



“Adani Energy Solutions Limited  
Q3 FY25 Earnings Conference Call”  
January 24, 2025

**Management:** Mr. Kandarp Patel – CEO – AESL  
Mr. Kunjal Mehta – CFO – AESL  
Mr. Vijil Jain – Head IR – AESL

**Moderator:** Ladies and gentlemen, good day and welcome to the Adani Energy Solutions Limited Q3 FY25 Investor Update Call. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kandarp Patel, Chief Executive Officer of Adani Energy Solutions Limited. Thank you and over to you, sir.

**Kandarp Patel:** Hi, good morning all investor friends and analysts and also wish you a very happy new year. So, we have released this Q3 result material through Stock Exchange and also updated our website. So, I am sure all of you must have got an opportunity to look at it.

You must have noticed that AESL has continued the growth momentum in Q3 on all parameters, be it on financial, operating or deployment or implementation parameters. We have reported strong numbers in terms of revenue, EBITDA, PAT and capex deployment at our various projects.

During this quarter, AESL has won one of the largest projects in its operating history that is HVDC in Bhadla-Fatehpur transmission project of Rs 25,000 crores capex. Besides that, we have also secured Khavda Phase IV Part-D which is Pune-Boisar project.

With all five projects that we have secured in current year, our capex pipeline for transmission business has reached to almost Rs 55,000 crores from Rs 17,000 crores levels.

While we continue to secure the project of large amounts, we have also performed very well in terms of deployment of capex on the ground. In Q3, the capex of the transmission business was about Rs 3,000 crores, which is almost three times of capex that we deployed last year in the same period. For the 9-month period in the current year, the capex deployed so far is Rs 7,500 crores, which was almost double than what we did in the last year. Our focus now obviously will be on efficient capex deployment. So, all the projects that we are undertaking right now, we aim to complete them within stipulated time and cost.

In the current fiscal year, we will commission another three projects Sangod, Khavda Phase IV Part-A and KPS augmentation at AESL level and at AEML, we will commission another transmission project of 220 kilovolt (kV) at BKC. These 4 projects combined will be about capex of Rs 3,100 crores that will get capitalized and start contributing revenue of Rs 375 crores on an annual basis.

Similarly, on the smart meter side, our deployment has gained a significant momentum. We have deployed 18 lakh meters till date. By the year-end, we aim to reach 40 lakh meters and for the next year we are targeting 70 lakh meters. All the things are in place, the teams are in place. Most of the on-ground issues are sorted and we are confident that we will achieve this. In fact, we aim to surpass the targets, but this is the minimum that we will do on the ground.

On the operational front, we have done an excellent job. We have achieved the system availability of 99.7%, which has contributed to about Rs 33 crores of incentive income during the quarter and the incentive income for the 9 months is about Rs 100 crores. We have added 225 circuit kilometres during the quarter and ended with a total transmission network of 25,778 circuit kilometres.

In the distribution segment, we continue to perform very well. Our sales have increased by 3% but the significant achievement lies in our T&D losses, which have reduced to 4.66% levels, and we aim to continue to maintain this trajectory. Even in a distribution network, we have achieved supply reliability of over 99.9%.

On the financial performance, you must have seen those details. Revenue has increased by 15%. The total income stands at Rs 6,000 crores with a growth of 24%. Operational EBITDA of Rs 1,579 crores is 9% higher as compared to the last period. Similarly, EBITDA has grown by 6% to Rs 1,831 crores. PAT has reported significant year-on-year growth of 80% to Rs 625 crores for the quarter.

You must have seen that the most important thing that we have achieved so far is we have locked-in growth of three times of existing growth. Now, the focus of the organization will be on implementation. Despite that, we will continue to participate in the bidding opportunities. There is about Rs 60,000 crores bidding that we expect to happen in the next 1-year period.

While we participate in the bidding, we will be mindful that we will secure projects only to the extent that our ratios and ratings are not diluted, and our returns are not compromised. So, we will be very selective in taking the projects. With these thresholds, we expect that we will be able to continue to maintain our market share of around 20%.

So, with these details, I think we will dwell more during the question-and-answer session. Over to you for further proceedings.

- Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** Good morning, sir, and thanks for taking my question. Sir, first question is on the financial numbers. Can you please help us with the large negative movement in deferred regulatory in this quarter in P&L and the nature of it?
- Kunjal Mehta:** Sorry, Mohit, large negative?
- Mohit Kumar:** Large negative movement in the deferred regulatory line item in the P&L where there is a negative of Rs 465 crores, if I am not wrong.
- Kunjal Mehta:** Correct. So, Mohit, that is only on account of the regulatory surplus that the distribution business has reported. What has happened is that the MERC has now allowed FAC recovery to be done along with the tariff recovery and because of which there is a regulatory surplus.

Till now, we would have a regulatory gap in our account, but because of this FAC recovery, which the regulator has allowed, we are now having a surplus in our balance sheet or in our income statement, which is just a timing difference, which has back to be returned over the next quarter or over the next tariff period. So, it is just a timing part on the regulatory surplus part.

**Kandarp Patel:** Just to add what Kunjal said, this negative number is not a negative, it is the surplus revenue over and above the cost of supply that we have recovered from the customer. When the next tariff setting happens, this surplus will get adjusted from ARR. Thereby, our tariff will be lower than our cost in the next tariff period and obviously that will help us in improving our competitiveness among the competitors in Mumbai distribution.

**Mohit Kumar:** Understood, sir. My second question is what is the status of Mumbai HVDC project? Are we expecting it to commission in the Q4 or it will be a most likely a spread-out phenomenon in FY26? And my second question, again on the second HVDC line, which is won, what is the progress when we expect the awarding to be done to the equipment providers and what is the timeline you are looking at?

**Kandarp Patel:** Our Mumbai HVDC is progressing well. There is only remaining issue is the approval for mangrove cutting, which is pending before the High Court, but that involves only 1.5 kilometre of cabling. Everything else is on time and we expect to commission this project in Q3 next year.

So, the project will be complete on time, which will be a significant event for Mumbai, because you must have seen the history of Mumbai transmission projects, which are delayed for quite a long period, but this will be the one mega project, which will get completed in time.

As far as Fatehpur-Bhadla HVDC project is concerned, you must have seen from the various announcements and press on the acquisition of this subsidiary on 20<sup>th</sup> of this month. We are into the final stage of discussion with the OEMs, and we hope to conclude the contracts in next 1-1.5 months.

And the period that is given for completion or commissioning of the first bi-pole is 48 months and the second bi-pole is 54 months and we'll be commissioning well within the time.

**Mohit Kumar:** And the date starts from the signing of transmission service agreement or is it from the transfer of the SPV?

**Kandarp Patel:** We have completed both the parts. We have signed the TSA, and we have also taken over the SPV.

**Mohit Kumar:** Understood. My last question is, how is the pipeline of smart meter bidding and has the Tamil Nadu smart meter tender is up for re-bidding now?

**Kandarp Patel:** What I gathered is that they wanted to do re-bidding because they have already got the approval from RDSS for getting a grant from Government of India contribution of Rs 900 per meter and we expect that they will be coming up with another bidding or re-bidding very soon.

