



“Adani Transmission Limited Q1 FY 2021
Results Announcement Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Adani Transmission Q1 FY 2021 Earnings Conference Call hosted by IDFC Securities Limited. From the management today, we have Mr. Anil Sardana -- CEO, Adani Transmission; Mr. Kaushal Shah -- Chief Financial Officer, Adani Transmission; Mr. Kandarp Patel -- CEO Adani Electricity; and Mr. Rakesh Tiwari-- CFO, Adani Electricity.

Anil Sardana: Thanks, Mohit. I really appreciate. So I do extend warm welcome to all the analyst friends. These are indeed unprecedented times and one can imagine one after the other, you keep getting to hear news about situation related to pandemic. But at the same time, I must salute our power warriors both in Mumbai as also across the transmission assets all over India for having maintained the assets and having done their jobs despite all the challenges and that is visible in the results that you all have amidst you. And we will only hope that we soon have better control on the situation, and we will only hope that things improve.

And of course, such as the friends who are in Mumbai, let me also mention about the recent rains and downpour and several of these suburban areas saw tremendous amount of water accumulation and that is again another test for our power warriors because then you get into challenges related to several of the building facilities getting marooned in water and consumers frantically trying to reach us to switch off the substations close by, which are all the aspects related to the challenge that one has to brave on a routine basis, whenever you have such unnatural situations.

What is coming out is the role of the business continuity and disaster management and I guess, corporates and organizations have to constantly keep focusing on inventing more and more of these challenges. So that is one aspect and that that I just want to mention as we begin this call, and the company is doing utmost in terms of reinforcing the entire thinking and entire interaction on grounds related to business continuity and disaster management and including, of course, the part that I did not mention for the fact that it is not

relevant today. But the subject matter related to the cyber security, which is, again, something that the company is tremendously focused on at this point of time.

Coming back to the quarter one, I guess, you have got the Press Release, you have got the details, you have got the Presentation, which we have uploaded on the website. And you would have noticed that the performance has been robust, we have been able to maintain despite all adversaries, we have been able to maintain our profitability. Even if I remove the one-time item, we have been able to maintain our comparable PAT, similar to the quarter one of the previous year. And so that is been the situation. Of course, in terms of the one-off item I am alluding two items, one is related to the successful APTEL order that we have got, which we have been waiting for two years. And the other one that I am alluding to is the mark-to-market non-cash entry of Rs. 155 crore, prior to tax that we have done at the Adani Electricity distribution level.

As regards the cash profit and PAT, even without considering some of the one-time entries, we have done quite well and we are very happy with the results in terms of the cash profits being higher compared to the previous quarter and our objective will be that we continue to maintain the same in the times ahead also. By the way, just for our analyst friends, the order that we got from APTEL, we have taken only the components that we could very clearly determine in terms of amount. But in terms of the total amount, we virtually taken half the entry now, almost half of the entry and an entry close to that is still due once MERC determines that, though of course, in colloquial sense, APTEL has given clear directions with regard to that favorably for us. But an actual determination of the amount we have left it for that entry to be taken, when we will get the MERC order. So we have not done that on the accrual basis. I thought as a matter of representation, I will make that point a bit more clear. And nor have we taken the carrying cost at this juncture.

So, I would also want to add because many of you had asked last time about the cash aspect related to collections, I would want to clarify that while the collections during the COVID in the Mumbai distribution, etc. were lower, but they have all been now gradually climbing up. So we had as I had mentioned

to you sometimes when we met sometimes in May that they were close to about 60 odd percent 66% or so.

Today as we talked, in the month of July, we have clocked 99% of the collection efficiency. Yes, we also acknowledge the fact that there were some amount of concerns in terms of the billing being accumulated and therefore, getting to the hands of customer at a higher level, which is correct. They were not incorrect in terms of that because two phenomena that happened to residential customers, one that the residential customer experienced, much higher consumption during the lockdown times of March, April, May and June, when the meter reading commenced. So it was an accumulation of 3.5 months - 4 months. The second aspect was the comparable average that we took based on MERC's guidelines, which was November month November, December which is the winter months and that is supposed to be the lowest during the year. But since that was the kind of instructions and therefore, the delta that customer saw during the summer months and that to during the lockdown months was higher. And though of course, we gave an annexure and explanations created tremendous amount of communication mechanisms, but there were some vested interest elements, who wanted the Government to give subsidy etc. And therefore, that caused quite a lot of sort of voice of the vested interested parties coming and talking about those aspects.

