

Adani Power

Operator: Good afternoon, everyone. I am Bala from Arihant Capital. Today is the third day of the Bharat Connect conference. I would like to welcome everyone to the Adani Power Ltd session. From the management side, we have with us Mr. Kritesh Vyas, Deputy Manager, and Mr. Nishit Dave, Head of IR. The session has two parts: an introduction and recent business updates by the management, followed by a Q&A session. Participants can raise their hands or enter their questions in the Q&A chat box. I now hand over the session to the management. You can take it over.

Nishit Dave – Head of IR: Thank you, Bala, and good afternoon, everyone. My name is Nishit Dave. I represent Adani Power as the Head of Investor Relations, and I welcome you all to participate in today's session.

For those of you who are familiar with Adani Power, we believe we do not need any introduction. For the rest, we would like to introduce ourselves as India's largest and fastest-growing private-sector thermal power producer. We are the second-largest power producer in India and the largest in the private sector overall, with an 18-gigawatt operating capacity of thermal power plants spread across India and an upcoming capacity of another 24–27 gigawatts, which would take our total capacity to 45 gigawatts by FY36.

We are trying to set the presentation on the screen. I do not know if it is visible. Bala, can you check and let me know?

Operator: The presentation is not visible. Could you please share it again?

Nishit Dave – Head of IR: Kritesh is trying to share it on the screen, but he is unable to do so. Can you please check?

Anyway, to proceed and not spend more time on this, it is visible now. Please switch to full screen, Kritesh.

Adani Power Ltd currently has an operating capacity of 18 gigawatts of thermal power plants and an upcoming capacity of another 27 gigawatts, which would take us to 45 gigawatts by FY36.

We follow a lifetime asset ownership strategy. We set up power plants, acquire power plants, and then own and operate them for their entire life cycle, rather than following a development and churning philosophy. We currently have 18 gigawatts operating, of which 95% of the capacity is tied up in long-term and medium-term contracts, primarily with state DISCOMs and with a few private-sector DISCOMs as well. This gives us very long-term visibility in terms of our future revenues, with very efficient fuel cost recovery and very good visibility in terms of our profitability.

Adani Power Ltd is a highly profitable power generator. In FY26, we reported an EBITDA of 23,431 crores from this 18-gigawatt operating capacity. On a continuing year-to-year basis, the continuing EBITDA was 21,285 crores, excluding one-time revenue recognition items, which are primarily regulatory recoveries.

This represents a very good EBITDA margin of around 40%. We are a lightly leveraged company, with very low levels of debt on the balance sheet and a net debt-to-EBITDA ratio of only 2.12 times, even amid the large-scale expansion that we are undertaking. This gives us an overall profit after

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tax of nearly 13,000 crores, which has been maintained over the last several years.

This capacity has been both set up and acquired by us. Around 11 gigawatts of the capacity that we are operating right now has been developed by us. The power plants at Mundra in Gujarat, Tiroda in Maharashtra, Kawai in Rajasthan, and Godda in Jharkhand are the plants that we developed ourselves. We have also acquired quite a few bankrupt power companies and turned them around very quickly, with a total capacity of 7.5 thousand megawatts.

This capacity is spread across the entirety of India, primarily in the central Indian region. We also have capacities at the southern tip of India and on the western coast, among other locations. This gives us a highly geographically diversified fleet of assets. We also have very good diversification in terms of our customer base. We supply power to some of India's most advanced states in terms of economic growth and industrialization, so we also have a very strong customer base.

Management: Taking all these things together, we also enjoy a high degree of creditworthiness, with our domestic credit rating now at AA+.

We are utilizing our existing capacities, where we have excess land available to expand and set up capacities very quickly. Therefore, 60% of the 24-gigawatt capacity currently under construction is coming up at brownfield sites. The brownfield capacities and the assets that we already own enjoy several different kinds of advantages.

First, they are located very close to coal mines, which gives them a logistics cost advantage compared with the competition.

Second, we also have access to other key enablers, such as water resources and power evacuation facilities, which will help us accelerate our project execution.