**Mohit Kumar:** Understood, sir. Thank you and all the best, sir.

- Moderator:** Thank you. The next question comes from the line of Bharanidhar from Avendus Spark. Please go ahead.
- Bharanidhar:** So, my question is on the power demand growth. In our operating circles also, we have seen about 3% year-on-year growth in power distribution. So, wanted to understand your view on where is this heading in the sense, first, if there is a slowdown from last year in which segments or categories there is a slowdown and what is your outlook on this power demand growth for the next 1-to-2-year period?
- Kandarp Patel:** The growth that we have seen this year is much lesser as compared to last 3 years. The stagnation is because of the additional capacity or additional consumption that was expected to get commission was delayed. So, one of the major factors would be commissioning of those metros lines in Mumbai, which has now reached to a very good shape and will get commission in very short time.
- And a few of the data center projects that are supposed to come up have been delayed. So it is a delay for some time, but we expect that growth to remain healthy about 5 percentage per annum.
- Bharanidhar:** Okay. So are you seeing any drop in demand from specific consumer category like residential or industrial anything like that?
- Kandarp Patel:** No, we do not see any category in absolute term it will reduce. In fact, it will continue to grow at a steady rate and the additional growth will come from this kind of intervention or commissioning of such a project, public mobility basically and consumption like data centers.
- Bharanidhar:** Understood. My second question is on the privatization opportunity in distribution that recently came up, especially in the state of UP. So, where is that bid in progress? Are we bidding for it?
- Kandarp Patel:** We will certainly bid for it. They have invited bid to appoint consultant and UP has been thinking of privatization since the last couple of years. We believe that they have done a good amount of preparation. So, we see a movement in that direction, and we believe that once a state like UP does privatization, it will also give signal to many other states where they would also want to explore this option.
- We see a good amount of opportunity coming up in distribution privatization, but the number that we are talking currently, we have not factored in those kinds of additional opportunities.
- Bharanidhar:** Understood. Just to be clear, you just said that they have invited for appointment of consultant. Any timeline as to when there will be a final round of bidding and when we can expect opening of the bids and if at all there could be any challenges because it is a large state and usually privatization faces a lot of challenges from incumbent, employees, etc?
- Kandarp Patel:** This bid, I believe, has already mentioned the timeline. It is about 210 days. I am not pretty sure about it. So, it looks like that UP wanted to conclude it early and with a kind of administration at a state level, we think they will pull it off this time.
- Bharanidhar:** Sure. Okay. Thank you so much and all the best.

**Moderator:** Thank you. The next question comes from the line of Dhananjai Bagrodia from ASK Investment Managers. Please go ahead.

**Dhananjai Bagrodia:** Congratulations for good set of results. I wanted to ask you sir in smart metering, what are we hearing from on ground in terms of implementation and how are we seeing that in terms of order pipeline going ahead?

**Kandarp Patel:** Currently Dhananjai we have order pipeline of Rs 2.28 crores meters. We have already deployed about 18 lakh meters. Our average rate is about 15,000 meters per day. We feel proud in saying that we have been doing far better as compared to all other players in the market.

In fact, today my sense is that the meter being implemented by all other companies on the ground, aggregate of that we are implementing equivalent to that. So, we have already reached to 15,000 meters and we will be doing at least 20,000 average meter per day in the last quarter of this year.

As far as the bidding pipeline is concerned, there are few large states who has not gone for smart meter bidding. Those states are Karnataka, Tamil Nadu, Telangana, and Madhya Pradesh and few of the state has done partial like Andhra Pradesh, Gujarat and few of the states are also facing very poor deployment. They might even think of cancelling and re-bidding that opportunities in the state like Rajasthan and UP.

**Dhananjai Bagrodia:** So, what you have assessed, what went wrong in Rajasthan and UP and how are we seeing for ourselves in terms of pushback from any like local bodies or final consumers?

**Kandarp Patel:** So when you take this kind of project for implementation, you have to assume that this kind of challenges will come on the ground and you have to handle it and implement it. Now our team is doing fabulous job. The team have been able to handle this kind of resistance on the ground. So, one of the key elements in managing those is that communication with the customer and we have been able to handle that part very well and have been able to reach to this level.

Another key element is to understand the requirement of each distribution company because every distribution company has a different process for the billing and metering. It is important to understand these processes and seamlessly integrate your solution with their systems, so that they do not have find any problem in getting your data and availing your services.

And we are being a distribution company understand that very well and our team has also done an excellent job on that count.

**Dhananjai Bagrodia:** Sure. And so what will be the capex for this year and next year total capex for FY25 and 26?

**Kunjal Mehta:** So, we have spent Rs 7,500 crores of capex for the 9-month period and by the end of this financial year, considering the smart meter deployment, the capex in transmission and distribution, we're likely to close around Rs 12,000 crores of capex.

