

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

May 02, 2023

Organised by

Standard Chartered Bank



MANAGEMENT: **MR. VNEET S JAAIN, MD AND CEO**
MR. PHUNTSOK WANGYAL, CFO
MR. RAJ KUMAR JAIN, HEAD OF BUSINESS
DEVELOPMENT
MR. ANUPAM MISRA, GROUP HEAD - CORPORATE
FINANCE
MR. VIRAL RAVAL, LEAD - INVESTOR RELATIONS

MODERATOR: **MS. PRITHA MAJUMDAR, EXECUTIVE DIRECTOR,**
LEVERAGED AND ACQUISITION FINANCE – STANDARD
CHARTERED BANK

Moderator: Ladies and gentlemen, good day and welcome to Adani Green Energy Limited Q4 FY '23 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Pritha Majumdar from Standard Chartered Bank. Thank you and over to you ma'am.

Pritha Majumdar: Good afternoon, everyone. On behalf of Adani Green Energy Limited, we welcome you all to the FY '23 earnings call. From the company, on the call, we have with us today, Mr. Vneet Jaain, MD and CEO, Mr. Phuntsok Wangyal, CFO, Mr. Anupam Misra, Group Head - Corporate Finance, Mr. Raj Kumar Jain, Head - Business Development, and Mr. Viral Raval, Lead - Investor Relations. With this, I would like to hand this over to Mr. Phuntsok Wangyal for the presentation, post which the AGEL team will be available for Q&A. Phuntsok, over to you.

Phuntsok Wangyal: Yes, hi, good afternoon to all of you. Thank you for joining Adani Green's Q4 FY '23 earnings call. What I will do is, I will give a quick update on four elements actually, and then post that, we can have a Q&A session. First thing which I will talk about is capacity growth. Now, during the financial year, Adani Green's operational capacity increased to 8.08 gigawatt. So what it effectively means is from a PPA capacity perspective, our capacity increased by 2,676 megawatt. But just a point of attention out here is because during in this financial year, we commissioned the largest hybrid cluster in India as well as world, that is 2.14 gigawatt. In terms of actual on-ground capacity, this is 3,384 megawatt.

And in terms of DC capacity, over the last financial year, we added 4,246 megawatt. So that is from a capacity growth perspective. During the same financial year, we also signed power purchase agreements for a few of our projects, which includes 450 megawatt of wind project, as well as 650 megawatt of solar with sovereign counterparty, SECI. Second point is operational and financial performance. The last financial year has been very good from AGEL perspective actually, both operationally as well as financially. In terms of the CUF, what I can inform is solar portfolio CUF increased by 90 basis points year-on-year to 24.7%.

Now this is largely on account of higher plant and grid availability, better solar irradiance, as well as seamless integration of SB portfolio, for the entire financial year. During the same financial year, our hybrid portfolio also came on ground actually, and it was operational for a part of the year. So this was largely a stabilization phase. Despite that, our hybrid portfolio has a very high CUF of 35.5% actually, and we do believe that now, since the plant is fully stabilized for this financial year, hybrid portfolio CUF will be on a higher level. From sale of energy perspective, during this financial year, it increased by 58% to 14,880 million units. This is largely on account of combination of higher capacity, which has been added, as well as the better CUF, which we have demonstrated.

Revenue from power supply also increased correspondingly to Rs. 5,825 crores. And during the same financial year, we realized a carbon credit income of 157 crores. Now during the same period, EBITDA also increased to Rs. 5,538 crores along with a very high EBITDA margin of 91.6%. We have been able to consistently maintain the EBITDA margin, which I just talked about.

Now, purely from as I spoke actually, a large part of our portfolio, especially the hybrid one was operational for a partial period. Now, if we look at a run rate EBITDA perspective actually for, 8.08 gigawatt, we will be having a run rate EBITDA nearer to 7,500 crores, which effectively means that, in terms of net debt to run rate EBITDA, we should be nearer to 5.4. That's from operational and financial performance.

Now, from a credit profile perspective, as you know, the AGEL portfolio has a very strong counterparty profile with around 86% from sovereign and sovereign counterparts. Even for the balanced portfolio, actually will be, as far as receivable position is concerned, it has been on track. Now as on date actually, there is no receivable which is overdue. So from that perspective, what entire portfolio is on track.

During the same financial year, rather in the last quarter actually, what we also realized is if you recollect in Q2 or in our last earning call, we talked about some of the favorable regulatory orders, which we have received. Now during this quarter, during Q4 actually, we also realized the revenue from those favorable orders, which also includes around INR748 crores from Kamuthi project actually.

