“Adani Transmission Limited
Q2 FY '23 Earnings Conference Call”
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MR. KUNJAL MEHTA – CFO – AEML
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MODERATOR:  MR. RAJARSHI MAITRA – INCRED EQUITIES
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Ladies and gentlemen, good day, and welcome to the Q2 FY ’23 Earnings Conference Call of Adani Transmission Limited hosted by InCred Equities. As a reminder, 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajarshi Maitra from InCred Equities. Thank you and over to you, sir.

Rajarshi Maitra: Yes. Thank you, Rutuja. On behalf of InCred Equities, I welcome you all to the Adani Transmission First Half FY ’23 Conference Call. From the management today, we have with us Mr. Anil Sardana MD, Adani Transmission; Mr. Kandarp Patel, CEO of this Distribution business; Mr. Bimal Dayal, CEO of the Transmission business; Mr. Rohit Soni, CFO of Adani Transmission Limited; Mr. Kunjal Mehta, CFO of Adani Electricity and Mr. Vijil Jain, Lead Investor Relations.

Without further ado, I would like to hand over the call to Mr. Anil Sardana for his opening remarks, post which we will have the Q&A session. Thank you and over to you, Mr. Sardana.

Anil Sardana: Thank you, and a very good morning to all the analyst friends. Welcome back to the Q2 FY ’23 call. Let me start like all times to mention about the operational highlights. The commissioning of the assets that have been under execution has been constantly coming on par. We've commissioned one of the largest substations in the country in Gujarat. It's a part of the Lakadia Banaskantha transmission system project. More importantly and putting simplistically, it's going to be the largest evacuation hub for the renewables that are placed between the northwestern part of Gujarat and the South Western part of Rajasthan. That project has been commissioned and in addition to the projects that we had mentioned to you about last quarter in UP. So now they add to the existing portfolio and therefore reaching very close to what we had mentioned about 20,000 circuit kilometers and 40,000 MVA of substation capacity.

Moving on to the operational performance. As we always have stated, the throughput is not our accountability in our businesses. We therefore monitor the availability. So both in the transmission business as well as in the distribution business the availability has clocked in much higher than the normal requirement and therefore, they all earn incentives and they've gone beyond the incentive thresholds. The distribution loss in the Mumbai seen with regard to the current -- at the end of the current quarter is 6%. And the good part is that the million units sold were higher. We sold 2,233 million units during the quarter, which is higher for the reason that the base in the previous year was impacted because of COVID, but now it's all getting back. For those who are interested in the regulated asset base, the Mumbai regulated asset base is INR 7,500 crores out of which the regulated equity is INR 4,400 crores and the balance is regulated debt.

Coming to our commitment on ESG. The company has, as you are all aware, pledged with SBTi for net zero targets. And we are, therefore, committed to 1.5 degrees above the industrial levels. And the good part is the company is happy to have done that scientifically and with proper
measurements and not without a plan. We have been bringing before you the fact that we have repeatedly been subjecting ourselves to external and global accreditation.

I’m happy to report that the 2022 S&P Global scores have come in, and we have maintained our scores. So we are almost double of the world electric utility average of 32 and our score is 63 out 100, that’s the highest within the Indian context of utilities that they have declared. The FTSE score of 2021, also gives us higher ranking compared to the world average, the world average is 2.6, and we have scored 3.3. We will continue to spearhead on these aspects as we clearly have taken a vow that one of the key disciplines that we will enforce on the ESG side is to be within the top global companies in our sector and we will maintain that.

We are also happy that recently, we were awarded by CII in the global climate and rankings within the energy and mining category.

So we will continue, as I said, to not only just take steps internally but also make sure that we will subject ourselves to various accreditations from time to time.

Moving on to the results, which are there before you. And since you are also keen on ratios, the debt service coverage ratio continues to be healthy. It’s 1.8% for the first half of the year 2023. The fixed asset coverage ratio is 1.5%, been maintained similar to what FY 22 is. The net debt-to-EBITDA is 4.4%. So to our commitment, we will continue to remain lower than 4.5% and net debt to net worth is 2.2%.

