"Adani Green Energy Limited
FY23 Earnings Conference Call"
May 02, 2023

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MODERATOR: **MR. ANUJ UPADHYAY – INVESTEC**

Moderator: Ladies and gentlemen, good day and welcome to Adani Green Energy Q4 FY '23 Earnings Conference Call hosted by Investec Capital Services. As a reminder, all participants' lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during a conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Anuj Upadhyay from Investec. Thank you and over to you, sir.

Anuj Upadhyay: Yes, good afternoon, everyone. On behalf of Investec Capital Services India Private Limited, we welcome you all for the FY '23 conference call of Adani Green Energy. I take this opportunity to welcome the management of Adani Green Energy, represented by Mr. Vneet Jaain, MD and CEO, Mr. Phuntsok Wangyal, CFO, Mr. Raj Kumar Jain, Head of Business Development, Mr. Anupam Misra, Group Head - Corporate Finance, and Mr. Viral Raval, Lead - Investor Relations. We will begin the call with a brief overview by the management, followed by the Q&A session.

I will now hand over the call to Mr. Phuntsok Wangyal, for his opening remarks. Over to you, sir.

Phuntsok Wangyal: Yes, good afternoon to all of you. At the outset, on behalf of Adani Green, thank you all of you for joining Q4 FY '23 earnings call. So, as part of brief remarks, I will touch upon four points. Capacity growth, Operational and Financial performance, credit profile of the company, as well as a brief touch upon the ESG aspect.

Now, first, capacity growth. On a year-on-year basis, operational capacity has increased from 5.4 gigawatts to 8.08 gigawatts, effectively increasing by 49%. So, this effectively means, we have added 2,677 megawatts of PPA capacity. Why I'm highlighting PPA capacity is because in terms of actual AC capacity, our operational capacity actually increased is, nearly to around 3.3 gigawatts, actually. And in terms of DC capacity, this should be around 3.7 gigawatts.

Now, during this financial year, we added the largest hybrid project in India, as well as in the world, 2.14 megawatts in state of Rajasthan. Apart from addition in capacity, during this financial year, we also signed power purchase agreement for 450 megawatts of wind projects, as well as 650 megawatts of solar projects. These are basically (power purchase agreements with) SECI. This also strengthens our locked-in portfolio and also ensures that we have firm of technical arrangement as part of our locked-in portfolio.

In terms of operational and financial performance, first, I will touch upon operational performance. Operationally, this has been a very good year. If you talk purely from a solar portfolio perspective, our solar portfolio CUF, increased by 90 basis points on a year-on-year basis, actually. So, we have CUF of 24.7%. This is much better than what, we have initially estimated, actually. This is also a reflection of improved operational performance, plant and grid availability, as well as seamless integration of SB portfolio as part of our fleet. That's on our solar side, actually.

As I talked in terms of capacity, now, during this year, our hybrid portfolio also started getting operational. This was not a full year of operation for hybrid capacity, but despite that, our hybrid capacity has a very high CUF of around 35.5%. We expect that, with full plant operationalization in this financial year, this year also will be on a higher side. In terms of sale of energy, there's been an increase of 58%. And in terms of million units, 14,880 million units is what has been generated during this financial year. And this is largely on account of higher operational performance, as well as greenfield addition of 2.67 gigawatts, which I talked about.

Revenue from power supply also increased in line with the capacity growth. And in this financial year, we have a revenue from power supply increase of 54%, and that just leads to INR5,825 crores of revenue, actually. And this all excludes the infirm revenue, which we generated during the financial year. During the financial year, we generated infirm revenue of around INR1,854 crores. From our EBITDA perspective, we retained a very high EBITDA margin of 91.6%.

We have been consistently achieving this high market-leading EBITDA margin now. From a cash profit perspective, it's been a very good year. Cash profit increased by 72% to INR3,192 crores. And what it effectively means is, as I said, our hybrid portfolio was operational only for a partial part of the year. Purely on a run rate EBITDA perspective for 8.08 gigawatts, we are today talking about a run rate EBITDA of INR7,505 crores, which effectively means, net debt-to-run rate EBITDA of around 5.4.

Now, coming to credit profile of our portfolio, a significant large part of our portfolio, nearly 86% is from sovereign and sovereign equivalent (counterparties). But even from our balance portfolio perspective, as far as receivable position is concerned, it is completely current, actually. All of our off-takers are making payment on time. This is a very important development.

Secondly, 97% of our rated credit facilities today are rated between A to AAA equivalent credit rating scale (India). This clearly shows that credit profile remains very robust, smooth, and in line with, what has been consistently guided upon. During this financial year, what we have also achieved is, during our last earnings call, we talked about some of the favourable orders, which we have received, especially for our Tamil Nadu Kamuthi project, actually. During this quarter, what we have achieved is, we have actually realized the receivable from Tamil Nadu, and this largely includes around INR748 crores. This is a combination of revenue as well as late payment surcharge, and this will have a recurring positive impact of at least INR90 crores.

