



**“Gujarat Industries Power Company Limited  
Conference Call”  
June 5, 2008**



**MODERATORS:** Mr. Shaishav Desai - Chief Financial Officer, GIPCL  
Mr. K.K Bhatt - Chief Finance Manger, GIPCL  
Mr. Jigar Valia - Parag Parikh Financial Advisory Services Limited

- Moderator** Ladies and gentlemen good afternoon and welcome to the GIPCL, conference call hosted by Parag Parikh Financial Advisory Services Limited. We have with us Mr. Jigar Valia from Parag Parikh, Mr. Shaishav Desai - Chief Financial Officer, and Mr. K.K Bhatt Chief Finance Manger, Gujarat Industries Power Company Limited. For the duration of this presentation all participants' 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. If you should 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. I would now like to hand the conference over to Mr. Jigar Valia of Parag Parikh, thank you and over to you Mr. Valia.
- Jigar Valia** Thanks Rochelle, Good evening ladies and gentlemen, I welcome you all to the Gujarat Industries Power Company Limited conference call and like to thank you for taking out your time and for your interest, I like to thank the management of GIPCL Mr. Shaishav Desai and Mr. Bhatt for taking out their time and now participating in this conference call. I would request the management to give a brief overview about the company and the developments going ahead and after that we will have the floor open for the question answers. So, can you help Rochelle?
- Moderator** Yes, Mr. Desai your line is been unmuted, please go ahead.
- Shaishav Desai** Shall I start the conversation?
- Moderator** Yes sir, please go ahead.
- Shaishav Desai** Thank you gentlemen and very good afternoon to all of you who are listening to this. I am S.P Desai, I am the Chief Financer Officer of the Gujarat Industries Power Company Limited. We are a Baroda-based company and we are state considered IPP, Government of Gujarat. I have with me Mr. K.K Bhatt, who is my Chief Finance Manager. I will take a few minutes and I will introduce the company to you because some of you may, I mean I am sure all of you must be having the necessary background about the company but still.

However, this company is about 20 years old and it was incorporated in 1985 and it was at that time to meet with the captive requirements of the participating industries who are GSFC, GACL, etc., and even Petrofils and a part of power was to go to the GEB, Gujarat electricity Board. They contributed to the equity of the company in the first plant was commissioned as a 145 megawatt Gas Based Station at Baroda in Gujarat and the plant was commercially made operational by 1992. Soon thereafter because of this fresh stings of the first plant, we were looking for expansion and we came with the idea of having another, at that time naphtha-based station which is 162 megawatt naphtha-based station Which we made operational I think in 1996-1997, which today has been converted into gas again, because naphtha no longer use and soon after that by 2000 government decided that the lignite-based power station should be developed in the State because the lignite reservoir where identified in Surat district. This place which is known as Mangrol is about 140 Kilometers from Baroda and it is about 50 kilometers from Surat. There we started at 250 megawatt lignite-based CFBC plant and that is in operations since 2000.

The current performance if you ask me that 2007-2008, I will give you the physical performance which is about 85% overall PLF for the all the three plants, that is the capacity of about 555 megawatt today, is individually the plants have done exceedingly well for example the 145 megawatts power station which is about 17-18 years old today has given me a plant load factor of 89.45% which in the history of the company is the highest ever. Similarly, the Surat plant of 250 megawatt has given me the plant load factor in 2007 of 85.5 is again a history because it is the highest ever achieved by that plant. The 160 megawatt Gas-Based plant at Baroda has given me a plant load factor of 80%. The plant which are we refer to is 160 megawatt and Surat Lignite Power Stations are with the state grade because we have a power purchase agreement which GUVNL which is Gujarat Urja Vikas Nigam Limited and the power entirely sold to the state grid to the state entity which is the buyer of the power and there is a power purchase agreement for the same. As far as the first station is concerned which is a gas-based 145 megawatt, we have an MoU, which is Memorandum of Understanding and there the participating industries like GSFC and GACL, including GEB we have a Modus Operandi under which we will be raising the tariff bills on them. And it has its own way of working out the tariff.

