



ReNew Energy Global PLC

Capital Markets Day

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Capital Markets Day

Present on the Call for ReNew

1. D. Muthukumaran – Chief Financial Officer
2. Mayank Bansal – Chief Commercial Officer
3. Nathan Judge – Head of Investor Relations
4. Sumant Sinha – Founder, Chairman and Chief Executive Officer
5. Vaishali Nigam Sinha – Chair, ReNew Foundation and Chief Sustainability and CSR Officer

Presentation

Nathan Judge – Opens the meeting

Hello everyone, and welcome to ReNew Power's First Ever Capital Markets Day. I'm Nathan Judge, Head of Investor Relations. And we are absolutely delighted that you have taken time out of your busy day to join us.

We have three speakers for you today. Our first speaker will be our Founder, Chairman and CEO, Sumant Sinha. Sumant will go through an overview of the company, an outlook on the Indian renewable energy market, our commitment to capital discipline, and the initiatives that we are taking to reduce our accounts receivables. Our CFO, Mr. Muthukumaran will go through guidance as well as update you all on the new disclosures we are providing following conversations that we have had with you. Our Chief Sustainability Officer, Vaishali Sinha will provide an update on the strong ESG standards that the company has as well as the initiatives we are looking to undertake over the long term. At the end, we will open the questions. Now on to the obligatory safe harbor statement.

Our safe harbor power statements are contained within our annual report 20-F, press release, presentation materials and available on our website. These statements are important and integral to all our remarks. There are risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statements. So, we encourage you to review the disclaimers we've provided in our presentation, on our website and in our Form 20-F for a more complete description. And with that I would like to present our Founder, Chairman and CEO Mr. Sumant Sinha

Sumant Sinha

Thank you, Nathan, and welcome everyone. It is a real pleasure to present our company for the first time as a publicly traded company. Let me say that the past 18 months have been an extraordinary time. Our business faced one of the greatest challenges with COVID that we have ever seen since our business began. We have been able to weather the storm extremely well, which shows the quality and predictability of our assets. Not only have we seen our operating assets continue to deliver consistently, but we have been able to add over 1 gigawatt of operating capacity during the pandemic. We were also able to successfully raise \$855 million in our private

placement and list on the NASDAQ.

Turning to Slide 7. Why ReNew? We believe that there are many differentiating factors that make ReNew a leader in the global renewable energy sector. We are excited about the company's future and about RNW. To begin with, we have scale. ReNew is one of the leading renewable energy companies in India and one of the largest renewable energy companies globally. Our scale helps us further differentiate ourselves from smaller competitors in many ways such as having a fully integrated business model and greater access to cheaper capital. We have a long track record of execution as well as delivering superior growth and returns over a long period of time.

When we first started with our first 25-megawatt project about a decade ago, there were many companies that were interested in getting into the renewable sector in India. As time passed, we have been able to consistently grow faster than the industry while still remaining disciplined with our capital by investing wisely. Much of this success lies in our corporate culture of thinking ahead, making judicious investments now for meaningful differentiation in the future, and our ability to sustain competitive advantages. We have been able to deliver equity IRRs above our cost of equity consistently, and we believe there are many opportunities to achieve this threshold going forward as we pursue areas that we continue to have a comparative advantage in.

On the cost of capital, our listing on the NASDAQ is a major milestone for the company, which we believe will provide us many advantages relative to most of our domestic competitors. In addition, the combination of the improvement in our balance sheet from raising \$610 million of net equity during the listing process and having access to equity public markets makes ReNew more attractive to banks and global green bond markets, which continues to reduce our cost of borrowing. This has a meaningful impact for equity holders. The reduction to our borrowing cost increases the value of RNW meaningfully, and we have seen our recent marginal cost of borrowing dropped nearly 200 basis points compared to our current average debt cost.

Finally, as we look at RNW today, we believe that there are some positive technical catalysts that will enhance the attractiveness of the stock for an increasingly larger audience of investors. As some of you may have seen, we recently released our first ever sustainability report as a public company. We're on the path to further strengthen ESG and sustainability governance. We are very proud of our ESG credentials and believe that we will be able to achieve strong ESG scores from ESG rating agencies. This should enable RNW to screen well for sustainability investors.

We also recently announced that our pipe investors who have \$855 million of stock are now able to trade freely in the market, which should drive higher average daily trading volumes. The combination of strong ESG scores and EDTV (**Audio Muffle**) should result in the inclusion of RNW into major indices leading to meaningful buying from ETFs and index funds. We're also optimistic that leading sell side analysts will be initiating coverage on RNW helping to further drive investor awareness of our already strong story.

Turning to Page 8. We believe investors are looking for the next blue chip renewable energy company, and we believe that we will fill this gap. We are confident that we will be able to deliver on our promises and grow faster with better returns than our peers. During the past six months, as we were going through the listing process, we heard some consistent questions from all of you that we would like to address today. The main purpose of this presentation will be to show how

ReNew plans to deliver shareholder value in a sustainable manner. Specifically, we will be addressing the ability to deliver returns above our cost of capital as competition increases and our ability to hit our guidance and concerns about our counterparty risk.

Regarding our returns, we believe that investors have unduly focused on the plain vanilla renewable energy bid market, which admittedly is seeing increased competition from foreign strategic and financial investors. In a way, this validates how exciting the India renewable growth story is. What we plan to show today is that there are many opportunities to achieve returns above our minimum thresholds and why we have a comparative advantage in doing that.

We have a 50% market share of projects that require intelligent energy solutions. These are higher returns and lower levels of competition. We also are one of the best positioned to be the consolidator of choice in India, and these acquisitions have the potential to have higher returns than plain vanilla projects, given the number of synergies that we are also able to capture as an incumbent of scale. We also are very excited about the corporate PPM market, which provides significant upside to the guidance that we have provided to investors.

Regarding our ability to deliver on our guidance, we are a large company with predictable cash flows from assets that generate revenues when the sun shines and the wind blows. We want to point out that 95% of our expected FY '22 EBITDA is coming from already operating or nearly completed capacity. We also have greater certainty than our Indian peers about our growth. We remain comfortable with achieving our weather adjusted FY '22 EBITDA guidance of \$810 million and having 8.2 gigawatts of operating capacity by the end of this fiscal year. Nearly 90% of our committed pipeline has PPAs and we expect to sign PPAs shortly on the remaining portion.

Looking further out, we continue to target 18 gigawatts of installed capacity by the end of financial year '25, which would be an additional 8 gigawatts above our current portfolio. Already we have won about 500 megawatts recently and have identified another 15 GW – 20 GW of investment opportunities that should be auctioned or sold over the next year or so. Of course, all investments must achieve our threshold returns and be comfortably above our cost of capital. We're also providing a significant amount of new disclosure to assist investors in modeling. We would encourage everyone to review our appendix, which addresses many of the modeling questions we have received.

Turning to our counterparties. We believe that there will be significant improvement in our days sales outstanding over the next 24 months. There are several things driving this, which we will go into detail in our presentation later. But broadly, a combination of improving our customer mix to central government agencies combined with the implementation of initiatives to improve collections should put us on a much stronger position by financial year '25.

Let me also say that we have fanatically committed to capital discipline as outlined on Page 9. We commit to our shareholders that we will be diligence towards of your money and only invest when the expected returns of projects are above our cost of capital. Today, we have an equity IRR threshold requirement of 16% to 20%.

On Page 10, you can see that ReNew is a leading renewable energy company both in India and globally with 6.4 gigawatts operating with the largest by almost 2 gigawatts relative to our next

Indian renewable energy peer. This scale provides many advantages from access to broader and cheaper capital, profitability enhancement and quality control through vertical integration and being able to invest in best practices that make ReNew more competitive and profitable. We are also able to negotiate better terms with our suppliers, which is increasingly important in an inflationary market. We're also one of the largest renewable energy developers globally, which would bring greater investor awareness and visibility to ReNew.

