

"Tata Power Quarterly Results Conference Call"

November 12, 2010

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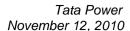
MODERATORS: Mr. Prasad Menon – Managing Director, Tata Power

MR. S. RAMAKRISHNAN – EXECUTIVE DIRECTOR, FINANCE, TATA POWER MR. S. PADMANABHAN -- EXECUTIVE – DIRECTOR, OPERATIONS, TATA

POWER

MR. B. AGRAWALA - EXECUTIVE DIRECTOR, BUSINESS DEVELOPMENT &

STRATEGY, TATA POWER





Moderator

Ladies and gentlemen good day and welcome to Tata Power's Quarterly results conference call. Joining us on the call today from Tata Power are Mr. Prasad Menon, Managing Director, Mr. S. Ramakrishnan, Executive Director – Finance, Mr. S. Padmanabhan, Executive Director Operations and Mr. B. Agarwala, Executive Director of Business Development and Strategy. As a reminder for the duration of this presentation all participant lines are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's opening remarks. Should you need assistance during this conference call please signal an operator by entering * and then 0 on your touchtone telephones. Please note that this conference is being recorded. I now hand the conference over to Mr. Prasad Menon. Thank you and over to you sir.

Prasad Menon

Thank you and a very good evening to everybody. We are happy to welcome you to the analyst call for the Q2 FY11 standalone and consolidated results for Tata Power. Our operations continue to be stable and all major expansion projects are progressing well. The line-by-line explanation of our financial statements has already been circulated to all of you and our Executive Director – Finance, Mr. Ramakrishnan, will take your questions on the financials shortly.

Just to go through the highlights for the quarter, we won the geothermal license for the 240 MW Sorik Merapi project in Indonesia. We will go through an exploration phase in the next 12 to 18 months before we finalize the plant configuration, the CAPEX requirement and the commissioning timeline. We have received an approval from the government of Gujarat to set up a 25 MW solar power project. There have been improved realizations on coal in this quarter but production has been lower due to 'more than expected' rainfall. In the Mumbai operations we continue to add new customers and during this quarter we added over 5100 changeover customers. Therefore, the total retail customer base has now reached around 85,000. We also continue to supply 200 MW to R-Infra and we are awaiting a decision on our challenge against the SLDC and Government of Maharashtra for not scheduling power as per our requirements.

Let me now give you an update on the key projects. First of all, the Mundra UMPP. We have now reached 65% on an overall basis and efforts are on to commission the first unit ahead of our target of September 2011. The DCS system, the Distributed Control System power on was achieved in September 2010 which is a very critical milestone. The unit number two boiler hydro test has just been successfully tested



recently in September 2010. The structural fabrication of the external core handling system is now about 85% complete and we are awaiting the diversion of a village road to complete the remaining work which should happen in the next 2 to 3 weeks. The internal coal handling system is progressing well with most of the works now completed. The erection of the boiler pressure parts for units for 3, 4 and 5 is also progressing well. Work on the chimneys and the 400 KV switch yard which is proceeding as per schedule. The new coal jetty with ship unloading facilities is expected to be ready by the end of this year. And work is on progress on the 400 KV power evacuation lines. Efforts are also on to obtain the required Right of Way in time for one of the sections on the lines.

As far as our Maithon project is concerned which is the 1050 MW project in Jharkhand, the project is now about 90% complete on an overall basis. The unit one boiler light up is expected to be completed this month. The erection of the first turbine and the 400 KV switch yard has been completed. And unit one is expected to be commissioned in the 4th Quarter of this financial year. As we mentioned earlier since the railway line is delayed alternate arrangements have been made for coal transportation by road and the first consignment has been delivered at site. The second unit is expected to be commissioned in the 1st Quarter of FY 12.

IEL which is the JV that we have with Tata Steel, the unit number five in Jojobera was synchronized in April. However, we experienced some turbine related problems during operations and the turbine has been sent back to BHEL for rectification. We are expecting re-synchronization and commissioning towards the end of December 2010.

