



“Adani Energy Solutions Limited
Q4 FY25 Earnings Conference Call”
April 25, 2025

Management: **Mr. Kandarp Patel – CEO – AESL**
 Mr. Kunjal Mehta – CFO – AESL
 Mr. Anupam Misra – Head of Group Corporate Finance
 Mr. Vijil Jain – Head IR – AESL

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY25 Earnings Update Call hosted by Adani Energy Solutions Limited. From the Adani Energy Solutions side, we have the following on the call: Mr. Kandarp Patel, CEO, Adani Energy Solutions Limited; Mr. Kunjal Mehta, CFO, Adani Energy Solutions Limited; Mr. Anupam Misra, Head, Group Corporate Finance; Mr. Vijil Jain, Head IR, Adani Energy Solutions Limited.

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 now hand the conference over to Mr. Vijil Jain from AESL. Thank you, and over to you, Mr. Jain.

Vijil Jain: Thank you, Michelle. Hi, everyone. Thank you for joining the call. Warm welcome to the quarter 4 earnings 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, so we will start with an opening statement from the CEO, Mr. Kandarp Patel, followed by Q&A and then, of course, the closing remarks.

So let me now hand over the call to KP, sir. Over to you, sir.

Kandarp Patel: Welcome, and good morning to all investors and analysts, friends. The financial year FY25 was a remarkable year for AESL, both in terms of future growth perspective and execution and operation during the financial year. You all must have noted that we now have a strong order book of close to about Rs 60,000 crores. Those projects will get executed in the next 4 to 5 years.

In FY25, we won about seven projects in different geographies. But essentially, those projects are for evacuation of green power. We will continue to have this kind of project development, which helps in integration of more and more renewable power into the grid.

From an operational perspective, you may have noted that at the AESL level, we have managed to double the capex as compared to the previous year. We closed this financial year FY25 with a total capex of Rs 11,444 crores, which in the previous year was about Rs 5,613 crores. Going forward, you will see this number growing continuously. In FY26, we expect a capex of close to Rs 16,000 crores to Rs 18,000 crores. This will be the aggregate capex of transmission, smart meter and distribution businesses.

With this performance, the EBITDA has grown at a healthy rate of 23%, widely surpassing our previous trend of EBITDA growth. We aim to outgrow this level of growth, at least for the next 4 to 5 years.

From an operational update standpoint, our availability remains close to 100%, which is 99.7% in FY25. This enabled us to earn an incentive income of about Rs 132 crores. The total circuit kilometer has reached to 27,000 circuit kilometers. We have commissioned the MP Package - II transmission project, a complex project involving numerous substations and small transmission

line. While we could complete that difficult project, we also acquired Mahan-Sipat Transmission Limited.

On a distribution side, we witnessed a 6% growth in energy sales at AEML, Mumbai Utility, which is very interesting, in a geography like Mumbai. Energy sale at Mundra Utility increased by 44%. That was because of increasing demand in the Mundra region.

Remarkably, at the Mumbai Utility, we managed to reduce distribution loss to below 5%, closing the year at 4.7%. This is a significant improvement from the last year distribution loss of 5.29%. So, the reduction of at least around 0.5% which is significant on the base of 5.29%.

The renewable penetration in Mumbai Utility continues to be the highest in the country at 36% in FY25. Overall, AESL has recorded quite a good performance, both in terms of operation and financials and in all the three segments.

The smart metering business, which started last year, initially the progress was at a slow pace, however by the end of FY25 we had installed 32 lakh meters. Now we are installing at the rate of about 27,000 meters a day, the average run-rate that we have achieved in the current month. We expect to deploy at least 70 lakh new meters in FY26, thereby achieving a cumulative number of minimum ~1 crore meters by the end of FY26.

Similarly, we also expect to commission seven transmission projects, aggregating project cost of about Rs 15,000 crores during FY26. One of the biggest projects in the seven projects is the Mumbai HVDC, which we aim to commission by December this year.

