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"Tata Power Co Ltd. Q4 FY19 Results Conference Call"

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CHORUS CALL®

MANAGEMENT: MR. PRAVEER SINHA – MANAGING DIRECTOR, TATA POWER
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Moderator: Ladies and gentlemen, good day and welcome to the Tata Power Company Limited Q4 FY'19 Earnings Conference Call. As a reminder, all participants' 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, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Praveer Sinha – CEO and MD of Tata Power and Mr. Ramesh Subramanyam – CFO of Tata Power. Thank you and over to you.

Praveer Sinha: Thank you, Rayomand, and good evening and welcome to the analyst earnings call to discuss the Q4 Results for Tata Power. I have with me, Mr. Ramesh Subramanyam, CFO of Tata power, along with few of my other colleagues.

As all of you know, the Power Sector has been going through very challenging times and so does Tata Power where we have been facing challenges especially in terms of the market conditions and the coal prices. In spite of all these, the Company continues to do well and has consolidated all our existing businesses, we are implementing many initiatives to reduce our losses, especially in CGPL and also have taken steps to monetize the assets to have a robust leverage ratio.

The Q4 performance has been strong in our existing operations which is typically the Mumbai operations, the Delhi Distribution, Maithon and the other operations. In fact, in this quarter, we have been able to meet our underlying EBITDA numbers of nearly Rs 9,753 crores, which is marginally lower than the last year's EBITDA of Rs 10,000 crores and this is in spite of the DMO impact for the whole year. Similarly, we find that the EBITDA for the quarter has been very good; it has been Rs 1,879 crores as compared to Rs 1,391 crores in the last quarter and it is nearly 35% more than the last year same quarter. Q4 FY'19 consolidated PAT also for this year has been higher by 119% at Rs.259 crores against Rs.118 crores for the previous year.

The Renewable business has been the focus area of the Company and during this year we have been able to commission 200 MW of solar capacity and we have another 400 MW which is under construction and will get completed within this year. Apart from this, the Renewable business has delivered EBITDA of Rs. 606 crores which is nearly 34% more than the last year same quarter. Similarly, the Solar EPC business continues to grow and has been able to have order book of nearly Rs.1,600 crores which is ongoing apart from the revenue of Rs.3,180 crores for the last year.

The impact of DMO regulation in Indonesia is something which has been a concern for the Company for last few quarters. And with the softening of coal prices in the last quarter, we have seen that the DMO impact in the last quarter was not very significant, though the 25% commitment continues to be there to supply to local Indonesian generation companies.

The Company has also worked out various initiatives in terms of buying distressed shipments and higher blending of coal which has reached a level of about 35% on an annualized basis which has helped us to save nearly Rs.200 crores for the full year.

As far as the Mundra project and the HPC recommendation is concerned, Gujarat has already approved the proposal and the discussions are on with the other four states. We understand that after the election, all the other four states will take a decision and hopefully based on the recent positive development where the order for Mundra plant of Adani was given a positive decision, we expect similar compensatory tariff to be provided for us. We hope that this will bring closure to the uncertainty on the Mundra tariff.

We have also undertaken assessment of the potential growth opportunities and the strategy is getting finalized. We hope that we should be able to come up with our revised strategy which will help us to secure sustainable growth in the future.

We are also through our Resurgent Platform in the process of acquisition of 1,980 MW Prayagraj project and though there has been an order from UPERC, we have got the decision from the Allahabad High Court that the issue needs to be decided by APTEL and it has to be decided quickly so that finality comes to the whole process and we expect that once this is decided we will be in a position to take over and run this plant.

In terms of various other businesses, especially in terms of the Value Added Services that we have started, one area which has moved forward is the EV charging facility and we have already set up 65 EV charging stations in last one year and we hope that in coming years based on the strategy that we have, we will be able to increase our footprints in various other parts of the country.

We have also gone aggressive on our Rooftop Solar initiative. And since the last time that we spoke, we have covered 18 cities in the country consisting of mainly cities like Delhi, Mumbai, Bangalore, Chennai, Kolkata, Dhanbad, Ranchi, Kochi, Jamshedpur and we expect that by the end of this financial year we will be in 100 cities. We are seeing very good traction in terms of the demand for the Rooftop Solar and the total end-to-end service that is being provided by Tata Power.

Tata Power Delhi Distribution has also been taking large number of initiatives especially in terms of energy storage. The first battery energy storage project of 10 MW was commissioned in this quarter and we expect many of these initiatives will happen in other parts of the country as also in Delhi and Mumbai by Tata Power.