Looking at our portfolio on Page 11, we have a diversified set of assets spread across the country, which provides diversification and operating expertise in many states. By being local, we can capture synergies from acquisitions, which most of our foreign competitors cannot avail off. About two-thirds of our portfolio is operating and much of the assets that are in development already have PPAs. Our portfolio is also very with balance between solar and wind.

Our run rate EBITDA guidance is provided on Page 12. We are changing the way we provide guidance to be more in line with our global peers, namely weather adjusted run rate EBITDA. We believe that this provides a better metric for determining long-term performance of our assets and facilitates easy evaluation comparison for investors. For those looking at our past guidance, we remain comfortable with achieving our targeted EBITDA for the next couple of years. Muthu, our CFO will go into greater detail at our guidance later in this presentation, but here are some highlights.

We expect to deliver EBITDA of over \$1.1 billion annually from our 10.2 GW portfolio. This is nearly double the EBITDA that we reported last year. As mentioned before, 90% of the uplift in EBITDA is expected from assets that have been recently commissioned. All are committed with a PPA. The remaining \$100 million or so are from projects that have a letter of award that we expect to get a PPA for in the near-term. Our success has been driven by our culture, which is differentiated from our Indian renewable energy peers.

As can be seen on Page 13, for the last 10 years, most of our growth has been concentrated in plain vanilla renewable energy projects and M&A. However, we kept looking forward and made investments in areas that we believe would put ReNew in a strong position for the future. For example, we have been investing in the corporate PPA market for years and believe that this is one of the most exciting growth opportunities with superior returns for the next several years. We have also been developing proprietary technologies, which allow us to be a leader in the intelligent energy solutions market now.

Today, we are making small investments for future opportunities such as green hydrogen, ancillary services and expansion into other emerging markets that should allow us to continue to be a leading global renewable energy company in the future as well. We will continue to remain disciplined with share shareholders capital and will only make large investments in future opportunities when we believe we have a comparative advantage and can secure superior returns for an extended period.

Page 14 has an update on recent developments. Electricity demand in India has recovered and in the past month itself, peak demand was 15% higher than in the same month pre- COVID. This has been the catalyst for distribution companies to resume signing contracts for new power. We recently signed a PPA for our round-the-clock 1300-megawatt project, which

represented at the time over half of the capacity in our portfolio without a PPA. We now only have about 1,200 megawatts left with our PPAs and are optimistic that we will sign PPAs on these projects as well in the very near-term.

We have made progress in our acquisition targets. We recently closed a 99 megawatt hydro acquisition and are expecting to close on the acquisition of 260 megawatt solar projects this month. We have also added about 700 megawatts of capacity in the last six months and expect 910 megawatts to be completed near-term. We are well on track therefore to achieve our 8.2 gigawatt operating target we laid out earlier this year with only 400 megawatts of organic growth and 500 megawatts of acquisitions left, while almost half of the fiscal year is still remaining.

We are on the path to further strengthen ESG and sustainability governance. We are proud of our ESG credentials and are committed to being the leader in the sector. We're also proud to have been the first ever renewable energy company globally to be recognized by the World Economic Forum as a global lighthouse for our initiatives in digital technologies.

Moving on to Page 16. We believe we have a total addressable market of around \$200 billion to \$270 billion. Most of this market is under the bid market. The Indian government has put in place a mandate of having 450 gigawatts of renewable energy capacity in place by 2030, which implies about 35 gigawatts to 40 gigawatts of auctions annually for the remainder of this decade. Today, there are about 8 gigawatts to 10 gigawatts of auctions scheduled over the next quarter. The M&A opportunity is also very large at around 30 gigawatts to 50 gigawatts. There are about 6 gigawatts to 8 gigawatts up for sale currently. We have a significant amount of experience with M&A having acquired about 1.8 gigawatts in the last five years. A market we are very excited about is the corporate PPA market. To be clear, this is not rooftop projects and we are supplying customers from utility scale projects. We see a potential of at least 25 gigawatts over the next few years for this market and this opportunity could provide upside to the guidance that we have provided.

Page 17 is quite an important slide. Whilst we have comparative advantages that allow us to achieve returns within our targeted ranges in the plain vanilla renewable energy projects, we expect that an increasing portion of our growth will come from areas that have high returns and where there is hopefully less competition. We have comparative advantages in the higher return intelligent energy solutions, M&A and the corporate PPA markets that many of our competitors will not be able to address for some time.

Let's discuss the plain vanilla renewable energy market now on Page 19. We believe that we can deliver operational advantages that most of our competitors cannot, and we believe that we can deliver superior returns versus our competitors at the same tariff. To begin with, we have a very structured bidding process that reinforces bidding discipline. We tend to win projects when competition is low and returns are better. We are one of only a couple of companies in India that has end to end execution capabilities in wind.

Many peers have EPC and develop solar projects internally, but ReNew not only has an integrated model in solar, but also a fully integrated model in wind. Wind is much more difficult to develop than solar and we are the largest wind IPP in India by far. As the Indian electricity markets mature and reliability becomes a greater issue, wind will increasingly fill an important role and there are

very few companies in India with this expertise that we have.

We have also developed proprietary monitoring and analytical technology, which we refer to as ReNew Digital or ReD and acquired an energy management service company Climate Connect. Our digital technology allows us to run our plants at a higher capacity factor than other renewable energy projects in the same location. Our scale matters. We can negotiate better terms and prices with our suppliers. We have access to much more operating and resource data than our peers. Our scale allows us to make investments for the future, while still being able to deliver industry-leading EBITDA margins. Also, as the largest Indian renewable energy company by operating capacity, we do tend to lead policy development and advocacy.

Our size also gives us greater access to broader and cheaper pools of capital. We have led the green bond market in India for some time and have a much broader international financing base than any of our domestic competitors. We also can improve returns on projects through refinancing at lower interest costs. We also are considering strategic minority sales that can enhance returns, increase growth and reduce risk. For those that are looking to model our project level returns, we provide the key assumptions for our projects under construction at the bottom of the page. If you use these assumptions, you should derive an equity return of 16% to 20%.

Page 20 shows our size advantage and numbers. None of our competitors has the scale or this level of expertise. By having projects and site offices across the country, we are very well-positioned to capture synergies from potential M&A opportunities. We also have more wind resource data than anyone else in India. With 119 active wind mass and over 1,700 turbines, we can choose better sites and bid with confidence knowing that our projected performance will be realized. We have one of the largest land banks in India with land for our entire portfolio and have identified land for another 10 gigawatts or so. As mentioned previously, we will be disciplined with your capital and capital discipline starts with bidding.

Page 21 shows how we are very selective in the projects we win. Since 2018, about 60 gigawatts have been bid in India of which we have won 6.6 gigawatts on an 11% market share. If you look at the chart on the right-hand side, you will see that when auctions are meaningfully oversubscribed, we do not win auctions. When competition is lower, we tend to secure new projects. Inflation in the supply chain is a topic we get a lot of questions on these days.

As seen on Page 22, as a stance today, we are confident in delivering equity returns on our projects under construction within our targeted 16% to 20% equity IRRs. Our returns have benefited greatly from falling interest rates, which has helped to offset higher project costs. In addition, relative to when we bid for these projects, prices are major components such as modules, steel, and turbines today are only marginally higher than our assumptions when we bid.

In addition, as the largest renewable company in India, we can secure better terms with our suppliers. We have also been able to mitigate inflation risk through optimization of our balance of system and land as well as bringing wind EPC in house. We would also note that steel only represents a small part of our project cost. We provide more disclosure on the breakdown of our project cost by category in our appendix. For wind projects with the turnkey contracts, there has not really been any impact.

Turning to our new solar cell and module manufacturing plant on Page 23. Our movement to manufacturing is driven by security and cost of supply. This has been accelerated by new policies that the Indian government has adopted over the past year or so. Starting in April 2022, all solar module imports will face a 40% duty and sales will incur a 25% duty. As there are likely to be shortages of manufacturing capacity in India for some time and India will still need to rely on imports, we expect that we will be able to sell supply sell and modules at a lower cost than the market price providing us a cost advantage over many of our competitors.

