"Adani Green Energy Limited
FY2021 Earnings Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Adani Green Energy Limited FY2021 Earnings Call hosted by Centrum Broking 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Shah from Centrum Broking Limited. Thank you and over to you Sir!

Ashish Shah: Thank you Mallika. Very good afternoon to everyone. On behalf of Centrum Broking I welcome you all to the conference call of Adani Green Energy Limited to discuss the FY2021 results and future outlook. We have from the management Mr. Kaushal Shah who is a CFO, Mr. D. Balasubramanyam, Group Head IR and Viral Raval who is looking after the IR for Adani Green joined by Udayan Sharma. So I will request the management to give their opening remarks for the call and then you can start with the Q&A. Thank you.

Kaushal Shah: Thank you Ashish for brief introduction. Good morning my investor and research analyst friends. A warm welcome to all the participants in this earning call of Adani Green Energy Limited for the year ended March 2021. I hope all of you are safe and taking good care of yourself and your family. As a practice we have uploaded our earnings presentation on our website and we hope you would have had sufficient time to go through the same. Just to give you a quick snapshot, in terms of the capacity growth AGEL has added 925 megawatt of operational capacity in FY2021 despite this pandemic situation. This included the greenfield addition of 575 megawatt renewable asset with commissioning of the plants up to five months ahead of the scheduled COD so that is our execution strength as we keep telling in all of our past calls and while ensuring 100% adherence to the COVID safety guidelines. The remaining 350 megawatts were added by tapping the value accretive inorganic opportunities in the last quarter.

So apart from these AGEL has been awarded and declared L1 bidder for 13,550 megawatt new renewable projects in FY2021 taking total locked-in growth up to 20 gigawatts. So we are committed to our position of 25 megawatt by 2025 and all our actions and efforts are towards achieving the target meaningfully. Another important event, which has happened in this quarter is that we have sealed revolving project finance facility of US $1.35 billion, this is one of the Asia's largest project finance deals with a participation of 12 international banks. What is the importance of this is that this will help us to do the growth in a fully funded way, so today what has happened is that they have sanctioned us this limit for particular Greenfield projects. As soon as these projects become operational we will go to the international market and take out through the bond and the same set of lines are available for the next growth which is there, so it is a revolving kind of a facility so this is one of the major remarkable achievement, which we have done and as I mentioned that we have the strategy to fully fund under construction asset portfolio.

The third important thing is that as we keep telling our big focus on the ESG, so in FY2021 we achieved some remarkable milestones that demonstrate AGEL's strong ESG commitment. We recorded zero loss time and recordable injury in FY2021, so this is a big, big, big achievement for us. On top of it our largest plant of 648 megawatt in Kamuthi has become the first water positive plant of its kind in the world and the first single use plastic free plant of its kind in India. The plant has also been offered EHS Excellence Award from CII in FY2021. Recognizing the strong ESG benchmarks adopted by AGEL it has been ranked as second best in Indian electric utility sector ESG benchmarking of DJSI-SP Global and assigned MSCI ESG Rating of 'A'. We endeavor to continuously improve upon our ESG commitment.