Now, having talked about some of these opening points and points which were perhaps a connect to the last time's discussion, I am going to leave the floor for questions and through the questions we will then try and respond any additional points that we would want to emphasize. So thank you and look forward to your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Lavina Quadros from Jefferies. Please go ahead.

Lavina Quadros: I just wanted some colors from you on what is you on what is the bid pipeline looking like on the transmission projects? And how is Adani looking at their success rate within the pie? That will be there with an extra 18 months - 24 months? And also say within that, how much do you think will be contributed

by renewables? I mean, toward renewable energy projects within the transmission line projects. Thanks.

Anil Sardana: Thank you. Well, the pipeline is very healthy and are also the reason that during these last four months, five months, we have not seen any tenders come by, quite understandably because most of the bidders mentioned that they would not be able to undertake walkover surveys of the routes and therefore, would not be able to bid accurately. And I guess that is why there has been a lot of wait. Now, we see quite a large number of lines both from states as well as from the center getting announced and so there is a very healthy pipeline. And the other part that you mentioned in terms of the fact that what has been Adani's success rate till now amongst the tariff base, competitive bidding that has been there, it is been something like 39% 40%, up till now, but we are sitting with a very good order book at this current juncture. We already have Rs. 12,000 crores worth of orders in hand. So and therefore, we will have to make our choices in terms of making sure that the thresholds in of returns do not get compromised. So, so we will we will look at it from that perspective. But, yes today, there is a good amount of opportunity that is likely to come on the organic side as well as inorganic side for transmission as well as distribution.

Lavina Quadros: Okay. Sir, quantification, if possible in terms of what are the bids in terms of value.

Anil Sardana: Close to about Rs. (+30,000) crores and you had also asked, that how many are linked to renewables? Normally, very difficult to hair-split like, but you could assume that majority will be related to renewables, because I do not see any fresh thermal projects or any other projects coming in. So, it is only going to be some lines, which are not even directly relatable to a generic source, but they are for reinforcement of the flow of power. And therefore, that is the reason, why I said, they are very difficult to attribute to a genetic source always. But yes, most of it you can assume will be because the fact that we are adding a lot of renewable generation.

Moderator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC Mutual Fund. Please go ahead.

- Dhruv Muchhal:** So, if I look at the depreciation amount in the distribution business, there is a sharp jump on a Q-o-Q basis, so even on a Y-o-Y basis from Rs. 138 crores to Rs. 210 crores, what is driving this?
- Anil Sardana:** Yes, Dhruv, thank you so much for that question. That is on account of two things. One is on account of two things. One of course is that there have been a change in the way the useful life of assets have been considered by the Commission. I can explain you some bit of split up also. One is that the meters they have produced the useful life from 25 years to 10 years. For battery, they have changed from 25 years to 5 years. So in the recent MYT regulations of 2019, the regulator announced these changes and that contributed to Rs. 70 crores increase. So, the major component is on that account. And of course, there is also a component because of the additional capitalization in 1920.
- Dhruv Muchhal:** Okay. And sir, this increase from our cost pass through mechanism basis, this Rs. 70 crores increase will also reflect in your EBITDA, right?
- Anil Sardana:** That is correct, right.
- Dhruv Muchhal:** Okay. So, the EBITDA is on similar basis, I should compare that with, got it. And sir, secondly, is this M-T-M of Rs. 155 crores, where it is booked and what does it correspond to?
- Anil Sardana:** So, you are talking about the M-T-M?
- Dhruv Muchhal:** Yes. Of the Rs. 155 crores M-T-M?
- Anil Sardana:** Yes. So that is related to the \$1 billion dollar that were collected by us through the bonds and the hedging of those. So it is because of that. That this has been provided for.
- Dhruv Muchhal:** Okay. So, this should be one-off I mean, this will not be recur, right?
- Anil Sardana:** No, in the sense that each quarter, statutorily one will have to look at where is the exchange rate and accordingly work that out. So, this is of course, non-cash entry.