We have been taking lot of steps especially in terms of debt reduction. We have initiated the discussions to divest from our investments in international locations especially the ones in South Africa and Zambia and we hope that within this financial year we will be able to close some of these.

Also, on the Defense business, the whole process of approval is going on and we expect that the NCLT decision will come soon and thereafter the balance documentation that needs to be done will be completed and this divestment also will get completed in this year.

I would now hand over the call to the moderator for questions and answers and my colleague, Ramesh Subramanyam will respond to them. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Punit Gulati from HSBC. Please go ahead.

Puneet Gulati: Just trying to understand two things here: #1 on your Prayagraj acquisition, if the APTEL were to decide in favor of UPCCL, i.e. they go for a cut in tariff, would you still be obligated to buy the asset?

Ramesh Subramanyam: No, we will not be obligated to buy because that is not the terms of our agreement with the banks.

Puneet Gulati: Second, given the current low coal prices, what kind of relief would you be expecting on the Mundra asset now?

Ramesh Subramanyam: This would be anywhere between 30 to 50 paise depending on what exchange rate and what coal price you take.

Puneet Gulati: So on your reported numbers, what kind of relief would it have translated to?

Ramesh Subramanyam: So the current quarter for example is about 60 paise, that is at the current level and remember that you have a reduction of about 20 paise in the HPC report for the lenders, so that really is 40 paise and then there is some relief on the mining income also which is to be given. So that depends on how the calculation works at the other end for the mine. So it is as I said 30 to 50 paise at various points of FOREX as well as coal prices. So at the current quarter rate, it could be probably closer to 30 than 50.

Puneet Gulati: So 30 paise increase in your tariff, that is how one should look at it?

Ramesh Subramanyam: Yes.

Puneet Gulati: Lastly, how are you thinking about the other distressed projects in the system – are you looking to bid for more, do you think they are good enough to be bid for at all?

Praveer Sinha: We keep on examining many of these projects and as we have mentioned earlier also that we look at these assets in terms of how much of PPA is tied up, how much coal tie up is there and also what sort of tariff the project has so that in the merit order these plants can be dispatched. So, there are number of criteria that we look at and if there are any good assets that we find, we will definitely examine it and take a call.

Moderator: Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Sir, my first question was regarding Prayagraj. Have you finalized EV and can you just share how it is getting funded?

Ramesh Subramanyam: I think given that we do not have the basic approvals in place, I would hesitate to go into those details now. Let us first get the most important thing about whether at all the terms based on which we had made our offer to the banks, whether that is acceptable in the first place because today talking on these numbers is not probably the right time to discuss that. It is still sub-judice matter. Let us wait for some time before we discuss.

Mohit Kumar: On the Arutmin, there was a payment of $400 million which is getting reduced YoY. So how much is outstanding right now at the end of FY'19?

Ramesh Subramanyam: From the $400 million, we have received already $170 million and we have made progress in this year, we continue to make small progress every month. So hopefully these trickles will fill it up.

Mohit Kumar: $230 million outstanding right now?

Praveer Sinha: Yes, but when we started the year, we were $100 million, this year we have collected nearly $70 million and we expect similar amounts in the coming years.

Mohit Kumar: Is it possible to quantify the DMO impact for the entire fiscal year?

Ramesh Subramanyam: This entire fiscal year we had about Rs.240 crores impact because of DMO. That is our rough estimate because these are not perfect numbers

Mohit Kumar: Is it possible for you to lay out the CAPEX plan for FY'20 and FY'21 for the group?

Ramesh Subramanyam: As you know, Mohit, we have two major kinds of CAPEX – one is really the regulated CAPEX which is ongoing which is for our Mumbai and Delhi operations and to some extent for our JVs in Tata Steel and Maithon which are similarly regulated. This CAPEX is normally around Rs.600 crores to Rs.1,000 crores every year. What we cannot say is about the Renewable business because that depends on timing of winning the bid. So, as we speak today, we have 400-odd MW in the pipeline, so that is the kind of CAPEX we are talking about going forward.

Moderator: Thank you. The next question is from the line of Rahil Shah from Mukund Capital. Please go ahead.

Rahil Shah: Mr. Sinha, actually I have been a shareholder of Tata Power for almost 15-years now. The returns which Tata Power has given except for dividend has been much lower than even FD returns.. So, what is the plan for creating wealth for the shareholders? It is a long, long time actually and in the same period so many companies have grown multiple times including TCS. I am not expecting those kinds of phenomenal returns but at least there should be some strategy in place to create some wealth for shareholders. Except for Rs.1.30 of dividend, we do not get anything for the past 15-years.