The operational results are with you since you’re the analyst colleagues. Therefore, you would have noticed the one-off mark-to-market. That’s because of the options that we have in Adani Electricity Mumbai -- though, of course, on the net basis, we are still saving compared to the other hedging options in that. And therefore, we are continuing with the option side of the hedging of the currency.

Now that, of course, leads us to do mark-to-market in the Adani Electricity Mumbai as a part of the hedging policy, and therefore, it reflects in the P&L. So actual PAT for the quarter is actually INR 338 crores, which is INR 50 crores higher than the corresponding quarter of the previous year, which is reflected in the cash profit, which is in front of you. So that’s INR 748 crores versus INR 692 crores. And I think that’s what is important from the point of view of actual performance of the company.

Both in standalone in the transmission business as well as distribution business, the EBITDA numbers have been higher. And the details are there with you, Rs 834 Cr versus Rs 771 Cr in the transmission side and 528 versus 58% in the distribution side. So that trend is the performance details, which, of course, have been shared yesterday, and you must have done your bit to analyze that. So I’ll be happy to take your questions.

Of course, a lot of you also asked in terms of pipeline. The pipeline continues to remain higher. In fact, the good news is recently in the power minister’s India level conference that was held in
Udaipur, the Minister of Power duly supported by his planning agencies declared that by 2030, a sum of INR 4.08 lakh crores has to be spent alone on the transmission side of the business.

And most of it will come through the TBCB route, including the good news is that recently, the Empowered Committee on Transmission, even approved the HVDC plans to be taken up through tariff-based competitive bidding. A welcome sign and one, of course, is seeing a bit of shifting of the bids that's primarily because of the Supreme Court issue on Great Indian Bustard, as you may be aware, because most of the lines in Rajasthan and Gujarat have got impacted because of the GIB issue.

However, the good news is that the Supreme Court appointed committee has been presented by Government of India on its stand that these lines will continue unhindered and unchanged, because this can't be made underground, and to which the committee now has to dispose-off in front of the Supreme Court bench and basis which the further decisions will be taken.

And there is a few of projects close to about INR 28,000 crore, which has already gone through the RFP process, and they will go into the -- sorry, RFQ process, they will go into the RFP process soon enough. So that's on the queue part. And of course our won project, the won which -- the projects that we already have won, and they are there with us is close to about INR 15,000 crore and we are well on our way to maintain our capex numbers like previous years to be between INR 5,000 crore to INR 6,000 crore. So that's the guidance for you. And I'll stop here and cover up any of the other aspects, which I may have missed out through the questions. So thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

**Mohit Kumar:** Good performance in the quarter…

**Moderator:** I'm sorry to interrupt you. Mr. Mohit Kumar may be requested to speak little bit louder.

**Mohit Kumar:** Good to see a very, very good performance in the quarter, especially on maintaining lower distribution loss and winning smart meter order. My first question is on the smart meter order, which you own. Can you just quantify the amount, the payment structures, any tie-up, which you've done for the smart metering? And how do you see this opportunity unfolding in the next six months? We believe that there are a lot of tenders which are still open?

**Anil Sardana:** Thank you so much for your generous words. We will continue to maintain the consolidated performance at the level at which we have been pursuing till now. On the smart meter, may I
request my colleague Kandarp, who is the CEO for the distribution business of ATL to provide the answer.

Kandarp Patel:

Good morning, Mohit. On the smart meter front, learning from our experience in AEML of deploying smart meters. We also thought that this will be a great opportunity for ATL distribution business to expand into. And we started getting into various partnerships with meter manufacturers, communication platform provider as well as software company and we have started participating in the various bids of state electricity board and other distribution companies.

We have recently gotten order from BEST to deploy 10.5 lakh smart meters. We will have to deploy the smart meter and operate for the 90 months' time and we will be paid annuity -- monthly annuity exactly on the same line of distribution. And for the payment part, we have a direct transfer facility from their revenue account. So that's improved payment security mechanism, envisaged under this FBD.

