



TATA POWER
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“Tata Power Q3 FY’13 Analyst Conference Call”

February 11, 2013



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MODERATORS: MR. ANIL SARDANA – MANAGING DIRECTOR, TATA POWER.
MR. S. RAMAKRISHNAN – EXEC DIRECTOR, FINANCE, TATA POWER.
MR. S. PADMANABHAN – EXEC DIRECTOR, OPERATIONS, TATA POWER.

Moderator: Ladies and gentlemen. Good day and welcome to the Tata Power Q3 FY'13 Analyst conference call. We have with us today from Tata Power Mr. Anil Sardana – Managing Director; Mr. S. Ramakrishnan – Executive Director; Finance and Mr. S. Padmanabhan – Executive Director; Operations. As a reminder for the duration of this conference all participant lines will be in listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would like to hand over the conference over to Mr. Anil Sardana. Thank you and over to you sir.

Management: Welcome to all the analyst friends for the Q3 Standalone and Consolidated results discussions. The line-by-line results and details must be already with you. As you would notice we have had another round of impairment this time and we hope that soon we would have the beneficiaries and CERCs look at finding a solution for this issue, so more of that later. I would in fact suggest that we discuss these matters through the various questions that you would have had. So I would request you to ask questions.

Moderator: Thank you very much sir. We will now begin the question and answer session. First question is from the line of Venkatesh from Citigroup.

Venkatesh Babu: Can you share what was the production sales realization and cost of production in the third quarter in the coal mines?

Management: The coal sold is 20.7, coal mined is 22.9.

Venkatesh Babu: Sir, realization and cost of production?

Management: Realization is 71.6 and cost of production is 41.3.

Venkatesh Babu: Why is Maithon continuing to make a loss? Can you just explain what exactly is happening in Maithon because aren't all costs getting passed through? What are the costs which are not getting passed through?

Management: Maithon is doing quite well now. In the last few months the performance has been good. However, Maithon still the revenue that is being shown is only provisional tariff that was announced by CERC. As we talk we are working with the CERC for the final determination of tariff. Similarly, the heat rate, auxiliary power consumption parameters are all on a provisional basis compared to units of similar sizes this is truly provisional. In addition power as you know was contracted amongst others to Punjab State. Punjab State for internal reasons has decided not to take the power from this because they are unable to take power from some of the stations that are located within the Punjab and have got recently commissioned. Therefore the

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North-East corridor that we had booked for Punjab we had to pay for PGCIL charges which of course have now to be now sorted out by CERC and therefore we have approached CERC even for those charges to be settled between us, PGCIL, and Punjab. So those are the factors. If you consider some of those factors that are said Maithon would have generated comfortable PBT.

Venkatesh Babu: If Punjab is not taking the power are you not selling the same in the merchant market?

Management: Till now there was nothing official and therefore we approached Punjab to formalize the sale which has been done now by them about 15 days back or so. As this is that we have already now started to approach the alternate customers for long term purchase of this power. There is a contract at this time we are signing for 150 MW with one of the customers. Balance 150 MW we are looking at customers to sign off. While there happens to be no case 1 as you know. So that is an issue which is there for all and would therefore be applicable in terms of how power gets contracted on a long term basis. I just want to add for your benefit since you asked this question and to be transparent that while the power station is fully geared to generate that 300 MW also even if Punjab is not buying the power but I must mention that the corridor of translation for evacuation of power on a short term basis is not available. And every day that we get this schedule is just about 10-15% of 300 MW capacity. So while we are earning full availability with the other customers of about 700 MW we will have similar earnings once we are tied up. Number 2: Once the annual tariff gets determined by CERC which will happen as a matter of procedure.

Venkatesh Babu: Now if Punjab actually refuses in taking this power. Now, short term shouldn't they be paying you money for this because you prepared the power plant for them, 300 MW so they should be paying up for it?

Management: Your thinking is similar to what we believe, however neither Punjab nor us can decide these because Punjab feels that the right agency to decide is CERC and therefore we will approach CERC.