Ramesh Subramanyam: Rahil, as you know, this is more a quarterly call on the results. However, this is a good question we should have when we meet investors like you. Your assessment on the outcome is right that we have not been able to give total shareholder returns of that magnitude, but please remember we are in a business which has gone through lot of turmoil in the last decade and you know how the industry is doing. I think it is right now difficult job to even stay where you are. We are working on intensely to improve situation. As you also know Mundra plant alone has put us under lot of pressure. Going forward, we have several things in the pipeline to improve the profitability as well as growth prospects of the Company and you may just count on us and wait for our communication from time-to-time on how we want to implement our strategy going forward.

Rahil Shah: I have a couple of questions actually. One of the questions is regarding the international projects which you are planning to quit actually, the one in Zambia which you mentioned and one in South Africa, these two businesses. What about the Georgia business? Are we thinking of exiting that business? And if at all we exit these two businesses, Zambia and South Africa, what kind of funds can we expect? That is question #1. Question #2 is regarding Tata Projects. There were reports in media that Tata Projects is going to report Rs.15,000 crores of top line this year and it is growing at about 20% plus order book position of Rs.50,000 crores, with probably net profit of more than Rs.350 crores in the current year. You hold 48% in Tata Projects. So, what is the strategy to divest that? We can get about Rs 3,500-4,000 crores from that. Third question is regarding Tata Sons. You are sitting on 6,673 shares of Tata Sons. Tata Sons has got assets of over Rs 5 lakh crores. Why cannot Tata Sons announce a buyback that will infuse Rs.6,000 crores into your Company which can also be used towards reduction of debt. So why are not these aggressive steps being taken to revive the Company and that too fast? We have seen this happen in Indian Hotels and the stock has done exceptionally well, it is going to create not only wealth for shareholders but also for your trust which does so much of charity. My only request to yourself is I have seen what you have done in Tata Power Delhi Distribution, moving the Company from loss into profit and it has done exceptionally well under your leadership. I expect Tata Power to also do similarly under your leadership. But I think some aggressive steps need to be taken now from your end.

Praveer Sinha: Absolutely, right, Rahil. We are taking lot of the steps. And as you would have seen that our whole strategy is now getting into many of the new businesses and services business. We expect many of these solutions will give us better valuation in future. Apart from that, as I mentioned to you, we are divesting and some of the other investments that we have, whether it is in Tata Projects or any other company, we are examining at what is the right valuation and what will be the right time to exit some of the businesses. So, one has to take a more long-term and strategic view on such investments. And these are something which we are very diligently working on and I am sure in the times to come you will see many of the results happening and better valuation coming for our shares.

Moderator: Thank you. The next question is from the line of Dhruv Mucchal from Motilal Oswal Securities. Please go ahead.

Dhruv Mucchal: Sir, can you share the invested amount in Zambia and South Africa, what is the equity and what is the debt there?

Ramesh Subramanyam: In South Africa, the invested amount is about USD 60 million in terms of equity and Zambia would be about USD 45 million in terms of equity.

Dhruv Mucchal: Sir, what would be the debt?

Management: Remember, this is the equity value. So we do not have to worry about debt. It is a JV Company.

Dhruv Mucchal: Okay, they are JV companies?

Management: Yes.

Dhruv Mucchal: Sir, secondly, just some clarification on the HPC's calculation of sharing of mining profit. Now there is an item called tax, I mean, the tax which has to be deducted. Now as per the CERC's earlier report, this tax amount was about 52% or about 47%. But this did not include the dividend distribution tax from Indonesia and India. So does HPC consider that dividend distribution tax or no?

Ramesh Subramanyam: We have asked for it. Let us see how it pans out because according to us ultimately the benefit that comes to Tata Power is at a parent level after paying the dividend distribution tax. There have been some discussions on how to handle it. When we go to the Commission, they will probably address it.

Dhruv Mucchal: There is some confusion in the HPC because they specifically are not mentioning dividend distribution tax, probably this is a genuine leakage?

Ramesh Subramanyam: Yes, we are aware of that and we are intending to take it up so that there is more clarity on that.

Dhruv Mucchal: Sir, thirdly, our debt amount remains broadly same. But you have included a new line item called as debt on Coal SPVs, that I mean dividend on SPV coal. If you can explain what is that?