As far as the pipeline is concerned and the size of opportunity is concerned Ministry of Power has directed that all the meters have to be converted to smart meter by in next five years. So that will be 25 crore meters at a country level and out of the 25 crore, roughly about 5 crore meter tenders are going online in next couple of months. So that is the size of opportunity that is available in the market.

Mohit Kumar:

Sir, is it have we tied up for the smart meter in the sense for with the manufacturers?

Kandarp Patel:

Yes. We have tie-up with various manufacturers. And in fact, there are a lot of other manufacturing companies also coming up in India, considering this size of opportunity.

Mohit Kumar:

Understood, sir. Secondly, on the transmission pipeline. Of course, we -- I just heard you said Rs 4.0 trillion the CEA has come out with national draft, national electricity plan, where they want to add generation, what is delaying this national transmission plan either from CTUIL or from the CEA to be there in these terms of, as this is given that we have a very, very huge challenge of the adding generation capacity.

Anil Sardana:

Yes, Mohit, as I mentioned, typically most of the capacity addition that is likely to take place is envisaged on the renewable energy side. And the locations, which have higher share of such capacity addition are on the western block of India and mostly fall in the south-western region of Rajasthan downwards. So most of it is in the Jaisalmer area of Rajasthan then in the Kutch part of Gujarat and then going down to the coastal belts in Maharashtra, Karnataka all the way then into Tamil Nadu.

So, if you look at it from the entire solar perspective, the wind perspective is in the southern part, the solar is entirely in the Rajasthan and Gujarat area. And this evacuation part is incidentally in the areas, which have the impact of Great Indian Bustard.
So what's been happening is that Supreme Court had last given its order saying that these lines should be converted underground and realizing the fact that they themselves may not be the technology expert and based on the activist who had brought this to the attention of Supreme Court that order was given, but with a clear caveat that we will create a committee which will evaluate from time to time, the feasibility of such conversion or future additions.

Now all of that has got, that water has flown under the bridge and the government has now clearly got its recommendations prepared, which says that it can't be done underground. So 765 KV, 400 KV, 220 KV, 132 KV, 66 KV will be overhead only. And the only possibility is 33 KV and 11 KV could be underground. Now those are not used anyway for the transmission system. Transmission system is with the higher voltage.

So now this whole issue has to get this final endorsement from the bench of Supreme Court. And once that happens, then you'll see all of this pipeline getting awarded one by one and the work to be taken up in the right earnestness. So that we'll have to wait and see, whether it gets quashed in this quarter and then we will see beehive of all the contracts. So the investment opportunity exists. It's just that it is getting queued up because of this key issue.

**Mohit Kumar:** Understood, sir. So on book-keeping questions, why receivables have gone up from March '22 level very sharply. I think it was INR 10 billion, which has gone to INR 16 billion. Is the entirely due to distribution? Is it right to say?

**Anil Sardana:** No, it's not in the distribution side -- It's in the transmission. I'll explain you. See, we had commissioned two lines in UP, which is Ghatampur system and Obra system. And the while the Obra system is against the commissioned generating assets, the Ghatampur asset, which is being done between a joint venture of Neyveli Lignite and UP that generating station is getting delayed, including the lignite mining are getting delayed. And with the result, the deemed commission assets today have got sort of piled up in terms of receivables.

So we have gone to UPERC. And yesterday, in fact, there was a hearing in which UPERC has clarified to the GENCO that you are supposed to make the payment irrespective of the fact that whether you have come or not. So we will earn the late payment surcharge. We are fully qualified to get that money, but that is where the receivable has got accumulated.

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

**Apoorva Bahadur:** Just wanted to understand, get your views on this plan to monetize the state transmission assets. I think it was recently quoted in the media as well. So how do you see this panning out? What type of model will be deployed? And what's the opportunity side? And also will -- are we interested in participating over here?

