



“Adani Energy Solutions Limited  
Q4 & FY ‘26 Earnings Conference Call”  
April 24, 2026



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**Moderator:** Ladies and gentlemen, good day, and welcome to the Q4 and FY '26 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; Mr. Kunjal Mehta, CFO; Mr. Prashant Soni, Head Finance.

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 the operator by pressing star then zero on your touchtone phone. I now hand the conference over to Mr. Prashant Soni from AESL. Thank you, and over to you, Mr. Soni.

**Prashant Soni:** Thank you. Thank you, Ryan. So thank you, and a very good day to everyone. A warm welcome to the Q4 FY '26 earnings call from AESL. We hope you had an opportunity to review the earnings presentation and final results that we shared on our website.

To outline the flow of today's call, we will begin with the opening remarks from our CEO, Mr. Kandarp Patel, following which we will open the floor for Q&A. The call will conclude with closing remarks from CFO, Mr. Kunjal Mehta. For those who wish to ask questions, we request you to start join the question queue a little in advance to help us manage the Q&A efficiently. Thank you.

And with that, I would like to hand over to Mr. Kandarp Patel for his opening statement. Thank you. Over to you, sir.

**Kandarp Patel:** Good morning, everyone, and warm welcome to all investors and analyst friends on this call for Q4 and FY '26 of Adani Energy Solutions. Well, you must have received all the material in terms of our accounts and financial performance and also operational performance. But I would like to highlight few points that are very distinguished point, which probably may not have been emerged out very clearly from a finance.

So obviously, this year, besides many other projects, we have commissioned that Mumbai HVDC project, which is not only regulatory asset-based project -- RAB-based project, but it is also very, very important for Mumbai transmission capacity augmentation. It will also help AEML in integrating more and more renewable power for our distribution company.

The another significant milestone that we could complete -- achieve this year was deployment of smart meter on the ground. While we anticipated or we projected that we will be doing about 70 lakh meters this financial year, we surpassed that target, and we ended up installing about 83 lakh meters on the ground. That is probably the highest number that any operator has achieved not only in India, but probably also on a global basis.

While we continue to do all this project execution on the ground, there is a significant shift or change that is happening at AESL level. You must have noted that the capex at -- AEML consolidated capex, transmission, distribution, smart metering has increased significantly over a period of time. We have now reached too close to INR15,000 crores capex.

We will continue to improve the capex and reach about INR20 crores capex this year. But while we are improving capex, you also must have noted that there is a significant improvement that is happening on the credit rating side. So now most of our assets are AAA+ or AAA. And there is a significant improvement in credit rating while we are scaling up the capex.

So usually, it becomes even challenging to maintain the credit rating while you are significantly stepping up a capex, but we have done it otherwise. We have improved on credit rating. And consequently, our interest cost is also going down. Now even in the challenging time, volatile time, if you are in a position to improve credit rating and reduce your interest cost, that's a significant achievement from AESL side. And that would mean that incremental return for shareholders.

Now similarly, with HVDC commissioning and the regulatory asset base capex that we continue to do at AEML. Now when we took that AEML, the RAB was about INR5,400 crores. Today, you must have seen that it has reached to INR10,500-plus crores. Similarly, in transmission as well, the asset -- RAB-based asset was about INR10,000 crores.

Now we have added INR7,000 crores of HVDC. And we will continue to make sure that the proportion of regulatory asset base and competitive asset base remains healthy. And that is driving our growth and cash generation. And with this, we have been able to do the refinancing of our \$500 million bond and that we refinanced from Apollo, who is U.S. insurance investor.

Now that gives us confidence that even during this challenging geopolitical situation, we have been able to leverage our financial and operational strength, and do the refinancing. Similarly, on a smart metering, we will continue to scale up our operations. We think that smart metering business is not limited to our contractual period, but it is a perpetual one given the industry structure.

So we believe that this opportunity is going to continue even when those existing concession expires, maybe in terms of extension or new bidding opportunity. And with the capabilities that we have created, we certainly are in a much better footing to take advantage of future opportunities.

Similarly, on the transmission side as well, this year, we have improved on the market share. We have reached to now almost 29 percentage of the project that went into bidding. And there are about INR150,000 crores projects already identified for the bidding. Simultaneously, as I mentioned, we are scaling up our capability in deploying capex on the ground, and we will continue to do that. With the improved interest cost and with improved capability of deploying capex, that will give us an opportunity to capture a larger amount of opportunity -- transmission opportunity in the market.

On the operational side as well, we have been doing consistently well. This year as well, the O&M availability has been 99.7. Similarly, on the transmission side -- distribution side as well, we have been consistently been able to reduce our distribution losses. So all in all, the distribution loss has already reached to 4.2 percentage.