Most importantly, we already have access to the land required for this entire 24-gigawatt capacity. Therefore, we are able to set up projects faster than the competition. Our target is to construct each 1,600-megawatt project within a timeline of around 3.5 to 4 years.

The projects that we already have under construction have progressed very well and are very much in line with our expectations and the original schedule that we set. Therefore, we will see our capacity expansion begin in the current year and accelerate over the next 3 years. Can we go back to the previous slide, please?

Yes.

If you see this slide, I have set out all the different project capacities of 24 gigawatts that are already under construction. These capacities are spread across India, primarily in the central Indian region. These facilities enjoy a significant logistics cost advantage. Land is already available, so we are saving on project costs and on land acquisition timelines.

Another very important thing that we have done is to order the entire boilers, turbines, and generators—the key equipment required for setting up these power projects—in advance. Therefore, for the entire 24-gigawatt capacity, we already have an assured supply of equipment.

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We have contracted with BHEL and L&T, from which we are sourcing the boilers, turbines, and generators. This gives us a high degree of supply-chain assurance and an advantage when it comes to rapid project capacity expansion.

Along with that, it also gives us a cost advantage because we tied up these assets and equipment earlier than the rest of the market and were able to lock in lower prices compared with current market prices. All these factors together give us an advantage in terms of our project cost per megawatt.

Currently, the market is setting up projects at around 12–14 crores per megawatt, while we enjoy a cost advantage of approximately 20–30% over their project costs. This has given us a good degree of success in all the new bids for long-term power purchase agreements being floated by various state governments.

So far, around 22 gigawatts of thermal power bids have been issued under the revised regime for thermal power PPAs by various state governments, and Adani Power has won nearly 14 gigawatts of these bids. This represents a strike rate of nearly two-thirds, or around 67%, and we have been able to book a large part of our existing capacities in this way. Please excuse me for one second.

Sorry.

If you see this slide, I have laid out all the bids for long-term power purchase agreements that we have won in the chart at the top. In the lower chart, I have also laid out our capacity expansion timelines.

Out of the 24 gigawatts of capacity that we are building, we have already won PPAs for nearly 14 gigawatts. There are enough PPAs in the market to give us a high degree of confidence that we will be able to book the untied capacities within a short period of time, within the next year or so.

At present, Uttar Pradesh and Gujarat have both invited PPA bids for 4,000 megawatts. West Bengal has floated bids for 3,860 megawatts. Rajasthan has also invited long-term PPA bids for 3,200 megawatts. Uttarakhand has invited bids for another 1,320 megawatts. Very recently, Andhra Pradesh also received permission from the Andhra Pradesh Electricity Regulatory Commission for a 1,600-megawatt thermal power bid.

Therefore, there is sufficient capacity, or sufficient demand, in the market for us to fulfill our open capacity requirements. We need to tie up our capacities in long-term contracts.

Now, stepping back and discussing the dynamics of the market, the Indian power sector requires nearly \$500 billion of investment across various avenues to achieve the long-term economic growth targets that we have.

Overall, India is expecting a 45% growth in electricity demand, from around 1.7 trillion units to around 2.5 trillion units by 2032. To meet this demand, India would require a multifold expansion in power generation capacity.

A large part of the future capacity expansion will come from renewable energy resources, for which the government has laid out several incentive schemes and promotional mechanisms. India expects

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to install around 570 gigawatts of total installed capacity from renewable resources by 2032, compared with roughly 260 gigawatts currently installed.

This renewable energy capacity will meet a significant part of future electricity demand growth. However, when it comes to peak power requirements, there will be a significant shortage.

India currently has a peak demand of 270 gigawatts, which was recorded in May 2026. During sunny and hot days, we are currently seeing peak electricity demand of around 255–265 gigawatts. Therefore, there has been a strong increase in peak electricity demand over the last few years.

However, renewable energy, especially solar energy, suffers from an inherent disadvantage when it comes to meeting peak power demand. It is not available during the early morning and late evening hours, when peak demand arises.

Currently, because a great deal of solar power generation is available during the day, a large portion of the daytime peak demand is being met through solar power and, to some extent, wind power. However, during the shoulder hours around sunlight availability in India, we see shortfalls. This is where thermal power comes into play.

