

November 5, 2024

To,

BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Limited
Exchange plaza,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051.

Scrip Code: 533096

Scrip Code: ADANIPOWER

Dear Sir(s),

Sub.: Transcript of Investors / Analysts Conference Call on Q2 FY25 Financial Results of Adani Power Limited

Ref.: Our intimation dt. October 18, 2024 and October 28, 2024 w.r.t. interaction with Investors / Analysts pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In furtherance to our above-referred intimations, please find enclosed the transcript of the Investors / Analysts Conference Call.

The said transcript is also available under the Investors Section of the website of the Company i.e. www.adanipower.com.

This is for your kind information and records.

Thanking You.

**Yours faithfully,
For Adani Power Limited**

**Deepak S Pandya
Company Secretary
Mem. No.: F5002**

Encl.: as above.



“Adani Power Limited Q2 FY25 Earnings
Conference Call”

October 28, 2024



MANAGEMENT: **MR. DILIP JHA – CHIEF FINANCIAL OFFICER – ADANI
POWER LIMITED**
**MR. NISHIT DAVE – AVP INVESTOR RELATIONS --
ADANI POWER LIMITED**
**MR. RAJIV RUSTAGI – F&A HEAD – ADANI POWER
LIMITED**
**MR. SUNIL TOKARAWAT – TREASURY HEAD – ADANI
POWER LIMITED**

MODERATOR: **MR. MOHIT KUMAR -- ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Adani Power Limited Q2 FY '25 Earnings Conference Call, hosted by ICICI Securities. As a reminder, all participant lines will be in 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 the operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Mohit Kumar: Thank you. Good evening. On behalf of ICICI Securities, we are pleased to welcome you all to the Q2 FY '25 Earnings Call for Adani Power Limited. Today, we have with us the management team, represented by Mr. Dilip Jha, CFO, and Mr. Nishit Dave, AVP, Investor Relations. We'll start with brief opening remarks, which will be followed by Q&A. Over to you, sir.

Dilip Jha: Thank you, Mohit. Hello, friends. Good evening to everyone. With me, I have our Investor Relations Head, Mr. Nishit Dave, F&A Head, Mr. Rajiv Rustagi, and our Treasury Head, Mr. Sunil Tokarawat, and the Finance team. Our CEO, Mr. S.B. Khyalia, is unable to join us today, and he has sent his regards and hello to all of you. Thank you for joining us today to discuss our financial results for the second quarter of FY '25.

I am pleased to report that Adani Power has delivered yet another strong quarter, demonstrating our commitment to growth and operational excellence. Adani Power has embarked on the next phase of its growth journey. We are swiftly achieving capacity expansion milestones and securing power supply agreements to ensure long-term revenue stability.

We have recently acquired and added 2,300 MW of capacity, taking our operational capacity to 17,550 MW at the end of September 2024. These additions include 500 MW from Adani Dahanu Thermal Power Station, 600 MW from Lanco Amarkantak Power Limited and 1,200 MW from Coastal Energen Private Limited. We are fully committed to turning around stressed power plants rapidly by utilizing our core competencies and strengths.

We have also received a Letter of Award from the Maharashtra DISCOM for the supply of 1,496 MW power on a net basis under a 25-year Power Supply Agreement. This power will be supplied from a new 1,600 MW Ultra-Supercritical Thermal Power Project to be set up in Chhattisgarh. With this, we now have long-term tie-ups for 3 GW capacity out of our targeted organic capacity addition of 12.5 GW.

The Indian power sector has scaled new peaks with electricity demand growing at a fast pace. Peak power demand, which was 203 GW in FY '22, is already at 249 GW now. The government estimates that it will reach 296 GW by FY '27 and 388 GW by FY '32.

This has prompted the government to raise its targeted thermal power capacity addition requirement to 80 GW by FY32. Energy demand is also growing rapidly, and the importance of thermal power for providing base load and peak power supply and balancing the grid is increasing. This is prompting discoms to float bids for supply of thermal power on a long-term basis.

Merchant tariffs are also high despite the reduction in import fuel prices and easier domestic coal availability. In this scenario, Adani power is ideally placed to benefit from growth in both long-term and short-term markets.

Now, coming to our performance in the recently concluded quarter. For the first half of FY25, our power sales volume was 46 billion units, a 29.2% increase from 35.6 billion units in H1 FY24. Our Continuing Total Revenue for H1 FY25, excluding one-time prior period items, was INR 28,517 crores, a 20% increase from INR 23,767 crores in H1 FY'24.

