Adani Power Ltd — FY 2023 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**Adani Power operates as a high-utilization utility transitioning to a consolidated model, evidenced by a 39.9% revenue surge to □38,773 Cr driven by merchant sales and volume growth.**	Positive
2	***Operating margins (OPM) contracted to 26% as high fuel costs offset top-line gains, highlighting sensitivity to global coal price volatility.***	Negative
3	***Reported PAT of 10,727 Cr is significantly inflated by a 2,499.77 Cr non-cash deferred tax credit and 3,607 Cr in accrued regulatory carrying costs.***	Negative
4	**The company achieved a □6,795 Cr reduction in total borrowings, improving the reported Debt/Equity ratio to 1.42x through operational cash flows.**	Positive
5	***True leverage is understated as 13,215 Cr of debt-like perpetual securities are classified as equity, masking the total financial burden.***	Negative
6	***Cash Flow from Operations (CFO) of 8,431 Cr lagged significantly behind PAT, reflecting a high reliance on non-cash accruals and regulatory claims.***	Negative
7	***Capital allocation efficiency is hindered by 2,116.94 Cr of CWIP stalled for over three years, primarily related to Raigarh railway siding projects.***	Negative
8	**Asset sweating remains a core strength, with ROCE holding steady at 16% on a near-static gross block, supplemented by the commissioning of the 1,600 MW Godda plant.**	Positive
9	***Severe governance red flags persist following a Qualified Audit Opinion due to the inability to verify Related Party Transactions (RPTs) amid ongoing SEBI probes.***	Negative
10	***Concentration risk is acute with 93.81% of trade receivables (11,529 Cr) tied to State Discoms, posing potential liquidity strain if collections delay.***	Negative
11	**Favorable Supreme Court rulings on "Change in Law" claims provide long-term tariff visibility and validate the company's regulatory positioning.**	Positive
12	Stance: Watch; monitor the resolution of the SEBI probe and the conversion of □3,607 Cr in regulatory accruals into realized cash.	Neutral

1. Business overview (In Bullet Points)

- **Structural Transformation:** Adani Power Limited (APL) transitioned in FY 2023 from a holding company of multiple Special Purpose Vehicles (SPVs) to a consolidated operating entity through the amalgamation of six key subsidiaries (Mundra, Maharashtra, Rajasthan, Udupi, Raipur, and Raigarh).
- **Capacity & Technology:** Operates a diverse portfolio including the 4,620 MW Mundra plant (multi-fuel), 3,300 MW Tiroda plant (near-pit head), and the newly commissioned 1,600 MW Godda plant, which utilizes Ultra-supercritical technology for 100% export to Bangladesh.
- **Revenue Drivers:** Primarily driven by Long-Term Power Purchase Agreements (PPAs). A strategic shift at the Mundra plant reduced contracted capacity to "free up" capacity for higher-margin merchant power markets and MPSEZ Utilities.

- **Cost Structure:** Fuel management is the primary cost driver. APL is aggressively optimizing logistics by focusing on "near-pit head" plants to minimize railway freight and transitioning from High-Functional Oil (HFO) to Light Diesel Oil (LDO) for start-ups.
- **Expansion Strategy:** Follows an "Acquire and Turnaround" model, evidenced by the integration of Mahan Energen (MEL) and the acquisition of stressed assets in Raipur and Raigarh.
- **Geographical Presence:** Significant operations across Gujarat, Maharashtra, Rajasthan, Karnataka, Chhattisgarh, and Madhya Pradesh, with a new international revenue stream from Bangladesh.
- **Segment Performance:** Operational efficiency varies by asset, with Tiroda achieving 78% PLF, while Udupi remained low at 13% due to merit order and fuel costs.