Now, last but not the least, very important element, ESG size. As you know, Adani Group is fully focused on ESG principles, actually, and our framework is in line with globally accepted principles. Apart from that, our disclosures are also in line with various globally accepted disclosure standards like GRI standards, CDP disclosure etc. Now, during Q4, a few of the notable achievements which are there, first is now our entire Adani Green operating portfolio for projects more than 200 megawatts capacity, is today, water positive. This has been certified by DNV. Apart from this, our entire operational portfolio is today single-use plastic-free, as well as zero waste to landfill, and this has been third-party certified also.

During this quarter, we also received the prestigious 'Platinum' Environmental Award at Grow Care India Environmental Management Awards 2022. What it effectively means is, we have been able to maintain, or rather, achieve best-in-class ESG ratings, whether it is from Sustain-Analytics, CSRHub, or DJSI-S&P Global Corporate Sustainability Assessment. Now, in conclusion, I would like to thank all of our stakeholders and team members, whose contribution has been very immense in terms of achieving the operational capacity, as well as the performance, which we have achieved during this financial year. Thank you. That's it from our side.

Moderator: Thank you, Sir, should we now begin the question-and-answer session?

Management: Yes, sure.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask a question, please press star, one. We'll take our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good morning, sir. Congratulations on a very, very good year, especially in terms of new capacity addition. So, my first question is, how should we see the new addition in FY '24 and FY '25? Can you broadly lay out, the capex required and broad funding plans? And how do you intend to raise the debt? if you are looking to raise a USD based loan or rupee term loan?

Management: Yes, sure. So, in terms of our growth aspiration for this financial year, this will be broadly in line with what we have achieved in the last financial year, irrespective of the fact that, our operational portfolio has increased from 5.4 gigawatt to 8.08 gigawatt. So, broadly, we will be talking about the same numbers of 2.6 gigawatt to 2.8 gigawatt, for this financial year. This also includes a part of the capacity, which is anyway in very advanced stage of completion, actually, which we believe, should be operational during this quarter itself.

So, if we exclude around 400 megawatt or 450 megawatt of such capacity, we are, in terms of incremental capacity, we are talking about between 2.2 gigawatt to 2.4 gigawatt of fresh market greenfield during this financial year. Now, in terms of capex, actually, what it effectively means is we are talking about capex between INR14,000 crores to INR14,500 crores, and this includes both solar as well as a small part of wind fleet. That is more from a capex perspective, actually.

Now, in terms of financing tie-up, as we guided in our last quarterly call, as far as our equity is concerned, if you really look at 8.08 gigawatt of operational portfolio, so this is throwing a reasonable amount of free cash flow, as well as, if you can see our cash balance at the end of March end, you will find that, our unrestricted cash itself is more than sufficient, actually. So, from an equity perspective, no issues with it, per se. From a debt perspective, actually, okay, as we guided in our last quarterly call, it will be a combination of domestic as well as construction facility under the framework agreement, which we have put in place.

We are in advanced stage of tying up our project finance facility, rather, for a part of our green field facility, we have already received indicative term sheet. So, from our perspective, actually, what we are targeting is, between the end of Q1 and mid of Q2, we should be able to achieve the financial closure for the incremental capacity, which we are talking about.

Mohit Kumar: So, broadly, what is the kind of debt amount you require, sir, to fund this capex? Sir, what is the amount you are looking to raise?

Management: Yes. So, usually, these projects are funded at debt-equity ratio between 70:30 to 75:25 level, so that is the range, which we are talking about. As you know, from project to project, that amount depends upon the cash flow pertaining to that, but between 70:30 to 75:25 is the range, which will be there for the capex, which we have guided in this.

Mohit Kumar: And secondly, sir, is there any update on how you are thinking in terms of portfolio? Are we looking to reduce our activity in new bidding or acquisition or timing? Because we haven't seen you participating in any new bids?

Raj Kumar Jain: So as we also indicated last time in our call, we have a large pipeline of under-construction projects, where we have significant flexibility in terms of their execution timeline. So, for the projects to be commissioned in the coming year, as well as the good part of next year, we already have significant capacities tied up. So, we are focusing on value accretion opportunities and will time those as it comes by. We are not necessarily aggressive right now in the market.

Mohit Kumar: Understood sir. Thank you. I will get back in the queue. Thank you.

Moderator: Thank you. We will take the next question from the line of, Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Yes, thank you so much for the opportunity and congratulations on good execution. Can you give some sense of what kind of capex did you spend on the wind and the solar capacity separately for fiscal year ‘23?

Management: Yes. So, fiscal year ‘23, actually, if you see our cash flow, we are broadly talking about around INR6,000 crores of capex, actually.