Now this will also have a recurring positive impact of at least INR90 crores to INR95 crores, as far as these projects are concerned. Now last but not the least, a very important element is basically our ESG commitment. As you know, Adani Group has a very robust ESG framework actually, which is broadly in line and guided by globally accepted ESG principles as well as some of the ESG disclosures, which we have adopted. Now what it means is, during Q4 some of the notable achievements, which we have is Adani Green portfolio for all its operational portfolio that is above 200 megawatt, today, we are water positive and we have received third party certification for that. On the top of it, as we have previously reported, entire AGEL operating portfolio is single-use-plastic-free and zero-waste-to-landfill certified. We are immensely proud of these achievements, which we have achieved. On the top of it, in the last quarter, we also won the prestigious Platinum Environment Award at Grow Care India Environment Management Awards 2022. Now all these effectively is reflecting in terms of very high and consistent ESG ratings which we have been receiving, whether it is from CSR Hub ranking, Sustainalytics, DJSI-S&P Global or MSCI ESG rating of 'A'.

So just to conclude, Financial Year '23, has been a very satisfactory year, in terms of operational capacity as well as both on the financial performance. This would not have been possible without the support, which we have received from all stakeholders and last but not the least, the entire team. So that's a small recent update from my side. Over to you, Pritha.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kang Zheng from Tahan Capital Management. Please go ahead.
- Kang Zheng:** Hi, good afternoon. My first question is pertaining to FY '24 capacity addition. So how much capacity do you expect to add and what is the associated capex? Thank you.
- Phuntsok Wangyal:** Yes, sure. So, FY '24, our capacity addition will be broadly in line with what we have achieved in FY '23. That is nearer to three gigawatt. Now, this also includes part of the capacity, which is in advanced stage of development, and should be operational either by Q1 or Q2. So that is from a capacity augmentation perspective actually. Secondly, in terms of capex, now what it entails is especially for those projects, which will be implemented upon. So capex, which we are talking about is around Rs. 14,000 crores. This is excluding the BCD, which is a change in law.
- Kang Zheng:** Can you remind us how much of this capex is already pre-funded by committed facilities?
- Phuntsok Wangyal:** So as I said, up to three gigawatt is the capacity, which I was talking about and out of which, 300 megawatt is about to be commissioned. Another 130 megawatt is also pre-funded and should be commissioned. There is another 88 megawatt, which is also pre-funded. So this is the capacity, which is already pre-funded. Now as far as balance capacity is concerned, out of which a part of it, we have already received the term sheet and we are in the process of achieving the financial closure.
- On overall basis for the entire portfolio, the balance unfunded which you are referring to actually, by the end of this Q1 or mid of Q2, we should be concluding our financial closure. Although just to reemphasize, we are not in a hurry to achieve financial closure, partly from the fact that, our entire capital management framework which, we have, a large part of it is largely going to be funded through our non-fund-based facility. That is \$1.1 billion of non-fund-based facility which is already in place, which is used to tie up our large capex commitment like solar modules, transformer, trackers, etc.
- Kang Zheng:** Thank you. And my final question, can you remind us again, what is the holdco's attributable share of op-co distributions and what is the latest holdco debt?
- Phuntsok Wangyal:** Yes, so latest holdco debt, still remains the same. Actually, it's \$750 million, nothing has changed on that front.
- Kang Zheng:** Okay, and I would also assume that the, holdco share of op-co.'s distribution is still the same at about INR16 billion?
- Phuntsok Wangyal:** Kang, can you just repeat the question actually, especially the first part one? Just to be clear once.
- Kang Zheng:** I wanted to know what is the holdco share of distributions from the op-co across dividends and payments or inter-company loans?

- Phuntsok Wangyal:** Yes, so I think you are referring to free cash flow / Holdco's share. So now that our hybrid portfolio is being fully commissioned, so we should be talking around INR21 to 22 billion. That is what we are talking about, holdco sharing.
- Kang Zheng:** Thank you.
- Phuntsok Wangyal:** Yes, thank you.
- Moderator:** Thank you. The next question is from the line of Imtiyaz from SGCIB. Please go ahead.
- Imtiyaz:** Thank you. I have two questions. The first one, can you help reconcile your debt repayment chart on page 29 of your presentation? The maturity totals some INR380 billion. It's mentioned on the same page. It's only long-term debt, but on another chart, you mentioned long-term debt is INR450 billion. So, the difference between the INR380 billion and INR450 billion?
- Viral Raval:** Basically, we have given only next 10 years repayment. There is repayment even beyond 10 years.
- Imtiyaz:** Okay. Right. So, is there any further clarity you can provide beyond 10 years or?
- Phuntsok Wangyal:** Yes, if required, we can separately share with you because this is nothing but a legal maturity of our existing liability. In case if you require, we can separately share it with you.
- Imtiyaz:** Okay, great. Thank you. Second question, this relates to your, two US dollar bonds. On the last call and meeting since, we were told that there were specific plans in place to meet the maturities of the two bonds for the hold-co that you have a 800 million three-year facility with global banks and for the RG issued 24s that you will be doing a private placement. Any further confirmation or clarity you can provide on these two funding sources?
- Phuntsok Wangyal:** Yes, so I think we can again re-confirm that, as committed in our last call actually by the end of this quarter, we will definitely be coming out with a firm takeout plan for both the holdco \$750 million as well as the RG1 bond as we have mentioned in our last call actually, as far as RG1 bond is being concerned, this will be taken out to a long tenor bond issuance similar to RG2 type of structure which we have in place.
- Imtiyaz:** And what about the hold-co bond? Are we still looking at the \$800 million three-year facility or has that changed?
- Phuntsok Wangyal:** Yes, so that is one of the possible avenues actually, since we have not firmed up our entire plan as far as hold-co is concerned, so we are still not able to confirm that to you. But as I said by the end of this quarter actually, that is by June, we will come out with the firm plan as far as hold-co is concerned in line with what we have committed in our last call.
- Imtiyaz:** Okay, just my last question, just relating to this too, now that we have seen Adani Ports, doing an early tender. Would you also consider that if you are able to firm up funding for these two bonds?