With this pipeline and growth opportunity in all the three segments, we continue to grow at the pace that we have shown in the current year and keep the execution excellence intact and manage those transmission line availability and distribution losses, very efficiently. You must have also noted that AEML has been ranked number 1 distribution utility in the country consecutively for last 3 years.

So over to you. Now we'll take all the questions and additional information that you would want to have from us.

Moderator: Sir, should we open the floor for the Q&A session?

Kandarp Patel: Yes, please.

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

Mohit Kumar: Congrats on a very strong win in the fiscal year, especially on the transmission side. My first question is what is the capex which you have incurred in FY25 for the transmission, distribution and smart meters separately. If you can give us that number, it would be helpful.

- Kandarp Patel:** Mohit, thank you so much. The capex that we incurred in FY25 was Rs 11,444 crores, with Rs 7,646 crores was in transmission, Rs 1,782 crores in distribution, and Rs 2,015 crores in smart metering business.
- Mohit Kumar:** Sir my second question is on the opportunities on the transmission side. FY25 was a great year. Do you see a similar pipeline in the next 12 to 18 months? Or do you think the pipeline has declined to a certain extent? Just on the smart meter, similarly, if you can throw some light, I believe that Tamil Nadu has floated an order. Is that right? And are there any other opportunity on the smart meter?
- Kandarp Patel:** Yes, Mohit, the transmission pipeline will continue to remain very healthy. Rs 54,000 crores already under bidding at ISTS level. You must have seen that a state like Maharashtra, in fact, we discussed that in last call as well. Now all those transmission lines, which is coming up for execution of green power, ISTS line, all the states will also have to augment the transmission capacity to absorb the power in their area.
- We feel that there will be a significant opportunity at the state level. Like Maharashtra itself has prepared a plan of about Rs 150,000 crores in the next 6 years and many of the projects that they wanted to go through TBCB. We believe the pipeline will remain healthy for at least a couple of years, and there is an absolute visibility about it.
- As far as smart metering is concerned, there are three to four major states that are yet to finalize the smart metering contracts. One of them is Tamil Nadu who has already floated the tender. The balance states include MP, which has floated the contracts in only a few cities and the remaining states are Telangana, Karnataka and half of Andhra Pradesh. Last time, Andhra Pradesh invited the bid for a limited number of meters, however they have not bid out all the meters.
- So still about 10 crores to 11 crores meters that will come into a bidding. Timeline is not certain, but they will surely be coming out soon. Further, what we are focusing right now is to improve our installation rate, which has already reached to 27,000 meters a day. Once we have that kind of a volume that we are able to install on the ground, and we will be well positioned to participate in all upcoming bids and try to maintain our market share.
- Moderator:** We'll take the next question from the line of Dhananjai Bagrodia from ASK Investment Managers.
- Dhananjai Bagrodia:** Congratulations on a good set of numbers. Just a couple of questions from my side. What is the capex we are looking at for FY26 on a consolidated basis?
- Kandarp Patel:** We are planning a capex of about Rs 16,000 crores to Rs 18,000 crores in FY26. This includes around Rs 1,600 crores for AEML, Rs 4,000 crores for smart meter as we aim to deploy at least 70 lakh meters in this year and Rs 12,000 crores to 13,000 crores for the transmission business.
- Dhananjai Bagrodia:** Transmission, Rs 12,000 crores to Rs 13,000 crores. And sir, any update on the privatization of any of the distribution arms we thought we were looking at earlier when we mentioned for UP.

