



Adani Energy Solutions Limited

Q2 & H1 FY '26 Earnings Conference Call

October 28, 2025

Management: **Mr. Kandarp Patel – CEO – AESL**
 Mr. Kunjal Mehta – CFO – AESL
 Mr. Kapil Sharma – Business Head – Transmission
 Mr. Pushpendrasinh Zala – Business Head – Smart Meter
 Mr. Vijil Jain – Head IR – AESL

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

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

Moderator: Ladies and gentlemen, good day and welcome to Q2 and 1H FY26 Earnings Conference Call hosted by Adani Energy Solutions Limited. From the AESL side, we have the following on the call as main speakers, Mr. Kandarp Patel, CEO, AESL, Mr. Kunjal Mehta, CFO, AESL, Mr. Kapil Sharma, Business Head, Transmission, Mr. Pushpendrasinh Zala, Business Head, Smart Metering, Mr. Vijil Jain, Head IR, AESL. 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vijil Jain from AESL. Thank you and over to you, Mr. Jain.

Vijil Jain: Thank you so much. Hello, everyone. A warm welcome to the Q2FY26 call. I hope you got a chance to go through the earnings material which was uploaded on the website. Just to explain the flow of the call, we will start with an opening statement from the CEO followed by the Q&A and, of course, closing remarks from the CFO. In case you have any questions, please feel free to start joining the question queue in little advance so that we can better manage the Q&A. Thank you and over to you, KP sir, for the opening statement.

Kandarp Patel: Good morning and thank you to all investors and analysts for joining this Q2 call of Adani Energy Solutions Limited. Before I hand over to Kunjal for giving a quarterly operational and financial update and half yearly update, I wanted to touch upon two, three important points. Those are essentially in relation to business and sector outlook.

So, we currently have about INR 60,000 crores of order pipeline for transmission project. Similarly, we have a total revenue upwards of INR 27,000 crores and INR 14,000 crores of capex in smart metering business and within the distribution segment, we do every year about INR1,600 to INR1,800 crores of capex. In the first half, you might not have seen very significant uptick in EBITDA, though it's a fairly good number, but the major contribution will come from second half because we are looking to commission at least three transmission projects, which will be of the order of more than INR12,000 crores.

Similarly, we will do the capex ramp-up in distribution. Normally, distribution capex happens in the second quarter. So, we'll see a lot of momentum in distribution capex as well and that gets capitalized immediately because that's the nature of capex, it's basically a maintenance capex.

Similarly, in smart metering, we have gathered a good amount of momentum. We have so far installed about 42.5 lakh meters in the first half, and we will cross one crore meter installation by end of year. So, all in all, we will capitalize about INR17,000 to INR18,000 crores of capex, which will contribute about INR2,800 crores of EBITDA on an annual run-rate basis.

So, you will see those numbers flowing in next half year on a run-rate basis. And similar kind of numbers will continue with a growth every year for at least three, four years, on the basis of the order pipeline that we have. The other important thing that I wanted to highlight was there were two exceptional items in the financials.

Last year, we had Dahanu plant in AEML Mumbai. So, when you compare the distribution business profitability and EBITDA, the Dahanu was included, this year it is not there. The contribution of Dahanu EBITDA was about INR 92 crores.

Similarly, in AESL consolidated profit, there was a one-time exceptional item last year of deferred tax of about INR 314 crores, which is not in the current first half. So, when you compare, you can take care of that detail and compare accordingly. Over to you, Kunjal.

Kunjal Mehta:

Sure, so just giving you certain key highlights of the business for the quarter two or for the first half year, followed by certain key updates on the financial front. So, in the first half of FY 2026, we successfully commissioned three transmission projects, which is Khavda Phase-II, Part-A, Khavda Pooling Station, which we call KPS-1 pooling station and the Sangod transmission line. All these three were completed during the first half.

With the recent project wins, now the company has a transmission ordering construction pipeline at about INR60,000 odd crores. And with a smart meter order book of 2.46 crores, which has a revenue potential of INR29,000 crores. On smart meter business, our installation or deployment of the smart metering continues.

