# “Adani Green Energy Limited
# Q2 FY '27 Earnings Conference Call”
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**Management:**

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Mr. Rajat Seksaria – Chief Executive Officer – Battery Storage
Mr. Saurabh Shah – Chief Financial Officer – Adani Green Energy Limited
Mr. Vijil Jain – Head, Investor Relations – Adani Green Energy Limited

**Moderator:**

Mr. Sabri Hazarika – Senior Research Analyst – Emkay Global

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**Sabri Hazarika:** Good morning, everyone. And on behalf of Emkay Global, I welcome you all to the Q2 FY '27 Post Earnings Conference Call of Adani Green Energy Limited. We have with us the top management from the company led by Mr. Ashish Khanna, CEO, Adani Green; Mr. Rajat Seksaria:, CEO, BESS; Saurabh Shah:, CFO; and Vijil Jain, Head, Investor Relations. So today's session would be opening remarks and update on the performance by the management, followed by the question-and-answer round.

Now without any further delay, I would request Mr. Khanna for the opening remarks. Over to you, sir.

**Ashish Khanna:** Thank you, Sabri. Good morning, everyone, and thanks for joining this call on our Q2 FY '27 results. As we know, India's energy transition is gaining unprecedented momentum as the country rapidly scales renewable energy and electrification to strengthen energy security and advance its decarbonization and sustainability goals. With about 308 gigawatts of installed non-fossil fuel capacity, representing more than 54% of total installed power capacity, the country is progressing rapidly towards the 500 gigawatt target by 2030.

India's peak electricity demand continues to reach new highs, reflecting rising consumption driven by industrial growth, electric mobility, data centers and the broader electrification of the economy. Against this backdrop, Adani Green Energy delivered another strong performance in H1 FY '27, crossing the significant milestone of 20 gigawatts of operational capacity. Our 20.8 gigawatt portfolio supplied clean power equivalent to the needs of more than 4.4 million homes, while helping avoid 17.5 million tons of CO2 emissions during the period.

Our operating and financial performance remained robust. Energy sales increased 32% year-on-year to 25.7 billion units in H1, supported by a 24% increase in greenfield capacity additions on Y-o-Y basis. Revenue from power supply in H1 FY '27 increased 36% year-on-year to INR8,299 crores, while EBITDA grew 41% Y-o-Y to INR7,957 crores, enabling us to deliver industry-leading EBITDA margin of 93%. The total EBITDA during H1 FY '27 was INR8,276 crores. If curtailment would not have been there, this EBITDA would have been close to INR9,000 crores.

The performance during quarter 2 was equally strong, with revenue from power supply increasing 45% year-on-year to INR4,019 crores, while EBITDA from power supply ending 51% higher Y-o-Y to INR3,835 crores, resulting in a strong EBITDA margin of 92% during the quarter.

Energy storage is becoming the next major pillar of our growth. During the quarter, we commissioned 3 gigawatt hour of battery energy storage at Khavda, taking our total installed storage capacity to 6.6 gigawatt hour. This capacity accounts for more than 50% of India's operational BESS. We remain firmly on track to exceed 10 gigawatt hour during the year. While our maiden 500-megawatt pump storage project at Chitravathi is also progressing towards completion by year-end. At Khavda, the world's largest renewable energy plant, we have commissioned 10.8 gigawatt hour of solar, wind and hybrid capacity.

Our focus on technology, digitization and advanced analytics continues to support high asset availability and strong operating performance across the portfolio. Looking ahead, we see significant opportunities emerging from growing needs for firm and dispatchable renewable energy, rising power demand from AI, data centers and hyperscalers alongside growing demand for integrated renewables plus storage solutions from commercial as well as industrial customers.

Our investment in BESS is also helping mitigate curtailment challenges at Khavda by providing greater flexibility in managing renewable energy generation and enabling the utilization of power that would have been otherwise wasted.

We will continue to closely monitor the developments on transmission infrastructure availability at Khavda. And at the same time, we have significantly accelerated the development of BESS to insulate ourselves from delays, if any, on transmission network. We remain focused on disciplined execution of our INR2.4 lakh crores capex program through FY '30, backed by securing new capacities under long-term contracts and prudent capital allocation.

We remain committed to maintaining 13% to 14% ROE threshold by tying up capacities with AA+ counterparties. At AGEL, we remain neutral from a counterparty standpoint and will pursue opportunities that deliver high returns while offering long-term contractual visibility and desired credit quality. On sustainability, AGEL retained its number 1 global ranking in alternative electricity subsector by FTSE Russell for the second consecutive year.

Our Khavda BESS project was also recognized as the largest project of the year at India Energy Storage Week 2026. Additionally, our Chitravathi, Gandikota and Tarali pump storage projects received the Best Construction Safety Excellence Award at the IBC Safe India Conclave and Awards.