Ramesh Subramanyam: What happens is we have a very tight cash distribution arrangement at our coal mines through which all the cash surplus gets automatically transmitted to our holding companies of all the partners just to ensure that the cash does not lie at the mines. Now, when these amounts are distributed, they are technically dividends but it takes time for the process for dividend declaration, etc., to be completed. Till that time it remains as loans. So they are loans waiting for conversion into dividend. So for all practical purposes, they are equity money.

Dhruv Mucchal: Which you are yet to receive but you have received that amount as loan?

Ramesh Subramanyam: Yes, and for transfer pricing purposes, they still have to pay a certain interest on that because that is as per the transfer pricing rules. So they are in the books as loans but as soon as the dividend is declared by those mining companies, they get converted into dividends.

Dhruv Mucchal: But in that case that should be in your cash balance, right?

Ramesh Subramanyam: Yes, we have received the cash and paid the loans also. In fact, you know that we have loans in the SPV, so they get paid from this money. That is why the loans in the SPVs have come down.

Dhruv Mucchal: If you have included that amount in cash, so why are you showing that again as debt against dividend in coal SPVs?

Ramesh Subramanyam: No, on paper it appears as the consolidated debt. It is an external debt because you practically sign a loan agreement till it is converted.

Dhruv Mucchal: Sir, any status on Tata Projects?

Ramesh Subramanyam: Just as Mr. Sinha mentioned, remember that we are the largest shareholder, we have 48%, so there are strategic implications, I think we need to find the right timing to get this done and also it has implications otherwise on the business itself. So we are really working on it and hope to get a solution fast.

Dhruv Mucchal: Any likelihood in FY'20?

Ramesh Subramanyam: We are trying our best.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir, continuing with that question on debt, our debt number on a gross debt basis has pretty much remained same in 2018-2019. Can you tell me what is the repayment that you have due this year i.e. Fiscal '20 and what is the exact US dollar debt that is outstanding at the coal SPVs at this stage?

Ramesh Subramanyam: As of the closing of the balance sheet, the repayment obligation would be around Rs.3,700 crores, Pulkit. Now remember that we do keep refinancing in between depending on what is the right thing for a particular debt. So that of course happens later.

Pulkit Patni: Second, somebody asked the question, what is the thought process for Georgia right now in terms of we will continue keeping that asset or that is also something that has been put up on sale?

Ramesh Subramanyam: Georgia right now is under construction, Pulkit. Yes, in terms of strategy, since we are treating our international assets on the same page, this maybe on the agenda at some point of time, but remember that unless we complete the project and make it a proposition for any prospective buyer also, it would not be easy to dispose. So right now, we are not in that mode. We are right now getting the project completed properly, getting the loan restructure and tying up the PPA. It is clearly one year away before we get on to that thought process.

Pulkit Patni: It is still far away, right. So lastly, if I look at the debt on the standalone business, I just want to understand what is the incremental debt that has been given by standalone to any of the SPV this particular year?

Ramesh Subramanyam: Apart from the ICDs and all that we keep giving to some companies, the biggest one is CGPL where we keep pumping for funding the losses. That cumulative figure right now is about Rs.8,000 crores.

Pulkit Patni: Rs.8,000 crores debt given from parent to CGPL?

Ramesh Subramanyam: Yes.

Moderator: Thank you. The next question is from the line of Apurva Bahadur from ICICI Securities. Please go ahead.

Apurva Bahadur: Sir, wanted to know firstly on the DMO side. I believe it was about to end this year. So any update on that?

Ramesh Subramanyam: Yes, the original notification was expected to be effective till December of this year and we are all waiting whether the government will take a relook when the new government comes in. So let us wait and see how it goes. As you know, Indonesia has also just had election. So we are waiting for the outcome.

Apurva Bahadur: Also, on this Prayagraj power side, as you said that Allahabad High Court has directed APTEL to decide on the tariff cut. So basically I just wanted to know who approached the High Court – was it you or were it the lenders and what has the High Court exactly asked APTEL whether the UPERC should have a say in this matter or the quantification of the tariff cut?

Ramesh Subramanyam: No, the High Court only examined the jurisdiction and also recorded the urgency of the matter and said that given that it is a very complex matter under the Electricity Act, it felt that APTEL is a better agency to deal with it and a forum to deal with and of course it has given directions to expedite it. That is all the High Court has done. And now time-bound instruction has been given. So now the entire matter would be heard by APTEL.

Apurva Bahadur: So APTEL would basically examine whether UPERC has the authority to deal with such issues?