**Anil Sardana:** So Apoorva, the last question first. We have been one of the key advocates across various forums, suggesting that transmission assets are one set of assets where holding vested in the government-owned enterprises does not help anyway for the simple reason that the operation in
any case is handled by the State Transmission Utility and the Central Transmission Utility, which are in any case, an independent system operator.

So by holding the assets, it doesn't help at all, because the operations are, in any case, in the government hand. So the asset could be held by private sector and therefore, the government can easily monetize that without actually impairing any customer interest or any aspect of the national security. And I think this has gone well into the central government as well as the state. And the central government therefore has issued an advisory to the state that you should quickly look at the possibility of monetizing these assets through a bidding process.

So we will be very keen. We have been advocating this for quite a while. And not only here, I'm happy to tell you that even this has been bought by our neighboring countries. So you will see some movement in our immediate neighbors as well, where we have been able to do advocacy stating that why should the state invest into building these assets, when you don't gain anything incremental by just the ownership issue. So rather allow private sector to have the ownership, and you continue with the independent system operations where the available asset will be operated in the way the grid wants various elements to be operated. So this is absolutely a viable aspect, and we will continue to push for it.

Apoorva Bahadur: Great, sir. So there are only opportunity sides and what model of monetization do you foresee over here? So like will it be InvITs or some sort of securitization or wholesale? I mean, sale directly to the private participants?

Anil Sardana: No, that will all be a matter of detailing as they right now gear themselves in terms of first putting consultants to get the inventory completely on board. As you know, many of the state-owned enterprises won't even have a proper inventory in terms of the value and all the details. So that's the task that they have undertaken, some of them have undertaken now. And once they do that, then they'll go to the next step, whether it will be InvITs or outright sale or a PPP model. Some of them are even contemplating to say we could be 26%, and we could offload 74%. So all of that one will have to wait and see. But any way, which way they do, the good part is that you will start seeing presence of private sector in the transmission side. Much more than what it is today.

And most of it will come through the TBCB route, including the good news is that recently, the Empowered Committee on Transmission, even approved the HVDC plans to be taken up through tariff-based competitive bidding. A welcome sign and one, of course, is seeing a bit of shifting of the bids that's primarily because of the Supreme Court issue on Great Indian Bustard, as you may be aware, because most of the lines in Rajasthan and Gujarat have got impacted because of the GIB issue.

However, the good news is that the Supreme Court appointed committee has been presented by Government of India on its stand that these lines will continue unhindered and unchanged because this can't be made underground, and to which the committee now has to dispose of in front of the Supreme Court bench and basis which the further decisions will be taken. And there
is a queue of projects close to about INR 28,000 crore, which has already gone through the RFP process, and they will go into the -- sorry, RSQ process, they will go into the RFP process soon enough.

So that's on the queue part. And of course, our own project, the own which -- the projects that we already have won, and they are there with us is close to about INR 15,000 crore, and we are well on our way to maintain our capex numbers like previous years to be between INR 5,000 crore to INR 6,000 crore. So that's the guidance for you. And I'll stop here and cover up any of the other aspects, which I may have missed out through the questions. So, thank you.

Apoorva Bahadur: Fair enough. That will be great actually for the overall sector. Sir, another question on basically your smart metering foray, can you help us with the type of equity IRR or project IRR that you're expecting from this?

Anil Sardana: Apoorva, it will be unfair to kind of give guidance on the unexecuted contracts. But of course, you've known our thresholds, we won't go below those thresholds, and we will only look at healthier thresholds than those because this is non-regulated business. So I think I'll stop there only rather than putting any particular number.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from DAM Capital. Please go ahead.

Nikhil Abhyankar: I've got a couple of questions. So sir, what portion of AEML debt is hedged and even when our 75% of our debt, almost 100% of our foreign debt is hedged, why do we have these forex losses?

Anil Sardana: That's a good question. That's what I tried to explain in the beginning whether it is transmission business or it is distribution business, all our foreign debt is 100% hedged, both for repayment as well as for interest component. So there is no exposure that we have to the changing rupee to dollar prices. That's the first part that I want to clarify.