And today now we have reached a total of 73 lakh meters, which have been installed. Our Mumbai utility, that is AEML, continues to generate surplus. And based on that surplus, we continue to delever the balance sheet of AEML.

During the last quarter, we bought back \$44 million of the USD dollar bonds. This is in line with our efforts to reduce our cost of capital and increase the debt maturity, which is currently seven and a half years. On the capex front, we have delivered a consolidated capex of INR5,976 crores in the first half, which is one and a half, 1.4% increase over the previous financial year.

Further, on the O&M part of the transmission business, our availability continues to be very robust, which is 99.7% in the first half year and basis which we have earned an incentive income of INR30 crores in the Q2 and INR59 crores in the first year, which is in line with what we have always earned, which is the availability parameters in the transmission business.

In the distribution business, our distribution losses in AEML continues to be the best in class, and we have reported the lowest distribution loss of 4.30% in the first half of FY 2026. Because

of the prolonged monsoon in the city of Mumbai, the energy sales or the energy consumption has a modest increase of 2% over the previous year.

In the C&I business, that business continues to provide power solutions to various consumers. Today, both our Adani portfolio companies as well as with the external consumers, when aggregate load demand of currently of around 717 megawatts, which we are going to service to the C&I consumers. Similarly, our cooling solutions also is getting some traction, whereby we are deploying India's largest district cooling facility in the Mundra region.

And we are also supplying to the or deploying cooling solutions for our various external consumers. We are currently totally implementing about 88,000 tons of refrigeration in the cooling capacity. In terms of the financial update, the total income rose to INR13,793 crores, which is a 16% growth over the previous half year, largely due to stable operating performance in transmission and the distribution business and the increasing contribution from the smart meter business.

The total EBITDA, that is the consolidated EBITDA, has increased to INR4,144 crores, which is a 13% increase on a year basis. Our consolidated PBT has grown to INR1,404 crores, which is 34% increase over the previous year. If you adjust the one-time MAT credit or the reversal of the deferred tax liability, which was there in the previous year, which is of about INR314 crores, our adjusted PAT has grown to INR557 crores or INR1,096 crores for the first half year, which is a 42% increase over the previous financial year.

So, I would repeat is that if you exclude the one-time deferred tax reversal or the MAT credit reversal, which was there in the previous year, our adjusted PAT has grown 42% in the first half to INR1,096 crores. I thought that's the key thing which is there.

So, in terms of the business outlook, the sector continues to present strong growth potential, both in the transmission business as well as in the distribution business, backed by stable regulatory regimes and the continuous reforms that we are seeing in the sector. I'll pause here in case we can now open the floor for the Q&A from everyone.

Moderator: Thank you. The first question comes from the line of Mohit with ICICI Securities. Please go ahead.

Mohit: Hi, and good afternoon, sir. And thanks for the opportunity. My first question is on the transmission pipeline. I think you mentioned INR 96,000 crores in the press release. Does it include both the HVDC, Khavda-Olpad, and there is one South Kalamb, or is it excluding both these HVDC?

Kandarp Patel: So, it is excluding the Khavda Olpad, but including South Kalamb.

Mohit: And is there any update on the Olpad which you would like to share? What is the status?