Venkatesh Babu: Sir, final question is it possible to share a few cost items of Mundra and Maithon in the 9 months of the year, fuel cost, depreciation and interest? If you have it readily.

Venkatesh Babu: Absolute values, 9 months.

Management: The depreciation for CGPL is 300 crores, 9 months.

Management: The interest is 404.

Venkatesh Babu: Fuel cost is?

Management: 1220 crores.

- Moderator:** The next question is from the line of Vivek Sharma from ICICI Securities.
- Vivek Sharma:** The capital employed in the Bumi has gone up significantly during the quarter just want to know the reason for the same. I am referring to the segmental results on the consolidated basis there is a 1300 crores jump, close to 1200 crores jump quarter-over-quarter in the capital employed in the Bumi?
- Management:** Where did you see this figure?
- Vivek Sharma:** On the Slide #27. The capital employed is 8493 crores.
- Management:** We will have to work out the split because it could also have pending on 11.35 Tubed and Mandakini also.
- Management:** We will send you a mail. We will have to check whether the coal infrastructure company's capitalization is included in that and we will have to check whether any working capital of coal has been included. For all you know the inventory stock if I am not mistaken, the inventory here is a higher inventory stock. We will send you a mail to explain to you the difference.
- Vivek Sharma:** The second question pertains to the segmental results profitability of the coal business. I am trying to do a Q-O-Q comparison while the top-line has increased by close to 400 crores the segmental results indicate only a 20 crores profitability improvement. Just want to understand, I was trying to do the math from the quantity sold and the realization and the gap between the cash cost. I am finding a difference. Is there any cost item that I am missing?
- Management:** No, you are not missing that. There is only one write-off of certain shipping cost in Arutmin roughly to the extent of about USD40 million which is a one-off item for this quarter.
- Vivek Sharma:** In the segmental results realized it has been accounted above the line but where in the P&L we can see this item?
- Management:** You will see it only as a part of the operating cost. You won't see it under any write-off or deferment. You will see it simply as a part of the operating cost.
- Vivek Sharma:** Which line item sir? If you can help us on this?
- Management:** Other expenses.
- Vivek Sharma:** So other expenses of 924 crores you are suggesting close to 200 crores. So it is not part of the deferred shipment cost per se. It is part of the other expenses and the amount is close to 200 crores.
- Management:** Nearly 60 crores, 30% of 200 crores.

- Vivek Sharma:** So 60 crores can be explained on account of this write-off.
- Management:** That is right.
- Vivek Sharma:** Any other item that I am missing out, sir?
- Management:** No.
- Vivek Sharma:** To end my question I just want to know the cash and debt level at Bumi?
- Management:** There is no debt in Bumi.
- Vivek Sharma:** No, I am talking about the debt and cash at SPV level?
- Management:** 790 million is the debt, the cash is about 40 million.
- Moderator:** The next question is from the line of Tien Doe from GIC.
- Tien Doe:** Given what happened so far on coal pooling and SEBs raising tariff, I am just wondering long term, once you finished the current round of projects you have got going in power generation, how willing you are to put extra capital to work in the power sector and if you are not willing at the moment what would you need to see to put extra capital work in the power sector?
- Management:** One is, we are looking at in terms of captive generation for good corporates like Tata Steel. We are looking at even though short coal grade generation, renewable, whether it is wind or solar, and we look at thermal if the fuel supply situation improves.
- Management:** Also just to add to this part, what one has to wait and see is, how much of distribution moves into the hand of the efficient players, so once that happens then in that case one would be able to provide power to those players also. So, one has to wait and see as to how things evolve on the distribution side.
- Moderator:** The next question is from the line of Deepika Mundra from JP Morgan.
- Deepika Mundra:** My first question is on the impairment loss at Mundra UMPP, if you could tell us what were the assumptions behind the impairment loss?
- Management:** The loss provision is 600 crores. The set of assumptions are the same in terms of the parameters that we go through updated. The main contributor is the foreign exchange variation on the project cost. You know FOREX variation today we capitalize. It goes into the project cost so to that extent the earning amount do not support capitalization of such variations. That is one significant contributor to the increase.

