"Adani Green FY22 Earnings Conference Call"

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MANAGEMENT:	**MR. SAGAR ADANI – EXECUTIVE DIRECTOR, ADANI GREEN** **MR. KAUSHAL SHAH – CFO, ADANI GREEN** **MR. RAJ KUMAR JAIN – HEAD, BUSINESS DEVELOPMENT, ADANI GREEN** **MR. VIRAL RAVAL – LEAD IR, ADANI GREEN**
MODERATOR:	**MR. APOORVA BAHADUR – INVESTEC CAPITAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to FY22 Earnings Conference Call of Adani Green hosted by Investec Capital Services. As a remainder for the duration of this conference all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. We have with us the management of Adani Green. I now hand the conference over to Mr. Apoorva Bahadur from Investec. Thank you and over to you, sir.

Apoorva Bahadur: Thank you, Rutuja. Good evening everyone and thank you for joining us today. From the management, we have with us, Mr. Sagar Adani – Executive Director, Adani Green; Mr. Kaushal Shah – CFO; Mr. Raj Kumar Jain – Head, Business Development and Mr. Viral Raval – Lead IR. Without taking any more time, let me hand over the conference to Mr. Adani and team for their remarks post which we will open the floor for Q&A. Over to you, Sagar bhai.

Kaushal Shah: Thank you Apoorva for brief introduction. Thank you friends for joining this call. So, I am Kaushal here, the CFO of Adani Green. Warm welcome to all the participants for this earnings call to discuss the Operational and the Financial Performance for the year ended 31st March 22. We have uploaded the Earnings Presentation on our website and we hope that you would have had sufficient time to go through the same.

Let me walk you through some of the recent updates followed by overview of our Operational and Financial Performance:

On year-on-year basis, the operational capacity has increased by 56% to 5,410 megawatts with the persistent efforts of our team. Over and above this, there are additional 1,800 megawatts which is being operational, but because of some technical reasons, we are not able to declare official COD, so overall capacity as we speak is 7,200 and we are able to sell the power on a short-term basis on this. Further, the total portfolio now stands at 20,434 megawatt with PPA signing for 150 megawatts solar project with Punjab state DISCOMs. That is on the capacity side.

On the strategic investment from IHC, I am pleased to say that Abu Dhabi based International Holding Company is in the process of investing US$ 500 million as primary capital in AGEL. This will be a long-term investment in India as the country is driving much innovation globally especially in the green energy sector and AGEL expects to play significant role in unlocking India's complete green energy potential and thus adding the value. This investment will help AGEL deleverage its balance sheet, boost its credit rating profile and thereby helping reduce the cost of capital and further support future growth. I am pleased to say that yesterday we had an EGM and this resolution is passed, so we are expecting this money to flow before 15th of May.

Another important milestone as you are aware that the last year we have done the Asia's first construction facility of 1.35 billion and there is further addition that AGEL has raised US$ 288 million construction facility and thereby increasing the total construction revolver pool to

USD1.64 billion. The extended pool of liquidity has strengthened the AGEL strategy to fast-track the development of its under-construction asset portfolio. The facility is green loan certified by ISS ESG and we will have a significant contribution towards UN SDG 7 which is affordable and clean energy and SDG 13 which is Climate Action. So, this is in line with what we have told to our investor friends that we have fully funded growth plan for entire 40 gigawatts which we are planning and this is one of the addition to that.

Now, I shall brief you about our progress and important milestones towards our ESG commitment. In line with our commitment and well ahead of our initial goal, 100% of AGEL's operating capacity is now single-use-plastic free. So, this is a major milestone which we have achieved. AGEL has also featured in CDP India Disclosure Report 2021 as the only company in India in renewable sector disclosing greenhouse gas emissions in all the three scopes and reaffirming the ESG commitment, AGEL has won the golden peacock award for sustainability for the year 2021 in the renewable energy category. Over and above this, as I have briefed in the last call, we have set a benchmark in the governance also. The audit committee is fully comprising of independent directors. So, board structure is completely changed and in majority of the committees, we have more independent directors heading and participating in the committees.