On one hand, thermal power can provide steady power generation in a highly scalable manner. It can meet the base-load power requirements that are growing continuously. At the same time, peak demand is expected to increase from 270 gigawatts to nearly 400 gigawatts by FY32. To meet that requirement, thermal power capacities of more than 300 gigawatts would be required to bridge the gap between what renewable energy can supply and what the system actually needs.

This is why additional thermal power capacities are required. All the different states are projecting their future power demand on a 10-year rolling-forward basis, and they are setting targets for the various sources of energy and electricity that would help them meet their long-term demand targets.

As part of this exercise, they are able to project their future thermal power requirements. On that basis, the central government then allocates coal mines to the states for future use.

The states project their future thermal power requirements. They then approach the central government and request coal allocation based on those future requirements. The central government allocates coal mines to them, after which the states invite bids and indicate the coal mines from which coal would be delivered for the power plants that win the bids.

The new regime is markedly different from what existed in the past. Under the new regime, power producers have assurance regarding the availability and pricing of coal.

Previously, developers had to search for coal availability themselves. They had to take risks on coal prices, and they also did not have any specific mechanism to safeguard their profitability if there was a shortfall in the allocated coal supply.

Under the new mechanism, there is a pass-through mechanism for coal supplied by Coal India Limited. In addition, if there is any shortfall in coal availability, the cost of any alternative coal procured can also be passed on to the DISCOMs.

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Therefore, there is a risk-free environment when it comes to sourcing fuel and supplying power. This has resulted in power projects becoming much less risky compared with the past.

Another aspect is that thermal power has a two-part tariff structure. There is a capacity charge, which is linked to plant availability and uptime, and there is an energy charge, which is linked to the total amount of energy generated.

The entire EBITDA generated from the new projects will come from the capacity charge. If you are able to win a project with a good tariff and maintain the power plant's uptime steadily, you can claim the entire capacity charge tariff. This will result in steady annual EBITDA year after year.

Therefore, the variability in profitability caused by fluctuations in power demand dynamics has gone away for the new PPAs. In that sense, the new PPAs become a form of annuity.

At the same time, if you are a lower-cost power producer and are able to manage the project cost at a lower level compared with the competition, that can give you the ability to generate a high return on the investment made in the power projects.

This is how we are looking at our future opportunities in terms of generating revenues and profitability.

To achieve this, we need to set up the 24-gigawatt capacity, for which our estimated power project cost is around 2,20,000 crores. We currently generate, on average, around 20,000 crores of funds from operations from our current operations every year.

Our plan is to deploy all this cash flow directly into our capacity expansion. We will follow an equity-first model of capex, which means that we will primarily deploy equity in our capex and resort to debt funding only to the extent required to meet the cash flow gap between annual cash flow generation and the capex requirement during the year.

Over the next 6 years, we are projecting cash generation of around 1,20,000–1,40,000 crores from current operations. This will go toward funding the capacity expansion. The balance, which would be around 60,000 crores, would be raised through debt from domestic banks and financial institutions and from the domestic capital market in the form of corporate debt, typically with a duration of 3–7 years. This would also be used to fund our capex.

The ready availability of funds from the capital markets and our reliance on our own cash flow generation to fund a major part of the capex also give us an advantage in terms of completing the projects faster. It allows us greater flexibility in moving cash flows between different projects compared with a traditional ring-fenced project finance structure.

Because our debt level is lower and our execution is expected to be much faster, the interest during construction, which is part of the soft cost, is also lower. Overall, this gives us a 20–30% cost advantage compared with what the competition is able to achieve.

This is why we believe we will be able to win the remaining bids that are coming up to meet our open capacity requirements.

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That is primarily a snapshot of where we are now and where we want to go. I would now like to open the floor for questions.

Operator: Thank you. We will begin the Q&A session. Participants can raise their hands or enter their questions in the Q&A chat box. We will wait for a moment.

Management: Yes, sure.

