"Adani Power Limited Q4 FY-2017-2018 Results Investor Call"

May 4, 2018

MANAGEMENT: **MR. RAJAT KUMAR SINGH – CFO, ADANI POWER LIMITED**
MR. RAJIV RUSTAGI – VICE PRESIDENT (FINANCE & ACCOUNTS)
MR. VIRENDRA KASLIWAL – HEAD, (BUSINESS CONTROLLER)
MR. SUNIL TOKARAWAT – HEAD (TREASURY)
MR. DEEPAK PANDYA – COMPANY SECRETARY
MR. NISHIT DAVE- HEAD (INVESTOR RELATIONS)

Moderator: Good morning ladies and gentlemen, welcome to the Adani Power Q4 FY 2017-2018 Results Investors Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajat Kumar Singh, CFO – Adani Power Ltd.. Thank you and over to you sir.

Rajat Kumar Singh: Good morning to all. I welcome you to the Earnings Call for the Fourth Quarter of FY 17-18 for Adani Power Limited. With me, I also have Mr. Rajiv Rustagi, who is Vice President of Finance and Accounts, Mr. Virendra Kasliwal who is Head Business Controller, Mr. Sunil Tokarawat who is Head (Treasury), Mr. Deepak Pandya who is the Company Secretary, and Mr. Nishit Dave who is Head of Investor Relations.

Thank you for joining us. I hope all of you have already gone through the published results which were announced last evening. The Fiscal Year 2017-2018, especially the last quarter was a challenging period operationally for the Company due to forced shutdowns, which were a result of shortage of domestic coal, high imported coal prices, and sudden breakdowns in the plants.

As a result, there was a significant drop in aggregate plant load factor for the recently concluded quarter and financial year, along with a dip in billed availability.

However, on the positive side, we have recently received two important regulatory approvals that will contribute significantly to profitability of the Company. One of the Orders was from the MERC, pertaining to compensation for shortfall in coal for the Tiroda power plant due to Change in Law pursuant to the Order of the Hon'ble Supreme Court, dated 11 April, 2017. The other Order was from the CERC allowing recovery of capital expenses on Flue Gas Desulfurization units (FGD units), for Unit 7 to Unit 9 of the Mundra Power Plant, supplying power to Haryana Discoms.

With this background, now let me take you through the Company's consolidated performance highlights for the quarter and year ended 31st March 2018:

Aggregate O&M availability of the plants was robust at 96% in Q4 FY18 as compared to 98% in Q4 FY17. For FY 17-18 O&M availability was 93% which is same as in FY16-17. Aggregate PLF for all thermal plants was 37% in Q4 FY18 as compared to 73% in Q4 FY17. PLF for FY17-18 was 55% as compared to 70% during FY16-17.

This decline in PLF was primarily due to shortage of e-auction coal and delays in signing FSAs under SHAKTI coal auctions at Tiroda and Kawai, commercial shutdown in Mundra due to high imported coal prices, and forced outages in Udupi due to generator failures.

You would be aware that auctions were allocations of coal under the SHAKTI scheme was conducted in August 2017, but the selected bidders were given letters of intent after certain delays. Thereafter, the PPA were amended to incorporate discounts according to the bids, and subsequently adopted by the respective Regulatory Commissions. The signing of FSAs with Coal India Limited subsidiaries was done after this step.

During the year an increase in coal demand from China and production issues in Indonesia led the Indonesian HBA index to rise from USD 82 / T in March, 2017 to USD 102 / T in March 2018.

This increase in imported coal price led to higher under recoveries at the Mundra Power Plant during FY 17-18. Consequently, the Company adopted a loss minimization strategy looking at the high prices of imported coal and shortage of domestic coal, following which capacity utilization and billed availability at Mundra and Kawai Plants were impacted.

On a positive note the Kawai Plant has signed FSA under SHAKTI for 4.12 MTPA, and started receiving coal in February 2018. The Tiroda Plant has signed FSA under SHAKTI for 5.85 MTPA, and coal supplies have started in April 2018. The Udupi Plant has also become fully operational during Q4 FY18 following repairs and overhaul.

The PLFs in Q4 FY18 achieved at the plants individually were Mundra 23%, Tiroda 56%, Kawai 14% and Udupi 67%. The Company sold 7.9 billion units in Q4 FY18 versus 16.3 billion units in Q4 FY17.

