"ACME Solar Holdings Limited's Q3 & 9M FY'25 Earnings Conference Call"

January 29, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 29th January 2025 will prevail.

MANAGEMENT:

- Mr. Manoj Kumar Upadhyay – Chairman & Managing Director, Acme Solar Holdings Limited
- Mr. Nikhil Dhingra – Chief Executive Officer, Acme Solar Holdings Limited
- Mr. Ankit Verma – Head of Corporate Finance, Acme Solar Holdings Limited
- Mr. Purushottam Kejriwal – Chief Financial Officer, Acme Solar Holdings Limited
- Mr. Arun Chopra, Head of Finance & Accounts, Acme Solar Holdings Limited

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q3 FY'25 Earnings Conference Call of ACME Solar Holdings Limited hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Mohit Kumar: Good morning, all. I welcome you all to the Q3 FY'25 Earnings Call of ACME Solar Holdings. We have here with us the Leadership Team of ACME, led by Mr. Manoj Kumar Upadhyay – Chairman and Managing Director.

Without much delay. I would now like to hand over the call to the "Management for Opening Remarks" followed by "Q&A." Over to you, sir.

Nikhil Dhingra: Thanks a lot, Mohit. Good morning and a very warm welcome to everyone present on the call. Myself, Nikhil Dhingra, I am the CEO and Director on the Board of the Company.

I have with me our Chairman – Mr. Manoj Kumar Upadhyay – the Founder and the Chairman, Ankit Verma – Head of Corporate Finance, Purushottam Kejriwal – our CFO, Arun Chopra – our Head of Finance and Accounts, and Strategy Growth Advisors are our Investor Relation Advisors.

So, what I will do is I will briefly take you through the presentation which we have uploaded on the stock exchanges. So, if you want to, you can refer it as well, I will start on Page 5, but I will do it quickly such that we have more time for Q&A.

So, in this quarter, it has been a very execution-focused quarter for us. We have essentially doubled our capacity from 1,340 MW to 2,540 MW. So, we have increased by 90% and this is due to the commissioning of our 300x4, 1,200 MW of solar capacity which is tied up with SECI. So, now our operational portfolio is 2,540 MW like we updated you last quarter. In terms of the GW peak, it's 3.6 GW peak. So, that is a more substantial update in this quarter.

In terms of the operational[1] portfolio split, now, the central offtakers constitute 67% of our portfolio and states only constitute 33% of the portfolio, which is of course improving the credit rating of the overall portfolio and overall utility business we have.

In terms of the new orders and growth side, we have won 1,900 MW of capacity in this financial year. So, our total contracted portfolio is 6.97 GW. And in this 1,900 we have FDRE, which is the peak power contracts of 1,000 MW, solar of 600 MW and hybrid of 300 MW. In terms of the PPA signing, which is a very important metric for starting of our projects, because PPA is the zero date for us to monitor the two years we get for commissioning the plant. So, we have successfully signed 2,340 MW of PPAs out of our under-construction capacity of 4,430 MW.

Similarly, another important issue which has come up is the adoption of these tariffs, because that's another milestone, which also is very important for us to determine the zero date of the PPA, and for that we have done 2,500[2] MW which is again more than 50% of this capacity. So, in both these regards, we are of more than 53% of our under-construction capacity.

450 MW of our capacity is in advanced stages of construction. So, that is something which is in very advanced stages.

Coming to the next slide, briefly, we have done the IPO in November. So, we have used all of the proceeds to reduce our debt like we had mentioned. So, debt has been reduced by around INR 2,070 crores, which has resulted in a steep reduction in the net debt. So, net debt is now at INR 6,882 crores in this quarter as compared to INR 8,755 crores in the previous quarter.

In terms of the Greenfield financings, we have sanctioned INR 16,500 crores. So, basically around 40% of our debt is now tied up in the under-construction projects. And in terms of the refinancing, we have refinanced essentially 50-55% of our debt, which is around INR 5,500 crores, so at an average rate of 8.8% per annum. So, this results in two positives for us. One is the reduction in cost of debt and second is the cash release, which is one of the sources of accruals for us in terms of the future funding.

Grid connectivity is of course very important for a utility like us, which is connected to the central transmission system for providing power. So, we have connectivity in place for 100% of our under-construction capacity, and of course we keep on building our war chest, so we have around 2,000 MW available for future bids.

[1] Stated as portfolio split during the call, however, operational portfolio is the correct reference
[2] Includes projects where tariff has been adopted or order reserved

In terms of the next slide, capacity road map, so 2,540 MW, which is operational for us will give us a run rate annual project to bid of around INR 1,750 to INR 1,800 crores. That is basically something which we already have. So, we will continue giving this guidance from the operational assets.

And in terms of the ROCE, which is basically pre-tax ROCE, we do 14.5%. So, this is another metric which we'll keep on giving to all of you as we move forward. Basically, the operational project EBITDA run rate and operational project Gross Block[3],basically the ROCE from the company.

So, we are at 2,540 MW. We will make all efforts to prepone this, but in the base case we have 6,970 MW of capacity which we will be operating by FY'27-28. All these have different timelines, but this is the last date for those project executions.

Lastly, from my side, on the operational highlights, we did a large improvement in our CUF, 23.7% is the CUF which we did as compared to the last year, and this CUF I can say for sure that this is going to increase because the proportion of high CUF projects have increased in the portfolio. So, from the next quarter you will see much better number on the CUF.

In terms of generation, we sold around 250 crore units in these nine months and which is a substantial jump of 34.5% units.

In terms of plant availability, our plants are running at 99.4% availability and a grid availability of 99.6%.

Thanks a lot. I will now ask Ankit to give you Update on the Financial Highlights Quickly.