- Phuntsok Wangyal:** So I think, Imtiyaz, when we come out with our firm takeout plan, actually, we will definitely chalk out, exactly in terms of what is our strategy, as well as the nature, instrument, tenor, and the modalities of that.
- Imtiyaz:** Okay, thank you. Thank you very much.
- Moderator:** Thank you. Next question is from the line of Love Sharma from Lombard Odier Investment Management. Please go ahead.
- Love Sharma:** Hi, thank you. I have a few questions. So look, first one, if you could just highlight how much was the merchant-based revenue you had during FY '23 and at what kind of tariffs you sold the power. So if you could just break it down in terms of units sold and tariffs you were able to charge on that.
- And the second I think item was you mentioned on the press release about some one-time revenue, which you recognize about INR750 crores odd. If you can just share what exactly is this one-time revenue. It seems like related to the LPS scheme, but we could do know more details there.
- And I think maybe if I can just throw in a third question for now. If you could just break down the debt as of March 23 in terms of the project level SPV debt and the holding company debt based on your total debt number. Thank you.
- Phuntsok Wangyal:** Sure. As far as merchant is concerned, I think within our fleet for financial year 23, the pure play merchant portfolio is basically 50 megawatt actually. But as far as our infirm revenue is concerned, our nature of infirm revenue by itself means that it is being sold in the grid, sold in the exchange actually. So from a portfolio perspective, for FY '23, 50 megawatt is our merchant portfolio. Infirm revenue is largely being sold on the exchange. So to that extent, you can say that that is also a merchant exposure. So in terms of merchant rate which you are talking about, on an annual year basis, we realized merchant rate of approximately between 4.40 to 4.50 per unit.
- Second question, which is about the one-time gain actually. Now, one-time gain is basically a favorable order which we have received in case of our Tamil Nadu Kamuthi project. We had a dispute with Tamil Nadu in terms of, what exactly should be the tariff for it on account of when the COD was declared upon. So that matter has been adjudicated, finally in our favor and we realized the receivable actually. Just for the benefit of everyone, as a matter of prudence and conservatism, we have not recognized these revenues in our preceding year. Now that we have actually received the revenue, so we have recognized it. So this includes INR748 crores, and it's a combination of past dues of approximately INR550 crores and balance is late payment surcharge on account of that. That's the second part actually.
- As far as your third question is concerned, I think in the presentation we have given our gross debt number actually and out of which if you see except \$750 million which is basically at a hold-co level and the trade credits which are these non-fund-based facilities which are being issued, every other liability is at op-co level.

- Love Sharma:** If I could just understand because from what I had in the standard balance sheet, there were a lot of trade credit lines, but which were basically incurred at the holding company, but you are classifying that as under construction or projected.
- Phuntsok Wangyal:** If you see actually our trade credit numbers we have shown separately. If you see our gross debt in the earning presentation, the debt breakup actually, if you see our gross debt of INR47,424 crores that includes a trade credit of INR1,399 crores.
- Love Sharma:** Got it. Okay, understand. And but for the holding company, whatever you have shown, the breakdown is only INR6,133 crores, right, which is basically the hold-co bond.
- Phuntsok Wangyal:** Hold-co as well as, okay, if you strictly go by legal applicant perspective, yes, INR1,399 crores is also at the hold-co level.
- Love Sharma:** At the hold-co level, correct.
- Phuntsok Wangyal:** What happens is once these LCs get matured actually, at that point of time, those LCs get converted into project finance liability.
- Love Sharma:** Understood. And if I could just come back to the first question I asked about the in-firm revenues. Can you quantify the revenues you made out of this in-firm revenues for FY '23?
- Phuntsok Wangyal:** It is INR1,854 crores actually.
- Love Sharma:** INR1,854 crores, got it. And the PPAs, because now they have been converted to PPAs, right? What would be the tariff on PPAs for these projects?
- Phuntsok Wangyal:** Yes, so PPAs on tariff will be between at least 2.6 to 3 actually. But I think another point which you need to be mindful is, in-firm revenue is something actually it is basically a timing mismatch between when I have to legally operationalize my project compared to actual operationalize of my project. So from that perspective, in-firm revenue will continue to be there, but yes, nature and the project which will generate that in-firm revenue on a year-on-year basis will vary.
- Love Sharma:** Understood. Got it. Okay. No, thanks. That's very useful. I'll go back in queue, I have some more questions, but I'd come back to you.
- Moderator:** Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Shabad Thadani from Arkkan Capital. Please go ahead.
- Shabad Thadani:** Yes, hi, just a question on the offshore financing. I guess, can you give us a sense of, you know, I guess availability of financing, just, given what's happened over the last two or three months, and it's still easy for you to access financing for under construction projects, any thought process around, I guess extending out some of the timelines for your completion of the pipeline?
- Phuntsok Wangyal:** Yes, so I think that is where maybe a good point to recap our capital management philosophy, but before that, I think just to emphasize that from a long-term financing perspective, as we have mentioned in our last call, we have a very diversified funding base actually, which is basically a

