relatively slow. As a result you will find that the wind bid they are not getting fully subscribed and because of the price gaps and all and only those people who have access to real good sides are able to bid and the bid prices are also gone up and this is why even in Gujarat bid you saw that the last winning price was Rs. 2.95 paisa in case of SECI also it was Rs. 2.83 paisa and the participation also is relatively controlled because of the price gap which they have introduced. So, I hope this answers your questions.

Mohit Kumar: I think I missed the initial part of your commentary, so what is the expected capacity addition in FY20 and FY21 and I think most of the 2.5 gigawatts which are being built up all of them will come in FY20 and FY21, am I right?

Jayant Parimal: That is correct. So, as we speak 2 gigawatts was already completed at March in 2019. We expect that by March 2020 give or take 100, 200 megawatts here and there 800 to 850 megawatts will get completed because you will appreciate a significant portion of this is wind and wind and then CTU based capacities where the PGCIL line is a little uncertainty. So, depending on their completion time and all we are expecting to complete around 800 to 900 megawatts in FY20 and the balance will get completed in FY21 as we speak.

Moderator: The next question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.

Swarnim Maheshwari: Sir much has been said about the liquidity crisis specifically in NBFCs and in we know that NBFC has been a major financer for this wind and solar projects, so just wanted your sense how is the situation prevailing A at the industry level and second specifically at the company level?

Jayant Parimal: What you have said is well known and because of certain crisis in NBFC several NBFC which were very active they have slowed down a little bit. As a result, people like us we are expected to go to other lenders like PFC, REC, IRDAI and some nationalized banks and moreover now people like us are leaving towards dollars bond etcetera. You might be aware that we have already launched dollar bond yesterday. We have announced it, team is already going around the world for this and we expect that if we get a favorable response in other four, five days' time we will be able to close the deal and with this we will be able to free up lot of domestic banker and their capacity to lend can be reutilized. So, as we speak the PFC, REC, IRDAI and some of the PSU bankers are very active. As you said some of the NBFC like L&T and all they were very active earlier they have relatively slow down. So, yes it will have some impact, but if you are able to go for opportunities like dollar bond and all which large companies can do I am sure that we will be able to take care of this liquidity issue.

Swarnim Maheshwari: Secondly, this is more on the rooftop solar so we understand that of course talking about government ambition of 125 gigawatts almost about 20% of that was coming from rooftop solar and what we are witnessing right now is like just handful of projects and that too not really on the utility scale, but more towards on the industrial side, so where are we heading in what are the challenges that we are actually witnessing in the rooftop solar and second do we really like as a company do we also plan to target that rooftop solar market?

Jayant Parimal: As we speak, we are predominantly utility scale players and that too would be long term PPA, 25 year PPA with a sovereign and all. Although we are not averse to signing some commercial PPAs provided risk return matrixes is OK. As far as rooftop is concerned, we have not done anything and it is at least in our business plan it is not forming a major part. Nonetheless, the rooftop is getting an issue because of the discom resistance, the net metering policies and all those kinds of stuff most of the state discom are not willing to part with their good customers and all. So, because of net metering issues and the regulatory policy changes one year they will allow this, second year they will withdraw this. So, this is why we are finding a lot of issues as far as rooftop is concerned and this is why rooftop is not growing the way it ought to be. So, it is a cause of concern and I am sure government is aware of it and government of India is trying its own bit to reason with the regulator and the state discoms, but they perhaps are the biggest problem.

Moderator: The next question is a follow up from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Sir, I have one question regarding this financing so I think the total cost of the under construction project is around 13.4 billion, is it getting funded in 70:30 debt equity or other lenders comfortable with 80:20 or 75:25 debt-equity ratio?