Analyst1: The first question is regarding our portfolio target, which has been revised from 42 gigawatts to 45 gigawatts. What is the composition of this 45 gigawatts in terms of thermal, hydro, nuclear, and renewable energy? What is the target generation mix by FY31? Also, is the end goal to be a pure-play thermal IPP or an integrated, firm, dispatchable power platform?

Management: I will take the last question first. So far, we have been a pure-play thermal power player, except for a small 40-megawatt solar power project that we have in Kutch.

We are now looking at other modes of power generation that also fall within the base-load power supply segment, including hydropower and nuclear power. These plans are still at a very early stage.

Overall, in terms of our exposure, we currently own 24% of Jayprakash Power Ventures Limited, which has a 400-megawatt hydropower project and two thermal power plants with a combined capacity of 1,820 megawatts. Therefore, there is existing exposure to hydropower through that investment.

We have also received a letter of intent in relation to our resolution plan for GVK Energy. This is another company that has the 300-megawatt Alaknanda hydropower plant. In this way, we are going to increase our exposure to hydropower projects in India through inorganic growth.

On the organic side, we are currently in the process of setting up a hydropower project in Bhutan under a joint venture. Overall, under the joint venture agreement, or the memorandum of understanding, that we have with the Bhutanese government-owned renewable energy company, Druk Green Power Company, we have an MOU covering 5,000 megawatts of potential development.

The first project allocation, for the 570-megawatt Wangchu hydropower project, has been given to us. We are a 49% owner in the joint venture that has been set up for this power plant.

This power plant will supply power to both India and Bhutan, depending on the season. In the future, we will expand the projects as they are allocated under this MOU. These are primarily the hydropower targets that we have.

On the other side, we are also looking at investing in nuclear power, now that the government has allowed private-sector entry into nuclear power generation by passing the Shanti Act.

The rules and regulations under the Shanti Act are yet to be finalized and notified. Therefore, the Act has not yet been notified and is not operational. Implementation will begin once the notification is issued, simultaneously with the notification of the rules and regulations. This is expected to take some months.

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In the meantime, we are preparing to enter this sector by surveying sites across India where these types of projects can be established. We are also in discussions with technology providers, technology licensors, and equipment manufacturers whose equipment would be used to set up these power plants.

This is a long-term target. We have a target of setting up 10 gigawatts of nuclear power plants, which will contribute, to the extent possible, to the Government of India's target of reaching 100 gigawatts of nuclear power capacity by 2047.

That is the overall strategy. In terms of the power mix by FY31, almost the entire power generation that we have will be primarily thermal power, except for these two hydropower projects that I mentioned.

The new projects that we are setting up will take around 5–6 years to come up, so we will probably see commissioning around FY32 or thereabouts. Therefore, for the foreseeable future, at least for the next 6–7 years, thermal power will be almost our entire source of revenues.

Operator: The next question is from Aditya. What are our plans regarding nuclear power?

Management: I alluded to that. Our target is 10 gigawatts. We are looking at a timeline of roughly 10 years to achieve this target, or to bring all these projects under construction within that timeframe.

This, of course, assumes that all the required permissions, as well as the formulation and finalization of the rules and regulations, will take place over the next year or so. Once the rules and regulations are finalized, we can proceed with obtaining permissions for the different sites that we have chosen or where we are currently acquiring land.

We are also working with the government, both as an industry and as an organization, to help formulate policies that can enable investment in the sector.

For example, we are advocating a single-window clearance policy covering technology, site clearance, and related matters, which would help accelerate the development process.

Overall, this is what we are looking at. In terms of the total investment, that would depend on the exact technology configuration and other factors that we select.

We are currently in discussions with both domestic and foreign technology providers. Once the rules and regulations are finalized, we will be able to announce our exact investment plans for the sector.

Operator: The next question is: how do you see coal-based power evolving, given that solar-plus-BESS RTC contracts are currently available at lower prices?

Management: For the new thermal power projects being set up, the tariff ranges from 5 rupees 70 paise to around 6 rupees. This tariff consists of two parts: the capacity charge and the energy charge.

The average capacity charge for new PPAs is around 4 rupees per unit, while the energy charge is around 2 rupees per unit.