As India's power requirements grow, our strategy is clear. Combine renewable energy at scale with storage, technology and disciplined execution to deliver most reliable clean power. Thank you.

**Moderator:** Shall we open the floor for QA now?

**Ashish Khanna:** Please do.

**Moderator:** Thank you very much. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** Congratulations on a very good set of results. My first question is, sir, can you just talk about the transmission asset commissioning, especially in Khavda region. Have you seen any acceleration from the Power Grid side or the other players to accelerate this commissioning so that they will be lesser and lesser curtailment as we go forward?

**Ashish Khanna:** I think -- so thanks, Mohit, for your question. I think we don't have any doubt about the credibilities and the capabilities of whether it is AESL or Power Grid on execution of these transmission lines. And we are monitoring it very closely, too. I think there are certain things which are not helping them with respect to ROW issues on which they are working very closely and both the state and central government has a lot of focus towards it. From our side, while it is out of our control, but we closely monitor it, and are aware of all the efforts which they are taking.

**Mohit Kumar:** So understood. I'll take it offline, maybe. The second question is what is the target for commissioning in this fiscal? And how much of this capacity will be tied up under C&I?

**Ashish Khanna:** See, we originally have at the beginning of the year a target of 4.5 to 5 gigawatts, which we shared with you. And from our side, you first asked the question on the point of a transmission line. So let me say that we were earlier expecting these lines to come by the end of this year. Now we are expecting this transmission line of Phase 3, the evacuations to come by the next quarter. That's where we currently look at it.

Now we are fully capable of commissioning the projects as and when this transmission lines comes. I'll share with you that in the learnings of the past, which we have is that we have invested fully and are now working on completing all the infrastructure and what we call the balance of system from our end, so that whenever there is a certainty of this transmission corridors being available, we would be able to very quickly deploy our modules and commission our project. So, we still believe that if this corridor comes by the end of this next quarter, I mean quarter 4, we will be in a position to commission 4.5 to 5 gigawatt.

**Mohit Kumar:** Understood, sir. And sir, is it possible to share out of 4.5 gigawatts, which you commissioned, how much of this capacity will be tied up at C&I? And do we still maintain the target of installing 10 gigawatt hours of battery, by the end of this fiscal?

**Ashish Khanna:** So we are very committed to not only commission the 10 gigawatt by the end of the year, but would be definitely able to surpass it too. But yes, we are very confident of achieving it and also surpassing it. Regarding the C&I tie-ups, I think we in the last quarter have clearly said that the way we are working is and what is required for this company for our capital expenditure and for our growth is to have a sustainable partner who are there with us for the next 25 years.

Our return on our investment comes on 13% to 14% of ROA, and that is where we stand. On this long term and this AA+ partners which we look at, AESL is definitely one of the companies, which is there, and that's what our strategy is. But we keep on looking for organizations which give us a desired return. In the past, it has been AESL. In the future, it could be any other company for that matter. But we are very clear from our side, like I told you, we are firm on our return on our assets in 13% to 14% and looking for a long-term tie-ups of 25 years, with all our assets.

**Mohit Kumar:** Understood. Last question, sir. What happens to the payment and the curtailment for your PPA with private players?

**Ashish Khanna:** See, all our PPAs are on a take-or-pay basis on the supply, which we give it to them.

**Mohit Kumar:** Understood.

**Ashish Khanna:** And curtailment, whenever there is a curtailment from the grid to us, specifically being asked to backdown, we are paid for it as the deemed generation.

**Mohit Kumar:** For all the PPAs, right?

**Ashish Khanna:** For the PPAs which we have signed, yes.

**Moderator:** Next question is from the line of Nirav Shah from Geecee Holdings.

**Nirav Shah:** Congratulations on a decent operating performance. Sir, one broader-level question is on the interest rates. I mean we are seeing a surge in yields across India and globally. So, on this related issue, I mean, what steps are we taking to minimize the overall impact of this surge in yields as well as how do we see our interest rates moving from the current 8.9%, whenever the next reset happens? And also, I mean, on the rating portfolio, what efforts are we further taking to ensure the minimal impact?

**Ashish Khanna:** Thanks, Nirav, for the question. See, from Adani Green perspective, 72% of our project loans are all fixed rate for a medium term to long term. So like between 3 to 5 years, we are fully fixed. So, the impact from rate cycle is not there for a very substantial portion of our loans.

Also, other than that, what happens is that because we are into a 25-year fixed tariff PPA scenario, a small cycle change does not affect the overall returns on the projects. Thirdly, from the credit perspective, our credit rating works in a way that during under construction, we are given a rating which is in generally between BBB- to A category.

When we get operationalized, that rating generally moves to an AA category. And once that rating moves to a AA category, you easily get a 50 basis points deduction. So very recently, one of our SPV AGE23L, which is nearly 15% of Adani Green's overall EBITDA has now become a AAA asset. Now when something like that happens, which is like 7 notches increase in the last 5 years in that entity, what happens is that the rate of interest, which was earlier near 10% to 11% has gone down to today at 8.4%. So similarly, every notch increase gives us a rating increase and reduction in our interest cost.