Ramesh Subramanyam: Correct.

Apurva Bahadur: And then later on again what will be the course of action on that quantum?

Ramesh Subramanyam: Quantum is something which will be up to on the banks to decide whether to at all agree or not. The reason we have appealed is that we are not agreeable to the quantum of reduction that UPERC has been asking. So we will wait and see what we get at APTEL.

Moderator: Thank you. The next question is from the line of Indrajeet Bhatia from Macquarie. Please go ahead.

Indrajeet Bhatia: My first question is on Renewables. Could you kind of lay down in terms of next two years or so what kind of capacity addition that we are looking at and are the PPAs already kind of signed or this is buildup of capacities based on our expectations of growth coming in the sector?

Praveer Sinha: The utility scale projects are dependent on what sort of bidding takes place. What we are seeing is that in last six months, there is not a single bidding which has happened and we expect post-election large scale biddings to take place. As per our analysis, something like 20,000 MW of the projects will be bid out in the next two to three months and we expect to be a big player in this and has a bigger total pie of the total project which have been bid out. So it is very difficult at this stage to say that how much of it we will be doing, but we will definitely participate in all the bids which are coming in which typically many of them would be based out of solar parks and we will bid quite aggressively to have a larger share of the pie.

Indrajeet Bhatia: Can you just remind what is the overall renewable capacity outside India with us including the Georgia which is under construction?

Ramesh Subramanyam: Right now 235 MW wind and 300 MW hydro and of course we have one in Bhutan as well which is 126. So, if you add that it is 426 MW of hydro outside of India total under construction and constructed.

Indrajeet Bhatia: One book-keeping question. Just looking through your Delhi numbers, power purchase cost seems to have gone up very significantly in Q4. Any particular reason there?

Praveer Sinha: What has happened is that the cost of coal has gone up because of which the power purchase cost is higher. Also in Delhi, they used to give certain credit for the banking of power which earlier they were giving a credit at Rs.4, now they have reduced it to Rs.3. So that is also one of the reasons for the power purchase cost showing on the higher side.

Indrajeet Bhatia: Can you just share some feedback on what is your assessment of the privatization opportunity in the distribution right now? Are still small franchises which are being available or is there something larger which is expected say post-election?

Praveer Sinha: One of the biggest that came was before the election in last year October to December. This was the CESU bid in Odisha which is a huge area of nearly 40,000 sq.kms. with 22 lakh consumers. So that is on PPP basis something similar to the Delhi model. Apart from that we expect many of the states are toying with the idea of going for PPP including Jharkhand and some of the cities in UP. So let us see how things pan out post election and what the government of the day decides on it.

Moderator: Thank you. The next question is from Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Sir, one question regarding Zambia power plant. Are you facing any issue with receivables in Zambia?

Ramesh Subramanyam: Mohit, yes we do. We have not received our receivables for quite some time. We are working with the Government of Zambia and the lenders also. This is more an economic issue with Government of Zambia because remember our partner is also the agency which purchases power being the state-owned utility. We are working. Hopefully will get it resolved.

Mohit Kumar: Do you expect it to get resolved in the next three to six months?

Ramesh Subramanyam: It can. According to the government, they are working overtime on that and trying to solve the problem. But we have not seen in the last one year much progress. So while we are cautious of the timing of outcome but let me say that is on the top priority of the government.

Moderator: Thank you. The next follow up question is from the line of Dhruv Mucchal from Motilal Oswal Securities. Please go ahead.

Dhruv Mucchal: Sir, if you can throw some light on the cost of production at mines. There is a sharp decline QoQ from $40 to about $36 now. How do you see this I am asking because we have seen a sharp reduction in coal prices?

Ramesh Subramanyam: One of the big driver for the cost of production is also fuel cost. We do not expect fuel cost to come down very sharply. But of course, every time there is a pressure on the coal mines, we do put the pressure back on the mining contractor. So it is an ongoing issue. We also kind of compress our cost structure as we face pressure for the cost and this I think will continue.

Dhruv Mucchal: So, for a few quarters, the cost could remain high but then it could decline?

Ramesh Subramanyam: I think the mine management is working very hard to actually ensure that our margins are not reduced. So let us hope that they are able to do it faster than what you are saying.

Dhruv Mucchal: Sir, now we have seen the high-grade coal prices decline quite sharply but there has not been similar reduction in the low grade prices. So, do you still see the benefit which you have got in Mundra because of the low GCV, can it still continue at the same quantum or should we see some change there. You probably got Rs.200 crores benefit this year?