Dhruv Muchhal: Okay. Sir, I mean, I also look at Adani Green where you have this hedging kind of instrument, but there is an offsetting entry I mean there is a entry in the other expenses and operating in the finance cost. So is it similar to the...

Anil Sardana: You are bang on. In fact, in ATL as well as in AGL, there is a counter entry, if it is hedging of a particular time, but these are options and that depends on the kind of pricing that you get based on either a hedging or an option that you take. In the case of AEML, as you know that we just completed the transaction towards the end of March at that time based on the pricing regime, the company opted to take the options. And in the options, actually in both the cases, it eventually neutralizes because in this case, the only difference is the option and they fructify. At that time you will have this neutralize itself. So this is just a mark-to-market, non-cash entry. But you are right, in AGL as well as at ATL it does not show up, because it has contra entry.

Dhruv Muchhal: The standard offering.

Moderator: Thank you. The next question is from the line of Manoj Kumar from IDFC Securities. Please go ahead. Mr. Manoj Kumar from IDFC Securities, you may go ahead with your question.

Manoj Kumar: I have two questions with me. First one is on the CAPEX plan that we have. What kind of deferment are we seeing there? Could you please throw some more light on that?

Anil Sardana: So first and foremost, there is an official version to the CAPEX plan with regard to transmission system, of course, in distribution, there is no such pronouncement. Though I want to caveat that, as far as transmission is concerned, the Government has permitted lockdown, unlocking date plus five months that is based on the official circular. Now coming to the ATL version of CAPEX plan in the transmission and distribution; at this stage, we do not see any procrastination, we do not see any delays. We are still maintaining our Rs. 5,000 crores targets that we had.

Manoj Kumar: Okay, got it. The second one is on the Mumbai DISCOM, when do you expect this AT&C loss to normalize? And following on that, what is the kind of mix that we are seeing in July and have the receivables kind of improved from that?

Anil Sardana: So, on the AT&C losses, Manoj, the regularization will happen as and when the meter readings continue to happen. See, so, since the meter reading started only in July. Therefore, July now onwards August, September, October onwards is will all start to getting regularized and between the bulk units bought and the billing, the reconciliation will automatically happen, it will be back to normal.

Manoj Kumar: Okay, sir. Following on that, what is the kind of receivables improvement we are seeing there? Kind of what is the trend we are seeing in this quarter, in the July month?

Anil Sardana: So I mentioned that in the month of July, we have actually got 99% collection efficiency.

Moderator: Thank you. The next question is from the line of Apoorva Bahadur from Jefferies. Please go ahead.

Apoorva Bahadur: Sir, just wanted to check with you. What was the pipelines same time last year, so what you mentioned is around Rs. 30,000 crores right now?

Anil Sardana: I would not have that number offhand. Last year in the month of August, what was the kind of pipeline, sorry, boss no idea, but because we normally do not compare that context. Can you elaborate as to what exactly is the thought process you have in mind?

Apoorva Bahadur: The thought was that, of the pie, is it shrinking or is it expanding and how do we look at it?

Anil Sardana: No, let me perhaps give you a bit clue in terms of the fact. You see, transmission systems get added to take electrons from where you do bulk generation to where you consumptive centers. Now, in the in the erstwhile system, maybe year before or two years before or three years before one would have seen blended options of generation in terms of some thermal and some renewable.

Now it is primarily all renewables because no new thermals according to me are really getting added. So when you look at the renewables, they are all

coming in desert areas or they are all coming in very obscure coastal locations or places like mountaineers where the wind farms will come. And they are no existing transmission system exists. So you will continue to see more and more transmission corridors being built between proposed renewable assets and consumptive centers, because the electrons have to be eventually taken to such junction points where you can then off take it to the DISCOMs. So, that is the kind of transmission framework. So to me, between last year and now they would not be much difference.