Now I will come to operational and financial performance. AGEL has emerged as leader in operational performance of solar and wind plants across India as demonstrated by the Leadership in Performance award conferred to our plants at CII Performance Excellence Awards 2020. We have continued to operate our renewable assets without any impact of the ongoing pandemic. Coming to the operational performance, the solar portfolio plant availability improved by 60 bps year-on-year at 99.5% in FY2021 and wind portfolio plant availability improved by 540 bps year-on-year at 95.1% in FY2021. Solar CUF remained consistent in FY2021 with improvement of 60 bps year-on-year in plant availalbility and wind CUF remained consistent in FY2021 with improvement of 540 bps year-on-year in plant availability. So here this performance would have been much better but the plant which we have acquired from the Essel has CUF of only 17%, post our acquisition we have already reached to 20% and again we have target to take it above 25%, so we are already working on that within a span of four to five months we have improved that, so overall compared to last year if you remove these exceptional items there is a substantial improvement in the CUF as well and you will see this really coming up in the next financial year. Again sale of energy is up by 25% on year-on-year basis to 5482 million units on the back of capacity addition of 925 megawatts. On the financial numbers, the total income is up by 51% on year-on-year basis at Rs.1082 Crores in Q4 FY2021 and up by 34% on year-on-year basis to Rs.3520 Crores in FY2021. EBITDA is up by 33% to Rs.715 Crores on year-on-year basis and in Q4 FY2021 and up by 41% year-on-year basis at Rs.2632 Crores in FY2021. Revenue from the power supply is up by 15% year-on-year basis to Rs.690 Crores in Q4 FY2021 and up by 17% on year-on-year basis at Rs.2419 Crores in FY2021 backed by the added capacity and the strong solar and wind CUF. EBITDA from the power supply is up by 15% on year-on-year basis to Rs.626 Crores in Q4 FY2021 and up by 19% on year-on-year basis Rs.2207 Crores in FY2021. EBITDA margin from the power supply has remained consistent at 90% in Q4 FY2021 and expanded by about 200 basis points on year-on-year basis at 91% in FY2021. So in FY2020 we ended up with 89% and because of our O&M excellence practices we have achieved 91%. We are further targeting to improve in this current financial year as a part of our O&M excellence exercise. Cash profit is up by 121% on year-on-year basis at Rs.373 Crores in Q4 FY2021 and up by 136% at Rs.1250 Crores in FY2021. You must have seen the PAT was also negative Rs.68 Crores last year, this year we have positive with Rs.182 Crores. So overall AGEL's data analytics driven O&M, advanced derisking based development approach and disciplined yet transformational capital management will continue to ensure a steady progress towards the target of having 25 gigawatts.

Couple of more things I would like to highlight to you. On the receivable front also more or less we are on track except Tamil Nadu, but as in the last quarter I mentioned that we have received Rs.400 Crores similarly in this quarter also we have got Rs.100 Crores odd. We are expecting another big amount in this month of May from them, so money is coming from Tamil Nadu though there is a delay continued to be in the range of four to five months, but other than that the performance in terms of receivables is good in fact we are shelling out 2% rebate to all of our SECI counterparties and some of the state counterparties, so that is one thing which I would like to highlight on that front. Another important update many of you have questions on what is happening on that 8 gigawatts, so there again the first two gigawatts it has to be starting from FY2023, 2024, 2026 and 2026 2 gigawatt each, the first two gigawatt we are in a very advanced stage actually because of signing the PPA, but unfortunately because of this pandemic this process has stalled and we expect this to complete in this quarter itself. As per our knowledge, SECI has already tied up 50% of this 2 gigawatt with various State DISCOMs, another 50% we are in very advanced stage, so we are expecting this PPA to be signed at any moment.

Even in this pandemic time, I am happy to report that all our projects under construction are on track, we do not expect any delay in the COD as far as this thing is concerned and you are all aware that MNRE has already given five months extension from the scheduled COD date, but we are still striving to achieve within the scheduled COD date all of these things on the construction front. ENOC again you are all aware that all the plants across India are fully linked to our Energy Operational Excellence Center at the headquarters in Ahmedabad. So because of these we are able to maintain 100% availability and on the debt front I have already covered on the foreign borrowing we are 100% hedged, so there is no risk attached as far as that piece is concerned, so this is just an update from my side. Now the floor is open for the question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aniket Mittal from Motilal Oswal. Please go ahead.

Aniket Mittal: Thank you for the opportunity. Sir, my first question is on the under construction pipeline if I look at the presentation I see a 550 megawatt downward revision on the wind under construction project so just wanted some clarity on that?

Kaushal Shah: We had SECI 3 and SECI 4 projects which were there with us and there were certain issues related to those projects and we have requested under the force majeure those projects to be taken up, so because of that there is a downward revision to that extent as and when the decision comes then we will decide on further movement on this.

Aniket Mittal: Have you done any sort of capex related to both projects?

Kaushal Shah: No, we have not done any capex related to those projects, very small machines and other stuff, which we have imported has been used at some other projects, so there is no revenue loss or capex loss on these projects.

Aniket Mittal: My second question was actually on the ordering front, once is what sort of overall ordering or tendering in terms of wind, solar and hybrid do you see panning out in FY2022 and secondly given that the ALMM list has been raised and do not you have any foreign vendors enlisted on it as of now, as a developer how comfortable do you think you have been bidding for any upcoming solar projects?