Jayant Parimal: As we speak the Indian lenders they are as a base-case they are going with 75:25. Actually, it is all DSCR base and if DSCR is good they even go up to 80:20 and 75:25 is the typical base case, but if your DSCR is not good then they may foresee to go to 70:30. So, this is the current matrix which they are using and then we are able to get a better terms and conditions, conditionality in their financial covenants which allows us to upstream the revenue which is locked up in the TRA and all. So, art of financing nowadays is how to reduce the restricted cash which gets locked up and you will appreciate that there is a one separate slide which we have put up in our presentation where we have tried to give a snapshot of the restricted cash in our portfolio and how it is moving in FY19 compared to FY18 and we would try to give you a snapshot on a quarterly basis. So, the art is A) how to finance it at 75:25 or 80:20 at the same time how to ensure that the covenants are good and the lock up in the DSRA, margin money, TRA, etc., is minimal. We somehow have been able to convince and demonstrate to the financial institutions. As a result, you will see that in FY19 the entire EBITDA was available freely to work for business usage.

Mohit Kumar: Sir, what is the kind of sizing you are looking in FY20 going forward next 4, 6 months so that we will have an extra cash available to deploy for our under-construction projects?

Jayant Parimal: So, as you said in that in H1 we are completing only 200 megawatts of wind and 200 megawatts of solar that is for some 1,500 megawatts of extra wind we will try to complete, but we are not sure whether it will get completed in H1 2020 and another H2 2020 we will complete another 50 megawatts of solar SECI which is there and then another 300 to 400 odd megawatts of wind we are trying to complete. So, this is approximately 800 megawatts so you can expect that solar will be approximately 4 crores per megawatts and wind will be approximately 6.0 to 6.25 crores per megawatts. So, on that basis the total CAPEX will be there, but try to understand this is a total CAPEX. The timing of CAPEX is different in fact I do not know somewhere we have in our result mentioned that out of 13,000 odd crores which we have spent on 1,970 megawatts of initial capacity, 500 to 600 crores is still lying as retention amount of the contractors this, that the defect liability period and all. So, what I am trying to tell you is that the upfront requirement is slightly lower and it would slowly build up. So, this will help you in estimating our requirement of debt as well as equity in H1 2020 and H2 2020 and as far as releasing of internal accrual is concerned we have already refinanced our entire Tamil Naidu with PFC which released by April approximately 725 crores of sponsor capital and we are again going to the dollar bond assuming that dollar bond is successful it will release anything between 200 to 300 crores incremental and over and above we will have up streaming of EBITDA every quarter. So, we expect that we will be able to make all the equity requirement for the incremental project out of all this.

Moderator: The next question is from the line of Kartik KN from Suyash Advisors. Please go ahead.

Kartik KN: I had three questions, could you talk a bit about the hybrid project how exactly is this configured and what kind of capacity to output should one think about?

Jayant Parimal: So, question number one you asked hybrid the way hybrid the government of India of SECI this bid is intending it is nothing but a marrying of two sources of renewable which is wind and solar and the only condition which they have put is that our resource number one should not be less than 25% of resource number two or vice-versa in megawatts terms. So, we have won 390 megawatts. So, we are thinking to set up 360~370 megawatts AC of solar and another 90 to 100 megawatts of wind. So, when these two will be married so we expect the PLF although the mandatory PLF of SECI is lower at 30% only on the pipeline basis. We expect our PLF to be significantly higher. You will appreciate that the solar will be operating at around because it is located at Rajasthan so it will be operating at around 29%, 30%. So, wind will operate at around 37%, 38% P75 and when you blend these two things in a ratio of 3:1 they should give you anything about 34%, 35% and this is for this bid, but going forward the government of India and SECI are tightening these norms and they are trying to increase the PLF so that the implied subsidy in form of lower transmission or NIL transmission charges on renewable is reduced. The typical thermal power plant has got a ISTS charges of 40 paisa per kWh on a 24/7 basis whereas old solar power plant might be operating at 20% PLF, 21% PLF so your implied transmission cost is Rs. 1.6 therefore there is an implied subsidy of a rupee or so, but if you increase these PLF and try to take it to 50%, 55% the implied subsidy on the transmission network for renewable which is the last bastion of criticism against renewable will go away. So, hybrid is a good way of achieving it and we are sure that we will be able to achieve more than 50%, 55% PLF combined PLF provided government based coming out with those kinds of bids.

