"TATA Power Company Limited Q1-FY10 Results Conference Call"

September 11, 2009

COMPANY:	**MR. PRASAD MENON, MD – TATA POWER** **MR. S. RAMAKRISHNAN – ED, FINANCE – TATA POWER** **MR. S. PADMANABHAN – ED, OPERATIONS – TATA POWER** **MR. BANMALI AGRAWALA – ED – BUSINESS DEVELOPMENT AND STRATEGY – TATA POWER**
ORGANIZER	**MR. JAIDEEP GOSWAMI –DAIWA SECURITIES SMBC PVT. LTD.**

Moderator: Ladies and Gentlemen, good afternoon and welcome to Tata Power's consolidated 1st Quarter FY2010 results conference call hosted by Daiwa Securities SMBC India Pvt. Ltd. As a reminder, all participant lines will be in the listen-only mode and this conference is being recorded. There will be an opportunity for you to ask questions at the end of today's opening remarks. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touch-tone telephone. I would now like to hand the conference over to Mr. Jaideep Goswami of Daiwa Securities SMBC India Pvt. Ltd. Thank you and over to you Mr. Goswami.

Jaideep Goswami: Thank you - good afternoon everybody. This is Jaideep from Daiwa Securities and on behalf of Daiwa Securities SMBC, I would like to extend a warm welcome to all of you for 1st Quarter FY2010 post consolidated results earnings conference call of The Tata Power Company. With great pleasure we would like to present the top management team from Tata Power. We have with us today from the management Mr. Prasad Menon, Managing Director, Mr. S. Ramakrishnan, ED – Finance, Mr. S. Padmanabhan, ED – Operations, Mr. Banmali Agrawala, ED – Business Development and Strategy. Here I would like to handover the proceeding to Mr. Prasad Menon, for his introductory remarks on the 1st Quarter consolidated results for FY2010 and business outlook after which we can have question and answer session - over to you Sir.

Prasad Menon: Thank you Mr. Goswami. Good afternoon ladies and gentlemen, we are very happy to welcome you to this analyst call for the Q1-FY10 consolidated results of Tata Power.

As we had said last year we will declare our consolidated numbers every quarter from this year, and in this quarter we have already held a call for the standalone results on July 31st, as you remember. This particular call will focus on the consolidated results for the company. Going forward, we will communicate the standalone and consolidated results either through separate calls or through some other appropriate communication. Since we had updated you on the status of our ongoing projects as of July 31st, we will dedicate this call only for the consolidated results and financials. Actually, the only major development since the last call is that Power House #6 was commissioned on August 27. On a consolidated basis, we continue to show growth and the detailed financials will be explained by our Executive Director – Finance & CFO, Mr. S. Ramakrishnan. Over to you SR.

S. Ramakrishnan: Good afternoon, you already have the consolidated results as have been published in the papers and you would have gone through them. I will try to take you through some of the key variations between the last years Q1 results and this year.

The total income for this quarter stood at Rs. 4713.16 Crores as against previous year Rs. 4069.34 Crores, up by 16%. As you know that we had, while announcing the standalone results of Tata Power, a revenue adjustment of Rs. 232.4 Crores in the Tata Power standalone results pertaining to the prior years. In our last call we had indicated to you that Rs. 127 Crores out of this was recognized as revenue after the Appellate Tribunal for electricity upheld the company's claim allowing certain items disallowed by MERC over a period of three years. The other Rs. 105.40 Crores was recognized as part of MERC's truing up orders that were issued in May and June 2009.

The total expenditure stood at Rs. 3708.19 Crores up by 5% from previous year Rs. 3523.43 Crores. The main reasons for variation in the total expenditure are as follows- Staff Cost increased by Rs. 31 Crores primarily due to an increase of Rs. 17 Crores in NDPL after the 6th Pay Commission implementation. Cost of power purchase increased by Rs. 206 Crores, net of elimination, due to greater volume of power traded by Tata Power Trading of about Rs. 283 Crores and higher power purchase cost in NDPL of Rs. 167 Crores, offset by lower power purchase cost in Tata Power of Rs. 217 Crores. Continuing with the key reasons for variation in the total expenditure, the Coal Processing Charges increased by Rs. 131 Crores mainly due to a higher production by 11% resulting in the increase of Rs. 40 Crores, rate increases resulting in Rs. 31 Crores of additional charges and exchange rate fluctuation resulting in higher charges of Rs. 60 Crores. Depreciation is higher mainly on account of Unit 8, Haldia and Wind units getting commissioned and certain other capital expenditure schemes in the License Area including coal jetty.