Vneet Jaain: Hi, this is Vneet here. As mentioned by Phuntsok Wangyal earlier, we will add around 3 gigawatts in the coming financial year. And out of this 3 gigawatts, approximately around 400 megawatts will be wind and the remaining will be solar. And earlier we were asked a question about the financial year ‘25 also, how much we are planning. So, as per our present planning, approximately 5 gigawatts, we will add in the financial year ‘25. Again, there will be a combination of around 700 megawatt or 800 megawatt wind and the remaining will be solar.

Puneet Gulati: So, for FY '23, if you can give a sense, how much did your wind project and solar project cost, if at all, roughly on per gigawatt basis, etcetera?

Raj Kumar Jain: Yes sure. So, I think, so we see that FY '23, we had a lot of projects which were being built over a period of time. So, we finished a lot of projects last year out of the 2,676 megawatt, which were under construction at the end of FY '22. That is the reason the number of Rs. 6,000 crores is not necessarily reflecting a 2,676 megawatt build-out. In terms of capacities, as we have spoken, close to 2,000 megawatt-odd of hybrid projects were added last year. And the balance were, balance of small capacity was solar and some 400 odd megawatts were wind.

Puneet Gulati: Yes, but in terms of capitalization, if you can give some sense, how much did it really cost you on a per megawatt basis? Did it change materially from the previous years?

Management: I think the specific number, I think the team can come back, but the cost was around INR7 crores odd for the wind. And for solar, it was INR4.7 crores to INR4.8 crores per megawatt.

Phuntsok Wangyal: This is inclusive of all the taxes and duties, including GST and all.

Puneet Gulati: Yes, I understood. And what is it that you're looking right now for the current fiscal year, '24?

Raj Kumar Jain: So, this year, a lot of capex, which we are doing, has a change-in-law pass-through. So, if we take out that, we are talking about, since all the projects are with the trackers, the solar cost would be around INR5 crores odd for the solar projects per megawatt. And wind, we are talking around 6.5 kind of number.

Puneet Gulati: Okay. And what kind of PLF will the solar throw now with tracker?

Raj Kumar Jain: So, we are talking about the P 50 CUF ranging between 33% to 33.5% kind of numbers.

Phuntsok Wangyal: Yes. So, I think, just a point of attention, I think, as you know, renewable projects, CUF is also dependent upon the location where you are setting up the project. So, CUF, which my colleague is talking about, is based upon our capacity growth plan for this financial year, which will be towards, most of our capacity will be set up in the state of Gujarat, actually, which is basically a place where you have higher CUF. So, with trackers, as I said, between 33% and 35%, actually.

Puneet Gulati: Understood. And can you also talk about your thoughts on the wind PLF? It was lower this year versus the previous. How are you looking at wind projections? And is it materially impacting your existing returns from the wind projects?

Raj Kumar Jain: So, I think, two things. One, as has been highlighted earlier, one big drag on our performance last year was a one-off event where 150 megawatt or more operational capacity was down, and that has actually impacted the overall wind CUF significantly. However, that has been restored, and those turbines are now working fully.

Second good thing which is happening is the capacities which were earlier of turbines which were of a smaller size, old technology that as a percentage of our portfolio is reducing. Now, going forward, we are implementing significant capacities in high wind areas like Khavda and western Gujarat. So, we expect the CUFs of our portfolio will be going forward better.

We're also implementing some of these projects with the largest wind turbine in India, which is being made by Mundra Wind Tech. So, that again will give us better economics. So, we believe our wind portfolio would be giving us a reasonable return. However, we are generally very conservative when we do an estimate for returns purpose for wind generation.

Puneet Gulati: Sir, you said wind turbines coming from Mundra Wind Tech?

Raj Kumar Jain: Yes, that's the company which is developing a 5.2 megawatt wind turbine, which is the largest wind turbine in the country, suitable for high wind speed areas, which is what we have in western Gujarat, specifically more in Khavda.

Puneet Gulati: And this is the Adani Group Company?

Raj Kumar Jain: Yes, it's an Adani Group company.

Phuntsok Wangyal: So, I think when we were talking about split between solar and wind actually. For this financial year, anyway, a large part of our capacity will be solar actually. Wind will be, what I can say, is around 260 megawatts of wind, which will be implemented by us in this financial year. But this is not a reflection of our view about the wind per se, actually, but it is more to do with how capacity-wise we are implementing our portfolio.

Puneet Gulati: Right, That's very helpful. Lastly, while you did allude to the fact that you have a large portfolio still to implement, would you have any thoughts on how you're looking at round-the-clock projects? I mean, you have hybrid. How difficult is it to execute round-the-clock projects, and what are your thoughts on recent bids?