Kartik KN: Just to clarity one thing how would seasonality be here in terms of output?

Jayant Parimal: So, now seasonality you will appreciate that wind and solar they complement each other those on a diurnal basis as well as seasonal basis. So, seasonal you will appreciate in India most of the wind is during monsoon season whereas this solar generation is less during monsoon season. And on the daily basis the peak generation of any wind plant is early in the morning starting from you know 2 o'clock or 1 o'clock in the morning till 6, 7 in the morning hence again in the evening it starts at 6 or so and goes up to 10, 11 pm. So, when there is no solar and solar is speaking at 12 noon when there is no wind. So, they are not perfect complementary, but they are complemented to each other both on a diurnal basis and seasonal basis. So, this is why you are not crossing your PPA megawatts limit and you are able to utilize all the energies without significant clipping.

Kartik KN: And you are saying that the combined cost is about 2000 crores of project cost?

Jayant Parimal: It is simple look solar project on a thumb rule basis you can take as 4 crores per megawatts AC and wind is approximately 6 crores to 6.25 crores per megawatts and they are blended in ratio of 3:1. So, 4:3 is whatever 12.

Kartik KN: The other question sir is I see your slide number 13 where you have given a CAPEX to EBITDA numbers, I just wanted to understand your 675 megawatts of solar and 1,475 megawatts of winds under construction what is the assumed PLF here just for perspective?

Jayant Parimal: The 675 megawatts solar which is there it is predominantly either look we could have given more granularity, but for our internal we have not given you with that granularity. Solar we are setting up either in Rajasthan or Kutch area of Gujarat so 250 megawatts is in Gujarat and balance in Rajasthan. You can expect AC-PLF of anything between 29% to 30% on a P50 basis. Wind in case of Gujarat because the wind we are setting up in Gujarat only on a thumb rule basis everything will be at 40% on a blended basis and on a project cost we have already declared you. Then in case of solar, we take O&M at around Rs. 4.5 lakh per megawatts AC which is a plant level operational cost because HO cost is sunk so that is not to be accounted for. So, on an incremental basis we only spent Rs. 4.5 lakh per megawatts AC on solar and in case of wind we are trying to do our own O&M in any case for three year you do not have to pay O&M. The OEM give you free period and after that they start charging even after that we are trying to do it ourselves which will bring down our O&M cost not more than Rs. 6 lakh per megawatts. So, this is the whole assumption has been using that so this is how the whole thing has come.

Kartik KN: And the third question I had was on the dollar bonds, could you give us the expected coupon plus the hedging charges and therefore the total cost for you and what tenure intended here sir?

Jayant Parimal: The dollar bonds are 5.5yrs and coupon in any case RBI has put a limitation that LIBOR plus 450 so it cannot be more than 450 and the prices will be comparable to the price which we pay to Indian domestic institutions so which is anything between 10.25%, 10.50% to 10.75% then you have to distinguish that when we are talking about interest cost in case of banks it is per annum per month. So, per annum rate is higher although we are saying 10.25% or 10.50% you have to calculate it on a PAPM basis. In case of bonds it is biannual so maybe the headline numbers may be slightly half a percent here or there, but actually there may be the same. Another advantage of dollar bond and all is that we pay only 8% perhaps given for five years and everything gets refinanced so that pushes our average debt maturity. Currently we are at 13 year of average debt maturity somewhere in our slide we have mentioned. Going forward may be with more such bonds and all we will be able to push the average maturity a little more that will help in increasing the equity IRR because of time value of money and thus the money will be available for reinvestment without going back to the shareholders for any incremental money for growth.

Kartik KN: I just wanted to understand how you think about counter party risk on an overall basis because as we hear is a slightly dire?

Jayant Parimal: For the first time you will be happy that on Slide #23 we have knowingly given you everything and we have knowingly separated TANGEDCO also because Tamil Naidu everybody knows that it has got some issues. So, you can see the NTPC SECI there is hardly any issue I mean they pay you with prompt discount even other discoms we are operating with Punjab, we are operating with Gujarat and even Karnataka they are very prompt so absolutely no issue counterparty till date we do not have any issue.

