"Adani Power Limited Q1 FY-17 Results Conference Call"

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MANAGEMENT: **MR. AMEET DESAI – GROUP CFO, ADANI GROUP**
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MR. VINOD BHANDAWAT – CFO, ADANI POWER

Moderator: Ladies and gentlemen good day and welcome to the Adani Power Limited Q1 FY17 Results Conference Call. We have with us on the call today, Mr. Ameet Desai – Group CFO, Adani Group; Mr. Praveen Khandelwal – CFO (Energy Business) and Mr. Vinod Bhandawat – CFO, Adani Power. 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. If 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. Vinod Bhandawat, CFO Adani Power. Thank you and over to you sir.

Vinod Bhandawat: Thank you operator. Good evening ladies and gentleman, warm welcome to all of you for joining Adani Powers Earning Announcement Call for the First Quarter of the current financial year. I would now share some of the major highlights of the Financial Results of the quarter which has been prepared under IndAS.

Consolidated total income from Q1 FY17 decreased by 6% to Rs. 5587 crore versus Rs. 5945 crores in Q1 FY16. Decrease in revenue is due to non-availability of water at Tiroda plant which was partially compensated by improved performance on Kawai and Udupi plants. Consolidated EBITDA for the quarter increased by 21% to Rs.1957 crore versus Rs.1623 crore in the corresponding prior quarter. The increase is mainly due to lower coal cost and improved performance on the operating plants. Consolidated net loss has reduced in Q1 FY17 to Rs.34 crores from Rs. 172 crores during Q1 FY16 which is the outcome of our continuous efforts towards optimization.

The average sales realization during the quarter was Rs. 3.67 per KWH and weighted average coal cost was 2.24 per KWH, as compared to corresponding prior year quarter where the cost was 2.36 per KWH. During the quarter Kawai and Udupi plants have achieved improved PLF and better operational performance, moreover the **billed**availability at all plants has remained above 90% except at Tiroda plant as power could not be supplied under 440 Megawatt due to lower demand.

During the quarter, we recognized compensatory tariff of Rs. 471 crores out of which APL was 201 crores, APML was Rs. 66 crores and APRL was 204 crores. On the consolidated basis, the total external debt is 38,700 crores and the ICD debt of Rs. 6800 crores. During the quarter Adani Power has issued 52.30 convertible share warrants at Rs. 32.54 per warrant including a premium of Rs. 22.54 per warrant to the promoter group entities. This will lead to an inflow of Rs. 1700 crores in the company. The company has already received more than 35% of the total subscription against the set issue. The funding from the promoter companies will assist in reducing the gearing of the company. Based on the APTEL order we expect the CRC to determine the compensatory tariff month of September 2016. I now handover the session to Ameet Desai – our group CFO for any inputs.

Ameet Desai: Good afternoon ladies and gentleman. Thank you for joining the call. As Vinod said we are clearly on an improved performance path. Our availability except for Tiroda which was impacted by the scarcity of water has been all round improvement, in fact, our Kawai and Udupi plants availability in PLF have helped us mitigate to some extent what we suffered temporarily in Maharashtra. Our realizations continued to be robust, our coal costs are marginally down and on the whole given that we now await the final force major computation from the CERC in the month of September, we think that the company is going to be on the recovery path. These are the basic comments on the operation. The promoters continue to display their very strong commitment to the company in as much as they have further subscribed about 545 crores out of 1700 crores of preferential allotment money that they have do put into the company that they have chosen to put into the company, this of course helps us reduce our gearing and gives us further stronger results in the time to come. Over to you for questions if there are any.

Moderator: Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Anirudh Gangahar from Namura. Please go ahead.

Anirudh Gangahar: Yes, sir my first question is that out of the compensatory tariff of 471 crores that we recognized, could you tell us what is the change in law component of this?

Ameet Desai: No, change in law is not included in compensatory tariff but Vinod will give you the details because change in law is now part of our normal revenue stream and therefore I think what we are separately recognizing as compensatory tariff is only the one portion which is a subject matter of disputes which we will have the final outcome from CERC, so I think change in law is all part of the revenue that we bill for, we receive and which is part of the revenue that we recognize.

Anirudh Gangahar: Mr. Bhandawat, could you just help us with that please, so that we know what is the normal revenue.

Vinod Bhandawat: Say that again please.

Ameet Desai: Yes, if Mr. Bhandawat could help us then we can at least get the normalized realization.

Anirudh Gangahar: I was mentioning that as you mentioned that compensatory tariff no longer includes the change in law which is part of our revenue now and if you can just help us with that component as you mentioned Mr. Bhandawat would be able to provide.