Ankit Verma: Thank you, Nikhil, and very good morning to all the participants.

So, I will refer to the presentation again, if you can refer to page #10, if you have it handy. So, here we have reported the Q3 numbers on a YoY basis for both as reported and on an adjusted basis. So, adjusted basis means that we have monetized 369 MW in the last financial year in January '24. So, for a like-to-like comparison, it is pertinent to compare the performance on an adjusted basis. However, I will give you the updates for both reported as well as on like-to-like comparison.

So, our total revenue for the quarter stands at INR 401 crores which is up 45% on adjusted basis and 10% on reported basis. And this is majorly on account of the phased commissioning of the recent SECI ISTS 1200 MW plant.

[3] Stated as ROC during the call, however, Gross Block (less EPC margin realized within Acme group) is correct

EBITDA for the quarter stands at INR 359 crores which is substantially up 59% on a like-to-like comparison basis and 15% on reported basis.

As far as margins are concerned, they are like 90% on the reported basis on account of the higher operating leverage, because now we have higher base of operational assets.

And our PAT for the quarter stands at INR 112 crores, which is up 152% on reported basis and 317% on a like-to-like asset basis.

Our cash PAT for the quarter is INR 189 crores which is up 52% on reported basis and up 149% to be precise on like-to-like asset basis.

And the last thing here is the PAT margin, which is for the quarter is 28% as compared to 12% in the last quarter on YoY basis.

Moving on to the "Standalone Financial," which is page #11. So, for the nine months, –total revenue is INR 1,036 crores with an EBITDA of INR 917 crores, which reflects EBITDA margin of roughly 89%.

And on the standalone financial basis, which reflects our profitability from the in-house EPC business that we do for our own subsidiaries, our total revenue for the nine months is INR 1,203 crores with EBITDA of INR 407 crores and PAT of INR 199 crores respectively.

On page #12, we have covered the gross block and the net debt. Our net debt as of December 2024 stood at INR 6,882 crores which comprises INR 6,069[4] crores of operational debt and INR 813 crores of debt to the project which are under construction.

And if you look at our some of the key metrics in terms of net debt-to-EBITDA, so if you look at the net operational debt on an annual EBITDA basis for the current financial year, it will be around 5X, which is below our guided range of 5.5X.

And net debt-to-equity after raising the primary capital from the IPO currently stood at 1.6X.

These are the major updates from the financials point of view. With this, I would now request to open the floor for questions, which our team will be happy to answer.

Moderator: Thank you. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

[4] Stated as 670 crores during the call, however INR 6,069 crores is correct

Puneet Gulati: Yes, thank you so much and congratulations on good performance, good capacity commissioning and a detailed presentation. My first question is with respect to the capacity that are highlighted under the LOA. Can you talk a bit about how soon can we see them getting converted and, and if you think of any capacity we could be at risk of not getting converted into?

Nikhil Dhingra: Right, right. So, if you have access to the presentation, we can go to Page #24, right, there we have given the detailed status of the tariff adoption, various steps in the overall PPA signing. So, the first thing is LOA, right? We have LOA for all of this capacity, right, which is around 4.4[5] GW. Now, coming to the PPA status, PPA signed for 2,340 MW we mentioned. I think you're more interested in what will happen to the rest of the PPA which is around 2,090 MW, right? So, in terms of the two projects, 380 MW of FDRE with SECI and 350 MW FDRE with SECI again, half of the PPAs have been signed. So, these are expected to be signed shortly in terms of the first, they'll be first to be signed, because they have been partially sold, so they are more likely to be sold. And of course the order has been reserved for a tariff also because now that is something we also track. And in terms of the other ones, so we are quite positive that the NTPC once again will be signed shortly. So, of course we don't have because this is up to the agency to do it quickly, but what we understand in the last quarter or so, the PPA signing has really picked up pace because lot of FDRE tariffs have been adopted and lot of states have already done, like UP has done 1,200 MW for our NHPC bid which we signed yesterday, 680 MW of PPA we signed yesterday. We don't have the SECI to state government status because that is up to SECI to do it. But we understand is the top two ones will be signed very quickly, the rest of them are also very advanced, but of course and we are hopeful that they will be done in max couple of months. But this of course we keep on tracking with the counterparty. We are not able to track with the state governments, but of course we are updated that the central government is quite, quite positive about getting these power offtakes done because as you know, ALCM has also come into being, so the tariffs are expected to go up as we move forward. So, these become quite attractive if you purely look at commercial angle in terms of these tariffs. Plus, as I said, the tariffs have been adopted in the recent past. So, there is a good metric for all of them. And the tariffs are in the range of what we have done in the last two years. So, we are quite hopeful that they will be signed soon. In terms of the tariff adoption, we have given detailed status wherever the order has been reserved. So, order reserved means the order will be out in next couple of months because that is the time cycle CERC takes and we will be updating these petitions and order reserve for tariff adoption also in our quarterly presentation. In terms of the grid connectivity, we have the grid connectivity for all of them. So, if you look at our preparedness, so grid connectivity is there with us, we are of course moving forward on the land and transmission line because that's a very low CAPEX item. But of course it takes long time. So, we keep our preparedness such that we get a head start whenever the PPA get signed.

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[5] Stated as 4.7 GW during the call, however 4.4 GW is correct

Puneet Gulati: Just a bit of clarification on the solar one 300 MW where you talk about order reserved. This presumably it is yet to see PPA done, right, and order is the CERC order you're talking about or the PPA?

Nikhil Dhingra: So, so all of 2,090 is yet to see PPA. So, 2,340 has seen the PPA right? The 2,090 is yet to see the PPA. There are two tables, right, in this slide. So, the 2,340 has seen the PPA MW, 2090, the whole of it has to see the PPA.