- Deepika Mundra:** What would be the revised project cost in that case?
- Management:** I don't want to call it project cost; the way the AS11 now operates, the project cost is by definition a moving figure from time to time. As of now it is 17,500.
- Deepika Mundra:** And this could be very well reversed in the future as well, because you said it is a moving figure.
- Management:** No, this is the physical figures, because figures which can keep changing up and down.
- Management:** If the exchange rates go favorable for us, the AS11 principles will operate.
- Deepika Mundra:** My second question is on NDPL, it appears that the performance in this quarter has been fairly strong, just wanted to understand what are the AT&C loss levels right now and is there a way that you reduce them further?
- Management:** The quarter losses as it ended were 10.41, one can always hope that they will continue to reduce further, but of course the rate of reduction will be lower.
- Deepika Mundra:** Would it be possible for you to tell us what is the proportion of incentives in the total revenue for the 9 months?
- Management:** The incentive stands for nine months at 31 crores.
- Deepika Mundra:** What is the contribution from your recently acquired Indonesian coal mine to financials in this quarter?
- Management:** Nil. Not significant, let me put it that way.
- Moderator:** The next question is from the line of Shubhadeep Mitra from JM Financials.
- Shubhadeep Mitra:** Sir, firstly just wanted to understand, in terms of the coal production for CY13, is there any particular target or guidance in mind, in terms of volumes?
- Management:** It is about 75 million tonnes.
- Shubhadeep Mitra:** I mean, where do you see the realization numbers stabilizing?
- Management:** There are two views. One view that says that it will stay around the same as it exists today, 90 to 94. There is another view that the second half of the year we will see it move further up from 95.

Shubhadeep Mitra: We are blending GCV coal at Mundra. So currently what quantum of low GCV coal would we be blending?

Management: See, on a normative basis, we always tend to instruct our operators to blend 70:30.

Shubhadeep Mitra: Okay, so that is 70% low GCP.

Management: That is right, however depending on the load on the unit and the stability of the furnace it continues to move up and down.

Shubhadeep Mitra: I see, so what would be the weighted average number that one can assume, say for the current quarter?

Management: You take weighted number at 70:30 only.

Shubhadeep Mitra: I see, and we have reached that optimal level and it should continue going ahead.

Management: I don't want to say that, our efforts will depend on how we see the load behavior and the grid behavior. At this stage we are trying to fix it at 70:30.

Moderator: The next question is from the line of Vishal Biraia from B&K Securities.

Vishal Biraia: Could you help us with the absolute fuel cost for Mundra for the third quarter?

Management: 650 gross.

Vishal Biraia: Could you share the assumptions for impairment, as of now what are the updated assumptions in terms of USD, INR, and coal?

Management: See, my friend already told you that we take the long term projections on exchange, etc., and I think it will be unfair to talk about those numbers, I can only say that we do this exercise in a transparent way and continue to adapt the same indices which we adapt on a quarter-on-quarter basis. So right now it is based on the long term projections on foreign exchange, long term projection on coal, and similarly long term projection on the other earnings that are there as a part of the Mundra project and similarly, on the coal.

Vishal Biraia: My last question pertains to the debtors at Mundra. There were some news articles that Rajasthan was not paying and then the eventually paid, so as now are we seeing any issues related to debtors?

Management: As far as the debtors position is concerned, Rajasthan has been paying now regularly, since then there are some amounts that are very, very insignificant amounts, that are due from the

POSOCO, which also get paid up in time to time, so there is no cause of concern for us because all the beneficiaries have been paying.

Moderator: The next question is from the line of Bhavin Vithlani from Axis Capital.

Bhavin Vithlani: First is, could you give us an update on the ongoing CERC ruling, on the CGPL, what is the update and what are the CERC arguments currently?