The second part is in terms of hedging methodologies, there are different instruments available for hedging methodology. As far as the transmission assets are concerned, they are all with the long-term hedges, five years and in a few cases, even 10 years. But in the case of distribution business, when we had done this sustainability link bond at that time, depending on the various hedging methodologies available we opted for option methodology rather than the forward methodology.

When we took the option methodology, that's where you are required then every quarter to do mark-to-market to represent it in line with the prevailing guidelines from Institute of Chartered Accountants. It's for this reason that you get to see a mark-to-market entry every time only in the distribution where the methodology adopted is not a forward cover, but an option. Both are similar. The limited point that I want to give you reissue because you guys understand this better, common man may not understand that the reason why we are still persisting with options and not converting to forward, because we are still 50 basis points more competitive through this option than the other alternate.
That's the reason why we are staying put, despite the fact that non-cash entry genuinely bothers us because of the media who don't understand the subject to put a headline saying that the quarter PAT was INR 194 crores, a little realizing the fact that the PAT is actually INR 338 crores. So the good part is that now we are talking to Eskimos who understand the refrigeration. So therefore, it is expected of you to bring this out clearly to all your investors. Thank you.

Nikhil Abhyankar: And sir, just one last question. Just going by the trend, are distribution losses are skewed higher in the first half, and they tend to go lower than the second half. Any specific reason for it, sir?

Anil Sardana: You should not worry about quarterly distribution loss because the distribution loss, AT&T distribution loss is derivative of the amount collected by the divided by the 1 million units for which the collection has been done to arrive at the 1 million units which have been collected for, 1 million units collected divided by total million units is what is the loss. So therefore, the figures depending on what exactly is the constituency of the tariff from which we derive the million units that have been collected, at times gives you this kind of a bit of shift here and there. You don't have to worry about these type of things because the distribution loss eventually, at the end of the year, done for the 12 months gives you a right comparison on a year-to-year basis.

Moderator: Thank you. Next question is from the line of Tushar Pendharkar from Ventura Securities Limited. Please go ahead.

Tushar Pendharkar: Sir. So my question is on the old transmission lines, low KVA old transmission lines in India, which need to be replaced in the next three years, with the high KVA transmission line. So what could be the opportunity in terms of CKM in the next three years? I wanted to understand.

Anil Sardana: Tushar, this actually category is huge in the states. This category does not exist in the central system or ISTS system, what we call as Intrastate Transmission System. Interstate Transmission System is all modern and has been built in the last 30 years, and therefore, a maximum that you need is re-conducted. You don't need to upgrade the voltages. The system that needs upgrade is in this state, so it is called part of the Intrastate Transmission System. In fact, it's exactly akin to the job that we are right now doing in Mumbai, where we are upgrading the existing 110 kV and 220 kV system to 400 kV and 220 kV system between Kharghar and Vikhroli and first time bringing 400 kV voltage level to Mumbai.

Now this is the kind of jobs that every state has to take up, but as you know, states have their own challenges in terms of fiscal equations as also the fact that they have been very close tested with regard to sectors evolution. Some states have become progressive and they have started to do. For example, if you see Gujarat, UP, Rajasthan, Maharashtra, you'll find many of the lines have been already taken up for upgrades. Whereas many other states are right now very-very inclusive and not been able to spend, not been able to focus on this area.

So I would only say that the circuit kilometer opportunity is huge, in fact, among us, it's only time that will push them to perhaps get to the wall when they will have no alternative but to again, through panic get to upgrade these lines. So that's the unfortunate part, but that's reality. And therefore, the opportunity size, though being among us, one is not likely to see many states
opening up their transmission systems too soon until they get compelled. It's almost like kind of 
divested interest playing to their advantage and whenever they are, therefore, able to put a bit of 
budgetary allocation. They want to do it all by themselves. But now even one sees very little of 
back, because the distribution system, as you know, is not able to do enough collections in the 
state level and therefore, not much budgetary allocations that happen to the transmission system.