Profits from Operations before Other Income, Interest and Exceptional items stood at Rs. 1004.97 Crores up by 84% from Rs. 545.91 Crores of the previous year. Interest stood at Rs. 205.54 Crores as against Rs. 147.83 Crores an increase of 39% mainly due to capitalization of new unit in Trombay (Unit 8), Haldia, Wind and borrowing cost to fund our SPVs. Profit Before Tax, Share of Associates, Minority Interest and Statutory Appropriation stood at Rs. 868.16 Crores, previous year Rs. 461.17 Crores up by 88%. Provision for Tax in current year stood at Rs. 284.68 Crores, compared to Rs. 189.86 Crores in previous year up by 50% and Consolidated Profit After Tax stood at Rs. 572.65 Crores as against previous year figure of Rs. 219.85 Crores up by 160%.

We will give you certain key figures pertaining to some of the subsidiaries of ours. NDPL had a Revenue of Rs. 750.2 Crores compared to previous year Rs. 564.5 Crores for Quarter 1. An Operating Profit this year of Rs. 76.8 Crores compared to Rs. 61.6 Crores. PBT for the 1st Quarter of this year at Rs. 55 Crores compared to Rs. 39.1 Crores leading a PAT of Rs. 41.4 Crores compared to Rs. 34 Crores an increase of 22%. Powerlinks Revenue of Rs. 71.5 Crores compared to Rs. 55.6 Crores, Operating Profit of Rs. 69.1 Crores compared to Rs. 53.1 Crores. Profit Before Tax at Rs. 26.9 Crores compared to Rs. 10.2 Crores and Profit After Tax of Rs. 18.6 Crores compared to Rs. 9 Crores an increase of 106%. Tata Power Trading had a Revenue of Rs. 696.6 Crores compared to Rs. 412.6, an Operating Profit of Rs. 2.1 Crores compared to Rs. 1.7 Crores, Profit Before Tax of Rs. 2.5 Crores compared to Rs. 2 Crores and a Profit After Tax of Rs. 1.8 Crores compared to Rs. 1.4

Crores an increase of 28%. The different SPVs through which we have invested in the coal companies had a Revenue of zero compared to zero of last year. We just want to tell you that whatever dividend we receive from the underlying coal companies is treated as interest free advance or loan and these get converted when the dividend is declared in Q4 and hence these do not appear in the revenue statement of the quarter. It has an operating loss of $1 million as against the loss of $5.9 million the previous year, a PBT of $9.9 million compared to the previous year loss of $18.8 million finally leading to a Profit After Tax of $8.5 million compared to a loss of $18.7 million. So as you can see all the underlying entities have done better than the previous year's quarter.

Now coming to the coal operating numbers of the two coal mines that we have in Indonesia of which we have a 30% share - however I am giving you the 100% turnover of the company. It had sales of (in tons / quantity) of 14.3 million tons compared to 12.9 million tons with the previous corresponding quarter which is an increase of almost 1.4 million tons of coal for the quarter. It had a price realization of $53.8 per ton compared to $61 per ton the previous year a drop of $7.2 per ton [*Editors note: These are prices net of royalty and are actual realizations per ton*]. It had a cost of production of $31.6 per ton compared to the previous year $34.6 per ton, a drop in the cost of about $3. So as you can see while the prices did fall there has been a decrease in the operating cost and there has been an increase in production.

If you go into the Segment Results, which are also attached to the statement, the Revenue from Power Business stood at Rs. 3342.97 Crores as against Rs. 2888.32 Crores up by 16% and the main increase (of Rs. 455 Crores) in this revenue largely comes from the turnover of Tata Power Trading, an increase of Rs. 284 Crores and NDPL Rs. 186 Crores compared to the previous year. The Revenue from the Coal Business stood at Rs. 1158.43 Crores compared to previous year Rs. 1011.84 Crores an increase of 14% primarily due to higher sales from the coal mines and exchange rate fluctuations. Just for the information the exchange rate that was applicable this quarter is Rs. 48.67 for $1 whereas the previous year the exchange rate was Rs. 41.73 for a dollar. So though the revenue in dollar terms has been lower, in Rupee terms the revenue that is ascribable to us after elimination has been higher. Profit before Interest and Tax stood at Rs. 1057.19 Crores compared to Rs. 632.15 Crores an increase of 67%. The Power Business had an increase of Rs. 347 Crores in the PBIT, Rs. 310 Crores out of this contributed by Tata Power including the Rs. 232.40 Crores of Revenue Adjustments that we explained at the beginning of the call. And Profit in the Coal Business (again PBIT) increased by Rs. 76 Crores, due to, as we said lower production cost, higher production over sales volume and due to exchange rate fluctuation. That briefly explains the results of the company and we hand over back to you for the question and answer session.

Moderator: Thank you very much Sir. Ladies and Gentlemen, we will now begin with the question and answer session. During the initial round of question and answer participants are requested to restrict the questions to two per participant. If you have a question, please press '*' and '1' at this time. If your questions have been answered and you wish to withdraw from the queue please press '*' followed by '2'. Please use your handsets while asking a question. Our first question is from the line of Rajesh Panjwani of CLSA. Please go ahead.

Rajesh Panjwani: Good afternoon sir, my first question is last year you had a Goodwill write down for the coal operations, can you please tell me how was that Goodwill write down spread over the quarters and how much of it you took in the last year's first quarter?

S. Ramakrishnan: Nothing was taken. See we do the revaluation exercise once a year only Rajesh. And hence any test for impairment is repeated only once a year, it is not being done every quarter. And hence there is no provision for any impairment either in this quarter or in the corresponding quarter the previous year. The only provision we made was when we finalized the annual accounts in Q4 there is a provision which is reflected in the annual report that we have sent to all shareholders.

Rajesh Panjwani: So that will be reflected in the 4^{th} Quarter numbers basically of last year?

S. Ramakrishnan: Yes that is right.

Rajesh Panjwani: Okay. I did not get the cost of production numbers which you have shared; can you please repeat those $36 …?

S. Ramakrishnan: Cost of production per ton, last year was $34.6 compared to this year $31.6. This is cash cost.

Rajesh Panjwani: Sir $34.6 versus $31.6 this time?

S. Ramakrishnan: That is right.

Rajesh Panjwani: And sir is it primarily because of the change in the stripping ratio or is it a result of some other factors?

S. Ramakrishnan: Primarily due to reduction in price of oil. As you know, we use a fair amount of oil in our mobile machinery in the coal mine. So a big chunk of the reduction is that plus certain cost rationalization which always happens when your realizations come under pressure.

Rajesh Panjwani: Is there a scope for further reduction here sir?

S. Ramakrishnan: One is linked to oil. I mean in terms of operations, yes, there are certain optimization measures which our operating team is constantly looking and working out?

Rajesh Panjwani: Okay. And this is basically cash cost that you are talking about?

S. Ramakrishnan: It is cash cost which means the over burden adjustments are not reflected in it.

Rajesh Panjwani: Okay thanks sir. I have already exceed my quota of two questions but if you can entertain one more it is simply that there is a lot of news about customers willing to move from Reliance Infrastructure to Tata Power and also related question to that is the 500 MW which you are not any longer supposed to supply to Reliance Infrastructure and which could be sold in either the merchant power market or your own customers, can you just throw some light on these issues?

Prasad Menon: Rajesh, you realize that this is outside the consolidated results.

Rajesh Panjwani: Yes, sir, but still important from company's point of view.