At Adani Green level also, in the past 7 years, if you will see, we have been at 11.1% in 2019 and today, we are at 8.9%. Now this reduction of nearly 220 basis points which has happened is with whatever rate cycle changes have happened in the last 7 years. In the last 7 years, the rate cycle has gone up and down both.

So it has not changed for us. See when we are today at 20.8 gigawatts of operating capacity, doing 5-7 gigawatt of construction. And with battery also, we are doing more construction today. Our under construction portfolio still is about 30% of our overall portfolio.

Once we reach 30 gigawatts of operating capacity, us under construction portfolio will be 20% or 10% of operating portfolio that time. So, what happens is that during under construction phase, the interest rate has a very larger impact. Otherwise, it starts to taper off. So from our perspective, as we transition to more and more operating capacity with a 25-year PPA, there should not be any major impact on our interest rate profile.

Even with the interest rate cycle going up, our interest rate should not be affected much. And just to repeat, with a 72% to 73% of our portfolio being a fixed rate portfolio in a medium-term range of 5 years, it doesn't impact much. I hope I have answered.

**Nirav Shah:** No, absolutely. That's very heartening to hear. Especially, it alleviates a lot of investor concerns regarding the interest rate impact on our operations. And sir, my second question is on the evacuation. So, you just mentioned in the earlier question that 7 gigawatt line is commissioned now in the fourth quarter of financial year compared to third quarter. There was another 7 gigawatt line. So is that on track or it's pushed back by 1 quarter?

**Ashish Khanna:** That is also, as we speak, looks to be delayed on that particular part. But currently, we are more focused on this first one because most of our evacuation and our investments at Khavda is going through this particular corridor. So that is where we are now more focused on. See, there are 2 things which we have done, Nirav. One is that we are focused not only on the getting these lines through.

This 7 gigawatt gives us the full GNA capacity. So this entire 7 gigawatt is coming to us in that sense. And out of that, the existing whatever the curtailments are will be removed and plus, we will be able to execute more on that capacity. Secondly, we have

accelerated our BESS development in a very big way to ensure that we don't fall -- the curtailment impact are lesser on the company.

So you will see that in the second half of the year, the curtailment impact should not be as high as the earlier half because of the accelerated development on the batteries that we are doing. So, if I can just add on this. if you look at it with respect to this, like we said, we had challenges on it. First is we are closely monitoring it. But yes, more importantly, our accelerated efforts on the battery storage are also helping us to mitigate to a large extent, that curtailed power from Khavda in particular, and that's what we have been doing.

**Moderator:** Next question is from the line of Aniket Mittal from SBI Mutual Fund.

**Aniket Mittal:** Actually, I had a question on batteries. And given our strategy of derisking battery through long-term contracts, I wanted to understand what is the current tie-up that we have on the C&I side with respect to solar, wind and batteries. And just from a 3-year perspective, we look to install, I think, about 10 gigawatt hour every year. What's the amount of battery that you think we'll install? And correspondingly, how much solar and wind will be needed for the overall C&I demand?

**Ashish Khanna:** Please understand, Aniket, we don't differentiate between a C&I demand or any other demand. We are a developer who has a long-term tie-ups, whether it is B2B or B2G per se. As a developer, there is a business opportunity to have battery in place and then have a long-term tie-up from whether it is further used on a C&I basis or anywhere else, we are very clear on -- why are we putting and what we are putting.

We are installing batteries because, of course, there is a demand for a peak power as well as for RTC, but more importantly, we are looking at it as a long-term asset to us, which gives us 13% to 14% return on a long-term basis.

I think this we have emphasized quite a lot, and with organizations, whether it is government organizations or it is a business house, which can meet our requirements of being at least a AA+ and have a solid PPA on the terms of what is there like SECI on those terms and conditions. These are the parameters on which we work.

Now with these parameters in place, whether it's government DISCOM or it is organization like AESL, we go ahead on this basis. I hope I have been able to clarify to your question.

And on capacity addition, we are definitely looking for this year, like we said, we already mentioned we have committed 10 gigawatt hour. We have already reiterated that because there could have been a delay in transmission corridors, which are taking some time, our efforts towards battery and the capex have been now more focused there too. With the result, we are very confident of surpassing that particular target, which we have already shared with you.

**Aniket Mittal:** Got it. Just a clarification of the 10 gigawatt hour that is coming up, how much of that is tied up in long-term contracts?

**Ashish Khanna:** Currently, we have 3.5 gigawatts.

**Ashish Khanna:** 3.5 gigawatt hour, which is already tied up. The rest, since it has just come at the end of this last quarter, we are in the process of doing it. I think I missed your earlier question, just been reminded of that how much solar or wind or other input power is required for it. It is already available with us. We have no challenge as well as the solar and if required wind for an input power for that battery storage.