**Dhananjai Bagrodia:** And sir for next year, roughly?

- Kunjal Mehta:** Roughly, basically it would be in the range of around Rs 18,000 crores for FY26. Considering that we have to deploy all the transmission projects, which would roughly around Rs 12,000 crores in the transmission capex itself.
- Dhananjai Bagrodia:** And then the remaining capex would be for?
- Kunjal Mehta:** Would be largely contributed by smart meters where we would go aggressively as KP sir mentioned that it would be around 20,000 meters per day. So there we would have to deploy more capex in smart meters.
- Dhananjai Bagrodia:** Sure. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Pradyumna Choudhary from JM Financial Family Office. Please go ahead.
- Pradyumna Choudhary:** Thank you for the opportunity. So, pardon me for being a bit new to the company, some of the questions would be basic. First question is on the distribution side we've seen a flat EBITDA, operating EBITDA, Y-o-Y. And the EBITDA number has even declined by 17%. So what is the reason for the same?
- Kunjal Mehta:** So that's because of the reduction in the asset base or regulated asset base in the distribution business, largely on account of the carve-out of Dahanu power plant which was completed last quarter. Now, once the Dahanu power plant is out of our way, we will see stable EBITDA in the AEML business.
- In fact, we have huge plans of capitalization coming up in the next one or two quarters in AEML distribution business where we would see that around Rs 2,000 crores of RAB addition during the next year or so. So, basis that we will see a stable EBITDA. The drop is largely on account of Dahanu power plant.
- Kandarp Patel:** Just to add what Kunjal said the drop is on account of Dahanu and also on account of delay of one project which is 220 KV transmission project at BKC. Now, our regulatory asset base right now is about Rs 7,600 odd crores, by the year-end with all capitalization of the capex that we are doing in distribution and that project the RAB will reach to about Rs 9,000 crores by this year-end.
- Pradyumna Choudhary:** Rs 9,000 crores will reach by year-end from what number currently?
- Kandarp Patel:** Rs 7,627 crores.
- Pradyumna Choudhary:** Rs 7,627 crore fine. And secondly on the smart meter side what sort of EBITDA are we targeting over the next two years like do we give a number?
- Kandarp Patel:** The balanced smart meter opportunity is about 10 crores meter, and we will target about 20% to 25% at least of those bidding opportunities.
- Pradyumna Choudhary:** All right. Thank you.

- Moderator:** Thank you. The next question comes from the line of Love Sharma from JP Morgan. Please go ahead.
- Love Sharma:** Thanks, management for the call. Just two questions from me. If you could just highlight what would be the debt outstanding as of December across the transmission and the distribution business AEML and also the cash balances which you're currently holding. And the other question was I think coming more of follow-up from the previous question about you do expect some tariff revision lower for AEML. Could you just quantify how much are we expecting for FY 2026 onwards?
- Kunjal Mehta:** Sure. So, Love, basically the debt levels continue to remain same as was reported in September of close to around Rs 39,500 odd crores. We also have surplus cash of around close to Rs 9,000 odd crores basis that we have a net debt of around Rs 30,000 odd crores and our leverage continues to be in the range of 3.1x to 3.3x of our EBITDA.
- So, that position still continues to remain same, especially due to the proceeds of QIP. We have a healthy liquidity position in the company to take care of our funding requirements.
- Kandarp Patel:** On the tariff side this Rs 400 odd crores of revenue surplus will translate to tariff reduction of about 70 paisa per unit.
- Love Sharma:** 70 paisa per unit. Okay. So that remains only pretty much for the FY2026 or do you expect it to be in the future years also to be lower?
- Kandarp Patel:** It can get spread out in a couple of years, but that depends on the regulator. Our application is already before MERC, and they will announce tariff for next year latest by 31<sup>st</sup> March.
- Love Sharma:** Understood. Since some of the transmission assets in AEML are expected to complete this year, how that will build up in RAB and how increase in RAB will be monetized in future?
- Kandarp Patel:** The tariff of transmission project that we commission in AEML not directly included in the distribution tariff. Instead, it is pooled into a state fund, from which we will be paid. This tariff is already accounted for in the ISTS, and the tariff estimate that we have made are for distribution only.
- Love Sharma:** Okay, understood. So, that revenue will be separate from the distribution utility as such
- Kandarp Patel:** Correct. So, in AEML now there are two streams. Earlier there were three streams of revenue. One was from a generation of Dahanu, now which we have carved out. So, in AEML we have now two regulated revenue streams, one from distribution assets and one from transmission assets.
- So, all transmission assets are part of ISTS, and the tariff gets pooled with all other transmission assets of the state and then gets charged to individual distribution company, basis uses of those transmission assets.



