



“Adani Transmissions Limited Q4 FY-17 Earnings
Conference Call”

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MANAGEMENT: MR. KAUSHAL SHAH – ADANI TRANSMISSION LIMITED

Moderator

Ladies and gentlemen good day and welcome to the Adani Transmission Earnings Conference Call FY 17 and Q4 FY 17 Conference Call. As a remainder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' 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. Thank you and over to you Mr. Shah.

Kaushal Shah:

Good afternoon and thank you for sparing time on Saturday Weekend, I think some of you might have holiday. Thank you so much for your time, I feel pleasure in sharing with you the consolidated financial performances for 12 months of FY 17 of ATL, we have achieved another appreciable stable performance across the board. On completion of all on-going projects and acquisition of R-InFra;s 3500 Circuit Kilo meters we will surpass 11,000 circuit kilo meters with 25 sub stations as we speak.

And as you know that the circuit kilometer increases in future ATL will become beneficiary of Digitization of Indian economy as our assets could be used for laying the fiber cables. So, in future this would be additional revenue and substation is continuing assets of ATL and will likely to be used by other developers of transmission lines, in future and which will provide additional incomes stream to ATL also.

Now I come to financial summary:

We have achieved a steady operational EBITDA margin of 93% in 12 months of FY 17. Increase in the PAT of twelve months FY 17 is 13% at Rs. 416 crores as compared to Rs. 360 crores of last year.

The consolidated total income is 2902 crores of the current FY 17, out of which transmission income is 2117 crores and the remaining is the trading turnover. This is against the total of 2267 crores of FY 16 numbers of which the transmission income was nearly 2050 crores.

Now I would like to go on the debt and the bank balance, the consolidated debt of obligor group is Rs. 8093 crores as on 31st March 2017. We have the ICD of Rs. 177 crores against which we have a cash and bank balance is Rs. 478 crores so net debt at the obligor group level is Rs. 7792 crores when I say obligor group it is current operational assets.

In our consolidated level, we have a debt of Rs. 8944 crores which includes SPV debt of Rs. 730 crore and GMR debt of Rs. 245 crores roughly. ICD is 177 crores which is promoter debt and the cash and bank balance is Rs. 498 crores, so net debt at a consolidated level is Rs. 8623 crores.

Now I come to the Green Field Projects:

CAPEX in the Greenfield projects till date is nearly 1700 crores. Till date total equity infusion by ATL is Rs. 600 crores and out of these Rs. 600 crores, Rs. 228 crores we have infused in 2015-16 and 442 crores we have infused in 2016-17.

All our transmissions lines are of 5450 circuit kilometers including the GMR lines which we have completed the acquisition in October, we have achieved the availability ranging from 99.09% to 100% so this has helped us to earn the extra income in the form of incentive. On 31st March actually we have received the 3 LOI's from Rajasthan Rajya Vidyut Prasaran Nigam Limited on a competitive bidding of approximately 350 circuit kilometers and 16 sub stations, this project is on a boom basis in the state of Rajasthan.

The progress on the R-Infra transmission asset is doing well. We have CERC hearing scheduled on the 13th of June and we are expecting CERC approval somewhere in the mid of June and then we expect the order of CERC to be received in two to three weeks time. So in the second quarter we believe that R-Infra transactions of acquisitions should be closed. I think we have already sent you the analysis front, Jay has sent you the mail to everybody. The reasons for the variances and if you have any specific questions on that you know we can explain that on the Q&A session. Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Varun Ahuja from JP Morgan. Please go ahead.

Varun Ahuja: Good afternoon and thank you so much for the time. I have a couple of questions one is if you could guide the CAPEX plans for the FY '18, sorry if you mentioned I missed that part and also how are you looking to fund that. And secondly the second question is when we last spoke you mentioned that there are limited avenue opportunities ahead, but that's something that you would be open to if you could just throw some color on that as well. Thank you.