During FY18 the company sold 48 billion units as compared to 60.2 billion units in FY17. Plant wise sale in terms of net unit sold for Q4 FY18 where 2,061 MUs from Mundra, 3,834 MUs from Tiroda, 385 MUs from Kawai and 1,623 MUs from Udupi.

Despite the lower scale of operations, the Company was able to maintain operating efficiency of the plants. Q4 FY18 recorded aggregate auxiliary consumption of 6.13% as compared to 6.03% in Q4 FY17, and improved it over 6.29% recorded in Q3 FY18.

We will now move forward to the financial performances for the quarter. Revenue for Q4 FY18 reduced to Rs. 4,161 crores versus Rs. 6,586 crores in the corresponding quarter of the previous year, which is a reduction of 37%.

Average PPA sales realization excluding compensatory tariff for the fourth quarter of FY18 was Rs. 3.60 / kWh as compared to Rs. 3.24 / kWh in Q4 FY17, while composite merchant and medium-term rate realized during the quarter was Rs. 4.15 / kWh, with merchant and medium-term volume of 322 Mus, as compared to Rs. 3.49 / kWh during corresponding quarter last year with merchant volume of 1,020 MUs.

Weighted average fuel cost per Q4 FY18 was Rs. 2.72 / kWh versus Rs. 2.75 / kWhfor Q4 FY17.

During Q4 FY18 the company recognized compensatory tariff of Rs. 251 crores which was similar to Rs. 253 crores recognized in Q4 FY17. For FY 17-18 the compensatory tariff recognized was Rs. 934 crores, as compared to Rs. 969 crores for FY17.

Of this, in Q4 FY18, Tiroda accounted for compensatory tariff of Rs. 200 crores and Kawai was Rs. 51 crores.For FY 17-18 Tiroda accounted for Rs. 368 crores of compensatory tariff, while Kawai accounted for Rs. 565 crores. We have not recognized compensatory tariff for Mundra in FY18.

Consolidated EBITDA for Q4 FY18 was Rs. 1,399 crores for FY 17-18 EBITDA was Rs. 6,174 crores.

Finance charges for Q4 FY18 were lower at Rs. 1,363 crores as compared to Rs. 1,586 crores in Q4 FY17. The reduction during Q4 FY18 was primarily due to favorable currency movements.

Consolidated external debt, excluding ICD as of 31st March 2018 was 43,771 crores approximately as compared to Rs. 48148 crore as of 31st March 2017. Of this, the debt on APL standalone books is 341 crores. On Adani Power (Mundra) Limited books it is Rs. 18,913 crores, on Adani Power Maharashtra Limited books it is Rs. 13,173 crores, Adani Power Rajasthan Limited it is Rs. 6,750 crores, and UPCL it is Rs. 4,594 crores.

In conclusion I would like to reiterate that while the past quarter has been challenging from an operation front, many positive developments, such as commencement of supply of SHAKTI coal and favorable regulatory orders have also taken place, which give us hope for the strong performance in the ensuing Financing Year 18-19. I would now like to open the floor for Q&A with me and my colleagues.

Moderator: Ladies and gentlemen, we will now begin with the question and answer session. We will take the first question is from the line of Inderjeet Singh Bhatia from Macquarie**.** Please go ahead.

Inderjeet Singh Bhatia: My first question is on the total debt; can you give us the number including what is the portion of debt which is due within a year which will be a part of the current liability?

Rajat Kumar Singh: Current maturity numbers are included in the figure I quoted. The Rupee Term Loan and certain other Short-term Loan on a consolidated basis are about Rs. 27,000 crores, then we have certain NCDs, which are basically share backed NCDs, which are close to Rs. 4,000 crores, and External Commercial Borrowing on consolidated basis is Rs. 6,400 crores, while working capital debt at the year -end is about Rs. 6,400 crores.

Inderjeet Singh Bhatia: This comes to approximately Rs. 43,700 crores.

Rajat Kumar Singh: Yes.

Inderjeet Singh Bhatia: And the corresponding number you said was around Rs. 48,000 crore?

Rajat Kumar Singh: That is right, Rs. 48, 000 crore approximately as of 31st March 2017.

Inderjeet Singh Bhatia: So this debt reduction is it primarily because of reduction in the working capital?