This revenue includes one-month performance of Moxie Power Generation Limited, which was amalgamated with Coastal Energen, and Korba Power Limited, originally known as Lanco Amarkantak, which were acquired in the month of August and September 2024, respectively, under IBC.

Our consolidated power sales volume for Q2 FY25 was 21.9 billion units, a 21% increase from 18.1 billion units in Q2 FY24. This growth was driven by increased power demand, lower import coal prices, and higher operating capacity. Our Total Continuing Revenue for Q2 FY25 increased by 10.8% to INR 13,465 crores compared to INR 12,155 crores in Q2 FY24. This growth was primarily due to higher sales volume, tempered by lower tariff realization on account of fuel price reduction.

Our Continuing EBITDA for H1 FY25 grew by 38.3% to INR 11,692 crores, up from INR 8,457 crores in H1 FY24. Similarly, Continuing EBITDA for Q2 FY25 grew by 24.6% to INR 5,402 crores, up from INR 4,336 crores in Q2 FY24. This increase was due to higher continuing revenues and lower fuel and operating costs.

We have utilized the proceeds for regulatory recovery judiciously to deleverage and to fund capex. As a result, the debt per megawatt has come down significantly, and our credit rating has improved further. In this quarter, CARE ratings had assigned AA/Stable rating to APL's debt facilities in August 2024.

We have been able to exert strict control over finance costs, which were lower at INR 1,618 crores in H1 FY25 as compared to INR 1,772 crores in H1 FY24. Similarly, the finance costs for Q2 FY25 were INR 807 crores as compared to INR 888 crores in Q2 FY24.

Our Continuing Profit Before Tax for H1 FY25 increased by 69% to INR 8,020 crores compared to INR 4,746 crores in H1 FY24. Continuing Profit Before Tax for Q2 FY25 saw a significant rise of 44.8%, reaching INR 3,537 crores compared to INR 2,443 crores in Q2 FY24. This was a result of improved EBITDA and lower finance costs.

One-time prior period revenue recognition on account of regulatory orders was INR 1,200 crores in H1 FY25, which was lower as compared to INR 9,278 crores in H1 FY24. This is because we have already recovered most of the past regulatory dues in the previous year. Our tariffs now incorporate recovery of alternate fuel costs on an ongoing basis.

Similar to H1, the one-time prior period revenue recognition in Q2 FY25 was also lower at INR 598 crores as compared to INR 2,781 crores for Q2 FY24. Consequently, Reported Profit Before Tax for H1 FY25 was lower by 35.5% at INR 9,040 crores as compared to INR 14,023 crores for H1 FY24.

Similarly, the reported PBT for Q2 FY25 was lower by 20.9% at INR 4,134 crores as compared to INR 5,224 crores for Q2 FY24. However, as you would appreciate, we have posted a very strong financial performance on a recurring basis and these reductions, which are optical, are due to last year's higher non-recurring, one-time income of past period regulatory issues.

During H1 FY24, we had recognized deferred tax credit of INR 1,330 crores. In comparison, we have recognized a total tax charge of INR 1,829 crores for H1 FY25. Similarly, the tax charge for Q2 FY25 is INR 837 crores as compared to deferred tax credit of INR 1,371 crores for Q2 FY24.

As a result, the Profit After Tax for H1 FY25 is INR 7,210 crores as compared to INR 15,354 crores for H1 FY24 and INR 3,298 crores for Q2 FY25 as compared to INR 6,594 crores for Q2 FY24. As I said, this is mainly due to last year's one-time non-recurring income recognition as reported during the last financial year.

Our diverse capabilities and financial resilience provide a solid foundation for growth in our quest to reach 30+ GW of capacity by FY30. Our existing operations will generate sufficient cash flows to enable us to reach our targets without excessive leverage. We will follow a debt-light strategy to fund capital expenditure, relying on our strong cash flow generation to achieve our long-term

target. We have given advance orders to the Main Plant Supplier for 11.2 gigawatt of capacity, which will be commissioned in a phase-wise manner by FY30.

Of this, a 1,600 MW ultra-supercritical expansion project is already under execution at the Mahan Energen Site at Singrauli, Madhya Pradesh. The advance ordering done by us will help us de-risk our project execution by ensuring timely availability of the most critical equipment.

Looking ahead, we remain committed to leveraging our inherent strengths and competitive advantages to drive growth and deliver value to our stakeholders. Our operational excellence and financial discipline will continue to drive our performance and create long-term value for our shareholders. Thank you for your continued support. I look forward to your questions. Over to you, Moderator. Thank you.