Kaushal Shah: The CAPEX plan of FY 18, let me just throw a color, just to highlight you we have a total CAPEX of 3500 crores for the earlier project five projects which we had and we have recently received LOI of three projects so which has a CAPEX of Rs. 500 crores. Total CAPEX now and for this projects under execution for this eight projects will be 4000 crores and out of which we if you consider the old projects we have 30% debt equity so even if you consider 30% debt-equity then it will be the equity requirement is in the range of Rs. 1100 crore to Rs. 1150 crores. Currently you know for the past entire five projects we have completed the financial closure for these three new projects will be start the financial closure.

So if you consider equity of Rs. 1150 crores, we have already infused Rs. 671 crores till date, and as we have guided earlier also our equity infusion required will be around Rs. 350 crores to Rs. 400 crores in the current year. The remaining since we have the financial closure it will be through the debt drawl. We expect this at least 3 to 4 projects to be completed somewhere around in Q1 of next financial year so and then the remaining two projects might take another quarter or so. That was my answer to you for the first question.

So M&A opportunities you know as of now we don't see much opportunities available I continue to keep that stand, but if something comes up then definitely we are going to look at that particular opportunities. And there are some new instruments which has also come up in the market so we will see that at appropriate time. But currently we do not have any M&A opportunity available, except what we are in the process of closing this Reliance.

Moderator: Thank you. We have the next question from the line of Mr. Shirish Rane from IDFC. Please go ahead.

Shirish Rane: Sir these three new assets what is the total cost of them?

Kaushal Shah: This will be Rs. 500 crores. All this are small assets which is 350 circuit kilometers in the state of Rajasthan, the reason why we have won is that it's an Rs. 100 crores tariff which we are going to receive on that and we already have that this GMR lines which we have acquired of Aravalli and Maru plus we have one Adani Transmission Rajasthan line is operational, so from synergy perspective the volume advantage would be substantially in terms of O&M as well as the other stuff like execution thing. So we have got that so it's a Rs. 500 crore project cost with the Rs. 100 crores tariff annually and we just planning to fund that in 80:20 ratio.

Shirish Rane: Okay and by when will this get complete at the end FY 19 or earlier later?

Kaushal Shah: As per the requirement is 18 months. Actually, the process is that we have a got the LOI on 31st March but we are in the process of completing the signing of the TSA maybe in couple of days or maybe in next week or so and thereon 18 months will be started.

Shirish Rane: Okay so basically the FY 19 end it should be done?

Kaushal Shah: Yes.

Shirish Rane: Okay and sir can you talk a bit of this enabling resolution of raising funds, is there any particular plan for which this fund raising is been done?

Kaushal Shah: So as you know that as per the Company's Act and the new requirement every year you have take that enabling resolutions last year also we have taken. So unlike, earlier if you take one time enabling and then forget and now you have to take an every year this enabling resolutions so that's why we have taken this enabling resolutions and we will let you know if something is to develop or some progress will be there.

Moderator: Thank you. We have the follow up question from Shirish Rane from IDFC. Please go ahead.

Shirish Rane: Sir any status on that our arrears we were supposed to get for truing up their interest cost for the prior period?