Puneet Gulati: Understood. So, okay, second question is there was this CERC regulation which talked about not providing power charges for infirm power. Is that likely to impact any of your projects here?

Nikhil Dhingra: No, actually, we read that article, and we were going to release a clarification, our regulatory head has drafted it also, he is going to shortly do it. So, see, in terms of renewables, right, we don't have any fuel charges and other things. So, we have no, no issues with that in terms of the merchant plant or in terms of the, you can say the infirm power sale. We were of course impacted by it in the last quarter because we had to commission the plant to sell the power because this order became effective from December 22nd. So, all of our plants got commissioned before this order became effective. And of course, in renewable, the merchant plant is also not at risk because we can run our plant without fuel. But because they don't get a pass-through, the thermal projects, so they have an issue which we don't have. So, we will not face issues on the merchant plant.

Puneet Gulati: But, but you will miss the extra earnings that you would have otherwise got?

Nikhil Dhingra: No, actually those are not earnings which are factored in any base case. Basically, what happens is when you charge the plant, typically the inverters charge individually, so you have a phased commissioning, right. Your commissioning time takes around seven months. But that is part of the procedure because you have to give a 15-day notice to CEA to visit your plant because that is how the procedure works. So, in those 15 days you can prepare your plant to be ready. So, it was not in the base case. What happened is let's say if there was early commissioning, which people had and they got an NOC from let's say the purchaser that they don't want to buy the power for some time, then you could sell it in merchant. That was a very special case, and it was not factored in anybody's base case. In those conditions, you could have sold power in exchange basis infirm power. So, that is like an upside that is never part of any base case.

Manoj K Upadhyay: This is Manoj here, I want to clarify. Actually, now more and more distribution companies, they are hesitant to give any NOC. So, the day you generate the power, even if you are generating the partial power, it is in benefit for them to buy that power. So, they don't give NOC.

Puneet Gulati: Understood. That's very clear. And just two numbers on account. What is the actual cash tax paid during the quarter?

Nikhil Dhingra: Cash PAT is what we have mentioned here; it is 189 crores cash PAT.

Management: Cash PAT you mean, right?

Puneet Gulati: No, cash tax, tax that you pay in cash.

Nikhil Dhingra: Tax in this quarter, we will just tell you. Arun?

Puneet Gulati: And also on the other income side, if you can break it up between how much is the interest related part to it and how much is any other surcharge in sometime?

Nikhil Dhingra: Sure. So, in this quarter on the standalone basis, we paid 6 crores of taxes in this quarter. And on the consol, on the power sale, there's no tax. Arun will confirm.

Arun Chopra: So, on the other income side, so interest on FD are -- is close to around 30-odd crores. Fixed deposit.

Puneet Gulati: Okay. And balance of the 28, yes.

Arun Chopra: Another 28 majorly include amortization of the deferred revenue of around INR 15 crores.

Puneet Gulati: Alright. That's helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Ankit Mittal from SBI Mutual Funds. Please go ahead.

Ankit Mittal: Yes, thank you for the opportunity. A few questions. So, firstly, on the cost part, cost seem to be fairly under control both on the employee and other expense front and I think this is despite us taking over employees from Cleantech. So, if you could just highlight on what's happening over there and how do you look at these costs going forward?

Manoj K Upadhyay: Right, right. So, see, in terms of the cost, we have of course increased it from the last quarter because of the transfer of employees from the ACME Cleantech to ACME Solar Holdings, like we had mentioned in our DRHP. So, it has increased because of that. But in terms of the revenue and the EBITDA, because we have operational leverage, so that is where the margins are higher because the HO cost doesn't increase because of capacity expansion. So, going forward, we don't see the HO cost going up, but of course as we do more projects, right… and that will be part of the project cost of that project, we will hire a lot of people on the project side, but that will be part of that project.

Nikhil Dhingra: So, actually to clarify it, it is basically as you add more and more megawatt, per megawatt cost at the corporate level will go down.

Management: So, basically, if you see these standalone financials, the costs have gone up, right, because there we are doing the EPC and all, but if you see our consolidated financials, the cost being majorly because of the project related people, it gets capitalized and gets knocked off in the capitalization front. So, you don't see a much steep hike in the consolidated financial whereas you see that in the standalone.

Nikhil Dhingra : Ankit, you can refer to the slide 26 of the presentation. So, on the standalone basis, our employee benefits have moved up from INR 24 to INR 36 crores and on a, on a consol basis, they are reasonably constant.

Manoj K Upadhyay: We've also taken consideration of RSU, because we have also factored the RSU will be issued through the senior management, that is also actually a method in the standalone, that's around INR 12 crores, right.

Ankit Mittal: Understood. So, a large part of this is EPC-related and that's why. On the other expenses as well on a YoY basis, that number has gone down fairly significantly. I understand there's been a part sale of asset.

Management: Yes, yes, just because of the 369 MW which we divested last year, right, so the main operational cost has gone out from there.

Nikhil Dhingra: So, the largest part of this other expenses is the O&M cost, correct which has gone down because of sale of the assets.

Management: And anyway, what will happen? It will further go down because what is happening, as we are adding more and more larger MW capacity, earlier we had a 15, 20, 30, 50 MW, margin will improve because with the larger capacity per MW O&M cost is much lower than the smaller capacity of the old project.

Ankit Mittal: Got that. The second question was on this 1,200 MW that you commissioned, and I think, I think 3Q would have been a softer quarter because it's not fully commissioned, but generally what's the type of PLF that you've seen at that plant for this quarter and on an annual basis what sort of PLF should come in from this 1,200 MW?

Management: This 1,200 MW is designed to achieve 30% of CUF. When we started for example, last few days we are touching 32, 33, 31, right, so this whole plant will operate at 30% CUF.

Nikhil Dhingra: Because I will just mention the reason. So, it is located in the higher GHI zone. I think you have visited that plant. So, that is in Fatehgarh. And of course that is one reason we can do the CUF. And secondly, there are DC capacity here is as you mentioned around 1,740-odd MW. So, 1,200 MW of AC as we are putting the CAPEX for around 1,740 MWp. So, these are the two reasons because of which this will do higher and that will also lead to a higher CUF for us overall because the historical projects had a cap on CUF which newer projects since 2019-20 don't have.

Ankit Mittal: Got that. Got that. Fair. And one last question in terms of near-term commissioning, I think we have some 450 MW lined up, 150 MW of wind and 300 MW of solar merchant. When do you expect those capacities to commission?

Nikhil Dhingra: So, we – yes, yes, we are doing our best to commission the 350 MW in this quarter. So, that is the intent that 350 MW gets fully commissioned. Of course, we will do our best to try and do that. It may spill over to April, 350 MW in worst case, but that is what we are trying. And the 100 MW wind, again, we'll try in best case to do it by let's say between June to September quarter. So, that's of course our intent. And in terms of the other capacities also, we have not mentioned it in advanced stages, but we have done most of the activities relating to land and transmission line. Basically, we will only say that whenever we say advanced stages, it is basically when the CAPEX has crossed 50%. So, that is what we mean by advanced stages of construction. In some cases, it is 70% CAPEX has been crossed. So, we will try and evolve some metric where we say advanced and, and where the stages of the construction of project are. But, as of now these are the projects which are in advanced stages of construction. Just on this merchant plant, I would like to say that we have won a bid at -- from SECI at INR 3.05[6], which we of course like we had earlier also mentioned we plan to move this merchant to any of our PPAs. So, this could be one of those PPAs where we transfer this merchant to SECI and that PPA requires you to supply power in -- before June '25. So, that is one PPA where this merchant could be shifted.

Ankit Mittal: Got that. That's fair. Thank you. Those were my questions.

Moderator: Thank you. The next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.

Subhadip Mitra: Thank you for the opportunity.

So, yes, of that 2,340 MW of PPA signing, how much would have the back-to-back PSA signed with the discoms?

Nikhil Dhingra: So, Subhadip, the process works like the PPA don't get signed if PSA is not signed.

Subhadip Mitra: Understood. So, back-to-back it is?

Nikhil Dhingra: Yes

[6] Stated as 3.5 during the call, however INR 3.05 is correct

Subhadip Mitra: Perfect. So, that's, that's great. Secondly, given that there was a lot of noise around the fact that some of the older projects… I am talking about on an all-India basis not ACME in specific, but some of the older let's say tenders which had gone out were lacking PSA and PPA signing, do you see any sluggishness or any let's say slowdown in terms of newer tendering because the government may want the older projects to see PPA, PSA signing, any of that sort happened?

Nikhil Dhingra: So, in terms of the, in terms of the newer bids, right, that's what you're talking about, so we don't see a slowdown, but of course there is a temporary, temporary sort of movement into ALCM regime, right, because that is a big change which has happened where the cells need to be domestically procured. So, that will result in a shift in tariff so that we have to see where the tariff stabilizes in that regime. But of course, in terms of the bidding this year we see all the four REIAs stepping up and trying to achieve the 50 GW targets which the government has given. So, no slowdown per se because of any other issues, but I think the ALCM will result in a tariff reset on the solar side, it will not result in anything on the wind and battery side, but on the solar side there is a small ALCM-related adjustment which will be percentage wise far less in an FDRE tender as compared to pure solar tender. So, we believe that it will definitely set in next by March or so. And this is the quarter generally where the bidding happens maximum because the targets are generally monitored very well in the last quarter.

Subhadip Mitra: Understood, understood. But then, then this also makes the bid that you have won far more attractive, right, because under the ALCM regime you would probably see a move up in terms of that?

Nikhil Dhingra: Yes, yes, we have to see how much very attractive or more attractive because that ALCM tariff is yet to be out but yes, it will definitely make them better for, for the purchase.

Subhadip Mitra: Understood. Last question is with regard to the newer capacities that you've been winning since the IPO, right? So, we used to talk about, I think 5.5 to 6 GW number earlier, now that number is already closer to 7 GW and you're planning to move towards a target at 10 GW by 2030. So, for the incremental new capacity that are being won after the fund raise, how do you see the equity funding of those projects will it be completely through internal accruals itself, will there be any requirement for further equity funding, if you can just give some color on that?

Nikhil Dhingra: Sure, sure, sure, Subhadip. So, in terms of the planning of these projects, how we have planned it is that we will finish them by 2028 and that's the calendar, because we have factored in a phase signing and a phase tariff adoption, right. And, and because of that, what we are seeing is that we will commission some projects possibly in '26, some projects in '27. So, as soon as we commission, we -- our ability to securitize increases, right, our ability to get cash flow increases, right, and our ability to get EPC margin increases. So, as much commissioning we do, we generate very significant growth in accruals. So, as, as we commission something, our ability to do all these things improves. So, because of this phase wise commissioning, we don't see that we will have an equity gap in terms of this capacity which we have won. And of course, if we are able to win more capacities let's say in a very short period, right now on this capacity, we don't think we will need to raise equity because these commissionings are taking us to 2028. And because of that the cash flows and the securitization, the EPC margins from these three years will, will hold us in good stead in terms of funding these projects.

Manoj K Upadhyay: So, we want to clarify, securitization means the top up refinance.