**Aniket Mittal:** Got it. The other question was also on the solar CUFs that you've reported. So if you look at 1H to 1H, we've seen a dip to about 23% versus 24.8%. I'm assuming a decent part of that would be curtailment related. If you could just provide some color on that, what's the amount of curtailment on a like-to-like basis, what this number would have looked like, that would be helpful.

**Ashish Khanna:** Yes, you have guessed it very right. It is primarily on account of a curtailment. Well, there are always a seasonal change for that matter, which is there. But when you look at a 6-month horizon, yes, it is predominantly on behalf of the curtailment. Otherwise, our plants are operating very well. There have been no challenge or, in fact, we have been working better if you look at it from the operational efficiency standpoint.

So let me put it in a more elaborate manner. The CUF depends on my plant capacity utilization factor, which will depend on the resource on which it is coming, also how much I've been able to evacuate. The resource part of it is more or less same, if I say that. It has been slightly better this year, which is also reflected on our revenues as well as profits.

And of course, we have grown from last year to this year, half yearly. But in the same manner, because they have grown and there has been a curtailment, which is more than the last 6 months, the CUF has been dipped. Once this evacuation corridor is available to us, we would be having this CUF, which is worthy of what we should be with the resource in place.

See, Aniket, in our 25-year profit through business or a project business, 3 to 6 months here and there on curtailment will not have a very major impact on the return on asset on an asset. So from our perspective, yes, there has been, on a quarterly basis, a small blip again from the perspective. But what happens is that these blips, we were -- in some extent, we were aware, there was a certain amount of additional change which has happened in terms of when we are expected to get the curtailment, another 3 months here and there.

But it will not have a very larger impact on what we assume as our return on asset on the asset because what happens is that this is a 25-year period and a 3-month, 6-month change will not have that big an impact on us. Plus many of our assets have also been commissioned before time. So our returns on that 25-year period remains with us. This

is just the extra one which we were looking forward for bringing some assets before time.

**Moderator:** Next question is from the line of Amit Bhinde from Axis Capital.

**Amit Bhinde:** Congratulations on a great set of numbers. I just wanted to get a sense on the Phase 6 and Phase 7 ordering of the transmission connectivity for Khavda because if there's an HVDC component in that, then that would impact your FY '30 target, one?

Second, if there's a delay on that side, do we have alternate resources in terms of land, new sites that you have identified to meet your FY '30 target in case the Khavda connectivity doesn't get resolved? So that's all the first question that I have.

**Ashish Khanna:** So Amit, a good question. Would have been better off to check this with those PGCILs and CTUILs too, frankly. But because we closely monitor it, and we also put efforts on it. So yes, there are developments on the scheme level, which is happening on Phase 6 and Phase 7 as we are aware of it. Having said that, we are committed for our targets towards 2030. In that process, if you see the battery storage is going to play a very important role as a mitigation measure too.

In case there are any changes or delays on Phase 6. Plus, I think we are also looking at various other states too, including Rajasthan, where a decent amount of capacities can also come. So I think from our standpoint, we are committed to surpass what has been already stated as well as our targets for FY '30 is concerned.

**Rajat Seksaria:** Rajat Seksaria here. I just want to give one piece of perspective on BESS, which gives us a bit more confidence. So, while the media releases have been about the capacity we have either put up or about to put, what is also worth noting the timing which we have put up. So it's a relatively short period of time. We're talking about a month, 8 to 10 months for the largest plants in the world.

So that leaves us an adequate amount of flexibility should the situation demand so, we now have an added tool in our arsenal to respond to that, so that executing more solar and possibly wind is kind of deconstrained by any delays that may happen on transmission.

So, versus last year, if you compare this year, we certainly have a very, very strong arsenal in our hand as a group, as Adani Green to take care of that. So that is why, things have improved by having this virtual transmission effectively through a battery system that we have. And this can be deployed very fast and does not require too much of land, already the substations are there. So, that is why you see of all the deployments that has happened in India, roughly, we are striking 50% of that. So that, I think, is something which you should bear in mind.

**Amit Bhinde:** Right. On the near term, let's assume that if your Phase 3 gets delayed instead of Q4 to Q1, what would be your strategy? A, would you want to delay your capacity

installation and miss the guidance? Or B, you would install more BESS to meet the guidance? What strategy would you apply, if the Phase 3 gets to Q1 next year?

**Ashish Khanna:** Amit, good question. We have lessons in the past, and our lessons in the past and being an organization, which is always improving. And even while we are the biggest, the largest and the best in the country as far as renewable is concerned, we keep on learning a lot in this process. Our lessons of the past is to commission projects when the corridors are there, when the transmission corridors are there. So accordingly, what we have done now is that all the balance of the system, which is required for our assets, which are to come on Phase 3, we are working on it.