Rajat Kumar Singh: The debt reduction is because of normal repayment as per the amortization schedule, and also working capital debt based on the utilization of working capital at the year end.

Inderjeet Singh Bhatia: My last question is on Mundra Plant so we have taken a commercial shutdown to minimize losses, is there a threshold price international coal price at which we will look to restart the plant?

Rajat Kumar Singh: We continue to evaluate those things. At the end of the day, we believe that we have to make money while we run the plant. That is our objective. As you are aware, we continue to discuss with GUVNL as well as with various government authorities how we can run this plant profitability. We also continue to track coal prices, and we will keep the market informed about our plans to start the plant.

Moderator: We will move on to the next question that is from the line of Anirudh Gangahar from Nomura. Please go ahead.

Anirudh Gangahar: First is on the debt side itself including the ICD from the parent and promoter entities what would be the total debt on the books now?

Rajat Kumar Singh: Including ICDs from promoter entities etc., it will be about Rs. 53,000 crores.

Anirudh Gangahar: So about Rs. 9,000 crores.

Rajat Kumar Singh: Yeah that is right.

Anirudh Gangahar: Second thing would be that if you could help us with revenue and the EBITDA for each of the plants that will help?

Rajat Kumar Singh: I request to my colleague Virendra Kasliwal to take it up.

Virendra Kasliwal: Mundra total revenue is Rs. 9,748 crores.

Anirudh Gangahar: This should be for the fourth quarter.

Virendra Kasliwal: I will give you annual figures.

Anirudh Gangahar: Okay this is the annual.

Virendra Kasliwal: Tiroda is Rs. 7,000 crores, Kawai is Rs. 2,650 crores and Udupi is Rs. 2,940 crores, so total revenue for the thermal power business is Rs. 21,000 crores.

Anirudh Gangahar: Sir could you give us the breakdown for the fourth quarter as well please.

Virendra Kasliwal: Fourth quarter revenue is Rs. 1,900 crore in Mundra, Rs. 30 crores revenue of Solar, Rs. 1450 crores Tiroda, Kawai is around Rs. 185 crores, Udupi Rs. 850 crores and total is Rs. 4160 crores.

Anirudh Gangahar: One other observation is that if I simply divide your revenue by the units sold the realization comes to about Rs. 5 plus for the quarter and at 67% PLF in Udupi, I am not sure how much the availability was at Udupi, if you can help me with it, did we recover the fixed cost fully. I am just trying to understand why the realization north of Rs 5 / kWh is what I assume because you mentioned that the PPA realization is about 3.6 and the merchant during the quarter was 4.15.

Rajiv Rustagi: During this quarter we have received certain favorable orders from various Discoms on account of Change In Law. So we have accounted for the revenue on that account, of about Rs. 600 crores for amount in the Q4 FY18, which has impacted the total sales value and corresponding increase in the realization.

Anirudh Gangahar: This should pertain to the two orders that were mentioned earlier in the opening remark?

Rajiv Rustagi: Yes correct.

Anirudh Gangahar: And this would pertain to how much of this would really pertain to prior period, is there any possible quantification?

Rajiv Rustagi: Out of the total, impact of prior period is about Rs. 525-odd crores, prior to FY18.

Moderator: We will move on to the next question that is from the line of Rahul Modi from ICICI Securities. Please go ahead.

Rahul Modi: Sir I wanted to know I mean despite taking a commercial shutdown in Mundra how is the availability at such high numbers, could you throw some light on that?

Rajat Kumar Singh: There is a difference between O&M availability and billed availability. Our plant is available in terms of O&M capability to run that at a very high level. In Q4 it is 95.34%, but the when we talk about billed availability, it is essentially how much the plant runs where we can recover the capacity charge. So the higher number is essentially for the O&M availability.

Rahul Modi: So what was the billed availability for Mundra?

Rajat Kumar Singh: For the year it was about 62%.

Rahul Modi: So there will be some fixed cost under recovery over there. Sir apart from this under recovery are there any penalties which are built into this PPA?

Rajat Kumar Singh: There are certain penalties that are built into the PPA, but we have evaluated options, and that is how we have decided to keep the plant under commercial shutdown. It works better to not to operate the plant and pay penalty as per PPA rather than operating the plant presently. **Rahul Modi**:Sir I wanted to know I mean particularly on Korba West to so this 2.5 gigawatt bidding is coming up by a PFC, PTC so will you be going for it?