Raj Kumar Jain: Yes, sure. So, I think this is one area of the market which has been evolving. We have been working through various industry associations on how to evolve this part of the market in India, given the fact that, yes, India would see a requirement of handling more variability of wind and solar power going forward. So, these RTC based solutions are the one which makes it happen. There are multiple ways this can be done. One, obviously, is timewise with the pump hydro and battery storage, or in some cases, you can tie it up with the flexibility available within the thermal generation.

So, there are those multiple ways. We are very much glued to it, and we will be tapping the market when we believe that the market has matured. Right now, I can only limitedly say that the current bids are something which is more an evolution right now, not necessarily a settled way of doing this. So, there are a few such experiments which are on, but this is one area which will be important for the industry going forward. And people who are doing pump hydro seem to be, I would say, having a longer-term visibility there. So, that becomes a key area to focus on.

Puneet Gulati: And you also had plans for pump hydro. Will that come under Adani Green or Adani Enterprises?

Raj Kumar Jain: Yes, So, that's the reason I was mentioning that Pump hydro becomes a natural play for some of these kind of things, and we are looking at pump hydro within Adani Green.

Puneet Gulati: Within Adani Green. Okay, that's it. Thank you so much, and all the best.

Moderator: Thank you. A reminder to participants if you wish to ask a question please press star one on your touchtone phone now. We take the next question from the line of Nikhil Nigania from Bernstein. Please go ahead.

Nikhil Nigania: Yes, thank you for the opportunity. First, follow-up question is on wind PLF. So, even in Q4, the wind PLF was down at 20.4%, although, as I understand, the entire capacity was operational then. Any particular reason this is happening, and what could be a P90 wind PLF for the existing portfolio?

Raj Kumar Jain: So, first question first, I will respond to the second number as well. See, I think, traditionally, also, if you look at India, you would see that the wind speeds are significantly lower in the last calendar quarter of the year as well as the first calendar quarter of the year, because in India, winds are generally monsoon driven.

So, except in southern part of India, where you have better monsoon as well, but our portfolio is largely focused on western India, which gives much more wind starting second calendar quarter of the year. The second and third quarter becomes more, I would say, important for wind. So, you would see that pattern of generation year-on-year in most of the portfolios which are western India based. If you have southern India based, then you would have some pickup in November/ December as well, but that's it. But this is not too far from our estimates. So, I think, from a P90 basis, the P90 is not readily available with us. What we will do is, we will separately connect and then share with you.

Nikhil Nigania: Yes, sure appreciated. The second question I had was on infirm power sale, which had been a big support to deliver in the balance sheet. But now, almost the entire quantum of capacity which was selling in the short-term market is commissioned with the large hybrid plant coming in. So, what is the view on that for the coming fiscal?

Phuntsok Wangyal: So, I think it's a very fair question. But during my opening remarks, what I also highlighted was, in this calendar year, we will be talking about approximately around 2.8 gigawatt, actually. And I said that, a part of that capacity anyway is in very advanced stage of implementation. So, what it effectively gives us is, okay, there will be another set of projects on which we can leverage upon it and generate infirm revenue. So, infirm revenue is basically, as we have explained in the past actually, in terms of preparedness of our portfolio, so, from our perspective, we have another set of portfolio which will be available, which will help us in generating infirm revenue. Now, quantum and all can vary between year-to-year. But infirm revenue as a source of additional value creation will continue to remain as far as our portfolio is concerned.

Raj Kumar Jain: Yes, sure. So, as we moved into this year, we have close to 400 megawatt odd projects which are nearing commissioning. So, there, you will see the infirm revenue coming in as we see, and as we implement this additional capacity, which Phuntsok just spoke about, additional 2.2

gigawatt to 2.4 gigawatt apart from this 400 megawatt odd which I just mentioned, that will start kicking in infirm revenue for us in this year. So, you will see infirm revenues as we move ahead.

Nikhil Nigania: Got it Phuntsok, thank you. One more question around this. This is CWIP number of INR5,291 crores on the balance sheet. Does it correspond entirely to the under construction capacity or some of it is also for the recently commissioned hybrid capacity?

Phuntsok Wangyal: No, no. This is entirely for under construction. Those commissioned hybrid projects have already been capitalized actually.

Nikhil Nigania: That's already been capitalized. Understood. Got it. And then my other question was around the debt situation. So, the holding company bond, it was good to see the yield rate come down to 12.5% or so now. What is the plan on that going forward and any plans of further fund raise which was in the news?

Phuntsok Wangyal: Yes. So, as far as one of the holdco bond is concerned, plan still remains in line with what we guided during our last quarterly call. Our plan remains that by the end of this quarter actually, we will come back to the market with a firm takeout plan as far as the holdco bond is concerned.

Although, as we have stressed in the past actually, legal obligation on us to come out with refinancing plan as far as holdco bond is concerned, we're still some time away. But by the end of this quarter, we will be coming out with firm refinancing plan for holdco bonds. Our plan still remains on track.