Other than that the Power Purchase Agreement for Baroda and Surat with GEB are on the GERC Model and they are regulated accordingly to terms and conditions as notified by the authority from time to time. So, with this preliminary remarks one thing which I would like to add is that currently at the Surat location that is we refer to as SLPP, we are implementing ,we are constructing a 250 megawatt additional plant and the construction is going on by the EPC contractor which is BHEL and that plant which is being put up at about capital expenditure of 1630 Crores is likely to be commissioned and as schedule by December 2008 and unit-2 by March 2009 and with this background I will now, if you have any specific this is a general remark which I thought that I should start the conversation but now let me hear if you have any specific queries regarding the company, thank you.

**Moderator** Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. At this time if you would like to ask questions please press “\*” and “1” on your touch tone telephone. If you decide to withdraw our question from the question n queue you may press \* and 2. Please use only handsets while asking a question. Anyone who has a question may press \* and 1 now. The first question is from the line of Mr. Anurag Purohit from Religare Securities. Please go ahead.

**Anurag Purohit** Good afternoon sir, very good performance in FY08 on operational front. But sir if going forward do you see any problems in terms of gas pricing as well as gas availability for our Baroda based power plant?

**Shaishav Desai** In fact we have the agreement in place with GAIL authority, which are till 2010 and we are covered under the APM mechanism Which is administrated price mechanism gas and that is still available to us. Out of the requirement for which specific I think my colleague K.K Bhatt will give you some details on this.

**K.K Bhatt** See listen Anurag.

**Anurag Purohit** Yes sir.

**K.K Bhatt** Good afternoon.

**Anurag Purohit** Good afternoon.

- K.K Bhatt** We are getting gas from GAIL out of two three sources through it APM mechanism, we are having we are better placed if you ask me the price pattern which is governed by APM and we have lined up this GSPC also that is 0.15 on MCMD, so we are getting RLNG also from GAIL.
- Anurag Purohit** Okay.
- K.K Bhatt** See and all together the requirement is 80 above 85%, my requirement gets fulfilled by this sources.
- Anurag Purohit** Sir, 85% for combine two power plants or just one power plants sir.
- K.K Bhatt** Combine.
- Anurag Purohit** Okay, and in the MOU power plant do we have any understanding on how much would be fixed charge and how much would be variable or for total power sale that we do?
- K.K Bhatt** See if you ask me very frankly we are getting a very good ROE from this station one vis-à-vis our this IPC two stations, so fuel is a pass through plus we are getting good return towards fix price also. See the plant is very old. Specifically I may not like to comment upon the 6% variable cost part.
- Anurag Purohit** Okay.
- K.K Bhatt** But variable cost is totally pas through and we are getting fairly good returns than IPC status quo that is 14% from this captive power plant, that much I can say.
- Anurag Purohit** Okay sir and have you signed the TCA for SLPT2.
- Shaishav Desai** No, that is under negotiations stage and it is likely to be signed in a month or two.
- K.K Bhatt** That Anurag I would like to tell it will be one GRP guideline only.
- Anurag Purohit** Okay.
- K.K Bhatt** Now nobody is allowed to have TCA with their own terms and condition it has to be minimum requirement, which is stipulated in GERC guidelines.
- Anurag Purohit** Okay but that would not mean that again 14% return on equity compare to.

- K.K Bhatt** You are absolutely correct.
- Shaishav Desai** So, that is 14%.
- Anurag Purohit** Okay, I will also follow up question and I will come up later sir, thank you.
- K.K Bhatt** Thanks.
- Moderator** Thank you Mr. Purohit, the next question is from the line of S. Venkatesh from Amp Capital. Please go ahead.
- S. Venkatesh** Good afternoon Mr. Desai and Mr. Bhatt.
- Shaishav Desai** Good afternoon.
- S. Venkatesh** Congratulation on the good result. I just wanted to check on a few things. Firstly in terms of gas availability for the new plant would that also be under the existing administrated pricing mechanism or would that be subject to market price?
- Shaishav Desai** I would like to clarify that the new plant that we are talking about is lignite based plant.
- S. Venkatesh** Okay.
- Shaishav Desai** And we are sitting right on the top of the lignite reservoir itself, they are all pit-head power stations.
- S. Venkatesh** Okay so there is no issue there.
- Shaishav Desai** That is there and we have lignite of run the power station of 1000 megawatt for a period of 30 to 35 years that much lignite has already been identified.
- S. Venkatesh** Okay and in terms of the two stages in which it is gone to be commissioned, so December 2008 you expect 125 megawatt to come on street.
- Shaishav Desai** 125 by December 2008 and another 125 by February-March 2009.
- S. Venkatesh** Sure sir, there was also some talk of GUVNL potentially bringing down the ROE on the power plant is there any proposal in that regards?