Nikhil Dhingra: Basically, top up. Like we have mentioned in our presentation, we have raised INR 650 crores of securitization in these nine months, which you can see that we have refinanced on Slide #6, INR 5,500 crores of refinancing which have yielded INR 650 crores of top up. So, you can say that whatever debt we have, so around 13% of it, we are able to get more debt. So, that is what we mean by securitization. This is not sale of assets, just to clarify.

Subhadip Mitra: Perfect. Perfect. This is amply clear. Thank you so much.

Moderator: Thank you. The next question is from the line of Tejas Fulbardua, an HNI investor. Please go ahead.

Tejas Fulbardua: Hi. First of all, congratulations on very good results and I believe the 1,200 MW commissioning that you did this quarter that was a good achievement as well. I have three questions. Firstly, I wanted to know do you have any exposure or any sale in the US given that the noise around IRA reforms, green renewable energy by the new government in the US. I believe no, but just wanted to confirm.

Nikhil Dhingra: Right. So, we don't have any sales to US because we are a utility. And in terms of the sale, all of our sale is in 25-year PPA to the utilities in India. So, all of our revenues is in rupees.

Tejas Fulbardua: Great.

Manoj K Upadhyay: So, let me also clarify there is a noise of this IRA review by the new administration in US. In fact, if you ask that first of all, we are not affected. We are not a module manufacturer or exporter. We are actually the power producer, and the power producer is to produce the power and sell it to India with under 25-years offtake. What it has given actually, if there is a delay or if there is an embargo in US, I think there are two, three advantages what IPP will be able to get. One is that people who are selling module at higher price in the US. If there is embargo, I think those modules will be available cheaper to IPP even in India or other part of the world. So, that's one advantage I see. Second advantage, I see that some of the ESG fund, which were really focusing in the US, now, if there is a slowness in US deployment, maybe they will come and do some, some project here. So, from IPP side I think, I see that, first, there is no effect. If there is an effect, it will be positive in terms of the cost and capital resource availability.

Tejas Fulbardua: Great. That's great. The second question, I wanted to understand is, you gave an indication that you will see an annual EBITDA of INR 1,750 to INR 1,800 crores from the 2.5 GW that's online. And in one of the questions you responded that you expect around 350 MW going online in Q4 this year or maybe April '25. So, should I expect maybe around 10%, 15% additional revenue from that like INR 200 crores or higher revenue from that annually next year?

Manoj K Upadhyay: Yes, yes, it is more than that.

Nikhil Dhingra: Yes, you can expect that because like we said, I can tell you more about those projects. So, of the 350 MW project, 50 MW is at a tariff of INR 2.90[7]. It's a wind project. Wind projects typically have a CUF higher than 30%. So, you can do the maths in terms of the revenue. And in terms of the merchant tariff, in the past quarter or so, we have sold power in the range of INR 2.7 to INR 3 sometimes. So, that's the tariff you can assume on an average basis more than INR 3 we have for the merchant plan of 300 MW. Of course, like I said, we have got a PPA of 3.05 for that. So, if the PPA gets signed before June, so the 3.05 is the revenue on the 300 MW and otherwise closer to 3 only. So, this will definitely be more than 10%, yes.

Manoj K Upadhyay: And this will be also operating at 30% CUF, because these plants are designed with 150% of overloading.

Tejas Fulbardua: Okay, okay. And lastly 1,200 MW went online this quarter and even the debt that you paid this quarter from the IPO proceed that would have resulted in some interest reduction. Yes? So, but that was not a full quarter impact, but I can see the EBITDA is around 89% and PAT is around 28% just Q3'25. So, can we say going forward similar level of EBITDA and PAT will be achieved or even higher given the full quarter impact or is there any one-off that happened in this quarter?

Management: Yes. So, this quarter is basically what represents a steady state as you rightly said, the assets got commissioned in the phased manner. So, in terms of the revenue, they have not added to the full capacity in the, in the quarter. But in terms of the percentage margins, we will be here (+/-2%) right, in terms of the EBITDA margins and the PAT margins. And of course, like you rightly said, again, the debt repayments also happen towards the fag end of the quarter only because we raised money around November. So, till the time we could pay notices, and it was December. So, yes, so the full impact of this debt repayments and of course the plant generation will come from this quarter. But in terms of the percentage margins, I think we'll be here ±2%.

Nikhil Dhingra: And just to add, look, EBITDA margin will be sort of fairly consistent. And of course, like we said, we will have a lot of operating leverage here given that this capacity is commissioned, and manpower be fixed. But on the PAT level, it is dependent on number one on interest and number two on the tax

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[7] Stated as 2.97 during the call, however INR 2.90 is correct

as well, right, because in our consol financial, you have the tax from the EPC business as well, right? So, in case in some of the quarters when we will be making higher EPC profit, so here your EPC profit gets knocked off in the consol financial, but whatever tax we'll be paying on the EPC, on the EPC side of the business, that will get reflected on the PAT. And in that case, while notionally it will look on the lower side if at all there is higher tax payable on the standalone business. So, EBITDA will be fairly consistent.

Manoj K Upadhyay: And in terms of the EPC profits, I think it will be in the range of 5%. So, materially, it should not impact much because the EPC profits will not be basically in that range. So, materially, this should not alter the consol profit also. So, that's where I think plus/minus 2% you can look at.

Tejas Fulbardua: Great. Thanks for all the clarification.

Moderator: Thank you. The next question is from the line of Gopal from SBI Life Insurance. Please go ahead.

Gopal: Yes, hi, sir. congratulations on the good set of numbers.

Nikhil Dhingra: Thank you.

Gopal: Thank you for the opportunity. Sir, in this quarter, we commissioned this 1,200 MW. What is the contribution in terms of revenue and EBITDA for this quarter from these projects?

Nikhil Dhingra: Yes. So, this project contributed INR 80 crores of revenue in this quarter. And in terms of EBITDA, it is 90%, the same EBITDA you can take from that project. So, yes.