- Kandarp Patel:** Yes. In UP, the process is going on. In fact, UP DISCOMS also had a meeting with all the prospective bidders, the senior officers, and the chief secretary. And they were very keen to take the process ahead. They already appointed a transaction adviser, Grant Thornton. I believe the UP DISCOMs should be coming out with a bidding document in a month's time. Government of UP seems to be committed and they wanted to do it as early as possible.
- Dhananjai Bagrodia:** The Rs 16,000 crores to Rs 18,000 crores doesn't include the UP privatization. Anything for UP will be over and above.
- Kandarp Patel:** No, it is not. Anything relating to UP will be additional.
- Dhananjai Bagrodia:** Okay. Fine. And sir, lastly, just now we are hearing so much on the ground side that the government's movement towards solar is increasing significantly. Are we seeing also more like in terms of bid pipeline will increase significantly going ahead? How are we seeing that for the next 2 to 3 years?
- Kandarp Patel:** As I replied to Mohit, we see a very healthy pipeline at CTU and ISTS level. We will see a lot of opportunities emerging at the state level in states like Maharashtra Gujarat, Rajasthan, MP. In fact, MP recently issued 3 to 4 bids under TBCB. Maharashtra has also initiated the process. REC has already published that bid document and tender notice. So, we will see a lot of traction from now state side and from the ISTS projects.
- Moderator:** The next question is from the line of Dhruv Muchhal from HDFC AMC.
- Dhruv Muchhal:** Sir, the first question was on the metering business. So, you have spent about Rs 2,000 crores in the quarter in terms of capex, right, sir? This is for the quarter? No, this is for the year. And sir, if I do this math, so what is the implied installations that should have happened at this capex run rate, that implies about Rs 6,000 per meter is the capex cost. So is this in line with what you were expecting? Or is there some error in how I'm doing the math?
- Kunjal Mehta:** The capex amount is correct. So the number of meters, which were installed was close to around 31 lakh meters, plus there is a certain inventory also which is carried in the books. So roughly around Rs 500 odd crores is an inventory which is carried for the smart meters. The per meter amount of the capex is roughly around Rs 5,500 to Rs 5,800. If you do that math, then the number of 31 lakhs would match. Plus you have to add the inventory, which is also included in the capex amount.
- Kandarp Patel:** And to answer your question, the actual cost number is exactly in line with the expected number that we planned. So there is no change there.
- Dhruv Muchhal:** Sir, how do you account for this Rs 900 of subsidy that we get from the government? Or is that not part of the estimates as of now?
- Kunjal Mehta:** Rs 900 is an incentive which is given by the central government to the state DISCOMs and which the state DISCOMs gives as a part of lump sum as a part of the tariff. So it does not

materially impact the capital cost. It just helps in sourcing of that funds whenever there is a funding requirement. But it is a part of the tariff itself.

Dhruv Muchhal: That does not come to you as a company. That comes to the state government or the state DISCOMs?

Kunjal Mehta: Yes, it comes to the state DISCOMs and whenever we complete the installation, the state DISCOMs then passes it on a one-time or lump sum basis to us as part of the tariff itself.

Dhruv Muchhal: Okay. So that's already part of your bid price. So, whatever Rs 100 or Rs 120 per meter per month on your side.

Kandarp Patel: Yes. Correct.

Dhruv Muchhal: And sir, second question is just on a broader outlook on the transmission business. So, you have a very large order book now and the execution is also improving, and the pipeline also seems very healthy as of now, as you mentioned, Rs 54,000 crores plus probably some state bidding also can happen.

But how do you see given the balance sheet plus the existing order book, can there be a meaningful addition to the order book still? Or there could be a slowdown and focus more on execution now?

Kandarp Patel: We will add projects only if that fits within our financial and execution metrics. We will not be taking projects just because we wanted to build an order book. We will only add the projects looking at what are the capex that we are delivering on the ground. Suppose in case it lower than our expected rate, then we would probably not take the project.

Dhruv Muchhal: Got it. And sir, one interesting probably I'll take that later. But in terms of execution of transmission, when I look at the under-construction projects, there have been some delays in terms of the timeline. So, some projects were expected to commission, I think, by March, have been delayed by a few months, probably only a few months. But just to understand what the major challenges in terms of the timeline are because this probably leads to some revenue loss to us.