In fact, we started with 8.5 percentage and we have reached to this level. The significant thing that is going to happen from a growth side besides transmission and smart metering will be C&I segment. So we have started that operation. We are now closely about 5,000 megawatts of renewable capacity contracted. We are already having about dozens of third-party consumers of about aggregating of about 1,400 megawatt capacity.

It will give us a great lever in capturing that market, which has a huge potential, including those data centers coming up in India. So all in all, C&I will also become one of the major growth driver in the next year. And we will have a detailed presentation on C&I once we complete next financial year and have this call again somewhere in May next year. And we will lay out what are the kind of activity that we have been able to do it in C&I.

So all in all, in all our segments that we operate, whether it is transmission, distribution, smart meters or C&I, we see a great potential there, great opportunity. And since we are improving capability of capex deployment and discipline in capital management and capex deployment, we will continue to capture those opportunities.

With this, I will hand it over to Kunjal for...

- Kunjal Mehta:** No, I think we can now start the questions from the analysts or the investors.
- Moderator:** Thank you. We take the first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** Good afternoon, sir and thanks for the opportunity. My first question is, sir, can you help us with your expectation for capex in FY27 and FY28 for three businesses separately?
- Kandarp Patel:** Yes, sure. So we will have about INR22,000 crores of capex next year, of which transmission would be about 15,500, distribution about 2,350, smart metering about 3,900 and -- so these are the numbers. So we'll be around 21,000 -- between 21,000 to 22,000.
- Mohit Kumar:** So this is for FY27, right, sir?
- Kandarp Patel:** Correct.
- Mohit Kumar:** Is it possible to share the FY28 or is not possible as of now?
- Kandarp Patel:** No, no, it is possible, but that number will be a little approximate, but it will be around 23,000. So of that the transmission would be about 20,000. Distribution, again, will be about 2,000 and smart metering, given the order book, we are not assuming the additional one. But given the order book, it will be 1,500 and whatever the additional order that will come will get added. So somewhere between 22,000 to 25,000.
- Mohit Kumar:** Understood, sir. My second question is, sir, is it possible to share the expectation for capitalization or commissioning in FY27, FY28? And can you just please, sir, help us understand whether you have included the Mumbai HVDC completely in FY26? Is that the right understanding?

- Kandarp Patel:** Yes. So Mumbai commissioned in FY26 only in the last month.
- Mohit Kumar:** Completely?
- Kandarp Patel:** Yes, completely. Yes, 100 percentage. And the capitalization number in FY27 would be about 21,000, 22,000. In FY28, it could be about 13,000. And thereafter, the capitalization will improve especially in transmission because those HVDC projects that will start getting commissioned from FY29.
- Mohit Kumar:** Understood, sir. Thank you and all the best, sir. Thank you.
- Moderator:** Thank you. We take the next question from the line of Manish Ostwal from Nirmal Bang Securities Private Limited. Please go ahead.
- Manish Ostwal:** Yes, sir. Thank you for the opportunity. I have a question on the balance sheet leverage. So sir, if you look at our cash flow for the year FY26, we have operating cash flow of INR10,000 crores -- almost INR11,000 crores, and we are having capex of INR14,431 crores. So effectively, our free cash flow negative INR7,500 crores. So what is your view on the balance sheet leverage, where we are comfortable? Can you guide us on that front, sir? That will be helpful for us.
- Kunjla Mehta:** So that's from an operating cash flow. So you would understand is that most of our assets, we generally finance it in the ratio of 70:30. So only the equity portion is funded through the internal accruals. So balance is tied up through the debts. From that position, we are fully comfortable to meet all our existing capex requirements in transmission, smart meter and even distributor.
- Moderator:** Thank you. We move on to the next question, which is from the line of Dhruv Muchhal. Please go ahead.
- Dhruv Muchhal:** Yes, sir. Thank you so much. Sir, can you help me what is the capitalization for FY26? And if you can also break it up between transmission, what is in transmission?
- Kandarp Patel:** So '26 is about INR15,000 -- INR15,300. Transmission is INR10,260; distribution, INR1,511 and smart metering INR3,556.
- Dhruv Muchhal:** All right. Sure. And sir, also one accounting thing is what would be a CWIP be in a normal accounting term at the end of FY26 be, overall console CWIP?
- Kunjla Mehta:** So between the SCA assets and the normal conventional assets, so if you look at the financials, the current CWIP is around INR2,053 crores, which is for the non-SCA assets and for the -- currently, we are currently having SCA assets of about I'll just give you the number.
- Dhruv Muchhal:** Because now the accounting has changed, so it will become a bit confusing?
- Kunjla Mehta:** Yes. So SCA assets is currently around INR6,200 crores and the CWIP is around INR2,500 crores.