Management: The hearing at CERC for CGPL, had been taking place on a regular basis. The last one took place just about a week before and we have not yet seen the minutes get uploaded or record of the proceedings get uploaded and therefore what is the next step we don't know. If the record notes that will get uploaded on CERC website, you and us would be able to know when exactly or what exactly is the next step. Are they asking for more information to be submitted, are they putting any other date for the next date of hearing, so we will have to wait for the records of hearing to get uploaded.

Bhavin Vithlani: My second question is on Delhi Distribution. We have seen that every time you are surprising us on the reduction in the AT&C losses, if you can help us understand that, is there a benchmark that the regulator gives you, that this is the bare minimum of losses you need and if you exceed that you will get it, or the benchmark is changed every year based on your previous year's performance?

Management: Bhavin, as you know, Delhi works on multi-year tariff concept, and the curve for North 26.29 loss reduction is determined based on a 5-year period. Also I did not hear you sound happy when you said that you surprised us, I don't know whether you were unhappy seeing those losses or happy seeing those losses.

Bhavin Vithlani: No, my question was, what is the benchmark set by the regulator for this period?

Management: For this period the benchmark was upwards of 12.5 or so, and that is why, Bhavin, we got the incentive, and as you know that there is a provision that if you do better then you share the incentive. Going forward, once somebody comes close to 10, internationally it then becomes very difficult to reduce losses. The theoretical best loss in networks of the type that exists in Delhi would be of the order of 9 or 10%.

Bhavin Vithlani: The last question relates to Delhi and the Mumbai distribution, if you can help us with the regulated equity in both these and what are the capital expenditure targets for the next year?

Management: Regulated entity for Delhi is 1000 crores and for Mumbai, all the three if you take, it is 2658 crores.

Bhavin Vithlani: And the capital expenditure, targets for both these?

- Management:** The plan for FY13 is about 900 crores in Mumbai, about 300 crores in Delhi.
- Moderator:** The next question is from the line of Jay Kakkad from Standard Chartered Securities.
- Lakshminarayana:** The volumes at coal companies, that is number one, secondly what were the average gross realizations for the quarter ?
- Management:** The quarter volumes for coal was mentioned as 20.7, coal mine was 22.9. The realization was 71.
- Lakshminarayana:** So 71 is the average realization at the gross level, is that correct.
- Management:** FOB.
- Lakshminarayana:** What would be the cash cost?
- Management:** 41.3
- Lakshminarayana:** And below that any other expenses that you have?
- Management:** This quarter we had some write-off in Arutmin in terms of stripping which is a one-off item so you do have it.
- Management:** Total were 30 million and our share is 10 million.
- Lakshminarayana:** And I heard that there is cash at the coal SPV level is just about \$40 million. So is a bulk of that gone into the recent acquisition you made?
- Management:** Bulk of the money is gone into the tax provision we have made.
- Lakshminarayana:** Because my assumptions were like around more than \$200 million to \$250 million.
- Management:** See we had more money there and we brought all of it back into India and lent sum into the company for acquisition. So net we brought back 100 million and we have invested 150 million or so in the new acquisition.
- Lakshminarayana:** What would be the cash received at the SPV level from the mines that something I wanted know?
- Management:** The cash received during the quarter is 331.3.
- Moderator:** The next question is from the line of Vivek Sharma from ICICI Securities.