Nikhil Nigania: Okay. Got it. Understood. Thank you. Those are the questions I had. Thank you so much.

Phuntsok Wangyal: Okay. Thank you.

Moderator: Thank you. We'll take the next question from the line of Nirav Shah from GeeCee Holdings. Please go ahead.

Nirav Shah: Good afternoon, sir. Am I audible?

Management: Yes, we can hear you.

Nirav Shah: Yes. So, a couple of questions. Vneet sir mentioned that FY '25, the target addition is close to 5 gigawatt. So, related question is, so the capex will be close to INR27,000 crores to INR30,000 crores on this. And the exit EBITDA for the FY '24 and FY '25, what is the likely number for the exit EBITDA?

Phuntsok Wangyal: Yes. So, as far as FY '25 is concerned, the capacity which Vneet ji mentioned was more in the nature of our plan right now, actually. So, we will give a guidance on it as and when it is firmed up.

Now, as far as FY '24 numbers are concerned, as we said, we have around 8.08 gigawatt plus the incremental capacity which we are adding. So, if you're talking in terms of run rate EBITDA, we will be reaching run rate EBITDA of around INR10,800 crores. That is 8.08 plus the incremental capacity which we are talking for this financial year.

Nirav Shah: Got it. Sir, second question is, pertaining to the execution of wind mills. While not much of addition will happen in this current financial year, I just want to understand that, what percentage of our equipment sourcing for the WTG will be sourced from our group company? Have you started taking orders or it's more of from the project specific which we will get right now on your own?

Raj Kumar Jain: So, I think two things. One, out of the capacity which we are adding. So, there is a carry-on which is 300 megawatts which is not sourced from the group companies. That project is nearing commissioning. So, that 300 megawatt wind is coming up very soon. There is another 260 megawatts which is a custom-made, I would say, custom-made machine for our site. So, it is the best thing which you can have for a developer. So, from that perspective, we will be buying this 260 megawatt in this year for our project in Khavda, as per the current plan, which has some flexibility built into it. But yes, this is what we are currently envisaging.

Nirav Shah: Okay. And just the last question is, so what's the holdco debt as of March close to INR5,800 crores? Remaining unchanged from December levels?

Phuntsok Wangyal: No, holdco debt still remains at $750 million actually. This is that holdco bond which we issued. Nothing changes on that.

Nirav Shah: Nothing changes. Got it, Thanks sir and all the best.

Phuntsok Wangyal: Thank you.

Moderator: Thank you. We'll take the next question from the lineup, Girish Achhipalia from Morgan Stanley. Please go ahead.

Girish Achhipalia: So, thanks for the opportunity. A little admin in nature. This repayment on FY '25, which is a slide we're talking about where we have the chart of INR22,454 crores. Just wanted to understand that construction facility and other ECB, is that already refinanced or how does that work? And you are just looking to refinance the holdco bond, is it? And the RG1, how should one think about the other parts?

Phuntsok Wangyal: Yes. So, I think that includes two elements actually. One is basically a holdco bond, which we talked about. As far as RG1 is concerned, as we have given guidance in the last two-three quarters actually, RG1, we will be taking out through our long tenure bonds actually. Discussions are already underway. And we have right now, as we speak, unsolicited offers equivalent to or more than our outstanding RG1 portfolio. But those are still going to be firmed up so, as we have guided actually, so, once that is firmed up, we will be coming back. But RG1 will be taken out through long tenure bonds.

Now, as far as construction facilities are concerned, construction facilities, we still have some time actually. Legal obligation for construction facility is not FY '25, it is in the FY '26. But we have the ability to take out the construction facility earlier than that. So, that is why it is being shown out here.

Girish Achhipalia: So, most likely that will be in FY '26. INR10,200 crores.

Phuntsok Wangyal: Absolutely.

Girish Achhipalia: And sir, you said that we are adding this three and five gigawatt roughly, let us assume INR6 crores. So, the incremental borrowing, because right now, if I look at your debt schedule, you have not spent a lot on your under construction assets, only INR1,700 crores, is on the under construction portfolio. So, the incremental drawdown, how do you propose to fund it? It will be USD bonds, rupee loans, can you share some light on that?

Phuntsok Wangyal: Yes. So, this question was asked in the beginning also. So, it will be a combination of domestic facility, because as you know, we have got excellent relationship with specialized financial institutions as well as the domestic market. Plus, we have a framework agreement under which a construction facility is drawn upon. So, this incremental facility will be a combination of both domestic as well as construction facility.