Rajat Kumar Singh: We will continue to evaluate the opportunities for the Korba West plant. However, we have not completed the Korba West acquisition as far as Adani Power is concerned. So, I think it will be little premature to talk about it. The Korba West Board will take appropriate decision in this regard.

Rahul Modi: Sir lastly basically on the availability of the stressed assets in the market, so will you be looking at opportunities if they present?

Rajat Kumar Singh: As a part of Adani Group's philosophy, we continue to look at opportunities in the market, but we will only look at assets that are value accretive.

Rahul Modi: Sir if I may squeeze in one more question, could you give us a status update on the Jharkhand project?

Rajat Kumar Singh: You may be aware that we have signed the PPA with the Bangladesh Power Development Board, and an Implementation Agreement with the Power Grid of Bangladesh. The performance of BPDB and PGCB is guaranteed by the Bangladesh Government. We have already received all environment clearances and all the enabling clearances to start the work. Land for the main plant has been acquired and further land acquisition is in advanced stage. We are in discussion with lenders for doing financing of the project, and only after financial closure is achieved are we going to do any major commitment, as far as this project is concerned.

Rahul Modi: Sir I think there was some confusion regarding the coal which will be used for this project. So have you finalized what coal we will be using, we will be using imported coal or I am not sure if domestic coal is allowed linkage coal.

Rajat Kumar Singh: This project is going to provide dedicated power supply to Bangladesh, and in fact the transmission line that is being laid is completely isolated from the Indian Grid. The power plant will use only imported coal.

Moderator: The next question is from the line of Shirish Rane from IDFC. Please go ahead.

Shirish Rane: So the question was regarding the change n law orders which you have booked and compensation which has been booked during the last financial year. One of the change in law order was regarding the Tiroda coal block and we have said in the result Notes that we have booked in lieu of that certain compensation during the year. So what is that amount which you have booked?

Rajiv Rustagi: Regarding the total amount on account of Change In Law as per this Maharashtra Electricity Regulatory Commission Order on account of shortage of domestic coal, the total compensation booked is about Rs. 300 crore in the financial year.

Shirish Rane: Is this amount including the Lohara Coal Block the allocation also?

Rajat Kumar Singh: For the Lohara Coal Block approximately another Rs. 100 crore has been recognized in the financial year.

Shirish Rane: So Rs. 400 crore that is the way to look at it. Going back to the earlier compensation for Mundra in the Notes you have mentioned that you have booked Rs. 683.35 crores, which includes Rs. 639.67 crores for the period up to 31st March 2017. So was this booked in the fourth quarter? Is that what you are saying?

Rajat Kumar Singh: No, the second quarter.

Shirish Rane: In the second quarter, so fourth quarter does not have any of this compensation booked right?

Rajat Kumar Singh: Correct.

Shirish Rane: Sir one question on the Korba West, there has been purchase and sale of the 49% stake, so what exactly happened and how much we will own? Will we own 100% or will be continue to own 51% even after the acquisition is completed?

Rajat Kumar Singh: You might be aware that actually Adani Group had paid up the consideration for Korba West, but we had not taken up the equity stake. However on 22nd December Lenders invoked 51% shares pledged as part of their security, and requested Adani Group to take over 49% subject to approval of the Lenders. The Lenders basically insisted that Adani Group should take over this 49% so that there are no operational issues in terms of day-to-day operations, for which Adani Group has been providing help from the time we invested. Of course, the actual work is done by the employees of Korba West.

However, subsequently we realized that as per guidelines this asset is basically an NPA asset in the Lenders' books and we did not want to have any stake in an NPA asset, as it affects the overall corporate performance. Also under the NCLT guidelines if we are looking at or evaluating any project at a Group level, we would be categorized as a Connected Person. So we told Lenders that we would not be in a position to hold this 49% which we were actually holding on their behalf, till the account is restructured to our satisfaction and the NPA tag is removed. So we transferred this 49% out from our Group based on consultation with lenders. In this way, we reverted to the pre-December 22nd position essentially where we had infused the money, but were yet to take control of the plant, and we continue to negotiate the restructuring plan with Lenders, based on which we will be agreeable to take it over.

Shirish Rane: So today as we speak we have no equity stake, but we have advanced money of around Rs. 1600 crores to the company for starting the operation.