Moderator: The next question is from the line of Santosh Desai from SBICAP Securities. Please go ahead.

Santosh Desai: Sir, I just wanted your thoughts on the tender of which has got this manufacturing capacity a linked tender which is there which we have seen multiple extensions and I am assuming that you as a group would be best placed under the given circumstances, so what are the challenges and I just wanted to hear a thoughts on that sir?

Jayant Parimal: It is a very good effort on the part of Government of India to bolster manufacturing because somehow the solar module they fall under 8541 which is under international ITA agreement where they cannot impose any import. So, virtually the domestic manufacturers do not have any protection against the dumping of Chinese modules. So, there was a domestic content requirement bid, but somehow it went to WTO and India was not successful. So, this is an indirect way of subsidizing, manufacturing and trying to bring large capacities here with a view to increase our competitiveness. So, here the DEVCO is supposed to indirectly cross subsidize the MANCO, but you will appreciate that the DEVCO will cross-subsidize MANCO 1 if and only if he makes a little extra money and somehow, they kept at Rs. 2.75 paisa. So, if you see today's bid on the imported modules itself is around that number. So, where is the question of DEVCO getting any incremental profit of benefit to cross subsidize the MANCO. This is why the bids are not getting successful. We have time and again impressed upon them to increase the prices cap or do not keep any price cap. Government is now perhaps, we had a meeting some time back and this point was raised. The government is considerate and hopefully they will do something. So, if they withdraw this cap and then the prices go up little bit then I believe that DEVCO will be in a position to make a little extra money which will go in subsidizing the MANCO and then the manufacturing capacity will come up.

Santosh Desai: So, does it mean that the prevailing tariff that we see 2.75 and 2.80 would be after the safeguard duty that we currently imposed and would it be right to draw conclusion that the cost of manufacturing will be much higher despite the loading of this safeguard duty, is that how one should read it?

Jayant Parimal: No 2.75, 2.80 whatever number in solar currently you are seeing it is without the impact of safeguard because what has happened safeguard is only for two years and all those projects which were bid out before imposition of safeguard they have got a parcel so they are not impacted and whatever extra money they save it is passed through in the tariff itself and all those projects which were bided out after imposition of safeguard they have 18 months to 24 months for period of implementation by that time safeguard goes away. So, none of the project which you are the headline number which you are seeing most of them are not impacted by safeguard. So, 2.75, 2.80, 2.70 whatever number you are seeing depending on the location, etc., these are all without safeguard prices. So, these are pure import parity prices. So, a DEVCO if he is quoting a 2.75 he is not making anyway a single penny extra and therefore he cannot cross subsidize or MANCO. So, unless the prices the 10, 15, 20 paisa is there is extra then only it can be subsidized and so government is aware of that and they will take some suitable some suitable corrective measures to promote manufacturing in this country.

Moderator: The next question is from the line of K Sahu from Web Solutions. Please go ahead.

K Sahu: Actually, I have two questions, can you explain me the diversion between purchase of stock and trade actually I see huge impact this quarter why so?

Jayant Parimal: Look. Adani Green Energy Limited is a parent company and all the PPAs are in the respective SPVs. So, AGEL in turn at times acts as the supplier of the goods to the respective SPVs. So, because the SPVs they get financed it takes times in the meantime AGEL has got its own limits using those limits it buys the goods and supplies to the SPVs. SPVs as and when the project financial closure is done they pay the money to AGEL. So, those goods which are first purchased by AGEL and sold to its SPVs it is called trading in good and it is all internal we do not do any third party trading or third party sale or something of that kind, but from accounting purposes it has to be treated as a trading good. So, in our results we are power company these are knowingly the segment it separately that revenue from sale of power, EBITDA from sale of power and EBITDA percentage as sale of power that is the correct relevant matrix for us. The trading good and all are at best entry from AGEL to SPVs it does not have any meaningful.

K Sahu: Can you come on your balance sheet standalone balance sheet and either it shows perpetual equity.

Jayant Parimal: That is for perpetual debt.