But if you look at perhaps for five years before each year transmission assets were close to about Rs. 75,000 crores to Rs. 1 lakh crores used to get added out of which the largest player in the public sector used to do something like Rs. 25,000 crores itself, so for those were five years - six years before when ISTS systems are getting stringent. But in the last year and now, I do not think so there will be much difference on the overall annual spends.

Apoorva Bahadur: Okay. Sir also, in this current pipeline, could you do you have any idea on the split between Central and State as well who is more keen on adding transmission capacity?

Anil Sardana: See most of the renewable assets actually elicit response from centers. So they fall under center. So needless to add that out of Rs. 31,000 crores close to about 66% to 70% will be center.

Moderator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC Mutual Fund. Please go ahead.

Dhruv Muchhal: Sir, I just wanted to get you a sense on a broader macro view on the distribution segment, particularly in the context of the Union Territory privatization announcement and also, with the context that recently Odisha (Orissa) privatized but it seems they have started making some money again on the against privatization. So, overall context, how do you see this privatization drive that the Government is planning? How smooth it can be? What are the challenges? And how can you all participate in that?

Anil Sardana: So Dhruv, your question is pretty deep, but let me start with the UT part. I think it is more symbolic UTs do not have either fiscal or physically indiscipline,

because these are very small centers and these are by in large, doing reasonably well. But I guess when we all were talking to the powers be in terms of the fact that why distribution sector has not been reformed, because the entire value chain of the power sector gets impacted by virtue of performance of the distribution sector. So, whether it is renewables or our transmission or any other aspect, eventually, if the merchandize seller is not liquid, you will obviously have problem in the value chain.

So, the Government of India clearly sent that they need to show this is an example. So, they have therefore, announced that all UTs, they will privatized, and it will be based on PPP model. So, that is more symbolic and as far as opportunity is concerned, it is a great opportunity and we will certainly vie for it. So, that is one. You also talked about state.

Dhruv Muchhal: Just a second, sir, you mentioned which model? Okay, PPP model, okay.

Anil Sardana: Right. As regards to the state. Close on the heels of the Government announcement, state of UP announce that they will also privatized the Eastern UP. So, they have already announced that two of their large zones will be put on block. And they have already started working with Central Government as well as with multilateral agencies to work on our transition support system and those details will unfold. They have said by December they should be ready with the blueprint for privatization.

So that is UP, you talked about Odisha (Orissa). Odisha (Orissa) was already on the anvil since quite some time. These are those distribution companies that were already privatized. And incidentally, all the three DISCOMs which are now left out to be privatized or which have been announced to be privatized, they are right now with the regulator. It is slightly different, it is not in Government ownership or it is not been run by a, by a PSU these are already under the oversight of a regulator, because they were there with the private sector company, which for reasons that we are all aware, got withdrawn or their license got cancelled and therefore, the regulator in Odisha (Orissa) they has the bounden duty to eventually decide the fate of these three DISCOMs and that is exactly the status today. Whether there is an outcry that they should not be privatized or privatized. I think that is for people to judge.

But the fact of the matter is I know for sure, having been part of the Delhi privatization personally from the day that the privatization kick started July 2002. I cannot forget the fact that if Rs. 1,500 crore rupees is going to people's pocket, this is not that there is a loss, which is on paper. This is a loss for which you have actually not collected that means going into somebody's pocket. Those people have not garland you for not letting this money flow into their wallets. They will obviously multiply and void, they will make sure that everything wrong is stated, so that the reforms do not succeed and that they are able to therefore continue to gobble up that money, which is nothing but public crime.

So to me, those voices will be there, but it is for all of us, as citizens to eventually decide whether we want our tariff to come down, the losses to go down and eventually for us to get reliable power supply. And I think that decision has to be made by the general public at large.

Dhruv Muchhal: Sure, sir. Actually the system is quite difficult to break, but hopefully, wishing for the best.