- Kaushal Shah:** Shirish actually we have submitted all the data and the details and we are expecting hearing somewhere in the month of June. Again, we are trying to push but it's absolutely on the CERC and this guy and I think reasonably we should expect that like by Q2 end, somewhere in August and September we may get this order but certainly during the current financial year we are expecting to close this thing for sure.
- Shirish Rane:** And the quantum which we have submitted of the arrears I mean the amount which we are asking from further truing-up?
- Kaushal Shah:** See the truing-up amount will be in the range of about Rs. 1250 crores plus interest we are expecting also because as per the regulation there is a carrying cost which is allowed also and these true-up is pending since October 2013 so we will be expecting this one-time plus the interest on that as a carrying cost.
- Shirish Rane:** So this will have a repetition and whatever the exactly the CERC order?
- Kaushal Shah:** This would be the actual cost, actually we don't see any challenges because currently if you look at from the analysis point of view, my tariff only reflects 4% of an ECB loan as a part of my tariff while I am debiting or charging 12.5% in my P&L account. So there is no matching revenue. Those expenses are being debited but there is no matching revenue so once this order is passed then my current year income will also go up by 170 to 180 crores as a tariff increase plus there will be one time arrears income on that.
- Shirish Rane:** And sir this debt amount on which we get these arrears that difference of let's say 8%, 12.5% minus 4% will be approximately about Rs. 5000 crores correct?
- Kaushal Shah:** No see this is on a different year, it will be on a different level, because every year you have to reduce that on a depreciation basis, but if you have to calculate from 2013 there will be a certain debt then after that there will be a certain debt. So that's how it will be calculated.
- Moderator:** Thank you. We have the follow up question from the line of Shirish Rane from IDFC. Please go ahead.
- Mohit:** Sir this is Mohit here, trying to figure out sir, does these results include WRSS for the first quarter?
- Kaushal Shah:** No, how can it, that is not yet acquired, it does include GMR but it does not include these things. WRSS we have not completed yet acquisitions. So CERC once they give the approval then we pay the consideration and then it will be folded so I think it will occur in Q2 or Q3 of the current financial year.
- Mohit:** Sir is it possible to share the transmissions system availability right now or can you share it separately?
- Kaushal Shah:** Have I mentioned that we are almost running to near 100%.

- Mohit:** Asset wise is it possible?
- Kaushal Shah:** We will share with you separately that. We will give you that.
- Mohit:** And what is share to those, our appeal in APTEL against the MERC order?
- Kaushal Shah:** To both the orders we have provided the required details in MERC and CERC so hearing may happen somewhere in June and then based on that we will be able to get the orders.
- Mohit:** And sir last question sir what is the schedule commissioning date for the new three assets of interstate transmission assets and what is expected COD?
- Kaushal Shah:** I have told that 18 months from now, from I mean somewhere in that, recently that three asset what we have achieved the order right?
- Mohit:** Sir I am talking about the older assets?
- Kaushal Shah:** Older assets as I mentioned we are targeting the first quarter of next financial year.
- Mohit:** What is the Schedule COD sir are we how early we are from this Schedule COD I am trying to figure out?
- Kaushal Shah:** It will be roughly around 6 months earlier than the earlier COD.
- Moderator:** Thank you. We have the next question from the line of Varun Ahuja from JP Morgan. Please go ahead?
- Varun Ahuja:** Just wanted to confirm one more thing is there any intercompany deposit that the company would have divesture of the group I recall in the past didn't see any major such lines but just wanted to confirm as of March 17 is there any outstanding between Adani Transmission and any of its other sister companies?
- Kaushal Shah:** No, we do not have any intercompany loan outstanding or we have not entered into any transaction during the entire financial year with any group companies.
- Varun Ahuja:** There was some payments that is the due from the government in terms of one-time payments in the past. So could you just give the status of that how much is being received and how much is still due? Those were from the past which were to be accrued if you recall that?
- Kaushal Shah:** You are talking about the un-build revenue collection?
- Varun Ahuja:** Yes because this year there was the expectation that there will be a onetime jump in the revenues?
- Kaushal Shah:** No revenue will not be jumped see MERC there are, you have to understand in 2015-2016 we have booked the revenue for the said Set 3 of approximately Rs. 600 crores for the entire financial year

of '15-16. but actually cash flow was not received by us so MERC case there are two processes – one is that they pass the tariff order so based on the tariff order our right to receive that income establishes so we have booked that income. But there is a second process also where MERC pays me the cash and then can I bill to MERC. So that has happened from this July onwards as per the order passed by MERC and we have started recovering the near to 50 crores every month starting from July, so we have received that amount during the current financial year.

Varun Ahuja:

Okay, so just to confirm we have received all the amount now?

Kaushal Shah:

We have received for 7 months starting from August and the remaining we will receive in April, May, June, so it's a process they have said that they will pay from 12 months starting from July.

Kaushal Shah:

Alright. Thank you so much for your time, if you don't have any questions we can conclude this.

Moderator:

Sure sir. Thank you very much. Ladies and gentlemen on behalf of Adani Transmission Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines.