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The Tata Power Company Ltd.

Analyst Call – 9th November, 2015



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**Q2 FY2016 vs. Q2 FY2015
Variance Analysis – Standalone**

Q2 FY2016 Operational Highlights – Standalone



| | Q2 FY2016 | Q2 FY2015 | Variance |
|---|-----------|-----------|----------|
| Gross generation (MUs) up by 4% | 3243 | 3123 | 120 |
| • Generation in Mumbai Operations (MUs) up by 10% | 1987 | 1814 | 173 |
| • PY had forced outage of Unit 8 | | | |
| • Generation outside Mumbai Operations (MUs) down by 4% | 1256 | 1309 | (53) |
| • Lower generation in Haldia & Jojobera | | | |
| Sales (MUs) | 3548 | 3484 | 64 |
| • Sales in Mumbai Operations (MUs) up by 5% | 2489 | 2382 | 107 |
| • Sales outside Mumbai Operations (MUs) down by 4% | 1196 | 1242 | (46) |
| • Haldia merchant sales (MUs) | 166 | 189 | (23) |

Q2 FY2016 Financial Highlights – Standalone



| <i>(All figs. in Rs Cr)</i> | Q2 FY2016 | Q2 FY2015 | Variance |
|--|-----------|-----------|----------|
| Net Revenue up by 2% ^[1] | 1946 | 1908 | 37 |
| Other Operating Income up by 23% • Higher due to Belgaum Asset Sale | 173 | 140 | 33 |
| Cost of Power Purchased down by 8% • Higher purchase in PY due to Unit 8 outage | 216 | 235 | (19) |
| Cost of Fuel down by 2% • Lower fuel prices in CY • Higher operation of Unit 6 in PY due to Unit 8 outage | 688 | 701 | (13) |
| Transmission Charges down by 50% • Impact of MYT order | 55 | 108 | (54) |
| Cost of components consumed up by 25% • Higher execution in SED | 63 | 50 | 13 |
| Employee Benefits Expense up by 7% | 180 | 168 | 12 |
| Depreciation and Amortization up by 14% • Due to higher capitalization | 166 | 146 | 20 |
| Other Expenses down by 5% | 237 | 248 | -11 |

[1] Net Revenue includes Rate Regulated Activities

Q2 FY2016 Financial Highlights – Standalone



| <i>(All figs. in Rs Cr)</i> | Q2 FY2016 | Q2 FY2015 | Variance |
|--|-----------|-----------|----------|
| Profit from operations before other income, finance cost and tax up by 31% | 514 | 391 | 123 |
| Other Income (including gain/(loss) on exchange) | 160 | 216 | (56) |
| <ul style="list-style-type: none"> • Lower forex loss • Lower due to waiver of CGPL interest | | | |
| Profit Before finance cost and tax up by 11% | 674 | 607 | 67 |
| Finance Cost up by 8% | 276 | 256 | 20 |
| <ul style="list-style-type: none"> • Impact of increased borrowing | | | |
| Profit before tax up by 13% | 398 | 351 | 47 |
| Tax expense | 120 | 45 | 75 |
| <ul style="list-style-type: none"> • Impact of higher PBT • PY had deferred tax asset | | | |
| Net profit after tax down by 9% | 278 | 306 | (28) |

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**H1 FY2016 vs. H1 FY2015
Variance Analysis – Standalone**

H1 FY2016 Operational Highlights – Standalone



| | H1 FY2016 | H1 FY2015 | Variance |
|---|-----------|-----------|----------|
| Gross generation (MUs) down by 1% | 6368 | 6425 | (57) |
| • Generation in Mumbai Operations (MUs) up by 4% | 4040 | 3900 | 140 |
| • PY had forced outage of Unit 8 | | | |
| • Generation outside Mumbai Operations (MUs) down by 8% | 2328 | 2525 | (197) |
| • Lower generation in Haldia & Jojobera | | | |
| Sales (MUs) | 7052 | 7262 | (210) |
| • Sales in Mumbai Operations (MUs) down by 1% | 5067 | 5098 | (31) |
| • Sales outside Mumbai Operations (MUs) down by 7% | 2213 | 2391 | (178) |
| • Haldia merchant sales (MUs) | 354 | 404 | (51) |