So that's the situation. But one will only hope that right now, the ISTS system connected with 
the renewable energy will keep us busy because the amounts involved are large, and the country 
is really getting up to spend this INR 400,000 crores of rupees in the next nine years. And 
thereafter, perhaps in the next four years to five years, when we'll start seeing the elephant turned 
its tied, in terms of state waking up to the reality of their problems, and then those lines will start 
figuring it

**Tushar Pendharkar:** And my next question, sir, is on the Mundra Utility Limited. Mundra is attracting many industrial 
investments from many heavy industries. So what would be the capex for our system to upgrade 
to that level in the next three years?

**Anil Sardana:** It's a question that keeps us all awake. And in fact, I can only give you a few guidance points 
rather than putting numbers right now because we are in the middle of getting them approved 
by the regulator and by the concerned transmission authorities. The Mundra Utility will emerge 
to be perhaps the largest Discom in the country in terms of the million units and the load that it 
handled. And you rightly said it seen mushrooming of agencies that wish to setup shop, owing 
to the fact that the port has become the largest and perhaps the turnaround times give them the 
allurement for them to set up shop for their import and export.

And as we see things today, the system has recently been approved for it to be upgraded with 
connectivity at 765 kV level. So CTU, which is the Central Transmission Utility in the recent 
approvals has granted the dual connection to Mundra Utility Limited at 765 kV. So there will be 
a central federal substation of 765 kV that will come in and that proximity of that distribution 
utility. And from that substation, the entire Mundra Utility will be catered to in parallel, you 
know that our CEO distributions team has already applied for extension of the distribution area 
into the larger Mundra Taluka, so that's second part, so that we will have a mixed load. We will 
have not just the industrial load in the SEZ area, but also the load in the precincts of SEZ, which 
is domestic as well as the other commercial loans.

So all in all, this will be growing into a to a much larger utility. But I will refrain from putting 
numbers right now because we are in the middle of our approvals. But sooner we have got those 
approvals in place, we will share those numbers with you. But I can only tell you that they are 
huge.

**Moderator:** Thank you. The next question is from the line of Anshuman Ashit from ICIC Securities. Please 
go ahead.
Anshuman Ashit: Apologies if I may have missed it earlier, but the receivables are on a bit of a higher side. So is this a seasonal phenomenon? And will it revert to the previous year levels by the end of the year? Or is there any particular reason?

Anil Sardana: We did cover this part. So I'll repeat that very quickly. These are not on account of distribution business. These are on account of transmission business, where our two assets that we had commissioned in UP are deemed commission because the assets which were to generating assets, which were to utilize these haven't come up because of the delays at their end. We had taken up this matter with the appropriate regulatory authorities. And yesterday in the hearing, they have directed the GENCOs to start making payment along with the late payment surcharge. So we will get all these receivables. Though we have not indicated in those receivables late payment surcharge because we recognize LPS only when we get paid, so we will get both, and it's only on this account that the receivables are showing higher. And this -- as you rightly said, this is likely to get liquidated before end of the year-end.

Anshuman Ashit: Sir, on the distribution front. So now that we are implementing smart meters, will we see a downward trajectory in terms of receivables because we see better payment, better collections. And will we have a positive impact on our working capital from that implementation?

Anil Sardana: So if I understood your question right, you are alluding to inclusion aspect of smart meters within our own distribution area -- and the answer is yes. If we are spending on smart meters, we are doing that with that purpose in mind. In any case, we have no receivables either at MUL or at Adani Electricity Mumbai. So what we will perhaps assume is that we will offer better services, better insights into the consumption pattern, better machine learning, better artificial intelligence and above all, the fact that we will be able to do remote operation wherever there are delays in payment.

So that's related to what we will be able to reap benefits other than the point that you alluded to in terms of working capital alone. But we are now doing smart meters beyond our distribution area. And it is in that respect that some of the other analyst's trends had asked the question, we are very bullish in terms of the fact that we are trying to work through almost 10% to 15% of the share of wallet that will be offered in the marketplace by various discounts. And that will be outside our distribution areas until of course, we get to those areas also. -- which from time to time, we will share with you all.