The Dagachhu Hydro Project in Bhutan is progressing well. The civil works are well underway and work has also commenced on the surge shaft and the weir etc. Infrastructure like the approach road, bridges, construction, power etc. has been completed.

In the Dehrand Project close to Mumbai, disbursements have already begun for land payments and we are now working on optimizing various design parameters for the project.

Okay now since we have sent you all the financial statements we can go straight into the Q&A if it is okay with you.



Moderator Thank you very much sir. Our first question is from the line of Mr. Abhishek Tyagi

from CLSA. Please go ahead Mr. Tyagi.

Abhishek Tyagi Sir a couple of questions, firstly on the Mundra project you said that you would now

be ready perhaps to commission the first unit even earlier than September 2011. There were some press articles saying that the transmission line for the evacuation for the Mundra UMPP perhaps could be delayed. What will happen in the event of

early commissioning or you being ready for commissioning earlier?

Prasad Menon Very clearly, Abhishek, we have to get the evacuation lines ready as well. While

there have been one or two problems on the Right of Way but we believe it will be

completed and ready on time for our commissioning.

Abhishek Tyagi Okay so you do not see any problems with PowerGrid delaying as of now?

Prasad Menon There are challenges, but I think we should be able to manage.

Abhishek Tyagi Okay. Secondly, can you give us the details on what problems the unit 5 is currently

facing?

Prasad Menon Unit 5, actually we had synchronized that machine and we did have some problems

with the turbine once we started to load it up. And very clearly there is a defect, BHEL has acknowledged and they have taken it back to their works for rectification. And that should come back in the next 2 to 3 weeks and we should be in a position to

synchronize again.

Abhishek Tyagi Okay. Thirdly, there is one provision of 88 crores for the diminution in the value of

long-term investments by a subsidiary company. Can you give an explanation of

that, which investment is this?

Prasad Menon Yeah sure, this is actually relating to our investment in the geothermal company in

Australia called Geodynamics. And Mr. Ramakrishnan will explain that.

S. Ramakrishnan This is a company which is doing exploratory work in geothermal and drilling the

well. The project had a set back of two or three months about 6 to 9 months ago and

it has now recovered. The Singapore subsidiary of ours which is based on most IFRS $\,$

type of standards, the auditor felt that since the stock market quotation for the listed

company has been pretty low compared to our acquisition cost. We felt that as per

the standards we need to make a provision for diminution in value. And our audit



committee here said that even though as per Indian standards we need not have followed the same the view was as an abundant caution we ourselves made the provision for the same. Since then the project is back on track and the Australian market has even shown some improvement in terms of improvement in share market value. And this project is different from the geothermal project in Indonesia. This is in Australia and this is a listed company which is called Geodynamics.

Abhishek Tyagi What is the total investment Tata Power has made in this company?

S. Ramakrishnan We have made investments close to about 40 million Australian and the reduction in

value is almost 50%.

Abhishek Tyagi Okay. Sir one more question on the license area. When does our license expire and

what is the procedure to renew it?

S. Ramakrishnan We will know shortly since there is another license expiring in 2011 after which I

will be able to answer you better.

Prasad Menon Sir does the company have a right of first refusal or anything like that?

S. Ramakrishnan No, nothing like that.

Abhishek Tyagi Okay thanks a lot for your answers.

Moderator Thank you Mr. Tyagi. Our next question is from the line of Venkatesh B of

Citigroup. Please go ahead.

Venkatesh B Can you provide us the sale amount, the realizations and the cost of production in the

coal mines?

Prasad Menon Yes, we will do so. The coal sold is 13.7 MT during this quarter. The realization has

been \$73.7 per ton.

Venkatesh B Sir, why has the sales come off, volumes?

Prasad Menon Heavy rains during this quarter in Indonesia which has affected production not only

ours, but almost all coal mines operating in Kalimantan area.



Venkatesh B Okay. Now there has also been of sale or business by NELCO to Crompton Greaves.

Does the 55 crores gain also feature in your parent financials, standalone financials

also?

Prasad Menon It will not appear in the standalone financials.

Venkatesh B Okay it will come only in the consolidated one?

