



“Adani Transmission Limited H1 FY ‘18 and Q2 FY
‘18 Results Analyst Conference Call”

October 28, 2017



**MANAGEMENT: MR. KAUSHAL SHAH – CFO, ADANI TRANSMISSION
LIMITED**

Moderator:

Ladies and Gentlemen, Good Day and Welcome to the Adani Transmission Limited H1 FY '18 and Q2 FY '18 Results Analyst Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. In case you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kaushal Shah – CFO, Adani Transmission. Thank you and over to you, Sir.

Kaushal Shah:

Good Afternoon, Ladies and Gentlemen. We have Mr. Rajiv Nair, the Group CFO, on this call and my colleague Mr. Jai Ambani is also on the call. Thank you very much for taking out your time to attend this call. I am pleased to share with you the consolidated financial performance for the half year FY 2017-18 of Adani Transmission. We have achieved another appreciable performance, which is more or less a steady one. The transmission lines of over 5450 circuit kilometer which is an operational one has achieved availability ranging from 99.77% to 100%, so we are almost operating 100% and eligible for the additional income in the form of incentive and this is since last four years. This shows our track record that how effectively we are maintaining our lines.

During the quarter, we have completed the acquisition of the asset which we have won under bidding that asset is called PPP8, 9, and 10, this is a small project the counter party is the Rajasthan Government and the schedule commissioning time is one-and-a-half years from now, February 19, that is the schedule commissioning. Then as you are all aware that the company has announced that we have entered into a period of exclusivity with RInfra Ltd. until January 15th in relation to the proposed acquisition of the integrated business of generation, transmission and distribution of power for the Mumbai city. Now, we have started the due diligence process very effectively. Unless and until the entire thing is completed, I am not able to dilute or give you any idea about what the number will be in terms of the price, so my request to all of you is that do not insist or ask for that. What we know is that there is a small generation as such, which is 15% of the overall things which we are acquiring from the top line perspective, which is the Dahanu Power Plant and then the remaining is the wire business in the form of the transmission and the distribution.

We have almost 80% to 85% EBITDA coming from these two businesses mainly and then the one more from the power generation, so we believe that with around 32 lakh customer in this region, we will have a big footprint in the distribution business and this lays the foundation for us for the future growth as well, and as you know in various press release in the past, we have said that we are working on growth and we will be doing various activity, and there are thoughts and ideas about funding this process as well and we will come out with that at an appropriate time shortly. With this acquisition currently as you are all aware and I explained to you that we are at 11,350 circuit kilometers with the Reliance and with this around 600 circuit kilometers we will be around 12,000 circuit kilometers. The closure of WRSS two lines of Reliance, which will be happening on this October 31st.

We have almost completed all the formalities and everything is in place, so the final closure is happening from October 31st and from November onwards, the revenue and the EBITDA of this two WRSS lines will be part of ATL that is what is the current development as of now. The third line still the approval is in process, so we expect it to spill over to the next financial year. It may not happen or may be in the later part of the around March this would happen, so we are trying wholeheartedly to complete that process. As far as the numbers are concerned, the comparable consolidated PAT for half year is 151 crores compared to 131 crores of half year '17. Now this is excluding that one-time income of 91 crores, which we have received in the last half year, so if you remove that then there is a 15% increase on half-yearly basis.

On a quarterly basis, you will see the two things which are happening. One is that the O&M expenses has increased. Now, you know we are in an acquisition mode, so there are one-time due diligence expenses which we have to incur so that is part of that O&M cost plus we have taken some advice of the tax structure consultants also, so that has also led to an increase in the cost, and then the third is that there is an O&M contract has been given for this, so these three things which leads to the increase in the cost. The second increase you can see that the interest costs on an obligor group you can see that there is an increase. Actually, it is not an increase, but what is happening is that the forward which is becoming settled in this quarter, so that cost has come in this quarter. On an average, for obligor group debt, we will have around 190 crores as an interest cost, so it was 180 crores last quarter and this quarter it is 198 crores because the settlement has happened on this quarter, and because of that, the PAT has gone down but other than that compared to last Q2, this is steady, there is no change in the PAT. EBITDA margin is at 92% which we have told.

Now, we come to the date and balance sheet. The obligor group debt as on September 30th is almost close to 8000 crores. There is no change in that. Cash and bank balance including the current investment is 370 crores, so if you ask me the net debt is around 8000 minus 370, whatever that number comes, it is around 7630, that will be the net debt. On a consolidated basis, the debt is 9169 crores that means we have almost 1169 crores debt which we have done for the new projects which is under construction and overall the cash and bank balance at a consolidation level where I have the GMR balance and all of that is in the range of 449 crores, so earlier cash and bank balance that was given, it was only for the obligor group, but I have the cash and bank balance outside obligor group which is for the GMR assets which we have, so we are regularly getting the payment, we are absolutely current on the receivables, there is no overdue.

CAPEX in the Greenfield Project till date is 2150 crores till September 30th and the total equity we have infused till date is 855 crores to be precise. Just to give you breakup; in 2015-16, we infused 228 crores; in 2016-17, we infused 442 crores; and in 2017-18 we infused 185 crores till date, so we are absolutely current on these projects and we expect the early commissioning of at least six months than what has been envisaged earlier, so this is what is all about the numbers and the results. We are now happy to take questions, if you have any.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Swarnim Maheshwari from Edelweiss Securities. Please go ahead.

Swarnim Maheshwari: Sir, two specific questions, first is what is the one-time expenses you said which you have spent on due diligence and legal expenses?

Kaushal Shah: When we acquire the asset like we have acquired GMR, we have acquired Reliance, WRSS, so there is a lawyer's expenses, so whatever due diligence which we will be doing it, there will be a payment to be made to them, so as per the Accounting Standard, I do not have any option but to debit to the operating and maintenance expenses.

Swarnim Maheshwari: Sir, I understand that, if you can quantify that?

Kaushal Shah: That will be in the range of and then we also have taken some advice on the tax structuring and other things, so that amounts to almost Rs. 9 crore.

Swarnim Maheshwari: Sir, secondly what is the status on the tariff orders which you have filed for the NGPTCL and all that is around 1200 odd crores, what is the status over there?

Kaushal Shah: Good question, I think we are on the tail end on this, we are expecting frankly speaking nothing is pending from our side, so we should be getting in this quarter that is what I keep maintaining and we are pushing hard that the third quarter where we should see the day of light to get this order and conclude the whole stuff, so nothing is pending from our side for both the petitions.

Swarnim Maheshwari: We are hopeful that we should be able to hear from the regulatory by the December quarter?

Kaushal Shah: I am also very much hopeful, we are working very hard desperately on that issue. If you can help me out in any which way I am really, very thankful to you all guys. You know how the system works in the country. I assure you that nothing as a hearing portion or anything is pending from our side, so neither they have asked any further information neither we have to give any further information, all has been submitted to them, so we expect it to settle, and now with this imminent acquisition which we have done, I mean we are in the process of due diligence and all of that, definitely we will be needing the money to fund the equity portion of that also, so we are counting that for our internal calculation as well.

We will be giving you shortly the information on this BSE as we are working very hard. Our team is working there day and night to complete the due diligence and we expect to close that around as soon as possible and once we do that, we will give you the final. There are lot of speculations which is going on in the market on the number front which we do not want to comment as of now. If you have any other questions later on, you can contact me or Jai Ambani anytime. Thank you so much for your time and wish you all a very Happy Diwali and prosperous New Year.



*Adani Transmission Limited
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Moderator: Thank you very much. Ladies and Gentlemen, on behalf of Adani Transmission Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.