2. Management commentary & outlook

- Management emphasizes a "fortress balance sheet" narrative, highlighting a □2.65 Billion (USD) portfolio-level debt reduction to counter market skepticism following the early 2023 short-selling incident.
- The strategic focus has shifted from aggressive debt-funded expansion to "de-leveraging and consolidation" and operational excellence.
- Management is unequivocally bullish on thermal power, positioning it as the essential "base load" for India’s growth despite the expansion of renewables.
- Anticipated sustained 5-6% CAGR in power demand is used to justify continued investment in "clean coal" (Ultra-supercritical) technologies.
- Significant optimism is derived from favorable Supreme Court and APTEL rulings regarding "Change in Law" and Late Payment Surcharges (LPS), which are viewed as structural margin enhancers.
- Digital transformation initiatives, such as "Project beacon" and "Project chetna," are being deployed to drive O&M excellence through AI-based safety and intelligent flow controllers.
- The Godda project is highlighted as a key de-risking move, diversifying revenue away from Indian Discom payment cycles toward international exports.
- Management intends to utilize the Group’s integrated logistics and fuel sourcing capabilities to moderate the gestation period between investment and returns.
- **Management Tone:** Management exhibits a **defiant and "validation-seeking" tone**, heavily emphasizing regulatory wins and deleveraging to counter external market skepticism. There is a clear transition from a "growth-at-all-costs" mindset to a "governance-and-efficiency" narrative. While the commentary is optimistic about India’s macro story, it remains conservative regarding new greenfield thermal projects, preferring the lower-risk route of acquiring stressed assets and optimizing existing capacity through merchant sales.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2023	Mar 2022
Sales	38,773	27,711
Sales Growth %	39.92	5.68
Expenses	28,677	17,830
Manufacturing Cost %	70	61
Employee Cost %	1	2
Other Cost %	2	2
Operating Profit	10,096	9,881
OPM %	26	36
Other Income	4,216	3,908
Exceptional items	-39	-66
Other income normal	4,254	3,974
Interest	3,334	4,095
Depreciation	3,304	3,118
Profit before tax	7,675	6,577
Tax %	-40	25
Net Profit	10,727	4,912
Profit from Associates	0	0
Minority share	0	0
Exceptional items AT	-39	-50
Profit excl Excep	10,765	4,961
Profit for PE	10,765	4,961
Profit for EPS	10,727	4,912
Profit Growth %	117	287
EPS (□)	5.56	2.55
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2023	Mar 2022
Equity Capital	3,857	3,857
Reserves	26,019	14,600
Borrowings	42,350	49,145
Long term Borrowings	33,703	37,871
Short term Borrowings	8,549	10,924
Lease Liabilities	97	103
Preference Capital	169	401
Other Borrowings	-169	-154
Other Liabilities	13,596	14,379
Non controlling int	0	0
Trade Payables	3,079	3,508
Advance from Customers	33	53
Other liability items	10,484	10,818
Total Liabilities	85,821	81,981
Fixed Assets	51,451	53,274
Land	1,990	1,017
Building	1,901	1,633
Plant Machinery	69,793	69,592
Equipments	86	69
Computers	67	45
Furniture n fittings	35	36
Railway sidings	480	479
Vehicles	32	25
Intangible Assets	191	191
Other fixed assets	754	857
Gross Block	75,329	73,945
Accumulated Depreciation	23,878	20,671
CWIP	12,880	10,270
Investments	654	183
Other Assets	20,836	18,254
Inventories	3,075	2,258
Trade receivables	11,529	9,561
Receivables over 6m	0	0
Receivables under 6m	11,529	9,561
Prov for Doubtful	0	0
Cash Equivalents	1,874	2,365

Line item	Mar 2023	Mar 2022
Loans n Advances	1,394	1,474
Other asset items	2,964	2,596
Total Assets	85,821	81,981

Cash flow statement (□Cr)

Line item	Mar 2023	Mar 2022
Cash from Operating Activity	8,431	10,233
Profit from operations	9,860	10,152
Receivables	-2,995	981
Inventory	-829	-262
Payables	-423	-368
Loans Advances	0	0
Other WC items	2,897	-46
Working capital changes	-1,351	305
Direct taxes	-79	-224
Cash from Investing Activity	1,545	774
Fixed assets purchased	-3,244	-3,435
Fixed assets sold	1	1
Investments purchased	-458	-162
Investments sold	0	82
Interest received	4,827	4,301
Issue of shares on acq	0	0
Redemp n Canc of Shares	989	0
Acquisition of companies	-727	-1
Other investing items	156	-12
Cash from Financing Activity	-10,408	-10,338
Proceeds from shares	566	600
Proceeds from debentures	0	0
Proceeds from borrowings	21,205	13,332
Repayment of borrowings	-28,148	-19,728
Interest paid fin	-3,365	-3,946
Dividends paid	-661	0
Financial liabilities	-6	-6
Other financing items	0	-590
Net Cash Flow	-433	669
Free Cash Flow	5,188	6,799
CFO/OP	84	106