combination of our domestic financial institutions, specialized institutions, domestic banking market, capital market at domestic level, as well as our construction facility which we have put in place.

So from that perspective, we have diversified the funding base, but what is more pertinent to emphasize is the entire capital management framework and the non-fund-based facility which we have put in place. With \$1.1 billion of non-fund-based facility and as a response to the previous question, we showed the debt profile actually, where we showed that as of March and actually our outstanding trade credit was INR1,400 crores.

So we have these non-fund-based facilities in place. What it effectively does is for major capital commitment like module, inverter, transformer, as well as trackers actually, where we need to open the LCs, we have these limits in place already committed. What it also gives us is our ability to time the financial closure actually. These LCs can have a maturity up to 365 days. So to that extent for 365 days, I'm already committed.

But from an AGEL perspective, actually, we also want to be prudent and conservative. So from that perspective, as far as financial closure is concerned, we will be achieving the financial closure within Q1 or latest for the entire fleet by mid of Q2. For a part of our portfolio, we already have binding term sheet from domestic market actually in place, which will go through a bit of back and forth in terms of negotiations. From in terms of appetite perspective, we don't see any shortfall in appetite. And since we have this non-fund-based facility in place, we have the ability to time our financial closure.

Love Sharma: Understood. Okay, thanks. So this \$1.1 billion facility that you mentioned, does that fall under that \$1.64 billion construction facility, the mix of funded and non-funded exposure or?

Phuntsok Wangyal: No, it's a separate, it's completely separate actually. This is a commitment, revolving commitment which we have, which is already live actually. A part of each is utilized, Rs. 1,399 crore trade credit which we showed in our earnings presentation. Balance is available right now.

Love Sharma: Okay, and the \$1.64 billion construction facility, what are the terms of that if you can share some, in terms of maturity or?

Phuntsok Wangyal: That is basically under the framework agreement which we have and which we have put in place for our hybrid portfolio actually.

Love Sharma: Okay, So, it's specific to that. Okay. All right, great. Thank you.

Phuntsok Wangyal: Okay, thank you.

Moderator: Thank you. Next question is from the line of Amberish Rathi from T Rowe Price. Please go ahead.

Amberish Rathi: HI, thanks for the presentation. Just want to start with a follow-up question on the previous one. So in terms of rolling over this non-fond based line into a new facility, how much do we essentially need to raise in new facility for the three gigawatts per annum?

- Phuntsok Wangyal:** Yes, so this non-fund-based facility can have a maximum tenure of 365 days actually. So to that extent, if I open a LC for let's say my incremental capacity for module or any of those large capital commitment actually, I have 365 days to achieve the financial closure. But that's not how we will do, how we will do that's a separate matter actually. But we have flexibility till 365 days.
- Amberish Rathi:** Okay, so you will probably, if I were to kind of think about it, you will raise you will need to roll this one billion basically per annum into a project finance for an op-co facility That's the right way to look at it?
- Phuntsok Wangyal:** Yes, as and when we utilize it actually. Let's say hypothetically, sitting today if I open this entire non-fund-based facility for 365 days, yes, at the end of 365 days, I need to take out this through a project finance facility.
- Amberish Rathi:** Okay, got it. On the revenue side, there is this 7 billion of one off. Can you also tell us what the GBI, carbon credit and REC revenue was in in FY '23?
- Phuntsok Wangyal:** Yes, just one second. So carbon credit is just INR157 crores actually. VGF and CIL is INR37 crores, and GBI is INR6 crores. So total of INR200 crores.
- Amberish Rathi:** Okay, got it. Final question, if I just look at your consolidated balance sheets, it's got about INR22 billion of receivables. But I was trying to reconcile that to the page 44 on the presentation, which totals to around 12 billion or thereabouts. So I just wanted to reconcile those two numbers. You mentioned that there are no overdue. So what is the actual receivable number that you should be looking at?
- Phuntsok Wangyal:** Yes, so this actually is the number which you are seeing in balance sheet is basically a summation of trade receivables that is under the PPA, as well as some of the equipment which we have purchased actually, and sold it to, let's say, the Suzlon or MSTPL, NWL, for value engineering actually. So that is why that number is coming that way. If you want an exact break up, power sale is 1206, other than power sale is 1060, and then there are a few other miscellaneous items.
- Amberish Rathi:** Okay, so 1,206 is the actual power sale?
- Phuntsok Wangyal:** Absolutely.
- Amberish Rathi:** Okay, Thank you.
- Moderator:** Thank you. Next question is from the line of Prapti Gupta from Blackrock. Please go ahead.
- Prapti Gupta:** Thank you. Thanks for the presentation. A couple of questions, honestly, follow-ups from the previous one is, one on your trade credits. So when you say that these non-funded lines are for less than 365 days, which also means that your existing trade credits will fall due very soon. How are you guys planning to address this?
- Phuntsok Wangyal:** Yes, so I think the gross debt number, if you see, right now, my trade credit number is basically outstanding trade credit number is INR1,399 crores only actually. And if you recollect, I talked