- Kandarp Patel:** So Olpad reverse auction happened. We were L1 and we are expecting a response from the PFC. So, probably the delay was because of holidays, but now we can expect a response from the PFC in the current week.
- Mohit:** Okay, understood. So, my second question is on the smart meter. I think last year, there had been no bidding in the first half, right? And there was one Tamil Nadu bid which was pending. And also in the press release, you're talking about 104 million smart meters, which is still pending. So, have you seen any improvement in the tender bidding, or are there any other bid apart from Tamil Nadu which is up for tendering? And what is the status of Tamil Nadu bid?
- Kandarp Patel:** So, Tamil Nadu bid submission was concluded. The technical evaluation is going on. The other bids, especially Telangana and Karnataka, because they will have to get their metering program approved under RDSS. Earlier, they never submitted that proposal. I believe that they have now submitted it, and it is under approval. So, the moment that approval comes in, then they will come out with a bidding.
- Mohit:** So, is it right to understand that earlier, Karnataka was trying to do something on their own, and now they are trying to get it under RDSS? Is that right?
- Kandarp Patel:** Correct, correct.
- Mohit:** Understood. My last question is on the commissioning pipeline for transmission. I think we're expecting, especially HVDC, to get commissioned by October. Are you facing some kind of constraint or some kind of issues in general in the industry, maybe right of way, etc? Can you just throw some light on that?
- Kandarp Patel:** So, the right of way and ability of skilled manpower is the problem. But as I explained in the last call as well, we do a little different approach as far as the right of way is concerned. While we use the government machinery and the power available under Sections 68 and 164, but we also directly negotiate with the farmer or landowner, and we run that process parallelly.
- As far as the manpower is concerned, so now we have developed that kind of relationship with those EPC players. You must have seen that we work with a few chosen EPC players. And this year, we have taken a very unique initiative by starting our own training facility. It is going to be online from 1st of November this year. We will be training about 1200 people for transmission line erection. And with that, all of our requirements should be met. In fact, we will train these people and give it to our EPC partners.
- Mohit:** Understood, sir. And any clue on the HVDC project commissioning date, sir, timeline? Is it December '25?
- Kandarp Patel:** So, HVDC is all going perfectly all right. All approvals are there. All ROW issues sorted out. The critical work which is going on is the underground cabling on the Vashi Creek. And we expect that to get commissioned somewhere in December or January.

- Moderator:** Thank you. Next question comes from the line of Manish Somaiya with Cantor Fitzgerald. Please go ahead.
- Manish Somaiya:** A couple of questions, KP and Kunjal. Can you elaborate on parallel licensing opportunities beyond Mumbai? What circles are you targeting and what's the competitive landscape? That's question number one.
- Kandarp Patel:** Yes. So, Manish, we at AESL are open for both the routes of expanding into distribution, which is either privatization or parallel license. We applied for parallel license for Navi Mumbai, Mundra area, as well as Ghaziabad or Jewar district in the UP. The regulatory process for Navi Mumbai and Mundra part is over.
- We are expecting order from Regulatory Commission very soon because all those proceedings have been done. So, we expect some movement on parallel license from these two geographies. And as far as competition and parallel license is concerned, so parallel license is open for anyone.
- But in Mundra, nobody else has applied. In Navi Mumbai, the other players have also applied, but their process just got initiated. And practically, I believe that once you have two distribution companies, I think interest by third distribution company will reduce significantly in any particular geography.
- Manish Somaiya:** Okay, that's helpful. And then just turning to smart metering, I did see that the installation rate was down this quarter sequentially. Maybe if you can just quickly touch on that, and I'm not sure if it was because of the monsoons or the availability of talent in the field. But just on a big picture basis, you outlined a very significant untapped opportunity for smart meter in the country. So, maybe if you can just kind of help us understand the addressable opportunity for AESL over the next three to five years. And from a market share perspective, what would be the constraints?
- Kandarp Patel:** So, Manish, you are right. The installation rate reduced in the last quarter as compared to the quarter one. But essentially, that was because of rains continuing even till now. And geographies like Maharashtra, Uttarakhand, Assam, and even Bihar this year witnessed a lot of rain that impacted the progress. But now we are catching up again. We have already reached to 20,000 installations as of now.
- We want to push it up to 30,000 installations per day. All the resources are lined up accordingly, and all the materials and manpower are available for achieving 30,000. As far as the addressable market is concerned, there is about 10 crores smart metering opportunity that we think that will come in a year or so. Essentially from Tamil Nadu, Karnataka, Telangana, Madhya Pradesh, and Punjab. These are the main geographies from where we expect smart metering opportunity to come.
- Manish Somaiya:** And just lastly, KP, just on that, what do you think your share constraints might be? It seems to me that on the ground, your share is probably running higher than what you sort of had in the initial round. So maybe you can just touch on that?

