“Adani Green Energy Limited

Q1 FY24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Adani Green's Q1 FY '24 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you, and over to you, sir.

Mohit Kumar: Thank you, Carol. On behalf of ICICI Securities, I would like to welcome you all for the Q1 FY '24 Earnings Call for Adani Green Energy. Today, we have with us Mr. Amit Singh, CEO; Mr. Phuntsok Wangyal, CFO; Mr. Raj Kumar Jain, Head of Business Development; and Mr. Viral Raval, Head - Investor Relations.

I will now request the management for the opening remarks, which would be followed by Q&A. Over to you, sir.

Phuntsok Wangyal: Yes. Hi, good afternoon to all the participants. Thank you for joining the earnings call today. What I'm thinking is before talking about Adani Green and Q1 result per se, let me briefly talk about the macroeconomic scenario and industry per se in which we are operating.

As we know, the energy transition is gaining quite a lot of traction globally. And what effectively it means is a sustainable future is now the cornerstone as well as the initiative which various present stakeholders are focusing upon. Now what it effectively leads to is there is a tremendous amount of shift towards low carbon economy, which in turn means that widespread utility scale adoption of renewable energy growth needs to happen.

Now even in Indian context, as you would have seen, noticed in FY '23, more than 90% of power capacity addition has been through renewable energy. Even Government of India has reaffirmed commitment for 500 gigawatts of non-fossil fuel capacity target by 2030, coupled with the fact that they had given transition milestone in terms of how incrementally every year 50 gigawatt capacity will be added upon.

Now this is the macroeconomic and industry scenario in which Adani Green is operating. Participants, as you know, Adani Green has been at the forefront of this entire energy transition story in India. We continue to develop large-scale renewable capacity. And as we have indicated, we plan to achieve 45 gigawatt renewable energy capacity by 2030.

Now coming back specifically to Q1 with the result per se. As on June end 2023, we have an operational capacity of 8,316 gigawatts, which is the largest operational capacity in India. Coupled with operational capacity, if I add our signed-in capacity and the letters of award, today, we have a locked-in portfolio in excess of 20 gigawatts which gives us a very good visibility in terms of growth, which we will achieve in near term.

As you would have noticed, our renewable energy capacity growth has been increasing at a CAGR of 33% over the last 5 years, which is outpacing the overall renewable capacity growth in the country per se.

Now coming specifically to operational and financial performance. On a year-on-year basis, our operational capacity increased by 43%. And during this period, we added 2,516 megawatts of new capacity actually. And this is basically a combination of hybrid 1,750 and then solar capacity of 212 and 554 megawatts of wind capacity.

During the same corresponding period, our sale of energy increased by 70% to 6,023 million units. Revenue from power supply increased by 55% to INR 2,059 crores. EBITDA purely from a power supply actually increased by 53% year-on-year to INR1,938 crores commensurate with the fact that we have an industry-leading margin of 92.5%.

Cash profit during the same period increased by 55% to INR1,051 crores. What it effectively means is it is purely from a leverage perspective, our run-rate EBITDA now with this 8,316 megawatt capacity stands at INR7,645 crores, with net debt of INR40,800 crores by June end to run-rate EBITDA is at 5.3x as on June '23. Now this shows how our net debt to run rate EBITDA has come down from 6.53 towards March end 2022.

From a receivable position perspective, we remain on track. We don't have any overdue in receivable per se, actually. And coupled with the fact that our sovereign portfolio as a part of our entire capacity is at 87%, now even the non-sovereign portfolios, we are not been facing any issue in terms of stable market per se.

On second part on operational excellence, we continue to focus on operational excellence. And for us, safe, secure and sustainable operations remains a cornerstone of our entire philosophy.

Now this is achieved through having O&M excellence philosophy at the site and wide spread adoption of artificial intelligence and digitization of our Energy Network.

Our Energy Network Operation Center as we have spoken in the past, enables real-time monitoring of the portfolio. And what it has led to is industry-leading EBITDA margin as well as consistently high plant availability. We are pleased to inform that during this quarter, we have plant availability in excess of 99% (solar) and CUF for our solar capacity at 26.9%, wind at 38.7% and hybrid CUF of 47.2%. That is from operational excellence perspective.

Our third element is ESG. ESG remains a very important integral part of Adani Green Energy’s operation with sustainability at the core. Now when we talk about ESG, decarbonation of the grid remains a very important focus area, but we also need to be mindful that we should be reducing the overall carbon footprint.