Kaushal Shah: Current financial year we are planning to do 2.5 gigawatt of our overall execution and the capex of close to Rs.15000 Crores in the current financial year, so these ordering process and all of that has already started much earlier and we have a very good relation with the Bloomberg tier 1 suppliers like Jinko, LONGi, on the tracker side Archtech and all of them we had a very good relationship, we have done the ordering to all of them and we do not see challenges as far as the delivery is concerned, in fact our largest execution of the hybrid project of 1.7 gigawatts is on track and we are already starting I think delivery from April and some of them will be done in May, so every month we will be having the shipment and we do not see any challenges as far as the supply chain and other issues are concerned, so we are very comfortable based on our relationship. Overall, at a company level we have 30,000 approved vendors and at a group level we have 70,000 vendors available, so we do not see much challenge on that particular front.

Aniket Mittal: I was just trying to understand more from a new ordering perspective let us say as a sector level, what is sort of new orders do you think will come from SECI and other in terms of wind, solar and hybrid in FY2020 in terms of new tenders that you see coming out and secondly the point was that given like ALMM list has been increased and there are no foreign vendors involved in that list as of now how would you look at let us say bidding for some of the upcoming solar projects if there is no come out?

Kaushal Shah: The first question let me address that first. So this year we see because there are lot of demands and our Prime Minister has already told that they wanted to achieve 175 gigawatt and 450 gigawatt by 2030, so we see major tendering coming up from the SECI and state DISCOMS like if you see that in Andhra they have come up similarly in other states also they are very keen to come out with the new bids, so we expect the solar and wind both bids are coming at the regular intervals and we do not see any challenges as far as that piece is concerned. Your second question I could not get yet, can you come back again?

Aniket Mittal: My second part was on the ALMM list that has been released, so what has happened is I do not think any foreign vendors or foreign modular suppliers that have been enlisted in ALMM right and I think for the upcoming solar projects the tenders should come out, you would have to…

Kaushal Shah: You are talking about the production link incentive, which they have announced?

Aniket Mittal: No, I am talking about the approved list of module manufacturer, solar module manufacture list that has come out?

Viral Raval: That is only the list of the Indian manufacturers of course. We are importing and everybody is importing, so that import related list is not released that is only pertaining to the Indian manufacturers as of now.

Aniket Mittal: Given the fact that I do not think any foreign vendors that are yet out or part of that ALMM list?

Viral Raval: Foreign vendors list is not yet out because you cannot assume that all the foreign vendors are eliminated by giving a list, which includes only Indian vendors, so there are procurements going on today, so all the foreign vendors are not eliminated so that list should be coming out.

Aniket Mittal: Maybe one last question on the execution front itself recently you have said that from a timeline perspective you do not see any challenges, but there have been quite a few media articles that has been highlighting that a lot of these module suppliers have been either going back on the contracts or asking for a price hike, so just wanting your views on that, is there any sort of price escalation that we are witnessing on the solar front?

Viral Raval: As Kaushal bhai mentioned we have got long term relationship with top four or five Bloomberg Tier-1 suppliers, so the benefit that we derive out of long term relationship with these large players is that some of them are also vertically integrated and they are large, so they are able to withstand these kind of temporary changes in the market and they will always try to honor the relationship in the long term rather than looking forward to negotiate based on short term price changes, so they do not come and negotiate based on such short term price changes, they try and honor the contract that they have entered into with us.

Aniket Mittal: We have not seen any…

Kaushal Shah: In fact what we have done is that we have opened the letter of credit much ahead of their products and start date, so we did not see any challenges and as I mentioned we have very good strategic relations with all these with the volume which we are giving it to them, they are much comfortable in prioritizing us in terms of both prize and the delivery.

Aniket Mittal: That is helpful. Thank you.

Moderator: Thank you. The next question is from the line of Puneet from HSBC. Please go ahead.

Puneet: Thank you so much. My first question relates to the solar plus manufacturing capacity where you said that in the government was on the verge of signing a 2 gigawatt PPA and 50% of it has already been tied up with DISCOMs what I want to understand is, is SECI keen on signing PPA for the entire 2 gigawatt before signing the balance 50% or will they sign the PSA first and then PPA with you?