Now, let me brief you about the Operational and Financial Performance:

The robust capacity addition and the best-in-class O&M practices have led to a continued impressive operational and financial performance for the year ended 31st March, 2022. If you look at the CUF, solar CUF has improved by 130 basis points year-on-year to 23.8% and the wind CUF has improved by whopping 400 basis points to 30.8%. Solar CUF improvement is backed by 100% plant availability and improved grid availability of 99%. All of this we have achieved in the midst of COVID pandemic which was a hurdle for many of our peers. Wind CUF improvement is backed by technology advanced and more efficient newly added wind turbine generators, improved plant availability of 97%, improved grid availability of 100% and improved wind speed.

The sale of energy has increased by 72% to 9,426 million units backed by robust addition of 1,940 megawatt renewable capacity over the last 1 year along with improved solar and wind CUF.

Supported by the strong operational performance, AGEL's revenue from power supply has increased by 56% to Rs. 3,783 crores and EBITDA from the power supply has increased by 60% year-on-year to Rs. 3,530 crores and EBITDA margin has improved by 120 basis points to 91.8% which is normally 200 bps higher than our immediate peers or competitors. The cash profit has increased by 48% to Rs. 1,854 crores, so substantial cash surplus which is available which we can use it for our growth purposes. If you look at the PAT, it has increased by 169% from Rs. 182 crores to Rs. 489 crores.

So, in conclusion, the last fiscal year has been very eventful for us. We successfully completed acquisition of high-quality SB energy portfolio which has been truly accretive as evidenced in the overall improvement in the operational performance and further strengthening of our counter party profile. At the same time, we have fulfilled our commitment to fast-track green field renewable capacity development. Further, we are aiming to integrate newer technologies that will improve the efficiency of power generation while also lowering the cost of electricity. In FY22, we have also made considerable progress on the ESG front and our commitment to light up a sustainable future is only growing stronger as AGEL continues to get global recognition of its ESG efforts to the rating from the multiple prominent ESG rating agencies and significant ESG focused investments.

So, with these, I would like to stop here and floor is open for the questions you may have. Thank you.

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

Rahul Modi: Just a couple of questions on the scenario going ahead, so as we mentioned that out of the 5.5 gigawatts we have commissioned, we have got almost 2 gigawatt which is almost there, so for the balance 13 gigawatt when do we expect the capacities to get commissioned over, whether it is 2, 3 or 4 years and how much CAPEX you are spending for this year?

Kaushal Shah: So, basically what you should do then you calculate, every year you should consider average 3 gigawatt of capacity addition as a ballpark figure. This is I am talking about only Green field, if we do anything above inorganic growth that will be extra, so that is one thing 3 to 3.5 gigawatt is a ballpark figure which we are going to add every year and the CAPEX figure every year we are targeting about Rs. 20,000 crores every year for this over the period of next 4 years. So, you can consider that around Rs. 80,000 crores will be likely CAPEX over the period of next 4 years.

Rahul Modi: One more thing, if you could throw some light on of late post COVID and during COVID times, we have seen that Chinese solar module company have actually reneged on contract especially from the price contract and that was a lot of delays. We have almost seen 20%-25% plus kind of solution from their side, so are you facing any delays from that front? How are we tackling that situation?

Sagar Adani: Sagar here, yes, there have been instances across the board of reneging contracts and not following through the prices and terms and conditions they had signed to, not for us, but for everyone, so of course we have also faced that issue. From a delivery point of view, although we have been able to manage deliveries for all the projects in time and hence we have been able to commission what we have commissioned over the last 12 months, so deliveries have not been an issue for us, but price certainly has been and we have seen projects go up in overall total project cost for about 5 to 7%, but we have also been able to sell a lot of the power on the short-term exchange and as you are very well aware prices right now are very accretive, so we have been able to sell a lot of that power at Rs. 10 per unit, Rs. 12 per unit, Rs. 7 per unit and we have been able to offset a lot of those cost increases by enhanced revenue before commissioning of the project.

Rahul Modi: And the last question from my side, of the Rs. 38,000 odd crores of debt for FY22 how much would be the floating rate debt we can probably get impacted on the movement in this side?

Kaushal Shah: Majority of our date is a fixed coupon, so we are not expecting any major movement to our date which is currently on an average is around 8.8%. So, we don't see any major movement in that particular, in fact we have a plan to reduce some of the debts by having the domestic bond issuance and other thing, so currently some of the loans which are at little higher rates, we will also bring down the overall cost.