In addition, the government has also implemented a non-tariff barrier called the approved list of module manufacturers or ALMM that requires all modules being used on government projects to be sourced from an approved list. Currently, only Indian manufactured modules are on the list. The government is also in the process of providing subsidies called production linked incentives to new manufacturing facilities in India along the solar supply chain. The first round of bids was submitted a couple of weeks ago and allocation of subsidy is expected to be announced over the next week or so. The situation is fluid now and we will update investors when we have more clarity. It is important to note that our intention is only for sale supply. We believe that this will provide a cost advantage against most competitors that will lead to rely on imports and lowers our risk of execution. Overall, this plant is a very small portion of our overall CapEx plans and we are also considering farm downs to further reduce risk to equity investors.

On Page 24, we want to highlight ReNew Digital or ReD, which has been a pioneer in technology development to enhance our efficiency and reduce costs at our plants. This has been so transformative and innovative that ReNew was recognized as the world's first renewable energy lighthouse by the World Economic Forum. We have a video clip about ReD. Let's watch that right now.

Audio Visual – ReD Film (ReNew Power)

We have rolled out ReD through various projects and have seen notable results. Our annual yield has gone up 1% to 1.5% and employee maintenance efficiency has risen over 30%. We have been able to reduce unplanned outages by 26% and reduce our inventory by 18%. Overall, this lifts our ability to deliver superior returns versus competitors.

Turning to Page 26. Often, we hear investor concerns about increased competition and the risk of falling returns. Some have noted that there is increased competition from large strategic investors with very low cost of capital and tariffs have been falling to record lows recently. However, the India electricity market is evolving rapidly and this evolution is presenting opportunities for higher returns including in intelligent energy solutions. Renewable energy is now the cheapest source of electricity capacity in India, which is driving strong growth.

The balance is clearly shifted away from thermal base load to renewable energy. As more intermittent renewable energy capacity is added to the grid, distribution and transmission companies are increasingly concerned about reliability. There is a need for base load capacity to provide support to the grid. As a result, there has been increasing demand for firm or base load power and currently 2 gigawatts to 3 gigawatts of firm power auctions are scheduled near-term.

Given our extensive experience in both wind and solar as well as our investment in developing our expertise in storage, we can today provide base load equivalent power for about 25% cheaper than a new coal plant. Providing firm round-the-clock power or intelligent energy solutions is not simple. We are one of only a few companies in India that have the experience with all three components needed to provide firm power. Given our long history with renewables, we are better able to forecast and price energy supply profiles from each component required to meet a plant load factor of over 80%. This point is key.

If you look at the intelligent energy solution projects, we have won already on Page 27, we have around a 50% market share. The 400-megawatt base load project or 1,300 megawatts of renewable energy and 100 megawatt hours of storage has a tariff of about 25% higher than recent tariffs discovered in auctions for plain vanilla solar projects. The number of competitors involved with the RTC auction were only four, which is much lower than plain vanilla renewable energy auctions that can attract 10 or more bidders.

Importantly, the round-the-clock project is expected to deliver returns that are at the high end of the range of our targeted returns. As I mentioned before, we currently see auctions for 2 gigawatts to 3 gigawatts near term for intelligent energy solutions and are supplied by renewables. This would represent 5 gigawatts to 9 gigawatts depending on the configuration. There is a significant opportunity in the near and longer-term for these kinds of projects in the future as well.

Let us now turn to the M&A opportunity in India on Page 29. ReNew is positioned to be a consolidator in the fragmented Indian renewable energy sector. As an incumbent that has been operating in India for over a decade with a history of making acquisitions. We have many advantages versus our competitors. The M&A market offers a higher return potential compared to plain vanilla wind projects given our ability to reap greater synergies than our peers. It is worth noting that acquisitions in India are much more than just about the cost of capital. There are considerable operational synergies that we can garner that often are not present in foreign markets.

In addition, our local knowledge across most states in India gives us an execution advantage in closing deals and improving payment cycles from state distribution companies. Also, many of the assets that are up for sale are located near one of our plants allowing for cost reductions and efficiency improvements. We can bring in ReD to improve operations meaningfully at projects that were being run by third-party O&M companies. Often we will also get the first look at projects. We also bring a lower cost of borrowing than many competitors, which allows us to optimize the financial structure and obtain a higher return.

If you look at the M&A market opportunity on Page 30, we estimate that about 30 gigawatts to 50 gigawatts of assets will change hands over the medium-term and about 6 gigawatts to 8 gigawatts of assets are up for sale currently. Many smaller companies are looking for exit as their growth opportunities are dwindling due to falling returns in the plain vanilla bid market or they simply don't have the capital to grow further. In addition, our offers can be more attractive than most, because we can capture more synergies than our peers.

We recently acquired 359 megawatts, a 260 megawatt solar plant and a 99 megawatt hydro

plant, which is outlined on Page 31. We were able to purchase these assets at an attractive valuation and returns comfortably within our threshold range. The solar acquisition is a prime example of our competitive advantages in M&A. This asset has a state distribution company counterparty in Telangana. We have assets that have the same counterparty, and we are familiar with Telangana's payment cycles. There was less interest in this asset from foreign investors given the counterparty. And so even though we took additional conservatism in our forecast for payment delays, we were able to acquire the project with an expected IRR well above plain vanilla renewable energy bid projects currently.

We also expect that we will be able to reduce costs given our proximity and improve operations as we implement ReD. We also will be looking to refinance the project with lower debt costs. Our hydro project on the other hand is very interesting and provides a lot of upsides to our base case assumptions. The plant has two to three hours of hydro storage that we can use in our bidding for future round-the-clock options. It also provides an entry at an attractive price to learn about hydro, which very few of our competitors have providing further comparative advantages.

We are very excited about the emergence of a fast growing, higher return corporate PPA market in India, which is outlined on Page 33. As a reminder, corporate PPAs are not just rooftop projects, but rather are being supplied from our utility scale projects. In India, large commercial and industrial customers pay rates that are often 3x or 4x higher than residential customers. This upside down rate design is a result of ownership of distribution companies by state governments. Corporates are increasingly focused on sustainability and being net carbon neutral. Renewable energy presents a very attractive proposition of being much lower cost, sometimes half of the cost of purchasing power off the grid, while at the same time improving their green credentials.

There is a considerable market for corporate PPAs of approximately 25 gigawatts over the next three to four years as seen on Page 34. We are a leader with 525 megawatts having invested in this market for years. In fact, we just signed 95 megawatts of PPAs. We believe that we can secure at least 10% market share, but with the opportunity to win much more. One of the key selling points that corporates are looking for is that the power we delivered in the near-term not in 18 months to 24 months. Given our scale, we can put in a small amount of capital into new projects that will be contracted with PPAs once completed, and this should enable even faster growth. Broadly speaking, corporate PPAs have some of the highest returns in our portfolio. This business line could present some meaningful upside to our estimates as we continue to develop this market.

I would now like to address counterparty risk starting on Page 36. Most of our customers are the highest rated counterparties in India, and we have great visibility given the long-term contract durations. Over 60% of our total portfolio of 10.2 gigawatts has a DSO of 30 days.

Looking at days sales outstanding on Page 37, due to a variety of factors including COVID and the ongoing issue in Andhra Pradesh, our receivables have risen. However, we recognize this as an important issue and we are taking steps to address it. We're expanding our efforts to actively manage receivables and engage with more senior staff to secure payments. In some cases, we are also pursuing litigation. Our efforts are also being bolstered by the central government, which also recognizes late payments from state distribution companies or Discoms as one of the most important issues. They recently have invoked a rarely used agreement between state Discoms,

the central government and the Reserve Bank of India to accelerate payment to developers on past due bills.

The central government has also adopted other measures to improve the situation such as requiring letters of credit from Discoms and providing \$18 billion of liquidity to reduce past due bills from Discoms. We expect that ours and central government initiatives combined with an increased exposure to the best counterparties as projects under construction and development are completed will result in a dramatic improvement in our DSOs over the next several years.