Kandarp Patel: No. the project that you have mentioned is delayed not because delay from our end, but because it is a part of a system. When you do a transmission project, obviously, at a certain point, you will have a dependency on somebody's component coming up.

But we are not affected because of that. There are two ways of mitigating it. We continue to monitor those elements on which we are dependent. In that case, we will also regulate our pace accordingly. So, we don't end up in that case, unnecessary or higher IDC cost.

Dhruv Muchhal: Okay. And if there is a delay on account to somebody else, you get a change in law for the lost period.

Kandarp Patel: Correct. Correct.

- Kandarp Patel:** But the approach is that you don't get into regulatory issues if the issue is manageable otherwise. We will try to make sure that we have limited or bare minimum regulatory intervention that requires for us.
- Moderator:** We'll take the next question from the line of Anuj Upadhyay from Investec.
- Anuj Upadhyay:** Congrats on a good set of numbers. So, you mentioned about the commissioning of the transmission assets for FY26, the major one being the Mumbai HVDC. What would be the other major assets? You mentioned, I guess, some six to seven projects which are likely to get commissioned for the current. Can you elaborate more on the projects which are likely to get commissioned?
- Kandarp Patel:** Yes. the major projects are Khavda Phase II Part-A, Khavda-1 pooling station, North Karanpura Transco Ltd, which has been delayed due to environmental issues. We aim to complete this project in FY26. Additionally, the WRSR project, Halvad project and the Mumbai HVDC are already under construction.
- Khavda Phase II Part A is about Rs 1,300 crores, Khavda KPS-1 pooling station is Rs 900 crore, North Karanpura Transco Ltd is Rs 1,000 crores, WRSR is Rs 2,100 crores, Khavda Phase – III Pat A (Halvad) is Rs 2,700 crores and Mumbai HVDC is of Rs 7,000 crores.
- Anuj Upadhyay:** Halvad, you said, almost Rs 2,400 crores?
- Kandarp Patel:** Rs 2,700 crores.
- Anuj Upadhyay:** Okay. And Mumbai HVDC is Rs 7,000 crores.
- Kandarp Patel:** Yes.
- Anuj Upadhyay:** The overall order book of around Rs 60,000 crores, which we have, how much of that would be the revenue which we could determine or translate from the Rs 60,000 crores of capex, which we'll be doing over the next 4 to 5 years?
- Kandarp Patel:** That will be close to about Rs 8,250 odd crores for the pipeline of Rs 60,000 crores capex. That will translate to 13.77 % tariff to capex ratio, which you will see it's a very healthy one.
- Anuj Upadhyay:** Okay. Okay. And how much would be the incentive income, sir, for the full year from this transmission availability?
- Kandarp Patel:** So, for FY25 it was about Rs 130 crores. All these projects once commissioned the incentive income could be about close to Rs 200 crores.
- Anuj Upadhyay:** This is for FY26, you're saying, sir, or by the commissioning of this entire order book?
- Kunjal Mehta:** Rs 130 crores was for the current financial year, which we earned.
- Anuj Upadhyay:** FY25, right. And Rs 200 crores was?

