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## “Tata Power Q2 FY13 Analysts Conference Call”

**November 06, 2012**



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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.**  
**MS. PRITIMUKTA SARANGI – TATA POWER**

- Moderator** Ladies and gentleman good day and welcome to the Tata Power Q2 FY13 Analysts Call. We are joined by the Managing Director of Tata Power – Mr. Anil Sardana; the Executive Director of Finance – Mr. S. Ramakrishnan and Executive Director of Operations – Mr. S. Padmanabhan. As a reminder for the duration of this conference all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today’s presentation. Should you need assistance during this conference call, please signal an operator by pressing \* and then 0 on your touch tone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Anil Sardana. Thank you and over to you sir.
- Anil Sardana** Thank you. Welcome to all our analysts friends for our H1 and Q2 performance call. You have all the details of the results since already this is late in the day, I would just add stating that we commissioned the third unit of Mundra. And within a short span of less than 2 weeks or just about 2 weeks, we also achieved the commercial operation of that unit which shows the capability of the team to project manage large scale projects. All the 3 units as we talk are running. And we have also completed the performance guarantee test on unit one which has shown that the parameters are well competitive. The Maithon station, the development that I have to report is with regards to the railway line which has been a challenge that we have talked about in the previous quarter. So as of August the railway line issues got resolved. And now the acquisition process for 65 acreage of land on a linear basis has commenced. We expect that the land availability along with the railway clearance would be available by March. Thereafter it has to be ensured that we get the railway system up and running by December 13. These are the highlights in terms of the results. Since you have the details it will be good that we interact. So I would rather look forward to interaction and look forward to your questions. Thank you.
- Moderator** Thank you very much sir. We will now begin the question and answer session. Participants if you wish to ask a question, you may press \* and 1 on your touch tone telephone. If you wish to remove yourself from the question queue you may press \* and 2. Participants are requested to use only handsets while asking a question. Anyone who has a question may press \* and 1 at this time. We have the first question from the line of Atul Tiwari from Citigroup, please go ahead.
- Atul Tiwari** Sir my first question is on KPC and Arutmin, if you could share the production volumes, sales volume, average realization, and average cost in this quarter.
- S Ramakrishnan** Production during Q2 was 19.38 and the sales was 58.45 and the realization is 78.4per ton, cost of production is 45.48.
- Atul Tiwari** And sir why this big difference between production and sales 4 million tonnes?

- S Ramakrishnan** The surge in production took place almost towards the last month of the three months and there were some issues with the crusher while it produced from the pit and the overlying conveyer, due to which while the coal is lying, it is not necessarily lying at the port. So that problem we ran into last month. But by now the gap, the stock is reducing.
- Atul Tiwari** Okay and sir depreciation expenses booked in coal mines in the quarter?
- S Ramakrishnan** I believe it is 73 million which includes the lease payments for the mobile equipments and the amortization of expenses.
- Atul Tiwari** Sir I believe this number is down quarter on quarter. So any specific reason why depreciation should?
- S Ramakrishnan** I am told that the amortization by Arutmin is linked to its production. They have made that whole expenditure is supporting a certain total production. So if in a quarter, the production is low, the amortization of Arutmin is low.
- Atul Tiwari** And sir my final question is on Maithon, if you could shed some light on the operations of the Maithon power project and any specific reasons for losses at PBT level.
- Anil Sardana** The Maithon results have been sent to you.
- Atul Tiwari** Sir reasons for losses because it is regulated ROE kind of project.
- S Ramakrishnan** So 2 – 3 reasons. One is that the amount of coal we are able to burn.
- Anil Sardana** What you said is right, the regulated part applies on right now 750 megawatt of the production. The 300 megawatt of dispatch which is linked to Punjab is yet to get a confirmation from their regulator. And therefore if you see also the fact that on the trucking side we are able to comfortably get the coal for about 750 – 800 megawatt of production. So that's the reason why there is that gap while the EBITDA is positive and takes care of the interest and financing charges. There is an element of depreciation which is not getting taken care of.
- Atul Tiwari** In your opening remark you commented that railway system will be up only by December 2013. So is it fair to assume that we will be able to truck coal only to the extent of 750 megawatt till December 2013?
- Anil Sardana** Good question. The answer is no. I will tell you why. There are 2 sidings which are available very close to the plant in fact at a distance of about 4–5 kilometer radius. One siding we have already acquired and as such the coal from Tata steel and some of the mines from CCL have already started to come by railway up to that siding which is close by. So we don't have to truck 78 – 80 kilometer that we were doing till now. That's one change. Number 2, the CCL FSA