Key ratios

Line item	Mar 2023	Mar 2022
Debtor Days	109	126
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	109	126
Working Capital Days	-6	-46
ROCE %	16	16

3.2 Financial analysis summary

- **Revenue** from operations surged 39.92% to □38,773.00 Cr, yet OPM % contracted sharply from 36.00% to 26.00% as Fuel Cost escalated to □25,480.85 Cr, representing 65.72% of Revenue.
- **PAT** grew by 117.00% to □10,727.00 Cr, but this was heavily influenced by a non-cash Deferred Tax credit of □2,499.77 Cr, including □2,303.87 Cr relating to prior years, which significantly decoupled Net Profit from actual cash generation.
- **Revenue** quality is subject to estimation risk as it includes "Change in Law" claims recognized on "best management estimates" before final Supreme Court adjudication, a practice highlighted as a Key Audit Matter.
- **Trade Receivables** increased to □11,529.00 Cr, with 93.81% of dues concentrated in State Discoms, creating high dependency on government utility fiscal health; notably, □1,192.50 Cr of these are "bills discounted," representing off-balance sheet contingent liabilities.
- **CFO** of □8,431.00 Cr failed to track PAT (□10,727.00 Cr), primarily due to a □2,995.00 Cr drain from Receivables and □3,607.19 Cr of accrued Other Income (carrying costs) that has not yet translated into cash.
- **Total Debt** (Borrowings) was reduced by □6,795.00 Cr to □42,350.00 Cr, aided by a □1,073.01 Cr ECB liability write-back recorded directly in Reserves (Capital Reserve) rather than the P&L.
- **Finance Cost** of □3,334.00 Cr on the P&L is optically lower because □828.49 Cr of interest was capitalized into CWIP, which grew to □12,880.00 Cr and includes □2,116.94 Cr of projects stalled for over 3 years.
- **Net Worth** strengthened to □29,876.00 Cr, but includes □13,215.00 Cr of Unsecured Perpetual Securities classified as equity despite carrying a □661.17 Cr annual distribution obligation, which masks the true economic Debt/Equity leverage.
- **ROCE %** remained stagnant at 16.00% despite the revenue surge, while ROE % jumped to 35.91%, driven more by the one-time Deferred Tax credit and debt waivers than by core operational efficiency.
- **Cash Equivalents** declined from □2,365.00 Cr to □1,874.00 Cr, while Short term Borrowings remain high at □8,549.00 Cr, indicating a reliance on rolling over credit lines to manage a tight liquidity position.
- **Other Income** of □4,216.00 Cr is dominated by □3,607.19 Cr in carrying costs and interest on regulatory claims, making nearly 34% of Profit before tax dependent on non-operational, accrual-based regulatory income.
- **Fixed Assets** (Gross Block) reached □75,329.00 Cr, but the Auditor's Report is Qualified due to ongoing SEBI investigations, which prevents verification of the integrity of Related Party Transactions.
- **Free Cash Flow** of □5,188.00 Cr was sufficient to cover Capex of □3,244.00 Cr, but the business remains dependent on external financing for large-scale Repayment of borrowings (□28,148.00 Cr) and interest servicing.