H1 FY2016 Financial Highlights – Standalone



| <i>(All figs. in Rs Cr)</i> | H1 FY2016 | H1 FY2015 | Variance |
|---|-----------|-----------|----------|
| Net Revenue down by 2% ^[1] | 4000 | 4090 | (90) |
| Other Operating Income up by 9% • Higher due to Belgaum Asset Sale | 329 | 301 | 28 |
| Cost of Power Purchased down by 8% • Higher purchase in PY due to Unit 8 outage | 445 | 483 | (38) |
| Cost of Fuel down by 21% • Lower fuel prices in CY • Higher operation of Unit 6 in PY due to Unit 8 outage | 1366 | 1717 | (352) |
| Transmission Charges down by 28% | 154 | 215 | (61) |
| Cost of components consumed down by 3% | 131 | 135 | (4) |
| Employee Benefits Expense up by 5% | 341 | 324 | 16 |
| Depreciation and Amortization up by 15% • Due to higher capitalization | 330 | 287 | 42 |
| Other Expenses up by 21% • Provision towards investment in domestic coal mines in Q1 | 522 | 430 | 91 |

[1] Net Revenue includes Rate Regulated Activities

H1 FY2016 Financial Highlights – Standalone



| <i>(All figs. in Rs Cr)</i> | H1 FY2016 | H1 FY2015 | Variance |
|---|-----------|-----------|----------|
| Profit from operations before other income, finance cost and tax up by 31% | 1042 | 798 | 244 |
| Other Income (including gain/(loss) on exchange) <ul style="list-style-type: none"> • Lower due to waiver of CGPL interest Offset by <ul style="list-style-type: none"> • Lower exchange loss • Interest on delayed payments in MO Transmission in Q1 | 372 | 437 | (65) |
| Profit Before finance cost and tax up by 14% | 1414 | 1235 | 178 |
| Finance Cost up by 22% <ul style="list-style-type: none"> • Impact of increased borrowing • Interest on delayed payments in MO Distribution in Q1 | 618 | 508 | 110 |
| Profit before tax up by 9% | 796 | 727 | 68 |
| Tax expense <ul style="list-style-type: none"> • Impact of higher PBT • PY had deferred tax asset | 275 | 165 | 110 |
| Net profit after tax down by 7% | 521 | 562 | (41) |

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**Q2 FY2016 vs. Q2 FY2015
Variance Analysis – Consolidated**

Q2 FY2016 Financial Highlights – Consolidated



| <i>(All figs. in Rs Cr)</i> | Q2 FY2016 | Q2 FY2015 | Variance |
|---|-----------|-----------|----------|
| Revenue up by 7%^[1] <ul style="list-style-type: none"> Higher sales volume in TPTCL Higher sales volume in TPSSL Partly Offset by <ul style="list-style-type: none"> Lower coal revenues | 9042 | 8448 | 593 |
| Cost of power purchased up by 19% <ul style="list-style-type: none"> Higher sales volume in TPTCL | 2490 | 2097 | 393 |
| Cost of fuel down by 2% <ul style="list-style-type: none"> Lower in Coal Companies | 2106 | 2140 | (34) |