which has been signed during in the month of October early will start giving us coals from 1<sup>st</sup> of November. That will also come to one of the railways siding and then the trucking involved is just about the last mile of 4 – 5 kilometers. So good point but at the same time we will be able to truck all the coal that we will get and in fact in the last few days I can just tell you the average has already spurted up to about 10,000, 11,000, 12,000 per day which is what we need for the entire 1000 megawatt.

- Moderator** The next question is from the line of Hardik Shah from ICICI securities, please go ahead.
- Prakash Goyal** This is Prakash Goyal from ICICI securities. Just wanted to know the fuel cost at CGPL and realization per unit, if you can say that number, at CGPL.
- S Ramakrishnan** 2.60 is realization, the fuel cost is 2.28
- Prakash Goyal** Has it gone up significantly quarter on quarter because we were under the perception that the fuel cost is close to 160.
- S Ramakrishnan** This is not just the fuel cost. This is the total cost which includes the transportation, the port charges, fuel handling, not just the fuel part. Fuel is something like 1.5
- Prakash Goyal** And because you have various minimum guarantee contract whether it is a port charges or transportation charges, and that is the reason it is coming at 2.28.
- S Ramakrishnan** So all put together is 2.28. But variable cost is 1.53.
- Prakash Goyal** Sir I assume that remaining everything constant and if you go for a full time load utilization of all the 5 unit running at a decent PLF, what should be the fuel cost inclusive of the transportation and the port charges?
- S Ramakrishnan** It depends on the fuel cost at that moment.
- Prakash Goyal** I started with saying that if rest of the things remain constant as it is today. Basically I am trying to understand what is the impact in the 2.28 because of the various loading of lower capacity utilization?
- S Ramakrishnan** I believe it will be 40 paise lower say 1.9 or so.
- Prakash Goyal** And your realization 2.60 is weighted average for the full quarter?
- S Ramakrishnan** Yes it is for this quarter.
- Prakash Goyal** And second what is the cash level at coal SPV level and the net debt?

- S Ramakrishnan** SPV, what are you asking?
- Prakash Goyal** Basically the debt and the cash.
- S Ramakrishnan** Cash position of the SPV is 69 million and the debt is 790 million.
- Prakash Goyal** Sir one anomaly in the presentation. Basically in H1 it is written hat the coal SPV has given a dividend of 172 crores and this Q2 it is written as 187 crores. So what is the dividend actually received from the coal SPV?
- S Ramakrishnan** Which is the page?
- Prakash Goyal** Page number 10 it is written as 187 crores for Q2 and page number 16 it is written as 172 crores for the first half.
- S Ramakrishnan** Lower dividend, it is how much lower.
- Prakash Goyal** So what is the actual amount of dividend received during the quarter?
- S Ramakrishnan** H1 is 297, Q2 is 80.
- Prakash Goyal** 80 crores?
- S Ramakrishnan** Yes.
- Prakash Goyal** What are the other incomes because we see large other incomes in Q2?
- S Ramakrishnan** Second quarter is when all the dividends are received all our holding get dividends only in second quarter.
- Prakash Goyal** My last question with regard to the Mundra project, what has been the CAPEX so far done and how much debt have you received whether from external of internal debt total?
- S Ramakrishnan** the debt is 12,448, equity is 4141, that should roughly give you the total. The CAPEX may be a bit lower excluding losses, about 500 crores you can deduct the rest is fixed assets.
- Prakash Goyal** The 250 crores amortization is based on what dollar INR assumption.
- S Ramakrishnan** As given in the presentation, see the long term outlook of dollar which was in last quarter Rs.45, now it has moved to 50.