From that perspective, Adani Green’s operating plants continue to be certified as single-use plastic-free and zero waste to landfill. As you know, we are water positive for all of our operating plan of more than 200 megawatts capacity and now we want to make our remaining operating plants water positive as well.

Coupled with this, we are also mindful of the fact that decarbonization at our level should not be the end to it. What is happening with the suppliers, now, from that perspective, as an additional ESG goal, which we have taken is we will be doing entire study of supplier level decarbonization as well. And the focus is by FY '26, we should be able to achieve decarbonization of our supply value chain through our GHG supplier engagement program. That's from a decarbonization perspective, but it is also imperative that as part of the ESG, socioeconomic development of the region is also a very important element because at the end of the day, we will be operating within those areas.

From that perspective, creating the local jobs, supporting the local ecosystem through critical intervention in health, education and community infrastructure remains a priority focus area from our perspective.

Last but not the least, localization of supply chain through our comprehensive vendor development program as part of our project management assurance group that remains a very critical focus area.

And as you would have noted, we are pleased to inform that we have largely localized procurement of trackers and continue to look forward to such opportunities for wind turbines, solar modules as well as some of the critical supplies for our growth going forward.

Now, all these ESG efforts continue to be recognized by global institutions. During this quarter, Adani Green was ranked the first in Asia and amongst 10 companies globally in renewable energy sector by ISS ESG in their latest rating and ESG assessment. Plus, FTSE recently reaffirmed Adani Green as a constituent of FTSE4Good index and our Governance score stands at 4.5, well above global utilities sector average of 3.7 and global alternative energy sector average of 4.3.

Now to conclude the opening remarks, Adani Green remains committed to produce low-cost green electrons through continued focus on operational excellence, wide adoption of latest technology and widespread renewable energy growth.

We continue to leverage digital and artificial intelligence-based solutions to drive innovation and performance. Just to reiterate, we continue to remain focused on achieving renewable energy capacity of 45 gigawatt by 2030 through widespread adoption of solar, wind, solar-hybrid solution as well as energy storage solution.

So I will conclude my opening remarks here and open for Q&A session.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Puneet from HSBC.

Puneet: Congrats on good numbers. My first question is on your last year's solar installation cost, given that module prices were so high, what kind of average module price did you end up paying? And how are you -- what kind of IRR are you seeing on those?

Raj Kumar Jain: So Puneet, I think for us, one most important stuff is the relationships which we command with the suppliers does not necessarily put us on the short-term chart of whatever the module prices you see. So that's where in our projects, and that is reflected in the numbers as well, we are able to command industry-leading IRRs, which are, as we have mentioned, is at least 2%, 2.5% higher than any competitor. So that's one.

So we were not impacted that badly or I would say, badly by the increase in the module prices. We were easily lower by at least 15% than the highs, which you saw. At the same time, we believe the recent trend in the reduction in the module prices is something which will benefit us significantly.

Puneet: So is it fair to say that at the peak, you got a 15% discount and even as it has fallen to sub $0.18, you're still getting a 15% discount?

Raj Kumar Jain: No, it doesn't work that way. That's what I was trying to say that in your supplier relationship you are not supposed to be saying that I'm market minus X. Yes, we are market minus X, but in times when the market is stressed, in terms of very high prices, we do get preference, which is more outsized compared to what you would have in case when the market gets favourable for the moment. So it's not a consistent number. But yes, our relationship is something which gives us something which is better than the market.

Puneet: Yes. So current module price discount should be lesser. Is that what you're say, because you're smoothing it out -- is it that how we should think?

Raj Kumar Jain: We will get preference than the market price, but not of the numbers which we had earlier mentioned that we are able to take 10% to 15% discount, but not at the depressed prices of what you are seeing today. Those discounts will obviously be there but much lesser.

Puneet: And basis, your discussion, what are your thoughts on the module prices? Is there room for them to go down or you think they should be bottoming now?

Raj Kumar Jain: So I think, see, module prices have multiple dynamics as you know and you have been tracking. We have seen a significant reduction over the last 3 months. So the entire supply chain, as we believe, in China is adjusting to this new reality. Whether it remains there further goes down or it goes up, the market forces will decide.

However, at the same time, given the current cost structures based on the discussions which we have had with suppliers, the margin for meaningful adoption in the near term seems very, very limited. I think beyond that, it will be just doing a crystal gazing and saying that, okay, which way it will go. Because we have seen a lot of these forecasts going wrong badly in past.