**Shaishav Desai**                    There is none.

**S. Venkatesh**                    Sorry.

**Shaishav Desai**                    No.

**S. Venkatesh**                    Okay sir thank you.

**Moderator**                        Thank you Mr. Venkatesh, the next question is from the line of Mr. Ruchit Mehta from HSBC Asset Management. Please go ahead.

**Ruchit Mehta**                    Yeah hi, good afternoon sir. Just want to get some sense when you said you have complete past of your variable cost and therefore you can get about a 14% ROE but this is assuming some standard level of PLA factors.

**K.K Bhatt**                         That is lignite based it is 75%.

**Ruchit Mehta**                    Okay.

**K.K Bhatt**                         And for gas based it is 80%.

**Ruchit Mehta**                    Okay, now concerned that your actual PLA factor of significantly higher than this what sort of ROU, actually your are making up at the moments on this funds?

**Shaishav Desai**                    Because of the incentives this would be can be set can be said little higher around the 15-15.5.

**Ruchit Mehta**                    15 to 15.5, hello.

**Shaishav Desai**                    Haan ji.

**Ruchit Mehta**                    About 15 to 15.5.

**Shaishav Desai**                    Yeah.

**K.K Bhatt**                         See specifically

**Shaishav Desai**                    Specifically there is also I will ask Bhatt to explain more.

**K.K Bhatt**                         See basically we are getting less incentive over and above that stipulated PLF level.

**Ruchit Mehta** Okay.

**K.K Bhatt** Per unit, so what Desai sir wants to explain that if we add that incentive portion to the ROE it would be more than the speculated ROE.

**Ruchit Mehta** Okay.

**K.K Bhatt** But we have not worked out the actual what percentage is coming roughly it would be ranging between there what we perceived, 15.5 something around.

**Shaishav Desai** 15% and above.

**K.K Bhatt** 15% on the capital includes in the project.

**Ruchit Mehta** Okay and sir just want to get some slightly it was, f you look at on the Baroda plant is operating about PLF factor in first gas stage power plant?

**Shaishav Desai** 89.4.

**Ruchit Mehta** 89.4.

**Shaishav Desai** Yeah.

**Ruchit Mehta** Okay and the other plant, the second plant?

**Shaishav Desai** Surat plant, achieved plant load factor of 85.5 and the Baroda 160 megawatt achieved a plant load factor of 80.10.

**Ruchit Mehta** 80.10, okay and in Surat can you get a PLA factor for all the three plants?

**Shaishav Desai** Sorry I did not get that.

**Ruchit Mehta** For the three plants at Surat would we get the PLA factor for each one?

**K.K Bhatt** Surat, you are talking about the 125 unit.

**Ruchit Mehta** The SLPP plant at surat 250 megawatts.

**Shaishav Desai** There are two units 125-125, you want know individual plant load factor?

**Ruchit Mehta** If possible.

**K.K Bhatt** See, right now we do not have.

**Shaishav Desai** I do not have, by the time you let me see if but.

**Ruchit Mehta** Okay no I mean if combine it was fine, for the combine.

**K.K Bhatt** Generally.

**Shaishav Desai** The finance people do not keep track so much.

**Ruchit Mehta** Okay, but for the ball park assumption for the 250 Surat based plant is how much?

**K.K Bhatt** 85.50.

**Shaishav Desai** Sorry I got plant two.

**Ruchit Mehta** No sir, for the Surat Lignite Power Plant?

**K.K Bhatt** Year PLA factor was during 78, 85.50.

**Ruchit Mehta** Okay and sir if you can just give a sense of what is realization for average on the three plants per unit?