**Dhruv Muchhal:** Sir, broadly INR8,000 crores of CWIP. And sir, just trying to combine the math and you're guiding for a capitalization of about INR15,000 crores in transmission in next year, FY27. So what we generally see is what your CWIP is at the end of the year probably gets capitalized at the end of the next year, the typical cycle in transmission, but your guidance is much higher. For example, for your transmission guidance, is about INR15,000 crores next year, capitalization guidance. And assuming all the CWIP is for transmission, that's about INR8,000 crores. So I'm just trying to reconcile the math?

**Kunjali Mehta:** Yes. But there would be a capex which will be incurred during the current financial year as well, which will also get translated into capitalization. I mean, just to give you a perspective, especially in transmission assets, what happened is that certain types of transformers or certain types of substations are generally procured during the fag end of the asset and that gets capitalized immediately.

And this is exactly what happened in case if you note in HVDC project as well. So it is just at the last period when you procure heavy equipments, which gets capitalized during that financial year and which does not generally form part of CWIP or your assets.

**Kandarp Patel:** Dhruv next year also -- means in the current year, we plan to do a transmission capex of about INR15,000 crores to INR16,000 crores and INR8,000 crores of this WIP. And out of this total block, we plan to capitalize about INR14,500 crores to INR15,000 crores.

**Dhruv Muchhal:** Perfect. And sir, two macro-related questions is in some of the government documents, the transmission committee meetings, what we're seeing is they've started to talk about batteries, the cost -- the higher cost of transmission, particularly it seems the HVDC lines and they've started to compare it to batteries and all those. How should we see this? Is it the cost becoming a challenge or the integration becoming a challenge or I mean, why we thought? Just trying to understand how do you -- how you're seeing this?

**Kandarp Patel:** No, obviously, that debate is going on at a policy level as to how much of transmission capacity that country should add because it also has a cost implication, especially for renewable project. So the debate is that should we push as a sector the installation of more co-located BESS so that transmission costs could be optimized.

But see, what is happening is that, that's one leg of transmission, but whatever electricity is generated that also has to get distributed and taken to the last mile to the end consumer. Now in future, what we see, while -- the interstate transmission line will continue to get crystallized and come into bidding, but we expect to see a lot more activity from a state side because all those transmission corridors, which are created or which are being created for taking renewable energy to load center.

Now those investments are required to be made at a state level to take it to last customer. So we see a lot of opportunity coming from state side as well. And you must have seen in last year, there are a few utilities or state who has already started bidding for multiple projects like Maharashtra, Rajasthan, Uttar Pradesh and even Karnataka. So we see a lot of action coming from those states as well.

- Dhruv Muchhal:** So basically, just to understand this well, a larger portion of the ISTS evacuation is done. Now it is more about optimization and the activity to a larger extent shifts towards the intrastate network?
- Kandarp Patel:** No, I'm not saying that it is already done. There will also be – we will also continue -- if we as a country we are in a position to install base at a massive scale, then probably that quantum might come down to a certain extent, but it is not completely done.
- Dhruv Muchhal:** Yes, sure. Got it. And sir, last thing on the C&I, you mentioned about 5 gigawatt you have tied up and the data center-led demand that you can cater. Just trying to understand, it seems the government is also looking at -- state governments are looking at giving distribution licenses to these large hyperscalers. So how does it position us in that thing? I mean, can they still come to you for that round-the-clock power or they do it themselves? I mean, just trying to understand our positioning then, if they get operationalized?
- Kandarp Patel:** No certainly, even if they become a distribution licensee, they will have to source power. And because their requirement of power will be very, very peculiar, that is where we come in, especially from power infra side as well as from supply side. So now we having got capacity of solar, wind as well as BESS with us, we are in a position to offer that kind of a solution to, whether it is a customer or the deemed distribution licensee given to a customer. So essentially, it remains a customer.
- Dhruv Muchhal:** Okay. And this 5 gigawatt that you have tied up is, I mean you have freeze this capacity for yourselves and then you find your customers. For example, 1.54 gigawatt you have already found and the remaining you will find it now?
- Kandarp Patel:** Correct.
- Dhruv Muchhal:** Sure, great. Nice one. Will be helpful to understand more on the C&I as you shared. Thank you so much.
- Moderator:** Thank you. We take the next question from the line of Manish Somaiya from Cantor Fitzgerald. Please go ahead.
- Manish Somaiya:** Hi, good morning. Couple of questions. The first one is on smart metering. The installation rate was quite impressive in the fourth quarter. So I was hoping you could help us understand how we should think about 2027? And also, when I look at the book of business that you currently have, which is around 24.6 million, if you could just help us get feel for when is sort of the next time you'll have an opportunity to do more tenders? And when do you expect to -- for that number to meaningfully increase?
- Kandarp Patel:** Manish, so next year probably we'll be doing about minimum about 1 crores meters. Having done 83 lakh meters in the current year, we are confident that we'll be able to install another 1 crores meter in the current financial year. As far as next opportunity is concerned, you must have seen when we started that concessions were about 2.3 crores, but now we have reached to 2.46 crores.