- Prakash Goyal** So the marginal impact is less because you have brought down the coal cost that you are likely to incur. Because of the success in the mixing
- S Ramakrishnan** There are various pluses and minuses, one is the FOREX we are telling but because of certain plusses and minus ultimately it comes to 250.
- Moderator** The next question is from the line of Arun Kumar from HSBC, please go ahead.
- Arun Kumar** Sir there was a petition today here listed for hearing between Adani power and this is a similar case like the Mundras, any update on how it is progressing?
- S Ramakrishnan** We have been very busy today with our board meeting.
- Arun Kumar** Anything you would like to update us on that..
- Anil Sardana** The petition that is admitted for both the parties is to be heard on 4<sup>th</sup> December and the various participants have been given time to file responses. So you have to wait for 4<sup>th</sup> December which is the first date of hearing for both the petitions.
- Arun Kumar** This is the first hearing and then you expect subsequent hearings and how long you expect that to go on?
- Anil Sardana** We can't say anything on the court process. As to how much time the court takes or the participants take in terms of arguments and counter arguments. We only know that the petition has been accepted, admitted and 4<sup>th</sup> December is the first date of hearing.
- Moderator** We have the next question from the line of Bhavin Vithlani from Axis capital, please go ahead.
- Bhavin Vithlani** Continuing on the earlier question if you can help us on a procedure wise, for the tariff revision, petition you have filed will see CERC, how the procedure will be, you will first approach CERC then how does that go forward?
- Anil Sardana** The CERC is like any other High Court, the petition has been admitted. Now the beneficiaries of the PPA who are the key respondents have to file their responses in writing. And the date that is given for next hearing is 4<sup>th</sup> December. So after 4<sup>th</sup> December it just depends on court to allocate dates and to see as to how fast they can put this dates for hearing. If the court decides to hear on a regular basis then they may want to dispose it off within a span of few weeks and if the court finds that various respondents are taking time, then it could well take a longer time
- Bhavin Vithlani** The second question is on the Indonesian coal mining, if you can help us what is the likely, can we believe now that the 19–20 million tonnes of production quarter per quarter is now kind of sustainable and what can we expect an increase in the production levels because you were earlier

highlighting that you will ramp up the production as the coal prices cools off. So what is the strategy on that and the realizations has been higher than what we are seeing in Indexes. When should we expect the realizations?

**S Ramakrishnan** The infrastructure that we have created can conveniently take the production to 80 million. But what actually happens is dependant of various factors.

**Bhavin Vithlani** So 80 million per annum is a potential capacity which will depend on.

**S Ramakrishnan** The infrastructure that we have created on the last year, year and half can help us to reach a production level of 80 million. Subject to various factors in terms of margins, prices, productivity range.

**Bhavin Vithlani** On the realizations when we see they have been higher than what we see in the indexes. There will be some element of contracts which are fixed price. What are the percentages of fixed price contracts?

**S Ramakrishnan** See now days since the bulk of pricing is based on the Indonesian coal, the HBA pricing, there is very little of the percentage contract that are on fixed price. HBA can sort of disturb that particular arrangement. There is a normally a very small lead lag between the spot price change and our realizations. It used to be those days between 6 months, 9 months. Now we find this reducing to some degree.

**Bhavin Vithlani** Fair enough. And the efforts you are planning on increasing level of automation to reducing the cost of production, any update on that? That is my last question.

**S Ramakrishnan** That's mainly in transportation from the pits to the port ultimately where the conveyer belts have been sort of commissioned.

**Bhavin Vithlani** So when can we expect the decrease in cost?

**S Ramakrishnan** In terms of transportation cost, as I said because of the conveyer cost will go down but the mobile equipment cost is the function of what the oil prices are going to be and the tyre prices. It has cooled of a little bit now, it was bad earlier.