Kaushal Shah: Normally that is the process which has been followed that they first sign the PSA and then they will follow, but unfortunately the second wave of pandemic has delayed the entire process otherwise we were targeting to complete it by March as we communicated last time also, but we are very hopeful that this should be done in this month or maybe mid of next month, but we are very positive on this front.

Puneet: My second question is you have 2.5 gigawatt commissioning plan for FY2022 right, is that still looking achievable in the current COVID circumstance?

Kaushal Shah: Absolutely, first and foremost is that 1.7 gigawatt which is the hybrid projects, which we are executing that project is absolutely back on track, apart from these there is a SECI 6 and SECI 7 and 5 all of these projects are on track and you will see some of the commissioning announcement coming up in this month itself, so there will be a capacity addition, we have procured the material also required, the team at the site is also very energetic, some of them we have done the quarantine at the site, we have taken all the possible and the required step at the site like for the COVID preparedness we have a thermal scanning, which is being happening, even we are taking care of the contractor labor also so that the work is not stopped and we have a fully loaded ambulance available, we have tie up with the local hospital in case of any emergency plus we are taking care of the family of them, so all of them are very much comfortable and we are very much hopeful that we will be able to achieve this target comfortably.

Puneet: What kind of CUF do you expect to see from this incremental 2.5 gigawatt?

Kaushal Shah: Overall the CUF will be in the same range, but the revenue should be doubled from where we are today and so as the EBITDA both of them we are expecting that to increase.

Puneet: I thought because there is also a hybrid project in it, which will have a much higher CUF?

Kaushal Shah: In hybrid projects we have around 46% roughly around CUF, which will be coming up, so overall on a blended basis I think we should be achieving at around 30% plus CUF, we will come back to you with the calculation, actually we have not calculated the exact the blended one, but we will come back to you on these.

Puneet: Broadly the solar units which will be commissioned this year versus what were commissioned a year before what kind of CUF increase are you likely to see for example in the previous it would be close to 23%, 24% do you see a significant up move in the CUF for the solar plants as well because of technology and other features and loading?

Kaushal Shah: Solar CUF we are talking about increase of roughly at least around 210 bps compared to what we have in FY2021 and the wind CUF again we are talking about increase of 800 bps odd compared to FY2021 to FY2022, so these are the numbers, which we are expecting to have improvement.

Puneet: The other question is you also added 925 megawatt this year commission capacity including inorganic, is there an agreement with TOTAL for it to keep on investing in it or will it be on every project specific basis?

Kaushal Shah: No, it will be on a project specific basis because we have taken now stake at the holding company level, but they are now partner at 20% at the holdco level so it is not that for every projects TOTAL is going to invest the money, the funding plan is from the company which is from the internal accruals, which we have and plus this year only in April and subsequent deals we have sold the strategic sale to TOTAL, so the fund is available with us will take care of these things.

Puneet: No incremental investment within the company it will all largely be internal accrual?

Kaushal Shah: Yes.

Puneet: On the O&M side what kind of O&M cost for megawatt are you now witnessing?

Kaushal Shah: It depends on the size of the plants and other stuff, but on an average you can consider around 4 lakhs per megawatt.

Puneet: ENOC would have contributed what kind of savings?

Kaushal Shah: At least I can say that ENOC has bring mainly increase in the revenue plus the saving overall, so you can say that around 25% will be the contributory of ENOC because we do preventive maintenance and there is no stoppage of any module or other stuff and that is why we are able to achieve 100% availability in all these things and these performance is that in spite you might be aware that the wind, which was normally 8 m/sec was lower this time, which was 6 in last 20-year history, so we are trying to achieve that this performance would have been much better compared to these things once we had that wind available, so we do not expect this, this is one of the events, which has happened, we are closely monitoring all of these things moving forward as well, so we see that performance improve and that is why I was just telling that last year we achieved 200 bps higher percentage EBITDA from 89% to 91% and this year also we are targeting to at least 150 to 200 bps in EBITDA by O&M excellence practices, which is the highest in the entire gamut of companies who are in this sector.