Essentially, there are two ways of getting additional concessions here. One is that in the existing contract itself, it has swelled to 2.5 crores, 2.3 crores. And the balance opportunity, which remains in the market is about 9 crores to 10 crores meters. There are a few states who are awaiting their approval from central government under RDSS. And those states are Karnataka, Tamil Nadu -- Tamil Nadu already has an approval.

So now they have to come out with the bidding process. Probably they will come out when their elections are over. So the opportunity remains are Tamil Nadu, Karnataka whole state, Telangana whole state, Andhra Pradesh part, Gujarat part and MP part. So these are the opportunities which are still pending in the market.

**Manish Somaiya:** Okay. That's super helpful. And then on the distribution side, EBIT was down about 14%. Volumes were up. Losses obviously improved. So maybe I was just hoping to get some color from you as to how we should think about distribution in fiscal '27 from a financial measure?

**Kandarp Patel:** So we will continue to have that similar amount of capex in distribution. See, distribution, what is happening is that in AEML, we continue to harden the asset. So we continue to add about INR1,500 crores to INR2,000 crores capex every year. And we are also making sure that our tariff remains the same, almost at the same level.

And that we have been able to do and we will continue to do by improving operational efficiency. So effectively, what we are doing is that all efficiency gains are transferred for investors for incremental return because we continue to add that RAB. So it's a win-win for customer as well as shareholders. So shareholders returns are improving, but customer tariffs are remaining same and service levels are also improving significantly. And that's the reason why AEML has been rated number one distribution company in the country since last 4 years now.

**Manish Somaiya:** And then just lastly on transmission, I think you talked about the Mumbai HVDC coming online fully. If you can just help us quantify the EBITDA run rate contribution from some of the projects that have come on in fiscal '26 into fiscal '27? And then just a related question to that. The tendering opportunity that you mentioned of INR1.5 billion, how should we think about the win rate as we model out?

**Kandarp Patel:** Sorry, Manish, how should we think about?

**Manish Somaiya:** In terms of the win rate or the tendering opportunities that you have?

**Kandarp Patel:** Yes, currently.

**Manish Somaiya:** Could be absolutely a certain percentage?

**Kandarp Patel:** So Manish, currently, we are about -- in fact, we were about 20 percentage, 25 percentage. We have improved this year to close to 30 percentage. So we will continue to maintain that market share between 25 percentage to 30 percentage. While we can also increase market share, but we -- as I mentioned, we will make sure that we remain disciplined both in terms of capital management as well as capex deployment.

So that is the area where we don't want to compromise. So we will limit ourselves to 25 percentage to 30 percentage and that will also be converted into amount. It will be INR40,000 crores, INR50,000-odd crores of new opportunity for us in the transmission itself.

**Prashant Soni:** And Manish to the first question, this year, the capitalization which has happened for transmission on fully run rate basis, we will be able to add another INR1,600 crores of EBITDA, around INR1,600 crores by those commissioning of existing the projects, which has been commissioned in this financial year. I'm talking about the INR1,600 crores is the revenue number.

**Manish Somaiya:** Okay. And then just maybe for Kunjal, last question in terms of leverage with capex going higher, are we still comfortable with that 4x to 4.5x or should we expect that to inch a little bit higher?

**Kunjal Mehta:** No, we'll continue to maintain that leverage in the ratio of around 4.5x to 4.7x.

**Manish Somaiya:** Okay. All right. Thank you so much and good luck.

**Moderator:** Thank you. We take the next question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** Thanks for the opportunity once again. Sir, my question is on the Mumbai HVDC, which you commissioned. How do you expect to book revenues in the FY27? Will it be at lower project cost, in the sense it will be booked at provisional tariff or it will be booked at the full project cost?

**Kunjal Mehta:** So as you know, this is a RAB-based project and once the tariff is approved by the regulator, you are entitled to start billing to the regulator. So currently, the number is INR1,300-odd crores which is the full year tariff from the Mumbai HVDC project, which we will start accruing from next full -- next financial.

**Mohit Kumar:** Understood, sir. My second question is, sir, of course, it was regarding HVDC Pole 2 of Mumbai. We understand that, of course, the state transmission committees had approved it and they commended it to the empowered committee of state. Have you heard anything on that and is it fair to expect that HVDC Pole to start working in this -- from this fiscal?

**Kandarp Patel:** So as far as HVDC Pole 2 is concerned, the evaluation at MERC and STU level is going on. We feel that Mumbai will require -- certainly require additional transmission capacity. But we can't commit currently, because that's still under the evolution at MERC and STU level.

**Mohit Kumar:** Understood, sir. My second question is, sir, can you help us the progress on the 2 HVDC projects, which we are working on right now in terms of percentage completion? And could you also address the ROW challenges if you're facing any?