Moderator: Thank you. The next question is from the line of Abhinav Bhandari from Nippon India Mutual Fund. Please go ahead.

Abhinav Bhandari: Just wanted to understand from a a numbers perspective on the transmission side of the business. How much is the pending equity infusion in our under construction projects and once fully built, how much would be the debt and the debt to EBITDA of the portfolio that we are expecting?

Anil Sardana: Abhinav, since you are talking about specific numbers of how much is the equity to be invested, why do not they provide you those details separately, because I do not have them readily available in terms of how much is the equity left out. But I can only tell you that we are fully funded on that.

Abhinav Bhandari: Sure. The idea basically was to understand that we did one acquisition, I think in July as well. So post that how much more growth appetite we may have from a cash flow perspective and whether we are looking now to stabilize this portfolio, what we have in hand or looking at further growth the way that we have grown in last two, three years?

- Anil Sardana:** Perfect. No, that is a very perfect question and let us try and see the equation. We will generate close to about Rs. 1,500 crores of free cash flow, the acquisition that we announced in July, which is the Alipurduar Transmission Line that we are taking over from Kalpataru is going to be about Rs. 500 crores worth of investment as equity. And we are therefore, balanced with thousand crore worth of free cash flow, which is still available for us to announce as far as transmission is concerned. As far as distribution business is concerned, the entire CAPEX that we have planned there is fully funded, already as we had already told you for the next five years.
- Abhinav Bhandari:** Sure. Got it. And this Rs. 5,000 crores, which you mentioned as CAPEX for the entire year, this includes Rs. 500 crores of the acquisition or that is over and above that number?
- Anil Sardana:** It includes whenever we talk about inorganic, organic, all of that is included.
- Abhinav Bhandari:** Got it. Just one last bit from my end, sir, Congress from the favorable APTEL order that you received, is there any similar kind of sizeable orders which are pending, and which one may expect to be announced in the near-term?
- Anil Sardana:** Not for transmission.
- Abhinav Bhandari:** Sure, sir. I will take the broader numbers offline.
- Anil Sardana:** You can engage with Vijil, he will support you.
- Moderator:** Thank you. The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.
- Bharat Sheth:** Just to understand on the pipeline of transmission you said, but my question is from a different perspective, see earlier when thermal power generation was announced, it used to take at least four years - five years to come on the power plant generation. So same way I mean the remission line was building up in anticipations that this will come up and so at that time that should be ready. Now under the solar particularly or wind mill, the time lag is only around six months to nine months, once it is announced. So and when it is ready, the

transmission line may not be available. So, how does this equation is working, can you explain, sir?

Anil Sardana: Bharat, it is a very good question. I must appreciate your application on this aspect. You are right, in the earlier times when we would announce a large thermal scheme, will have enough time for the transmission system to get build up that up. As far as the renewables are concerned, in fact, this is a constant discussion that the renewable generation teams continue to have the MNRE that you are announcing large solar parks, you are announcing large wind farms. But where is the evacuation system? And unless the evacuation system is available, we will have problems with regard to the fact that we do our investment and tomorrow you are not able to evacuate this to the places from where this ultimately has to get distributed to their beneficiaries. It is for that reason that a lot of effort is being made to pre-announce areas which are good for solar and pre-announce areas, which are good for wind. So that the identification of these areas can be matched as a boutique service with the transmission line already planned, announced or awarded.

So eventually when somebody starts to come into these areas, these farms and these large areas where solar and wind can be done, the evacuation system is already under construction or already in the advanced stages of completion. That is the work that is happening at this stage and a lot of announcement of this pipeline that I talked about is towards the center. So you are absolutely right in what you mentioned, there has to be an advanced section for infrastructure both evacuation as well as identification of those land parcels, etc. and that is exactly what is happening.

Bharat Sheth: In space, well, I mean the ones these transmission and evacuation, I mean solar power and wind park will be made. So do you see a substantial opportunity on transmission, again after a couple of years or? So can you give some color on that?