We are all working towards making sure that all the balance of the system and the infrastructure is ready so that whenever we have a certainty of our evacuation in our system as well as solar is concerned, we will just put on the modules, so that we are ready for with our commissioning as and when the evacuation comes. And you will appreciate the fact that in our business, just putting on the modules is possible a 20-, 30-plus megawatt, we have done it on each day basis.

So we have timed it up in a manner or we will time it up in a manner so that we can very quickly install the modules because all our balance of system and other infrastructure is ready. So that's how we are working on it, and that would be our way of working right now.

**Ashish Khanna:** Plus, if you also see that this whole enhancement and accelerated battery storage, which is coming up, is also going to help us to mitigate that issue. Of the existing assets which we have will be mitigated with this accelerated battery deployment. And the future, as you said -- as we said is the way we are working. That's our strategy and that's our way of working.

**Amit Bhinde:** Right. Got it. So, one more question just I wanted to clarify on one of the answers that you gave to Mohit that in the tie-up with AESL as you call that, with the private player, in that, if there's a curtailment and take or pay is to the extent of the unit that you are supplying. But if there's a curtailment unlike a PPA, AESL would not pay you for that, right? The curtailment impact would come to your numbers, right?

**Ashish Khanna:** No. I think let me clarify. It's a good thing you ask me because I was getting a sense that it might be misunderstood or misconstrued in a manner. What happens, right? When I schedule a power and it is not taken, then I'm paid for it. This is the way the SECI pays me, the same terms and condition. I'm paid for that generation. There is also an element when I have scheduled the power and the grid fails and asks you back down. Then also, I get my payment for that, what the grid has not taken because I have scheduled the power. However, if I have not scheduled the power, then I will not be paid.

Let's make like very clear on this matter. Just I have been able to clarify to you as well as to Mohit in the past that everything which I have scheduled, whether it is in AESL or

with anyone else, and if they say that they are not ready to take, I will be paid for it. I'm again repeating, anything I have scheduled and the grid because of their frequency changes. Ask me to curtail, that also I'm paid for. But if I have not scheduled anything, of course, I will not be paid for.

**Amit Bhinde:** So grid-related issue led curtailment is also impact to AESL and not to you?

**Ashish Khanna:** No, no. For e.g. Khavda suppose has X capacity of evacuation in totality. That X capacity of evacuation, which is available right now, which I will schedule to AESL, AESL will pay to us if they are not for any reason whatsoever, AESL or any other party for that matter.

I'm not differentiated between AESL or any other party. Any party I schedule for whatever I am allowed to evacuate from Khavda, which I have scheduled considering what is the generation possible on that 15-minute block. You see, we schedule power on a 15-minute block.

Those 15 minutes block, whatever I have scheduled, if for any reason, one of the procurer is not ready to take, I will be paid for. If for any reason, the grid asked me not to inject electrons in the grid, I will be paid for. But what is not possible to be scheduled, the procurer will not pay for it.

**Amit Bhinde:** So that's what I mean to summarize, if the grid is not able to take the electrons that you are ready to supply, AESL takes the hit and not you.

**Ashish Khanna:** For power, which I have scheduled for AESL.

**Amit Bhinde:** Scheduled but grid is not able to take it, still AESL takes the hit.

**Ashish Khanna:** No. Please understand. I will give you an example here. Suppose I have 1 gigawatt of power, which is available with me, right? I may have 2 gigawatts with me. But I am -- it is only possible to evacuate 1 gigawatt of power. If I schedule that 1 gigawatt of power to any procurer, it has been scheduled. Then if the procurer says no, I will be paid for it. If the procurer -- otherwise, if it is not possible to schedule. Now your question is within that 1 gigawatt, which I have scheduled, procurer will pay.

**Amit Bhinde:** Got it.

**Ashish Khanna:** It's a bit technical, but I hope I have been able to clarify.

**Amit Bhinde:** Yes. I'll just touch base with you later if required, any other clarifications on that.

**Moderator:** Next question is from the line of Dhruv Muchhal from HDFC AMC.

**Dhruv Muchhal:** Sir, just to understand how much of this 10-gigawatt, assuming the 10-gigawatt is the closing capacity, 10 gigawatt hour is the closing capacity by the end of the year for batteries. How much of solar can it absorb? I'm just trying to understand just coming from that curtailment point, how much proportion of capacity that it can absorb?

Because the curtailment, I believe, for you gets impacted only during those few hours of the peak generation of solar. Say, for example, 10:00, 11:00, there will not be as much curtailment. Again, 04:00, 05:00, not as much. So in the few hours. So I'm probably not able to get the numbers. So my math is 2 to 2.5 gigawatts of solar, but is that the right sense?

**Rajat Seksaria:** No, no, you're probably right. See, the simplistic answer is you generally try and divide it by around 4.5 to 5.