**Kandarp Patel:** So as far as Fatehpur-Bhadla HVDC is concerned, the construction has already begun, both at a substation and a line level. And we haven't faced any significant ROW challenge as far as that project is concerned. As far as Khavda-Olpad is concerned, we have finalized all the contracts,

but the construction has yet not started, it will start. So Khavda land is now already under the possession. Land at Olpad, we expect to get possession from Power Grid in maybe a month's time. And once we have that, we will start construction at both the places.

The preparative work at Khavda has already started because that land is already in possession. And we already submitted those proposals for environment and forest clearances because that will also become a significant part. We already started applying for ROW permission. So those are compensation orders from state government. So currently, it's progressing as per plan. You will see a lot of action on ground, on both the projects in the current year.

**Mohit Kumar:** Is it possible to share the percentage completion for Fatehpur-Bhadla? How much percentage completed till date?

**Kandarp Patel:** I don't have that number ready, Mohit, but we will send you that.

**Mohit Kumar:** But is it fair to understand that most of the capex will happen in FY27, FY28 for Fatehpur-Bhadla?

**Kandarp Patel:** Yes. So the capex in Fatehpur-Bhadla will start -- significant capex will start from current year.

**Mohit Kumar:** Understood, sir. My last question is, sir, is it possible to share the margin profile for the trading business, especially on the 1.5 gigawatt? And when do you expect the 1.5 gigawatt to start contributing to the top line?

**Kandarp Patel:** So the 1.5 gigawatt that we have already tied up, the margins are in excess of INR0.50 per unit. Rest we are still working. So once we tie up that capacity, either on a medium-term or long-term contract, then those numbers will get crystallized. Currently, we are operating on a merchant market, and that depends on the market condition, which is varying on a day-to-day basis.

**Mohit Kumar:** Is it right to say that the margin profile currently is lower and it will improve once we start selling into the merchant market -- sorry, selling into the long-term C&I market?

**Kandarp Patel:** So I would not say it is lower, but you will get more certainty once you have a contract.

**Moderator:** We take the next question from the line of Shirom Kapur from Jefferies.

**Shirom Kapur:** Just had a small bookkeeping question. So your operational EBITDA for your smart meters business, so 9 months FY26 in the presentation showed about INR466 crores. And for FY26 full year, it's showing as INR452 crores, though for the fourth quarter, it's showing about INR180 crores. So has there been some kind of restatement in your operational EBITDA? And if you could quantify that for the past 3 quarters, like what would have changed in those numbers?

**Kunjali Mehta:** No. So just that the operating EBITDA is purely a function of the number of meters that gets installed. So from that perspective, every quarter, that number will keep on increasing. So there is no restatement as such. It's just that we show both the numbers in our financials, the Ind AS numbers as well as the non-Ind AS numbers.

- Shirom Kapur:** I'm referring to the non-Ind AS numbers itself. Your operational EBITDA in the 9 months of FY26 totally was INR466 crores, but your total full year FY26 is INR452 crores. But the fourth quarter wasn't a loss, right? Fourth quarter itself was INR180 crores of operational EBITDA. So that's what I'm understanding. Then this number implies only about INR270 crores in 9-month FY26 versus INR470 crores that you mentioned in your 9-month presentation. That's the kind of discrepancy I'm asking about, if you could share -- clarify that?
- Kunjal Mehta:** No. So my operating EBITDA for the full year comes to around INR593 crores for smart meter business and for the Q4, it is INR214 crores.
- Shirom Kapur:** I'm referring to non-Ind AS numbers, if you -- that's where I'm seeing the discrepancy. That's why?
- Kunjal Mehta:** So I'll have to check that as to from where you are getting 9-month number.
- Shirom Kapur:** It's in your presentation, the 9 months presentation, Slide 10. We can take it offline. That's okay. Second, my next question is on the -- this INR1.5 trillion tender pipeline. So is this entirely an opportunity in the next 12 months? Or if you could give what the 12-month pipeline number would be?
- Kandarp Patel:** So 12-month would be about INR80,000 crores to INR1 lakh crores, depending on how bidding process proceeds. But we expect that bids about INR80,000 crores to INR1 lakh crores will get finalized.
- Shirom Kapur:** Got it. But could you give us what this 12-month pipeline would have been at the same time last year? Has it increased?
- Kandarp Patel:** It has almost remained the same.
- Shirom Kapur:** Remained the same. Okay. And just last clarification on your -- the SCA assets that you mentioned, this INR6,200 crores of SCA assets, that would be accounting-wise part of your gross block number, right? And the INR25 billion -- INR2,500 crores you mentioned would be part of CWIP. This is not part of -- this is beyond what is your reported number. Is that understanding correct?
- Kunjal Mehta:** No. So SCA gets reported separately as under non-financial assets, but...
- Shirom Kapur:** Right. So the number you mentioned, INR6,200 crores, that would be already the operational asset and INR2,500 crores is yet to be operationalized, right? Is that understanding correct? These are both part of your other financial assets, but this would be the breakup for the SCA assets on the smart meter side?
- Kunjal Mehta:** So one is contracted assets and one is SCA assets. Once the asset gets commissioned, that forms part of your contracted assets. And once it is under construction, it forms part of your SCA assets. And both are part of non-financial assets.