And as I indicated, for a part of it, we have already received the indicative term sheet actually. Anyway, by the end of this quarter or by the mid of Q2 actually, entire incremental capacity will have financial closure in place. But I just want to stress upon one fact, because we are not in a hurry to achieve financial closure, because as our stated capital management plan says, our philosophy is, we have right now in place $1.1 billion of non-funded facilities. For solar projects, a larger part of the capacity is basically in the solar modules actually. And the obligation to put in place LCs, performance securities for those solar modules will come towards the end of June or beginning of July. So, from that perspective, no immediate trigger per se to achieve financial closure. But as a matter of prudence, we want to have financial closure as early as possible, which as I said, by mid of Q2, entire financial closure for the entire incremental capacity will be in place. Hope it clarifies.

Girish Achhipalia: Yes. So, just one small basic question. So, we've got 20.4 locked in, incrementally from 8, you're guiding for 8. So, it leads us to 16. Are we having some time overrun here? Like, when are you actually supposed to deliver on the balance capacities under the PPAs? Like, just to understand your roadmap a little better?

Raj Kumar Jain: So, I think a very valid question. And just to understand the good part about our portfolio is a large part of it, do, out of the 16, if you talk about, close to 8 is something which, where we have flexibility in terms of our timelines to commission. And which is basically, we won that manufacturing linked tender, which allowed us to implement that over a period of five years. So, we can always accelerate the execution of that, if the transmission permits.

And in some cases, we have the flexibility with respect to transmission. So, that is where it gives us significant flexibility in terms of execution. So, if we talk about 2.8 kind of execution this year, then 5, close to 5, or whatever number which we do right later for the next year. We are taking away the risk out of the portfolio, and then we are left with the flexibility. So, for us, FY '25, FY '26, we are almost tied up, if we really want to finish all this portfolio.

At the same time, it gives us flexibility that, if I want to win a bid, which is something that, I believe that is good for me, or if I want to tie-up something, with a third party, I can do so, within my own portfolio and flex this capacity addition as desired. So, that is where, we are not necessarily concerned about the execution timeline for some of these projects. And there is also some delay from the side of CTU, in construction of some of the evacuation infrastructure for some of these projects, which has again given us some more flexibility in terms of the execution of these projects.

Girish Achhipalia: Okay, Thanks.

Moderator: Thank you. We'll take the next question from the line of Sidhhant S from Avendus Spark. Please go ahead.

Sidhhant S: Sir, I basically have two questions. First one is, what is the amount of options, that can be expected at the country level from SECI plus states?

Raj Kumar Jain: Yes, sure. So, India has a target of 500 gigawatts of renewable capacity by 2030. As recently announced by the government, their expectation is that, they will come up with options of close to 50 to 55 gigawatts, a year. So, if that pipeline is maintained, that there is significant capacity, which the country would add, that has sufficient room for all the players, to increase their portfolio.

Sidhhant S: Sir, how realistic is that and what can we expect for FY.'24?

Raj Kumar Jain: So, its crystal gazing, if you are asking me that, but we expect that, there will be heightened auction activity, in the coming year, just because there is some moderation in the overall equipment supply environment, which has actually led to some delays in auctions. But, yes, 20 to 25 gigawatts is a good conservative assumption to work with, for this year.

Sidhhant S: Okay, fine. So, my second question is that, what are the challenges for project execution at present?

Raj Kumar Jain: Sorry, I missed your question?

Sidhhant S: What are the challenges for project execution that you are creating currently?

Raj Kumar Jain: So, if you are asking us, we have, over a period of last four to five years, I have worked to resolve all the issues, which a normal generator would see as key challenges, one being the land, second being the execution. As you can see in our presentation, we have control over two lakh acres of land. We have been able to secure connectivity. So, the two bigger issues are solved. However, on a three to six months basis, if you look at, yes, both has to be timed in a manner, whereby the evacuation system actually develops. So, to that extent, plus minus happens.

For us, in terms of equipment sourcing, also, over a period of last three years to four years, we have worked in a manner, whereby equipment sourcing has also been solved. So, from Adani Green perspective, we do not see, per se, a big issue. Most of our, even the PPAs have been tied up, so that risk has already been taken out. So, that's where it is. Now, in terms of industry, the question is, yes, the biggest issue still remains land and evacuation.

Sidhhant S: Sir, if I have time to clear one last question. Sir, according to CEA, specify, there was a [inaudible] that's under construction, and the majority of them have not signed PPAs. So, is PPA an issue, signing PPAs?

Management: I'm not sure about this data. It seems to be dated, the PPA signing has taken time. It is not as desired. We have seen SECI taking, or these guys taking close to six to eight months, while tying up the PPAs. They have been working on resolving this. In some cases, at least, we are seeing that, they are tying up the PPAs prior to, coming up with an auction by doing MOUs. So, this timeline is reduced, but also understand the fact that, as per the current guidelines, it also requires regulatory approvals. So, that also takes some time. So, after a bid is called, six to eight months' time is natural, if you have an auction of close to 20 - 25 gigawatts a year. So, you will have a natural untied PPA of 10 to 15 gigawatts in the system at any point in time.