Prasad Menon That's right because it not of sale of NELCO shares, it is a sale of a division by

NELCO so the profits are booked in the NELCO accounts.

Venkatesh B Okay, what is the associated tax on this?

Prasad Menon The associated tax on this is after its operating profit or loss, otherwise the tax is

almost to the extent to about 20% reduced to the extent of losses in the operation of

the division.

Venkatesh B Okay sir my last question is on merchant rates. Apparently because of monsoons

merchant rates have come down significantly in the last quarter. I would like your

views on merchant rates going forward given that just one quarter of monsoons and

your merchant rates start collapsing. Do you believe that there is a possibility that if India adds like 10 or 12 GW per year for the next two years merchant rates could

actually go below Rs. 3?

Prasad Menon Venkatesh, have you asked all the major players in this area the same question?

Venkatesh B Yes sir, but they did not tell the truth.

Prasad Menon Okay, we will try and tell you the truth. During this quarter our unit 8 realization was

Rs. 4.19 and during the first half it was Rs. 4.85. And the realization for Haldia, the

equivalent number is Rs. 4.41. This is the realization for the first six months. So what has happened actually in July, August, and September this year, the monsoon has

been quite heavy this year. The second factor is some of the state electricity boards

have gone back on their contracts which they had committed earlier and we also find

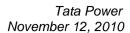
that much of the power in the exchange is not being bought. The exchange prices are

as low as 2.40-2.50 even during peak times. So there is a huge amount of load

shedding adopted by many states electricity boards and these two factors have

contributed to the merchant prices coming down. Long-term merchant prices we are

currently planning on Rs. 3.50 to Rs. 3.75 base rate.



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Venkatesh B

Sir on a related note, actually we were observing the financials of all the power utilities in this space and we have noticed that over the last two years the receivable days of almost all the leading utilities like the NTPC, Power Grid, and even the private IPPs have started moving up. Now, to some extent there could be a reason because FY10 is a change in the way tariffs are getting calculated. But do you feel across the sector that once again you are seeing some kind of pain when it comes to collection period from state electricity boards? Is there some early warning signs?

S. Ramakrishnan

See there are two things. I think state electricity boards are paying as per the tariffs approved by the regulator. But there is a gap between increasing costs and the tariff that the regulator approves. So that is why when you say accounts receivable these amounts are going up, many of them are not even billed yet because the regulator has not approved the tariff.

Venkatesh B

Thanks a lot and all the very best.

Moderator

Thank you. Our next question is from the line of Parag Gupta of Morgan Stanley. Please go ahead.

Parag Gupta

Just two questions from my side, firstly it could you give us a sense of the debt and the cash position at the coal SPV's?

Prasad Menon

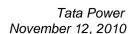
The cash position as of today the SPV's have the 39.43 million, the debt is 647 million.

Parag Gupta

Great. And my second question is it seems that the PLF in your Mumbai license area plus at other units was much lower, is this because you probably took some plant shutdowns in this quarter?

Prasad Menon

No this quarter there were no plant shutdowns. Unit 5 in Trombay was operating at a lower PLF compared to last quarter primarily because we have some technical problems with our turbines and it is operating at 470-460 MW instead of 500 MW. We should be able to correct it when you take the outage of units by early next year. Unit 6 which was on oil is operating at the lower PLF because of the total demand that has come down and oil does not get cleared during the nonpeak hours so the PLF went down. Unit 7 and unit 8 have been operating under normal PLF. This is in the Mumbai license area and in all the other plants outside the license area the PLFs have been normal as planned.





Parag Gupta Great, thank you.

Moderator Thank you. Mr. Gupta. Our next question is from the line of Tien Doe of GIC. Please

go ahead.

Tien Doe I just have one question on this story on the InterGen assets that you are no now

longer in negotiations with GMR for the purchase of that asset. It's actually more

likely to be acquired by a Chinese purchaser. Would you comment on that?

Prasad Menon Yeah we just read about it in the papers today.

Tien Doe And is it true?

S. Ramakrishnan I have no idea the papers say it that they are selling it to a Chinese. It is partly true.

We are not in discussion that is true, the other one we do not know.

Tien Doe Okay right, that's great, thank you.