Rajat Kumar Singh: Operation also is being done by Korba West Power Company employees only.

Shirish Rane: What I mean our exposure is purely as an advance, but not as the equity stake that is what I wanted to clarify basically. And by when do you think we will be able to take over or will this go through the NCLT process? Is there clarity on what will happen from hereon for the asset now?

Rajat Kumar Singh: We believe Axis Bank has already given approval to this restructuring proposal. As we understand from Korba West, around 45% Lenders on a cumulative basis have provided the sanction. The RBI's new guidelines require 100% lenders' approval. They guidelines also give freedom to Lenders to take the asset to NCLT. As far as we are concerned, our intention is to obtain this restructuring approval from 100% lenders, and then make the company a part of Adani Group once this NPA tag is removed. Our intention is very clear, but how things will pan out will entirely depend on the Banks.

Shirish Rane: To summarize it, essentially it is now banks' call whether they want to do it bilaterally restructuring approved and move ahead or take it to NCLT and see what happens in NCLT?

Rajat Kumar Singh: You can say that, but from our perspective, we would like to resolve the matter with the Banks and take it over, because we do not want to take on NPA category assets into the company.

Shirish Rane: This very clear. My only point was that is the status as on date.

Rajat Kumar Singh: That is what the RBI guidelines say, even before the 6 months' period expires, even if 99% banks give the approval, it is not complete unless RBI changes the regulation tomorrow to makes it 60% approval as was the case earlier, or 75%. Various industry representatives are going and talking to RBI and the Government, but I think the final decision on that stays with RBI, but as it stands, various options are open.

Shirish Rane: Any timeline by when this can be resolved I mean one way or other say 6 months.

Rajat Kumar Singh: The outer timeline is basically September, because after that if the matter does not get resolved, it has to go to NCLT as per the RBI's guidelines. However, we expect the Banks to approve before that.

Shirish Rane: Sir one last question on the coal supply under the Shakti Schemes, when did the coal supply start exactly?

Virendra Kasliwal: For Kawai it is started in February '18 and for Tiroda it is started in April '18.

Shirish Rane: So for Tiroda there was no benefit of it in the fourth quarter at all?

Virendra Kasliwal: Yes, there was no benefit of it.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from Axis Capital. Please go ahead.

Bhavin Vithlani: I actually missed the EBITDA numbers for the different plants if you could help me on Mundra, Tiroda, Kawai, and Udupi please?

Virendra Kasliwal: You need quarter wise or annual figure?

Bhavin Vithlani: Both will be helpful.

Virendra Kasliwal: I will give you quarter-wise rounded off, unadjusted figures. Mundra is Rs. 630 crores Bitta Solar is Rs. 20 crores, Tiroda is Rs. 520 crores, Kawai is Rs. (-80) crore, Udupi is Rs. 260 crore and on annual basis Mundra is Rs. 1,680 crore, Solar Rs. 50 crore, Tiroda Rs. 2,700 crores, Kawai Rs. 750 crore, and Udupi Rs. 900 crores.

Bhavin Vithlani: You mentioned about the Change In Law favorable order. I joined in a bit late if you could help me on the Rs. 600 crores, what was booked if you could help me what was this regarding?

Rajiv Rustagi: In the Quarter 4 we booked Change In Law income based on of the favorable order that we received from the CERC on account of the installation of the Flue-Gas Desulfurization (FGD). That income has been booked in Q4.

Bhavin Vithlani: This is for the Mundra plant.

Rajiv Rustagi: Yeah this is for the Mundra plant.

Bhavin Vithlani: Actually Notes to Accounts also mentions about the Kawai plant - there the order is still pending is my assessment.

Rajiv Rustagi: Yes, the Order on account of the Compensatory Tariff petition is still pending.

Bhavin Vithlani: In terms of debt also if you could help me Rs. 43,000 crore is external debt Rs. 53,000 crore is the total debt including the debt from the parent ICDs, how was that debt from the parent change vis-à-vis last year?

Virendra Kasliwal: Yes, last year it was around Rs. 6,000 crores.

Moderator: Thank you. The next question is from the line of Anirudh Gangahar from Nomura. Please go ahead.

Anirudh Gangahar: In terms of the Rs. 600 crores that we have booked this quarter it is on account of two Orders. So could you just give a split between what was it for the MERC and what is it for the CERC order.

