Stellar Performance by Essar Power Gujarat in December 2015

Essar Power Gujarat Ltd. (EPGL), which owns and operates a 1,200 MW imported coal fired thermal power plant at Salaya in Gujarat's Devbhumi Dwarka district, has had a very successful December in terms of financial and operational performance. The company clocked revenues of Rs 157 crore, which includes revenue of Rs 21 crore from merchant sales, and achieved an EBIDTA of Rs 50 crore.

EPGL recorded its highest ever quarterly revenues from merchant sales since commercial operations commenced—Rs 65 crore for the quarter ended 31st December 2015. While EPGL achieved a plant availability of 93% in December, the quarterly availability was at an all-time high of 97%.

Commenting on the performance, Mr Ramesh Kumar, MD, Essar Power Gujarat, said, "Our company expects to make significant gains from the drop in the cost of coal and improvement in efficiency. Coal prices are expected to fall further in 2016 because of weak global demand. Also, domestic interest rates are expected to further soften. This will give EPGL financial flexibility in terms of higher cash flow and lower funding costs in the coming fiscal."

Once completed, the sea water pipeline and jetty coal conveyor at the Salaya plant will reduce operational costs by about Rs 150 crore annually. EPGL is thus expected to achieve greater operational efficiency, higher profitability and substantial growth in FY 2016-17 and thereafter.

The Salaya unit, whose capacity equals about 10% of Gujarat state's overall power demand, is among the best operated power plants in the country. It has won recognition and awards in energy efficiency, environment and safety management practices. In the current financial year, EPGL has received the CII Award for Energy Efficiency, the Gold Category Award for Safety from Greentech Foundation, and the Peabody Award for lowest emission of SO2 and NOX.

Tata Steel To Focus on Improving Productivity : Tripathy

Private steel major Tata Steel will focus more on improving productivity rather than retrenching its workforce in view of the prevailing slump in the global steel sector.

"In view of the slump in steel sector across the world, we have initiated steps to address the challenges and launched 'Sikhar 25' campaign to involve employees and officials to enhance productivity in respective areas," Tata Steel vice-president (HRM), Suresh Dutt Tripathy said.

Interacting with reporters, Tripathy said, "The steel sector was passing through a bad phase due to demand-supply gap and one of the major cause behind it was dumping of steel by China at less than the cost of the production here.

"The country is producing 80 million tons of steel as against the capacity of 110 to 115 million tons, but China is producing 840 tons of steel against their capacity of 1,200 million tons per annum," he said, adding that out of the 840 million tons, steel consumption of China was 720 million tons, leaving 120 million tons surplus.

"Currently, the slump in demand of steel as well as prices was witnessed across the world, which led several steel companies to cut salaries of their employees or adopt austerity measures," Tripathy said.

Asked if Tata Steel had any plans to reduce workforce due to prevailing slump in demand, Tripathy said the company has no

such plans. "We cannot retrench our employees as per an agreement the company had signed with its workers' union in 1956," he said.

Compared to other steel companies in the country and abroad, Tripathy claimed Tata Steel continued to remain a profitable company owing to the efforts of the employees, workers' union, co-existence with society it operates around, mutual trust and institutional mechanism the company developed over the decades.

In the prevailing scenario, he said the prices of steel was comparable to what it was in 2003 and emphasized the need for appropriate measures to sustain in the competitive world scenario.

Uncertainly looms over the advantage of captive mines following the introduction of auction of mines, increase in royalty and tax, which have increased ten times in the past over a decade, Tripathy said admitting that the profit margin of the company came down due to these factors.

Appreciating the Centre for taking measures to protect domestic steel producers against dumping with safeguard duty, increase in import duty etc, Tripathy said the move has checked additional dumping as well as fall in steel prices.

Expressing hope of more such measures from the government, he said implementation of projects such as road, rail and shipping would help improve steel consumption in the country.

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