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When it comes to scheduling power under merit-order dispatch, the DISCOMs look at the energy charge; they do not look at the capacity charge. The capacity charge is what they consider themselves to be paying to ensure that power supply is reliably available when they draw power as demand arises.

Therefore, the merit-order dispatch schedule is completely based on the energy charge. This is where thermal power is more competitive compared with a mechanism in which there is no capacity charge and only a single-part energy charge is considered.

Second, thermal power has much greater scale and scalability. In the case of RE-RTC contracts, you first have to ensure that, on an annualized basis, a majority of the power—say, 51% of the power—comes from traceable renewable energy.

The balance can be supplied from any other source, but you have to ensure at least 80% uptime, or a minimum availability of 80% of the power, when demanded on an annualized basis.

In some tenders, during peak hours, you have to ensure that at least 90% of the capacity is available for scheduling. Similarly, on a monthly basis, 70% of the capacity must be available for scheduling.

This means that you need reliable sources of power. A power trader that has won an RE-RTC contract would have to aggregate and bundle these sources together and then supply power to the customer based on the requirements.

Therefore, these types of projects are more like power-bundling contracts or power-supply contracts, rather than contracts in which a specific capacity is dedicated.

Again, RE-RTC contracts have a single, or fixed, tariff. There is no direct linkage to the cost at which power is procured.

In the case of procurement from renewable energy, you can fix the cost of power, but the balancing power for all these PPAs will necessarily need to come from thermal power or, to some extent, hydropower if there is some untied requirement or untied capacity available. There will always be an element of increase in cost.

A thermal power producer supplying power to an RE-RTC PPA aggregator might not enter into a long-term PPA and fix its costs and tariffs. There might be shorter-term contracts in which there would always be an element of risk.

Therefore, the long-term viability, long-term profitability, and scalability of RE-RTC contracts remain to be seen.

One primary aspect is that the open capacities of various players in the power market are currently highly fragmented. No one has enough capacity to supply power on a long-term basis to a large RE-RTC PPA. Therefore, practical difficulties exist in expanding the RE-RTC portion of total power supply.

Operator: The next question is regarding the 13.2-gigawatt bid pipeline, which includes Uttar Pradesh, Gujarat, Uttarakhand, and West Bengal. It is being pursued along with peers such as NTPC,

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JSW Energy, and Tata Power. How does Adani Power's differentiated bidding strategy work in terms of cost leadership, execution track record, and fuel flexibility? How should we understand our bidding strategy and how we differentiate ourselves from our competitors?

Management: I would like to provide a small clarification. I would not like to discuss competitors by name in an open forum. However, NTPC has not participated in these types of tenders so far.

These are tariff-based competitive bidding tenders. NTPC has so far only pursued Section 62 projects, which are available on a nomination basis under the MOUs it already has with state governments. Those projects are also brownfield expansions. Therefore, there are no greenfield power plants in its case.

Tata Power also, to my understanding, has not so far entered into bidding for any thermal power projects. However, the companies themselves can comment on whether they would be interested in these opportunities. The other players are definitely present.

We believe we enjoy a competitive advantage over the others because of the various factors that I described.

First, we have access to a large number of sites close to many of the coal mines from which coal is supposed to be provided by Coal India Limited under the allocation given to state governments. Therefore, we would enjoy a good logistics cost advantage.

Second, a large part of the capacities that we are setting up are either brownfield expansions or projects being set up on land that we already own. We do not need to spend time acquiring land or incur additional expenditure on land acquisition.

In addition, to the extent that these are brownfield expansions, we save on infrastructure costs and on certain shared facility costs. This gives us a good pricing advantage and a project cost advantage.

Our competitors may not have similar sites, or they may have fewer sites in advantageous locations. This gives us a competitive edge. I think that answers the question. Is there any part that I have left out?

Operator: It has largely been answered. The next question is regarding capital allocation. The capex program of 2 lakh crore over the next 6-7 years appears to be largely funded. Is there any scenario in which capex could slow down because of a slowdown in demand, delays in PPA awards, regulatory matters, or other factors? Is the capex a fixed plan or a flexible response to market conditions?