**Shaishav Desai** That would be again 85 I think.

**Ruchit Mehta** No sir, realizations per unit.

**Shaishav Desai** See 89% for unit, realization what tariff.

**Ruchit Mehta** Yes, sir.

**Shaishav Desai** This is see tariff average realization is around Rs.2 and 35 to 40 paisa.

**Ruchit Mehta** For all the three plants put together.

**Shaishav Desai** Put together.

**Ruchit Mehta** Okay great. Can you just tell what is the debt on the books of the company as of 31<sup>st</sup> of March?

**Shaishav Desai** Currently the debt outstanding is 120.

**Ruchit Mehta** Okay.

**Shaishav Desai** The outstanding debt for the first Baroda based two project, 145 and 160 and the Surat lignite existing station.

**Ruchit Mehta** Okay.

**Shaishav Desai** But the debt which we have now accumulated for the expansion project which is currently under construction is around 250 Crores.

**Ruchit Mehta** Okay sir.

**Shaishav Desai** So, put together it is 350 plus 120 which is 470.

**Ruchit Mehta** Okay and this all long term price and short term put together or?

**Shaishav Desai** It has getting construction which we will be capitalizing but 120 is the debt that we are carrying in the books and for which the revenue is to be considered.

**Ruchit Mehta** Okay great and also in terms of the working capital, what is the working capital borrowings in the books of the company?

**Shaishav Desai** We have the sanctioned limits of 180 Crores from a consortium bank, we have two consortiums one for Baroda and one for Surat and for which the individually this assets is 100Crore for Surat and 80Crore for Baroda.

**Ruchit Mehta** By how much we would have drawn down?

**Shaishav Desai** About 45 to 50% we are drawing.

**Ruchit Mehta** So, roughly 80 Crores, 90 to 100 Crores.

**Shaishav Desai** 90 Crores.

**Ruchit Mehta** So total borrowing is about 550-560 Crores, is that correct sir 550 to 560 Crores?

**Shaishav Desai** 70 plus 90, 550 Crore.

**Ruchit Mehta** Okay and the average cost of borrowing on this?

- K.K Bhatt** See there are, it is a different altogether. If you ask about the expansion in projects. See we have drawn 360 Crores.
- Ruchit Mehta** Okay.
- K.K Bhatt** You see average rate of interest is 8.60%.
- Ruchit Mehta** 8.6.
- K.K Bhatt** And for existing one it is around 9-9.5 range in different banks.
- Ruchit Mehta** Okay.
- K.K Bhatt** It is going to be repaid by this year so next year we are having in our book only this project draw down only.
- Shaishav Desai** What he is trying to say is that 120 Crores which is for the old station?
- Ruchit Mehta** Okay.
- Shaishav Desai** Which has debt service will be completed in this year.
- Ruchit Mehta** Okay.
- Shaishav Desai** So, this financial year is the last financial year for the revenue I mean debt obligations for the existing all put together 555 megawatt. Then what will be carry in the books will be only the debt which is for the currently going on expansion project.
- Ruchit Mehta** Okay great and sir just on the three projects which you are already up and running what is the total amount of capital employed that is considered for the 14% ROE?
- Shaishav Desai** I will come back to you on this.
- Ruchit Mehta** Okay fine sir, thank you.
- oderator:** Thank you Mr. Mehta, the next question is from the line of Ravindranath Naik from Reliance Money. Please go ahead.
- Ravindranath Naik** Good afternoon sir. Actually I want to know what is the kind of cost you are incurring in the sourcing of gas for in MMBTU terms for Baroda one and

Baroda two and what is the cost of lignite you are purchasing from your own mines, for Surat plants?

**Shaishav Desai** I will start with the second question first. We are not purchasing any lignite, we have been awarded lignite mining rights by the government. So we are I mean we are producing the lignite ourselves, though it is contracted out.

**Ravindranath Naik** Okay.

**Shaishav Desai** See it is entirely done under my supervision and control, it is my own production cost rather than a bought out item.

**Ravindranath Naik** Okay what is the transfer price which you have fixed for this?

**Shaishav Desai** This is per metric ton cost is ranging from Rs. 800 to Rs. 820 per ton.

**Ravindranath Naik** Okay, last year sir Rs.790 per ton, so whether it has increased by some amount.

**Shaishav Desai** Naturally because of the O&M and other factors, some of the pushing up of diesel prices this will go up a little.