Turning to the situation in Andhra Pradesh on Page 38. We believe that we are nearing the end of a long saga that started back in 2019. The then newly elected state government chose to not honor contracts for renewable energy projects that were at higher tariff than the most recently discovered tariff at that time. We and the industry filed a suit against the state Discoms and have won several interim measures since then. The case has been recently heard by the High Court and the final decision is expected in the next couple of months.

Having said that, the AP Discoms do have an opportunity to appeal to the Supreme Court, which could extend the resolution on this for another year or so. But ultimately, there is sanctity of contract in India. There has never been a case where a contract was forcibly renegotiated if the terms were met by the developer and the courts have consistently upheld enforcement. We do expect that the considerable amount owed by Andhra Pradesh Discom to renew and to the rest of the industry will be paid to us, which will improve our balance sheet and cash flows beyond our guidance.

At this point, I will now turn it over to Muthukumaran or Muthu, our CFO for discussing our guidance and modeling considerations. Thank you very much.

D Muthukumaran

Thank you, Sumant. Our plan for significant growth, a growth which is a profitable growth is what I want to underscore. I will also highlight the guardrails that we would keep monitoring, and we'll end with pointers on valuation. Let me begin with Page number 40.

I would like to draw your attention to our operating capacity, committed capacity, and aspiration capacity. We have a nice balance in these three buckets. Our current operating capacity is 6.4 GW. The committed capacity will take us to 10.2 gigawatt and the aspirational capacity is 18 gigawatt. That is a considerable growth over the next several years. While that is on capacity, on profitability, we expect run rate EBITDA will be at least \$1.1 billion once our 10.2 gigawatt portfolio is completed.

As we reach a total operating capacity of 10.2 gigawatt, at that point in time, our net debt will be \$5.8 billion, which translates to a 4.9x leverage ratio. As we reach a total operating capacity of 10.2 gigawatt, at that point in time, our net debt will be \$5.8 billion, which translates to a 4.9x leverage ratio, both of these metrics on a run rate basis. For those looking to calculate EV by EBITDA multiple for our total capacity of 10.2 gigawatt based on our closing price of \$11 per share, our EV upon midpoint forecast EBITDA would be 9.2x, which is significantly lower than our peer group. Again, all calculations are using run rate numbers. We expect our cash flow to equity

to grow meaningfully as well after the completion of 10.2 gigawatt capacity.

Moving to funding. Our portfolio is fully equally funded as you can see on Page number 41. We have raised \$610 million from the listing. We will keep generating cash flows with our operating capacity and we also have the choice for recycling capital. With all these, we are fully funded for 18 gigawatt based on the current construction costs. Thereafter, our cash flows should self fund 3.5 gigawatt to 4 gigawatt of growth annually, which is 20% plus growth rate without needing to raise any external equity. We will consider the option of recycling capital not just for the capital requirement, but also to improve our returns and reduce risks.

As regards FY'22, the current year, despite significant challenges from COVID, which started a year-and-a-half ago, we are delivering as projected. In this fiscal year so far we have commissioned or acquired over 700 megawatts of capacity and are close to completing another 910 megawatt in the very near-term that leaves only another 900 megawatts to be either commissioned or acquired with half the year still left.

Moving to Page 43. Given our focus on ESG and sustainability, we have been a preferred destination for sustainable finance. On the cost front, we've been able to take advantage of favorable debt financing environment and the falling interest rate both globally through dollar bonds and within India as well. The credit market for Indian renewables has blossomed over past several years as borne out by the \$10 billion of outstanding dollar green bonds issued by Indian renewable companies.

Our recently issued bonds are now trading under 4% as the investors have grown more comfortable with our asset performance and our equally raise, which adds to the comfort. Over the years, ReNew has been successful in raising about \$2.6 billion through overseas green bonds. In addition, we expect to continue this trend of reducing interest cost through refinancing.

I will now turn to Page number 44 on valuation. We believe that our shares are significantly undervalued relative to our peers. We have superior growth that is fully equity funded and with better margins. However, our valuation is at a 30% discount to our peer group. The discount is even more pronounced when looking at our cash flow yield, which compares much favorably with other companies in the sector.

We appreciate your interest in ReNew and for taking time out today to listen to us. Over the past several months, we have received many questions about our business, guidance, and modeling. We have added more information and pages in today's presentation as compared to the previous ones. I would encourage you to review the new disclosures we have provided. With that, I will now turn it over to Vaishali our Chief Sustainability Officer.

Vaishali Nigam Sinha

Thank you, Muthu. Sustainability at ReNew has been integral to our business right from the very beginning, and I'm not talking the obvious focus on clean energy. Our sustainability efforts go well beyond that to benefit the lives of our communities and our employees. This is overseen and reinforced with strong governance. Recently, we published our first sustainability report. The report highlights our accomplishments and future goals. The report also highlights our approach

towards sustainability, which is driven by 4Cs. 4Cs stands for creating a carbon-free world through enhancing positive impacts and mitigating any negative ones. Second, commitments towards sustainability excellence. Third, corporate citizenship, and the fourth, collaboration.

On Slide 46, we outline our ESG accomplishments and initiatives in 2021. We are partnering with many leading climate and social platforms to improve the environment and life of those around us and at ReNew. We are signatories to the women empowerment principles of UN Women, United Nations Global Compact, GRI South Asia Charter for sustainability imperatives, Terra Carta of sustainable markets initiative to name only a few. We are currently in the process of adopting TCFT.

Looking at our environmental credentials, in fiscal year FY 2021, our renewable energy portfolio avoided over 10 million tons of carbon emissions, which is over 1% of emissions from India's power sector and about 200x our own Scope 1 and 2 emissions. We're not stopping here. We are working towards being net zero by 2050 through continued reductions. While carbon emission avoidance is the most obvious and important parameter, we also consider water to be widely important as many of our solar plants are on areas that have limited water supplies.

We are deploying robotic cleaning across our fleet and have already saved 66,000 kiloliters of water just in fiscal year 2021. From a systems perspective as well, we are well placed with no environmental non-compliances, which come on the back of ISO 9001, 14001 and 45001 certifications. As a responsible company, we take up environmental and social impact assessment before implementing any project on the ground.

Turning to social. We're particularly proud of our accomplishments and commitment to people. We have invested significantly in our employees and communities in which we operate. We have reached out to over 400,000 beneficiaries across 200 plus villages in nine states across India through our flagship initiatives on energy access in rural schools, digital education, women empowerment and community and infrastructure development.

Safety is an absolute top priority at ReNew. This is evident from a track record of zero fatalities and decreasing injury rates in the past year. In addition, we are actively engaging with our suppliers to ensure they do operate ethically our incompliance with social standards and have deployed sustainable supply chain frameworks for all new critical suppliers.

At ReNew, we believe in the power of the collective. We collaborate with multiple stakeholders. Over the past few years, ReNew has collaborated with institution such as United Nations Development Program, United Nations Environment Program, The Climate Group, Sustainable Market Initiatives, India Climate Collaborative and The Indian Institute of Technology in Delhi and Mumbai for high impact initiatives, research and finding solutions to mitigate the impact of climate change.

On governance, we report to the board on our progress on sustainability and have a board approved ESG policy to guide us. Further, we have a steering committee at the top management level and a working group across business teams in the organization who engage to ensure actualization of our collective sustainability goals. Diversity and inclusion is very important at ReNew. About 20% of our board members are women and we have a clearly defined roadmap to

increase women members on our board. Most of our board comprises of independent directors and our governance policies are in keeping with the best governed companies globally.

Slide 47 highlights initiatives we support as a part of our corporate social responsibility programs. Let's watch a short video on this before we open it up for questions. I just wanted to let you know that this film has been directed by ReNewers.

Audio Visual – Corporate Social Responsibility Initiatives

Nathan Judge - Thank you, Vaishali. Thank you everyone for joining. Right now, we are going to turn it over to questions and answer session. Today, we have our speakers as well we are joined by Mayank Bansal, our Chief Commercial Officer. Mayank is responsible for business development, performance, and operations, managing government relations and policy advocacy efforts.