Anil Sardana: Bharat, I think you need to understand the context. Everything has to be understood with regard to the bottoms up. If the consumer demand increases, let us say by 4% or 5% per annum, then that consumer demand has to be met and terms of choice of generation that they have to have because every

DISCOM must have a choice from where they can buy their bulk power and that will need interconnection.

So just for your kind information, whether it is Europe or U. S., where today, the consumer demand or the overall demand is not increasing much, okay, but the transmission lines are still being built. Because of the customer choices, customer must get choice. And we call that as a technical jargon, we call that as general network access, it is called, GNA. GNA means DISCOMs and their consumers must have choice to source power from where they believe they can get either competitive power, or they can get power according to their load curve. And for that reasons the transmission lines continue to get build over a period of time. So, I do not see India having bids anywhere close to being even 10% of GNA. So at least for next one decade you can assume that we will have to continue to keep adding lines, even if you assume that no more capacity for renewables etc. will need to be added, which is not the case right now.

Because I think Bharat, you should bear in mind, that India is just a country with just about 1,000 kilowatt a hour per person per year, global average is about 3,000. So from quality of life imperative we will at least have to grow, if not triple at least double, because we are moving from fans to water coolers and from water coolers to air conditioners from air conditioners tomorrow you will have district cooling system. So there has to be a quality of life improvement over a period of time, which will keep adding to the power demand.

Bharat Sheth: Okay. So on my second question on distribution side, so what stays upwards of you explain very well in kind of novice, the users has created. So exactly what DISCOM where there has been already privatized. So as a corporate also distribution companies are doing to bring the awareness among the customers?

Anil Sardana: Bharat, these are very deep rooted questions, which require a lot of time to deliberate. As a and education drive, there are several areas of educating. But you cannot educate a vested interest element, if a customer has got an agenda, then you cannot educate that customer because he understands the subject, but he wants to misuse that. I will answer your question in just one line, assuming that you are perhaps talking with respect to the ability or the acceptance of the

customer to pay. I think in this country, there has to be a large drive to use prepaid metering and such of the vested interest element, which eventually create all the vested interest because today after consuming electors, they have a choice to pay or not pay, they will be best served if they were to buy power and then consume it. Such similar experience was there in many countries in Africa, where the prepaid metering set right all these voices. The education part is not difficult, the part to receive education is more difficult.

Moderator: Thank you. We take the next question from the line of Abhishek Puri from Axis Capital. Please go ahead.

Abhishek Puri: So, just wanted to check with you on the Mumbai distribution part, we have seen erosion in volumes as well as distribution losses, which have gone up. By when we see this recovering and can you clarify this distribution loss also, is this AT&C or this is only T&D?

Anil Sardana: No, Abhishek this is AT&C and this will as I mentioned, this on a rolling basis will automatically set right in the balance part of the year. Unless of course, we continue to see the pandemic expanding into the suburbs, otherwise this will set right itself. We have already started seeing it improved in July and partially in the billing that is happening in the August timeframe. So, that will happen.

And the second part is the consumption distortion is another aspect, which is important, because a lot of industries that shut down themselves as you know that commercial customers like malls, etc., they are still under shut down. So once they once the life starts to get into normalcy, everything else will also restore itself to normalcy.

But as regards the DISCOM, I want to just caveat it so that as analysts you people know that as regards DISCOM, this eventually is all subject to true up. So if the pandemic times like for example, as you said demand is eroded and tomorrow if we are not able to collect as much revenue as our expenses then in that case the revenue gap will be provided by the regulator as a part of the true up. So, that part I thought, I will clarify.

Abhishek Puri: Absolutely that is a well known regulated business model that will be there. But in terms of distribution loss that is there would that be considered as a force

majeure and the incentives that we have lost because of this, would they be again recoverable or do you think that is forgone?

Anil Sardana: No, the incentives cannot be against the force majeure claim. The force majeure can only give us our dues, not the incentives.

Abhishek Puri: And when you know what is the benchmark level of claim?