**Ravindranath Naik** Okay, so what about the gas?

**Shaishav Desai** Gas currently APM gas from GAIL is around Rs. 5000.

**Ravindranath Naik** In MMBUT terms sir?

**Shaishav Desai** This is debt SQM rather than NMQ that is 1000 standard cubic meter.

**Ravindranath Naik** Okay. so, what is that, how much it is?

**Shaishav Desai** Rs. 5000.

**Ravindranath Naik** Okay. It is for Baroda II.

**Shaishav Desai** The GSPC Gas also which we have sold. It is Gujarat State Petroleum Corporation. It is around Rs.7800.

**Ravindranath Naik** Okay, okay, so it is for the 7000 Rupees is for Baroda II I suppose.

**K K Bhatt:** So, there is no as such concept.

**Shaishav Desai** We are having a common management where the pipeline is single and then we draw the gas, so there is no actually I mean if you ask me that this like gas is only used here and not there, it is not an arrangement like that. Because this 1 unit is down here, we divert the gas to the other unit. If one unit of one station is down, the other unit is loaded, something like that.

**Ravindranath Naik** Okay.

**Shaishav Desai** It is completely a flexible way of handling the gas.

**Ravindranath Naik** Okay, thank you very much.

**Shaishav Desai** Thank you.

**Moderator:** Thank you Mr. Naik, the next question is from the line of Mr. S. Venkatesh from AMP Capital, please go ahead.

**S. Venkatesh** Sure, I just wanted to check on a few things. The capital expenditure for the new plant, how much has been incurred so far and how much additional debt would you expect to take on in this year and secondly there is also been talk of more your setting up more lignite based units and just wanted to understand that.

**Shaishav Desai** I will come there, I will answer that yeah. The cost of project for the currently ongoing expense is 1633 Crores and out of which as you know we have 1225 Crores of debt which has already been tied up and the balance is about 430 you know odd Crores is equity. Equity we have frontloaded this project and we came with a publication I mean follow on public issue of 275 Crores and the balance will be through internal accruals. Now as far as this spending on the project is concerned, we have spent around 850 Crores as on date. Okay and the amount of 800 price of physical progress, some of the payments may not have been made because they are booked and may have been shown as the liability to the EPC contractors, so if you want the exact details, you will have to give me a mail address where I can give you some data on that. Currently what we are thinking is that buying and large, by the year end when the project is commissioned, you can imagine, I have drawn 350 Crores already having the process of drawing another 10 to 20 Crores today or tomorrow. So that is about taking it altogether 375 Crores can be stated to I have already been drawn. Balance by October, November we expect this all to be fairly to the extent of about 80 to 90%. Because

now we have all I mean, I have spend from my equity, so whatever project expenditures that is now going on will either be funding only through the debt.

**S. Venkatesh** And in terms of the new lignite base plant?

**Shaishav Desai** Yeah sorry, See we are in the stage of one is that the DPR visibility project phase is going on and we have identified a 500 plus 20% which is 600 Megawatts power station for which the DPR is under our examination. A draft DPR form has been received and the project which is we are thinking about, see there are two to three things one is that environment impact study which has been concluded, the report of this study is expected to be received by the first week of June and we have already engaged the Tata Consulting Engineers as they were consultant for the design, engineering and for the what do you call it short listing I mean contractors whenever we float the tender for the specifications and what kind of plants they are looking at. So, those kind of activities have begun very recently and I think within three four months we should be freezing on some of the fact and some of the way we want the project to take further shape.

**S. Venkatesh** Sure, what are your future projects all?

**Shaishav Desai** This venture will not be able to give you about the cost and other part because that is being examined, so it will be premature on my part to start talking about that because we ourselves are taking a hard look at some of the figure which the graph report which we are studying is given us.

**S. Venkatesh** Sure.

**Shaishav Desai** It will be again CFBC Technology mostly and as you see our both the plant 250 operational and 250 which is being constructed. 250 which is being constructed which is exact the replica of the earlier and the same people earlier will give us the plant and this time also EPC contract or it is BHEL only. It is the same machine 125-125 and this is a CFBC machine, okay.