- Shirom Kapur:** Sure. Could you give that number in your other financial assets right now, how much is already the contracted asset and how much is under construction?
- Kunjal Mehta:** INR6,200 crores and INR7,000 crores.
- Shirom Kapur:** INR6,200 crores and INR7,000 crores.
- Kunjal Mehta:** Correct.
- Moderator:** We take the next question from the line of Mahesh Patil from ICICI Securities.
- Mahesh Patil:** First question is on the intrastate opportunity. So what do you think like annually, what's the pipeline and what kind of bidding number that we are looking at?
- Kandarp Patel:** So intrastate would be around INR30,000 crores to INR40,000 crores collective all state together annually.
- Mahesh Patil:** Okay. And sir, my second question is on the HVDC -- Mumbai HVDC project. So we mentioned that we commissioned it fully in FY26. So is it possible to share the date? Was it a single date or the different elements were commissioned at different point of time?
- Kunjal Mehta:** It was a single date. We commissioned from 15th March.
- Mahesh Patil:** Okay. And sir, the cost remains as INR7,000 crores, right, for tariff and everything. No additional cost or tariff is being claimed here?
- Kunjal Mehta:** So INR7,000 crores is the cost of completing that project.
- Moderator:** We take the next question from the line of Ram Jay from JP Morgan.
- Ram Jay:** I have a question regarding the smart meters installed. How much is the number for the last year, smart meters?
- Kandarp Patel:** No, no. Last year, we installed 82.29 lakhs smart meters in '26.
- Ram Jay:** Okay. Sir, your media release, Page 3, it says we have deployed 1 crores smart meters.
- Kandarp Patel:** It is all aggregate till today. So last year, when we began, there was about 31 lakhs smart meters, which was installed. In the current year, we installed about 82.29 lakhs meters. So the aggregate is that number.
- Moderator:** We take the next question from the line of Bharat C. Shah from BCS Capital Ideas Limited.
- Bharat Shah:** One growth question, given the fact that the opportunity on transmission now clearly seems to have widened and it is also reflected in our capex program. Our distribution assets are doing a steady progress and helped by addition of new RAB assets, but our smart meter is a high-growth opportunity, at least for some length of time. And maybe at some stage, C&I will kick in.

In that backdrop, if I look at -- and I'm focusing on operating profit, that is profit before adding any other income. So our profits for the 4-year period have remained range bound between INR4,000 crores to INR4,500 crores each year between financial year '19, '20 up to '22, '23. In that 4-year period, it has been in the range of INR4,000 crores to INR4,500 crores. Then clearly, we made a break in the subsequent year approaching closer to INR6,000 crores, then in '25, INR7,000 crores and now '26, about INR8,000 crores.

While definitely there is a progress made in last 3 years, but at what stage I think more correctly reflective of opportunity and our own preparedness and strength in the area where we see far more accelerated growth in our operating profit. So from INR8,000 crores for the last year operating profit, at what stage do we see doubling of that? And in what time period we think it will triple?

**Kandarp Patel:** So thank you, Bharat bhai, for this question. So this year, last year, the consolidated number was INR8,726 crores. And see, our business other than C&I is all capex-based business. And then the moment we capitalize, we add that profitability. And as we discuss on the capex and capitalization plan for coming year, that will directly translate to addition of EBITDA. So next year, given the capitalization plan, we expect that number could be around INR11,500 crores.

**Kunjal Mehta:** So Sir, as you know, generally, as management, we would not give guidance on the EBITDA numbers. But as we mentioned is that there is a significant capex capitalization, which is going to happen during the next 2 years itself. And if you consider that during this financial year, we have just added, I mean, we have not added any revenue numbers from the Mumbai HVDC here, which is a significant increase when the full year numbers will kick in, in FY26.

So from that perspective, and if you consider the locked-in portfolio of Transmission by the end of 4 years when all these projects would get fully commissioned, we are at least looking 3x the size of the current Transmission EBITDA trajectory that we have.

**Bharat Shah:** Sorry, 3x, in what time frame?

**Kunjal Mehta:** Once all these, all the existing transmission project gets completed in the next 36 to 40 months the transmission EBITDA will be 3x from existing transmission EBITDA.

**Bharat Shah:** I see. So in 3 to 4 years' time, what is operating profit of about INR8,000 crores and EBITDA of a little less than INR9,000 crores last year, we are seeing it should triple in 3 to 4 years' time?