- **Working Capital** management showed a reduction in Debtor Days from 126 to 109, yet the absolute increase in Trade Receivables consumed ₹2,995.00 Cr of cash, highlighting the "cash-trap" nature of regulatory receivables.
- **Other Assets** are impacted by CWIP of ₹12,879.54 Cr, which includes ₹2,054.43 Cr of capitalized finance costs and ₹819.15 Cr of other expenses, suggesting the asset value is heavily comprised of accumulated interest rather than physical construction.
- **Other Liabilities** include a Deferred Government Grant of ₹4,487.33 Cr; the "grossing up" method used for PPE inflates both sides of the balance sheet by adding the value of tax/duty exemptions to asset cost.
- **Other Expenses** grew to ₹1,944.05 Cr, with inventory write-downs of ₹91.46 Cr signaling potential obsolescence in stores and spares.
- **Synthesis:** Adani Power's FY 2023 performance reflects a transition toward higher **Revenue** and reduced Total Debt, yet the quality of PAT is diluted by massive non-cash tax credits and regulatory accruals, while a Qualified audit opinion and high CWIP aging signal persistent governance and execution risks.

3.3 Contingent liabilities & commitments

- **Pending Litigations:** Various matters disclosed under Note 43, including tax and regulatory disputes.
- **Bills Discounted: ₹1,192.50 Cr** of "Customers' bills discounted" represents a contingent liability if Discoms fail to pay banks.
- **Mega Power Status:** Potential retrospective tax liability if "Mega Power Status" compliance is not met within 156 months for one plant.
- **Capital Commitments:** Significant ongoing commitments for the Godda project and flue gas temperature reduction systems.
- **Guarantees:** Group-level guarantees and cross-collateralization common in the Adani ecosystem.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; ₹2,296 Cr gap driven by non-cash deferred tax credits.	—	Gap includes ₹2,499.77 Cr deferred tax credit and ₹3,607 Cr accrued interest income (Note 38, 32).
2	Receivables & channel-stuffing signal	Revenue ↑↓ — collections stable; combined build of 23.5% trails the 39.9% revenue growth.	—	93.8% of receivables are from Discoms; ₹1,192 Cr bills discounted are off-balance sheet.
3	Revenue timing (unbilled / contract assets)	Revenue ↑ — aggressive recognition; "Change in Law" claims recognized before final court adjudication.	—	Note 3(vi) highlights revenue based on "best management estimates" subject to Supreme Court outcomes.
4	Revenue from related parties %	Neutral — limited direct revenue; primary RPT risk lies in financing and perpetual securities.	—	Auditor's qualified opinion cites inability to comment on RPT compliance due to SEBI probe.
5	Inventory vs revenue growth	Profit ↑ — efficient turnover; 36% inventory growth slightly lags 40% revenue growth.	—	Note 8(ii) shows ₹91.46 Cr write-down in stores/spares, signaling minor obsolescence risk.
6	Inventory valuation method change	Neutral — consistency maintained; valuation at lower of cost or net realizable value.	—	Standard power sector policy for fuel and spares.
7	Exceptional items in operating profit	Profit ↓ — minor impact; small exceptional losses do not mask core operating performance.	—	Relates to one-time costs/adjustments not part of regular power generation (P&L Table).
8	Depreciation rate vs useful life policy	Profit ↑ — thin margins; 25-year life estimate for plants is a technical management judgment.	—	Note 2.3(a) confirms depreciation is based on technical assessment; changes would materially hit PAT.
9	Provision reversals boosting PAT	Profit ↑ — non-cash boost; ₹1,073 Cr ECB liability write-back credited to Capital Reserve.	—	Note 19(4) and Note 38 show massive non-operational gains supporting equity and net profit.
10	Tax rate consistency	Profit ↑ — accounting distortion; negative 40% tax rate due to massive deferred tax recognition.	—	Note 38/66: Includes ₹2,303.87 Cr of tax credits relating to earlier years, inflating current PAT.
11	CWIP age and stalling projects	Profit ↓ — impairment risk; ₹2,116 Cr of CWIP aged over 3 years suggests stalled projects.	—	Note 4.1(xiv): Raigarh TPP railway sidings delayed by land issues; includes ₹2,054 Cr capitalized interest.
12	Deferred tax asset recognition adequacy	Profit ↑ — non-cash gain; recognition of prior period tax benefits suggests aggressive accounting.	—	Management recognized DTA based on "reasonable certainty" of future taxable profits.
13	RPT quantum and trend	Neutral — circularity risk; interest on related party ICDs converted to principal rather than cash.	—	Note 1(i): Interest converted to ICD balances indicates non-cash debt servicing with related parties.
14	Dividend paid vs FCF adequacy	Neutral — leverage focus; FCF used for debt repayment rather than equity dividends.	—	Dividend payout % on equity is 0%; cash prioritized for ₹28,148 Cr debt repayment (Cash Flow).
15	Auditor Qualification on SEBI Probe	Neutral — compliance uncertainty; auditors unable to verify RPT integrity or legal compliance.	—	Pending SEBI investigations prevent assurance on RPTs and Companies Act compliance.
16	Capitalization of Finance Costs		—	