- Kandarp Patel:** Once all these projects are commissioned by FY27, you will have an incentive of about Rs 200 crores because these projects will get commissioned during the middle of the current year FY26. So, it will not be a fully operational. First full operation period will be in FY27.
- Anuj Upadhyay:** Got it. Got it. And I missed out on the upcoming states who are probably planning to come out with a smart meter bidding and all. Last time, you had mentioned that around Rs 10 crores is set to happen for states like Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Madhya Pradesh. Can you just give the status of -- I guess you mentioned, but I missed out on that.
- Kandarp Patel:** So you're right. They will come out with the bidding process. One of them, Tamil Nadu has already come out.
- Anuj Upadhyay:** Okay. Okay. And lastly, sir, on the Fatehpur-Bhadla HVDC, have we started the awarding process with OEMs?
- Kandarp Patel:** Yes. We have already executed the contract with Hitachi and BHEL, and work on the project has started.
- Moderator:** We'll take the next question from the line of Xinran Pan from Loomis, Sayles.
- Xinran Pan:** I want to ask for smart metering business. What is the current EBITDA? I mean, how should we expect when we talk about 1 crore number of metering, how much annual EBITDA would that contribute to?
- Kunjal Mehta:** In the current financial year, we installed close to 31 lakh meters, but the revenue was not that material, and therefore, it is not part of our segment reporting. From next year onwards, it would be a substantial number once we are able to achieve the 70 lakhs additional meters plus 30 lakhs so on an aggregate basis 1 odd crore meters would get established next year. On the EBITDA estimate, around Rs 1,350 per meter per annum is the annual estimated for smart metering business.
- Xinran Pan:** Okay. Can I also ask what is on the AEML level, is there any dividend payout plan to QIA?
- Kunjal Mehta:** The dividend would be as per the covenants, which are there under the bond documents, whereby whatever is the surplus, whichever is there, would be available for distribution to the shareholders, if at all, there is available surplus. Plus, the company is looking to further deleverage its balance sheet, as you would have seen in the past 2 years or so. So, a combination of either dividend or repayment of the existing loan including the shareholder loan would be utilized from the available surplus at the AEML level.
- Xinran Pan:** I see. Next question is on the refinancing. I think the PPT mentioned you expect to refinance the Adani Transmission 2026 bond with a new amortizing bond. Would this be onshore or offshore? And then is there already some discussions, some progress you can share?
- Anupam Misra:** Yes. So this one, all the options are on the table. We will activate those options about 6 to 9 months prior to the actual refinancing.

- Xinran Pan:** Okay. Can I just ask what's the current funding situation onshore because your pipeline is actually quite substantial. How is the funding plan, the cost?
- Anupam Misra:** Kunjal, do you want to take that?
- Kunjal Mehta:** Yes, sure. So, all the projects which are under-construction, almost all of them are currently tied up in terms of the financial closures with the Indian banks and the Indian financial institutions. So under the Indian banks, all these projects which are under construction have already been tied up.
- Anupam Misra:** And cost, Kunjal, if you can give an idea of the cost?
- Kunjal Mehta:** Cost would be around 9.5% of the under-construction projects.
- Anupam Misra:** And the way they are structured is once these projects become operational, the rating improves and then the pricing drops below 9%.
- Kandarp Patel:** That we have done recently for a few projects as well. Kunjal, you might like to give info about that part.
- Kunjal Mehta:** Yes. So what happens is that post construction, our rating for transmission projects improved significantly. And if you would have seen, most of our projects are either AAA or AA domestically rated. And for AAA and AA+ ratings, we are able to achieve cost of around 8% to 8.5% from most Indian banks, Indian financial institutions and even the domestic capital markets.
- Xinran Pan:** Okay. Just one last question. I think before we mentioned some HVDC line ramp-up. Does that refer to the MP Package II that commissioned last year?
- Kunjal Mehta:** Sorry, can you repeat your question?
- Unknown Analyst** I was just checking some old notes and there was some HVDC line that referred to -- that we expect to ramp up. I just want to check on the progress of that.
- Kunjal Mehta:** What we communicated is that the Mumbai HVDC line is going as per schedule, and we plan to commission the project during Q3 FY26.
- Moderator:** The next question is from the line of Nikhil Nigania from Bernstein.
- Nikhil Nigania:** My first question is on the distribution side. Beyond Uttar Pradesh also, are you seeing any other opportunities possibly in early discussions for privatization of DISCOMs?
- Kandarp Patel:** Nikhil, currently, only Uttar Pradesh who has undertaken this process. But I believe if it goes through in Uttar Pradesh, it will set an example for other states as well. Then, probably you might see a lot of distribution companies coming out with this kind of initiatives.
- Uttar Pradesh is also a major one. They are planning to privatize two distribution companies out of their four distribution companies. They want to convert these two companies into five

companies so that size is manageable. Those would be around 12,000 million unit volume company. And those five companies, they wanted to privatize.