Ameet Desai: Yes, I think Vinod will provide that number to you but my request is that change in law should not be now considered on any separate, somethings which we tried to even sort of suggested the last call, we will certainly give you that number separately for your analysis but it is part of the revenue which we bill normally and receive money for. So over to Vinod, he will tell you the number.

Vinod Bhandawat: For Mundra it is 144 crores, for APML Maharashtra it is 103 crores and for Rajasthan it is 54 crores.

Anirudh Gangahar: Sir, just one other follow up on this, in the compensatory tariff that recorded in this quarter is there any prior period item or this pertains only to the first quarter itself.

Vinod Bhandawat: No there is no prior period in this.

Anirudh Gangahar: Okay, great, and sir my second question is if you can help us with the coal mix at various plants that will be very helpful during the quarter because it is quite encouraging to see that our fuel costs have not gone up despite the coal mix going up and doubling and the prices firming up internationally as well, so would be great to understand how the coal mix has helped us in reducing our cost or keeping the cost in control if I may say so.

Vinod Bhandawat: See in Mundra lastly it is 100% imported as I have been telling in my previous calls also, overall 100%, so on the overall basis also you know we have an imported blend of 73% and domestic of 27%, so this is our overall ratio blend.

Anirudh Gangahar: I see, so overall blend is 73% imported and 27% domestic, any e-auctions or when we say domestic it is purely linkage only.

Vinod Bhandawat: No this includes linkage and e-auction put together.

Anirudh Gangahar: Okay and any plant wise mix sir available between Tiroda and Kawai?

Vinod Bhandawat: We could take it offline but largely you know, APRL is mix of Imported and Domestic, but APML is 100% domestic you know so this is how the mix is here.

Anirudh Gangahar: Right.

Vinod Bhandawat: If there are other questions.

Moderator: The next question is from the line of Shirish Rane from IDFC. Please go ahead.

Shirish Rane: Sir, couple of questions; first, Udupi had got a 100 megawatt medium term PPA with Karnataka, so has that got signed and have you started supplying or it is still yet to be signed.

Vinod Bhandawat: No, we are still supplying 100% to Karnataka discoms, so there is no you know, there is no new PPA per say, you know the 100% is getting supplied to Karnataka discoms.

Shirish Rane: Okay and today there were newspaper reports saying that we have got another sort of PPA with UP, 500 megawatts from Mundra and 200 megawatts from Korba, so can you elaborate a bit on it, is that correct, is that sort of that tariff mentioned that correct or what timeline we see for it to become a PPA and start supplying?

Vinod Bhandawat: I think we are one of the lowest bidder in UP under two dispensations under linkage coal and import, I mean the prices are around Rs. 4 but the LOA for the PPA is yet to be finalized We expect that PPA can be operational from October, 2016 that is our current understanding, so there are two Bids, one is 200 MWand another is 500 MW, 200 MW is on the linkage basis, 500 MW is imported and the quoted tariffs is around Rs. 4 per kwh in both the cases.

Shirish Rane: Perfect.

Moderator: We have the next question from the line of Bhaven Vitlani from Access Capital. Please go ahead.

Bhaven Vitlani: Could you help us with revenue, EBITDA and PAT of Udupi.

Vinod Bhandawat: Revenue is 800 crores, EBITDA 314 crores, PAT 76 crores.

Bhaven Vitlani: My second question is a followup to the earlier question on the UP PPA, would it be possible to share a ballpark fix charge the capacity charge in the 500 MW and the 200 megawatt PPAs with UP?

Vinod Bhandawat: As of now, we don't have that available with us.

Bhaven Vitlani: Okay sir, fair enough and after this quarter we believe now the refinancing of most of the debt would be over, so what could be the weighted average interest cost?

Vinod Bhandawat: Weighted average interest cost is around 10%.

Bhaven Vitlani: Okay and if you could also help us with mix of foreign and domestic?

Vinod Bhandawat: See foreign debt is about 9300 crores, balance is Rupee debt.

Bhaven Vitlani: Okay, fine, that answers my question.

Moderator: We have the next question from the line of Anirudh Ganghar from Namura. Please go ahead.

Anirudh Ganghar: Sir just one short clarification where you mentioned the debt is 38700 crores external and ICD of 6800, how much would be the working capital debt sir in addition to this so that we can arrive at the total debt figure.

Vinod Bhandawat: About 6900 is the working capital debt.

Anirudh Ganghar: And sir the 9300 crore foreign currency debt that we have this is across working capital as well as the long-term loans.

Vinod Bhandawat: No, the foreign currency debt is only long-term project loan that we have.

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Vinod Bhandawat: So, if anybody has any questions, you can please write to Vinod on an e-mail and we thank you for participation and look forward to speak to you once again at the next quarter results. Thank you very much.

Moderator: Ladies and gentleman, on behalf of Adani Power Limited, that conclude this conference, thank you for joining us and you may now disconnect your line.