Moderator: Thank you very much. The first question is from the line of Nikhil Abhyankar from UTI Mutual Funds. Please go ahead.

Nikhil Abhyankar: Thank you, sir. My first question is regarding the receivables at Godda. Can you quantify what are the receivables as of September 30?

Dilip Jha: As of September 30, 2024, our receivables are INR 6,630 crores or USD 790 million. This is the amount of receivables outstanding as on 30th September.

Nikhil Abhyankar: How much have we received in the last six months?

Dilip Jha: In the last six months, we have received almost USD 350 million.

Nikhil Abhyankar: Okay. And sir we understand that the Godda plant is not connected to the domestic grid. Are we looking to link it to the domestic grid in the medium term?

Nishit Dave: We will explore options. As of now, power supply is being provided to Bangladesh. We are very much in touch with the grid operators over there. We are in sync with the Bangladesh grid, and we are supplying power according to their demand. We are also receiving payments from them.

So as of now, we hope that there will be no further deterioration in terms of the outstandings and as of now, we don't think that we need to look at that option, but if required, we can consider it.

Nikhil Abhyankar: And the second question is regarding Coastal Energen we acquired it in Q2, and we are holding 49%. So do we look to increase the stake over here and also there is an under-construction capacity of around 1,200 MW. Are we looking to commission that under-construction capacity as well and if you can give us some guidance on the capex as well?

- Nishit Dave:** Actually, there is no under-construction capacity in the case of Coastal. It was actually in Lanco Amarkantak where they were adding 1,320 MW, 2 x 660 MW.
- Nikhil Abhyankar:** So, over here, there is no capacity addition plan in Coastal?
- Dilip Jha:** Yes, no capacity addition plan in Coastal as of now.
- Nikhil Abhyankar:** And for Lanco, sir?
- Dilip Jha:** Yes, Lanco, as we have said that 1320 MW is under construction and this capacity expansion will be over and above the existing operational capacity of 600 MW.
- Nikhil Abhyankar:** Okay. And sir what will be the timelines for the commissioning of this additional capacity?
- Dilip Jha:** We are expecting that in the next two years, it will be ready.
- Nikhil Abhyankar:** And, sir, Reliance has taken a stake in Mahan-1, and I guess Mahan-2 as well. So, what are the exact details? How much have they tied up and how much have they paid for their 26% stake?
- Nishit Dave:** This is from Mahan Phase-1 and the total percentage if you will ask, so this is almost 5.6% of equity. In terms of its megawatt capacity, it will be out of Unit-1, of which it will work out to 26%.
- Nikhil Abhyankar:** Out of Unit-1 26%.
- Dilip Jha:** Yes, correct.
- Nikhil Abhyankar:** And sir final question, what were the merchant volumes in Q2 and average realizations?
- Dilip Jha:** So, merchant volume we sold this time is 4,886 million units. And the realization is almost INR 6 per unit.
- Nishit Dave:** So, one thing I'd like to clarify, Nikhil, is when we say merchant, it's not entirely only in the power exchanges. We sell about two-thirds to 80% of the power under short-term bilateral contracts where the buyers are typically various DISCOMs. So, you will see that the tariffs that we realize are generally higher than the average rates you've seen on the power exchange.
- Nikhil Abhyankar:** Sure. That's all from my side, sir. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Abhinav Nalawade from ICICI Securities. Please go ahead.

Abhinav Nalawade: Yes, sir thank you for the opportunity. So, continuing on one of the questions that Nikhil asked, can you throw that light on timelines for all the upcoming projects?

Dilip Jha: Yes, so we are in the process of several expansions and this are the organic expansions that we are executing. So, let's take Mahan Phase 2. This is in full swing, and we are expecting that it will be operational by December '26 and June '27. For the rest of the projects, the developmental steps are going on, like in Raipur, Raigarh, Kawai, Mahan, and the new site, Mirzapur. These projects have already started ordering.

Preparatory work in Raipur and Raigarh has started, and for the rest of the projects, it is yet to start. But one thing is that for all the units, we have given orders for the supply of BTG to BHEL.

Abhinav Nalawade: So, I was asking what is the timeline for the Rajasthan bidding, and any other bidding is going to come up anytime soon?

Dilip Jha: I think on the latest news that on the Rajasthan bidding for PPA, I think they are reconsidering this bidding, and if any new development comes up, we will definitely update.