Nikhil Nigania: Understood. These five companies, I mean, if you could share some color, the plans to give it like no one player can get more than one or there's no restrictions or it's too early to say?

Kandarp Patel: Yes, it's too early to say because they haven't issued that RFP yet. I think they will be issuing that RFP in maximum a month's time. A lot of discussions are going on with the prospective bidders, with the MoP and everyone. And I believe they should be able to come out with the document very soon. Once we have the document, all those contours will be clear.

Nikhil Nigania: Okay. Understood that. So my second question then was on the transmission side. So when we speak to renewable companies, everyone highlights transmission as being a massive bottleneck for them. So given you are present in transmission, in distribution, and you spoke about intrastate transmission as well as a new opportunity. So I wanted to understand from a macro perspective on the grid, where do you see the biggest bottleneck, which is happening? Is it interstate? Is it intrastate? Or is it just execution of all the interstate projects, which is leading to such a situation?

Kandarp Patel: No, it varies on a case-to-case basis. So sometimes you will find that ISTS line is ready and wherever it is getting connected in any state, from there, you have a bottleneck or sometimes state is ready and then you have a bottleneck in ISTS line.

Recently, some of the transmission ISTS line, which had to be completed for evacuation of Rajasthan renewable power, they got delayed, but project got commissioned and that energy started coming into Gujarat through existing ISTS line, and that created problem in Gujarat.

So it's a very dynamic one. It depends on a case-to-case basis. But what good thing has happened is to realize the problem, coordination between all the generators, transmission players and CEA, MoP and CTU is very good now. In fact, Secretary Power takes a review meeting at regular interval of 1 month.

Further, CEA and CTU also keeps on reviewing the situation at a regular interval of 15 days. So whenever there is an issue, all these people get together and find a solution and push whatever that is required to be done.

Nikhil Nigania: Understood. And one last question then. I mean, you have built a very sizable order book for AESL, would capital become a constraint? I understand, I think what you mentioned to Dhruv earlier that you won't bid for anything less than your return threshold. But would capital become a constraint in bidding for new projects given the Rs 60,000 crores work in hand that you already have for transmission?

Kandarp Patel: I don't think that is going to be a problem. Anupam, would you like to take up this.

Anupam Misra: Yes, I'll take that. So, see, the way this works, Nikhil, is that today, we've got about Rs 1 billion of EBITDA. That Rs 1 billion of EBITDA will grow as and when more and more projects

become operational. Our conversion ratio of EBITDA to FFO across our projects is about ~50%. what that means is that the kind of cash flow available for us to reinvest.

When we do these projects, transmission projects are a 3 to 4 year timeline of construction. Some projects are 2 years, broadly 3 years on an average. So, for that perspective, we will have a 3 year capex outlay. That's how the equity and the debt will go. For smart meter, it is 1 year, but then within a year itself, we start generating cash flow, distribution is self-funding.

So if you put all of these three together, we still have a lot of capacity to build and put up more projects. So we will be an active player, but we will be very disciplined in terms of returns.

Moderator: We'll take the next question from the line of Sumit Jain from ASK Investment Managers Limited.

Sumit Jain: I'm just keen to know what is the capitalized asset base in transmission business currently, which is, let's say, March '25?

Kunjal Mehta: So, total all put together, we roughly have around Rs 42,000 crores of asset base, of which distribution accounts for around Rs 10,000 odd crores. So the balance entire amount is towards the transmission assets.

Sumit Jain: Rs 32,000 crores roughly.

Kunjal Mehta: Yes.

Sumit Jain: And of this Rs 32,000 crores, how much would have got capitalized this year?

Kunjal Mehta: Out of Rs 11,000 crores that we incurred, almost entire got capitalized, except for the Rs 600 odd crores of the smart meter inventory, which did not get capitalized and roughly around Rs 1,000 odd crores, which is still under CWIP.