And there yes, you are right, those Discoms should get benefited with better improved collection, better metering, better billing, better improved collection and better working capital management and also of course, lower losses. That's the premise on which this entire chain management transformation management is being done.

Anshuman Ashit: Sir, in our distribution areas, is a time of day tariff also one of the points that we are looking forward to after the implementation of smart meter.

Anil Sardana: See, all of that becomes very much possible. So therefore, the time of day is up to the regulator to decide. We have been always a votary of the fact that the time of day metering should be done
because we are all aware of the fact that Mumbai, the entire consumption is sort of centered during the daytime and the evening hours. And of course in the night, the consumption goes much lower.

And that doesn't augur well except for the fact that we have matched that curve with the solar generation and with the other renewables, hybrid renewables. But all DISCOMs will eventually tend to get benefited if they are able to have the time of day metering. And to cut the long story short, smart meters give you benefit in terms of number one, time of day metering, number two, remote operation. And number three is to share the details with customer and above all, have more insights into the consumers' consumptive behavior. Therefore, a lot of upselling and cross-selling can be done based on the customers' consumptive habits.

Anshuman Ashit: Sir, one final question on privatization opportunities in the distribution space. So the past one year, we have seen muted discussions on that was earlier there was -- so Chandigarh and Dadra Nagar Haveli were in fact, fitted out. But after that, nothing much has happened. And mostly the way it is for the electricity amendment that to now be passed. And after that, maybe once that clause where multiple distributors can be a function in a particular area if that is included that will help. But so any particular reason for why privatization is not being discussed as rigorously as it was earlier?

Anil Sardana: Perhaps you missed out the news that Government of India has already announced privatization for Puducherry. So their commitment to privatized duties stays steadfast. They are moving ahead with Puducherry as the next target. They have already started working on Lakshadweep and various islands. That is the next one in the offing. And then perhaps they will go in for the other remaining ones like Andaman and Nicobar also J&K. So the government of India is moving ahead with their duties.

As far as states are concerned yes, you could say they are all waiting the flanks to perhaps wait for either day electricity bill amendment or for them to take those calls depending on the political situation. As far as we are concerned, as I told you in the previous calls, we are going ahead, applying for the second license -- we have already applied in GRC for extension of the MUL area as the second license in the Western discom of Gujarat -- we have already applied for second license. You must have read it in the Navi Mumbai area, and more announcements would follow.

Moderator: Thank you. The next question is from the line of Bharanidhar Vijayakumar from Spark Capital. Please go ahead.

B. Vijayakumar: So I just heard you mentioned an opportunity of about INR 400,000 over the next nine years in the...

Anil Sardana: INR 400,000 crores

B. Vijayakumar: Exactly, so which is INR 400,000 crores over the next nine years. So this is, I believe, in the interstate transmission, right? Or does it include state also?
Anil Sardana: Bharanidhar, you are there?

B. Vijayakumar: Yes, I'm there.

Anil Sardana: No. So that INR 4.08 lakh crores, which you rightly mentioned is right now for evacuation of the RE capacities that are planned to be commissioned by 2031. It is based on that. This estimate has been floated by the government of India. In addition to that, the state strengthening of their transmission and sub-transmission system will be additional.

B. Vijayakumar: Okay. So this INR 4.08 lakh crores, does it include the already announced and ongoing green corridors or it's incremental from today extra?

Anil Sardana: You don't have to read too much into the green corridors. That's mostly a name given to the fact that whether the government of India in some corridors, which are going to connect RE, to various states will not charge for the transmission line. Now that green corridor word has withdrawal because till 2025 going up to 25% reduction until 2028 June -- in any case, ISTS is free, if people are to source green power, whether it is DISCOM or even customers -- even an individual customer can source green power on an ISTS system as long as he is entitled to one, he will have no transmission charges. So everything is green corridor in that respect, even the existing even the existing ISTS lines, which were built several years back, therefore, become green corridors in that respect.