- Kandarp Patel:** So, Manish, our market share is about 18-19% in terms of orders, our installation market share is about 23-24% and we will continue to have that kind of better installation rate as compared to all other players. And as we add new geography, probably we'll be able to increase both market share in terms of contract as well as in terms of installation.
- Manish Somaiya:** Okay, that's super helpful. And just lastly, quickly for Kunjal, leverage is at 4.4 x at the end of second quarter. And I think KP, going back to your earlier comments, you mentioned that the earnings are going to be second half weighted. So, would it be fair to assume that the leverage by the end of the year should be lower, maybe closer to the lower end of your target?
- Kunjal Mehta:** Yes, you're right. So basically, it would be in that range of around 4x what we've always mentioned.
- Manish Somaiya:** Okay, super. Well, congratulations again on a good quarter.
- Kunjal Mehta:** Sure. Thank you.
- Moderator:** Thank you. Next question comes from the line of Puneet Gulati with HSBC. Please go ahead.
- Puneet Gulati:** Yes, thank you so much. And my first question is on the transmission side of the business. What do you see as a potential bidding pipeline for the second half of this year and how aggressive you are likely to go in this phase?
- Kandarp Patel:** So, Puneet, probably we will not be able to give you a very precise number for bidding pipeline for second half. But in next 1 year to 1.5 year the projects which have been identified by CTU, and the central government are of the order of INR 90,000 crores. There could be addition from a few states as well, like Maharashtra. So nearly INR 80,000 crores to INR 90,000 crores of bidding opportunity or pipeline will be there in transmission.
- Puneet Gulati:** Okay. And what share do you assume for yourself?
- Kandarp Patel:** So currently, we are operating at about 25% and we would like to continue to have that kind of market share.
- Puneet Gulati:** Understood. And on the cooling side, how is the response so far and where else do you see the opportunity?
- Kandarp Patel:** So cooling, Puneet, it is not only -- in fact, we spend a lot of time on creating market and awareness for the cooling solution because so far it is not very known concept in the Indian market. We have been interacting with a lot of players including sector federations, industry bodies and other players.
- We see now a lot of traction on the cooling side as well. In the first half we could also get a LOI from two third party developers for developing a district cooling plant. And we see a humongous potential as far as district cooling is concerned in India. So, we'll continue to work on developing market and making market aware about the advantage of having a district cooling solution.

- Puneet Gulati:** Understood. And lastly, if you can talk about any updates on the UP side on privatization of Discom, what are the dates likely and how big is the opportunity you see for yourself?
- Kandarp Patel:** So, there is no specific update from the UP side, but they continue to mention that they will come out with RFP very soon. So, we are eagerly waiting for that. We believe that they had a few conversations with the regulatory commission. They had certain queries and suggestions. So probably they are incorporating it and then they will come out with RFP.
- Puneet Gulati:** Okay, that's helpful. Thank you so much and all the best.
- Kandarp Patel:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Nikhil Nigania with Bernstein. Please go ahead.
- Nikhil Nigania:** Hi, thank you for taking my question. My first question is on the distribution side. Good to hear an update on the parallel licensee bid. But now that the draft electricity regulatory changes are out, wanted to hear your thoughts on how do you see this space evolve going forward in terms of new opportunity for AESL in distribution?
- Kandarp Patel:** So, Nikhil, the new draft also says and clearly the intent of government is there that they wanted to increase private sector participation in distribution. They are in fact further proposing to provide enabling provision for second license. In fact, the current legal provision says that you have to create your own network when you become a second license.
- The draft amendment proposed that the second license, new licensee can use existing distribution network of the existing licensee as well. So, it is clearly a good sign for the distribution sector, and it will create a lot of opportunity for private sector players.
- Nikhil Nigania:** Got it. Understood. So, in a way, is it fair to assume it could open up opportunities for you to enter new cities without having to deploy your own capex?
- Kandarp Patel:** So, Nikhil, our view is a little different. We might not use existing network of our distribution company because we believe that the major differentiation between you and the incumbent distribution company would be reliability of supply and quality of services. Now the moment you ride on the existing network, probably you might not be able to differentiate on those two aspects. So, we might go ahead with our own network as it is provided in the current regulation.
- Nikhil Nigania:** Understood. Very clear. My second set of questions on the transmission side. AESL has been winning quite a fair bit recently, especially in the HVDC projects. What would you say is the reason for that? Is it just that the competitors' hands are full or is there something else, which is the reason? And secondly, on transmission, you highlighted right-of-way as a challenge. But the March regulations were expected to ease that with higher compensation for right-of-way. But has that not been the trend? So, these were two questions I had on transmission?
- Kandarp Patel:** So, to answer your first question, probably I may not be able to comment as to why Power Grid is not able to take. But I can certainly comment on why we are in a position to take. We have