S. Ramakrishnan: Our colleague, Padmanabhan, will respond to you on that.

S. Padmanabhan: Yes, Rajesh, we have received so far about 50,000 applications for change over from Reliance Infra to Tata Power. So, these applications, we are processing. This consists of mainly residential housing societies in the western suburbs. We have also filed a petition with MERC related to all the protocols that we need to do for ensuring this change over. So once this petition is heard we will go ahead with the change over process. This is for residential customers. Apart from this we have received applications for change over from commercial establishments as well as for few industrial establishments which is over and above the new customer requests which are coming up, in the sense that new building societies and new commercial complexes which are coming up. So there are two separate groups. So this is as far as the change over and your information is correct - so far we have received about 50,000 applications. Regarding the 500 MW from April onwards, we will primarily use this for our own growing demand and needs. As of now that is the plan. As we come closer to the date we will decide what to do with what is extra that we have.

Rajesh Panjwani: Okay so April 2010 onwards?

S. Padmanabhan: Yes.

Rajesh Panjwani: Okay. And sir for supplying to the applicants you have already got applications from, basically you will be using Reliance Infra's infrastructure and you pay them some charge for that?

S. Padmanabhan: That is right. So there will be wheeling charges; our tariff cost plus the wheeling charges. All this has been already published by MERC on their website. The wheeling charge for the residential customers works out to about Rs.0.88 per unit.

Rajesh Panjwani: Yes, thanks a lot sir.

Moderator: Thank you Mr. Panjwani. Our next question is from the line of Madan Gopal of Centrum Broking. Please go ahead.

Madan Gopal: Sir, my first question is to better understand the SPV which is for the coal assets. You said it has made $8.5 million of PAT. What is this amount sir – the entire amount which you receive as dividend – we use it for paying / repaying the interest? So this excess is primarily what? Why it made an operating loss of $1 million?

S. Ramakrishnan: When we say repay we repay both interest and repayments. So when you have an inflow, the repayment normally does not go as an expenditure charge.

Madan Gopal: Okay. So this $8.5 million is primarily kind of income for the current quarter?

S. Ramakrishnan: That is right.

Madan Gopal: Sir, my second question is on the CAPEX. What is the CAPEX for the distribution side which we have targeted going forward from FY2010-2012?

S. Padmanabhan: See, for the current year we have given a distribution CAPEX of about Rs. 250 Crores - this is for the year FY2010. Scheme by scheme, we are sitting with the MERC CAPEX team and getting those schemes approved.

Madan Gopal: Okay. So the next year is also likely to be around this level or more than that?

S. Padmanabhan: No, for three years we have given on an average about Rs. 250 Crores per year. But the way the regulatory system works is it will approve year-on-year and for this year the full amount has not been approved. What the regulator has asked us to do, is to club together a set of schemes or take scheme by scheme. That process is going on right now.

Madan Gopal: Okay thank you sir, if I have any other question I will come back later thanks.

Moderator: Thank you Mr. Gopal. Our next question is from the line of Shashi Kiran Rao of Standard Chartered Capital. Please go ahead.

Shashi Kiran Rao: My question is regarding this revenue from SPV that you had mentioned - coal SPV. Can you explain in a little bit detail on why the revenues are zero for those particular SPVs?

S. Ramakrishnan: See, the SPV gets the dividend from the underlying company. But as per the regulation of the underlying company, they are allowed to declare dividend only once a year - it is declared during Q4 - January/March of every year. However, they do provide certain surplus cash every quarter, if there is a surplus, to us. But since it is not declared as a dividend it is not recognized in the revenue. Accounting wise it is treated as a non-interest bearing loan. And hence you will see the revenue only in Q4, that is why its zero in both the current year and the previous year.

Shashi Kiran Rao: Just to clarify that a little further, the revenue that you have booked for coal business are basically operating revenues of the coal mines, am I right.

S. Ramakrishnan: See there are two things we told you, when we said coal SPV, they pertain to our holding companies. When we say coal companies they are pertaining to the coal mines in which we have 30% share.

Sashi Kiran Rao: Okay. So this PAT that you show is net of your interest payment that would have been for that particular acquisition?

S. Ramakrishnan: Yes.

Shashi Kiran Rao: What is the exact interest that you have paid in this quarter?

S. Ramakrishnan: The interest paid is $6.53 million as against $11.22 million the previous year. The reduction has been due to decrease in loan quantum because we have been repaying loan and of course the LIBOR has been far lower this quarter compared to previous year.

Shashi Kiran Rao: Okay, thank you sir, that is it.

Moderator: Thank you Mr. Rao. Our next is from the line of Parag Gupta of Morgan Stanley. Please go ahead.