- Love Sharma:** Got it. Thanks. This is useful. And just again to confirm, the cash balance which you mentioned was about Rs 9,000-odd crores. Is that right?
- Kandarp Patel:** Correct.
- Love Sharma:** Okay. Great. Thank you. That's it from me.
- Moderator:** Thank you. The next question comes from the line of Darshan Parmar from Jefferies. Please go ahead.
- Darshan Parmar:** I just wanted to get a sense on how much of smart metering bidding is still left, if you could quantify?
- Kandarp Patel:** Darshan, the smart metering bidding left out is about 10 crores meters and those are mainly from the state of Telangana, Karnataka, Tamil Nadu, Madhya Pradesh, part of Andhra Pradesh and few other states.
- Darshan Parmar:** Okay. Yes. Thanks.
- Moderator:** Thank you. The next question comes from the line of Abhiram Iyer from Deutsche Bank. Please go ahead.
- Abhiram Iyer:** Hi, congrats to the company on a good set of results and thanks for taking my question. I just wanted to ask, with the Dahanu Power Sale in the previous call, you'd mentioned that some of that proceeds are going to go towards the reduction of debt. So, may I just quantify how much is the debt now at AEML, how much it's been reduced by?
- That was question one. And question two was, has the company been in progress on a plan for refinancing its upcoming bond? There is an ATSOL bond coming due in 2026. Any refinancing plan for that?
- Kunjla Mehta:** At the AEML debt level, the proceeds would be applied as per the AEML bond documents where we can use the proceeds of Dahanu towards business as well as reduction of the debt. Part of the proceeds have been used to repay the debt of the company about Rs 400 odd crores during last quarter.
- Currently at AEML, there is a reduction of the debt. We currently have around \$ 880 million of bond outstanding and \$ 300 million of SLB bond outstanding. So, \$1,120 million of bond, which is outstanding at AEML level. So, that is at the debt level. Sorry, what was the second question?
- Abhiram Iyer:** The second question was, you also have a USD public bond which is coming due in the wider transmission company at ATSOL in 2026. So, are there any plans towards refinancing this or coming back to the market for this?
- Anupam Misra:** I think for that one, we need to stay true to our capital management plan that is the issue at tenor. It will be similar to the 2036 paper that we have outstanding, which is an amortizing paper and it was issued in 2019.

So, this one, when it comes due, 3 months to 6 months prior to that, you should be seeing us tapping the market for a term takeout of that, which will be an amortizing structure. We have the option of both private placement and public market for that instrument.

- Abhiram Iyer:** Thank you for the clarification. That's it from my side.
- Moderator:** Thank you. The next question comes from the line of Sagar Parekh from One Up Financial. Please go ahead.
- Sagar Parekh:** Sir, two questions. First is on the transmission side, you mentioned we have about Rs 54,000 crores worth of capex to be done, right? Rs 55,000 crores capex would translate to how much of incremental EBITDA?
- Kunjil Mehta:** So, Rs 55,000 crores of project currently based on the tariffs which we have quoted will give us a Rs 7,600 crores to Rs 7,700 crores of tariff which is there. We continue to maintain 92% margins in transmission business.
- Sagar Parekh:** And you said Rs 370 crores would be the incremental in Q4 incremental tariff revenue from the four projects that you will be commissioning?
- Kandarp Patel:** Correct. But that's a part of Rs 54,000 crores, right?
- Sagar Parekh:** Yes, that's a part of it, Rs 7,600 crores. And second question is, on the debt side, we have 60% of our debt, I think, on the US dollar denominator. Correct me if I'm wrong, but 60% is what is the foreign debt? So, with the current rupee depreciation, what are your thoughts on this and how do we account this? Because I think most of the debt is more than 5 years or something? So, I just wanted some clarity on this as well, please.
- Kunjil Mehta:** So, what we generally do is that as soon as we take an overseas debt or dollar denominated debt, we hedge the entire debt so that currently our entire portfolio is hedged both at AEML as well as AESL levels. So, we are not significantly impacted because of the rupee depreciation. So, it is fully hedged.
- Sagar Parekh:** Fully hedged. So, the hedging cost would come in the finance cost, is it?
- Kandarp Patel:** Yes. So, even today, whatever finance cost that you see is with the hedging cost. That is not going to be any incremental one. So, it is already there.
- Sagar Parekh:** But if the dollar, I mean the rupee depreciates, then is there a mark to market loss that we have to book by any chance? Because I believe even hedging means that there would be at some point that you would reverse that entry. But in the near term, would that be any kind of mark to market losses?
- Kunjil Mehta:** There is an MTM loss, but then there is a derivative gain because of the assets, I mean the underlying assets. So, from that perspective, it becomes neutral.
- Sagar Parekh:** Neutral. Okay. So, no impact of the rupee depreciation on our balance sheet for now?