been able to establish that kind of relationship with those major OEMs. And the last particular project, which was Khavda Olpad. In fact, in this particular area, we are already doing four projects. So, we exactly know the terrain, the ROW challenges in this particular area. That is the reason why we have been able to take this HVDC project through bidding.

Nikhil Nigania: Got it. And the second question, if you could answer as well, right-of-way, the things have not improved despite higher compensation norms?

Kandarp Patel: So, right-of-way, all the required legal framework is now in place. So, after last year's policy intervention from Government of India, most of the state has notified that the policy for right-of-way. Essentially, these policies are targeting to give fair compensation to the landholder. To use this policy framework, you have to go through that process of getting order issues from collectors. That also involves public hearing. And sometimes that process takes time.

So, as I mentioned earlier in the call, what we do is we use both the routes parallelly. We directly negotiate with the farmers, take a decision on the ground and immediately implement it. And also, wherever we have a problem of ROW, then we use that route which is through collector and collector order compensation. And if the situation worsens, then we use that state machinery and police protection for ROW. But basically, it's a hybrid concept. We don't depend on one route because that could take a lot of time.

Nikhil Nigania: Makes sense. The last question I had was, there's this news on Adani Group's tie-up with Google for a data center. Any role you envisage for AESL also in this opportunity?

Kandarp Patel: Yes. So, probably we will have an opportunity for AESL in terms of providing energy solutions and timely connectivity. Because like what we did last time as well for Microsoft, when they were developing a data center, we created connectivity in infra for them.

Similarly, we will also have an opportunity of creating infra for connectivity and also provide energy solutions to data center. Because they will certainly be very, very keen to have energy solution which is predominantly coming from a green power.

Nikhil Nigania: Correct. Thank you. Those are my questions. Thank you for answering them.

Moderator: Thank you. Next question comes to the line of Love Sharma with JP Morgan. Please go ahead.

Love Sharma: Hi, management. Thank you for the time. Just wanted to understand two things. I think you mentioned about the AEML's plan for the bond buybacks which you've done and the cash surplus you're running. If you could just give some broad numbers for AEML in terms of what is the debt outstanding currently, including any short-term debt which has been repaid or may be increased.

Secondly, what kind of future buybacks we can think of on that line? And second question would be on the capex addition for second half. What is the target across the different businesses?