Rajiv Rustagi: MERC order for compensation is on account of shortage of domestic coal, according to which we have booked, around Rs. 200 crores in Q4. We have booked Rs. 660 crores for compensation under Change In Law, for which we have received a favorable order from CERC on account of this Flue-gas desulfurization (FGD) plant, which we have installed in compliance with the environment clearance for the Haryana PPA.

Anirudh Gangahar: It is 200 plus 460.

Rajiv Rustagi: No it is Rs. 200 crore plus Rs. 660 crore.

Anirudh Gangahar: The total top-line in my previous question was higher because you mention that about Rs. 600 crores of Change In Law related revenues that we recognized in the quarter. I am just trying to relate that Rs. 600 crores with the Rs. 200 crore of the MERC order and Rs. 660 crores of the CERC order so did we recognize?

Rajiv Rustagi: No, this Rs. 200 crore is for the full year which is on account of the change in law, on account of the MERC order.

Anirudh Gangahar: Okay and that was for the full year impact?

Rajiv Rustagi: That was the full year impact, and Rs. 660 crores is impact which is given in the current quarter that is for the FGD.

Rajat Kumar Singh: So the FGD impact is Rs. 660 crores for the current quarter that Rs. 200 crores what Rajiv is talking about is per MERC order as for the entire year.

Anirudh Gangahar: But that was also booked in the fourth quarter itself? That was spread over the year?

Rajiv Rustagi: Yes.

Anirudh Gangahar: In second question would be that now that we got the SHAKTI coal, what is the coal mix as far as Tiroda and Kawai, will they be fully 100% domestic from here on?

Virendra Kasliwal: It will be around 80%, 85% domestic coal and for the balance 15% we will have to find other imported as well other coal sources.

Anirudh Gangahar: And that would still be at normative PLF of 85%.

Virendra Kasliwal: I am talking of normative level which is 83% of the Tiroda.

Anirudh Gangahar: And Kawai as the same level as well.

Virendra Kasliwal: We expect to run on 100% domestic coal in Kawai. Basically, Kawai will be supplied a coal through SHAKTI and through APL FSA also. So we will have 100% domestic in Kawai and Tiroda around 80-85% domestic and 15% from imported coal.

Rajat Kumar Singh: See our base case plan is to use domestic coal in both plants. For example in Tiroda our total requirement for normative capacity is about 13.5 MTPA. Our existing FSA is already 4.1 MTPA, and SHAKTI FSA, assuming 85% materialization, will yield about 5 MTPA. For the rest also we will do IPT between the Adani Power Limited and the subsidiary company. So our endeavor will be to take care of requirements through domestic coal only, but if there is a shortage in domestic coal, we could actually go for imported coal, and claim the shortage of domestic coal as Compensatory Tariff from the Regulator. However, it is our endeavor to use maximum domestic coal for these two power plants. But from practical consideration, there will be some imported coal utilisation as well.

Moderator The next question is from the line of Dhruv Muchhal from Motilal Oswal. Please go ahead.

Dhruv Muchhal: Sir you mentioned about some penalty as availability at Mundra Gujarat remains low so if you can help us quantify that just to work out the equation when would you start looking at restarting the plant?

Rajiv Rustagi: For FY18 we have around Rs. 97 crore penalty from Mundra, and altogether total Rs. 236 crore penalty including Tiroda and Kawai.

Rajat Kumar Singh: See, considering all the plants, Company still has significant savings vis-à-vis penalties. Reduction in likely loss before penalty was about Rs. 490 crores and after penalty it was close to Rs. 260 crores based on certain assumptions. So overall, we saved maybe that amount of money even after considering penalties.

Dhruv Muchhal: Assuming Mundra, Gujarat does not run for FY19 so what would be full year penalty approximately? If you can help us understand how is this penalty calculated, how is it linked?

Rajat Kumar Singh: See this is all as per the PPA terms. I do not think we are looking at the current scenario that Gujarat is not going to run for the full year. We are looking at a scenario to start running it also very soon. We are not calculating the penalty on a full year basis. It is as an exception to the rule that we have to budget.

Dhruv Muchhal: Sir if I understand correctly it is a commercial decision by you to not supply or is this Gujarat which is not buying?