Today, we're offering three ways to ask questions. You can send us an email at ir@renewpower.in. You can submit it on the chat section on this event portal. We are also offering operated assistant phone line that can be accessed at 1833-239-5971. In the U.S. or outside the U.S., it's +61283-733-580. These phone numbers are on the press release announcing the Capital Markets Day as well as the events section of our Investor Relations website if you would need to refer to them. So, at this point, what I'd like to do is to turn it over to Ajay, our operator to provide instructions for those on the phone on how to ask a question. Ajay?

Analyst QnA Session

Certainly, Nathan. (Operator Instructions) Thank you.

Nathan Judge - Thank you, Ajay. Ajay I see some calls coming in. Can you please go ahead and open to our first question on the phone?

Operator - Certainly. We have the first question from the line of Justin Clare. Please go ahead.

Justin Clare - Hey, everyone. Thanks for taking the question. So....

Nathan Judge – Justin Go Ahead, ask your question

Justin Clare - Okay, great. So, I guess the first one here you reaffirmed weather adjusted EBITDA for fiscal year '22 \$810 million. Just wondering if you could talk about the weather conditions experienced in the year so far? And how this could impact the EBITDA generated? So, could lower

wind speeds experienced so far actually lower the EBITDA from that \$810 million? If you could provide some colour there?

Nathan Judge – Sumant, why don't you answer that – Take that for us

Sumant Sinha - Sure. Thank you, Justin for that question. Yeah, look, as you know weather obviously is something that fluctuates from year-to-year. This year in the first half of the year, wind speeds have been about 5% lower than the long-term average. Now, whether that is something that is normalized in the second half of the year or whether in fact it continues as is, is something that we will have to obviously wait and see. But that's really the impact that has happened so far, which is that the wind in the first half of the year was approximately 5% lower than long-term averages. Let me also add that this is actually an improvement from last year where in fact, the wind was significantly lower in the first half of the year, but we can see that the wind is now beginning to come back to some extent to normalcy. It's not fully there yet at least not in the first six months, but certainly there is a move back towards normalizing as far as wind is concerned in India.

Nathan Judge - And I can also add Justin that in our appendix, there is a long-term trend of wind production, and you can see that for a very long period wind has been very consistent only in just very recent period has there been disappointing wind performance. But history shows that it does tend to produce around average, which we've shown in our appendix and that's on page 53.

Sumant Sinha - In fact, if I could just add to that answer, Nathan, and thank you so much for pointing that out. If you look at that particular page, we've actually given the average of wind speeds against the normalized, against the long-term need for the last 19 years and you will see that in fact, for the bulk of this time period, the wind has been trending up and down over the long-term wind. With the exception of last year, where in fact, wind performance was significantly below what it should have been and whereas wind companies had obviously looked at this, wind forecasting companies and had come to the conclusion that this was a very rare event once in a couple of hundred years type of event coming in as a result of certain impacts in both the Indian Ocean as well as the Tibetan Plateau and so on. So I think a lot of that is now normalizing. And so therefore, we are moving back towards what the long-term means should be? So, I think that's really where our sense is of the overall wind performance right now.

Justin Clare - Okay.

Nathan Judge - Thank you, Justin.

Justin Clare - That's helpful

Nathan Judge - Justin, what we're going to do is take one question and we'll come back to you if you have further. Just please -- just ask again. Ajay, can you take our next question, please?

Operator - Certainly sir. Your next question comes from the line of Julien Dumoulin Smith. Please go ahead.

Julien Dumoulin Smith - Hey, good morning team. Congratulations on the updates and the overall Capital Markets Day. Hopefully you guys can hear me okay. The workout seems all like here, so apologies for everyone here. Starting off a little lag. But if I can talk about the PLI here in brief, I want to understand what gives you this confidence about getting the award here. I know that there were a variety of different alternatives and frankly the program is over-

subscribed with peers are having received a higher score? You know, what is your sort of competitive advantage when you think about getting a receipt of PLI, potential for just an upsizing of PLI subsidies from the government here? And obviously the second piece in here at the same time, to the extension which that PLI is realized or not, how does that select the CapEx budget as you described here a little bit more I mean, what are the scenarios you said that you were subject to either the non-trade barrier and or the actual out right (inaudible)? How do you think about that scenario?

Sumant Sinha - Yeah, thank you, Julien for that question. Nathan, let me take that. So, as far as PLI is concerned, as you know there have been a number of people that have applied for setting a manufacturing plant under the PLI scheme. At this point, we don't know exactly how much the government finally allocates to this project. We have obviously had various conversations with the government, and they are in fact looking at increasing the size of the PLI scheme, but we don't know exactly to what amount they will actually increase it, so we'll have to just wait and see.

Now it's very important to understand Julien that you get PLI the more you backward integrate in the value chain. And keep in mind that there is protection, we see these customs duties only on modules and cells you don't actually have any protection on wafers and polysilicon. And so therefore, the further back you go on the value chain, the less your protection becomes and the more in fact, the need for the PLI if you want to get into let's say, wafers and polysilicon.

Now, our original plan was to get into 2 gigawatts of cell and module manufacturing that plan continues to be as is irrespective whether we get PLI or not? Because frankly, our calculations and all of our analysis was not based on us getting PLI, it was basically based on whatever we felt would be the case without getting any access to PLI.

Now, and so therefore, the question is of course, we've applied for PLI. But even if we do get it, we'll actually be integrating backwards into wafers, if we don't get it, we stay with cells and modules and our base case situation stays as is. Now you may very well ask then what happens to our competitive position was visibly people who do get the PLI. Now, the way the bid is happened is that you have -- as I said earlier, it's manufactures polysilicon and wafers as well, which don't have any protection. So, all of your polysilicon benefit will actually end up going into (AUDIO MUFFLE) your entire PLI benefit will actually end up going into giving you the protection that you need or the subsidy you need the Cap-Ex subsidy on polysilicon and wafer manufacturing. So by the time you get to cells and modules, actually there isn't any advantage per se left over even if you get the PLI. And so, therefore, it doesn't have a massive impact.

I think, what will impact us more is the fact that we are going to be able to supply to ourselves, which very few companies are going to be able to do in India. And the fact is that there will be some degree of supply disruptions because the reality is that not all this capacity will come up, it will come up over a period. And so therefore, people who don't have a fully integrated chain will actually be disadvantaged in that scenario.

And if you look at the people who applied for the full polysilicon based PLI, there are only two IPPs that have applied for it. Everybody else has not even applied for it. So, therefore there is not really going to be any major impact on us irrespective whether we get PLI or not, if we do the PLI we'll do wafers, cells and modules, if we don't, we will only do cells and modules that's really our thinking at this point in time. And we'll have to wait and see whether in fact, the government increases the allocation and if it does then to that extent we will consider our future course based on that.

Julien Dumoulin Smith - Right. So the volume here are at (inaudible) gigawatt scale is also unchanged right? It's just about the backward integration. (Multiple Speakers) modest impact on CapEx and EBITDA?

Sumant Sinha - Yeah. So, to get the best positioning for the PLI, you have to bid for a minimum of 4 gigawatts and the further backward you integrated the more the ability to get the PLI. So that's the way the bid was structured for the PLI. And so, we've obviously therefore, the 4 gigawatts of sort of the minimum quantity that you had to apply for to get full marks as far as volume was concerned and so that's what we did. And as I said, if we do get the PLI, then we'll consider making up to 4 and if you don't, then we won't. So that's our current thinking. But as I said, there's still some water that has to flow on this issue. The government has to decide what is the size of PLI that it wants to allocate? And then we'll have to see how much we get qualified for and base is that we will then decide. What is the appropriate strategy for us to pursue in terms of size or total capacity as well as backward integration?

Julian Dumoulin Smith - Understood. Just quick quantification if you can on your projection. What does that market share you guys project? It just seems to be accelerating overall. That's, it's not just you that. So, when you think about your perspective 2025 goal for instance, what kind of percent market share are you thinking about at that point in time?

Sumant Sinha - Then you know by 2025 we expect that they'll probably be about, I'm just sort of taking a bit of a stab here that they'll probably be about 200,000 megawatts of installed capacity. And at about 18 gigawatts would probably be about 9% of market share at that point in time.