**S. Venkatesh** Sure. Would you look at PPS for the future plant as well or would you sell some part so merchant power, is there any thought on that?

- Shaishav Desai** At this juncture probably looking to the demand the state grid itself the merchant banking, these are the questions that not addressed at this moment but that does not seems to be thinking on that line.
- S. Venkatesh** Sure thank you.
- Moderator** Thank you Mr. Venkatesh, the next question is from the line of Anurag Purohit from Religare Securities. Please go ahead.
- Anurag Purohit** Yeah, thank you for taking my question again. Sir the two 500 megawatt that you mentioned what location is this?
- Shaishav Desai** It is at Surat. It is lignite based, whatever expansion that we are now thinking is at Surat only.
- Anurag Purohit** Okay sir.
- Shaishav Desai** Because as I mentioned that the place has lignite for 1000 megawatt for 35 years. Because as you know the fuel the surety of fuel is much more at Surat, because we are getting the reserve itself and they are own located the mining area is all located nearby. So this will minimize my transportation cost also because and the things will be much in my control.
- Anurag Purohit** So, but this would until something around 2500 Crores of CAPEX as the project cost would be some were around that range. So for equity component are we planning to raise the money or would matched through internal accruals?
- Shaishav Desai** More precisely were the questions than earlier because we are examining those issues naturally if the fund requirement as you rightly say these are very high, it can be Rs. 2500-Rs. 3000Crore including mining additionally we will have to carry all. So, naturally if required there will be fund raising but at this juncture what kind of fund raising we will be making it is like rather premature to start talking about this juncture unless the things have frozen at my board level and then I can not talking about it.
- Anurag Purohit** Okay but when do we expect some kind of clarity?
- Shaishav Desai** It should take at least three to four months.

- Anurag Purohit** Okay so it would take three months to stop for at least us to know what will be the project cost and what would be the timeline, could you give us some sense on what timeline by which these projects should be added to our capacity?
- Shaishav Desai** Sorry I could not get that.
- Anurag Purohit** As in when do you expect as in once the processes are done after let say after three to four months when do we expect the power plant to be operational if we go through it?
- Shaishav Desai** It should be around 2011-2012.
- Anurag Purohit** Okay, thank you sir and all the best.
- Shaishav Desai** Thank you.
- Moderator** Thank you Mr. Purohit, the next question is from the line of Rajesh Prabhudesai from Deepak Mehta Stock Brocker. Please go ahead.
- Rajesh Prabhudesai** Yeah good afternoon sir.
- Shaishav Desai** Very good afternoon.
- Rajesh Prabhudesai** Sir I just want to check what is the reserve that lignite reserves at Surat?
- Shaishav Desai** In terms of tons not on the tip of my tongue, but this is enough for as I said 1000 megawatt for 35 years.
- Rajesh Prabhudesai** Okay and if you go for this new expansion what will be the cost of mining lignite and the current cost?
- Shaishav Desai** as the calculation that we are examining and including the price of lignite which is also the GPRS projected to us, but as I said that let me first get it verified myself than I should start talking about it.
- Rajesh Prabhudesai** Okay, but slightly will have to.
- Shaishav Desai** Slightly bare with me till the entire picture emerges and then we talk about it.
- Rajesh Prabhudesai** Okay, let me modify my question. So if further existing current plan what is the mining cost?

- Shaishav Desai** As I said this is around 800 to 820 per ton.
- Rajesh Prabhudesai** Okay sir thanks
- Shaishav Desai** Thank you.
- Moderator:** The next question is from the line of Ruchit Mehta from HSBC Asset Management, please go ahead.
- Ruchit Mehta:** Yes sir, just in terms of the potential experts say would it be single shot of 500 Megawatts or you will look at more?
- Shaishav Desai** It will be two unit 250 plus
- Rajesh Prabhudesai** 250 Okay, assuming that you set time line of 2012, thus probably you are talking about 4 years, so at what point in time you would need to freeze plants and actually start ordering equipment to have a delivery commissioning at 2012?
- KK Bhatt:** 36 months plan.
- Shaishav Desai** 36 months plan.
- KK Bhatt:** 36 is also a stretchable target as per the LOI generally.
- Rajesh Prabhudesai** Okay, if things which we placed probably by the end of this fiscal, in order to get everything in time by fiscal 2011
- Shaishav Desai** Trying our best, let us see how it turns out to be.
- KK Bhatt:** That only after LOI and zero debt starts we can talk about this exist states and all this things.
- Rajesh Prabhudesai** Okay right sir.
- Shaishav Desai:** Those are very specifics. I do not think I can answer at this moment.
- Rajesh Prabhudesai:** Okay, right sir, thanks, and sir will you just give the figure on that total capital employed in these existing three projects, it will be great?
- KK Bhatt:** We will give you.