Rajat Kumar Singh: This is a commercial decision for us to not run Bid-1 and Bid-2 temporarily. We will try to achieve normative capacity in case of the Haryana PPA. As far as Bid-1 and Bid-2 are concerned, the temporary shutdown was commercial decision. we are working very closely with Gujarat Government to make it operational very soon.

Dhruv Muchhal: Just to understand it more clearly is there a minimum PLF or minimum availability which you have to maintain on a full year basis for this plant before which the other implications happen or how do you decide should you operate because if coal prices remain at current levels, will you go ahead with the decision to start this plan?

Rajat Kumar Singh: I would like to just say one thing. We recover a full capacity charge based on certain billed availability. Then there is a threshold level below which we have to pay the penalty and get a pro-rata capacity charge. So that is how the PPAs operate, and the other things are pretty much day-to-day decision of the Management.

Moderator: The next question is from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.

Girish Achhipalia: Just couple of questions firstly on the SHAKTI policy for Kawai and Tiroda, what will be the domestic per unit cost of the fuel you are getting at plant?

Virendra Kasliwal: For Kawai we expect Rs. 2.20 / kWh on generation basis and Rs. 2.40 / kWh on ex-bus basis, and for Tiroda we expect around Rs. 1.80 to Rs. 1.85 / kWh on generation basis. On ex-bus basis it will come around Rs. 1.90 to Rs. 1.95.

Girish Achhipalia: Just on debt repayment how much is debt repayment due in FY19 and of that number how much is Mundra?

Sunil Tokarawat: Total repayment is around Rs. 2,800 crores and Mundra is around Rs. 1,700 crores.

Girish Achhipalia: Just finally on the fuel cost for FY18 could you please help us with the numbers for the thermal plants?

Rajiv Rustagi: In FY18 the fuel cost is Rs. 2.82 / kWh in APMuL, in APML Rs. 2.08 / kWh, in APRL Rs. 3.17 / kWh, and in UPCL it is Rs. 3.12 / kWh.

Moderator: The next question is from the line of Nirav Shah from GeeCee Investments. Please go ahead.

Nirav Shah: Just one question is now that we started getting coal from SHAKTI, any guidance from the PLF for the Tiroda, Kawai and Udupi plant for first quarter as well as FY19.

Rajat Kumar Singh: We do not provide any such guidance, but I think it is very clear from the allocation of SHAKTI that Tiroda and Kawai performance will be noticeably better. Udupi is a cost plus project, and the only exception in Udupi was the last quarter when there was certain breakdown in the equipment. As far as Mundra is concerned we continue to engage with the Government agencies and sort out the issues especially for Bid-1 and Bid-2. For Haryana of course we will continue to run as business as usual.

Nirav Shah: The next question is from the line of Bhavin Vithlani from Axis Capital. Please go ahead.

Bhavin Vithlani: Is it possible for the Mundra to get domestic coal linkage by conversion to domestic because we have seen some of the peers apply conversion from imported to domestic?

Rajat Kumar Singh: I believe people have been discussing about it, but it is very clear that Mundra plant is designed essentially to run on imported coal in various blends. At this point of time the management is not looking at that option actively.

Bhavin Vithlani: Last question is actually I miss the detail on the SHAKTI details you are giving Tiroda you said the requirements is 13.5 million ton the earlier FSA is 4.1 and SHAKTI you have got 5 million ton. Is this correct that I have heard?

Rajat Kumar Singh: Yes in Tiroda the requirement for normative capacity is about 13.5 MTPA. The existing FSA's materialization is 4.1 MTPA, SHAKTI materialization would be about 5 MTPA, and balance will be met through Interplant Transfer.

Bhavin Vithlani: How much is that the FSA that we have for Mundra that we are using under flexible coal policy.

Rajat Kumar Singh: 6.4 MTPA.

Bhavin Vithlani: Going forward we are expecting it to use more for Kawai instead of Tiroda, is that assessment correct?

Rajat Kumar Singh: Yes that assessment is correct.

Moderator: Ladies and Gentlemen that was the last question. I now hand the conference over to Mr. Rajat Singh for a closing comments.

Rajat Kumar Singh: I like to thank you all the analyst for taking time off and somebody to call early in the morning on behalf of my colleagues and I really thank all of you.

Moderator: Ladies and Gentlemen on behalf of Adani Power Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.