Sumit Jain: Okay. So roughly closer to about Rs 9,500 crores, to Rs 10,000 crores got capitalized.

Kunjal Mehta: Rs 9,500 crores got capitalized.

Sumit Jain: In transmission business. So, in that segment when I look at what is the number?

Kunjal Mehta: All put together. We incurred Rs 11,400 crores for all three businesses.

Sumit Jain: How much would be in transmission of this?

Kunjal Mehta: Rs 7,646 crores to be precise.

Sumit Jain: So, Rs 25,000 crores to Rs 32,000 crores is what we would have seen in terms of increase in capitalized base.

- Kunjal Mehta:** Out of the amount Rs 12,000 crores that we are going to incur in the next year, around Rs 9,000 crores to Rs 10,000 crores would get capitalized. And the balance would be CWIP on a progressing basis.
- Sumit Jain:** Okay. This is in FY26. For FY25, what you're saying is Rs 11,000 crores got capitalized and of which Rs 7,650 crores is for transmission. Is my understanding right?
- Kunjal Mehta:** Correct. Rs 11,400 crores was the total capex, of which Rs 7,600 crores was in transmission assets.
- Sumit Jain:** So this is capex. And capitalized amount would be?
- Kunjal Mehta:** The capitalization, I'll come back to you, but out of Rs 7,500 crores, about Rs 1,000 odd crores would be CWIP. So Rs 6,000 odd crores would be capitalized amount.
- Sumit Jain:** Got it. So, when I look at our operating EBITDA in transmission business, which is about Rs 1,108 crores, that shows growth of just about 5% year-on-year. If our capitalization is Rs 6,000-odd crores on a base of, let's say, Rs 25,000 crores, that's about 25%, thereabout in terms of growth, why has EBITDA increased only 5%?
- Kunjal Mehta:** EBITDA increased from Rs 3,800 crores to Rs 4,400 crores, which is 19% on a full year basis.
- Sumit Jain:** I'm talking transmission business. Because capitalization can happen during course of the year. So, let's say, if one thinks about this quarter itself versus the last quarter, the entire capitalisation broadly thereabouts would be giving us EBITDA, right? So while EBITDA increase is only 5% in this quarter versus the base quarter last year?
- Kunjal Mehta:** Correct. Operating EBITDA is 5%.
- Sumit Jain:** Yes. So logically, this should increase in line with growth in our capitalized asset base.
- Kunjal Mehta:** Right. So in the entire year, the operating EBITDA has grown 19%, which is in line with the capitalization, which I just completed. Based on the lines gets completed, the capitalization happens, and the tariff starts getting built.
- Sumit Jain:** So, what you're saying is the right picture to look at is not necessarily on a quarter basis, but full year number is what is the right number?
- Kunjal Mehta:** Correct. Because there could be overlap. Like in this financial year, there are certain lines which gets commissioned, and billing would get started in the next financial year and so would have happened in the previous financial year.
- Sumit Jain:** Sure. Got it. And what is the difference between operating EBITDA and EBITDA? Why is EBITDA significantly higher than revenue itself in transmission?
- Kunjal Mehta:** So the bridge between operating and EBITDA should be because of the EPC businesses, certain treasury income that we add and the trading income that is the trading from the power businesses

that we add. So, all put together, there could be a gap of around Rs 500 crores, Rs 600 odd crores each year.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: My first question is on the HVDC, which you won recently at Khavda. What is the timeline for execution? What is the timeline which you expect the financial closure to happen? I'm asking this question because this is slightly larger project, right, compared to others.

Kunjal Mehta: So, the scheduled timeline for the HVDC to get completed is around 48 months, and we are looking to complete the financial closure in the next 6 to 8 months.

Kandarp Patel: So, Mohit, there are two poles, first pole, 48 months and second in 54 months.