- Vivek Sharma:** The question is with regard to the Mundra, like coal cost per unit during the quarter and realization per unit during the quarter?
- Management:** Coal cost, about 2 Rs is the fuel cost and the fuel revenue was about 1.50 and under recovery is about 50 paise.
- Vivek Sharma:** I was talking about the overall realization per unit not the realization on account of fuel?
- Management:** 2.45 is the overall realization and 3.25 is about the cost of fuel.
- Vivek Sharma:** And on account of the coal cost 2 Rs. like there would be some adjustment on account of under utilization the port facility as well as the shipping facility. If you adjust that like you know the under utilization part as of now if assuming all the units are operational what will be the coal cost?
- Management:** We haven't done that part though what you said is right, but I guess very soon all the five units will be operational and therefore you will have no under utilization.
- Vivek Sharma:** Like you know if I am not wrong last quarter the difference between the two was close to 30 to 35 paise.
- Management:** But now it will be just about 5 paise.
- Vivek Sharma:** And the drop in the realization is basically because of the readjustment of the CERC index reported in October on a QoQ basis. And the last question that I had was like you know the fuel cost at a standalone level is coming high on account of higher fuel oil consumption at unit 7 or what is the key reason like you know the fuel cost at standalone level we are finding while it does not impact your profitability?
- Management:** You are comparing it to last year higher price.
- Management:** The oil prices were high. Also the gas price and the gas concession price went up during this year.
- Vivek Sharma:** There was a significant move up?
- Management:** RLNG price today is being quoted is close to \$15 per MMBTU.
- Moderator:** The next question is from the line of Abhishek Puri from Deutsche Securities.
- Abhishek Puri:** Sir first of all the Rajasthan contract has been restarted again as we read in the papers?

- Management:** The Rajasthan contract was never stopped by the load dispatch. We had issued the termination notice, but the load dispatch had its own decision and the matter is sub-judice as of now.
- Abhishek Puri:** Have the distribution companies restarted the payment security mechanism, which you were looking for?
- Management:** The companies have promised to work on the payment security mechanism and we are hoping that they will be able to adhere to what they committed.
- Abhishek Puri:** Just one clarification on the elimination number you have mentioned as 430 crores in the quarter, is it which is due to the inter company transaction. Is it only for the purchase of coal from the coal assets?
- Management:** Sir it is dividend, it is everything for services for dividend so it is not limited to, but a significant number is coal.
- Abhishek Puri:** Sir just an update on the Maithon coal availability because I think we were looking on the railway siding which we had purchased. So has the coal availability improved over there?
- Management:** Maithon coal availability for 100% of the generation. We have no shortfall on account of coal. The shortfall if any is on account of the transmission, evacuation on a short-term basis.
- Abhishek Puri:** What will take up the transmission availability? Is there some line, which has to be commissioned in the region?
- Management:** No if you have been following the sector today after the grid failure in July, the national grid adapted a new concept of rating called thermal rating concept and based on that the inter regional evacuation today has come down and therefore only long term contracts are being catered to. There is no merchant power movement or short-term power movement.
- Abhishek Puri:** I was presuming that the Maithon project would have a long term PPT assigned with the power grid?
- Management:** Abhishek you missed out then on that part when I mentioned that 700 megawatts is on long term basis and getting fully dispatched and paid for 300 megawatt, which was with Punjab. Punjab has opted not to take that for their reasons and therefore we are working on doing the long term tie up because as you know that since there is no case 1 bidding one has to wait for the long term tie up, but we have been successful in tying up for 150 megawatt. We will announce as soon as we sign the contract, which is underway and the rest 150 we are looking forward to signing up in next quarter.
- Abhishek Puri:** So just to make it very clear it is the 700 megawatt a long term grid availability is what you have. Just my last question, despite the company having stakes in two domestic mines we have not

seen large capital deployment or progress towards the end use power projects. So are you not enthusiastic as the other peers in the industry to develop these projects?

Management: Abhishek you should know that Coal India appointed committee headed by the additional secretary Mrs. Zohra Chatterji looked at all the mines that were allocated in the last few years and basis which did three type of categorization. 1. Those, which were progressing satisfactory. 2. Those, which one sort of qualified to be canceled, but where some BG reduction, etc had to happen because they had breached the schedules, which were allocated and third where they canceled the mines because of low to nil progress. By the way both our mines were not in the last two categories. They were in the category of satisfactory performance and progress. Now what it means is that there is a time in which you actually do the mine plan, get it approved, take environmental clearance, take forest clearance, do the acquisition for land, and do those works. This is that period. So we are moving satisfactory and that is what has been determined by an independent assessment team also.