#	Check	Impact	Status	Notes detail
		Profit ↑ — interest expense deferral; ₹828.49 Cr of interest capitalized into CWIP.		Prevents interest from hitting P&L, optically supporting profitability while projects are delayed.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion Type: Qualified Opinion**.
- **Basis for Qualification: Pending SEBI Investigations.** Auditors are unable to comment on the consequential effects of ongoing SEBI investigations and Supreme Court proceedings regarding potential impacts on related party transactions and legal compliance.
- **KAM 1: Revenue Recognition & Recoverability of Change in Law Claims:** Complexity in estimating claims not yet accepted by Discoms. Risk of overstatement if regulatory outcomes are adverse.
- **KAM 2: Regulated Business Revenue (Udupi TPP):** Significant judgment in "true-up adjustments" and accruals for escalation parameters.
- **KAM 3: Impairment of PPE (Mundra TPP):** Carrying value of ₹13,706.48 Cr tested; highly sensitive to coal costs and discount rate assumptions.

B. Related party transactions

Party	Relationship	Nature	Amount (₹Cr)	Concern
S.B. Adani Family Trust	Promoter Group	***Unsecured Perpetual Securities***	13,215.00 Cr	***Leverage Masking***
Related Parties	Group Entities	***Interest Accrued on ICDs***	436.64 Cr	***Non-cash Circularity***
Adani Properties Pvt Ltd	Group Entity	Sale of Investment (SPPL)	~609.00 Cr	Valuation Clarity

- **RPT Risk Checks:** % of Revenue: 35.21%; % of CFO: 161.93% (**Extreme risk**).
- **Note 1(i):** Interest of ₹436.64 Cr on ICDs was "converted to ICD balances" rather than paid in cash, signaling a circular debt-servicing pattern.
- **Auditor Note:** The inability to comment on RPTs due to the SEBI probe suggests potential undisclosed relationships.

C. Shareholding

Category	Mar 2023 (%)	Mar 2022 (%)
Promoter	74.97	74.97
FII	11.70	12.88
DII	0.01	0.00
Public	13.32	12.15

- Promoter holding is at the 75% regulatory ceiling, limiting free float.

D. Board composition + KMP compensation

- **Board Composition:** 6 Directors; 50% Independent (3 of 6); 1 Woman Director.

- **KMP Compensation:** Gautam S. Adani (Chairman) and Rajesh S. Adani (Director) are brothers; neither drew a salary from APL in FY23.
- **MD Compensation:** Anil Sardana (MD) drew □0.00 remuneration in FY23.
- **Ratios:** CEO remuneration to median employee pay is 44.59:1; CFO is 42.55:1.

F. Capital allocation & capex

Action	FY current (□Cr)	FY prior (□Cr)	% of CFO	Signal
Dividends (Preference)	661.00 Cr	0.00 Cr	7.84%	—
Capex	3,244.00 Cr	3,435.00 Cr	38.48%	—
Acquisitions	727.00 Cr	1.00 Cr	8.62%	—
Net Debt Change	-6,795.00 Cr	-6,403.00 Cr	-80.59%	**Positive**

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex:** Strong coverage at **2.60x**; self-funding maintenance and growth.
  - **Nature of Capex:** Growth-oriented, including the **Godda 2x800 MW Ultra-supercritical project**.
  - **Deployment Efficiency:** Revenue grew **39.92%** while Gross Block grew only 1.87%, indicating high sweating of existing assets.
  - **Key Takeaways:** Capex program is value-accretive, focusing on efficiency and capacity expansion in regulated segments.