Phuntsok Wangyal: Yes, and Puneet, just to add two more points on that math. I think what you should be also very mindful is headline number. What sort of technology, which is being provided.

For example, even in the solar module per se, you would have noticed that a there are various technologies. So -- what effectively what is happening is with Adani Green bringing a preferred partner, many of these module suppliers get the ability to adopt some of the early technology

ahead of I'm going to say market that is first thing actually. Secondly, one thing which is also important is because we focus so much on developmental activities and securing land connectivity so from our execution perspective, we have got a much longer period of development of these projects compared to, let's say, like, okay, classic way of developing a project. I just thought of adding these two points.

Puneet: So this is very useful. My second is on your -- the numbers for first quarter for wind CUF and the hybrid portfolio CUF. So wind CUF seems to have fallen, but hybrid isn't, how should one read this?

Phuntsok Wangyal: Yes. So I think there are two phases of it. Wind CUF, yes, you are right, it has come down on a year-on-year basis from 47% to 38.7%. And this is largely on account of two elements actually. One is okay, during this quarter per se wind speed was relatively lower compared to the last year. Secondly, okay, there was the *force majeure* event of Biparjoy cyclone in the state of Gujarat actually, where a large part of our wind portfolio is located right now.

So these two elements I can say lead to CUF of wind being lower. Now from a hybrid perspective, actually, hybrid is basically, as you know, is a combination of solar and wind. And if you look at our solar fleet per se, solar fleet has consistently been showing a higher amount of CUF number per se. So I think you should look at the hybrid portfolio from that perspective.

Raj, do you want to add anything to this.

Raj Kumar Jain: No, sure. So I think it is also the fact that some of the advanced technology plants have come to operations post last year first quarter. So obviously, that impact is coming here that the technology play is giving us a much better revenue on a per megawatt basis this year. So a lot of tracker-based plants, a lot of bifacial based plants, those are available now for the full quarter of this year. So and it's being added in the revenue, which is what you are seeing here.

That is the reason what Phuntsok was telling that we have been able to adopt technology much better than others and which is what is yielding results for us.

Phuntsok Wangyal: And just to put it in the perspective, our hybrid portfolio in last quarter, basically, quarter 1 FY '22 was 390 megawatts whereas right now, we have 2,140 megawatts, which also includes some of the technological element which Raj was talking about.

Puneet: Right. So basically, what you are saying is it's a new portfolio, so it benefits some higher CUF. And second, but it didn't get hit by the same Biparjoy impact? Why is...

Raj Kumar Jain: Yes, most -- see, as you know, hybrids are for us are more solar heavy. So it's project by project, 360 : 100, 600 : 150, 420 : 105 and in case of 700, it is 600 : 500. So this is a split between solar and wind. So all those are solar heavy.

So the impact of Biparjoy on solar was obviously much lesser. Second, Biparjoy impacted Gujarat much more than its impact in Rajasthan, which was more limited. So the impact was probably for a day or 2 max in Rajasthan, as it was significantly more in Gujarat in terms of extending a number of days.

Puneet: That's very clear. Just last one, if I may. Between your new plants, what kind of solar CUFs are you experiencing and the wind CUF if you can give some light, it will be very helpful.

Raj Kumar Jain: So it depends again on the plant configurations and how, where and all of those things. But I can probably give a range that we are talking about now a CUF of close to 33% to 34% for solar, whatever we are implementing based on the technologies, new technologies which we have adopted and moving ahead further.

Second, in case of wind, it is much more specific to the locations -- so the near-term development, which we are talking about, I think those are around the industry numbers because we are going with a higher sized turbines. So the relative CUFs would be on a per megawatt basis would be lower. But on an LCOE basis, it is going to be much better in these areas.

Puneet: So what kind of turbine are you talking about now? 3 plus gigawatt -- 3 plus megawatt...

Raj Kumar Jain: Sorry?

Puneet: 3 megawatt plus turbines is all that you're adopting now?

Raj Kumar Jain: This year onwards for the site in development, which is in Khavda. So we have one site which is finishing its development, which is 1 and 2 -- 2.2 megawatt turbines, which is finishing its development very soon.

For the second site and the site next year, we are focusing on high wind regions, and that's where we are deploying 5-plus megawatt turbine, and that's where you will see these new turbines made for those sites being used and giving us on yearly basis much better performance.

Puneet: I have some more, but I'll come back in the queue.

Moderator: The next question is from the line of Nikhil from Bernstein.