Abhishek Puri: Sir we are not doubting on the progress of the company or the mine site, but on the end use project.

Management: The point was, are you not as exuberant as some others and I think I gave you that flavor that we are very keen to progress and we are progressing. However, the capital flight you will see will start happening once the things move to the groundwork.

Abhishek Puri: And sir where are we on the end use projects over there I mean have we start to put out the tenders?

Management: We had put out the tenders for the two projects in Jharkhand as well as in Odisha, but considering the fact that it takes more time we didn't want those bits to remain open and continue to get extended. So we have put that in abyss and we will revise them as soon as we see the firm date on other clearances on the mine side.

Moderator: The next question is from the line of Venkatesh Balasubramaniam of Citigroup.

V Balasubramaniam: Coming to my question sir you said the project cost right now for the Mundra project is 175 billion. Now what exactly do you expect the debt equity of the project to be now?

Management: The debt equity continues to be same as before.

V Balasubramaniam: So are you getting draw downs from your bank still? Is it still 75/25.

Management: That is correct.

V Balasubramaniam: So the banks are lending to you. And when do we see clarity in terms of you know giving that 75% stake in the coal SPV and you know as a security to the lenders when does that happen by?

- Management:** See we are talking to the lenders and we are working on what will be comfortable for them and us and once those discussions conclude then we will move in that direction.
- V Balasubramaniam:** I mean in a way is it anyway linked to your hearings, which are going on with CERC. Your time to see if there is going to be clarity on that and then possibility if you call on this.
- Management:** Well not master minded from our side, but certainly one is looking for CERC clarity and perhaps may be the lenders are looking for that more than us. If they know CERC gets the favorable verdict in which case they may not want old to be a part of the portfolio because as you know these days many large lenders and we have friends like RRC ADB and KEXIM as a part of this set of lenders and they may not want to see coal as such as a part of that perhaps.
- V Balasubramaniam:** You mentioned the Mundra UMPP average selling price. We got confused because we heard two numbers, one was 2.45, the other was 3.45?
- Management:** 2.45.
- Moderator:** The next question is from the line of Amit Sinha from Macquarie.
- Amit Sinha:** My first question is on Mundra as to what is the current equity in the project and if the impairments continue at what level are there any covenants which get triggered or the bankers are comfortable with the 75% equity that we might put in into that subsidiary from our coal or does it mean that we need to put in higher cash equity into this business?
- Management:** The lenders have decided to continue the current arrangement till their review in June of 2014. However you please understand while the project is funded 75/25 all the funds needed to fund the losses in terms of meeting the interest are met by us choosing funds. As long as you make those funds available and that is subordinated to loans they don't care whether it is equity or subordinate debt or what.
- Amit Sinha:** And in terms of what is the company's position on this till the time the CERC ruling does not come through or we don't have a favorable judgment. Till what would Tata Power go ahead and continue to fund these losses?
- Management:** We will continue to fund the losses till there is more clarity on the CERC as well as clarity in terms of our discussions with the lenders in June 2014.
- Amit Sinha:** Last question on this CERC you said that they have been hearing as late as last week. Any timeline or any kind of particular steps which are left on that because we had number of rounds of submissions from your side and key users?