Mohit Kumar: Understood, sir. But I believe that we are facing some issues in general in procuring the HVDC terminals, so the government has allowed 54 and 60 months. Is that not correct? And have you signed the transmission service agreement?

Kandarp Patel: We have signed the transmission service agreement, and we have also placed an order with the Hitachi matching that required schedule under the TSA.

Mohit Kumar: So 48 to 54 months, right?

Kandarp Patel: Yes.

Mohit Kumar: And sir, what is the status of bids for HVDC Khavda-Olpad scheme? Is it the bid has the technical bid submitted? And when do you expect the financial bids to open a rough number, a broad guideline?

Kandarp Patel: So that bid submission has not happened. In fact, the final schedule for bidding should come anytime soon now. And that bidding process, we expect it to get completed in another next 3 months right up to the reverse bidding.

Moderator: The next question is from the line of Ashwani Sharma from Emkay Global Financial Services.

Ashwani Sharma: Congratulations for a great set of performance. A couple of questions on the smart meter. So first one is that out of the 10 crores to 11 crores smart meter pipeline that you mentioned, what would be broadly our win target out of that?

Kandarp Patel: We want to maintain market share, which is about 22% to 23%. So we'll target at least 2.2 to 2.3 additional crore meter.

Ashwani Sharma: And secondly, sir, again, on the implementation, so is there a supply chain issue that you envisage due to this U.S.-led tariff announcements? And while implementation, is there a resistance from the residents as far as implementation is concerned?

Kandarp Patel: There has been a resistance, not so great from the residents, but from those vested interest groups. But now things have sorted out in almost all geographies. Last year, when we started, we

deployed smart meter at the average run-rate of about 2,000 meters per day in quarter 1, and when we closed the year in quarter 4, we had an average of about 18,000 meters a day. Currently, we are doing about 27,000 meters a day in the April month.

So now in fact, all those issues relating to public resistance and those deployment on the ground, manpower, the training, the supply chain, now everything has been sorted and there are a lot of traction in terms of implementation from our side. So with this kind of a number, we are probably the highest in the country who is installing that number of meters in a daily basis.

Ashwani Sharma: Anything on U.S. tariff, sir?

Kandarp Patel: So U.S. tariff doesn't impact us because we are a homegrown utility and no services of us is either getting exported or we are not dependent on any services or goods that comes from U.S. So there is no impact on us.

Moderator: The next question is from the line of Abhiram Iyer from Deutsche Bank.

Abhiram Iyer Congratulations on a good set of numbers. Could you just give out what the debt numbers and cash numbers would be at the different entities, the transmission business, the Mumbai distribution business and the smart metering business? And if I could also may ask what would be the liquidity requirements at each of these entities over the next year, whether it's capex or any refinancing coming up? And if you can help us elaborate a bit on what the company's plans are for these?

Kunjal Mehta: Sure. So as outlined, the plan for next year is close to around Rs 16,000 crores to Rs 18,000 crores of the capex in the next financial year, which comprises distribution of Rs 1,600-odd crores, which is a self-funded asset, so you don't need debt for that.

Rs 4,000 crores of smart meters since it is also largely funded through internal accruals and working capital lines, immediately, that would be around roughly 50% that would be partially funded through debt and partially through internal accruals and short-term lines. And transmission of around Rs 12,000 crores to Rs 13,000 crores. Generally, we do a borrowing of 70% to 75% of the project cost.

Currently, we have around Rs 8,500 crores of cash and cash equivalents and our net external debt is around Rs 32,000 odd crores. which gives us a net debt-to-EBITDA of around close to 3.2x basis the hedge rate debt, which is at a comfortable position.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to Mr. Kunjal Mehta for closing comments. Thank you, and over to you, sir.

Kunjal Mehta: I would like to thank all the investors and the participants who participated on the call. In case or in case you have any additional queries or clarifications, happy to take that post the call also. Thank you all for participating in the call.

Moderator: Thank you very much, sir. Thank you, members of the management. On behalf of Adani Energy Solutions Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

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