K Sahu: Perpetual debt which is shown in the equity form actually it is 1,093 crores, have you accounted for of interest which we had highlighted that around 10.5% to 11% would be the interest cost on this particular instrument so has it been accounted for in the current financial year?

Jayant Parimal: Let me explain you these are all loans from promoter entities I mean related party. So, apart from pure equity these are loans from the promoter company so they are all interest bearing. Earlier every time we were accruing it and the suitable taxes are payable, but under various financing agreement we cannot actually pay them back. So, of late what we have decided is that we will convert a significant portion of in any case the intention is not to take away the money. So, it will remain in AGEL till AGEL needs it. So, a significant portion of that loan last quarter we converted it into what is called perpetual debt where the debt is not accruing in company books although from IT angle it will be there. So, this is why you will find that Q4 2019 we do not have significant interest expense as a result we do not have any loss in Q4 2019. And this is as and when we are able to pay interest at 10.5% or 11% whatever is the term we will accrue it.

K Sahu: Sir my question is that since it is currently at debt you have to pay interest on it whatever may be?

Jayant Parimal: Perpetual debt it is discretionary it is not mandatory to pay interest.

K Sahu: So, once you have to pay on your discretion once the company has to pay would it from the period when we have taken a loan or which would be for that particular period itself what I am trying to say let us say you want to pay interest after three years ?

Jayant Parimal: Yes I got your point I mean this is again your discretion if you have ability to pay you pay from as and when you are not paid or you can pay part number also.

K Sahu: And one more question on the fund debt the Adani properties which has loaned you this 1,093 crores is it wholly owned by the Adani group because if it is owned by some other parties as well Adani properties they would be objecting this particular deal because it is a loss for the Adani?

Jayant Parimal: These are all Adani properties of whatever you are saying these are all promoter companies of AGEL.. There are promoter entities in one name or other if you go and somewhere declaration might be there ultimately, they all go to the same promoter.

K Sahu: What are the projects which we are expecting to be operational in this financial year?

Jayant Parimal: As I said H1 we have given full clarity it is 200 megawatts of SECI-1 and SECI-2 and another 200 megawatts of MACDCL solar project. So, this H1 is frozen H2 we are trying to complete definitely 75 megawatts of wind for MACDCL 50 megawatts of solar for SECI and another 200 to 250 megawatts of SECI 3 depending on the readiness of PGCIL.

K Sahu: Sir one last question on depreciation front, can you help me to understand on which period or which year we can expect that depreciation cost will be going forward we can assume that it will be coming down because right now we are expecting a higher depreciation in each year as we are going to operationalize in year projects?

Jayant Parimal: We are following very heavy WDV method. This is why during initial years it is nothing but shifting of depreciation instead of back ending it is getting front ended. So, all the SPVs where the projects have been done for five to six years the deprecation would be so heavy that on books they will not have any profit, but what is happening that AGEL as a group we are continuing to build a new and new capacities. So, if one SPV may turn profitable three or four year down the line, but there will be some another new SPV which might be new and having WDV and heavy depreciation and therefore not making significant profits. So, I mean it is more on an accounting kind of a stuff what we should be bothered is how much cash we are generating and this is why somewhere in our slide we have shown two, three new methods which is nothing but cash profit, cash profit per share, cash profit available towards shareholders after normal repayment of debt and then cash profit available to shareholders per share. I mean it is not EPS because you do not have any EPS so we are trying to mimic EPS by CPS. So, if you see then you will be able to follow a lot of cash is getting generated only thing is that in accounting terms we are not making profits.

Moderator: Mr. Sahu we would like to close the call right now and if you have any questions you can write it in the management directly please. Thank you so much sir. Sir you can go ahead with the closing comments.

Jayant Parimal: Gentlemen thank you very much indeed for participating in such a large numbers and asking very useful questions which will help us to sharpen our business operations and we are trying to give as much disclosure as possible and going forward we would like to maintain the same level of disclosure and we are thankful to all of you and with this closing comments I wish to close this earning concall. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen on behalf of Adani Green Energy Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.