- Shaishav Desai:** We will give you.
- Rajesh Prabhudesai:** Okay, fine. Thank you.
- Shaishav Desai:** Bye.
- Moderator:** Thank you Mr. Mehta. The next question is from the line of Nevil Dedhia from Mehta Securities, please go ahead.
- Nevil Dedhia:** Sir one question, I just wanted to ask like, for the new power plant is 250 in Surat lignite based, what we expect the realization per unit?
- Shaishav Desai:** The levelized tariff that we have worked out.
- KK Bhatt:** There is expansion 2 Rupees 16 paisa.
- Nevil Dedhia:** 2 Rupees 16 paisa and sir it would PPA or it will be notes.
- KK Bhatt:** PPA there.
- Shaishav Desai:** This will be PPA with GUENL, Gujarat Urja Vikas Nigam Limited and the entire power will be sold to the state grid only.
- Nevil Dedhia:** Okay, thank you sir.
- Moderator:** Thank you Mr. Dedhia. The next question is from the line of Anurag Purohit from Religare Securities, please go ahead.
- Anurag Purohit:** Sir, one more question, what are the tax benefits that our three power plants enjoys?
- Shaishav Desai:** Basically the 160 Megawatts. It is at Baroda and 250 Megawatt operational which is at Surat, they are all under ADIA and this is station II which we refer to as 160 Megawatt is, its benefited in just 2012 and the lignite power station has had benefits until 2015.
- Anurag Purohit:** Okay and station 1 does not have any benefit?
- Shaishav Desai:** Station one not it is entirely taxable.
- Anurag Purohit:** Thank you very much.

- Moderator:** Thank you Mr. Purohit. We have a question from the line of Mr. Arun Jain from Shubh Kam Capital, please go ahead.
- Arun Jain:** Yeah, good afternoon sir.
- Shaishav Desai:** Good afternoon.
- Arun Jain:** Yeah, this is Arun Jain from Capital, I just want to know that how much your is merchant power and how much is fixed in FY08 sale?
- Shaishav Desai:** What did you say, I did not follow.
- Arun Jain:** I joined in later, so I just wanted to know that how much is the sale from fixed from power purchasing agreement or merchant power.
- Shaishav Desai:** 75% is sold to the Gujarat Urja Vikas Nigam Limited under the power purchase agreement and 25% is sold to the participating unit which is GSFC and GACL, and a very small portion goes to GAIL also but in that arrangement that 25% again GUVNL also is build, so if you look at it almost 80 to 83% is sold to the GUVNL and balance goes to this industries.
- Arun Jain:** Okay, thank you sir.
- Moderator:** Thank you, the next question is from the line of Rajesh Prabhudesai from Deepak Mehta Stock Brokers, please go ahead.
- Rajesh Prabhudesai:** Yeah, good afternoon sir, I just wanted to confirm the numbers, I joined a little later, sorry sir I might have missed them but what I understood is your new plant which is coming up you said the realization will be Rs. 2.60 paisa.
- Shaishav Desai:** This is our levelized tariff as they are projecting is Rs. 2.16 paisa.
- Rajesh Prabhudesai:** Yeah, and you said that.
- Shaishav Desai:** One six, 16.
- Rajesh Prabhudesai:** Yeah, and you said it is the lignite based only right.
- Shaishav Desai:** It is the lignite based.
- Rajesh Prabhudesai:** Current cost per ton is around 800 Rupees, if I got it correctly.