**Kunjal Mehta:** Yes, only for transmission business, Once all these projects have the locked-in tariff, which has been indicated and all these projects on a run rate basis will start then tackling all these numbers that we have mentioned.

**Bharat Shah:** And that takes into account all of, that takes into account some amount of additional smart meter contracts that you may get or based on the current contracts only that you are estimating?

**Kunjal Mehta:** Based on the current smart meter contracts of 2.46 crores meter.

- Bharat Shah:** All right. Which means essentially that what is about INR8,000 crores operating profit and less than INR9,000 to INR8,700-odd EBITDA should be in the corridor of INR25,000 to INR27,000 in 3 to 4 years' time?
- Kunjal Mehta:** I would not, I mean, I'm just saying is that all the transmission tariff numbers would get stricken. I would not want to put a number today on the EBITDA because I don't, we generally do not give a guidance on the EBITDA's to, on the investors. What I'm saying is that all the transmission projects would get completed, and that itself would translate to 2 to 3x transmission numbers of the current numbers.
- Bharat Shah:** Okay. And Kunjal, I appreciate you being very coy about the guidance and because these are predictable assets, predictable time lines of execution, and we know, what are the rate of returns we have to earn on that. So there is a fair degree of settled clarity as to what the number should be out? Essentially.
- Kunjal Mehta:** This is exactly what I think is that, sir, that INR72,000 crores of the under construction pipeline would translate to an additional tariff of INR10,000-odd crores once this entire project gets completed. You know that the distribution business will have currently INR2,500 crores EBITDA, which will translate to close to INR3,000, INR3,200 numbers. And smart meter business will also start generating INR2,400 crores to INR3,000-odd crores of EBITDA trajectory once the entire smart meter, I mean the numbers, I mean that's the guidance which we have been giving to everybody, and we'll continue to give that.
- Bharat Shah:** Okay. I appreciate. I just wanted to basically hear and understand that finally a range bound kind of corridor in which we were there for the length of time. Clearly, last 3 years, there have been improved progress. But takeaway progress is what I was looking forward to. And I believe now this is the phase which is commencing for that takeaway growth, right?
- Kunjal Mehta:** Correct, sir.
- Bharat Shah:** Okay. And is the picture more shaded thereafter after these 3 to 4 year corridor is over? Or given the longevity of the transmission opportunity and hopefully, other things which will play out like you talked about C&I and hopefully, distribution game may open up, would we say that the pace of our expansion conducted by would continue thereafter, is it?
- Kandarp Patel:** So obviously, Bharat bhai, we would like to continue that way. And you are spot on. Currently, it is a transmission which is contributing to growth. It could be C&I after some time, then it could be a distribution after some time. And the other one that we are incubating is district cooling probably that will also start picking up in 4, 5 years' time. So, we'll continue to have that aspiration of growing, but with a financial discipline and execution discipline as well.
- Bharat Shah:** One last thing, Kandarp bhai. For district cooling opportunity, I believe we are doing something in Gandhinagar. But overall, the large new clusters are coming about of development across the country, are we not looking at tying up opportunity at the early stage and figuring out a solution while those large mega clusters are being developed anywhere in the country?

**Kandarp Patel:** No, I think, Bharat bhai, that is where we are working very actively. In fact, we have just got a concession, I had mentioned in last call as well. We got a concession from one of the cluster development happening in Chennai. We are also talking to various state government and wherever so we see a great opportunity there. It may not be a sizable today. But going forward, Bharat bhai, we think that it is going to be a big one.

**Bharat Shah:** Fantastic. And hearty congratulations. I think probably the most exciting phase of this opportunity, probably as I see it has begun.

**Moderator:** We take the next question from the line of Nirmal from Aditya Birla Sun Life AMC.

**Nirmal:** I have two small questions on the transmission bottlenecks. So just wanted to understand to what extent do you see the revised compensation scheme, especially after the latest revision, positively impact in resolving the ROW issues this financial year? And is it just the compensation that is impacting ROW issues or there are other issues as well?

**Kandarp Patel:** So, ROW, there are two kind of ROW. One is where you require a permission. So essentially, it is like a forest clearance or if you are encountering any wildlife sanctuary, those clearances and there is a set process around it, and we have also completely structured that particular process in a way that we now know very clearly as to when are we going to get. And our team is fully aligned to the process or the requirement of the process for getting those approvals.

And the second part is ROW from the general public, where there is an ownership of the land from farmers or individual. And there, those government policies come into play. Many a times, we see that despite having a collector order for compensation as per the government policy, a few of the individuals or group of the individuals will still create a problem.

Even now all the governments, state governments as well as central government is very serious about this particular problem, and they are also trying to systematically sort this out. We have also seen now police protection being utilized very frequently for getting ROW. So, these challenges are there on the ground, but we also see that timely action from various government authorities as well to sort those issues out.