**Bhavin Vithlani** The cost of production likely to be maintained at similar levels now. Given that the oil prices are stubbornly high and coal prices have moved down.

**S Ramakrishnan** If the production picks up in terms of volume we believe per tonne cost should fall to some degree.

**Bhavin Vithlani** \$3 – 4 is what was your, that would be a fair assessment.

- S Ramakrishnan** Yes.
- Moderator** The next question is from the line of Venkatesh B from Citigroup.
- Venkatesh B** When you say a reduction of \$3 – 4 on the cost of production, are you talking of 3 -4 further from \$45.5 kind of levels?
- S Ramakrishnan** I heard him saying it.
- Venkatesh B** Okay because you have produced around 19.4 million tonnes which is like almost 20 million tonnes which is almost close to the annual capacity that you have created 80 million tonnes. Isn't this the level at which the cost should be in the next couple of quarters also?
- S Ramakrishnan** Will be if the coal has moved to the port. When we told you about the production, if 19 million all of it has reached the port you would have seen some difference in the cost and in the sales. The bottom line is on the sales, this is all apportioned on the sales. If the sales had reached the same level as it typically does for production. So what you said, yes, that was possible.
- Venkatesh B** These cost of production numbers these are not on production these are actually on the sales on the sales quantity, not on production quantity.
- S Ramakrishnan** Except for valuation of inventory which is done on variable cost. All the rest of the fixed cost are all distributed only on sets.
- Venkatesh B** Coming to the Mundra UMPP now has debt repayment started there, because 2 – 3 units have got commissioned.
- S Ramakrishnan** Tata Power is providing funds to Mundra company today.
- Venkatesh B** What is the overall debt equity of the group at a consolidated level at the end of the September quarter, 2.6:1 and net is 2.47:1
- Moderator** The next question is from the line of Abhishek Puri from Deutsche Equities, please go ahead.
- Abhishek Puri** First of all regarding the coal SPV the numbers that you declared. If I look at on a sequential basis the realizations has come down almost even \$6 whereas the cost has gone down only \$3 , having said that your margins in the business, the EBIT margins for the coal business have gone up by 300 basis points. What are the kind of cost saving activities that we are doing apart from just the normal cost of production?
- S Ramakrishnan** I am not clear about your question. But we surely can say that because the commissioning of various conveyers, there is some reduction in the transportation cost.



- Abhishek Puri** Would that not be included in the cash cost?
- S Ramakrishnan** It will be including in the cash cost.
- Abhishek Puri** But this is what I meant, the coal realizations are down by 6\$ on a sequential basis and cash cost is down by \$3.5. Despite that your margins have gone up but cost has reduced lesser than the revenues but the margins are up. So is there any other cost saving which you have had in this quarter?
- S Ramakrishnan** Let me look at the depreciation and lease charges, because those payments also adds to the ultimate results and tax.
- Abhishek Puri** Sir can I know the depreciation numbers for first quarter also. I think for this quarter it is \$73 million.
- S Ramakrishnan** The depreciation cost in Q1 was 85 million, Q2 is 73 million for 100%. I think there would also be a difference because of the transmission from dollar to rupee. Because Q1 the dollar was lower, Q2 may be because of that. I suggest offline if you get in touch with Pritimukta Sarangi, we will provide the figures. Some distortions also caused by Forex variation between dollar and rupee.
- Abhishek Puri** Second question on Jamshedpur Jojobera project unit site we understand that the LOA has been withdrawn by the standing linkage committee. So what is the fuel supply arrangement? Is it coming in from Tata Steel now?
- S Padmanabhan** In Jamshedpur we have the coal coming from the MCL. This is the old letter of allotment withdrawn.
- Abhishek Puri** On of the updates of CIL website suggests that the letter of allotment has been withdrawn.
- Anil Sardana** That was for old one. Some 4 – 5 years back that was given, just regularizing because there are some people now watching them closely, they are just trying to open the old records and correct them for themselves.
- Abhishek Puri** So we are still getting coal from MCL, we have the FSA.
- Anil Sardana** Nothing is impacting us.
- Abhishek Puri** Sir just last question on the Mundra UMPP project regarding the debt covenants you taken some leeway till 31<sup>st</sup> October as I understand, couple of media reports, what is the status on that and secondly, just to understand whether the lenders have agreed for 75% conveyance of the shares here in the Mundra SPV?