about a part of my capacity is likely to be operational in this Q1 and beginning of Q2, this INR1,399 crores pertains to those projects only for which commitment is already in place.

Raj Kumar Jain: I'll just add, so basically this INR1,399 crores is something which will get converted to project funding as the maturities come in. And for those, since those are the projects which are already under execution, the project funding is already tied up.

So this is only a timing difference from an efficiency of capital cost, those are lying as trade credit, otherwise the funding is already tied up. Once these are paid up, then you have the full \$1.1 bn available for use in the projects which we have planned. And based on the cash flows, we will decide where to use trade credit, where to use debt, and where the payments are to be made out of the equity.

Phuntsok Wangyal: Takeout, just to summarize, takeout is already in place actually. The financial closure for those projects are already achieved.

Prapti Gupta: Okay, so which means that once you take out this, you will have that another revolver of 1.1 billion?

Phuntsok Wangyal: 1.1 billion is anyway available, a part of which is INR1,399 crores, which has already been utilized. Once INR1,399 crores is taken out, entire 1.1 billion will be available. That is what I am saying.

Prapti Gupta: Got it. And what is the cost of funding of these trade credits?

Phuntsok Wangyal: Very competitive actually. LC issuances could be between 60 to 80 basis points and then if I discount these, this should not be more than 7.5%. So what it does is it gives me flexibility in terms of when I need to achieve the financial closure. At the same time, it optimizes my interest cost.

Prapti Gupta: So these new facilities with which this will be taken out are also project finance facilities with onshore or offshore banks?

Phuntsok Wangyal: Yes, absolutely. Onshore and offshore combination of that.

Prapti Gupta: Could you, is it possible to share some sense on what is your current, what will be your potential cost of borrowing on these takeout's?

Phuntsok Wangyal: So I think what, going forward, it will be market determined. What I can definitely say is, in Q1, in February and March, we achieved, and we tied up for financing for one of our projects and then took disbursement under that. That is at 9.1%.

Prapti Gupta: 9.1%. Okay.

Phuntsok Wangyal: Long-tenor project finance facility. I'll put it in that way.

Prapti Gupta: Sorry, can you come back please?

- Phuntsok Wangyal:** So what I have just to highlight that facility which I talked about is a 20-year facility at 9.1%.
- Prapti Gupta:** Okay. Got it. And looking ahead, how can we expect your cap structure to be like for like, I think a large part of your committed capex or whatever planned capex for that matter does not have financial closure. Yes, it is expected to close. But what I'm trying to understand that, are you guys expected to avail or bring in more such non-funded lines at hold-co level to have those 365 days flexible funding and then come out with project finance? How are we expecting the cap stocks to look like maybe in the next 12 months to 24 months?
- Phuntsok Wangyal:** So as far as non-fund-based facility is concerned, yes, we have the ability to increase the limit actually. But from our capital management philosophy perspective, we are absolutely clear, we are in an infra business and these are long gestation projects with very long-term term, 25 years. So what it effectively means is I need to have proper project finance facility in place as early as possible, irrespective of the fact that these non-fund-based facility gives me a competitive advantage in terms of IDC. So sum and substance, I have the flexibility, but logically, I will not try to increase this limit. Rather, we will like to have project finance facility as early as possible, even before the expiry of 365 days.
- Prapti Gupta:** Okay, got it. Last question from me and this is again on the receivables follow-up. So, largely 40% of your receivables is from something that you mentioned about buying equipment's and giving it to Suzlon. Why is Adani Green looking to do this? I mean, what is the business proposition?
- Phuntsok Wangyal:** No, I think, Suzlon was one which has happened in the past actually. Right now, this doesn't include any of them. This includes, for example, NWL. NWL is from where I will be buying the WTG for one of our projects, actually. So this is what is being put in place, mindful of the fact that, when I do that, I always have payment security in place. So this was not getting highlighted in that, I thought of highlighting it.
- What gives me an advantage is, from Adani Green perspective, we have got a very efficient project management assurance group along with the fact that, a very intense contractor management. So we have the ability to leverage upon that and get the delta in cost. That is what, we are trying to put in place.
- Rather than leaving the entire contract management in the scope of my third-party contractor, what I'm trying to do is wherever I have got good relationship. For example, let's say some of these steel suppliers, some of these going to trackers, some of these component suppliers, I am leveraging upon that actually. I am bringing down my cost. That is a value addition which we are doing.
- Raj Kumar Jain:** Just again to rehash the point, we at Adani Green secure the supplies and then from various vendors. And those are then used for setting up the projects at SPV levels. So from a trade perspective, Adani Green does secure various supplies. It gives a lot of advances to various vendors. So what you are seeing as advances here, those are advances, which have been given to vendors. Now we do, as Phuntsok mentioned, that we do a lot of optimizations, where if one

of my vendors says that, if you want to procure steel on your own, I will reduce my price by a certain percentage, I do that, just to reduce my cost.