Moderator Thank you. Our next question is from the line of Pankaj Sharma of UBS. Please go

ahead.

Pankaj Sharma In terms of the projects which are other than the under construction project like

Mundra and Maithon, what is the update?

Prasad Menon On the projects in the pipeline?

Pankaj Sharma Yeah projects in the pipeline.

S. Padmanabhan Okay we have really three of them where we are in the process of land acquisition.

We have the Dehrand Project which is in Maharashtra; there the land acquisition is moving reasonably well. We have now about 250 acres out of about 1100 acres now having been paid for. It is moving at a pace which is dictated by how fast the district officials can clear it. The project in Orissa near Cuttack, Naraj Marthapur project again the land acquisition is progressing well. Over 300 acres has been acquired and we are in the process of giving the government land transfer and we believe they should happen in about three months or so we should have it complete. As far as Dehrand is concerned also he should complete the process by January or February. We have another project in the pipeline in Jharkhand in a place called Tiruldih which is connected to the Tubed Coal Block. There the process should take a little longer. It



will probably be towards the end of 2011 calendar year that we will finish the land acquisition. But we can clearly see that many of the projects activities would start picking up in the first half of next year.

Pankaj Sharma Okay thanks sir.

Moderator Thank you. The next question is from the line of Vishal Biraia of B&K Securities.

Please go ahead.

Vishal Biraia Could you update me on the Dagachhu Project, what is the status?

B. Agrawala That project construction is underway. We have said that it should be commissioned

by 2013 and it is on schedule for that kind of a time frame. The evacuation should not be a problem because even the present evacuation line does have capacity to

evacuate power, so it is pretty much on track.

Vishal Biraia What is the structure of the power sale agreements here? What portion of this would

be merchant and what would be on contracted basis and to whom?

B. Agrawala All the power is being sold to Tata Power Trading and then it will be sold further by

Tata Power Trading as you said.

Vishal Biraia To Tata Power Trading at what rate sir?

B. Agrawala That is something still being worked out.

Vishal Biraia Okay, would it be in a cost plus basis where return for the plant is regulated and Tata

Power gets it at a certain rate?

B. Agrawala As I said it is still being worked out.

Vishal Biraia Thank you, I will come back.

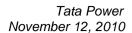
Moderator Thank you. Our next question is from the line of Vikash Goel of ICICI Securities.

Please go ahead.

Vikash Goel I have two questions with regard to Bumi. One being, what has been the production

number for the quarter? Second, how much dividends have we received during this

quarter?



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S. Ramakrishnan

We mined 12.4 million tons and we sold 13.7 and this quarter I think we did not

receive any dividends but we got as fees I think about 8 million.

S. Ramakrishnan

It will be 31 million this quarter of which 8 million is dividends.

Vikash Goel

Okay and if I see that change in cash in debt, I get a number of \$44 million. So the remainder \$5 million would have been?

S. Ramakrishnan

What is \$44 million?

Vikash Goel

The loan outstanding last quarter was 674 million, which has come down to 627 and the cash has marginally declined from \$43.6 million to \$39 million. So what I was trying to understand is your cash inflow during this quarter would have been around \$44 million and...

S. Ramakrishnan

We will ask our people to give opening stats from the end position.

Vikash Goel

No issue sir thanks a lot. That is all from my side. My questions have been answered.

Moderator

Thank you. Our next question is from the line of Abhishek Puri of JM Financial. Please go ahead.

Abhishek Puri

This is Abhishek Puri. Sir, I just wanted to understand regarding the growth in terms of our financials. In the next couple of years I think Mundra will be the biggest growth drivers in terms of our financials so if you can help us explain the economics of the project which will be coming on stream, say, as per the internal targets of fourth quarter of this year so next year I think the consolidated financials will look quite different. If you can help us with the tariff, the broad cost structure based on the actual CERC escalation rates which would have applied to your initial tariff.