Nathan Judge - Julien, thank you very much for your question.

Julian Dumoulin Smith - Great. I'll leave it there. Thank you.

Nathan Judge - Feel free to jump back in. We do have a long list of questions here, so if you wouldn't mind and please come back into the queue. And if we could take our next question Ajay, please from the phone.

Operator - Certainly. The next question comes from the line of Maheep Mandloi. Please, go ahead.

Maheep Mandloi - Hey, thanks for taking the questions. Maheep Mandloi from Credit Suisse. Could you just probably talk about the ReNew Digital products? It seems like something which potentially could be offered externally and so far I don't think that's in the forecast. But could you just talk more about how that helps drive the improve PLI and any plans to kind of open up

that ecosystem to other companies in the -- in India or international?

Sumant Sinha - Yes, thank you. Thank you, Maheep for that question. So you're absolutely right. In that, we've developed a lot of basic expertise and knowledge about the whole area of how digital can improve asset performance in the renewable energy sector. So that's something that we've done a lot of work on through ReD and we understand that very well.

What we had also done last year was to acquire a small third-party digital company. We just focused on scheduling in forecasting, predictive maintenance on with the customers primarily being grid operators as well as IPPs. And that's a company that now potentially has the capability of taking on a lot of this domain knowledge that we have developed, and actually converting that into a third-party product offering, both in India as well as globally. So that's something that we're going to be looking at doing as we go forward.

And we also recently just hired a Chief Digital Officer, who is in fact tasked with making sure that this interface between us and Climate Connect is managed well, and that Climate Connect is well positioned to grow in the manner that you've described and try to see whether in fact we can derive some degree of third-party revenues from this whole area of digital.

We believe that Climate Connect is well positioned, given the fact that we are -- we have access to high quality, low-cost IT people, as well as of course our own knowledge base in the sector. And so, that is something that we will look at potentially growing and as you know it's not a very high Cap-Ex intensive activity and we'll see where that gets us. But the likely growth of Climate Connect is not something that we factored into our forecast now.

Nathan Judge – Thank you, Maheep. Feel free to come back into the queue if there's no follow-up on that question. Sumant, we have a question from Angie Storozyński at Seaport.

Angie Storozyński - When do you expect the sign of PPAs for the remaining projects in your committed capacity?

Sumant Sinha - Yeah. So look, we have about 1 Gigawatt of PPAs that are left to be sign. But let me handed across to Mayank, our Chief Commercial Officer whose responsibility it is to get this done. So Mayank over to you.

Mayank Bansal - Yeah, thanks, Sumant. So I think on the PPAs, as Sumant pointed out, things are looking good, things are turning around in terms of power demand in the country. And what we've started seeing is obviously after the brief hiatus of almost in (inaudible) the Discoms are now back on the table to buy power. So obviously during the COVID, the demand at the expected Discoms had dipped and therefore their (inaudible) to just come and negotiate or coming by the PPAs was lower. But now, we have already started seeing that demand come back. In fact, India hit the largest (Technical Difficulty) around a couple of months back. And we did sign up our RTC, PPA couple of months back again. We are looking at the peak which was around 1,300 megawatts the peak power PPA which is around 400 megawatts should get signed again and within a month we are in very active and late-stage discussions with a couple of Discoms. Similarly on our

solar portfolio as well, we are already in discussions for 400 megawatts where we should sign this within the next month. There are Discoms that are already taking regulatory approvals and that will leave around 200 megawatts or so which would be unsigned in the current capacity which I think would take a quarter or so.

Nathan Judge - Thank you, Mayank. We have a question that has come in from Puneet Gulati at HSBC. Can you talk a bit about your RTC 400 Megawatt project which is 1,300 megawatts with renewables? What are your assumptions of IRR and due to your assumptions of IRR include potential sale of power into the exchange markets as well? Maybe Sumant or Mayank, maybe those one of you can take that.

Sumant Sinha - Yeah, Mayank why don't you go ahead.

Mayank Bansal - Yeah, I can take that. So yes, so the construct of the project is to deliver renewable energy full renewable energy, CUF of 85%-plus, there is also a monthly requirement to deliver 70%-plus. The project is actually -- project has actually an escalating tariff profile. So, the tariff does escalate every year, if you're able to meet the performance. So, if you have question on, whether it has power sale in exchange, yes, so there is excess power we have oversized the renewable energy component to deliver this the 85% CUF for 400 megawatt contracted capacity. So for 400 megawatt of contracted capacity at the back end, we have put 1,300 megawatts of renewables and a significant storage -- it has significant storage component as well. We can also by the way increase the storage component over the years at least the first three years after commissioning. And yes, there is excess power to the tune of around 15% to 20%, which we will be able to sell in the exchange from this project and we'll be able to realize the green attributes from that particular component as well.

Nathan Judge - Thank you, Mayank.

Mayank Bansal - I think the other part was on the IRR. So, as Sumant said, this was an Intelligent Energy Solution part of that portfolio. And we did have only three total bidders in that bid and that we expect pretty healthy IRRs.

Nathan Judge - And just to clarify, the IRRs excluding the optimization sales to the market. Where would they come within our targeted range, not specific numbers, but broadly?

Mayank Bansal - So I think what we have done, what we'll do is, we'll always assume very conservative assumptions on what we can realize indeed in the market from that excess generation. And as I said, with those assumptions we are looking at a reasonably at the upper end of the IRR expectations within our thresholds.

Nathan Judge - Thank you. We have a question that has come in from Moses Sutton at Barclays. Can you discuss long-term plans for hybrid assets or the RTC and benefits timing where this becomes a meaningful market shift and ReNew's positioning? And again, I would pass it over to Mayank or Sumant, why don't you go ahead and take that?

Mayank Bansal - Yeah, I can take that and then maybe Sumant can add. But, so I think we see a significant shift already happening in the market. Indian greatest is today at around 12% of RE penetration and we have typically seen that at around 12% to 15% is where complex hybrid

solutions and so plain vanilla solutions become more difficult to integrate and therefore that sets the market for complex or hybrid bids. So, we see this market to be already very significant. In fact, most -- a lot of the new bids are moving towards those complex constructs like RTCP power, as well as now a recent one which talks about combining REM mill or even delivering dispatchable power through renewables.

So, we see this as becoming a very prominent part of the market. Though I think, some of the plain vanilla bids will continue for another two or three years I'm sure or even more. But we do see this as becoming a very significant part of the market it already has and it will only increase in terms of market share (*inaudible*). And I think we're seeing the same thing by the way in the corporate PPM market. So we are seeing the -- again in terms of corporate PPA- market also the market move towards from plain vanilla to more hybrid and higher CUF solutions.

Nathan Judge - We have a question that's come in on your competitive advantage relative to RTC. You mentioned that during your presentation that it is difficult to set up an RTC project. Can you expound on that? Sumant or Mayank again, this is a hot topic. So appreciate your time. But if you could give us your thoughts on why it is that somebody can't come in easily and can replicate? What we're doing with RTC?

Sumant Sinha - Sure. Let me give it a shot and then I'll pass it on to Mayank as well. So I think, couple of reasons. First, it requires a combination of wind, solar and storage. And at this point there are very few companies that have experience in both wind and solar, but the number of IPPs operating in the wind space were limited. And there are -- therefore very few companies that have good experience in bid. On top of that, there's almost nobody else who does EPC in wind, like we do. And who's done the level of development in terms of identifying wind sites ahead of time, who has the number of masts, wind masts that we have up and running right now. So that gives us a very strong capability in wind. We also have at this point almost 2 gigawatts of wind, more wind installed than anybody else in India, where about are about 3.6, 3.7 gigawatts I think the closest to us is people who have 1.5 to 2 gigawatts installed.

So we have a lot of expertise and capability wind and that is very critical. Because when you start combining profiles of wind and solar together, how you do that in a way that optimizes you to -- that optimizes the capital cost and also optimizes the power save in the merchant market is actually very important aspect of the whole design. And if you don't get that right, then you can actually end up with much higher capital cost and therefore will require a much higher tariff to be competitive.