**Dhruv Muchhal:** 4.5, okay.

**Rajat Seksaria:** Right? Which is where 2 to 2.5 comes. But reality, the question is a bit more nuanced and complicated because it depends on the curve of solar, the season, right? And whether you have installed a tracker-based plant, or you have installed a fixed plant, but that is a bit too complex. But as a rule of thumb, you can divide it by roughly 5.

**Dhruv Muchhal:** Okay. By 5. Okay. So that comes about 2 gigawatts of solar.

**Dhruv Muchhal:** So irrespective of the transmission availability, this much you can at least absorb and then sell it in whatever.

**Rajat Seksaria:** This is the kind of virtual transmission available through that.

**Dhruv Muchhal:** Yes, yes. Got it. Perfect. And sir, the second question is your generation on a Y-o-Y basis is up about 33%, but your EBITDA is up about 51%. So I'm just wondering how is this happening? Is it because of the infirm power sales, which is coming at a better price?

**Ashish Khanna:** Yes. First of all, Dhruv, let me thank you that in this whole call, someone is also appreciating that there are good things that have happened in the Q2 and H1. Yes, it is. is because of the better realisations, which we have got, right? Would you like to add more on this, Saurabh?

**Saurabh Shah:** So one is, Dhruv, that see battery numbers are also now getting added. So, whatever the battery numbers that get added to it. Secondly, what happens is that because of solar and wind combination, wherever we have not yet done any kind of tie-ups are still going into merchants and wind speed was also better this year because of rains being lower. So, all this has positively impacted the EBITDA.

So that's how it has been better even with whatever the capacities growth has been. And plus, we have brought in a lot of operational efficiencies also in our books because if you will see our operating cost has not gone up relatively. So, from an operational perspective, also, we have taken a lot of pain in terms of manpower or other costs that, we are reducing that impact by our O&M and employee cost and other things, being more rationalized in that manner.

**Ashish Khanna:** I'd just like to add from the last few quarters, we have been sharing with you all our investments on digitization, our investments on technology, our investments on how to do operations better. Now, all of this now you can see is being reflected on a better profit from the same operations, which we have in the past, too. So, while the revenue has increased because of various reasons, which Saurabh clearly articulate well, these efforts, which are ongoing efforts to reduce our operating costs to maximize all the returns possible has now been also reflected in this EBITDA.

**Dhruv Muchhal:** Got it. That is helpful, sir. Sir, is it possible to share what is the price at which you -- on average price at which you sold the infirm power this quarter and previous year same quarter?

**Ashish Khanna:** Give me a minute. Do we have it right now?

**Saurabh Shah:** On infirm power basis, the last quarter to this quarter, basically because infirm sells in merchant, the merchant prices have been better this year. So against a merchant rate which was there on the -- just give me a second, I'm giving you the exact numbers. Do you have any other question right now?

**Dhruv Muchhal:** No, sir. That's the only question. You can mention this later in the call.

**Saurabh Shah:** So, from our perspective, on a merchant basis, last year, our number was nearer to about INR 2.1, and this year, because of the better listing, our merchant rates have come to INR 2.4.

**Moderator:** Next question is from the line of Puneet from HSBC.

**Puneet:** And just one additional clarification. Here, you also have this 25-year PPA with private players, which still last year was sold as merchant. If you can also give some color on what is the realization now versus what it was last year?

**Saurabh Shah:** See, as I said just now, on a solar, we were still earning -- even with the merchant capacities, which are infirm power, which is being sold as merchant right now, we are running about INR 2.4 that I said. In a solar capacity for that, for the PPA with AESL for 25 years, it's INR 2.7.

So that way, we are still better off on solar in that sense from the perspective of what we get as a realization. But the larger thing which we should understand is that now for 25 years, it's fixed. We don't have to worry that this year, again, we are 2.4. Next year, again, we might be 2.1, whatever that number, we are not trying to debate on that number.

For us, we are removing that kind of risk that we were carrying on merchant. We want to carry only one major risk, which is execution. So we are good at that. We want to execute better. We can do more efficient execution. We can do better operations. We can reduce our operating costs better. So that is where we want to focus on.

And for us, the capex that we have to do over the next 5, 7 years, which is where we are more focused on, where we want to remove any risk that the lender carries. So, from that perspective, just look at it that this is a 25 year PPA for which we are not taking any merchant risk on our books.

**Puneet:** And similarly, for the wind, what were the tariffs in merchant different last year versus what is now contracted with Adani AESL now?

**Saurabh Shah:** See, from a wind perspective, what happens is there are high wind seasons and low wind seasons. The overall annual rate of what wind generates, we have tied up all our PPAs based on that only. So, if you will look at our business update, which we had given after the Q1 call also, we have tied up wind at INR 3.93 for the 25-year period. Now on a merchant basis, what happens is wind can be erratic, there can be any change which can happen on the prices because of that, that we are removing again.