So in some cases there may be such kind of advances, but these are basically the trade advances which we give to various vendors under the contracts. And those are something, which are then used while our projects are implemented. Why it is standing today? Because we have currently close to 500 megawatts of projects, which are under implementation. Once that implementation is over, this will get knocked off against the contract. And we are expecting that within this quarter and at best early next quarter.

Prapti Gupta: Okay. Sure. Thank you.

Moderator: Next question is from the line of Bharat from Standard Chartered Bank. Please go ahead.

Bharat: Yes, thanks a lot for the call. The first question is on your consolidated cash flow statement. I can see on the working capital side, two large inflows. One is current asset inflow of INR609 crores, and then current liability inflow of INR1,277 crores. Can you elaborate on, what exactly these are?

Phuntsok Wangyal: Yes, sure. Okay. So give me a second actually. Can you just repeat the question and refer to which number you are referring to just to be precise?

Bharat: Yes, so I'm looking at the consolidated cash flow statement and the financial statement and under working capital changes, that is other current asset inflow of INR609 crores and other current liability inflow of INR1,277 crores. Since these are large inflows wondering, what exactly do they pertain to?

Phuntsok Wangyal: So I think may be what, this is not readily available with me. What I will do is, I will just cross-check and then get back to you, if that is fine with you. Yes?

Bharat: Yes, absolutely. And then my second question is, again, going back to this issue about hold-co debt. You mentioned the \$750 million bond plus the INR1,399 crores of facilities. If I add those two up, I think the number is about INR7,500 crores. But if I look at the standalone balance sheet, which has been published with the financial statements, the standalone entity has debt of about INR13,056 crores. Can you help reconcile these two numbers?

Phuntsok Wangyal: Yes, so what you also need to see is, apart from hold-co trade credit, we also have a related party borrowing actually from a promoter entity of INR1,400 crores actually. So that also needs to be added in that.

Bharat: You said INR1,400 crores, is it?

Phuntsok Wangyal: Yes.

Bharat: The difference between the two numbers is about INR5,500 crores. So if INR1,400 crores is related party, what about the rest?

- Phuntsok Wangyal:** Yes, we're just going to keep checking the number. What we will do is we just check the number and then get back to you. Yes?
- Bharat:** Okay, sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Anderson Dong from PIMCO. Please go ahead.
- Anderson Dong:** Okay, so question is on the cash flow statement, on the consolidated cash flow statement. So the capex has been reducing from FY '22 about INR148 billion to about INR34 billion, INR33 billion. And why is the capex decreased compared to last year?
- Phuntsok Wangyal:** Yes, so the 3,396 is basically excluding infirm revenue actually and plus some other adjustments. So actual capex as far as FY '23 is approximately INR6000 crores. As my colleague Raj was also talking about actually.
- Some of the capacity, which we implemented, which we commissioned in last financial year is basically carried forward from the preceding year. So from that perspective, you will see that, capex increase is not to that extent, but capex number is actually INR6,000 crores after adjusting for infirm revenue plus few other adjustments.
- Anderson Dong:** Got it. So some capex has already spent in FY '23?
- Phuntsok Wangyal:** Absolutely.
- Anderson Dong:** I mean, '22, okay.
- Phuntsok Wangyal:** '22.
- Anderson Dong:** And could you remind me again, what capex size is for FY '24?
- Phuntsok Wangyal:** We just checked the number about, on AGEL, like a standalone, like a balance sheet actually, that INR11,000 crores number, which was asked upon. This also includes the ICD, which has been given from our group company actually, from our AGEL group company to AGEL. That is why it is getting reflected. At a consol level, it is getting knocked off.
- This includes INR4,000 crores of that, going to be. So what you can do is, if you have a surplus cash or some of your entities actually, the better capital management instrument is giving in the form of like ICD. So that has happened at AGEL level. So this is that number, which is getting reflected. If you want some more details and all about that facility, we can definitely share it, no issues with it.
- Anderson Dong:** Yes. Just clarify, is the capex guidance for FY '24 INR140 billion?
- Phuntsok Wangyal:** Yes, Approximately, as I said, around INR14,000 crores will be our guidance actually.
- Anderson Dong:** 140 billion, right?
- Phuntsok Wangyal:** Yes, INR140 billion.