Gopal: And is it like the full potential of -?

Nikhil Dhingra: No, no, , it is not full potential. It is of course this project can do an annual EBITDA of around INR 720-odd crores if you take 30% CUF. So, it can do at its best around INR 180 crores but it is seasonal, right?

Manoj K Upadhyay: So, it will vary from INR 200 crores to INR 170 crores.

Nikhil Dhingra: Yes, yes. So, in the range you can say on an average basis, it can do INR 180 crores adjusted for seasons, in some quarter it may do higher, in some quarter it may do lower, but you can take the quarterly split from there.

Gopal: Okay. Sure, sir. And the second was on CAPEX. what is the CAPEX we have done till date and what is the target for the full year and next year?

Nikhil Dhingra: Yes. So, CAPEX is very substantial in the gross block. So, basically this quarter our gross block got strengthened because of the commissioning, the CWIP got commissioned -

Gopal: Actual spend of money, not the commissioning.

Nikhil Dhingra: Yes, yes.

Gopal: How much have you spent?

Management: So, in nine months, we have done roughly INR 3,500 crores of CAPEX for this particular year.

Gopal: Okay. And what is the target for this year?

Nikhil Dhingra: So, this year, like we said, this 350 MW, we need to commission. So, Arun, any idea on what's the CAPEX left? I think less than that, it should be less than that, around INR 800 crores of CAPEX we will be doing in the next six months in next two quarters.

Gopal: And Financial Year '26, what is the CAPEX target?

Nikhil Dhingra: So, we have not yet frozen that because we keep on doing the land and the long lead ordering, we will try and incorporate that in our next quarterly presentation in terms of the CAPEX target for FY'26. What we are doing currently is, we are ordering the long lead items for those projects. So, we will be able to update you on the next quarterly call or, or maybe if we can earlier than that.

Gopal: Sure, sure, sure. And what was the gross block for this 1,200 MW?

Nikhil Dhingra: It is INR 4,600 crores. If you, if you look at the, I think the actual CAPEX, so INR 4,600 crores.

Gopal: Okay.

Manoj K Upadhyay: I think this is one of the best projects that we have commissioned on per MW basis.

Gopal: And sir, on this ALCM and all, will it have any impact on our CAPEX number, the capacities which we already have PPA or LOAs, will that have any impact on or it is a pass-through for us?

Nikhil Dhingra: It is no impact because if you read the ALCM circular, it is applicable only for the projects where the bids happen post that circular. So, actually those bids are yet to happen. They will start happening now as we speak. So, none of our projects is impacted by those orders whatever we have currently now. We don't have any impact, no pass-through also because we will not be even required to follow that order for these projects.

Gopal: Okay. And in your opinion, with the current cell prices in India, what should be the increase in the tariff for pure solar?

Nikhil Dhingra: So, that's something which we need to see, because it's a very dynamic market because ultimately you are dependent on China for the value chain. So, we will not be able to comment on that, but it will result in some I think definitely a tangible increase. But like I said in the FDRE, the percentage will be lower as compared to pure solar tender because the solar CAPEX is just a part of the FDRE and it has wind and battery also. But it will be an impact. But of course, the market will decide that impact because how much of the industry absorbs that and how much it passes it on is a function of the market dynamics. So, in terms of the tariffs, we cannot say, but in terms of the CAPEX, cell prices I can give you some idea that -

Gopal: Yes, that will help.

Nikhil Dhingra: Yes. So, let's say without these ALCM, typically cell constitutes currently around 25% of the overall module price if you look at the cell. You can do your sensitivities. I don't know the amount of the increase the cell prices will have in India, because that's something markets still have to clear, because the lot of capacities are coming up in India. But typically, the sensitivity is like in terms of module cost itself is around 50% of the project cost, and out of that 25%, so around 12.5% of the overall project cost is cell. So, whatever increases there, that will be the sensitivity you can do.

Gopal: Okay. Got it. Thanks a lot, sir.

Moderator: Thank you. The next question is from the line of Abhinav from ICICI Securities. Go ahead.

Abhinav: Hi, sir, thanks for the opportunity. My question is when are you getting the debt tied up for the new under-construction portfolio? And of this 4.4 GW under-construction capacity, how much have we achieved the financial closure? And also, post refinancing, what is the rate of interest and what was the earlier rate?

Nikhil Dhingra: Sure, sure. So, so, thank you. You can refer to Slide #6, I will answer that question, but you can also refer to slide 6 of our presentation. We have sanctioned for 1,700 MW of under-construction projects out of 4,400 MW of our total under-construction project. So, this is essentially 40% of our under-construction projects we have debt sanctioned which is amounting to around INR 16,500 crores. And in terms of the signed PPA, this is essentially around 80%-90% because like I said, our signed PPAs are around 2,300 MW. So, out of the 2,300 MW, 1,700 MW of projects have been sanctioned. So, in terms of signed PPA, it is a number of around 80%, but in terms of the projects won, it is around 40%. In terms of the rate for the refinancing, as we said, we have refinanced substantially large portion, we have taken the sanction, the actual debt disbursements are going to happen in phases. So, in terms of the debt sanction, we have refinanced more than 50%-55% of the current debt and the rates are in the average range of 8.8% which we have mentioned in the Slide 6 as well.

Management: And this will result in a reduction of roughly 70 bps for the projects which are refinanced.

Nikhil Dhingra: On an average basis.

Abhinav: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Akash Mehta from Canara HSBC Life. Please go ahead.

Akash Mehta: Hi, sir, congratulation on good set of numbers. So, my first question is, sir, you mentioned in terms of the grid connectivity, that grid connectivity for under-construction capacity is in place. So, in terms of land, so how would you kind of look at it, also most of the land in place for forward capacity we have?