S. Ramakrishnan

We have not looked at the CERC rate, but broadly we can say that in that terms of the project cost we are reasonably within the original estimate except for certain ForEx variation between dollar and Japanese yen and marginal increase in IDC because the target we are setting today is three months later than our original internal target though it is ahead of the external commitment. So the real issue on the profitability of the project will be decided by coal price and we have in many meetings exchanged the amount of exposure we have in the initial five years which is about 3-3.5 million tons of coal which goes up to 6-6.5 million tons of coal from year six onwards.



Abhishek Puri Okay, sir and in terms of first year tariff which we have bid out would be?

S. Ramakrishnan The bid-out tariff is not material. That is what is called an evaluated tariff which is

2.26 but that is a theoretical tariff that is not the tariff that we are charging.

Abhishek Puri But I am asking about the levelized tariff. Not the first year tariff.

S. Ramakrishnan The first year tariff is something I have not worked out because I need to look at the

coal index today to really arrive at the tariff. The last time we had done some working it was somewhere around 2.45 or something like that but that is not really material, what we are saying is that we have compensated for all the increases except in coal, we are compensated only to the extent of 45% and that is why I told you the

coal tonnage exposure that we have.

Abhishek Puri Okay. Just a last detail on Mundra, the boiler design which we have done, what

range of coal GCV can we accept in that boiler?

Prasad Menon At the moment we believe that we can accept 5300, whether we will be able to

accept coal of a lower CV is something that we will check out once the

commissioning is done.

Abhishek Puri So as of today if you go to Indonesian market with a requirement of 5300 kilo cal

coal what would the basic spot price be if you can just indicate to us, I think that

should be enough from our side.

S. Ramakrishnan We have not gone to the market because we have a signed agreement with Bumi.

Abhishek Puri There is some spot exposure is there you said....

S. Ramakrishnan The coal that we had for Dehrand which is not used for Dehrand we have diverted it

to Mundra so as of today our off take with Bumi it takes care of our Mundra.

Abhishek Puri So the entire 10.1 plus 20% at our option will be used for Mundra as of now?

S. Ramakrishnan As of now, yeah.

Abhishek Puri And out of that 50% is at a fixed price for 5 years as you said last time?



S. Ramakrishnan Now it is 25% of 10 million, 50% of that was meant for Mundra and 50% of Mundra

was at a fixed price. So of the 10.5 we get roughly about 2.5 or 3 million at a fixed

price, all the rest are indexed.

Abhishek Puri Okay, fair enough. Thank you so much and all the best.

Moderator Thank you Mr. Puri. Our next question is from the line of Jeff Evans of Macquarie.

Please go ahead.

Jeff Evans Gentlemen, just a quick one on the coal again, first question is on the cash cost for

the quarter. The second question is related to full year production, full year production from Bumi, Bumi made a statement yesterday that they are looking for 60 million tons for the full year of 2010, I know it is difficult to comment on another company's forecast, however that would imply a massive shoot-up in production next quarter around 17 million tons, I was just eager to get your view on what the

potential could be for the next quarter if we assume that the rainfall subside.

S. Ramakrishnan Next quarter, you are talking about calendar Q4?

Jeff Evans Correct.

S. Ramakrishnan The internal target set was even higher than 60 million because of the rains it has

been brought down. The actual achievement will very much depend on the rains

during the remaining week; it still rains on some days even now.

Jeff Evans If normal operations were to be happen what could be the upper side of the

production or....

S. Ramakrishnan If the remaining weeks turn out to be fully dry, there is a fair chance of achieving the

60 million, but if the last 3-4 weeks experience is repeated it becomes a challenge

Jeff Evans Sure, and just on the first question on the costs for the quarter.

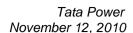
S. Ramakrishnan The cash cost has been higher in the last quarter, it is about \$37.43.

Jeff Evans What was the key reason for that increase? Is it just the low production and fixed

cost?

S. Ramakrishnan Very heavy rain due to which lot more stripping needs to be done because you can

access the coal on the pit which are flooded. Plus there has been a demurrage





because we have not been able to honor some of the shipping commitments, the ships have been out waiting so it is a demurrage as well as more of deferred stripping that has gone on because that was the activity that could be done if it is wet because you cannot reach the pit.

Jeff Evans

That is very clear, thank you.