Puneet: My last question is on the Essel acquisition, so you talked about 17% CUF going up to 20 and 25 how are you doing that, are you adding more DC capacity also into it?

Kaushal Shah: Yes, we are adding some DC capacity also we are taking some repowering action also on that particular front plus what was happening was that the O&M maintenance was given to the third party currently. As an Adani we have all O&M at all the sites we are ourselves are doing it so that we have taken it up from April 1, 2021 and we see that based on the practices which will be coming up to us.

Puneet: Excellent that is very good. Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of Lavina from Jefferies. Please go ahead.

Lavina: Just two questions. One is on this manufacturing linked tender this year different rates in the media do you think you will get north of Rs.2.5 per unit because Rs.2.92 I am guessing will not be possible that is one, secondly I just wanted to check some renewable energy sites have been coming in the media that labor force is down to 30% to 40% of peak levels I know you all are handling it much better, but at least on certain site are you seeing this happening or not really?

Kaushal Shah: Not really, Lavina let me take your second question first as I was just mentioning to you that on our hybrid projects we are very much focused in Rajasthan, we have created dedicated center in Jaisalmer, which is 50 kilometers away from Rajasthan to take care of our employees and this is not our own employees, take the labor force of our EPC contractor or the workers whosoever are there, so they are very excited about the overall care being taken by us, so we do not see much challenges. The learning has come from the last year March, last year March and April we had this issue where the major downturn has happened, but this time we have understood and in some cases we have incentivized them little extra also so that they continue to work at the site, so that is the first answer and the second one on the rate front we are definitely positive about north of Rs.2.5 in fact I am not able to disclose it right now, but it will be a good rate, which will be coming up to us.

Lavina: Thank you.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good afternoon Sir. First question is how much EBITDA expected from the operational 3.5 gigawatt and what is the debt getting capitalized on the books that is the first question?

Kaushal Shah: The debt total as of now for the under construction project is roughly around Rs.2400 Crores.

Mohit Kumar: The balance Rs.16000 Crores is getting capitalized am I right?

Kaushal Shah: Yes.

Mohit Kumar: What is the EBITDA expect from this 3.5 gigawatt on a recurring basis?

Kaushal Shah: About Rs. 3,100 crore.

Mohit Kumar: How much is the debt repayment for FY2022 and FY2023 and for incurring this Rs.15000 Crores of capital expenditure do you need to bring extra equity or it is entirely funded through debt?

Kaushal Shah: How we fund these things is that first is that we have already done the strategic sale so that fund is available with us to take care of equity requirement plus we have letter of credit line available at the holding company Adani Green Energy Company Limited level so when we do the funding we first open the LC as soon as we win the award we get the LOS so we do not have to even wait for the project finance to be completed and that is how we are able to complete these projects ahead of schedule so that letter of credit is being opened immediately in favor of the suppliers and the delivery, shipment and all other things are planned accordingly and then subsequently when five months down the line when we have the project facility available it is being huge from that facility to retire the LC and take the equipment so that is the methodology which we are doing it, but now as I already explained to you we have a rolling over construction facility so that will take care of my new projects, which are in pipeline once we take them out through the international bond, so overall it is a one year cycle, 6 month to 12 month for the execution of the projects and then you go to the bond market. Regarding your second question on the repayment and the other stuffs, to my knowledge close to Rs.500 Crores we had a repayment in FY2022 and very small amount again in FY2023, which is Rs.741 Crores, but exact numbers we can come back to you, but these are the numbers.

Mohit Kumar: Can you please help us with the breakup of the estimate of 40 billion how it is getting accounted in our books, how much is being considered as other equity and how much is considered as debt?

Kaushal Shah: There is nothing major in the equity, so all of these things is in the debt itself.

Mohit Kumar: Understood Sir, how confident that this 2 gigawatt of solar manufacturing linked PPA tender will get finalized and is there any renegotiation of the tariff because the other party who has won the contract he disclosed that they are trying to renegotiate the tariff downwards, is there any talk of renegotiating the tariff downwards and secondly on the Andhra bid is there any update which you can share when did you expect this to be converted into a proper LOA?