Ramesh Subramanyam: Yes, that is a rough estimate. Calculating such a benefit is not easy because it has to factor the different pricing and forex levels as well as is a factor of how much blending we do. So answer to your question is that yes, we feel that at this level the benefit should continue but let us wait and see.

Dhruv Mucchal: And sir, lastly on the interest cost. On QoQ basis our interest cost on a consolidated basis has increased by about Rs.100 crores. So does this include any foreign exchange or any other thing or Rs.1100 crores is the underlying interest cost?

Ramesh Subramanyam: So, one of the costs included in interest in this quarter is about Rs.80 crores pertaining to settlement of old, taxation related dues which also entails an interest payout. So we have provided for that. That is not exactly a financing cost but that is more relating to settlement of tax disputes in which there is an interest element.

Dhruv Mucchal: So ex of Rs.80 crores, that is the underlying number?

Ramesh Subramanyam: Yes, of course, there are minor issues of MTM, etc., which is okay.

Dhruv Mucchal: Lastly, just to understand it clearly, you mentioned that the DMO impact was about Rs.240 crores. The benefit which we got because of the low GCV coal at Mundra is about Rs.200 crores. So on a Company-wide basis, we were able to offset this DMO impact in FY'19. Assuming that there is no GCV benefit in next year and DMO is also not there, still on a delta basis you are same, that is right?

Ramesh Subramanyam: Yes, GCV benefit should continue as long as we keep blending. Then DMO impact of course would depend on the coal prices. Now with coal prices the more it goes down you have lower of the DMO impact which is what has happened this quarter. If the same structure continues, it will continue to provide the hedge.

Moderator: Thank you. The next question is from Abhishek Puri from Axis Capital. Please go ahead.

Abhishek Puri: Sir, two things: First, working capital work-in progress has gone up from Rs.1600 crores to Rs.2600 crores. Where exactly that has been spent? And secondly, your trade receivables obviously you have shown that they have increased. So just wanted to check is it related to Mundra as well or is it only the distribution in Delhi and Mumbai?

Ramesh Subramanyam: Capital WIP is essentially the renewable's ongoing projects and Delhi and Mumbai will have some WIP. Then your next question was trade receivables. Some of it is month-end receivables which normally we try and collect before 31st March, but this time it has slipped byond 31st March. Rs.700-odd crores is outstanding in Mundra due to this collection issue and there is yes, some kind of working capital effect on other places also but they are also due to regulatory orders which recently have been received and booked as receivables. So they will also be, let us say, liquidated in the coming months.

Abhishek Puri: In terms of the CAPEX that you would have spent in the current year and plans for the next year?

Ramesh Subramanyam: The CAPEX last year we had about Rs.3,500 crores at a consolidated level and this of course includes renewables as well as routine CAPEX. So, I think going forward, as I said, Rs.800 to 1200 crores we will normally have as regulated CAPEX but any CAPEX other than that is really pertaining to renewables which will depend on how many bids we win. Currently we have about 400 MW ongoing. So those are the only ones which will come up and any new bids that we will have, will come in later.

Abhishek Puri: My last question is on Delhi Distribution. Your revenue per unit has gone up quite significantly and so is the power purchase cost. So has there been an under-recovery to the effect of the excess power that we would have purchased in Q4 because your profitability is still low or has declined or is it only because of impairment?

Ramesh Subramanyam: It is only because of impairment because at the EBITDA level, in fact compared to Rs.292 crores last year, we are at Rs.323 crores.

Abhishek Puri: So on an overall basis, you have been able to recover the entire cost or is it just the book cost right now?

Ramesh Subramanyam: No, entire cost has been recovered, otherwise EBITDA would not be the same.

Praveer Sinha: It typically gets covered under the power purchase adjustment cost. The fuel cost increases get passed on under that and that is what will be recovered.

Abhishek Puri: In terms of process, just wanted to understand sir, it goes under the automatic fuel price adjustment mechanism or you have to take a specific approval?

Praveer Sinha: Up to 5% it is under an automatic mechanism and anything more than 5% you have to get approval from the regulator.

Moderator: Thank you. We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Praveer Sinha: Thank you very much, Rayman and thank you to all the analysts for their questions. In case there are any more clarifications, any more questions, please get in touch with my colleagues, Rahul and Kasturi and we will be more than happy to respond to all. Thank you for the call.

Moderator: Thank you very much. On behalf of Tata Power Company Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.