- Anderson Dong:** Okay. For this 3 gigawatts in FY '24, how much of projects have already reached financial closure?
- Phuntsok Wangyal:** Yes, so out of this, as I said, this entire capex is for the 2.9 gigawatt to 3 gigawatt of incremental capacity, which I talked about, out of which actually for approximately 500-megawatt financial closure is already achieved. Rather those are in advanced stage of construction actually and will be operational soon.
- Out of that, out of balance actually for a large solar project, as well as for a wind project, we already have the binding term sheet in place and which we are in the process of finalizing. The balance are, as I said, will be our timelines to achieve financial closure will be by mid of another Q2. And discussions for which are currently underway. Although, we are not in any pressing hurry to achieve financial closure because of \$1.1 billion of non-fund-based facility, which we have in place.
- Anderson Dong:** Okay, got it. 500 megawatts already achieved financial closure and one large wind project has binding term sheet.
- Management:** Yes, absolutely. One large solar and one large wind project already have binding term sheet in place.
- Anderson Dong:** What's the capacity of this one large?
- Management:** Yes, so these two, if you add, should be another 600 megawatts.
- Anderson Dong:** Got it. So about 1.1 gigawatts, either financial closure or binding term sheets.
- Management:** Absolutely. And for balance, as I said, discussions are underway, actually. Since we have not reached a stage where I can say that, okay, we have received binding term sheets and all, we are saying that our financial closure process is currently under way.
- Anderson Dong:** Got it. And one last question, just on slide 28, the gross debt comparison on the left of the chart. The first chart shows gross debt of 47, but the chart below, if I'm adding the three numbers together, it's about 520 billion. How to reconcile the two numbers?
- Phuntsok Wangyal:** No, no. I think the, which charts you are referring to, the gross debt number chart is same actually. And the second one is basically the net debt evolution; the right part is.
- Anderson Dong:** There is the gross debt at the first chart and also the third chart, gross debt breakdown.
- Phuntsok Wangyal:** Oh, both of them should add up to similar numbers. Yes, just one second.
- Anderson Dong:** If you're adding the gross debt, breakdown number, that's about 520 billion.
- Phuntsok Wangyal:** Okay, so it may not have been presented properly, but both the numbers should add, should basically the similar number actually, INR 47,424 crore.
- Anderson Dong:** Thank you.

- Phuntsok Wangyal:** Just one second. Yes, I think I'm just checking it. Both the numbers are same INR 47,424 crore.
- Anderson Dong:** But the gross, in the chart of gross debt breakdown, the title gross debt breakdown, there are three numbers, right? One is 45,000, 6,000 and the other one is...
- Phuntsok Wangyal:** Our apologies, actually in the investor presentation, I think, the pie chart is not correct. Our apologies, we will correct it.
- Anderson Dong:** Yes sir. Okay, thank you. So the gross debt breakdown chart is wrong.
- Phuntsok Wangyal:** Yes, so actually gross debt number is 47,424. That breakdown chart is especially the lower part actually is incorrect.
- Anderson Dong:** Okay, I understand.
- Moderator:** Anderson, do you have any follow-up questions?
- Anderson Dong:** No, Thank you.
- Moderator:** The next question is from the line of Lewis Sutherland from Waverton Investment. Please go ahead.
- Lewis Sutherland:** Thank you for the presentation. Apologies for repeating myself here, but could you just touch on the re-fi plans for the 2024 bonds maturing next year at the hold-co level and the op-co level?
- Management:** Yes, so \$750 million will go to hold-co bond as our plan to come out with firm takeout arrangement or facility for hold-co bond by the end of Q1, remains on track actually. So we will be coming out with firm takeout financing plan for Holdco bond by June end.
- Lewis Sutherland:** Okay, perfect. Thank you.
- Management:** Thank you.
- Moderator:** Thank you. Next question is from the line of Vincent from Pictet Asset Management. Please go ahead.
- Vincent:** Thank you for the presentation. I just wanted to touch base a little bit in terms of, you talked about the capacity addition that you would have through next year. Can you give us a sense of what your run rate EBITDA or what kind of run rate EBITDA you're looking at achieving and how that would progress through next year? The other question that I had was, you've added some hybrid projects, which clearly from an operational standpoint have a higher level of CUF. What can we expect going forward? On that format, should we see the average CUF for the overall portfolio to go up?
- Phuntsok Wangyal:** Yes, sure. So for our 8.08 gigawatts of operational capacity right now. So run rate EBITDA, which we are talking about is INR7,505 crores actually. Now if we add the incremental capacity plan formula with this financial year. If we add it, then total run rate EBITDA should be around INR10,800 crores approximately.