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

Mohit K.: Sir, my first question is, you said that 1.8 gigawatt is waiting for capacity addition, what is this technical thing which is stopping us on declaring COD and is there some penalty under the PPA which can be imposed to us, I do understand that you are selling at a high price as that can offset the….

Sagar Adani: There is no penalty because still we are well within the PPA timelines for all the projects and we are not overshooting the legal PPA dates because our projects were commissioned significantly earlier than when legally we are expected to complete them. There are a few techno-legal related issues there which is why they are not able to give full legal COD, but we are still able to sell significant portion of that capacity on the exchange today. It is a technological issue wherein there are some technical issues in transmission lines here or there and some small chunks of that overall capacity, but at the same time, we also need 100% completion for being able to declare it as the full plant being commercially COD, so once those small issues are rectified, we should be able to, which is only 2 to 3% of the total capacity. We will be able to declare full COD on the plant completely.

Mohit K.: Is there a compensation payable by these DISCOMs in case this has delayed for let us say theoretically?

Sagar Adani: No, so as long as we supply to them within the PPA timeline which is something that we are confident we will be able to do, there is no penalty of any sort.

Mohit K.: Secondly, sir, we are raising 38 billion, right and that is a very decently large chunk and we also have Holdco bond of 55 billion and there is a large amount which is supposed to be repaid in FY25, is this 35 billion which you are raising right now, is there a plan to reduce this Holdco debt or do you think the FY25, you will take care of it later and this leaves for equity requirement for our portfolio?

Sagar Adani: This will primarily go in for growth and the 38 billion and that is what will accelerate the development plans of AGEL. If you see the Holdco debt, the way it is sized is via NPV of future equity cash flows. So, as soon as we accelerate the portfolio and we grow faster and better, the capacity for drawing on Holdco debt significantly increases as well, so we feel like, in fact in FY25 we will be able to, there will be a significant amount of cash flow coming from down as well, so we will pay back part of Holdco debt and part of it will continue for after, but of course it depends on the situation at that point in time in terms of the opportunities in front of us in terms of various different things, but we would also be, we have a senior debt of RG1 which is due for refinancing in FY25, so we will be refinancing that as the senior debt, but the Holdco bond, part of it we will pay back, part of it will continue depending on whether we have any acquisitions that we can do or if there is space for drawing that capacity for further growth. So, we will take a decision at that point in time.

Mohit K.: Given everything, is this 38 billion sufficient, do you think for developing your entire portfolio of 20 gigawatt or do you think we will need to raise equity at some point of time?

Sagar Adani: No, the 38 billion will be fully funded because as you very well would be aware 38 billion is an addition to the capacity that we have raising Holdco debt and the significant free cash flow to equity coming from our plants every single year which number raises astronomically year-on-year, so we don't expect or foresee any equity raises after this.

Mohit K.: Lastly sir, what was the money paid to acquire this SoftBank acquisition asset, can you just let us know the amount which you paid, I think 75 billion of debt has come from our SoftBank acquisition, you can just tell us the equity portion, equity amount which you have paid to the company and are there any legal issues or daily issues with the PPA which we can foresee which there could be some issue in terms of installing the entire capacity of 5 gigawatt?

Kaushal Shah: Mohit, for the acquisition, the equity which we have paid roughly is Rs. 5,300 crores, so that was the consideration which we have paid for the equity and the remaining was the overall enterprise value which we have decided. This is what we have agreed. The debt we just come up, now that enterprise value is inclusive of entire CAPEX which we are going to do to complete the project because only 1700 megawatt was operational, the remaining CAPEX was pending, so that was what we have agreed with them was the enterprise value out of which the equity which we have paid is Rs. 5,300 crores and the remaining which we are going to incur over next 3 years, 2 years for making projects operational.

Sagar Adani: With regard to the execution of PPAs, we don't foresee any legal trouble, in fact, what we are seeing now is that there is because of the increase in power demand in the country, there is a rebounding demand for PPAs and of course the Rs. 2, Rs. 2.5, Rs. 2.7 PPAs seem to the DISCOMs as very cheap alternative to the Rs. 12, Rs. 13 power they are buying from the exchange today. So, DISCOMs are looking very strongly to sign PPAs as quickly as they can and because of that we don't expect any issues with any of the PPAs in that portfolio.