Parag Gupta: Just a couple of questions – firstly, could you give us an idea of what is the outlook on coal pricing for the rest of this year based on what the contracts are coming in at?

S. Ramakrishnan: We thought we are discussing results not outlook, but the current view as we have been seeing in the last couple of months has been, it has been reasonably flat. Some weeks it shows signs of going up, some weeks it shows signs of going down. But I think it is still within a band – like, if I ask you the same question about the Indian stock market.

Parag Gupta: Right, but just to get an understanding, are you looking at coal pricing higher than $53.8 which you have done in Q1 or are you seeing it flat at Q1 levels?

S. Ramakrishnan: Frankly we have no view, which is another way of saying probably we were looking at more a flat one, neither a great increase nor a decrease - it is in a band.

Parag Gupta: Sure. And secondly, in terms of the coal SPV, can you just give us an understanding of how much would be the total cash balance that is lying out there and what is the debt outstanding?

S. Ramakrishnan: The loans as of today are $744 million and the cash at the end of the quarter was $102 million. Cash of course changes as we keep paying the loans back and it depends on when the loans are due.

Parag Gupta: Absolutely. And then finally, based on the GDR money that you raised, are there any plans to kick-start the other projects that are in pipeline or is this money going to be primarily utilized to pay down the debt that you used to fund SPVs?

S. Ramakrishnan: No. GDR, first of all, GDR money is not being used for funding any of these SPVs outside of India. They are meant for funding projects mainly in India.

Parag Gupta: No, absolutely what I mean to say is that are you looking at kick-starting some of your projects in pipeline or is this…..

S. Ramakrishnan: They are not meant for repaying loan, they are meant for investing more equity into the SPVs that are executing the project.

Parag Gupta: Okay, thanks.

Moderator: Thank you, Mr. Gupta. Our next question is from the line of Dhaval Doshi of MF Global. Please go ahead.

Dhaval Doshi: Sir, could you just confirm the figure for the PBT of the SPVs for the coal mine stakes? You said PBT was 8.5….

S. Ramakrishnan: We have not given you the PBT of the coal mine company.

Dhaval Doshi: No, sir, the SPV, the holding companies for the coal mine?

S. Ramakrishnan: For SPVs we had a PAT of $8.5 million this year compared to a loss of $18.7 million the previous year.

Dhaval Doshi: Sir, secondly these Rs. 250 Crores CAPEX for each year that you mentioned, was that with regards to the Rs. 3,900 Crores additional CAPEX program which you mentioned or this is the recurring one?

S. Ramakrishnan: No, it is a part of the same. At that time, we mentioned three years of Rs. 300 Crores each for distribution and about Rs. 3,000 Crores for transmission and generation if I remember. That was the figure that we gave. This is again 3 x 300. We have told you the first year it is Rs. 250 Crores. I don’t recall hearing Padmanabhan saying three years of Rs. 250 Crores. He just said this year, it is Rs. 250 Crores.

Dhaval Doshi: Okay. And sir, what would that be for the transmission? Has that been frozen?

S. Ramakrishnan: The transmission CAPEX for this year is Rs. 425 Crores.

Dhaval Doshi: And going forward, as in the total amount which was Rs. 3,900 Crores earlier, has that amount been crystallized at our end as of now or we are still working on that?

S. Ramakrishnan: Crystallized means? See, all these are plans which have to be approved by the regulator, some of it is already approved, some of it is yet to be approved and this is our plan to spend.

Dhaval Doshi: Okay. Sir, as far as the quantity which is there at the Bumi mines, would it be fair to assume that there would be a sequential jump, marginal, or if any, every quarter or would it be flat?

S. Ramakrishnan: See, the main reason for the increase in this quarter compared to previous year the same quarter, we had very heavy rains whereas this quarter it's been a relatively dry.

Dhaval Doshi: Okay. So for the full year, can you just annualize the number or would there be some additional number which could come in?

S. Ramakrishnan: It will be very difficult for us to make a full statement in the sense that while some debottlenecking has been carried out with the mines,,total production is a function of as I said weather right through the year, just not for the quarter.

Dhaval Doshi: Okay sir, thank you very much.