- Management:** The CERC is a regulatory body just like you can't tell the courts when they should give the judgment it is so for CERC also. It is as Mr. Sardana described we are waiting for the minutes to be uploaded to clarity on what is the next step.
- Moderator:** The next question is from the line of Vishal Biraia from B&K Securities.
- Vishal Biraia** Sir updates on CAPEX for the coal mines that we are developing the infra so as to lower the cost of coal movement?
- Management:** There is no change from the past one, it is the same because we are at the moment trying to get the approvals and move towards the process of land acquisition, which is after which you look at the CAPEX.
- Vishal Biraia** Sir on a sequential basis we see a decline in cost of production from \$45 in the sequentially quarter as compared to \$41 in this quarter. What reason would attribute this drop to?
- Management:** Lower production and we are limiting ourselves to those pits which have a lower strip ratio.
- Moderator:** The next question is from the line of Nitin Arora from Nirmal Bang Equities.
- Nitin Arora:** What is the depreciation cost at the coal SPV?
- Management:** See if you talk about the coal SPV where we hold the investment, the coal company's depreciation amount refers to 100% is \$89 million for Q3.
- Moderator:** The next question is from the line of Vishal Periwal from CIMB.
- Harish Bihani** This is Harish Bihani from CIMB. My first question is on the recent MoEF notification on use of higher GCV coal for Ultra Mega Power Project. I just wanted your view on the same.
- Management:** We are seeking clarity as to what does it mean and because right now what it says is that it is for the new UMPPs and how what is the intent etc, we are just trying to seek those details. If you have more information it will be appreciated we could discuss that.
- Harish Bihani:** Sure sir because there is still no clarity whether it is for new UMPPs or it will be applicable for old UMPPs, so you would seek that clarification.
- Management:** No that while we do that, whose sort of interest would this serve in terms of the way it is being specified that is a point I was making, whether it is the change of law.
- Harish Bihani:** Secondly sir if you can share the total standalone debt as on 9 months FY13 and bifurcation between debt for standalone business and for others?

- Management:** Standalone debt is 9500 crores about and consolidated debt is 35800 crores.
- Harish Bihani:** The debt used for standalone business and for others basically if you have taken debt to fund equity for some of your projects.
- Management:** It is very difficult. cash is extremely fungible. I can say surplus has gone into one, loan has gone into other, because the investment and our specific borrowings are either for specific projects or for corporate purposes. So the corporate purposes can be again for our equity requirement into our division performance or equity requirements into our SPVs. So it is very difficult to isolate. What we can give you not now later is what are the loans that have been taken for specific project, so the remaining loans are for corporate purposes.
- Harish Bihani:** Right if you can share that it will be great sir. Sir my last two question quickly is one on the CAPEX for Kalinganagar project for the first 3 x 67.5 kcal based project what is the status on that and any update on the clearance for 3x150 MW and secondly on Trombay Unit-6 the conversion from oil and gas to coal, any update on that and also with respect to this particular conversion how will the regulated equity get adjusted in case of converting from oil and gas to coal?
- Management:** We had the public hearing last month. We are awaiting the collector's report on the public hearing. This report will then be sent by the collector's office to the MoEF and so it will take about 3 to 6 months before we get a complete clearance on the coal conversation project. Now in terms of equity the total cost of the project is expected to be around 1100 crores and we will fund it on 30-70 basis. So the residual equity of unit 6 as it exists will get added on to this and apart from that you have the coal burst augmentation and the coal conveying system, which will not get just attributed to unit 6, but it will be CAPEX to unit 6 and unit 5 because of additional coal that will come into from Trombay through the coal berth .
- Harish Bihani:** So the next year in case we get approval for this CAPEX for the Trombay Unit or the standalone will be much higher?
- Management:** Yeah total project cost is about 1100 crores, so 30% of that will be equity. It will be over 15 months it won't happen in one.
- Harish Bihani:** And sir CAPEX and update on Kalinganagar project?
- Management:** Kalinganagar the CPP-1 for 202.5 MW the total CAPEX is about 1050 to 1100 crores. We are still finalizing the last part of the project that is the expected CAPEX for CPP-1. CPP-2 is very early stages, we are still getting the clearance.
- Harish Bihani:** So we haven't spent anything so far on Kalinganagar because if you look at the annual report we had said that we have already placed orders for steam generators.