- Kunjal Mehta:** Sure. So, on the AEML debt position, so that company continues to delever it. Last quarter, we did \$44 million of bond buyback of GMTN bond. Earlier, we did close to \$49.5 million bond buyback in Q1 of the 2030. And earlier, if you recall, we had done \$120 million of bond buyback.
- \
- So based on that, whatever surplus that that company is generating, we would continue to go down that path of continuing to do the bond buybacks in AEML. Plus, you would see is that whatever short-term working capital also AEML had and so we carried about INR 400-odd crores of short-term loan in AEML that also got paid down during the first half year. So that business will continue to delever based on whatever surplus it generates.
- On the capex front, that company has roughly around INR1600-odd crores of capex planned, of which INR575 crores has been incurred during first half and roughly around INR1000 crores would get incurred during the second half.
- Generally, you would know that it is always lopsided in the second half, because the first three or four months, that is June, July, August are predominantly monsoon months where the capex rate is not high. So, it's lopsided in the second half. So, INR 1600 crores would be the estimated capex for the full year for distribution AEML.
- Love Sharma:** Yes, that's right. So, this was only for distribution, right? How about for the AESL on consolidated basis, maybe?
- Kandarp Patel:** So, total capex would be of the order of INR 17,000 crores to INR 18,000 crores. INR 6,000 crores we have done so far. The breakup of INR 6,000 crores is INR 3,350 crores in transmission, INR 700-odd crores in distribution and INR 2,000-odd crores in smart metering.
- For the full year, we will do about INR11,400 crores in transmission, INR1,600 crores in distribution and INR4,000 crores in smart metering. So, in smart metering, we'll add about INR 2,000 crores. In Distribution, we'll add about INR1,100 crores in the second quarter. And in transmission, we'll add about INR 8,000 crores in the second quarter.
- Love Sharma:** Understood. Thank you, sir. Okay, so this is very useful. And one last question from you was, I think on the dollar bond side, we have this maturity coming up next year for the transmission 2026 bonds. Any thoughts currently of how you're planning to take care of that refinancing?
- Kunjal Mehta:** Yes. So, we are working towards it. And basically, we would like to refinance it. I mean, there are various sources. It could be both a mix of dollar bonds, and rupee bonds. But we would refinance it much ahead of its maturity.
- Love Sharma:** Okay, thanks, Kunjal. In terms of pricing, could you indicate for if we have to go for INR pricing, what kind of pricing you see currently for those assets?
- Kunjal Mehta:** So, as you know, these are AA+ rated in the Indian market. So accordingly, it would get priced.
- Love Sharma:** Rough idea, roughly, maybe around, should we think of 8%, 9%-ish INR terms?

Kunjal Mehta: Yes, basically, currently, if you look at it, AA+ plus or AAA+ bonds are generally priced sub 8%. So, in that region, it would get priced.

Love Sharma: Okay, wonderful. Thank you so much.

Moderator: Thank you. Next question comes on the line of Vishal Biraia with Bandhan AMC. Please go ahead.

Vishal Biraia: Hi, a couple of questions. One is on the status of license at Navi Mumbai, because the public hearing was done and all the formalities were completed by MERC. So, what is holding it back?

Kunjal Mehta: Can you be a bit louder? We couldn't hear you.

Vishal Biraia: Sorry, my question was on Navi Mumbai license area. The formalities by MERC, it seems were completed in terms of public hearing and others. So, what is holding back the license? Is there anything else that is pending?

Kandarp Patel: So now they have to issue, the matter was closed for order. So now they have to issue an order against our application.

Vishal Biraia: Okay. And what is the kind of capex that you foresee in this license area over the next few years once you get the license?

Kandarp Patel: The capex for Navi Mumbai?

Vishal Biraia: Yes, sir.

Kandarp Patel: So, we will have a capex of about INR10,000 crores for Navi Mumbai entire area, which will span over about 5 years.

Vishal Biraia: Okay. INR2,000 crores per year will be the capex there, only in Navi Mumbai?

Kandarp Patel: Correct.

Vishal Biraia: But that seems to be substantially higher, right? I mean, Mumbai capex itself is about INR1600 crores, though you will have to put the network fully there, which is not available here.

Kandarp Patel: So, the density-wise it is little lower as compared to Mumbai. And the second is because we will have to fulfill the universal service obligation. What we have proposed is that we will bifurcate the entire area into 25 circles. And once we start investing into that circle, we will fully deploy the network in that entire circle.

So, every customer will have access to our network in that particular area. Once we achieve the universal service obligation in that entire circle, we will migrate to the second one. So, therefore the speed will be lower. But it is essential to ensure that universal service obligation is achieved circle-wise.

Vishal Biraia: What will be the mix of industrial and commercial customers here, approximately?