Moderator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

Dhruv Muchhal: Sir, two questions, first is on the commissioned capacity of 5.4 gigawatt, what will be the annualized EBITDA run rate, the reported number is about Rs. 3,500 crores, but I understand part of the capacity is for half of the year or say part of the year, so possible to share the annualized run rate?

Sagar Adani: It will be Rs. 6,200 crores for 7200 megawatt of operating capacity.

Dhruv Muchhal: So, this will be reflected in FY23, got it and sir, the second question was on the strategic side is from reports we understand that the larger group is planning to also enter into the green hydrogen side, so just to understand given the requirement of solar and when will be significant there and also plus some of the other technologies, so how does the structuring happen, does Adani Green get to play a part in that hydrogen segment or will this solar and wind energy will be supplied by Adani Green or does that happen in the entity which is putting legally hydrogen plant?

Sagar Adani: The hydrogen project is happening in an entity under the Adani Enterprise Limited which is Adani New Industries Limited, ANIL, so I am sorry, we cannot speak through the management of that because that is an independent business who will work out their independent business plan in an independent structuring in a way that shoots them best even from a taxation, etc., point of view because there is some GST complications and stuff like that, but independent of how the contracting takes place, I definitely see that AGEL will have a very key role to play either in the form of supply of power or in terms of providing the management services under the contract to that entity because the AGEL is where expertise for solar and wind lies and that entity will definitely rely on AGEL's expertise for executing whatever they need to do in terms of green energy.

Dhruv Muchhal: So, the second part, so first I understand, probably you will be setting up the plant and probably supplying the power, the second part is as service provider for setting up the plants and operating them, right?

Sagar Adani: So, whether or not, the plants we set up on AGEL's books or the books of ANIL is more of taxation structuring matter which we cannot speak to because it comes under different entity, but I think I'm sure will announce their own plans in due course when you will have better visibility on these items.

Moderator: Thank you. The next question is from the line of Nikhil Nigania from Bernstein. Please go ahead.

Nikhil Nigania: Sir, wanted to understand what is the impact on returns on the project especially given the inflationary environment whereas wind turbine prices are going up and interest rate obviously likely to increase, so what is the impact that you are seeing on your expected return especially on large projects like manufacturing like projects?

Sagar Adani: Nikhil, definitely there is a little bit of a dip in equity returns from what we would have, if we had decided those for this a year ago versus today, of course there is an impact, but from capital point of view there are two aspects to how we look at it, one, that we are able to set up the projects significantly because we have the land ready, we have the evacuation ready and we have had all these years of expertise to be able to commission the project significantly before when the PPA deadlines are, so we are able to recoup lot of these additional costs by additional power sales in either exchanges or otherwise which offset the increase in cost of construction of the plants, so we have been able to do that which is something that we believe we will continue to be able to do, so that is for the offset of increased cost and with regards to the increased interest rate, we are able to raise funds and of course the spread has increased a little bit for us as it has for other people and that would impact our equity returns marginally, but we don't see a significant difference because of that.

Nikhil Nigania: Sir, second question I had was on the line of receivables, so receivables as you know many investors have seen that as a challenge given the help of Indian DISCOMs, so any improvement you seen on that front or that continue to be area of concern for generators in general front?

Sagar Adani: SECI or NTPC have historically always paid on time. They did continue to pay on time through COVID and they still do continue to pay on time, every single month on month with complete regularity. That is where on an overall portfolio basis, that is where more than 80% of our portfolio is, so we are very comfortable and confident about that. With regards to particular state DISCOMs with two of which we had an issue in the past was Tamil Nadu and Telangana. Both of them we have been able to just recently received significant chunks of money. From Telangana, we had 100% current now both in terms of receivables of principle as well as the late payment surcharge, the LPS, with Tamil Nadu as well, we have received a significant amount of money about Rs. 400 crores and we are also about 1.5-2 months down from 8 months earlier. So, we were in fact seeing a significantly better receivables position from the state DISCOMs as well compared to a year or two ago.

Nikhil Nigania: Sir, one last question from my end, there were two regulatory or macro situations one was regarding in habitat area of an endangered bird in Rajasthan which was stalling construction of lot of projects and second regarding the MNRE list of approved supplier where Chinese supplier has gotten there, on both these fronts, do you see any challenges to existing pipeline project or not a big challenge for Adani Green?