So, let's say, on an average, we got a INR 4 something last year on a wind. So, we have tied it up nearer to that and we have to also look at the benchmark PPAs that we have signed up on wind. So, from that perspective, we are ensuring our rate of return is what we get on wind also as well as solar also, which is 13%, 14% ROI. And we are tying it up for 25 years, so we don't have to worry whether wind prices fall or go up in -- during the seasonal nature of wind.

So from that perspective, that's how we look at our business now, and that's how we want to do our business.

**Puneet:** Okay. So great. No, that's very, very clear, and I think it's a good strategy as well. But my question is, you've talked about 13% to 14%. This is ROA or ROE?

**Saurabh Shah:** ROA.

**Puneet:** ROA? Sorry?

**Saurabh Shah:** Yes. It transforms into an ROE which is higher, because we run on a 75%-25% leverage basis, yes.

**Puneet:** Yes. And in this ROA, you are essentially saying EBITDA divided by the asset or EBIT?

**Saurabh Shah:** EBITDA.

**Puneet:** EBITDA. Okay. So, 13% EBITDA divided by cost of the project.

**Saurabh Shah:** Depreciation is only 4% because it's a 25-30 year project life, so it doesn't make much of a difference, yes.

**Puneet:** Correct, correct. Understood. And secondly, on the cost of borrowing, can you also talk about how much has your cost of borrowing changed in the last 6 months? And also what is the impact that you see with now AGE23L getting converted into AAA?

**Saurabh Shah:** So AGE23L getting converted into AAA easily gives us a 20 to 25 basis points of reduction that will come in, in that asset further. So, it was an AA+ entity, now it's a AAA. So, with every notch of increase between 20 to 25 basis points are always on cards whenever we do this.

**Puneet:** And this is just for this 15% EBITDA entire portfolio?

**Saurabh Shah:** Sorry?

**Puneet:** This is only for 25 bps reduction is on the portfolio or just this.

**Saurabh Shah:** No, no. This is on that asset. See, we cannot -- same asset being applied to entire portfolio. But what it does is that this is 15% of my overall EBITDA, so it also increases my profile with the rating agencies for the overall Adani Green perspective also. So as more and more of such operating assets, now this is a 7-8 of years of operation for this kind of asset.

Similar such assets are now approaching a maturity because of the amortization structure that we have, we have a 20-year loan on this asset. So based on the amortization structure, the profitability at PAT level for this asset is constantly going up, because the loans are getting repaid, the asset is performing better than expected. So, all of this, what it does is that it improves our profile.

Now that profile will be applied to all our other assets, which are operating for more than 4 years, 5 years now. So, what it does is that it increases the overall AGEL profile. See in 2019 to 2026 today, in the last 6 years, on an AGEL level also, our rating has gone up by 5 notches. So, that has positively impacted our interest costs where against the 11% average interest cost, we are at 8.9%. And in the last 6 months also, we have remained between 8.95% to 8.9%. That is the difference that is there. We reported in March about 8.9%, we are saying we are at that same level. Along with under construction of nearly 10 gigawatts hour of battery that has added to the interest rate profile.

See, if we are on a constant basis, then I can understand there is a question on interest but with the under construction of nearly 10 gigawatt hours of battery, 5 gigawatts of solar wind that we are on the horizon, with that also, our interest rates have remained at a level of 8.9%.

**Puneet:** Understood. And clearly, just last one from my side.

**Moderator:** Please rejoin the queue for follow up questions. We will take our next question from the line of Vishal Biraia from Bandhan AMC. Please go ahead.

**Vishal Biraia:** The batteries that we will commission, what portion of this 10 gigawatt hour will be tied up with AESL? And what portion will be tied up for the other hybrid and FDI that we have?

**Ashish Khanna:** I think we Vishal, we answered this earlier too. Let me reiterate if I was not clear on that part. From our standpoint, it is very clear on the parameters on which we are going to tie up, whether it's AESL or any other player.

**Vishal Biraia:** You will tie up 100%, I agree. I got that. My question was more on how much of this 10 GWh will go to AESL, how much to others is what I was trying to understand.

**Ashish Khanna:** Like I said, our parameters are clear. I think there, we were very clear with you that on these parameters, if AESL comes, then it is AESL. If there's anyone else, then it is anyone else. For the time being, it is AESL and that is where we have tied up. Once we tie up on the balance capacity, like we said that it is 3.5 GWh, which is already tied up. The rest 3.1 GWh, in our total of 6.6GWh as on September 30 is in the process of tying up.

We will share it when we are tying up. But important factor, again, let me reiterate, is the parameters on which fundamentally, we are doing business. With respect to the organization rating, with respect to our return expectations, those 2 are the critical parameters on which the company has to come forward with. And that's where we are.

**Vishal Biraia:** All right. And just one more question on the loans that we have, so the foreign borrowing that we have, the USD is hedged, but the interest rate is not hedged over there, right? When you say that the 3 years, there is sort of a stable rate, that is more for the domestic borrowing from the banks?