B. Vijayakumar: So there I'm coming from is, we have not started this renewable push and capacity addition on the generation side recently. It's been going on, while if you see the transmission capital expenditure in the interstate level, it's so INR 4 lakh crores for nine years, transmission is about INR 40,000 crores, INR 45,000 crores per year, while really on the ground, we are seeing more like INR 15,000 to INR 20,000 crores per year. So this incremental capital expenditure in transmission due to RE, if it's slow to pick up. So do you think this…

Anil Sardana: Vijay, I think you should first -- if you're doing a good analysis, but you should first do the generic analysis with regard to how much is the RE capacity one is adding every year, and if the country was to reach 500 gigawatts, non-fossil by 2030, which is the target. And how much do I need to add between today and by 2030?

B. Vijayakumar: 300 gigawatts.

Anil Sardana: You will get exactly the same proportion that you will see in RE and the same proportion you will see in transmission.

B. Vijayakumar: Right. The answer lies in the fact that we are under achieving the targets. So hence, it will be the same…

Anil Sardana: If the RE capacity is not going to reach 500 gigawatts, then the transmission lines to that extent will not be needed.
B. Vijayakumar: Sure. Understood. So then the next final question is what is the visible opportunity in ISTS TBCB projects you are seeing in the current year where bids are like or tenders are there, opportunity side?

Anil Sardana: I've told you that INR 25,000 crores worth of bids have already done RFQ and are waiting for this vexed issue to get resolved. And sooner that is done, this INR 25,000 crore will go through the RFP process. In addition to that, there is a beehive of all the lines which have got approved in the recent National Committee on Transmission. And therefore, they will also start coming in. And these all allude to that kind of numbers that we have talked about just about a few minutes back.

Moderator: Thank you. The next question is from the line of Dipen Vakil from InCred Equities. Please go ahead.

Dipen Vakil: Just a few bookkeeping questions. So first one on net debt sir. In this current financial year, our net debt has gone up by almost 15% to Rs 285 billion. So can you tell us why and are we aiming to reduce the net debt by the end of this year?

Anil Sardana: So that's a function of the growth. See, the projects that we have, including the projects in the pipeline, those are the projects which are all being funded with the debt. And as I mentioned to you, you should not just look at the debt, but you should look at the fact that whether our net debt to EBITDA as well as our debt service coverage, is that climbing or that's going anywhere out of the WACC.

I gave you those numbers in the beginning that our debt service coverage continues to be steadfast with 1.8 even at the end of H1 and our net debt to EBITDA also continues to be 4.4%. So that's the way that we look at it, because the debt will climb up according to the assets being built by the company.

Dipen Vakil: So it will continue, but it will stay in the range below 4.5?

Anil Sardana: That's our commitment, because we have given commitment very clearly in the open. That management will make sure that we will stay investment grade.

Dipen Vakil: Sir and second one on the capex. So since net debt, so capex, so how was our capex in first year end -- I'm sorry, first half and how do we expect it in the second half?

Anil Sardana: Yes. So in the first half, we have done INR 2,200 crore of capex already we've capitalized. And we will end the year, as I said, between INR 5,000 crores to INR 6,000 crores again.

Dipen Vakil: So still a lot of capex to come in the second half. That's all from my side. Thank you so much sir.

Anil Sardana: Thank you.
Moderator: Thank you. Participants, who wishes to ask a question may press star and one. As there are no further questions, I would now like to hand the conference over to Mr. Rajesh Maitra for closing comments.

Rajarshi Maitra: Yes. I would like to thank the management of Adani Transmission for the allowing us to host this call and sharing their detailed insight. Thank you, sir, and we can end the call go ahead and end the call.

Anil Sardana: So thank you to all the analyst friends, and thank you for hosting the call. We will look forward to you joining us for the Q3 FY '23. And until then, if you have any questions, please address it to Mr. Vijil Jain, and we will be happy to respond. Thank you, good day. Good day to all my management colleagues also. Thank you.

Kandarp Patel: Thank you.

Moderator: Thank you. On behalf of InCred Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.