Sagar Adani: For Adani Green, particularly it is not a challenge because as you know this issue has been into the force since the last year and a half to almost 2 years now. It is not something that is new. In the last 2 years, after this issue was raised and after this became an issue for the sector overall, we were still able to execute about 2500 to 3000 megawatt in the Rajasthan Jaisalmer area because our plants fundamentally are outside of the GIB area and that is not something that is a matter of an issue or a concern for us. There are a few additional approvals that we now need procedurally to do some of the further work that we need to do, but I don't see that is stopping the work that we are doing. Of course, we have to go into an additional loop of approvals and if managed properly, then it should not be any sort of a problem. With regards to the ALMM, the certification that is required for Chinese modules, again our projects in the pipeline will not get affected because we have made adequate measures in adequate needful in terms of what we need to source, but we do see that as a significant risk factor for this sector overall, but we made our arrangements to that effect, so it should not be a problem for Adani Green's pipeline.

Moderator: Thank you. The next question is from the line of Goh Laypeng from Fullerton Fund Management. Please go ahead.

Goh Laypeng: Can you check on the slide 42 on the right hand column at the bottom block, there is a mention of future dollar bond , I think this is referring to the restricted groups going forward, right, so that you can recycle the capital for more investments?

Viral Raval: I am sorry, I am not sure what slide you are referring to or what number you are referring to, we only have 40 slide presentation for the earnings, are you referring to some different presentation?

Sagar Adani: Typically, the dollar bond issuance that we will have going forward is typically for recycling some of the Indian debt that we borrow at the senior debt level at the project level and the business model or the methodology through which we do it is we used to typically raise Indian funding or even if it is international funding from international banks at a construction stage and we replace that with long-term dated international bonds through the life of the asset. So, that is something that must be what you are referring to and yes, we do have a program year-on-year to be doing that on a consistent basis as our assets come online.

Goh Laypeng: So, similar to the RG1 and RG2, right?

Sagar Adani: Yes, they will be more similar to RG2 than RG1.

Goh Laypeng: So, for this financial year, how much is the cash flow going from the 2RG to the Holdco?

Sagar Adani: It will be a total of about $60 million being upstreamed to the Holdco from both the RGs.

Goh Laypeng: This is the Adani portion, $60 million?

Sagar Adani: $60 million, yes, so going up to the holding company.

Goh Laypeng: May be just one last question from me, when you increase the ECB amount, because the amount is from 1.3 to probably $1.6 billion, what is the reason for the increase because it is not a huge amount in the sense compared to the total?

Sagar Adani: We are setting up a new Greenfield project, the project cost of which is $400 million, so the debt portion of which is $400 million, so we are raising $400 million of additional debt to fund the CAPEX of the Greenfield project that we are executing right now.

Goh Laypeng: It is a 100% solar plant?

Sagar Adani: Yes.

Moderator: Thank you. The next question is from the line of Bharani Vijayakumar from Spark Capital. Please go ahead.

Bharani Vijayakumar: My first question is I just want to know the quantum of projects won since April 21 in bidding say either from SECI or from the states by Adani Green that is essentially FY22 in that financial year?

Sagar Adani: It is 600 megawatt.

Bharani Vijayakumar: Because this number is smaller than the number we used to have in the earlier years, just trying to understand the impact on the 600 megawatt of projects due to this ALMM list, someone had also alluded to it in the earlier question, so essentially this 600-megawatt projects need to procure modules only from the list approved by the government if I am not wrong, correct?

Sagar Adani: Out of this, we need 150 megawatt that need to be procured only from the list and other 450 we are open to procure from outside.

Bharani Vijayakumar: And so essentially any bid that is coming up from now would require it to be adhering to that list if I am not wrong?

Sagar Adani: That is correct.

Bharani Vijayakumar: So, with the industry seeing close to 10-15 gigawatt of awarding even in FY22, do you think we have enough capacity, of course we don't have enough capacity, but what kind of delays in project execution would happen because of this, how is it going to be feasible from the government side to ensure timely project in 3Q?

Sagar Adani: I think there is definitely a lot of ramp up going on significantly on the manufacturing side by a lot of people, certainly we are doing it and it becomes a question of how much capacities will come online, manufacturing capacities, by what point in time sure, there may be a few months of mismatches here and there, but we do think that with the award of the PLI and with all of these things that a lot of these projects would have modules available in the near future.