- Kunjal Mehta:** Correct.
- Sagar Parekh:** That is it from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Giriraj from Visaria Family Trust. Please go ahead.
- Giriraj:** First, some clarification on the operating data what we report. So, in the pre-quarter update also, we mentioned about the decent jump in the network length and the transmission capacity. Somewhere about 14% and 19% on the quarter-and-quarter transmission capacity. But is it total capacity or is it which is about to be commissioned?
- So, I just want to understand like there is no quarter-and-quarter increase in the revenue, not material. So, is it the under-construction capacity what we are mentioning here or it is the commissioned capacity what we are mentioning here?
- Kunjal Mehta:** So, 25,000 circuit kilometers is the total all put together or includes under construction pipeline. Currently, close to 20,000 circuit kilometers have been fully commissioned and the balance 5,000 circuit kilometers are under construction.
- Giriraj:** Okay. So, this number will not lead us to any conclusion on the revenue side of it?
- Kandarp Patel:** Correct. So, I think, Giriraj, what is the important number from revenue side to track is the capex that we have incurred or capitalization of that capex.
- Giriraj:** Understood. That you have mentioned in the presentation. I got a commissioning also. Next question on the smart meter side. So, when you mentioned that you will be commissioning about 20,000 meters per day and roughly let us say in 90 days, we will talk about 18 lakh meters? So, should we assume a capex of about Rs 1,000 crores because about Rs 5,800 per meter capex. Is that right thought process?
- Kunjal Mehta:** So, if our target is to do 70 lakh meters during the next financial year, which would roughly translate to around Rs 3,500 crores to Rs 4,000 odd crores of capex for smart meters during the next financial year.
- Giriraj:** Okay. And how do we book the revenue here? I understand it's a Rs 900 the subsidy what we will get and then from the 31st month, the revenue will start kicking in. But will we be doing, on an Ind AS basis, we will be doing on an accrual basis accounting, right? On an SLM basis?
- Kunjal Mehta:** No. So, the revenue under, because this is our accounting would be under service concession accounting. So, it would be spread between opex as well as the capex revenue. So, therefore, and since the asset would be classified under SCA accounting. So, a portion of it would be opex revenue, portion would be capex revenue, and some portion would get attributed towards the interest income as well.
- Giriraj:** Okay. So, when will start revenue occurring?

- Kunjal Mehta:** So, the revenues in metering is accounted immediately on completion of as soon as the billing starts. So, we have already started billing in certain three or four projects that we have commissioned and it is accounting on a per meter per month billing basis the tariffs which we have quoted for each of the projects.
- Giriraj:** Okay. Because since first quarter presentation that June 24, the company had given the separate meter revenue in EBITDA, but this number is not there for the second and third quarter PPT?
- Kunjal Mehta:** So, because the amounts are not that significant for smart meters in the current quarter. So, therefore, it is not being separately shown on the segmenting reporting as per the Ind AS. I think the segmental reporting for smart meters would come up from the next financial year when the smart meter revenues would be a sizeable number.
- Giriraj:** Okay. Understood. Thank you. That's all from my side.
- Moderator:** Thank you. As there are no further questions, I will now hand the conference over to Mr. Kunjal Mehta, Chief Financial Officer. Please go ahead.
- Kunjal Mehta:** Thank you all for taking out the time and joining the call. We will continue to engage with you and in case if you have any clarifications or further information that you have, you can reach out to our IR team, who will take on any of your additional information or clarification. Thank you once again for taking out the time.
- Moderator:** Thank you. On behalf of Adani Energy Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.