Kaushal Shah: As far as Andhra piece is concerned we are expecting it to be closed anytime in this month. The stay on the High Court the decision should come up any point of time, so we are very hopeful that by end of May it should cover up, so that is not an issue. The second question on that to answer your question we are very confident and based on our dialogue with the SECI that there will not be any major downtrend, which will happen to this PPA, which we have signed with SECI.

Mohit Kumar: Is there any kind of renegotiation possible or you are firm on the tariff of 2.92?

Kaushal Shah: We are actually insisting on that tariff only, but we will review the situation because when we have negotiated with them the prices of some of the materials were high, which has now come down in some cases, so we will try to balance that, but our overall equity IRR what we have is target is 18% minimum, which we will adhere to. While negotiating this if at all that situation comes we will see that we get that much equity IRR.

Mohit Kumar: My last question Sir, what is your commissioning time in megawatt you are expecting FY2022, FY2023 and FY2024, best on the portfolio projects you have right now where the LOA and PPAs are signed?

Kaushal Shah: We will come back to you with more details, but for FY2022 as I mentioned that we are talking about 2.5 gigawatts coming up as an operational capacity.

Mohit Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Dhruvam from HDFC Mutual Fund. Please go ahead.

Dhruvam: Thank you so much. Just a few followups from the earlier questions like the EBITDA number is it also possible to share what is the gross block invested in the commission projects including the acquisitions since the number that you used to share earlier on an annual basis, this helps us in terms of getting these…

Kaushal Shah: Yes we have actually updated the table, what we are sharing is the capital employed, so the capital employed is now Rs.178 billion that is the total capital employed for operational assets.

Dhruvam: So the debt repayment which has happened will be netted off from this?

Kaushal Shah: Debt repayment which has happened.

Dhruvam: This is not the gross block number that you used to share?

Kaushal Shah: We have changed that practice to sharing capital employed so that you can work out the EBITDA return on capital employed instead of on the gross block.

Dhruvam: This includes the acquisitions also?

Kaushal Shah: This includes the acquisitions also.

Dhruvam: You have crossed that number that you have shared in the PPT, which is about Rs.18000 Crores that does not include the debt from TOTAL, I believe that is a debenture, does it include that amount?

Kaushal Shah: It does not include TOTAL.

Dhruvam: That amount will be separate?

Kaushal Shah: Correct.

Dhruvam: One thing is if I look at the target that you have said about 2.5 gigawatts, now if I remember what was the last number of under execution projects would it be fair to say that for the

PPA projects that we have already secured after this 2.5 there will be no projects which are left so the solar manufacturing project will become critical for the next year of execution, so for any execution in the next year the solar manufacturing tender or other tenders that we win probably will become critical?

Kaushal Shah: In FY2022 we will be executing the remaining 2.3 gigawatts that we have in our under implementation portfolio then basically in FY2023 you will see the execution will start for the next phase of projects which includes the SECI 8 gigawatt tender then the Torrent 150 megawatt tender, then the Andhra will also be commenced because we expect that earlier to be received soon and PPA to be signed soon then there is wind SECI 300 megawatt and then finally there is 600 megawatt more of hybrid from SECI.

Dhruvam: 150 MW, 300 MW and 600 MW and besides this then the SECI and the AP project.

Kaushal Shah: That is correct.

Dhruvam: This Rs.15000 Crores that is the number that we have for the capex for this year, this is for this 2.5 gigawatt project, so basically the gross block for megawatt?

Viral Raval: Some activities will also start for the projects, for which we will see CODs being achieved in FY2023. So initial capex will also begin for these projects.

Kaushal Shah: Correct.

Dhruvam: Otherwise this number 15000 on 2.5 or 2.3 gigawatts looks to be around Rs.6 Crores?

Kaushal Shah: You should not do it because some of the projects which is under construction the capex has also happened in the last financial year FY2021 and plus there will be some capex in these to complete that and similarly the new projects which we have won like Torrent, Andhra and all of that we will also start.

Viral Raval: As Kaushal bhai was saying it is not correct to link Rs.15000 Crores to 2.3 gigawatt.

Dhruvam: A very quick question only, so basically what I was trying to understand this Rs.15000 Crores is not comparable to the 2.5 gigawatt, so this Rs.15000 Crores would include some capex which are for the next year projects?