Nikhil: I think my first question is in continuation to the previous one. If you could just give us some specifics on wind PLFs. Going forward, what should we consider given this continued to disappoint everyone, I mean, the industry, in general, so what would be like a 90 PLF we could assume for existing and future assets for wind?

Raj Kumar Jain: So I think, as I said, this is site to site, specifically giving one number becomes difficult for me to respond, but I think I can ask Viral to engage with you on that. With respect to going forward, for the large site, which we are developing now in Khavda. There, we expect the CUFs to be in the range of 38%, 39% per se.

And I think the numbers would be a bit more realistic there just because it's an unhindered site with nothing in front of it. And directly facing more or less the sea and the wake effects are significantly lower, and we have the track record of last 6 years -- close to 6 years now in terms of mining the data there. So we are pretty confident on that particular site.

But at the same time, I agree for most of other locations, which are impacted by some of the reasons which I've mentioned, which is more new turbines, the changes in the contours, changes in the weather patterns, those are more impacted and we have seen underperformance.

Amit Singh: Let me add. This is Amit. Just to kind of give another -- a bit of color on this. I think while we are looking at PLF, I mean, the performance of a wind is a nonlinear function. So it's very important that we maximize the performance of wind turbines. And to be able to do that, we are doing a very deep investigation using our digital and AI tools to essentially focus on two areas.

Area number one is to detect problems before they happen, to have a proactive approach of solving any issues which might arise. And this will ensure that we are improving our performance when winds are blowing well, but also there are other variables like pitch and multiple other variables, which have to be factored in to ensure optimum generation of electricity and reduce LCOE.

So that is one big area of focus. The second area of focus is essentially to have a very performance led focus area in our O&M where we are focusing on improving the performance per se of the wind turbine and PLF is one function of it.

But I think we should look at the overall generation and LCOE reduction essentially. So those are the two kind of mindset we are following, and we believe that will drive better results for us, both in Khavda and beyond.

Nikhil: Got it. One related question is in terms of sourcing. So there have been some developments in Europe, which we understand doesn't impact India per se because that's even higher rated turbines. So what would be the sourcing strategy, both on the wind and solar side? If you could share some color on solar to how much Chinese versus domestic mix and on wind plans for future exposure to Siemens Gamesa or to domestic players?

Amit Singh: Yes. I think I'll just maybe give a bit of a color and invite Raj as well to add. I think when it comes to wind, I think it's important we customize our wind turbines to the geographies we're operating in because it's -- and I think we have also realized that having right inventories for bearings, turbines and other equipment is important so that you are able to bring the plant up and running quickly.

So as we have stated earlier in the opening remarks as well, our medium- to long-term strategy is to localize our supply chain, and we will continue to do that. And we will take advantage of any price gaps or any movements to take advantage in repowering or in new projects. But our overall strategy is to localize. And I think the European problem as we are very well aware we obviously use some of those suppliers, but the turbines we use here are different and the problems are also different. And we are working with all of them proactively to make sure that we are not as impacted as I think our European friends are. Raj go ahead.

Raj Kumar Jain: Yes, sure. So thanks, Amit. Just taking this forward for wind and solar, as you mentioned, specifically, separate. One wind going forward and for -- we offered the site of Khavda to multiple vendors and saw which turbines can actually be best suited for this particular thing.

And the good part is the group as its own strategy on supply chain could develop a turbine for this particular Khavda site, which is what we intend to use in this area given the fact that our analysis shows that those turbines are our best in terms of generation and LCOE for this particular area. It's one of the very good wind sites in terms of wind speed. And effective wind speed, I would rather say, and which is where I think the natural strategy there is to buy this locally made turbine, which is customized.

So that's the most important thing, which I want to highlight, customized for this particular site. Now coming to the remaining supply chain -- when it comes to, say, solar. So we have been working with respect to developing the local ecosystem.

Again, within the same strategy, the group has a manufacturing capacity for multiple components now. There are module trackers, which are there. Within the module ecosystem also, we have multiple options, say, a lot of power projects have all of these taxes as a pass-through. So obviously, that opens up significant sourcing opportunity from low-cost areas in China and elsewhere.

There are places where we can optimize between domestic supply as well as supplies from overseas. So all of this is something which will -- which is part of our sourcing strategy. And as Amit mentioned, as we move along, some of this will move to local supply chains, and we are actively engaged in getting those developed.

Nikhil: Understood. Just to understand then on modules, then -- I mean the dependence would continue to be on China, at least in the ALMM comes in. Am I fair to assume that?