- S Ramakrishnan** We have had discussions where the assessment teams have in-principle agreed but they will have to process it with their approvals credit committees and we need to process it with our board, as well as it needs certain RBI approvals. When we get all this yes, what you say will happen.
- Abhishek Puri** Prima facie the lenders have agreed.
- S Ramakrishnan** Yes.
- Moderator** We have the next question from the line of Hardik Shah from ICICI securities, please go ahead.
- Prakash Goyal** Just wanted the break up of economic coal and the IGCV at the GCPL used during the quarter? And what was the landed cost?
- S Ramakrishnan** Roughly 50 – 50 during Q2.
- Prakash Goyal** But we were told that incrementally we are heading towards 70 – 30.
- S. Ramakrishnan** 70 – 30 has been tested and found okay. Lot depends on the stock because the way the transportation arrangements happen between Indonesian here and the dispatch has happened, is what they are. Technically we have done with certain weeks of 70 – 30.
- Anil Sardana** Let me also add to what SR said, that normally the running of the unit happens with 70 – 30 and its only during the period when we do performance guarantee test or trial operations like we did for unit 3, that is initially done at the design core and also at times, that means on days when we have to get the carpet coal out which is of old specification that happens to be the high CV coal but in future whatever we will see will be at 70 – 30 ratio at least.
- Prakash Goyal** What is the FOB cost of cheaper coal and 5350 that you are consuming?
- Anil Sardana** It is about \$50. We gave you the weightage price and also the details of the cost.
- Prakash Goyal** If you say the heat rate that will help.
- Anil Sardana** I think you leave that part and you take that Rs.1.50 as the weighted per unit cost.
- Prakash Goyal** But if you improve from 50 – 50 to 70 – 30, that number will come down right?
- Anil Sardana** That number will come down subject to the fact that coal price remains the same.
- Prakash Goyal** Probably if we are starting with that assumption then it is staying in the same range, then that will help our analysis to understand

- Anil Sardana** You take 2050 as the heat rate for your assessment.
- Moderator** The next question is from the line of Santosh Hiradesai from Edelweiss securities, please go ahead,
- Santosh Hiradesai** Sir I understand from your petition which has been put across CERC that your cumulative effect of price rise in coals will total to about 1800 crores annually. Just wanted to understand the math behind this. I understand that roughly 50% of the things were we have got an escalation or 45% is on escalation and 55% is fixed. So, just wanted to understand the math behind this number.
- S Ramakrishnan** Can we give it to you separately please because it depends on what price rate assumed at the time of the petition.
- Anil Sardana** \$120.
- Santosh Hiradesai** No just want to understand 1800 crores is towards this 10 – 10.5 million tonnes of coal or is only applicable to that 45% of that quantum?
- S. Ramakrishnan** 55% only. No, basically it is on 27,000, it is on the entire price and all coal but the effect is different. On 55, the SIP is full. On 45, things we couldn't honor the original off take. That is the difference between the HBA price and the off take price. So it is on all, but the effect is different on 55, the effect is different on 45.
- Moderator** The next question is from the line of Bhavin Vithlani from axis capital, please go ahead.
- Bhavin Vithlani** If you can help us with the regulated equity number for Mumbai generation, transmission, distribution, Delhi distribution and Jojobera.
- Pritimukta Sarangi** We will read out. It is 1310 cores for generation, unit 8 is 322 crores, so it is 1532 crores for generation, 676 crores for transmission, and 304 crores for distribution. This is Mumbai operations. In Tata Power Delhi distribution the regulated equity is 988 crores.
- Bhavin Vithlani** For the 51% stake or the 100%?
- Pritimukta Sarangi** This is 100%.
- Pritimukta Sarangi** Jojobera, we will revert to you.
- Moderator** we have the next question from the line of Abhishek Puri from Deutsche equities, please go ahead.

