



**“Adani Transmission Limited Q3 and 9M FY21  
Earnings Conference Call”**

**February 5<sup>th</sup>, 2021**

**MANAGEMENT:** **MR. ANIL SARDANA – MD&CEO, ATL**  
**MR. KANDARP PATEL – MD&CEO, AEML**  
**MR. RAKESH TIWARY – CFO, AEML**  
**MR. VIJIL JAIN – IR, ATL**

**MODERATOR:** **MR. ANUPAM GOSWAMI – B&K SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good morning and welcome to 3QFY21, earnings call of Adani Transmission Limited.

**Anupam:** Thank you and welcome to Q3 FY'21 earnings call of Adani Transmission Ltd. hosted by B&K Securities. From the management team we have Mr. Anil Sardana, MD and CEO of Adani Transmission. Mr. Kandarp Patel, MD and CEO of AEML and Mr. Rakesh Tiwari, CEO of AEML. I will first request the management to give opening comments about the performance of the company subsequent to which we can open the floor for Q&A. Over to you sir.

**Anil Sardana:** Thank you so much and very good morning to all our analyst friends. Welcome to the FY 21 Q3 call, you will have got the press release, presentation and also the other details as posted on our website.

Just to very quickly take you through we continue to pursue our three-pillar approach which is in terms of growth excellence, execution excellence and operations excellence. In terms of growth, we are very happy that we have closed one of the inorganic transaction related to Alipurduar which is the transmission system between Bihar and West Bengal in the eastern region.

And in addition, we continue to pursue our pipeline we already have under our belt Rs. 15,000 crore worth of orders to be executed. In addition, we have Rs. 9000 crore worth of capex outlined for our distribution business to be executed up until 2025.

Plus, as you all must be reading, there is opportunity and distribution reforms by way of union territories being put on the anvil, one of the bids have already gone into on third of February, the other one related to Chandigarh due on eighth of February, more to follow, some of the states are already starting to outline.

In addition to that, we have been reading that Ministry of power now wants de-licensed arrangement in which there will be wires which will be licensed, but the suppliers will become de-licensed. So, tremendous opportunity for Adani transmission to pursue the distribution opportunities and in addition to immense pipeline of balance 40,000 crore worth of contracts, which are at different stages of bidding.

Coming to our execution excellence, we are well on our way to exceed our target of the year of Rs. 3000 crore capex at ATL and transmission side and Rs. 1500 crore worth of capex on our distribution side. That's indeed going to be value accretive for us to conclude on execution excellence part.

And, last but not the least, the operational excellence factor where we have achieved 99.9% plus in terms of the availability and we earn incentives of every nickel and dime that's available to us Rs. 19 crore for the quarter for the transmission business. And of course, the team wonderfully well executed their collection efficiency and their loss reduction, proper billing in this quarter at the Mumbai distribution, taking the T&D loss to 6.7% and collection efficiency 110%. So that's been the hallmark of the operational excellence as we achieved.

You have seen the financial results, I'm not going to go into all the details except that the company registered good cash profit, which is the norm that we monitor now. And of course, the EBITDA margin both for distribution as well as transmission business remained at the benchmark level. Our commitment to remain investment grade remains steadfast. The debt EBITDA issues remain at the level at which we aspire to be below 4.5. It continued to be close to 4.3.

And, of course, the other fascinating part that the distribution team did wonderfully well is to enhance the e-payments compared to the cash avenues that were available to people and now it's jumped up to 63% in the quarter. We only hope that we sustain at about 60% because that becomes then very good in terms of promptness and also in terms of cost paradigms. So, those are some of the aspects related to the fiscal side.

On our commitment to ESG. We continued on all the three key planks related to environment, social and governance side as also the stakeholder interface with the employees and the customers.

The customer excellence programs continued to be strengthened and the aspects related to employee post COVID lockdowns and some of the employees having got infected post that a lot of programs to look after their health, to ensure that they not only remain fit, but also make sure that the stigma in their mind gets completely washed out. So those are factors that are being done on the stakeholder side.

On the environmental side, we received international accreditation at three of our substations to become single use plastic free. And now in six months, all our substations will become single use plastic free. So that's a great new paradigm that we are bringing to India. And similarly impeccable safety record. We signed up with Indian business biodiversity initiative for biodiversity management and accreditation. And similarly we gave ESG disclosures to the climate disclosure program, which is called CDP. So those are some of the aspects that we did our sectorial leadership and advocacy, through CII through various other associations and engagement with the respective stakeholders in the government continues and we continue to have thought leadership being the largest transmission and the distribution stakeholder.

By the way, yesterday reading in the press about us being part of the 20 large global enterprises by market value is a very welcome sign. We hope that we will continue to work towards enhanced contribution and notching up higher positions and higher echelons in that record to the extent that it appeases the shareholders. Thank you. I'm going to stop here and we'll look forward to your question.

**Participant:** Hi sir. My first question on the broader outlook, as in the whole growth trigger for this whole sector, and where we are and how can we capitalize the opportunity coming ahead.

**Anil Sardana:** As far as sector outlook is concerned, you know, we've been making this point that both in transmission as well as distribution sectors, there is going to be tremendous growth and transmission more so because India has very ambitious targets on renewables, and these are all going to be located away from habitat. And therefore, to carry that power to the habitat we'll need large trunks of transmission systems. There will be large capacity transformation, substations has also large EST transmission corridors both 765 kV HVDC as well as 400 kV transmission corridors. So, that will be a great opportunity on the transmission side, you heard me talking about distribution anyway, which is going to be a sector with immense opportunity, because by for records only 19% of the total distribution, be it through franchisee or be it through public-private partnership or ownership exists in private sector. The rest of the 81% is in state owned hands, and that will all be put to change and that will all be put to reforms which will mean tremendous opportunity to players like us so

that is where we see tremendous sectorial opportunities for ATL.

**Participant:** Can you explain what are the opportunities coming in the privatization of 765 kV lines?

**Anil Sardana:** When you talk about privatization, I'm assuming that you're alluding to what is presently with state. But there are lots of 765 kV lines and 400 kV lines which will get privatized from state owned enterprises to private sector. You heard recently, announcement of InVIT by power grid, which has some of those lines, which are now going to get transformed into InVIT, where they'll be private sector which will now buy those means you know buy the interest in that trust, which will get formed. And similarly there will be states, I know of two states without naming them who are now contemplating selling their transmission assets, so as to make sure that they monetize those. So there'll be lots of opportunities in the next five years on account of transmission privatization as also privatization in the distribution side.

**Participant:** And so, where we are currently standing at the whole transformation of 765kV? What percentage has been done till now and what the opportunity is coming?

**Anil Sardana:** Transmission at 765 kV has been a new phenomenon which has been there only last for last five to seven years. So right now that's mostly been built in either by power grid or through the tariff based competitive bid route by the private sector only. So it's by and large, in the hands of private sector at least 40-50% is already in the hands of private sector.

**Anil Sardana:** Our colleagues Mr. Vijil Jain and Mr. Jay can be approached by investors and analysts. And we'll be happy to answer their questions. So, thank you so much and we will be happy answering the questions whenever we get to hear from our analyst friends and look forward to your joining us on con call for FY '21 call. Thank you.

**Moderator:** Ladies and Gentlemen, this thus conclude your conference for today. We thank you for your participation. You may please disconnect your lines now. Thank you and have a great day.