Moderator: Thank you, Mr. Doshi. Our next question is from the line of Sunil Kumar of Birla Sunlife Insurance. Please go ahead.

Sunil Kumar: Yes. I wanted to understand the power projects' progress, if you can just explain that.

S. Ramakrishnan: See, basically, last time I think Mr. Menon did explain that the two large projects are on schedule, both Mundra and Maithon. They continue to be so since the last call, which was the end of July.

Sunil Kumar: Right. And sir, further there were some reports that beyond this, because I understand right now, you are working on some 8,000-plus MW projects. Going forward, what are the plans?

S. Ramakrishnan: See, we are implementing as of today roughly about 5,500 MW or so and we had stated in our various investors' meetings the documents of which are available on the web site that we are working on a similar about 6,000-6,500 MW projects which are in the planning stage.

Sunil Kumar: Okay, great, thanks.

Moderator: Thank you, Mr. Kumar. Our next question is from the line of Abhishek Puri of JM Financial. Please go ahead.

Abhishek Puri: Just quickly, on one side, I believe you participated in a couple of Case-1 bids coming in from Punjab as well as from Maharashtra. Could you give us some sense on how much power you have bid for and….

S. Ramakrishnan: We have qualified ourselves for these and we haven't offered any power.

Abhishek Puri: Okay, so qualification has been done but what is the planning, you know, where will be the power coming from?

S. Ramakrishnan: We haven't offered any power because the project that we are implementing today, all their PPAs are tied up or they are kept for merchant purpose.

Abhishek Puri: Okay. So the 500 MW which will be free from Trombay will not be tied up in long-term PPAs going forward?

S. Ramakrishnan: We haven't yet firmed up our full plans because as you know this capacity gets released only from April 2010. We will firm up by then and at that time advise you

Abhishek Puri: All right. And in terms of the overseas subsidiaries, do you still stand by the production targets given by Bumi for the full year? Or you have certain different targets in terms of coal production?

S. Ramakrishnan: Yes,,see our understanding with Bumi is very clear that they interact with the outside world. This is the first quarter, since they have'nt interacted with their shareholders, we have taken permission to reveal these production and price realization figures. There is nothing more that I can do given our arrangement.

Abhishek Puri: All right sir, fine, thank you.

Moderator: Thank you, Mr. Puri. Our next question is from the line of Rakesh Vyas of Nomura. Please go ahead.

Rakesh Vyas: Sir, I just wanted to understand, in NDPL, is the incentive income part of the current quarter income?

S. Ramakrishnan: See, all the regulatory incentives and penalties, we have started providing on estimated basis every quarter for all our subsidiaries.

Rakesh Vyas: Okay. But I understand it wasn't the case last year.

S. Ramakrishnan: In Tata Power, it wasn't the case but in the NDPL, they have been following that even the last quarter.

Rakesh Vyas: Okay. And sir, my second question pertains to the Mumbai 500 MW which is talked about. I just wanted to understand that whatever the increased demand based on shift of consumers from Reliance Infra to Tata Power, is the increased demand being met through all the units on the proportionate basis or we can decide at a later stage as to which unit should be serving them?

S. Ramakrishnan: See, we have a PPA between our own distribution division (our Memorandum of Understanding) and the generating division, as per which they have been allotted a certain capacity. Till they use up such capacity, they will have to manage within that capacity. If there is a view that this capacity is likely to be exceeded then when that situation comes, the two divisions will fix and modify that MoU to reflect the new requirement.

Rakesh Vyas: But will that be again on the same kind of agreement which is already signed or will there be any leeway to decide which unit should be serving the increased capacity?

S. Ramakrishnan: It is up to us. Normally, we prefer to do pro-rata across all the units so that it is easier to manage but there is no regulatory or other restriction on us. It is for us to take a call

Rakesh Vyas: Okay, actually I just wanted to understand if there is any regulatory constraint. And sir, just one more question on the coal mine business. What was the tax rate in the current quarter?

S. Ramakrishnan: We have made provision for tax rate at 45% on the Indonesian company's operations.

Rakesh Vyas: Thank you so much.

Moderator: Thank you, Mr. Vyas. Our next question is from the line of Sachin Trivedi of UTI Mutual Fund. Please go ahead.