Anil Sardana: I said over the years, if we are able to maintain our loss trajectory the way we had planned, then that case we will qualify for what we want.

Abhishek Puri: Okay. And what was the benchmark level of T&D for us for the current year?

Anil Sardana: So we were at 7.57 and we were already below what regulator had given ourselves the target. And as the target for the current year also, I guess it is not very far from where we are already. Not the pandemic time loss level, I am talking about the rolling loss level that we already have. I will send you the exact number.

Abhishek Puri: Okay. And if, I will get it from Vijil also in terms of, also wanted to understand whether how is because of mix deterioration, this T&D loss, AT&C loss that you have disclose and how much is AT&C as a collection issue which is roughly a temporary issue.

Anil Sardana: That is correct.

Abhishek Puri: Okay. My second thing, sir is on the opportunity that is available when you spoke about the transmission business, you know Rs. 30,000 crores, which is quite encouraging nascent to hear. On the distribution front, if you talk about the opportunities and where you are interested?

Anil Sardana: So, Abhishek, you can take down, I have Kandarp who is showing me the distribution loss as per MYT order. FY 2021 7.55, so as I told you, we were already at 7.57, so on a rolling basis, achieving 7.55 is not a problem. So, we should qualify in all probability for the incentives also. okay so you were asking about the distribution, privatization or opportunity, I mentioned that one is UTs, which certainly are moving ahead, the Government has already appointed consultants, they are framing the debate documents. UP joined now

the fray, we understand two more states, but I do not want to name them, until they officially sort of make that public. Two more states have expressed to Government that they do wish to move ahead with the reforms. And therefore, they too will join this but UP has very clearly declared that the Eastern part of UP, the two big zones will be privatized. and of course, Odisha (Orissa), the three DISCOMs are already on the block.

So there is opportunity, which is going to be there. My simple sense, Abhishek and we have talked about between us several times. I think the scope for DISCOMs to any more afford getting this either out of the regulator or their finance department is virtually coming to an end. I think they have had enough and more of this indiscipline, which has gone too far for the state treasury to really sponsor. Now, now under the FRPM and under the current situation, it is becoming very, very clear that the disc will have to manage their needs themselves and which is impossible if they continue to have the kind of indiscipline that they have currently, amongst them. So to my sense is that they will have to reform either they reform by creating corporates within their own set up or they engage with private sector or they have any other method to improve their fiscal discipline? They will have no choice but to reform.

Abhishek Puri: Right. If I may just sneak in an extension of this, the sub distribution opportunity, which was being talked about earlier in the UP, would you be interested in that?

Anil Sardana: Yes, why not?

Abhishek Puri: Functions do come up like, if the DMC function comes up, will you be keen to take it up?

Anil Sardana: Why not? We will certainly evaluate, certainly.

Abhishek Puri: Okay. So, I mandate is not only to have asset based units, but also services based operations as well. You will be open to that?

Anil Sardana: We will certainly examine except for the fact, we can easily differentiate between what is to tick the box and what is to genuinely make a change. In the past, we have seen several tenders where when the authorities clamped down

on the officials to say you improve, they came out with some tenders, which were just to tick the box. Like for example, do the meter reading and do the billing, those are very clearly understood, they are just to just to sort of delay the onslaught of those powers. We are not keen on those type of things, we will clearly be with reference to the fact that if they wish to genuinely carry out lock stock and barrel reforms to say, do an end-to-end energy accounting and make sure that our losses cut down, we will continue keen to look at possibly.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Anil Sardana: Thank you, I thought, I covered most of the issues and we thank all the analyst friends who joined this call. And we look forward to continue to get your inputs and feedback. Please feel free to ask any question to our IR team, even subsequently, if we have not been able to reach out or respond to any part of your question.

As I said, this call is just one event, but it does not mean that the other engagement methodologies and modes should not be used. We will always welcome your questions and your calls. So please continue to provide your feedback, your inputs, and we will always love to hear from you. Thank you and look forward to this continuing engagement in the times ahead also. Thank you.

Moderator: Thank you very much. On behalf of IDFC Securities Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.