Sidhhant S: Okay, sir. Thank you and all the best.

Moderator: Thank you. Anyone who wishes to ask a question, may press star and one on their touch-tone phone now. We take the next question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Yes, thanks for the opportunity once again, sir. Sir, a few bookkeeping questions. What is the gross block at end of FY '23?

Phuntsok Wangyal: Yes, so gross block at the end of FY '23, is around INR52,533 crore.

Mohit Kumar: Okay, sir. What is the unsecured loan with the loan from the promoter entities at the end of FY '23?

Phuntsok Wangyal: A loan from promoter entity?

Mohit Kumar: A related entity? I think in the last year, these stand-alone books, there was INR6,000 crores, which were pending from related parties?

Phuntsok Wangyal: No, absolutely not. As far as the March end is concerned, loan from related parties is INR1,400 crores actually.

Mohit Kumar: Okay, understood, sir. On the notes to accounts, there is a mention that, you have one of the SECI Wind project, we have returned back and you have paid liquidated amounts of INR56 crores. This pertains to this quarter or this pertains to the earlier quarters?

Raj Kumar Jain: So this pertains to this quarter, where we were having an issue with SECI, it got culminated at the beginning of this quarter, I would rather say, and LD was obviously a consequence of that issue. So that is how, this has come in.

Mohit Kumar: So which SECI plant, sir? SECI plant event for it?

Raj Kumar Jain: So we had a 300 megawatt PPA with SECI tranche five, where we were facing issues in terms of the *force majeure* issues, which were not settled between us and SECI and which led to termination of the PPA.

Mohit Kumar: So is this project up or we have cancelled this project?

Raj Kumar Jain: No, so obviously we had invested money, in this case. So we have decided to keep that project alive and that has been revived. So there is no cost to us in terms of the project cost incurred and this would be implemented and it is under implementation as, we speak. And this will be commissioned in the current financial year.

Mohit Kumar: Understood, sir. Lastly, sir, what is the carbon credit pending with us, which can be sold? Last year was very-very large number.

Raj Kumar Jain: So see, the way you look at it, last year, when we said that was the revenue, which we quoted. So if you say pending carbon credits, we have a generation of carbon credits happening every quarter based on the real generation of the electrons. So, we are expecting that, we will be able to do a similar number of slightly better than that, in the FY '24 as well in terms of revenue.

Mohit Kumar: Understood, sir. Thank you and best of luck. Thank you.

Raj Kumar Jain: Thank you.

Moderator: Thank you. We will take the next question from the line up Nikhil Nigania from Bernstein. Please go ahead.

Nikhil Nigania: Thank you for the opportunity. Just a couple of questions. One, there is another 2 gigawatt of solar manufacturing linked tender, which was won but the PPA is not signed. Any reason that, it is still not done?

Raj Kumar Jain: So out of the 2 gigs, which you have, 234 megawatt is in the last bits of signing. We should have it signed any day as, we speak. We are just waiting for the people to be there, signatories to be available. So, that will bring it down to some 1,800 megawatt. There is on the balance 1,800 megawatt also, there is a significant development, which are there. We expect that, the matter in terms of signing of the balance 1,800 megawatt should also finish in a quarter or at best four to five months.

Nikhil Nigania: Thank you. That's helpful. The second question I had was again regarding the debt side. Any fresh fund raise on the debt side which has happened post-February? And if yes, what would be the cost of borrowing for that new debt raise?

Phuntsok Wangyal: Yes, so we did actually. For one of our project, we achieved the financial closure. Entire sanction as well as entire documentation and disbursement happened post-February. And from our perspective, we are not seeing any increase in interest rate. That financing was done at 9.1% actually.

Nikhil Nigania: Thank you so much. That's helpful. That's all I have to say.

Moderator: Thank you. We take the next question from the line up Anuj Upadhyay from Investec Capital. Please go ahead.

Anuj Upadhyay: Hi, thanks for the opportunity. So if I see your presentation, then we see only around 600 megawatt of hybrid projects which have been highlighted out there. And you mentioned in your opening remark that, hybrid projects are something that, the DISCOMs are favouring us, on that. So, any comment on this front, sir? Because of the total 20 gigawatt of capacity, which we have planned over the coming two years or three years, we are seeing only 600 of this among the hybrid. Is my understanding correct or there's some kind of mismatch out here?

Raj Kumar Jain: Yes, you're right to the extent that yes, I have close to 16 gigawatt of capacity to be, I would rather say, from a PPA perspective, 12 gigawatt of capacity to be implemented because eight is already implemented. Within that 12, I have close to 600 megawatts of hybrid 3 project, which I need to implement. And that would get implemented over the course of next two and a half to two years time. That's the current tied up hybrid capacity.