Sachin Trivedi: Yes sir, my first question is regarding the request from Reliance Infra customers to you for almost 50,000 customers. So, for the units that we supply to them, how the pricing will be decided for those units?

S. Ramakrishnan: All the PPAs between our division and the generating two divisions are transferred as per the regulated rates already defined in the PPA.

Sachin Trivedi: Okay. So in that case …..

S. Ramakrishnan: So, to the extent we give them power under the Memorandum of Understanding or pertaining to the PPA it will be at a regulated rate and if the memorandum is modified for any other capacity also it will be at the regulated rates.

Sachin Trivedi: Okay. Sir, what I was trying to understand here is that what is that Tata Power is getting by supplying these units to Reliance Infra customer because anyways we will be supplying….

S. Ramakrishnan: See we are getting it at regulated rate. Till 31st of March, we had agreed because we had given them sufficient time to make alternate arrangements. Until then we are giving at the regulated rate.

Sachin Trivedi: Okay, post 31st March, if they are still your customer, then we will still be paying wheeling charges to Reliance Infra in that case?

S. Ramakrishnan: First of all the wheeling charge and others apply to the switching customers which is the distribution customers. So I am a little confused with your query.

Sachin Trivedi: No, I am asking about the fresh customers coming to you, which are the customers which are converting…..

S. Ramakrishnan: Customers coming to us will continue to be with us as long as they want and whatever charges to be paid to Reliance will continue to be paid as per the Regulator's decision

S. Padmanabhan: The customer price will be the base tariff plus the wheeling charges.

Sachin Trivedi: Okay, maybe at a later stage, I will come back to this. Sir, and next question was regarding the Trombay, what is the PLF that Trombay Unit 8 is at now?

S. Padmanabhan: Unit 8 currently is operating around 69% PLF.

Sachin Trivedi: For month of August?

S. Padmanabhan: For the month of August, yes.

Sachin Trivedi: And what was that for July?

S. Padmanabhan: July, August, actually the whole of this quarter, it is between 65% and 70%.

Sachin Trivedi: And sir, just one, okay, I'll come later. Thank you.

Moderator: Thank you, Mr. Trivedi. Our next question is from the line of Urmik Chaya of Reliance Equities. Please go ahead.

Urmik Chaya: Sir, just one question on shift of customer from Reliance Infra to Tata Power, will the load be material going by the numbers that you have given, the applicants who applied for, will it be a material load in terms of MW.

S. Ramakrishnan: Yes,the first set of 50000 as we have said definitely will not be material but this will be the first test cases to be tested out in terms of all the implementation and the protocol aspects.

Urmik Chaya: Thanks sir.

Moderator: Thank you, Mr. Chaya. Our next question is from the line of Shubhadip Mitra of B&K Securities. Please go ahead.

Shubhadip Mitra: Sir, my question was with regard to the coal mines. Firstly, as I understand, the coal mines have a mix of contracts with relation to spot sales as well as long term based contracts. What I would like to understand is, are we looking at a shift in the mix because spot rate seem to be at a rising trend or have stabilized at a higher level? Firstly that, and secondly, sir, as I understand, the long-term contract rates were also to be revised or reset at a particular level. Is there a range that we are looking at, at which long-term contracts are stabilizing as of now?

S. Ramakrishnan: See, we have certain long-term contracts whose prices are reset once a year.So based on the current price outlook for a year, whatever the negotiations take place within the customer and us the prices are reset. The mix over the years and the prices of Bumi, the management of the company had rightly moved more towards uncommitted quantities from long-term commitment because that was helping them to earn a higher amount of money. The recent months haven't yet changed the strategy but they could if similar prices remain, they may have a reverse trend of moving uncommitted ones more into the long-term one. It hasn't happened yet. We're reviewing the situation in terms of the price outlook as I mentioned in the call. The outlook as of now is not so easily predictable, it continues to sort of show signs of increasing couple of weeks, decreasing another couple of weeks - is still in a band. So we will then take a call. If there is a view that this sort of situation may continue much longer, then more coal may go into a medium term type of contract.

Shubhadip Mitra: Okay. And sir, with regard to any kind of a price band that we are looking at for the medium term or the long term contracts?