- Abhishek Puri** Just to understand regarding the Mundra UMPP fuel cost number that you have given, 2.60 number, 1.53 you said is the actual fuel cost and rest is handling cost, port handling and transportation. In that case, the port handling charges for the quarter comes to close to 1.40 odd crores which seems to be a very high number and if you can elaborate.
- S Ramakrishnan** I will ask Ramesh to give you directly the figures rather than he giving it to me and me giving it to you.
- Ramesh** The realization is 2.60 you are right. The total energy cost is actually 2.30 and the rest is capacity cost which of course includes all the abnormal cost like extra port handling and also the cost relating to shipping which we have committed. So that is the reason why the number in the bottom line is higher. It goes to about Rs.4 per unit.
- Abhishek Puri** I am sorry I am a bit confused. The 2.60 you said is the fuel cost at the start of the conference.
- S Ramakrishnan** Realization.
- Abhishek Puri** 2.60 is the realization, 2.30 is the fuel cost.
- Anil Sardana** Correct.
- Abhishek Puri** Out of the 2.30, how much is the port charges in that case?
- Anil Sardana** Port charges would be around 23 paisa.
- Abhishek Puri** And you said 1.53 is the actual fuel cost?
- Anil Sardana** Yes.
- Abhishek Puri** So balance charges will be on what regard?
- Anil Sardana** That will be shipping.
- Abhishek Puri** And just to understand your contract, the port handling contract, haven't you given the increasing trend in terms of volume that you are going to accrue from the port or is it the constant volume all through the contract life?
- Ramesh** Contract started at a particular date and there is no connection with the volumes with.
- Anil Sardana** The question is, that is it not linked to, so the answer is today when you are off taking quantity it is not. There is a fixed charge. But once you have the quantity....

- Abhishek Puri** So there is no variability in the quantity. It is a fixed quantity contract that you have?
- Anil Sardana** That's right. Up to 12 million tonnes and then thereafter if you import more then you have to pay the variable charges also.
- Moderator** The next question is from the line of Ashish Shah from IDFC securities, please go ahead.
- Ashish Shah** Just a small query on your standalone accounts, what could be the quantum of power purchased for Mumbai in **MUs**
- Anil Sardana** 251 **MUs**
- Moderator** We have the next question from the line of Rakesh Vyas from HDFC mutual fund, please go ahead.
- Rakesh Vyas** I have question related to the Indonesian coal mining operations. Just wanted to understand the second OLC conveyer has that actually started the transportation of coal at all. Secondly you highlighted the crusher had issues. So I am trying to understand the infrastructure you said has built for 80 million tonnes, so does that also account for crushing capacity and thirdly apart from the OLC, we also had other infrastructure projects like power project, etc., at the coal mine. So what is the status update on that?
- S Ramakrishnan** Power project is delayed. It is not ready yet. The ports are ready and since you asked about the others.
- Anil Sardana** Ports are ready, OLC 2 is ready. Crusher augmentation is ready but you need to understand there are also the coal transportation that happens between pits and crusher points. So there in many places also for such of the mines which are bigger conveyers are divided on a flexible basis so even those have got ready. So those are the infrastructures that have been upgraded.
- Rakesh Vyas** Sir the coal transportation from Arutmin, is it via conveyer system because what I understand is the incremental production would have large component from Arutmin coming in because of various contracts the coal mines have, so do the infrastructure facility both the crushing capacity as well as conveyer at Arutmin is ready.
- Anil Sardana** Arutmin, the way pits are, there is no large conveyer of the type that is there in KPC. Arutmin has got a very completely different architecture of mines. So there we don't have the OLC type of arrangement as we have 13 kilometer long in KPC. In Arutmin what has been done was ports were being built, and those have been made ready.