Moderator

Thank you, our next question is from the line of Shilpa Krishnan of JP Morgan. Please go ahead.

Shilpa Krishnan

My first question is pertaining to the exchange gain of 190 crores that you have mentioned. Is that an item that you have shown in the P&L, does that pertain to an under construction subsidiary and what exactly is....

S. Ramakrishnan

We had shown the exchange that pertains to standalone in the standalone results, while the remaining is contributed mainly by CGPL because its debt which gets restated because the rupee is stronger there has been in gain in CGPL and I think there is a marginal loss in the coal translation because the rupee is stronger. But by and large really it is the standalone forex gain is reflected in our standalone results it shown separately and conso the difference is due to CGPL, almost about 180-190 crores

Shilpa Krishnan

Right, because the project is still under construction...

S. Ramakrishnan

It is because of restating the liability as per the current exchange rate. It is not a loss that is realized, it is more a loss that gets reported because of restating the liability under the current exchange rate.

Shilpa Krishnan

Okay, the second question that I had is could you give us an update on the coal procurement for Maithon. I know it is a pass-through but still what kind of fuel supply agreement and guarantees on the volume do you have as far as the coal procurement is concerned?

B. Agrawala

We need totally a little over 4.5 million tons for Maithon about half of it we already have a fuel supply agreement that we have signed up. We also have another about million tonnes that we have signed up with Tata Steel for midlings that are coming from there and the balance we have the award with us, we are just converting that into a fuel supply agreement. So we are fairly confident that we will have coal available by the time both the units get into operation.



Shilpa Krishnan Alright, my final question is now that we have seen a few quarters of changeover

customers, is there any analysis that you can provide us on the net impact that these

customers have caused on either your profitability or your returns and so on?

S. Padmanabhan Addition of changeover customers does not have any impact on the profitability

because that is directly connected through the network of RInfra which is already

there.

Shilpa Krishnan There is no incremental investment from your side either?

S. Padmanabhan It will be for direct customers where we put our network, there are a few cases of

changeover customers there, the last mile network has been put by Tata Power.

S. Ramakrishnan Where we invest we do get reimbursed in terms of the ROE as per the regulation

Shilpa Krishnan Okay, thank you.

Moderator Thank you Ms Krishnan. Our next question is a follow up from the line of Venkatesh

B of Citigroup, please go ahead.

Venkatesh B This geothermal project in Indonesia, what is the return mechanism, is it an assured

ROE or an assured return on capital base, can you just explain that.

S. Ramakrishnan We have bid a certain tariff for the power we supply, there is no guaranteed return so

once we do the initial exploration and size our equipment, we finish the project and

supply. There are very few conditions under which this tariff can be renegotiated.

Venkatesh B Okay sir, now just moving onto the coal SPVs, what is the interest payment which

was done on these loans in the second quarter and in the first quarter of this year.

S. Ramakrishnan We will mail it you. Our invesment cell will mail it you Venkatesh.

Venkatesh B Sir final question, it is related to what Abhishek was asking earlier on the Mundra

UMPP. Mundra UMPP will operate for 1 or 2 quarters in the first year of operation.

What is the quantum of losses that you expect in the first half year or quarter year in

Mundra?

S. Ramakrishnan We haven't off-hand worked it out but it is very easy for an analyst to work on if you

look at the original returns minus the differential in the coal price for one unit



because we are talking of five units we are seeing that 10.1 plus 20% whereas we are commissioning the first unit in September, and the second one in January.

Venkatesh B Thanks a lot.

Moderator Thank you. The next question is a follow-up from the line of Vishal Biraia of B&K

Securities. Please go ahead.

Vishal Biraia Sir, could you provide me the regulated equities for the distribution, transmission,

and generation companies of Tata Power?

S. Ramakrishnan The regulated equity as of H1 FY11 generation is 1417 crore, transmission is 530

crore, and distribution is 196 crore.

Vishal Biraia Sir how has your regulated equity of distribution moved from, end of FY10 to H1

FY11 if you could...