Management: This is a locked-in capacity. The 24 gigawatts that we are discussing is a locked-in capacity, and we are proceeding with its execution.

A large part of this capacity is already tied up in PPAs. The PPAs have already been signed. We also expect new PPA awards to come very soon.

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Therefore, we are not overly concerned about demand. There is sufficient capacity currently being bid in the market, which also assures us that we will be able to tie up the balance capacities.

As the states roll forward their 10-year planning, they will come up with new requirements. For example, last year's resource allocation plan, or resource adequacy plan, published by various states did not show any thermal power requirement for Andhra Pradesh.

In the current year, however, Andhra Pradesh has rolled it forward, reevaluated it, and identified a significant amount of new thermal power capacity required to meet its future power requirements.

This will lead to the state coming up with new bids in the market. Similarly, we believe that other states will also follow suit over a period of time.

Management: When it comes to project execution, because we are largely using our own funds and are not ring-fencing project cash flows in project funding structures, we have the flexibility to accelerate or slow down any project as we desire.

However, we do not believe it is very likely that we would need to delay any project, because some of our longer-term project execution targets are already tied up in long-term PPAs.

For example, there is the 3,200-megawatt Assam PPA and the 2,400-megawatt Bihar PPA. Therefore, a significant part of our longer-term capacity expansion target is already tied up.

In the near term as well, there are sufficient bids in the market for us to fulfill the capacity targets and requirements that will arise between FY27 and FY30.

Overall, we also do not believe that there will be a slowdown in this process. The states' requirements have been evaluated by the Central Electricity Authority and revalidated by the respective state regulatory commissions before the states issued the bids.

The states are therefore quite serious about awarding these PPAs, and the process for submitting bids is already underway.

Analyst1: Are we seeing any shortages in boilers for thermal power?

Management: Boiler shortages are primarily a result of a shortage of critical piping for boilers, which is also referred to as critical piping or boiler tubes used for supercritical and ultra-supercritical boilers and power plants.

These are components where steam generation takes place at very high temperature and very high pressure—more than 380 times atmospheric pressure and around 650–700 degrees Celsius.

These components are to some extent in short supply. As a result, for the projects that we are setting up, we are importing boilers for approximately 4.8 gigawatts of capacity.

The roughly 4.8 gigawatts of boilers being imported by us falls within the minimum domestic content threshold applicable to these projects.

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For the remaining 24-gigawatt capacity, domestic supply is available. However, this also means that for any further ordering of equipment over the next 5–6 years, domestic suppliers are currently tied up.

There is very little additional capacity that domestic suppliers can commit for new orders in the near term.

Analyst1: What is the current quality of receivables from your major state DISCOM customers? Are there any states where you see a structurally higher collection risk?

Management: Over the last few years, we have seen the states become responsible and regular in making payments against the long-term PPAs that we have with them.

The reason is that the Praapti portal has now been established, where all power generators have to upload their receivables from the states, and the central government monitors the level of overdue amounts.

Second, with the promulgation of the Late Payment Surcharge rules, the states have to pay a significant penalty in case of any delays in payment.

As a result, the states have become quite regular in making payments. We receive payments within approximately 70 days of raising the bill.

This has resulted in our cash flows improving and our fund-based working capital utilization declining.

Given that all states are now complying with their obligations under the PPAs, we are not seeing any state as a significant outlier when it comes to making payments.

In fact, there are a couple of states, Gujarat and Rajasthan, that tend to pay early, ahead of the due date, so that they can claim the rebate available to them under the PPA for early payment.

Analyst1: Thermal power is the core business, but diversification into hydropower, especially in Bhutan, and nuclear power is underway. Is this diversification intended to hedge thermal regulatory or ESG risks, or is it for higher returns? How should we understand the diversification from a strategic point of view?

Management: Our diversification has multiple dimensions.

First, there is diversification into other sources of base-load power apart from coal, which provides an element of long-term risk mitigation.

Second, we are aligned with the Indian government's net-zero target for 2070. We will take steps to ensure that we are able to comply with that target within the specified timeline.

Although we see a significant opportunity in setting up thermal power plants at present, there is also an opportunity to invest in other sources, including hydropower and nuclear power, and generate good long-term returns from them.