- Rakesh Vyas** So when you say 80 million tonne it all boils down to every infrastructure right from crushing ore to transportation and port and that is the capacity that is available as of now. And sir when can we expect this power project to come up?
- S. Ramakrishnan** We are not exactly aware of the date as of now. I think it should be at least a year away, 12 – 16 months away from today.
- Rakesh Vyas** Secondly, is there a change in the mix of the production at KPC and Arutmin combined from what we have been seeing over last 8 quarters to what we are seeing now?
- Anil Sardana** Not significantly. But you should know that the bigger volumes are coming from lower CV coal. High-end coals are limited in quantity. So if the production goes up by 25%, 6200 doesn't go up by 25%.
- Rakesh Vyas** And that has not been the case so far. Why I am asking this is because we haven't seen significant changes in the realization, I am assuming that either it has to be on the account of the earlier contract that has taken place at higher prices or it has to be a change in mix?
- S Ramakrishnan** It will be very difficult to isolate the mix of contract, change in price and discount with respect to 6200 because of the mix, very difficult. But we can tell you in the trend why it is for trading downward because the higher quality coal pits are getting depleted. That production doesn't go up.
- Rakesh Vyas** And any color on the strip ratio that you are seeing right now?
- Anil Sardana** As of now the strip ratio has been improving. Most of the earlier over burdened has already been accounted for the resultant is coming down.
- Rakesh Vyas** My understanding was first quarter had an exceptional high strip ratio and we are seeing similar kind of costing as of now.
- S Ramakrishnan** Rakesh we will directly send you the details.
- Moderator** The next question is from the line of Harshad Shukla from Emkay global, please go ahead.
- Harshad Shukla** What is the availability that we declared in Maithon in this quarter?
- Anil Sardana** The availability I think is upward of 80%.
- Harshad Shukla** For Maithon.

- Anil Sardana** For the whole unit, we had actually declared the availability on 2 aspects. One on a regulated capacity which is 750 megawatt and that's been fully available in terms of the fact if we have 85% and then we actually check for the balance 300 and I think the total net comes to 76%.
- Harshad Shukla** But 750 megawatt was 100% available.
- Anil Sardana** 85%
- Harshad Shukla** What is the regulated equity right now in Maithon?
- S. Ramakrishnan** 1150 is the equity that the regulator used to give us the tentative tariff. Based on the expenditure that we have incurred probably we have regulated equity is 1150. Ultimately it is 1590 gross.
- Harshad Shukla** And what is the current amount.
- S. Ramakrishnan** 1150 is the equity based on which the current CERC tariff order is. So we have to go for a truing-up when we go the next time for additional amounts we spent as we go along. Ultimately it will be 1590.
- Harshad Shukla** As of now, we are booking revenue based on 1150.
- S Ramakrishnan** That's right.
- Harshad Shukla** Coming to cost per ton at your Indonesian mines, during last call, you have mentioned there would be a potential of around \$3 – 4 reduction in the cost if the infrastructure is commissioned, I believe in this quarter the infrastructure is commissioned and we have seen some impact of that also. So the cost has actually gone down from somewhere around \$48 – 49 to 45. Is there any scope for further reduction in the cost at this point of time when all the infrastructures is now in place?
- S Ramakrishnan** The reduction due to infrastructure probably no because it is a function of strip ratio, oil price and the distance in the pit in terms of movement or the lead. So it's very difficult for you to sort of model in a simplistic manner much as you want to do. But I can say that from the infrastructure point of view, the reductions are less likely though this 3 months average you have, may be infrastructure was not ready all the 3 months, some of them came in little later, so there could be some marginal reduction due in infrastructure not significant number.
- Harshad Shukla** Just one more question back on Maithon, 300 megawatt we are currently selling under merchant?
- Anil Sardana** Out of 300 megawatt whatever coal we get that is what the sell basis, either a short term requirement with the customer or through the power exchange.