Bharani Vijayakumar: So, then the next question is, at what point in time or by end of each year, how much do you think would be the module assembly or manufacturing capacity according to you say by end of 23, end of 24?

Sagar Adani: I think by about FY25, we should reach about a 40 gigawatt per annum capacity in the country.

Bharani Vijayakumar: Right now, it would be around 10, right?

Sagar Adani: Right now, it would be around 10, yes you are right.

Bharani Vijayakumar: So, essentially, we are dependent on the capacities coming up due to the PLI schemes?

Sagar Adani: Due to the PLI schemes and people setting it up independently of the PLI scheme as well. There are some parties who are setting up module and cell facilities, independent of PLI schemes under various state government incentive schemes and stuff like that, so those are coming up independently and the PLI schemes are more kind of integrated capacities which are coming up.

Bharani Vijayakumar: The second question is on the expected amount of awarding activity by either say SECI or states, we have seen little bit of slowdown there, so what would be the expectation in the next 1 or 2 years, FY23-24?

Sagar Adani: The slowdown has mainly been on account of COVID and on account of nonclarity of rise in power demand because of the uncertain scenario caused by COVID, but now I think it is abundantly clear to all the state distribution companies as well as the central government companies that power demand is significantly increasing in the country and that it will constantly and consistently continue to raise which is why we are expecting very significant auction capacities coming from state DISCOMs and SECI and NTPC this year while I cannot speak through a certain specific number because I cannot speak on behalf of SECI, NTPC or state DISCOMs, but we expect that number to be pretty significant.

Bharani Vijayakumar: Since you alluded the power shortage scenario, since you mentioned we are selling power in the short-term market why do you think even despite that there is still shortage and power load shedding, is it because of the time mismatch because solar will be selling probably in the day time and probably the peak demand is in the evening, is it because of that?

Sagar Adani: That is the part of the reason, but there is also the quantum of demand is significantly higher than the total quantum of supply. So, there is an overall issue that even in the afternoon times if you see prices are still Rs. 8, Rs. 10, Rs. 12, even after selling all these power on the exchange, so there is a gap in the afternoon and there is a much higher gap in the evening. So, the gap is just there consistently throughout because of the rising demand.

Bharani Vijayakumar: And you would be selling in the GTAM market or the GDAM market, sir?

Sagar Adani: We sell on both.

Bharani Vijayakumar: Could you give us a little bit of color on why you would prefer one over the other, what are the merits or demerits?

Sagar Adani: I think if you want details around the GTAM or GDAM market, we are happy to set up a separate call I think and I am just conscious of the time of everyone on the call right now and you can reach out to our management, to Viral and he has a relevant team from our side to walk you through the nuances of both markets and the pluses and minuses of each.

Moderator: Thank you. The next question is from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

Niral Shah: Most questions have been answered, just a couple of them, sir in your opening remarks, you mentioned that you will be adding around 3 gigawatt every year, but say for this year's exit capacity, would that also include that 1.6 gigawatt because that is the spillover from last year?

Kaushal Shah: Yes, overall, this year we are talking about 2.2 gigawatt and plus spill over of last year.

Niral Shah: So, you will be adding 3.8, exact that close to 9 gigawatt?

Kaushal Shah: It should be around 9.2.

Niral Shah: And just the second question is on our group press release at the time of our IHC investing $2 billion in a group, we have also mentioned that both IHC and Adani portfolio are looking at strategic opportunities in India, Middle East and Africa, so is Adani Green also looking at outside India opportunities in that sense or it is more pertaining to the other two companies?

Sagar Adani: So, these are our focus, mainly Adani Green particularly remains India and the opportunities in India. There are a lot of different opportunities that do come up from time to time outside. If it is not one profitable second material in terms of size and volume, we do not participate in it. If there is an opportunity which comes tomorrow in some other place which is both profitable and significant in terms of volume, then we may look at it, but the predominant focus remains India and is expected to continue to remain India as we go forward.

Moderator: Thank you. The next question is from the line of Subhadip Mithra from JM Financial. Please go ahead.

Subhadip Mithra: My question was a little bit more on the lines of how do you see the transition of the solar module technology from a Mono PERC to the TOPCon versus HJT and how do you see these technologies maturing or is there any preference that you have in terms of your own strategy towards which of these technologies with regard to your manufacturing plants?