**Shaishav Desai:** Yeah.

**Rajesh Prabhudesai:** That is the case in is it the 13% return actual return kind of project or because the profitability could be much higher prima facie based on this two numbers.

**Shaishav Desai:** Sorry, I did not get you.

**Rajesh Prabhudesai:** No, if your selling price is 2 Rupees 16 paisa realization, and lignite cost is only 800 Rupees per ton, my general calculation is you know your returns will be more than 14%, is it correct reading or it has assured 14% return kind of project only.

**Shaishav Desai:** See in the power, this kind of a regime, fixed cost is admitted on a normative basis. Even the fuel cost is admitted on a normative basis, so if you are efficient, then you curve also, I mean little more than what you have spend, so if you need that kind of a normative thing and if you are better, if your performance operationally is better, then you tend to get more money than your ROE.

**Rajesh Prabhudesai:** Okay sir.

**Shaishav Desai:** This is as per GSFC because they are admitted on a normative basis, then they are not concerned with what actual spending you have made.

**Rajesh Prabhudesai:** Okay.

**Shaishav Desai:** Of course it may not be very great because this GRC regulations is that way does not give you much lineage to operate in a very efficient manner but we because of our expertise in operations and having been in the field for last 20 years, we are one of the best because of on technical side and to maintain our plant, is the most how do I put it most efficient manner.

**Rajesh Prabhudesai:** Okay sir, thank you.

**Moderator:** Thank you. We have a question from the line of Ravindranath Naik from Reliance Money.

**Ravindranath Naik** Sir, can you please clarify whether you have filed with GRC some loss of fuel in the second plant at Baroda.

- Shaishav Desai:** Yeah.
- Ravindranath Naik:** Have you filed any claim for your loss of fuel in second plant at Baroda.
- Shaishav Desai:** We are in the process, okay.
- Ravindranath Naik:** So, what is that lose, in figurative terms, what is the kind of lose you have incurred.
- Shaishav Desai:** At this juncture, on telephone I cannot tell you those figures because they are, I need to explain in so much technical language also.
- Ravindranath Naik:** Okay, have you booked in your other income, have you booked any kind of delayed payment, interest cost in the other income?
- Shaishav Desai:** This year the result because I have not taken to the board.
- Ravindranath Naik:** Okay.
- Shaishav Desai:** I can say that until December no such income or delayed payment has been booked. They were there in the last year but they are not there in the current year.
- Ravindranath Naik:** Okay, thank you very much sir.
- Moderator:** Thank you. Next question is from the line of Nevil Dedhia from Mehta Securities. Please go ahead.
- Nevil Dedhia:** Sir one more question is there, sir I just wanted to ask like the volume, the gas stakes from GAIL and GSPC, sir the volume based gas, Sir could you give it in volume terms?
- KK Bhatt:** 0.7.
- Shaishav Desai:** GAIL is 0.7.
- KK Bhatt:** GSPC is 0.1, plus 0.1 on assured.
- Nevil Dedhia:** Sir, GSPC is 0.1?
- Shaishav Desai:** 0.1 on assured basis and 0.15 on toll back basis.

- Nevil Dedhia:** Okay, thank you sir.
- Moderator:** Thank you. There are no further questions at this time. Mr. Valia, would you like to add any closing comment.
- Jigar Valia** Yes, I would like to thank all the participants for their time, interest and thank you for having a meaningful interaction here and I would like to specially thank the management of Gujarat Industries part Mr. Desai and Mr. Bhatt, thank you so much. We are absolutely pleased to host this conference call for you.
- Shaishav Desai:** Sir, I am also thankful to you for this Parag Parikh Financial, for the year ending this conference call and I hope that by and large we could address the question.
- Jigar Valia** Yes, thank you, thanks a lot, thank you Rochelle and I wish a very good day to everyone.
- Shaishav Desai:** Thank you so much.
- Moderator:** Thank you Mr. Valia. Thank you Mr. Desai and Mr. Bhatt.
- Shaishav Desai:** Thank you.
- Moderator:** You are welcome. Ladies and gentleman on behalf of Parag Parikh Financial Advisory Services Limited, that concludes this afternoons conference call. Thank you for joining us and you may now disconnect your lines.

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