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That is why we are allocating our resources to all these sectors as well.

The structure may be somewhat different. In the case of hydropower plants, we are pursuing joint venture arrangements, and we may follow a more traditional 70:30 funding structure.

The equity investment would be 30% of the total project cost, and our contribution under the joint venture structure would be half of that, or 15% of the total project cost.

Therefore, in terms of capital outlay, it may not be very high. However, in terms of overall management, we would play the key role in setting up and operating those power plants.

Analyst1: I believe merchant capacity is 5%. How do you see merchant exposure—as a permanent strategic component or as a transitional residual? What is the target merchant share by FY28?

Management: In the long term, only around 1–2% of our capacities would remain open or untied. Currently, 95% is tied up.

The incremental capacities that we are setting up are also coming up with PPA tie-ups. Sometimes, a plant may come up first and the PPA may commence 6 months or 1 year later, so there may be some temporary open capacity.

However, in the long term, almost all these capacities will be tied up.

Even for the current open capacities, to the extent that we can obtain medium-term PPAs with good tariffs, we would like to tie them up under those arrangements.

Over time, we will reduce our exposure to the merchant market. The reason is that, with increasing solar power penetration and gradually increasing battery storage penetration, there will be greater volatility and, to some extent, a limitation on the upside in the merchant market over the longer term.

Solar power and batteries may be able to meet part of the peak power requirements, allowing some peak shaving to occur.

During solar hours, there may not be sufficient load to operate the power plant. If you are unable to manage that situation, you may need to shut the power plant down, after which you may not be able to restart it in time to meet the peak hours.

That is not possible in the case of coal-fired power plants. Therefore, our focus is on tying up at least part of our current open capacities in firm contracts, so that we have an assurance of a minimum load of at least 50–55% under those contracts.

The balance capacity can then be used to meet demand in the merchant market.

If you tie up capacities in the medium term, you can obtain medium-term coal FSAs under the Shakti policy. This also gives you certainty regarding fuel price and availability, compared with the slight volatility that you may have to manage with merchant or open capacities.

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Analyst1: I believe all the questions have been answered. I would like to thank the Adani Power Ltd management and the participants for participating in the Bharat Connect Conference. Do you have any final closing remarks?

Management: A couple of matters have not been addressed. One relates to the Godda power plant, regarding which media articles about controversies appear from time to time.

The fact is that we are on very good terms with the Bangladesh Power Distribution Company, which is the DISCOM in Bangladesh, as well as with the overall government setup related to the power sector. We are receiving steady payments from them that are at least equal to the monthly billing we submit to them.

Bangladesh is highly reliant on the power supplied by our Godda power plant. It supplies 10% of their total power requirement and around 25% of the power requirement in the grid region to which it is connected.

The project operates at a high PLF on a consistent basis, and we are receiving steady payments for the power supplied. We hope that the outstanding dues will also reduce because they are paying us slightly above the monthly billing rate. This will help us bring the outstanding amount down to normalized levels within a short period of time.

Even now, the outstanding amounts include 1 month of unbilled receivables and 1 month's bill of receivables that are not yet due.

Therefore, roughly half of the outstanding amount relates to payments that are not yet due. The overdue amounts are around 2–2.5 months, on which they also have to pay a late payment surcharge.

Therefore, it is also in their interest to bring this outstanding amount down as soon as possible.

The other aspect relates to our long-term plan. We are looking at overall EBITDA expansion in line with the PPAs that we are signing, which have much better profitability than the legacy PPAs on a per-unit basis in terms of return on assets.

Our legacy assets are a mix of projects that we set up ourselves and projects that we acquired from the market at a low cost in the past. We have therefore been enjoying a high return on gross assets.

For the new capacities, we expect at least a similar level of return on gross assets, even though these are entirely new capacities at current market prices.

In the longer term, we believe that we will continue to generate a high return on investment in the thermal power business. We also hope to replicate this performance in the new investments and the diversification initiatives that we are undertaking.

That is all from my side. Thank you.

Analyst1: Thank you. Thank you, everyone. We are closing the session.