S. Ramakrishnan: It's very difficult to predict any commodity price.

Shubhadip Mitra: I understand. I am looking at for say the next one year, whatever we are looking at?

S. Ramakrishnan: That is something that is decided from literally week to week depending upon what the outlook of the market is.

Shubhadip Mitra: Fine, sir, that's all from my side. Not a problem.

Moderator: Thank you, Mr. Mitra. Our next question is from the line of Shankar K. of Edelweiss. Please go ahead.

Shankar K.: Basically, just a question. Is it possible to reconcile the consolidated numbers and the standalone numbers and where is the significant deviation on earnings coming from?

S. Ramakrishnan: We have explained to you the variation between the last years' consolidated today and where the material changes are taking place. I don't know what more you are supposed to ask?

Shankar K.: Basically, on a standalone basis, in the current quarter, your reported earning are close to Rs. 396 Crores after Appropriations and the consolidated numbers are close to Rs. 572 Crores, a gap of around Rs. 180 Crores. Assuming that these NDPL and Power links are equivalent to 100% on adjusting it for 50% stake and adding this SPV thing,that still leaves a gap of close to Rs. 100 Crores.

S. Ramakrishnan: I think we should discuss offline because when you consolidate, there are lots of eliminations. If I have rendered any service or I have purchased any service or I have received any dividends, all these lead to eliminations in consolidation. So unless you know the underlying relationship between these various companies, you will always go wrong. So, if you are keen to understand this, I suggest you get in touch with Sandeep or somebody so that you can talk to the concerned accountant who can explain to you. Because, very often, the simple arithmetic which I also do, confuses me more.

Shankar K.: I will do that sir. Thanks a lot.

Moderator: Thank you, Shankar.

Jaideep Goswami: Good evening, sir. I am Jaideep from Daiwa Securities. One question I have may not be exactly related to this quarter results, is your plan for renewable energy kind of investment. You have invested in geothermal energy in Australia and also you have wind power business. Can you just give some idea on your proposed plan of investment in this area?

Prasad Menon: Jaideep, whatever we have invested in geothermal in Australia continues. We are not proposing to add to that investment in the near future. As far as wind is concerned, I think we mentioned in the last meeting that we are proposing another 100 MW this year. So that is the program for this year. And we will have continuous programs in these areas. We will also be looking at Solar.

Jaideep Goswami: Okay. And are you looking to purchase any new assets in any of these renewable energy areas apart from this 100 MW.

Prasad Menon: At the moment, no.

Jaideep Goswami: Okay. And sir, can you give a little bit operational update on NDPL, a little bit apart from the data that you have given in terms of the current loss is around 15%. So going forward, what kind of further reduction is possible in that business?

S. Padmanabhan: The current loss is about 15.1% and this is actually even better than what as part of the acquisition we had committed to achieve over the five-year period. And this is mainly the distribution losses and slowly it is plateauing. It will be in the next one or two years about 13%-13.5%. But in terms of distribution losses, this is where it is.

Jaideep Goswami: Thank you sir.

Moderator: Thank you, Mr. Goswami. Our next question is from the line of Dhaval Doshi of MF Global. Please go ahead.

Dhaval Doshi: Sir, if you can give me a mix in terms of the contract and spot for the coal mines as in the amount of sales from the contract?

S. Ramakrishnan: I wont be able to give you, I am not the management of that company. I am only on the board.

Dhaval Doshi: Thank you sir.

Moderator: Thank your Mr. Doshi. Ladies and gentlemen due to time constraints that was the last question. I would now like to hand the conference over to Mr. Jaideep Goswami for closing comments.

Jaideep Goswami: Thank you. On behalf Daiwa Securities we would like to sincerely thank the top management of TATA Power Company Limited for spending their time and discussing the company's consolidated results for 1st quarter FY10 and that concludes the call.

S. Ramakrishnan: Thank you.

Moderator: Thank you Mr. Goswami, thank you gentlemen of the management. Ladies and gentlemen on behalf of Daiwa Securities SMBC India Private Limited that concludes this conference call. Thank you for joining us on the Chorus Call Conferencing Service and you may now disconnect your lines. Thank you.