Nikhil Dhingra: Right, right. So, the land we of course keep on acquiring land for each of the projects. But in terms of our prioritization for the signed PPA ones we prioritize them in P1. So, we will give you update on the solar side and wind side both, so we are close to around 5,000-odd acres land for the under-construction projects and for the wind location around 104 locations we have the land for these projects.

Manoj K Upadhyay: So, that is equivalent to 500 MW of wind.

Nikhil Dhingra: Yes.

Manoj K Upadhyay: 400 to 500 MW.

Nikhil Dhingra: So, so and this number is, is very dynamic. It keeps on updating every quarter. We have chosen not to update it because it's very, very dynamic. And in terms of the timelines, this is -- we are acquiring land even for projects which are far ahead sometimes and, and of course our aim is, like we said, in terms of prioritization, our aim is that for the PPA signed projects, the land should be in place ideally within six months of the PPA signing, completely done and in, in worst case, around 9 to 12 months.

Akash Mehta: Okay. I think that's helpful. And second is I just wanted to clarify on this merchant capacity. So, that will be 300 MW and that 350 MW you mentioned that would be separate, right? That's solar. Two projects are separate or -

Nikhil Dhingra: Yes. The merchant capacity is only 300 MW. We don't have any more merchant capacity and that merchant capacity also; our intent is not to have merchant for 25-years. It will be merchant till the time we find a good resting place for it in terms of a PPA. And we have found that with the SECI tender of INR 3.05 which we have won. So, that is the only merchant we have in the portfolio.

Akash Mehta: Sir, how are you looking at merchant tariffs, moving on like from last maybe a quarter or so, are they improving or still, there's more supply in the market?

Manoj K Upadhyay: I think quarterly if you see that quarter-by-quarter, it has improved, but our fundamental is that we don't want to have a merchant actually. Three, four, five months, that's what our plan is to run it and after that find a PPA which Nikhil was explaining. And we have already found a PPA where we will fix -- we will transfer this project, right, at INR 3.05[8] tariff for 25-years.

Nikhil Dhingra: So, for us, merchants is like a strategic thing to get our projects commissioned earlier. Basically, how we are looking at this is that we can commission them as merchant project and of course the bids allow you to use the operational project as one of the projects when you bid. So, your revenue can come essentially very early if you have an operational project in that PPA, so. So, that's the strategy we are using. Until the time merchants are profitable, because whatever the tariff is, it is definitely more than the 25-year tariff at this point of time, right?. So, it is profitable to run it at merchant, but definitely we don't intend to run it on merchant for long-term basis because we are not in that business of taking calls on tariffs as far as our utility business is concerned. So, we will try and implement this accordingly.

Akash Mehta: Understood. That's it for my end. Thank you.

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

Nikhil Abhyankar: Sir, just a clarity. Sir, this gross block addition of INR 4,600 crores is a net of EPC margin that we knock off.

Nikhil Dhingra: Yes.

Nikhil Abhyankar: And now coming to the connectivity slide, there are three projects where we have applied for connectivity and not yet granted. So, do you believe that this might be a challenge for execution going forward?

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[8] Stated as 3.5 during the call, however INR 3.05 is correct

Nikhil Dhingra: Which projects are you referring to actually?

Nikhil Abhyankar: ACME Venus Urja.. .

Nikhil Dhingra: So, basically what happens is, yes, so typically this connectivity is in-principle grant is there, right? So, till the time we have the final grant, we don't say that we have secured the connectivity. But in terms of the in-principle connectivity, this is definitely assured. There is no risk in terms of this not getting allotted to us because how the procedure works is within a month of your application, the connectivity is given to you on in-principle basis, but as you get the final agreement signed this connectivity gets confirmed into the binding agreement, but there is no instance of this in-principle not going to the final connectivity.

Nikhil Abhyankar: Okay. And sir, we have refinanced our operational projects at 8.8%. Is there any scope of further reduction in these rates because there are some players who are doing it at lower level as well?

Nikhil Dhingra: Yes, yes. So, we have mentioned to you the average rate. Even we are able to get rates of 8.6, 8.5 also for some of our projects. See, sometimes what happens is, it is a tradeoff between taking securitization proceeds and the rate because you have to take a call, definitely lower rates are possible just to answer your question, definitely lower rates are possible, because the rating of these projects, already we have managed to get AA- for our refinancing. So, the rating upgrade is a company-specific upside which will help us in getting lower rates because we have just done the IPO, we have just paid the debt on the corporate level basically on the consolidated level. So, we will basically get the upside of that in the upcoming quarters. And of course, the rates from a company-specific reason, one is the rating upgrade because of the overall equity raise. And secondly, because of the rating upgrade, because of the counterparties AAA for us in all of our PPAs, which we are executing. So, as we said on the operational side also, around 70% is AAA. So, that is the upside possible on the company-specific reasons. Of course, that's again a macro call whether the rates will be cut or not. Because what we are trying to do is borrow more on the variable rates and which will help us come down as the MCLR comes down. So, that's a macro call, which I think you guys know better on that, but on the company-specific reason there is definitely room to improve on these rates. And some of these loans we are taking have a rating-related rate reduction also. Let's say in some products we got a Single A rating. But if we manage to go to AA, the rate will fall by let's say 25 to 30 basis points. Because the rating upgrades, the rates can come down depending on each specific product.

Nikhil Abhyankar: Thank you. And sir, now harping back on our equity requirement over the next three, four years, the back of the paper calculation shows our CAPEX of around INR 45,000 crores in the next three years to complete the entire 4.6 GW of pipeline. This will entail equity requirement of almost INR 7,500-INR 8,000 crores. So, how do we exactly plan on achieving that?