- Kandarp Patel:** So, the commercial and industrial consumption there in Navi Mumbai currently is in excess of 50%. The rest is from small LT customers and residential customers.
- Vishal Biraia:** And on the transmission side, what will be the kind of project that you plan to commission this year? And what will be the addition to gross block that we should see? In addition to the three projects that you've done in the first quarter for the balance 6 months, what should we see? Thank you.
- Kandarp Patel:** So, in the next half, we will capitalize about INR10,000 crores of capex. So at least we will commission three projects. We are trying to get the fourth project also commissioned in the next quarter, but we'll at least commission three projects which will add revenue of about INR1,700 to INR1,800 crores.
- Vishal Biraia:** Okay. Thank you very much. I'll come back in the queue. Thank you.
- Moderator:** Thank you. Next question comes from the line of Dhruv Muchhal with HDFC AMC. Please go ahead.
- Dhruv Muchhal:** Thank you so much. In the opening comments, you mentioned that the capex for this year will be about INR17,000-INR18,000 crores and revenue run rate of that or EBITDA run rate of that will be about INR 2,800 crores. So, this is the capex number probably that gets capitalized over the next two years and then the EBITDA run rate will be realized. What do you capitalize this year? The EBITDA run rate for that would be how much, sir?
- Kunjal Mehta:** So, this year we'll capitalize in transmission projects close to around INR15,000 odd crores, which will translate to additional tariff of INR1,800 or INR1,900 odd crores, which is only in transmission business. Similarly, in case of AEML or distribution business, whatever capex is incurred is capitalized.
- So INR1,500, INR1,600 odd of capex will translate into a EBITDA of around INR 250 to INR 275 odd crores. And in smart meter based on its capex will give INR 800 odd crores of additional revenues. So that itself would translate, into INR1,800-1900 crores for transmission, INR250-230 crores for distribution, INR 800 for smart meters will give INR 2,800 odd crores of EBITDA from the INR17,000 odd crores of capitalization that we will do in each of these years.
- Vijil Jain:** And just to clarify, in that INR1,800 crores-1,900 crores transmission number, the tariff from already commissioned projects, which is INR230 odd crores is not included. So, in total, INR ~2,100 odd crores in transmission in terms of tariff or revenue.
- Dhruv Muchhal:** This was excluding. Okay, perfect. Got it. So, the second question was on the capex in the transmission business. So, for the full year, you're expecting about INR10,000 odd crores, INR11,000 odd crores capex. First half you have done about INR3,000. So that's about INR7,000 for the remaining 2H
- Kandarp Patel:** So, first half was about INR 3,300 crores. And in the next half, we will do capex of about INR 7,000-8,000 crores. And in terms of capitalization, we did about INR2300 crores of

capitalization in the first quarter. And in the second, we will do capitalization of about INR13,000.

Dhruv Muchhal: Yes, so the capex is a significant increase. So, for the second half, you will do about INR7,000-8,000 crores in transmission capex versus last year second half, you had done about INR 4,000 crores. So that's a significant jump in the capex run rate. And if I see 1H versus -- this year versus 1H last year, the jump is not as strong.

So just trying to understand what's driving this. This year was weak because of monsoon or right of way issues. And you expect things to resolve in the next second half. So just trying to understand what drives the confidence that this capex can be achieved.

Kandarp Patel: So, this year, you must have noted that we have started another four projects where now, so all the approvals and other things are in place. So, now you will see a lot of capex deployment in those newly started projects.

And we will also continue to do capex in the projects which are already under construction, which are getting commission in the second half or in the first half of the next year. So, because the number of projects has increased and those projects will start to see the infusion of capex and therefore you see that number increasing significantly in second half.

Dhruv Muchhal: Got it. So basically, the momentum on projects is picking up and hence, which is driving the capex also, the improvement in the capex run rate.

Kandarp Patel: Correct.

Dhruv Muchhal: Alright. And the other question was on, probably a bit macro, but just trying to understand, so we are seeing a broader electrical demand in India remaining very weak. For example, in October, the demand is at a month-to-date basis, is down by about 5 odd percent. And this includes the Diwali period also. So, because you operate a lot of discoms, on ground level, what are you seeing? Is it just purely weather? I'm just trying to understand what's driving such weakness in demand.

Kandarp Patel: So, in our view, the demand sluggishness this year is only because of the rain, which is not only widespread across the country, but the rain started from May, and it is still continuing. In fact, it was raining in the Western India yesterday and today, and you must have seen that prediction of cyclone on the east coast. So, the demand sluggishness in the country currently is only because of rain.