Nishit Dave: They have withdrawn the bid temporarily. Probably, we will see the bid will be refloated soon with some changed conditions.

Abhinav Nalawade: One last question. What is the overall amount with the Bangladesh PPA, and what is the receivable period as of today?

Dilip Jha: As I already said, the receivable is USD 790 million, and in Rupee term, this is Rs. 6,630 Crores. In last six months, we have received almost USD 350 million from them. In October itself, we have received USD 86 million. The payment has already increased significantly after this turmoil in that country. In September, we received almost USD 55-60 million. And then in October, we have already received USD 86 million. The payments are geared up significantly after that turmoil in that country.

Moderator: The next question is from the line of Nirav Shah from GeeCee Investments.

Nirav Shah: Yes. Good afternoon, sir. Just one question. Sir, what's the reason for the increase in the capital work in progress? I mean, it is now above INR 9,000 crores. So, there is an increase of that much amount in the first half. If you can just explain that please, that would be great.

Nishit Dave: Yes. So, actually, Nirav, this increase is because we have acquired Lanco Amarkantak, which has a project under construction right now. And there is a difference between the acquisition value and the carrying value of the capital work in progress, and we believe that when we complete the project, actually the overall project cost would be comparable to the current cost of setting up a similar capacity.

So, on that basis, we have recognized on one side a capital reserve and on the other capital work in progress. And similarly, it is also there in case of Coastal Energen. So, partially, some capital reserve has been recognized in that case also, and specifically in case of Lanco Amarkantak, the carrying value of the capital work in progress is reflected.

Nirav Shah: So, what is the capex outgo expected for this year and next year?

Dilip Jha: For this year, we are expecting that apart from the already concluded acquisitions, considering our own internal benchmark for further acquisitions as well as our ongoing project and further organic expansion, it will be near about INR 6,000 crores. And for next year, we are expecting that for the same projects, it will be around INR 20,000 crores. As of now, this is our estimation.

Nirav Shah: Got it, sir. Perfect. Thanks a lot, sir, and all the best.

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

Yash Agarwal: Yes. what is the EBITDA in the first month from the acquired entity that you have, posted in the second quarter? From Amarkantak, as well as Coastal Energen, what is the amount of EBITDA?

Nishit Dave: Yes, it's only one month for which we have done the accounting. So, it's not a very large number. Just wait, we'll provide you.

Dilip Jha: For 1 month, this is not significant, but for the sake of giving the numbers, EBITDA for coastal, we have the number of negative INR (-) 35 crore for 1 month.

Yash Agarwal: And for the other one, Amarkantak?

Dilip Jha: This is, then again, negative INR (-) 8 crores.

Nishit Dave: These are very small numbers. Yash, actually, these were companies that were under the control of the resolution professionals in the last few years. And now our job is to actually turn their fortunes around. So, we would be using our capabilities in plant operation and maintenance, in fuel management and logistics, and in power sales management to improve their efficiency, to improve

their overall operating efficiency, financial efficiency, bring down their fuel costs and logistics costs also by optimizing their fuel procurement, actually, focusing a lot on their fuel logistics, because ultimately, we have found that there are avenues where we can make substantial improvements over there, and then managing their power sales.

Dilip Jha: Also, so what we are expecting that next year the EBITDA for Amarkantak, now called Korba Power Limited, it will be much more on improvement path because we have a track record of parts acquisition, we will have our own system and processes there, we will do lots of efficiency improvements. So, you will see the tremendous change now after these assets are part of our fleet.

Yash Agarwal: And what is the amount of debt which is consolidated on account of these two entities at the end of September?

Dilip Jha: So, we have paid INR 4,101 crores in the case of Lanco. And for Coastal, we have paid INR 3,336 crores on gross basis.

Nishit Dave: This is the acquisition cost that we have paid. Now, actually, we have taken some debt on the balance sheet of Korba Power. So, we have INR 1,800 crores of debt over there. The other amount that Mr. Jha quoted was actually paid from our accruals. So, the total addition of debt rather is only INR 1,800 crores.

Yash Agarwal: And just to reconfirm, so you said that Bangladesh dues are about USD 750 million and USD 86 million you have received in October. Is that right?

Dilip Jha: Yes, correct.

Yash Agarwal: Thank you so much.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Dilip Jha: Thank you. Thanks a lot for your time and looking forward to connecting with you again for our Quarter 3 earnings. Thanks a lot. Happy Diwali to all of you.

Moderator: On behalf of ICICI Securities and Adani Power Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.