Raj Kumar Jain: I'm not necessarily impacted too much by the ALMM in my contracted portfolio. My contracted portfolio is -- you can say, it does not fall into the guideline of ALMM right now. As we contract more, it may. so that's where I'm in an advantageous position. I can easily source from the cost-competitive countries.

But I think the more factor for me is whether the BCDs are passed through or not. The good thing is in almost all of my portfolio, except in a few cases, I have this particular duty as a pass-through as a change in law. So that is where I'm optimizing my project cost and I'm optimizing the LCOE. But it is well understood and that is a clear-cut focus from the management that we need to develop the supply chain in a manner which can support our future growth while we are sourcing the modules for our future projects.

Phuntsok Wangyal: Nikhil, just to add, if you recollect in the last earning call, we specifically guided that as far as this financial year is concerned, the capacity which we are building up doesn't fall under the ALMM as well as BCD pass-through. So all the modules will be procured from overseas actually. And as far as our wind projects in this financial year is concerned, that is in the Khavda region actually where Raj was talking about, we have a customized WTG. So that will be locally sourced upon.

Nikhil: Perfect. Perfect. That's very clear. Just maybe then 2 last questions. One is if there was any infirm power sale this quarter as well, which was a big support last time? And second, on funding, if you could share any updates on equity or debt side?

Phuntsok Wangyal: Yes. So infirm power during this quarter has not been that significant, actually. And if you recollect the same discussion which happened during our last quarter on the earnings call, also. In this quarter, actually infirm power is approximately around INR20 crores from the specific project.

But what we do expect is okay, where our capacity addition is planned for this financial year, infirm power will be progressively especially from Q3 onwards will continue to play a more significant role. But for Q1, it is only INR20 crores. And for Q2 also, we're not expecting that much meaningful -- that much significant contribution from infirm power.

And from a financing perspective, actually, for this financial year, as we guided, we are targeting 2.8 to 3 gigawatts and out of which actually may be for 300 megawatts of financial closure already will be achieved.

Balance will be 150-megawatt already will be achieved for 330-megawatt solar, which is under construction. That also with the financial closure achieved. For wind 260-megawatt, we have received the term sheet. Now that is under finalization. And for balance capacity, that will be tied up as a part of our construction facility where bank group diligence is already completed actually. Bank group is already identified.

And in the next 1, 1.5 months, we should be completing our financial closure for that.

Nikhil: Understood. Understood. Any updates on the equity side, there was the discussion of QIP or some -- anything on that or not at this point?

Phuntsok Wangyal: Yes. Not at this point. What we can say is, okay, the Board has recommended up to USD 1.5 billion QIP, which is currently under regulatory approval process. And subject to shareholder approval, as you know, we will be having 1 year to finalize the contours of QIP.

Moderator: The next question is from the line of Puneet from HSBC.

Puneet: Thanks for the follow-up. My first question is how should one think about you in the bidding trajectory? I don't see too much of your name in the current tenders. What is the strategy there? And secondly, what is the progress on the manufacturing in tender?

Raj Kumar Jain: So Puneet, this is the advantage of being locked in fully and acting in time to tie up the capacity. So as I've mentioned in last call also for my execution over the course of next 2 years, whatever we have planned, we have the PPAs in hand, the projects in hand.

So logically, I'm not in any hurry whatsoever to tie up additional capacities because generally, you get 24 months roughly for execution. So I already have projects. However, we continue to look at the market for opportunities, which can provide us real delta. So if there are delta opportunities or alpha opportunities, you may see us participating, not for plain vanilla solar and wind tender right now because we have our plate full for that right now, for the next 2 years.

Amit Singh: Yes. I think our focus really is on execution. And as you may recognize, to deliver 45-gigawatt by 2030, we need to really ramp up our operating capacity. And me and my entire management

team is focused on delivering the PPAs we have signed and maximizing the performance of those PPAs to make sure that we deliver above average returns.

And from existing installed base, we look to optimize and improve our performance as well. There's no reason for us to essentially go out and tender right now until there is an opportunity like Raj talked about, which is attractive and high-grade portfolio.

Puneet: But how should one think about the capacity constraint? You're still installing 3-gigawatt out of potential industry doing 15. So is there a capacity constraint you're talking about in terms of execution? Is it more management bandwidth capacity constraint or just the vendor-related capacity.