- Vincent:** Sorry, INR10,800 crores you say?
- Phuntsok Wangyal:** Yes, INR10,800 crores adding incremental capacity for this financial year. For 8.08 gigawatt, we are talking about INR7,505 crores of run rate EBITDA.
- Vincent:** Understood. And in terms of the hybrid capacity going forward, how do you see the evolution of that? And to what extent does that have an impact in terms of the numbers you just gave me?
- Raj Kumar Jain:** Yes, so three points there. Yes, in terms of hybrid capacities, we have 2.1 gig out of the 8.1 gig which we have operational. However, the near-term PPAs which we are going to commission especially this year would be more solar and wind and not hybrid. However, the sites where we are going, those are good CUF sites where we are generating solar using the bifacial modules and using the trackers. So, from a solar CUF perspective, we are expecting a P50 number of 33%.
- And similarly, the wind capacity which we are setting up is also in the high CUF areas of Western Gujarat with the newest machine and in the highest CUF areas of the country. So overall, the CUFs will, for the new capacities will be significantly higher in case of solar than the old capacities. And that is where the portfolio will move towards. New hybrid projects, we are expecting something being commissioned in FY '25 not in FY '24.
- Vincent:** In terms of the wind, CUF that you've seen this year, there was a particular event, but if you were to strip that out, do you have a sense of what a more normalized number would have looked like?
- Phuntsok Wangyal:** I think, the normalized number should be between 10% to 15% more, I will put it that way, as far as the wind is concerned. This year we had one-off disruption as we have mentioned in our presentation, as well as the broadly wind speed across India, maybe excluding a lower part of the country or anywhere on a lower side. But on a normalized basis, 10% to 15% is something more, which you can easily expect.
- Now going forward, as my colleague Raj was talking about, a larger part of our capacity will be in the state of Gujarat actually, and a place where we expect that both solar as well as wind speed will be on a much higher side compared to the portfolio numbers which you would have been seeing right now.
- Vincent:** Understood. Thank you.
- Phuntsok Wangyal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Annie Chen from Bank Invest Asset Management. Please go ahead.
- Annie Chen:** Thanks for taking my question. I just wanted to understand the background of the construction business a bit more, where we're saying currently there are 500 megawatts outstanding. Can you elaborate on the cash outlay dynamics on this part of the business?

Is it usually that we say a certain percentage of this construction business that we need to pay first and then we get repaid later on when that part is done basically?

Raj Kumar Jain: Please correct us in case we have not understood your question. What I understand is you are saying there are certain trade advances and the LCs or non-fund-based which are outstanding for the current project under execution, and how is the modality in terms of those getting liquidated when the project gets commissioned? Is that the question which you are asking?

Annie Chen: Yes.

Management: Perfect. So, Annie, the renewable projects, when those are under construction stage, after the land is tied up, it takes around six months to nine months, or in some cases up to a year. So during those periods, we do open LCs at the hold-co level and do the procurement of various equipment and once, more or less ready, those are then moved to the final SPVs, where the projects are going to be housed.

So this INR1399 crores as well as the INR120 crores, on the receivable side both will move to the project SPV over the course of next three to four months as those projects get finally commissioned. The only point which, I am again trying to highlight there is, these are just normal ordinary course movements as far as the hold-co is concerned. Once the project gets commissioned, that becomes a project funded cash flow because hold-co is able to bill those amounts to the SPV, where the funding is already tied up as far as those projects are concerned, as explained by Phuntsok. I hope I'm clear.

Annie Chen: Okay, thank you.

Raj Kumar Jain: Perfect, thank you.

Moderator: Next question is from the line of Shreyans Daga from Barclays. Please go ahead.

Shreyans Daga: So, in the offering circular for the hold-co bond, the aggregate amount of senior debt is capped at \$1.7 billion. So, can the management please clarify, if that is a standalone level and because at the end of this year, you have around \$6 billion in gross debt? So how much of that is senior and how much of that is sub-ordinated, thanks.

Phuntsok Wangyal: Yes, Shreyans, that is at a standalone level actually and as you can see, those numbers are already complied with. And on a half yearly basis, we do as part of the hold-co debt requirement, a compliance certificate is issued actually, which apart from the ratios also gives the latest update on the situation over there. No issues.

Shreyans Daga: Okay, thanks. That's it for me.

Moderator: Thank you. Ladies and gentlemen, we'll take the last question from the line of Joseph for Manulife Investment Management. Please go ahead.

Joseph: Yes, thanks for the session. One quick question for your slide 48. The latest covenant disclosure is up to September. When will you expect to disclose March 2023?

- Phuntsok Wangyal:** Yes, so I think we closed our numbers yesterday, actually. And we will be, and within this month, although, as per the requirement, we have till June end actually, but we will try to come out with those compliance certificate by this month end itself. All the three will be issued in this month.
- Joseph:** Yes. Okay, by this month.
- Phuntsok Wangyal:** Yes, thank you.
- Moderator:** Thank you very much. I now hand the conference over to Ms. Pritha Majumdar for closing comments.
- Pritha Majumdar:** On behalf of the AGEL management team, I would like to thank everyone on this call for taking the time out. For any other follow-up questions, please feel free to reach out to the AGEL team of Standard Chartered Bank, and we'll be very happy to assist. With this, we'll now end the call. Thank you.
- Viral Raval:** Thank you Pritha and the Standard Chartered team for organising this call and thank you Chorus team for hosting this call. Thank you.
- Moderator:** Thank you very much. On behalf of Adani Green Energy Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.
- Management:** Okay, thank you.
- Moderator:** Thank you.
- Management:** Thank you.

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

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