**Saurabh Shah:** So, this question was stemming from the fact that there is a rate hike in India that has happened. See today, anyway, about 70% of our loan book is rupee denominated, right. About 30% is in dollar denominated. Within that 30% dollar denominated, we fully hedge our principal plus interest. There is no change in that policy because that's governed by the lender documents.

**Vishal Biraia:** But this hedging for the -- sorry, this is hedging...

**Saurabh Shah:** I'm just finishing. So, the hedging for, let's say, for one of our RG2 assets has been done till FY '30. It is fully hedged for till FY '30. For RG1, the hedging is done till '28. It will be now rolled over during a good window that we will get for another period of say 3 to 5 years, see in India, we get a hedging at a liquidity level of between 3 to 5 years, which is a good liquidity at which you get a good hedging rate also and the hedging cost is not going beyond. So, we will continue to maintain as our hedging policy, whether it is principal or interest, it will not change for that.

**Moderator:** Next question is from the line of Swetha Rakhecha from Cantor Fitzgerald.

**Swetha Rakhecha:** Swetha, here from Cantor on the line for Manish. I hope I'm audible.

**Ashish Khanna:** Can you be a bit louder Swetha, if you don't mind.

**Swetha Rakhecha:** Yes, of course. I'll be really quick. Given the acceleration in the BESS deployment that you have seen in the first half, is there any change in the allocation or timing of the capex program that we have, the INR 2.4 lakh crores capex program? And specifically, would you direct it towards storage because we are accelerating the program, as you mentioned on the call or in clean energy, which is -- I know we also have a target over there.

**Ashish Khanna:** Yes. I think, Swetha, it's a good question. You will appreciate the fact that we have demonstrated so far our capabilities to very prudently deploy our capex at a scale, which is also unprecedented. So we are very, very firm on that path. Under any circumstances, we don't foresee any challenge of not achieving it.

I think the point here is that what more we were going to do on that particular path. Of course, battery storage has come in this year, too, there has been an accelerated growth on that matter, and there is an opportunity to do that for the next few years, too. It is only going to add on to what we have been doing otherwise or what we have planned otherwise. So, in our overall strategy for next 3 to 5 years, both solar, wind, battery storage and pump storage has their own roles to play, and we are firm on the debt as well as the equity part. And more importantly, deploying that capex in a very prudent and cost optimum manner.

**Swetha Rakhecha:** Thank you for sharing that. Just another quick one on the leverage profile that we have currently are at 5.6. How should we think about peak leverage and free cash flow generation, especially through FY '28? I'm asking this question because we're seeing evacuation being an issue, and you mentioned the EBITDA contribution. And Vijil constantly tell us that BESS is going to help us in making sure that we are on track with the run rate EBITDA that we guide towards. But how do you see the leverage profile?

**Saurabh Shah:** So see, on a long-term basis, that leverage profile does not change as such because see, the curtailment is an issue which is there for not more than 3, 6 months here and there. The commissioning timeline has not changed by a year. Whatever we said will come by December is now slated to come nearer to March. So, that does not change the leverage profile of our assets, which is like 25 years.

So, see what happens is our leverage, it will be in this range till FY '28, '29. After '29, '30, as the more and more operating assets starts to increase as a percentage of under-construction assets, as we move towards that, the leverage profile will start to be in the range between 4.5 to 5x, and then moving towards 4x and below 4x also as we move further into the number of years because see, it's an amortization structure, it automatically pays for itself.

We have taken all loans on a project finance basis. The projects are doing better. All the projects which have been financed have been able to service their interest and repayment. So from that perspective, as we move towards the larger capex being completed between '29, '30, and we will have about 45 gigawatt of RE capacities, 5 gigawatt of pump storage capacity and nearer to 40, 50 gigawatt hour of batteries that

number on the overall EBITDA business against which the debt that we want to deploy will be towards a number where it will reach a 4.5x number, and then it moves further down because as you are paying off your debt, that number starts to taper off.

It does not have a larger impact due to curtailment, which will change the leverage profile in that big way, because our leverage is based on project assets and not based on a change of 3 to 6 months here and there on any EBITDA profile.

**Swetha Rakhecha:** Right, I'll reach out offline for further question.

**Moderator:** Ladies and gentlemen, we will take this as the last question for today. For any follow-up questions, you can directly reach out to the management team. I would now like to hand it back to the management for closing comments.

**Ashish Khanna:** Thank you. Thank you. Let me thank each one of you for your continuous support to us. And on behalf of AGEL, I think we have been delivering a good performance, and we'll keep on delivering the same. But once again, thank you for your perseverance, for your interest.

**Saurabh Shah:** And thank you, Emkay, for organizing this, and we look forward to work further in the future. Thank you.

**Ashish Khanna:** Thank you, everyone. Thank you.

**Moderator:** Thank you very much. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.