Amit Singh: I think there are two dimensions to this, which maybe are the ones which are in our radar. The first dimension is developing an ecosystem of suppliers and contractors. We are now starting to touch the upper limit on capacity of the ecosystem.

So it's very important that we proactively work with developing suppliers and vendors. So we have rolled out a very comprehensive vendor development program for our key suppliers. And we are strategically sharing our designs and plans with them to make sure that we develop them and we get them to be ready at a lower cost of operations to kind of match with our time lines. And the second one is essentially manpower and human resources on the ground, which is also very important to recognize that the country is growing and manpower needs to be trained.

We have very important and right focus on safety on making sure that we bring these people and get them up and running and trained. So we are, again, proactively launching that and making sure that we focus on that over the next few years, to ramp up that capacity and also tie them into our agreements. So those are the two kind of dimensions we are focusing on amongst many others. And we feel that will be kind of what will be an area of focus for us in the near future.

Puneet: And in terms of physical, when are you expected to launch our own modules and your own wind turbine, what is the time line for the commissioning of those projects?

Raj Kumar Jain: Yes, sure. So from the perspective of these equipment's, I think I just want to clarify that it is part of Adani Enterprises. The group is developing its manufacturing facilities as part of that venture. Within that, as we understand 4 gigawatts of module manufacturing capacity of MonoPERC as well as the TOPCon module which are already up and running.

And they are backward integrating that further down to ingot and wafer in stages and then probably polysilicon, etcetera. But they also have significant tie-ups for ancillaries in terms of co-investing in glass, module, frame, etcetera, and other ancillaries to ensure that the cost for them is competitive. That's one. The wind turbine manufacturing is already up and running. As we speak, they are awaiting the last clearance from MNRE to be able to commercially launch the wind turbine, and that can come any time. So they are fully ready to now start producing this particular turbine.

Puneet: What is the capacity there?

Amit Singh: I think it's worth maybe join the AEL call and maybe have...

Raj Kumar Jain: Yes, I think that will be better.

Puneet: Understood. And the status on your manufacturing unit tender, have the final PPA signed now...

Raj Kumar Jain: So I think out of the 8-gigawatt, we are close to 6,200 megawatts already signed. 1,799-megawatt is to be signed, out of which we are in very, very advanced discussion with SECI where we believe over the course of next 1, 1.5 months, a significant part of this will be closed.

Puneet: Understood. And lastly, if you can give some guidance on your thoughts on the capex to EBITDA, what kind of numbers are you targeting now?

Raj Kumar Jain: Pardon me?

Puneet: Your capex EBITDA, what kind of gross block to EBITDA would you be targeting?

Phuntsok Wangyal: Yes, sure. So as we have -- I think our run rate EBITDA for this -- for corresponding to these 8,316 megawatts, we are talking about run rate EBITDA of around INR7,645 crores actually. And adding to 2.8 to 3 gigawatts of incremental capacity, which we will be adding in this financial year, we are talking about approximately INR10,800 crores of run rate EBITDA.

Puneet: And the gross block for this?

Raj Kumar Jain: So in terms of -- for incremental capacity you're talking about?

Puneet: Yes, for increment.

Phuntsok Wangyal: Yes. So I think what we are -- capex cost per megawatt, which we have broadly talking about, excluding BCD for solar projects is between INR4.8 crores to INR5 crores actually. So that is what will be added for wind.

Raj Kumar Jain: It will be close to INR6.3 crores to INR6.5 crores per megawatt. And so this, again, is industry leading in terms of the cost of power, putting up turbines.

Moderator: The next question is from the line of Nikhil Abhyankar from ICICI Securities.

Nikhil Abhyankar: Sir, you have mentioned earlier that you are looking to focus on execution in the coming years. So when should we expect you to participate back again in new projects build our 45 gigawatt capacity?

Raj Kumar Jain: Yes, sure. So I think just to be very clear, as you understand the industry, the moment I take up on capacity today, I need to ensure that I'm implementing that within the next 2 years, okay?

And what I mentioned as response to my earlier question in my -- in the earlier question was that the locked-in for 2 years. So you would see us probably doing more locking capacities in the next 6 to 8 months as some of this capacity I start tying up for period beyond 2025.

And there, again, just to re-highlight what we mentioned last time in our call is I already have significant flexibility to be able to prepone some of the capacities which fall after that period out of my existing portfolio.

I'm under no pressure to really get into the competitive bidding right now. And that's where the focus would be that -- if I -- instead of going into competitive bidding, I do other things which basically ensures that I'm able to get the delta.