Nikhil Dhingra: Right. So, it is, I think, three sources of equity for us like we said. So, we have raised INR 2,400 crores of IPO money, right. So, that is the most significant part of that INR 7,500 crores requirement, then of course securitization proceeds are the second most important part of that component, out of which we have already managed to raise around INR 650-odd crores like we mentioned in these nine months. And of course, the SECI project we just updated you, will add at least INR 1,000-odd crores in terms of securitization proceeds. So, you can say securitization will add around INR 2,500-odd crores on top of the INR 2,400 crores we have from the IPO. And the third source of this is the construction margins. Like we guided you on the 5% to 7% EPC margins. On whatever we construct from this INR 45,000 crores, so you can expect EPC accruals of around INR 2,000 to INR 2,500 crores. So, these are the three sources. On top of that, there is free cash flow from running projects. So, that will also give us buffer to have more cash flows than required.

Nikhil Abhyankar: Sure, sure, sir. Thank you and all the very best.

Nikhil Dhingra: Thank you.

Moderator: Thank you. The next question is from the line of Jainam Jain from ICICI Securities. Please go ahead.

Jainam Jain: Sir. So, when do we expect the conclusion of PPA signing for 190 MW plus 150 MW FDRE requisites?

Nikhil Dhingra: Yes, so that's the question we also keep following on with SECI. So, ultimately, the PPA signing is done by SECI. So, what we understand is that they are in discussion with a few state governments, principally some of the states which they have already signed up with, like SECI has signed up with Chhattisgarh for 190 MW. So, that is the one party which they are talking to for the rest of the capacity… and of course they're talking to Uttar Pradesh, Madhya Pradesh for this. But that is up to them. So, we don't have a day-by-day status for the PPA signing. But what we understand is they should be signed soon because half of the capacity is already signed. So, some of the state utilities are already fine with this tariff, fine with the PPA construct. So, they are more likely to be signed in a month or so. That is what we will hope. But it could take two months also.

Jainam Jain: Okay, sir. Sir, is there any bid which we have won in the last three months, which is not included in the presentation?

Nikhil Dhingra: I think we won 1,250[9] MW in the last three months. It is included in the presentation.

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[9] Stated as 250 during the call, however 1,250 MW is correct

Jainam Jain: Alright. Okay. And sir, do you start the work or commit capital before the order is reserved by the CERC or signing off PPA?

Nikhil Dhingra: We take the connectivity because the connectivity is applied on the basis of the letter of award. So, connectivity we take, there is no cost attached to it other than the very small, bank guarantees you need to give, then we start acquiring land, because land is something you can use for any project, right, so land is a useful resource, and it is an appreciating resource. So, we start buying land at the place where we take connectivity, but that is less than 1% of the CAPEX. But of course, and this CAPEX is reusable, this is not something which is sunk if there is any issue on that option and all things. So, we don't do CAPEX, which is non-recoverable before the tariff is adopted.

Jainam Jain: Okay, sir. The 1,000 MW capacity which you commissioned in October '24, was it project commissioned with the tracker technologies?

Nikhil Dhingra: Actually no, because what we have realized is the tracker make sense more in the FDRE tenders where you get the premium for time of day because you need to give peak power, you need to basically have power at all times of the day, and you are incentivized with the peak power tariff. So, trackers we plan to use mostly on the FDRE tenders, we don't have them in the plain solar projects, but we do have is like we mentioned a DC-to-AC ratio of around 40%, 50%. So, that is something we do. That compensates for not having trackers more than adequately.

Jainam Jain: Alright sir. That answers my question. Thank you and all the best.

Moderator: Thank you, ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for the closing comments.

Manoj K Upadhyay: My name is Manoj Upadhyay. I would like to thank you all for patiently hearing and asking the right questions.

This quarter has been a very, very important thing for us because this 1,200 MW, one of the biggest projects we were making and it was important for us to achieve it.

We also wanted to show performance improvement especially in the PAT side as well as on our CUF side. I think our team has done exceptionally well on that.

We are also able to create a pipeline not up to '26, but beyond '26 also. And our focus will remain that any future pipeline or whatever we create, we create towards '28 to '30 timelines, so we achieve a 10 GW, our target.

We are still building more resources on the team side; so a very senior person who joined us as a president of our execution on projects, he came from the very well-established ABB background where he was the M.D. of the ABB Execution India and that company became Linxon.

On the quality side also, we are improving because we will do so many projects and we have added many, many project directors. So, they ensure that we are in cost and quality we are managing that.

And ACME is known for its innovation and this thing. So, we want to also do that, put the new technology in test and I think in this quarter or next three, four months, we will set up one small FDRE project because I have seen in many interaction that people had some concern on FDRE, although, yes, FDRE is not this thing because we have been forecasting our power under deviation settlement mechanism for last four, five years. So, technically it is the same deviation settlement mechanism and forecasting with the battery inside which will improve it further.

On the IRA side, which I mentioned it, this was a concern at various levels you raised to me and I believe that something will help on this because there will be enough capacity available at lower cost in India especially on the supply chain side.

Third thing, we expect that next quarter if the government thinks on or the RBI thinks on the interest reduction, we are hopeful. And from our side, I think what we can do is we are focused to improve our credit rating. My team is working on that. So, we expect a credit rating improvement because after IPO we expect that to happen. So, that's one area we will work on that.

I want to tell you that on behalf of the entire team as a company, we are very focused on the operational cost, operation excellence, timely execution of the project. That is what is known about technique. We will keep on experimenting new technology which will give us edge to not only reduce the cost in current project but also to work and win in the future project.

Thank you very much again for patiently hearing our information and I look forward for your continued cooperation.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of ICICI Securities Limited, that concludes this conference. You may now disconnect your lines.