As I mentioned earlier, that, we have significant flexibility in terms of being able to tie up additional capacities, where I make additional delta for the shareholders. So from that perspective, I have that flexibility available. The Khavda site provides me a significant flexibility in doing that.

Now, with the head wind, or with the more focus on the RTC kind of, or higher CUF kind of bids, the hybrid size has to be utilized in a manner that, those give you significantly additional delta. So that is what, we will be focused upon. And our strategy around pumped hydro is something, which will significantly help us in doing that. So you would see some of those being crystallized as we move ahead.

Right now, as I said earlier also, for this year, next year, we do not necessarily need a lot of mainline, streamlined, plain vanilla projects. We already have them. So we would add as, we get more delta. But yes, from our project perspective, we are clearly focused on that, we would be doing more variable management as our product strategy.

Anuj Upadhyay: Okay. And lastly, sir, as we have seen recently, that with around 17 gigawatt to 18 gigawatt of tendering and auction, still SECI finds it difficult to sign a PPA in a timely manner. Now, with the MNREs direction that they have to come up with close to 50 gigawatt of capacity, I mean, I'm combining everyone, SECI, NTPC, NHPC, SJVN and everyone, how can things could work out in terms of signing PPAs? Are these ones in a position to sign so much of a PPA in such a short period of time or do we see some kind of delay over there as well?

Raj Kumar Jain: So I think there is a clear focus at MNRE, MOP level. How do we resolve two or three big fundamental questions. With respect to one, in the traditional solar wind PPAs, how that capacity is tied up. If you look at one issue is that, so plain vanilla solar bids have not necessarily got very quick PPAs because the expectations of the DISCOMs have been to optimize that last 10, 15, 25 paisa, so when they see the prices going up, they quickly sign the PPAs when they see prices coming down, then they don't sign the already auctioned PPA, which takes time.

So that is the reason. And then there is also a regulatory question, which I mentioned in my earlier answer. So that has taken some bit of time for solar. Wind has not necessarily seen delays in signing up. At the same time, wind per se is becoming more and more costly in the ecosystem because of the not very good wind sites being there. But wind has not seen significant delays in signing the PPAs.

So I think from the overall perspective, that is the reason from a solutions perspective, the move towards hybridization or move towards RTC makes it better. And that is where again, government is focusing and you're seeing a lot of those kinds of bids coming in. It's a chicken and egg story to some extent, but I think as we find more solutions around the peaks, you will see more acceptability of tenders by the DISCOMs because they are seeing what is the value add which it brings to them.

Anuj Upadhyay: Fine, sir. Thank you.

Moderator: Thank you. Anyone who wishes to ask a question, press star one on your touchtone phone now. We take the next question from the line of Apoorva Bahadur from Goldman Sachs. Please go ahead.

Apoorva Bahadur: Hi, thank you for the opportunity. So two questions. Firstly, on the infirm revenue, quite frankly, it's commendable what we have done. Just wanted to understand what we are doing, which others are not able to replicate. Right, we don't see this infirm revenue coming up with any of your competitors' numbers. Second is with the group entering on a large scale in both solar and wind manufacturing, will it make any sense for Adani Green to sort of start outsourcing its EPC arm as well, right, to provide service to other developers which want to set up solar projects or wind projects?

Raj Kumar Jain: So on the first question regarding infirm power, I think that is where the expertise comes into the picture. So, you know, we look at constantly how the evacuation system is evolving, both are my COD dates, and how do I plan my projects in a manner whereby I'm commissioning the projects prior to their legal COD dates, which then in terms of those PPAs gives me that flexibility. So there are obviously players who in the market are struggling to put up the projects, so obviously they will never have that infirm power kind of a gain. But based on our own capabilities, we are able to put the projects prior to their COD in most of these cases and are able to take this infirm power gain. So that is basically the capability coming into the picture.

The second question was with respect to outsourcing of EPC. So I think the AGEL focus has been to actually do mainly projects for itself. It has a lot of it on its own plate, and I think to a great extent it will be able to build its own value for itself, then actually doing EPC and build value for others and take those obligations. So AGEL has not been involved or doesn't want to be involved into the EPC right now for any third party.

Apoorva Bahadur: I understand. Thank you so much sir.

Moderator: Thank you. A reminder to participants, if they wish to ask a question, please press star one now. Thank you. As there are no further questions from the participants, I'd now like to hand the conference back over to the management for closing comments. Over to you, sir.

Phuntsok Wangyal: So thank you to all of you. And from our side, actually feel free to approach us. We will be more than happy to address any further queries from your side. And thank you to all of you for participating in the call.

Viral Raval: Thank you, Investec team, for organizing this call, and thank you, Chorus, for hosting the call. Feel free to reach out to us if you have any further questions. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Investec Capital Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.