And you will see us moving through that over the course of 6 to 8 months in terms of being able to highlight some of those things as we move.

Nikhil Abhyankar: Understood. And sir, now there's a lot of buzz around the C&I segment shifting towards renewable. So how is the demand and how are the inquiries going on over there?

Raj Kumar Jain: So yes, you're right in terms of the decarbonization drive, which everyone in the world is now committing to for all the reasons, which you know with respect to whether they have their own commitments, whether the countries have their own commitments, whether the exporters need to satisfy the requirements of their clients. So decarbonization has become a very big theme and the opportunities around that is expanding very rapidly in the market.

Added to that, for us, within the group also, there are additional opportunities for which we get inquiries. So that is one thrust area for us where you will see some of the capacities being added to our portfolio. And I think as we do that, obviously, we will be able to tell you.

But just coming back to the point that from the overall perspective, having wind solar along with hybrid sites, along with PSPs, along with capacity around other storage, the level of opportunity, which AGEL has and the way it can serve the client is -- it puts AGEL in a unique situation to serve this. So I think from an opportunity perspective, this is big for us, and we are fully focused on it, and you will see some of that.

From our side, the market is picking up. There are multiple models which are going in this particular thing because everyone has their own needs. We are fully into it. And I think you will see more of that being discussed in a few of our next calls.

Nikhil Abhyankar: Understood. Sir, you also mentioned about the 5.1-megawatt wind turbine that the group companies developed. So what kind of -- what size of projects are we looking to execute with these turbines? And are these turbines cheaper on a per megawatt basis or the project as a whole is cheaper? Basically, it saves us the BOS costs. So if you can just briefly touch up on that.

Raj Kumar Jain: Yes, so it's a 5.2 megawatt turbine, just to be correct on the number rating. And as I have indicated in my earlier comment, the cost, as you know, is significantly lower on a per megawatt basis than the alternatives available. However, larger the turbine, the per megawatt generation, which basically also goes down, and we are aware of that.

And that is where we look at all these from an LCOE perspective and the LCOE for these wind turbines because of those being more suitable for the sites, which we have chosen gives it a significant advantage for us. So I think these are wonderful turbines when we are looking to

deploy them in Khavda and because these turbines, whether it is size, whether it is the performance power curves, whether it is thrust curves, all of that has been optimized having 5 to 6 years of Khavda wind data.

And that is where we believe that these turbines will give us a significant opportunity there. In terms of turbines at other locations, while in a few of the other locations, just because these turbines are pretty competitive, they may get used. At the same time, we also understand that at other locations, we would be looking for alternative supply chains.

And accordingly, the decisions would be taken. But I think it's a bit ahead for me to comment right now which other turbine I will be using at other locations, which is not in my execution plant right now.

Moderator: The next question is from the line of Rabindra Nath Nayak from Sunidhi Securities.

Rabindra Nath Nayak: Two questions. So you have mentioned that group is actually developing its wind turbines recently and also they are ready for this commercial aviation. So what cost advantage per megawatt basis do you see in the wind turbine procurement from the group and that from the other non-group manufacture. That is one. And you mentioned that the group is also looking for decarbonization need. So what is the capacity win, and this is from our side for the group need in the next 2 to 3 years, some of the group companies need to make the decarbonation need. So that is 2 questions.

Raj Kumar Jain: Yes, sure. On the first question, with respect to the advantage on a per megawatt basis, I think I've mentioned that the cost on an all-in basis including the turbine, BOS, IDC, land, evacuation, everything put together, is depending on that location is anywhere between INR6.3 crores to INR6.5 crores per megawatt.

Now you have to compare it with different turbine manufacturers and there are enough data available on that in the market, I don't want to really comment. But the broad range with ranges which we have seen is anywhere between INR7.25 crores to INR8 crores kind of a cost in the market on a per megawatt basis.

But again, per megawatt is not the right way to compare turbines. You have to see the LCOEs. And you have to see the locations where those LCOEs are being calculated and that's where I would say that the turbines are one of the best ones for us in Khavda, which is our focus for development for wind in the next couple of years.

Rabindra Nath Nayak: The structure of this turbine is 2 megawatts or 5 megawatts, sir?

Raj Kumar Jain: This particular turbine is a tubular turbine with a hub height or 120-meter. They have the capability of doing 140. This 120-meter turbine with a 5.2 megawatts weighted capacity has RD of 160 meter, okay?