S. Ramakrishnan I do not have it here; I will mail you the FY10 also so that you can see the difference.

Vishal Biraia Sure, sir. You have given the figures for 2Q FY11 for coal sales and realizations and

cost, could you give me the corresponding figures for the previous year's quarter on

a Y-o-Y basis, if you can?

S. Ramakrishnan We will give it to you. The sales last year was 15.39 compared to 13.71 million,

realization this year was 73.69 last year 57.91, cost of production this year is at 37.3

and last year was 31.12.

Vishal Biraia Thank you sir.

Moderator Thank you. Our next question is from the line of Atul Tiwari of Citigroup. Please go

ahead.

Atul Tiwari I have one question on your case in Supreme Court against allocation of coal

regarding Sasan Project, could you throw some light on the current status of that case because there were some news articles in the press sometime ago that Supreme Court

has issued notices to Government of India and Reliance. So what is the status of

that?

S. Ramakrishnan That is where it stands.



Atul Tiwari There was some confusion that your petition has not been admitted by Supreme

Court so that case is now finally in Supreme Court.

S. Ramakrishnan That is right, now the notices have been issued.

Atul Tiwari Okay, thank you.

Moderator Thank you Mr. Tiwari. Our next question is from the line of Rakesh Vyas of HDFC

Mutual Fund. Please go ahead.

Rakesh Vyas Can you throw some light on the AT&C incentive which you got in NDPL, was it

accounted for the six months of operation, how does that work out sir, when do

you...?

S. Ramakrishnan We do so every quarter. This quarter has reported very handsome gains arising out of

the AT&C reduction. That is one of the reasons for a substantial jump in profitability

of NDPL

Rakesh Vyas Sir, will it be possible to give the first quarter incentive numbers?

S. Ramakrishnan I am told the first quarter incentive numbers for NDPL was 16 crores and this quarter

it is 52 crores.

Rakesh Vyas Okay, thanks so much.

Moderator Thank you, our next question is from the line of Sumit Agarwal of MetLife. Please

go ahead.

Sumit Agarwal I just wanted to check with you in terms of your strategy of acquiring overseas assets

on the coal mine side, how are the things moving on that side?

Prasad Menon We continue to examine it, we are looking at possibilities in Indonesia, and we are

looking at possibilities in Southern Africa.

Sumit Aggarwal Nothing has materialized as of now?

Prasad Menon No, as soon as it does materialize we...

S. Ramakrishnan We have not made any \$2 billion acquisitions in Australia.



Sumit Aggarwal Okay, what is the status of the Olympus, has that deal been signed and where is that

money is getting reflected?

S. Ramakrishnan Not yet, we are still awaiting certain approvals from our vendors and hence the last

date for the transaction has been extended till 19th of this month.

Sumit Aggarwal I was looking at the cash cost of coal mining, in the Indonesian side. Any specific

reason why your cost curves on the coal mining side has been relatively higher as

compared to the other mines in Indonesia.

S. Ramakrishnan Two reasons, one is the strip ratios are higher. Our belief is that since a long-term

price of coal is higher, it is worth going deeper to extract more coal out of the same resource and this quarter has been pushed up a little bit due to the problems

associated with the weather.

Sumit Aggarwal Does Tata Power have any say in terms of awarding of the mining contract or how

does that work?

S. Ramakrishnan We have negative say all such contracts need our approval.

Sumit Aggarwal Okay that is all from my side sir thanks a lot.

Moderator Our last question is from the line of Atul Tiwari of Citigroup. Please go ahead.

Atul Tiwari Sir I had a question on the PE deal in your coal SPVs, what is the effective date of

the deal like from which date you will start showing your minority interest in your

consolidated accounts?

S. Ramakrishnan The day we do the transaction the last date for that transaction was 19th November

2011 so if the transaction needs certain approval if we get it by then we will

complete the transaction.

Atul Tiwari Okay sir thank you.

Moderator Ladies and gentlemen that was the last question. I now hand the conference over to

management for closing comments. Please go ahead sir.

Prasad Menon Thank you very much all of you and we look forward to speaking with you again

three months from now.



Moderator

Thank you very much, thank you members of the management team. Ladies and gentlemen that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.