So, having that capability of being able to understand how to do wind? And how to combine those profiles with solar? And keep in mind, that every wind site will have a different generation profile every solar site will have a different generation profile in solar as well. And so, therefore being able to mix and match across different sites in the country between both wind and solar and optimize the capital cost is really whether our lives and that is something that we have spent a lot of time and effort on over the last couple of years and have built that capability. And I don't think anybody else has in India and we've done that and now of course, because we're in the midst of implementing both our projects, our RTC projects along with storage that has given us a very deep understanding of how this whole system can work in the best possible manner. Mayank, why don't you go ahead as well?

Mayank Bansal - No, I think you've covered that Sumant. I think the only other thing I'll add is in terms of generation profile even with the current RTC profile. We have actually tried to combine as much that the diverse wind profiles in the country itself. So we have three wind assets which will be spread across two different states to exactly try and build on the complementarity of these profiles. And so our rich operating history of wind assets gives us a lot of advantage including the wind mass that helps us design these products often. And that's really what we feel would be very hard to replicate for anybody else.

Nathan Judge - And just to follow-up on that we've gotten and another question. Talks about the liability or penalties related to missing minimum round the clock reliability standards and on our RTC project, I think there's a minimum PLF of around 80%. How does that work? What gives us confident that we're able to deliver on that? And what are the penalties specifically related to missing that target?

Sumant Sinha - Mayank?

Mayank Bansal - Yeah. So if you -- the penalty is, if you miss more than three months in a year and do that consecutively for two years then the escalation that you get in terms of tariff for the year, that gets taken away. And you also need to compensate for the lost energy which you are not able to supply. What gives us confidence that we will be able to address this penalty is really that, as I said, we've run these scenarios around the performance metrics against multiple scenarios and even in the sort of P90 P95 situation. We make sure that we have size the project could make to ensure that we don't suffer any of these penalties. So that's really the safeguard. And I said, the project actually generates excess energy in most of the months or at least in the whole period of four months. So that obviously gives us more power, which we cannot sell in the exchange, but still sell it under the PPC -- under the PPA contract. So we have run these under multiple scenarios for with our optimized -- with our operating history and we are pretty confident that we'll be able to meet the performance metrics.

Sumant Sinha - And let me add to that

Nathan Judge - Thank you, Mayank.

Sumant Sinha - Sorry. Let me just add to that and say that, therefore, the construct of the bid design is very important. And therefore, we spend a considerable amount of time with the various agencies to make sure that the design of the bid is done appropriately. So that we are still able to optimize and get a lower tariff and that the penalties are not or the requirements of performance or not so onerous that is that they require us to significantly over design and thereby increase the cost of sanction because that will then not really be useful from a buyer standpoint. And so we actually in these bids we have a tremendous amount of back and forth between us and the government in helping them think through all of these issues and counter the absolute appropriate design of the bids.

And as Mayank said, the reason that we -- that the penalty is applicable only if you don't need the monthly PLF requirements for three months, in a -- three months in a year for two years in a row was based on our feedback when we run various simulations that showed us that that would give us significant ability to design the whole plant in such a way that we would

then be able to be very competitive as far as the tariff is concerned. And so that is the kind of interaction that you need to have on some of these bids that actually allow you to then structure things in a way that allows us in fact to be competitive and also give the right kind of power, product to the distribution utilities.

And so that is why these RTC bids may seem simple to do, that you just combine a solar plant with a wind plant and (inaudible) to you have the solution, but actually there's a tremendous amount of engineering and intellectual brain work that goes in behind constructing these things at the time of the bidding and then actually building these things out in terms of the actual wind sites that you get what the exact day by day profile of wind is like to do be in each of those sites and how they are correlated across different parts of India and therefore, how you should locate your plants, wind farms perhaps in two or three different parts of the country to be able to optimize the whole system.

And so the tremendous amount of actual knowledge has to go into this whole designing process and building process and that is why we believe that in RTC given our deep operating knowledge of winds by far away as I said earlier the biggest big companies in India with 10 years of operating history and 120 mid mass across the country measuring wind, I think that capability is something that almost nobody else can replicate and that's why we have such a significant advantage on RTC type of bids and that proportion is going to increase of the whole market environment going forward.

Nathan Judge - Thank you, Sumant. Ajay, why don't we open up the phone to questions there's not a question on the line.

Operator - Certainly. Yes, sir. We have a follow-up question from Justin Clare again. Please, go ahead.

Justin Clare - Thanks for the follow-up. So we feel pretty extreme shortage of coal in India with very low inventories in a pretty steep increase in the price. So just wondering if you could talk about the potential impact on the renewables market, could this come and accelerating the signing of PSAs in this type of environment, so that they could procure renewables faster? And then also, it seems like this could have a negative impact on the financial condition of the Discoms. Could you see payment delays for your assets as a result of that?

Sumant Sinha - Yeah. Thank you Justin for that question. So you're absolutely right, we have significant coal shortages in the country right now. As a result of which there are various coal plants that are not being able to operate at full capacity or at capacity is where Discoms are able to buy all the power that they need. But if you ask me, I think, this is relatively short-term phenomenon. This might last for maybe two or three months at which point in time most likely coal stocks will become more available. And hopefully, this issue will get settled.

Now having said that, the reality is that Discoms are recognizing that coal based pricing and coal based power is somewhat fickle. And prices therefore tend to fluctuate quite substantially. And if they go in for renewable energy, then those tariffs are fixed for the next 25 years. So I think it's certainly, I would imagine be reading them to say quite differently and

more positively about renewable energy purchases going forward.

Now, I doubt that they'll that, if you can't sign a PSA today and expect to get the power immediately you get the power only a year and a half later. So there is a gap between the issue right now. So I think longer term there will be some certainly positive impact on Discoms' desire to buy more renewable energy. And so, I think that will certainly based on the rollout of renewables even more. Whether this impacts that Discoms financial health? I am not so sure that it will very strongly negatively impact their financial health, because as I said, this issue is not likely to manifest itself for very long. I think power crisis that have shot up quite high right now up from the usual INR4 or INR5 or INR3 or INR4 in the merchant market have gone up to about INR10 or INR12. But I think as coal stocks become available those prices will come down equally rapidly. So hopefully, doesn't have a big impact on Discoms' financial health. Mayank, is there anything you'd like to add to that?

Mayank Bansal - No, I think, yeah, Sumant, I think it's a regular -- as you said, it's a regular phenomenon. In fact, every year we see coal shortage during this part of the year, because of the fact that there are monsoons and that we have whole logistics is a little difficult in the country. And therefore, just after that, when the demand comes -- when the demand peaks in September, we usually see always a coal shortage, the coal inventories are at the minimum. This year it was more pronounced because both impacts the coal inventory went down substantially because of monsoons getting dragged, as well as the demand came back in a major way this time post COVID. So it was sort of a dual impact, which led to the shortage becoming a little more acute this year. But as Sumant said, it's a temporary thing, it should get resolved in the next three months or so and it shouldn't impact at the end.

Justin Clare - Okay. Great. Thank you.

Nathan Judge - Thank you, Justin. We have a question that's come in, just the impact of COVID on our operations, and how that's impacted our outlook for ReNew? Just an update on COVID. Sumant or perhaps Muthu would you like to -- one of you would like to take that?

Sumant Sinha -- Yeah So

Nathan Judge - Muthu, why don't you take? Sorry go ahead Sumant.

Sumant Sinha -- Yeah. Go ahead, Muthu.

D Muthukumaran - Yeah. So first on the employees, most of our employees are now well protected from vaccination point of view and as far as COVID is concerned. As far as operations are concerned, during this year, we have seen projects sort of continuing to be built. We have mentioned that we are well on our way to commission what we have projected for this year. And as far as revenue is concerned, we've been continuing to supply through the year with no description to the supply. So overall the effect of COVID on existing operations are being close to zero. As far as PPA signing is concerned, there is something (Technical Difficulty) we've signed good part of our PPA in the last couple of quarters.

So, and from financing perspective through the COVID actually, we've been able to do three

bond issues and we have also done this equity raise. So in nutshell, there has been some delay, but sort of no significant damage that we have seen through this COVID period.