Viral Raval: That is correct. It is basically a mix of lagging capital expenditure for 2.3 GW and capital expenditure towards upcoming deliveries in FY23.

Dhruvam: But that would also be true for the previous year?

Viral Raval: That is correct.

Dhruvam: Just one last thing is you said that the capex this year is about Rs.15000 Crores assuming that 25% is equity contribution, the number for equity contribution comes to about Rs.3700 Crores or about 4000 odd number I believe the next year after interest what your cash generation will be about Rs.1000 Crores odd approximately and if I am not wrong the cash on your book is about Rs.2000 Crores, some part of cash any ways will remain in the books because of DSCR and other reasons, so how do we fund this capex, the equity portion of this capex?

Viral Raval: For the equity portion of capex as you would know TOTAL has invested aggregate amount of USD 2.5 billion, out of which some amount went to the promoters towards 20% acquisition of the stake in AGEL and some amount came to AGEL towards 50:50 JV so this entire pool of money is available to fund the future growth and this will help us meet the equity requirement.

Dhruvam: But that amount should be reflected in the cash balance that you have right?

Viral Raval: So basically towards the JV, TOTAL invested about Rs.4017 Crores in total so that was reflected in AGEL balance sheet and the remaining about USD 2 billion has gone to the promoters whereby promoters diluted their stake in favor of TOTAL, but that money also should ultimately be on an overall basis available for the company's growth.

Dhruvam: Basically the earlier amount, the perpetual security is the route that we used to adopt, that route can be used even if required?

Viral Raval: Can you repeat your question I am sorry?

Dhruvam: I was saying the cash which is required can come through the perpetual equity route that we earlier had used?

Viral Raval: It can come through that route or any other suitable route.

Dhruvam: Okay, got it and just one last bid is we are seeing that some of these costs are increasing except for the module cost probably the other costs like steel and others have also increased significantly, so what we call the EPC cost seems to be increasing so does it impact you in some sense or how are we trying to hedge that portion?

Viral Raval: Kaushal Bhai is also now connected. Yes, the steel prices have also gone up, but they have kind of gone up a bit more than expected and we would expect them to again correct, so that should again be a temporary phenomena. Whatever under implementation projects we have what happens is the steel structures are the first thing that we buy and wherever we are bidding now if we are bidding for any projects now we normally calculate the necessary escalation that we expect based on the cost spend.

Dhruvam: I was referring to the existing one.

Viral Raval: For existing and for future projects whenever we bid for projects, because the steel prices always keep on fluctuating, so we do build in some bit of escalations over there. On an overall basis if you see I would say steel structure cost does not form more than about 10% of the overall cost. Actually, major component of 55% to 60% is modules, so it does not impact that in such a big way in that manner.

Dhruvam: Thank you.

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

Swarnim Maheshwari: Good afternoon Sir. Thanks for the opportunity. Couple of questions. For FY2023 if you can just help us what is the kind of free cash flow that we are looking it for FY2022/2023?

Kaushal Shah: Normally we do not give any guidance kind of these things. As I mentioned that for FY2022 we have capex plan of 2.5 gigawatts Rs.15000 Crores and we will be having free cash flows on the north of roughly Rs.20 billion.

Swarnim Maheshwari: Second thing is if you can just highlight a bit on the Green hydrogen side if I recollect the Adani Group they had done some sort of collaboration with some foreign company on exploring the hydrogen value chain and I believe that will be done through Adani Green only, so if you can just highlight the strategy over there if you can share any color on that?

Kaushal Shah: On the hydrogen side we are in the process to formalize our strategy over the next few months and we should have the announcement to that effect at the right time. Currently, immediately we are not seeing this because of the cost, which is coming up make it operational, so we are just formulating the strategy we will come back to you at the right time.

Swarnim Maheshwari: What is the current costing if you do not mind sharing that are you mentioned that it is currently coming at very high level, what is that by the way?

Kaushal Shah: That we are just working on, I think we will come back to you with the detail note on that.

Swarnim Maheshwari: Thirdly, actually planning and they were discussing that too basically for all the renewal PPAs to have 90% and 10% kind of open ended capacity also to allow the renewable companies to have merchant capacity for somewhere about 10% of their PPAs, so first of all what is your take on that and secondly how does round the market, round the clock concept is actually impacting you if you can just highlight that?