Dhruv Muchhal: So even in Bombay, for example, probably it's a bit difficult to digress, but say, for example, commercial customers, I'm assuming they will not be as impacted by the season. The demand trend is reasonably okay versus, say, for example, if you differentiate between domestic customers and commercial customers.

- Kandarp Patel:** So, Mumbai, in last couple of years, we see demand growth of the order of 5.5% to 6%. This year, you must have seen the number, the increase is only 2 percentage. And that was only because of the weather.
- Dhruv Muchhal:** Got it. Perfect. This is helpful. And the last question, you mentioned about the data center that the group has signed, and you can play a role in that. Can you quantify what is the monetizable opportunity for us here? Because what we heard is globally large capex numbers. So just wanted to understand what role can we play and what monetizable opportunity can we have?
- Kunjal Mehta:** I mean it's too early to put a number to any opportunity for that Google contract, which is there in data center. I mean, as we earlier mentioned, whatever demand would be there for transmission or substation requirement for that would be fulfilled by AESL. But currently, it's very early for us to put any number to it.
- Dhruv Muchhal:** Got it. Sure. Great, sir. Thank you so much and all the best. Thanks.
- Moderator:** Thank you. Next question comes from the line of Mahesh Patil with ICICI Securities. Please go ahead.
- Mahesh Patil:** My first question is on the smart meters. So out of the 73 lakh smart meters installed, how much smart meter quantity has been billed, the meters that have achieved operational goal?
- Kunjal Mehta:** So out of 73 lakh meters, which have been installed, the meter months which have been built are 279 lakh meters which have been built for this first half.
- Management:** No, but what are the number of meters commissioned?
- Kunjal Mehta:** 73 lakhs have been commissioned, and out of that 67 lakhs have been billed.
- Kandarp Patel:** So, what happens when you install the smart meter, you also have to then offer for a testing to distribution company. That usually happens every month. So, you will see a difference of meter installed and commission of the order of installation equivalent to one month.
- Mahesh Patil:** Okay. Got it. And so, my second question is on the status of this Bhadla-Fatehpur -HVDC project that had won. If you can share some insights as to what is the progress, there?
- Kandarp Patel:** Bhadla-Fatehpur, we already got that SPV, LOI, we have finalized all the contracts. In fact, the construction work has already begun at the Bhadla land. We will also start transmission line erection activity in the next month itself.
- Mahesh Patil:** Okay. And so, my last question, given the kind of capex that we are planning, is there any plan for a fundraise in the near future?
- Kunjal Mehta:** No, there is no such plans of any fundraise except for whatever debt which we have to take for the projects which we are at under construction stage. And of course, refinance.
- Mahesh Patil:** Okay. Got it. Got it. Thank you. Thank you so much.

- Moderator:** Thank you. Next question comes from the line of Shrinidhi with ASK Investment Managers. Please go ahead.
- Shrinidhi:** Hi. Thank you for the opportunity. A couple of questions on smart meter. So, given high profitability in their business and accounting standards, would it be possible to share cash, post-tax cash profit that we will be making per meter per month? And the second question is across the entire portfolio, what sort of unlevered IRR you are likely to make?
- Kunjal Mehta:** Sure. So, basis the current tariff profile that our smart meter portfolio has, our current revenue per meter per month is in the range of INR105 to INR109 per meter per month. That portfolio gives us close to around 80% to 85% EBITDA margins. So, based on the meters that we have installed, we have reported an EBITDA of around INR253 crores and EBIT of INR120 crores for this half year.
- And based on the current EBITDA margins, and based on the capital deployment in those smart meters, our internal returns are upwards of 20%-25% on a levered basis.
- Shrinidhi:** Okay. Yes. Those are my questions. Thank you for answering them.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question and answer session. I would now like to hand the conference over to Mr. Kunjal Mehta for closing comments.
- Kunjal Mehta:** Sure. No, I would thank each one of you for taking out the time for attending this call. In case of any clarification that you need, we are just a phone call away or an email away. Thank you once again for taking out the time.
- Moderator:** Thank you. On behalf of Adani Energy Solutions, that concludes this conference. Thank you for joining us. You may now disconnect your lines.