H. Risks

- **Regulatory/Litigation (High):** Non-acceptance of "Change in Law" claims could lead to massive revenue reversals.
- **SEBI Investigation (High):** Ongoing probe into group transactions; auditors unable to provide assurance on RPTs.
- **Customer Concentration (High):** 93.81% of receivables from State Discoms; high dependency on their fiscal health.
- **Project Execution (Medium): □2,116.94 Cr CWIP > 3 years** due to land delays in Raigarh; risk of future impairment.
- **Mega Power Status (Medium):** Retrospective tax liability if status is not attained.

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	4	→	39.9% Revenue growth; Godda export PPA	Strong asset base and PPA-backed cash flows, though coal-dependent.
Financial health	3	↑	D/E 1.42x; CFO □8.4k Cr	Improving leverage but masked by □13.2k Cr perpetual securities.
Earnings quality	2	↓	PAT □10.7k Cr > CFO □8.4k Cr	High reliance on non-cash tax credits and regulatory accruals.
Management & governance	1	↓	Qualified Audit Opinion; SEBI Probe	Severe red flag regarding RPT integrity and ongoing investigations.
Capital allocation & earnings visibility	4	→	ROCE 16%; Godda commissioning	Disciplined capex and high asset sweating drive visible returns.

Business positives (for this company this year) * **Revenue Growth:** Surged 39.92% to □38,773 Cr driven by higher volumes and merchant sales. * **Debt Reduction:** Total borrowings reduced by □6,795 Cr, improving the reported D/E ratio to 1.42x. * **Asset Commissioning:** Successful commissioning of Unit 1 of the 1,600 MW Godda plant for Bangladesh exports. * **Operational Efficiency:** High asset sweating with revenue growing 40% on a near-static gross block (1.87% growth). * **Regulatory Wins:** Favorable Supreme Court rulings on "Change in Law" claims validating the company's tariff stance.

Business negatives / concerns (for this company this year) * **Audit Qualification:** Independent auditors issued a qualified opinion due to the inability to verify RPTs amid SEBI probes. * **Earnings Quality:** PAT of □10,727 Cr is heavily inflated by a □2,499.77 Cr non-cash deferred tax credit. * **Regulatory Accruals:** □3,607 Cr of "Other Income" consists of accrued carrying costs not yet realized in cash. * **CWIP Aging:** □2,116.94 Cr of projects (Raigarh railway sidings) have been stalled for over 3 years. * **Leverage Masking:** □13,215 Cr of debt-like perpetual securities are classified as equity, understating true leverage.

Overall scorecard summary Adani Power exhibits a dual identity: a robust operational utility with improving cash flows and a governance-challenged entity under intense regulatory scrutiny. While the business is on a stable-to-improving trajectory operationally—evidenced by debt reduction and the Godda commissioning—the financial quality is marred by aggressive regulatory accruals and non-cash tax gains. The qualified audit opinion remains the primary deterrent, overshadowing the fundamental improvements in the balance sheet.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 7/10 — Governance Rating: 2

Part c: investor verdict

Thesis: A high-leverage utility play transitioning to a consolidated operating model with strong asset sweating, currently overshadowed by severe governance uncertainty. **Overall stance:** Watch **Rationale:** Operational improvements are significant, but the qualified audit opinion and SEBI probe pose binary risks that preclude an "Accumulate" stance. **Re-evaluate when:** Auditor removes the qualification regarding SEBI investigations OR RPTs as a % of revenue drop below 15%. **BULL CASE:** Full realization of ₹3,607 Cr regulatory claims in cash and successful ramp-up of Godda plant leading to FCF/PAT > 1. **BEAR CASE:** Adverse SEBI findings leading to restatement of RPTs or impairment of Mundra assets (₹13,706 Cr) due to coal cost spikes. **Key monitorable:** Trade Receivables: ₹11,529 Cr → Watch for any spike beyond ₹15,000 Cr without corresponding cash collection.