- Management:** Yes CPP-1 orders have been placed, civil works are in progress. Except the civil works is in progress the latest report is the boiler drum has come to the site. Significant amount of work has happened in CPP-1, I was talking of CPP-2. The actual CAPEX spent as of date is about 100 crores.
- Moderator:** The next question is from the line of Rakesh Vyas from HDFC.
- Rakesh Vyas:** Sir can you tell what were the number of units sold in CGPL in the third quarter?
- Management:** The MUs sold in quarter three are 3256.
- Rakesh Vyas:** So effectively the fuel cost is less than Rs.2 is that right sir and that includes some part of the port fixed charges.
- Management:** Yes that is correct.
- Rakesh Vyas:** Secondly sir if you can brief us as to what was the strip ratio this time around in Coal Company?
- Management:** It will be I believe 9.41 compared to Q2 10.4.
- Rakesh Vyas:** If I look at the total inventory at the end of 9 months, it stands at around 6.5 million ton and if I calculate based on the inventory in the P&L, it works out to around a cost of 35 dollars. So I am just trying to understand are there any other items, which are not part of the inventory calculation and are part of cost of production?
- Management:** No if you have a specific query I suggest you send a mail to our investor relation team and we will explain to you.
- Rakesh Vyas:** Is that coal inventory?
- Management:** Yeah it is coal only.
- Rakesh Vyas:** Sir last question is on the captive blocks. You highlighted that you know the IMG has actually looked at the progress, but we also heard that some amount of BG reduction was recommended so if you can highlight as to is that true what is the amount and is there a corresponding impact taken in P&L so far.
- Management:** No Rakesh there was zero BG rate reduction recommended for any of the Tata Power held blocks.
- Moderator:** The next question is from the line of Anup Kulkarni from Emkay Global.

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- Anup Kulkarni:** Sir my question pertains to Mundra tariff of Rs. 2.45. The CERC inflation rate adjustment happened at one shot in October or you are doing it proportionately every month?
- Management:** It is done every month proportionately.
- Anup Kulkarni:** So this is the average tariff, which you have given for the quarter. So is it possible to give the current tariff numbers for lets say February or January, which you had built?
- Management:** December we can give you. Anything later than December we can't specially give you.
- Moderator:** The next question is from the line of Abhishek Puri from Deutsche Securities.
- Abhishek Puri:** Regarding the increase MAT rates have been claimed by Reliance Power and the Sasan UMPP bid, have you built that into the numbers and tariffs for Mundra UMPP?
- Management:** Not yet. It is a separate petition. You can't bill till we move a petition to CERC and get those extras adjusted. So we will also be moving at an appropriate time.
- Abhishek Puri:** Sir secondly on the income to be recovered in the future tariff determination, which you have mentioned the consolidated numbers have gone up quite considerably whereas I think for NDPL the tariff has increased. So what has this been attributed to?
- Management:** NDPL also, while the tariff has been increased, the regulator mentioned that he will permit power purchase variation due to fuel every quarter and he skipped one quarter due to which even NDPL's regulatory assets have gone up. So the difference in increase you see between the standalone and conso is contributed by NDPL.
- Abhishek Puri:** Does this contain any interest income on the outstanding receivables?
- Management:** Well whatever we are entitled to under the CERC regulation or whatever regulation we are governed is also claimed to be recovered from future tariff.
- Abhishek Puri:** So has that been built into or accounted for in the revenues here?
- Management:** Yes if it claimable without ambiguity we do build it into revenue. If there is some ambiguity then we take a view.
- Abhishek Puri:** What will be receivable amount outstanding on the daily books are right now.
- Management:** On which division?
- Abhishek Puri:** This is for the Tata Power distribution in Delhi.

Management: No receivables other than regulatory asset is not a very significant number.

Abhishek Puri: No I mean to say regulatory assets?

Management: 4427 crores.

Moderator: As there are no further questions I would now like to hand over the flow back to Mr. Anil Sardana for closing comments.

Anil Sardana: Thank you once again. I appreciate all of you joining on this call. If you have any other further information that you wish to seek from us, please do write to our investor relationships cell and we would be pleased to respond to you in time.

Moderator: On behalf of Tata Power that concludes this conference.