Sagar Adani: We think that a year or two from now, TOPCon will start to become the mainstream and three to four years from now, HJT will start to become the main stream from a Chinese module manufacturer's perspective. Now, looking at a lot of different scenario and a lot of different constraints around the access and availability and the cost of these technologies in India, we are in the process of evaluating in detail the pros and cons of Mono PERC versus TOPCon versus HJT for an investment that we are making on the manufacturing side (under Adani Enterprises) as we go forward. We are still under that evaluation, we have not made a clear decision on that, but we should be in a place to be able to make a decision on that very soon, but in principle, TOPCon and HJT do see interesting and attractive and while there are a few complications that come with it, there is a merit in terms of going for those technologies as we go forward.

Subhadip Mithra: So, my understanding is that transitioning from a Mono/poly to a TOPCon is doable and easy to do whereas HJT is probably completely different set up, so if one goes and one directly?

Sagar Adani: Even TOPCon is. While yes, not as different as HJT, it is significantly different still, so there are a couple of additional processes, steps involved for which the expertise and experience is not there in India right now, so one has to read that very carefully before making an investment decision on the manufacturing side because you don't want to set up a technology which you can't run effectively going forward. That is the thing that we need to understand.

Subhadip Mithra: So, if one goes in one direction in terms of setting up manufacturing technology based on one tech, it would be difficult to suddenly transition into a completely different technology?

Sagar Adani: Absolutely, yes.

Subhadip Mithra: Second question is, I think one of the earlier question you were speaking more in detail about the kind of peak demand scenario that we are seeing today and just wanted to get your perspective on the way demand is growing today and it seems to be more on the peak side and probably more during the remaining hours, are you sensing a higher demand for future tenders which would be on solar plus battery type of solar plus storage, those kind of base would now kind of become the mainstream?

Sagar Adani: The solar and wind will continue in terms of the volumes because India the way we look at it and the way we look at the landscape is India as a country and of course with different nuances in different states and different DISCOMs, all of them need everything. They need solar, they need wind, they need thermal, they need solar with battery, they need solar and wind hybrid, they need hybrids with battery, they need hybrids of renewable with thermal combined which was RTC bid which was brought out SECI, all of these different sort of bids will be required and first a particular DISCOM because of their own nuances might need one more than the other, but in general the basket of solutions will be needed to be brought out by SECI and NTPC for solving the demand needs of all the DISCOMs, but everything will have to go on in parallel basically.

Subhadip Mithra: Last question is, between a solar plus battery and hydro pump storage kind of a solution, is there any preference between the two, we actually see any one of them getting more economical with time?

Sagar Adani: Between which two, I am sorry?

Subhadip Mithra: You have pump storage versus solar plus battery?

Sagar Adani: I think that both will have their own uses and issues, I think if you want a gigawatt level scale stable power, then pumped storage is a solution right now because solar plus battery so you can do a 100-200 MW share in there, but at the gigawatt stage that becomes difficult to implement and in terms of both availability and cost, so we see today on an independent basis, pumped hydro being a little more competitive compared to solar plus full battery, but of course with the cost of batteries coming down that equation may change in the near future.

Moderator: Thank you. The next question is from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.

Girish Achhipalia: I just had couple of questions, one was this comment made around the debt and you said a large portion of your debt is fixed cost, so when you say that it is forever fixed cost, I mean is it like you have some 3-4 year arrangement and then it raises or how does it actually work or is it till perpetuity for the life of the debt it will be 8.8 only and second was what is the new debt costing you for the new projects? I think I missed that, sorry?

Sagar Adani: In broadly we can have specific numbers shared with you offline, but just from a guidance perspective there is about 20-25% of our debt which is in perpetuity fixed cost which is basically the RG2 type construct where we have 20 years fixed cost paper. Almost entirely all the debt that we are issuing going forward is in that construct where for the life of 20 years or 22 years the cost of debt will be fixed which is the senior debt that we raise at the project level. We also do raise some debt in our projects from some of the Indian banks. Those facilities are more fixed in nature for one year rolling basis. So, the cost of those facilities is fixed for the year and is linked to some sort of RBI rate, but from an overall percentage perspective it is a much lower percentage in our portfolio. We will also be issuing NCDs domestically which will be fixed on paper. As we go forward, we are also raising some Holdco level debt which is again also fixed for a period of three years and get the refinanced after 3 years and is again fixed for a forward period of about 3 to 5 years. So, that is the basket of different debts that we have, but more or less what we have today is fixed, more or less this is what we are speaking and what we will have in the future is where we will continue to remain fixed for the tenure of the PPA because that is an underlying capital management philosophy of Adani Green where we do not want to introduce debt risk to our equity investors, so that continues as a fundamental philosophy from going forward cost of debt basis, we typically are raising at 7.5% to 8% levels for the projects that we are closing going forward with Indian banks and about 8.5% to 9% from international bond raises on a full year basis.