- Harshad Shukla** Would it be possible for you to share the PLF of the 300 megawatt portion or what are the units that you have sold on merchant.
- Anil Sardana** So about 52 million units.
- Moderator** The next question is from the line of Gopal Nivandhar from SBI life insurance, please go ahead.
- Gopal Nivandhar** Just needed a clarification like on Maithon PBT and PAT levels are same so just wanted to understand why we have not made and tax benefit provisions? These losses we can set off in the future profits right?
- Anil Sardana** We also have tax holiday. You have any thoughts?
- Gopal Nivandhar** No if it's on tax holidays then you are right, otherwise you can just set it off in the next future profit.
- S. Ramakrishnan** We also have tax holiday so what happens typically some of these losses probably may not be recovered for the tax holiday
- Gopal Nivandhar** And the second question sir regarding PLF of CGPL which I understand from the CAI Report in July it was around 28%, and August was also muted only and suddenly it ramped up in September. So can we understand any particular reasons for this.
- Anil Sardana** Sorry can you just repeat?
- Gopal Nivandhar** The PLF for CGPL, in July it was 28%
- Anil Sardana** That's right, so that time we had taken for outage for PG test to put the orifices **and** make sure that we prepare the unit for PG test.
- Gopal Nivandhar** And how was the availability level for CGPL?
- Anil Sardana** 26%, 41%, 88%.
- Gopal Nivandhar** This is availability or PLF?
- S. Ramakrishnan** I am talking about availability. H1 is 72%.
- Moderator** The next question is from the line of Atul Tiwari of Citigroup, please go ahead.
- Atul Tiwari** I just wanted net sales number from Mundra UMPP, the number of units sold, in this quarter and last quarter?



- Anil Sardana** The net sales from the Mundra in H1 is 2567. In Q2 is 1400.
- Moderator** We will take the final question from the line of Hardik Shah from ICICI Securities, please go ahead.
- Prakash Goyal** Basically I want to understand the reason for trade receivable for standalone balance sheet going about 590 crores in the first 6 months.
- S Ramakrishnan** BEST has not being paying us.
- Prakash Goyal** You are talking about the Reliance, Mumbai or Delhi, No BEST.
- S Ramakrishnan** BEST has asked for some time to pay because of their financial difficulties and they are expecting some disbursements from their parents called Mumbai Municipal Corporation.
- Prakash Goyal** And the long term borrowing has also gone up by 1600 crores at a standalone. So are you besides regular operations. Are you also.
- S Ramakrishnan** We raised 1500 crores, 60 year debenture.
- Prakash Goyal** That is unsecured. Is that part of the unsecured perpetual security or is it over and above that. I am talking about the clubbing long term borrowing, and there is one item called unsecured perpetual security.
- Anil Sardana** No unsecured perpetual is the one we raised earlier. That we are showing interest below our appropriation this one is not that long it is only 60 years. So it is shown as part of the debentures.
- Prakash Goyal** last question have you received dividend in your coal SPV from the stake in the coal mine. How much have you received during the quarter?
- S. Ramakrishnan** You are talking about during the quarter?
- Prakash Goyal** like during the quarter dividend received form the coal company to coal SPV?
- S. Ramakrishnan** Nil.
- Prakash Goyal** Any specific reason because you have been receiving money in the past?
- Anil Sardana** We receive cash as a loan initially, then it gets converted to dividends periodically. Cash received in Q2, 29 million which includes the management fees also of 16 million or so.
- Prakash Goyal** And what was the amount last quarter?

**Anil Sardana** In Q1?

**Prakash Goyal** I am more concerned with the cash received rather than accounting firm.

**Anil Sardana** 80 million including management fee.

**Moderator** Thank you. I would now like to hand the floor over to Mr. Anil Sardana for closing comments.

**Anil Sardana** Thank you friends. Thanks you all your questions. And in case you have anymore questions you can write to Pritimukta Sarangi and they would make sure you would get your responses and thank you for being on the call with us. Good day. Thank you.

**Moderator** Thank you sir. On behalf of Tata Power that concludes this conference. Thank you for joining us and you may now disconnect your lines.