Kaushal Shah: I could not hear you very clearly, the last point which you have told, can you repeat that so that I can answer.

Swarnim Maheshwari: The related point was how is round the clock power supply chain that is impacting you basically, you will see that there are a lot of new contracts on the RTC supply chain so how is that impacting us?

Kaushal Shah: In fact that will not impact, in fact one of our strategy also we have RTC tender, which we will be working on, so it is a combination of all the three, the thermal, wind and hybrid and we will have resources available to participate into that particular RTC tender, so we do not see any challenges as far as that piece is concerned in fact it will help us to generate the large revenue and EBITDA from these sources.

Swarnim Maheshwari: I believe of course the availability is on a very high side and if I have to look at the conversion ratio, so are we touching perhaps the maximum possible utilization, so is there a chance of going higher than that also?

Kaushal Shah: In terms of…

Swarnim Maheshwari: For the RTC part.

Kaushal Shah: RTC part definitely all the three places where the solar we can lead it and if we are talking about wind and then plus the coal so we can use the peak of each segment and accordingly you know we are expecting these to go much higher.

Swarnim Maheshwari: On the first question about the merchant capacity of 10% we were discussing it briefly but we have still not come out with the final numbers?

Kaushal Shah: As of now we do not see these things coming up, whatever dialogues we have currently we are seeing 100% PPA only and currently also our strategy to make sure that everything is long term contract moving forward we will see that how and then it will come forward.

Swarnim Maheshwari: Thank you.

Moderator: Thank you. The next question is from the line of Abhinav Bhandari from Nippon India Mutual Fund. Please go ahead.

Abhinav Bhandari: Thanks for the opportunity and congratulations to the team for commendable job in a very challenging year. Sir, I just needed rather three clarifications one is on this acquisition of SkyPower and Sterling & Wilson assets, what is the timeline for consolidation, would they start reflecting in FY2022 and have we done the payout for these assets?

Kaushal Shah: We in fact close this entire transaction in the March that the shares were also transferred and this is part of our March 31, 2021accounts, so these have already been done by us and the full revenue and everything is done, consideration is also paid to them.

Abhinav Bhandari: Got it. Second question is basically on the DC loading side, so for this 8 gigawatt tender and the AP 4.5 gigawatt what kind of loading should we build in our estimate?

Kaushal Shah: That number we will come back to you separately. I do not have that. We will come back to you with the numbers.

Abhinav Bhandari: Okay and just one final question on the manufacturing part of this 8 gigawatt tender Sir, just to get a clarity would this be in Adani Enterprise or in this company itself the manufacturing part of the tender?

Kaushal Shah: We will be doing that but it will be part of Adani Enterprise.

Abhinav Bhandari: Thank you so much and best wishes.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Kaushal Shah: Thank you. What we can do is that we can end this call and then whenever if anybody has any further questions we can send us by mail.

Viral Raval: Kaushal Bhai Should we take this last question?

Kaushal Shah: Whatever Viral you tell me that no problem.

Viral Raval: Let’s take that last question. Please go ahead.

Moderator: Thank you. The last question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Two questions Sir. Clarification mainly, out of 2.5 gigawatt which is getting started this year this includes the hybrid capacity of 1.7 gigawatt, is this the reason why the capital cost is too high?

Kaushal Shah: Sorry.

Mohit Kumar: Is it the reason Rs.15000 Crores number looks high because it includes 1.7 gigawatt of hybrid capacity?

Kaushal Shah: Rs. 15,000 crore is a mix of partial capex towards 2.3 GW to be delivered in FY22 and partial capex towards projects to be delivered in FY23.

Moderator: Thank you. I would now like to hand the conference over to Mr. Ashish Shah for closing comments.

Ashish Shah: On behalf of Centrum Broking I would like to thank the management of Adani Green for giving us the opportunity to host this call. Thank you to all the participants for participating in the call. Thank you everyone.

Viral Raval: Thanks a lot Ashish and Centrum team for organizing this call. Please connect with us if you have any further questions. Thank you.

Kaushal Shah: Thank you.

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