Kaushal Shah: Just to add what Sagar Bhai has told you during the construction period, we open letter of credit in favor of suppliers which is being done at the 50 bps and they discount whereby our interest cost is 4.5%, so almost for a period of 9 months to 12 months, we have a cost of around only 5 to 5.5% during the Greenfield construction. So, this is the most economical way of optimizing the overall debt portfolio cost.

Girish Achhipalia: Sagar bhai and Kaushal bhai, the other question was on M&A, so when you are looking at some of the recent deals that are happening whether it is Shell or Tata Power, etc., are the deals that you are, is M&A landscape becoming more challenging in terms of finding reasonably value deals, how is it right now that you are looking at some, these are inorganic growth aspiration probably lower than it was let us say a year back for you guys in terms of finding the right deals and second part of that question was not from equity raising perspective, but are you getting a lot of incoming enquiries in terms of may be participating with you, total was a big transaction which has already happened, but are you getting similar interest again and again as the renewals to replace them?

Sagar Adani: Two questions of yours, first M&A opportunities, we are very clear we have been historically and we continue to be very clear that we will do inorganic growth only when two conditions are met, one is at the asset quality on the ground is fundamentally robust and very solid because we look at these assets as 35-to-40-year asset and not just 20-25 year, so that continues to remain as a very important critical item for us. In addition to that we also make sure that the value at which we were able to do it is something that is finally accretive to equity because no point growing megawatt when value does not enhance. So, those are two aspects that we are very clear about which we have historically been very clear about as well which is why you would have seen that we have done very specific particularly chosen M&As where we feel that there is an opportunity for significant amount of value creation. That is something we will continue to do as we go forward. There are a lot of platforms available in the market who want to sell, but we will be very choosy and we will pick the right ones that make sense for our enhancement of equity value. That is number one answer to your question. Second question was, can you please remind me, inbound interest to our platform, so that again we have always been and we still today continue to get a lot of inbound interest, Abu Dhabi's investment via IHC for $500 million into Adani Green has been a second step so to speak for us after TOTAL still there is a lot of inbound interest, but our platform does not need equity to grow, so we are in a position to be very careful in terms of who we choose to be our partner as we go forward because we don't need the money, but the strategic aspect and the strategic rationale of joining hands has to make sense for us and that is something that which is the case with Abu Dhabi and it is something that we will continue to always look for as we look at other alternate opportunities as well, but from our point of view we are not actively looking to raise equity because the platform does not need it.

Moderator: Thank you. The next question is from the line of Apoorva Bahadur from Investec Capital Services. Please go ahead.

Apoorva Bahadur: I will just quickly ask one last question before we close the call, so just wanted to understand we are hearing that SECI is going to come up with RE plus thermal blending tenders, so are we looking at said opportunity, any idea or what size that would be and will it be working with the other group entity on this?

Sagar Adani: Answer to all of that is yes, the size is the reflection of what the bid comes out and what we are able to win, but we will try to look at significant quantum in those bids as we go forward.

Apoorva Bahadur: I think that is all from us. No further questions. We can close the call.

Moderator: Sure, would management like to give any closing comments?

Sagar Adani: Thank you everyone for joining and we appreciate your time and we look forward to building on whatever we have been doing in Adani Green, it is a very exciting story. It is something that we are very well prepped for and we will continue to execute the way that we have over the last couple of years, but at the end of the day that is what matters and setting up capacity on the ground and growing our portfolio, our megawatt, our free cash flow and our EBITDA remains the focus. From the management point of view, we will continue to build on that and hopefully deliver consistently exceeding performance year-on-year. Thank you everyone for joining and thank you for your time. Thank you.

Moderator: Thank you. On behalf of Investec Capital Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.