So this is what is going on our deployment in Khavda, however in current project which we are doing right now there, which is what we are finishing very soon, do use 2.1. So I just want to

ensure that I clearly specified that my current project is finishing with 2.1, but my new project, which I'm implementing in Khavda is going for 5.2.

Rabindra Nath Nayak: Okay. Okay. So the group need -- decarbonization need, if you can highlight something?

Raj Kumar Jain: So I think it's wrong for me to probably speak on behalf of the group per se, but at the same time, enough has been said around that. The targets are set for 2030, 2025 in different group companies. I can only say this infrastructure will develop in terms of providing the opportunities. And I think enough is available for us on the plate to be able to cater to them on these capacities.

You will see some of those as it crystallizes in terms of the projects, some of those being mentioned, but we are not necessarily in need of PPA tie-ups for being concerned about whether this comes, when this comes and all that. So it's a good opportunity for us, which is available coming from the group. So we will use our expertise.

Moderator: The next question is from the line of Puneet from HSBC.

Puneet: Yes. Sorry thanks. My question has been answered.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments.

Mohit Kumar: Yes. Thank you. I think it's great to have -- I see a question maybe somebody is asking from Dhruv group.

Moderator: So one question just came up. It's from the line of Dhruv Muchhal from HDFC Mutual Fund. Mr. Dhruv Muchhal, your line is unmuted. You may go ahead with your questions.

Dhruv Muchhal: Sir, the question was related to the wind. You seem to have an advantage because of the -- because of your specific designed wind turbine and the location. I also wanted to understand, I think, the Khavda location, I think seems the turbine working with Khavda location best, but wasn't the Khavda location specifically for the hydrogen plants for the group? Or if not, then what is the potential of wind capacities that you can put up in this location? I mean, I was just trying to understand what is the scope which is available, which is very easy to grab?

Raj Kumar Jain: So Dhruv, I think while that is a potential use case, but at the same time, as we understand from the group, group is in a very, very advanced stage in locking in a very large location, much bigger than Khavda part what we have for their hydrogen requirements. So that's where there is -- this particular entire patch is something which we are developing is being fully utilized by us for the AGEL projects. We are not envisaging any hydrogen related to this there.

And this is something which further de-risks us significantly in terms of our execution. As you can understand that out of the 45, close to 15 gig land is single location. So that basically, de-risks us significantly. So I think that's what it is. And the wind potential is something which is easily north of 2 gigawatt, more wind we are currently tying up.

Dhruv Muchhal: So you mentioned 2 gigawatts?

Raj Kumar Jain: Yes, north of 2 gigawatt. But I think it's something -- Dhruv, it's not necessarily frozen and that's where we would not necessarily say this is the final number. We are developing on it.

Dhruv Muchhal: It will evolve. Got it. And sir, you also mentioned with the C&I, you are also planning for pumped hydro. There were some discussions earlier about pumped hydro. You have, I think, got a few contracts MEP, but I'm not sure of the incremental developments. Are you executing a few projects, probably the size and scale, if you can highlight something What stage are we in?

Amit Singh: Yes. Let me maybe just quickly answer and then I can wrap up as well. So I think on the pumped hydro, I think we are in advanced stage of engineering design and project study we are expecting to approve FID in the due course. And we should be able to kind of share with you an update in the later part of the year on our initial project engagement and execution plans.

But it's fair to say that pumped storage will be a key part of our strategy. It is a key part of our strategy, and it will be a significant part of our portfolio in the next few years as we grow towards 45 gigawatt. And I think this kind of questions you already asked. A lot of our C&I customers are asking for round-the-clock renewables or as much as possible renewables. So we will make sure that our approach is designed to service those kind of requests and maximize returns for the investments we're making in our projects today.

And these large land parcels we have access to. Remember, we have also installed in advance, 2 years, 3 years of wind mast and resource assessment, which is allowing us to maximize performance of the wind turbines and which has gone as a key input to our suppliers in designing whether turbines or all the balance of systems. And we are very confident that this approach is going to deliver lower cost of energy, electricity and maximize our performance as AGEL.

So thank you. I think we've run out of time. Yes, I can quickly wrap up. I think I reiterate what we said in the opening remarks, we are really razor bent on our target of delivering in excess of 45 gigawatt by 2030 through the use of solar. wind and solar-wind hybrid solutions as major contributors.

I also want to really thank my team and their dedication for delivering such outstanding performance and more to be continued. Thank you very much for joining us today. Back to you.

Moderator: Thank you. On behalf of ICICI Securities, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.