Sumant Sinha - And let me also add that power demand has come back very strongly as Mayank was saying, and we've seen that in the month of August and September power demand has been about 10% higher than it was in August and September of 2019. So, we've sort of got back on the road trajectory of power demand post-COVID as well. So that's good news because that means that there is more requirement for power and therefore obviously more requirement for renewable. So I think from that standpoint it's very positive. And the other important thing I would say is that we've spent a lot of effort and time on getting all our employees vaccinated. And I'm happy to report that about 97% of our employees are now fully vaccinated. And so therefore, that's obviously a good situation to be in. It also means that we can get all our employees to get back to sites and to be working actively and to make sure that we don't have any further delays as well.

Nathan Judge - Thank you. And we have another question for Muthu here, just on debt. Obviously, we've provided a 4.9 times debt -- net debt to EBITDA on a run rate for our 10.2 gigawatt portfolio. Longer term, how do we think about how much debt we're comfortable with and what kind of net debt to leverage ratios would we target?

D Muthukumaran - Sure. Our primary target or the monitoring we do is actually the total amount of debt that we take for the project. We follow a principle of 75% debt and 35% equity for all projects sometimes in some cases we grow up to 80%. That translates to a long-term average of 4.5 times debt to EBITDA this is what we have target to achieve down the line. In the interim, depending on our growth level, our balance sheet debt would be slightly higher, because we will have CapEx spend which are sitting on CWIP [ph], but on its EBITDA. So, the yield in point time we're actually delivering on this (Technical Difficulty).

Nathan Judge - Thank you, Muthu. We have a question coming from the impact of supply in Asia and the transportation. What are we seeing there? And there is also a question related to force majeure announcements out of China supply, if we can get an idea of the impact on that? And again, maybe Sumant that you're the right person to answer that.

Sumant Sinha - Yes, sure. Yes, so look obviously commodity prices have gone up quite substantially in general. Now the good thing for us generally speaking has been that all of the solar modules that we require. We have for the execution of this year. We have already logged and most of those have already been shipped across to us. So we're not really going to be impacted by that. And our next set of commissioning next year, there's a bit of a gap of seven months between now and then and so hopefully during that period of time, freight rates and so on come down. And so therefore we should be okay.

Now, therefore, in solar generally speaking, we have in the rest of the BOS of the balance of system cost, we have been able to offset the impact of higher costs by better design, and because of higher efficiency modules that is allowed us to actually require less of balance of system costs. And so, therefore, buying large in solar we have been able to stay within our expected ranges. And we have not really seen significant cost increases.

In wind, of course, steel prices have also gone up and so to that extent -- and to the extent that we had not locked in our turbine supplies -- turbine prices, to that extent we are seeing an increase in turbine cost which is going to impact us to some extent. Some of that is certainly being offset by the improvement in financing costs which have also come down quite a bit over the last year, year and a half by almost 50 to 75 basis points and so there is that offset that we'll be able to get.

And net-net, the good news is that we have been able to stay within the forecasted equity IRRs that we have given which is a 16% to 20% range in all the projects that we're executing right now, notwithstanding the commodity price increases that are currently happening. So I think that's really good news for us. And we're not there for being impacted be on.

Nathan Judge - Thank you, Sumant. I have a question for Vaishali on CSR. Question has come in about our diligence and questions engagement with our suppliers related to slave labor and what steps and what policies we have in place for that?

Vaishali Nigam Sinha - Yes, sure. Thanks for that question Nathan. As far as our CSR policy is concerned and our assessment is concerned, we conduct an impact assessment exercise after every project once it is undertaken. We also have policies in place to address issues around our projects, if there are any grievances, et cetera. We have registered and view to review it and address it.

And as far as our policies around slave and child sort of labor and employment is concerned, we follow very stringent standards for guidelines given by ADB and IFC and follow them throughout the course of implementations of our programs. So we adhere to the highest standards with respect to employing labor on our sites as well. In addition to the safety requirements and some of the other requirements, where we follow the top order ISO guidelines.

Nathan Judge - Thank you, Vaishali. Mayank and Sumant maybe this is a question for you. There is some questions on how -- what are the barriers to entry to the corporate PPA market? I think, probably more of what is our differentiation? Why can we offer a differentiated product to that market? And Sumant and Mayank why don't' you take that?

Sumant Sinha - Yes. I'll let Mayank answer that question. Mayank, please go ahead.

Mayank Bansal - Yes. So I think see Corporate PPA market and again, we're differentiating this from the rooftop market. The rooftop market is we find actually pretty fragmented and therefore high competition a lot of people get into that. But when we talk about the Corporate PPA market, we are really talking about off-sites solutions again on a utility scale. As I talked about it actually requires again high CUR solutions (Technical Difficulty) because in addition to everything else corporate PPAs also need to optimize the transmission usage, which for utility -- for utilities it's actually the transport charges that we (inaudible). But at least corporate PPAs do need to optimize that as well and therefore they tend to be a lot more higher CUR solutions and more complicated and complex solutions.

So all the other things that we talked about our RTC actually broadly hold for that. And in

addition, I think in a corporate PPA market is also a very business development-oriented market. So therefore, reliability and quality of your counterparty is extremely important for all your customers, and which again therefore renew as a counterparty stands out amongst all the competitors. So that again the big differentiation for us in the cooperate PPA market.

Sumant Sinha - And if I may add to that, the lead times of conversion are fairly long and in a number of cases a lot of cooperates for quite some time. And it's very hard for anybody to just come in late in the game and try to compete, because it requires a very high degree of customization. And we need to have very specific solutions for different people and that's not something that is easy to put together at short notice.

And so, therefore, as I said for number of these conversation that we can have in for six months, a year or longer, it's very hard for anybody now to come in. So of course, for future conversations that are people who can start those. But again, it does require the same kinds of strengths as Mayank was saying, that RTC requires, which is very often wind and solar and storage which again not very many people have.

Nathan Judge - Thank you, Sumant. We've gotten a question come in related to renegotiation of contracts which tends to be viewed on a broad brush. Can you discuss what risks there are to be negotiating contracts with PPAs and what are the discussions currently on contracts with letters of award? Sumant

Sumant Sinha - Well, there is no risk. Yeah, there is no risk to PPAs that have been signed. There is no real renegotiating of contracts that is happening right now. India -- the Indian legal system has in several cases upheld the sanctity of contracts and PPAs. And so that is now very well established case law. So I don't think anybody really is questioning the signed PPA or existing sign PPA. So I don't think that is something that is happening or likely to happen at all in the Indian context at this point in time. So, I don't think that that's a concern at all for us.

Nathan Judge - Excellent. And then just on two broad policy and privatization of distribution companies and how that could impact the financial health of the distribution companies? And how does that impact to our opportunities for growth?

Sumant Sinha - Look, I think privatization of this Discoms is something that the government (Technical Difficulty), Nathan are you on?

Nathan Judge -I can see Muthu back. Hi, Muthu.

D Muthukumar – Hi

Mayank Bansal - Hi, sorry. I think those are data center crash as Nathan tells me, but I was just wondering if we were anywhere at the flag end. But if there are still some things we could take, we could start taking them.

Sumant Sinha - Yeah, sure. There were some technical glitch, apologies, we are back. I can't see how many are there from the listeners? So if we have any more questions, Ajay, I think you were

moderating the questions. Please let us know if there were any questions otherwise, we'll do a quick concluding remarks.

Nathan Judge - Hi, everyone. This is Nathan Judge, Investor Relations. We have had some issue with service related to a data center crash apparently. I apologize, that was going to be our last question anyways. So for those that have stayed on and we do apologize for this technical issue, but we will be ending the call now as it is. Anyways, we do appreciate your participation. If you have a question don't hesitate to send us an email at ir@renewpower.in or you can send a question to us or you can call me at country code 1-917-209-6750. Thank you very much for your participation and look forward to having engagement with you in the future.

Sumant Sinha - Yeah. Thanks a lot.

Nathan Judge - Go ahead and close the call.

Sumant Sinha – Thank You

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