**Nirmal:** And do you see the revised compensation impacting positively this financial year?

**Kandarp Patel:** So revised compensation, if it is revised by government and we have to pay that additional compensation, we are neutral to it because that gets covered into change in law. But I don't see it is getting revised significantly anytime soon.

**Nirmal:** No, sir, I meant the new amendments that are there. So now you need to have a committee, the market review committee is there. So whether -- do you think these new amendments will help in resolving these issues? That's what I'm trying to understand, especially this financial year?

**Kandarp Patel:** No, it is already there. It is not new one. The last year -- last to last year when government of India notified that policy and when all states started notifying their respective policy, they had this provision. And, in fact, they are called DLVC Committee. So they assess what is the market

rate prevailing in that particular area and decides compensation based on that. That also gives a flexibility. Sometimes it happens that in a particular area, your ready reckoner or a Jantri rate is low, but market price is high. And there, those committees intervention becomes very, very useful. So it certainly helps us.

- Nirmal:** Okay, sir. Thank you for the response.
- Moderator:** Thank you. We take the next question from the line of Vishal Biraia from Bandhan AMC. Please go ahead.
- Vishal Biraia:** Hi. Any equipment that is being sourced from China or you plan to source from China, which is in the short supply in India?
- Kandarp Patel:** Vishal, we can't source equipment from China
- Vishal Biraia:** On behalf, your EPC suppliers and equipment contractors on behalf of Adani Transmission?
- Kandarp Patel:** No. So as per conditions of the bid, we can't use any equipment manufactured in China if it is through TBCB. So we don't envisage any such import from China for our TBCB projects.
- Vishal Biraia:** Perfect. That is very helpful. And one question for Kunjal bhai.
- Kandarp Patel:** Just to add one thing on the supply side, the kind of challenges that we are facing as a sector in the country is easing out. In fact, a lot of new capacity is being added as far as GIS, transformers, reactors are concerned. And all those OEM manufacturers has also started manufacturing quite a good amount of component in HVDC as well. So GEs and Hitachi's of the world has invested in India in their manufacturing capacities.
- So we see the supply-related issues getting eased out very soon. And in fact, it has eased out to a great extent. We had a very different distinct advantage. Even in a difficult period, we were not really facing that challenge because usually, we buy through strategic procurement and we have that kind of relationship and we order those equipment well in advance so that we don't face those challenges of equipment getting delivered delay. In fact, no our -- no project of AESL got delayed because of delay in the equipment delivery.
- Vishal Biraia:** That is heartening to hear, sir. Thank you.
- Moderator:** Thank you. We take the next question from the line of Bharat C Shah from BCS Capital Ideas Limited. Please go ahead.
- Bharat Shah:** Just one more thing, Kunjal. The borrowing level, I think for the last year in aggregate was, I think, about less than INR50,000 crores. 4 years down the line, what kind of borrowing level do you envisage?
- Kunjal Mehta:** Sir, I don't have an absolute number about 4 years borrowing level, but we have been always giving a guidance that our net leverage would be in the range of 4.5x to 4.7x. So we will continue to maintain that and that financial discipline, we will continue to maintain to ensure that we

always get the highest ratings for all our transmission projects. So from that perspective, we will ensure that our leverage is always in check to ensure that we have the highest ratings overall.

**Bharat Shah:** But Kunjal. If this is going to be high growth phase for our profit as projects will kick in. Therefore, if we assume the same 4.5x to 4.7x, then it will appear that our borrowings also would go to INR125,000 crores to INR150,000 crores, which I think based on the yearly cash flows and other things hideout or given the capex requirement that our borrowing level will be hitting that kind of a number?

**Kunjal Mehta:** Sir, I'll walk you through separately about our -- the entire borrowing program for the next 4-5 years, especially at the end of 4 years especially

**Kandarp Patel:** But Bharat bhai, two things is certain that we are not reaching that number 4.5x to 4.6x. And second thing is also certain that we have locked in capex of INR77,000 crores.

**Bharat Shah:** In the 4-year period?

**Kandarp Patel:** Yes.

**Bharat Shah:** Yes. That's what I -- that I understand. Only Kandarp bhai, given that kind of a pace of about INR20,000-odd a year of capex, I would assume that borrowing probably will not rise at the same level, but I'll separately work on that with Kunjal.

**Management:** Perfect. Thank you.

**Bharat Shah:** Yes. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question and we conclude the question-and-answer session. I now hand the conference over to Mr. Kunjal Mehta for his closing comments.

**Kunjal Mehta:** So I would just like to thank each one of you who participated in the call. In case we have not been able to answer or clarify to anyone. Happy to take any of your queries separately. Thank you all.

**Moderator:** Thank you. On behalf of Adani Energy Solutions, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.