[1] Revenue includes Rate Regulated Activities

Q2 FY2016 Financial Highlights – Consolidated



| <i>(All figs. in Rs Cr)</i> | Q2 FY2016 | Q2 FY2015 | Variance |
|--|-----------|-----------|----------|
| Transmission Charges down by 47% <ul style="list-style-type: none"> Reduction in Tata Power standalone as explained earlier | 61 | 117 | (55) |
| Raw Material Consumed up by 99% <ul style="list-style-type: none"> Increase in sales volume of Tata Power Solar | 288 | 145 | 143 |
| Cost of Components up by 25% <ul style="list-style-type: none"> Increase in Tata Power standalone as explained earlier | 63 | 50 | 13 |
| Royalty towards Coal Mining down by 15% <ul style="list-style-type: none"> Lower coal realization | 224 | 263 | (39) |
| Coal Processing Charges up by 18% <ul style="list-style-type: none"> Higher cost of processing per ton | 673 | 571 | 102 |
| Employee Benefit Expenses up by 3% | 391 | 379 | 12 |
| Depreciation/Amortization up by 11% <ul style="list-style-type: none"> Increase in Tata Power standalone as explained earlier | 595 | 536 | 59 |
| Other expenses down by 3% | 972 | 1000 | (29) |

Q2 FY2016 Financial Highlights – Consolidated



| <i>(All figs. in Rs Cr)</i> | Q2 FY2016 | Q2 FY2015 | Variance |
|--|------------------|------------------|-----------------|
| Profit from Operations before other income, finance costs, exceptional items and tax up by 18% | 1367 | 1156 | 211 |
| Other income (including gain/(loss) on exchange) <ul style="list-style-type: none"> • Lower forex loss in Tata Power standalone • Lower forex loss in coal companies as against PY | 17 | (35) | 51 |
| Finance cost down by 10% <ul style="list-style-type: none"> • Impact of refinancing of Coal SPV debt | 881 | 980 | (99) |
| Profit before tax up by 255% | 502 | 141 | 361 |
| Tax expenses | 214 | 174 | 40 |
| Net profit/(loss) after tax (before Minority & Share of Associates) | 289 | (32) | 321 |

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**H1 FY2016 vs. H1 FY2015
Variance Analysis – Consolidated**

H1 FY2016 Financial Highlights – Consolidated



| <i>(All figs. in Rs Cr)</i> | H1 FY2016 | H1 FY2015 | Variance |
|--|-----------|-----------|----------|
| Revenue up by 5% ^[1] <ul style="list-style-type: none"> Higher sales volume in TPTCL Higher sales volume in TPSSL Partly Offset by <ul style="list-style-type: none"> Lower coal revenues | 18107 | 17266 | 840 |
| Cost of power purchased up by 15% <ul style="list-style-type: none"> Higher sales volume in TPTCL | 4635 | 4033 | 602 |
| Cost of fuel down by 10% <ul style="list-style-type: none"> Lower in Tata Power standalone as explained earlier Lower in Coal Companies Lower in CGPL | 4248 | 4726 | (478) |

[1] Revenue includes Rate Regulated Activities

H1 FY2016 Financial Highlights – Consolidated



| <i>(All figs. in Rs Cr)</i> | H1 FY2016 | H1 FY2015 | Variance |
|--|-----------|-----------|----------|
| Transmission Charges down by 25% <ul style="list-style-type: none"> Reduction in Tata Power standalone as explained earlier | 172 | 229 | (57) |
| Raw Material Consumed up by 45% <ul style="list-style-type: none"> Increase in sales volume of Tata Power Solar | 516 | 356 | 160 |
| Cost of Components down by 3% | 131 | 135 | (4) |
| Royalty towards Coal Mining down by 12% <ul style="list-style-type: none"> Lower coal realization | 463 | 526 | (63) |
| Coal Processing Charges down by 6% <ul style="list-style-type: none"> Lower cost of processing per ton | 1184 | 1254 | (70) |
| Employee Benefit Expenses up by 4% | 777 | 750 | 27 |
| Depreciation/Amortization up by 9% <ul style="list-style-type: none"> Increase in Tata Power standalone as explained earlier | 1174 | 1078 | 96 |
| Other expenses up by 15% <ul style="list-style-type: none"> Provision for impairment in domestic coal mines Tax penalty in KPC | 2085 | 1816 | 269 |

H1 FY2016 Financial Highlights – Consolidated



| <i>(All figs. in Rs Cr)</i> | H1 FY2016 | H1 FY2015 | Variance |
|---|-----------|-----------|----------|
| Profit from Operations before other income, finance costs, exceptional items and tax up by 17% | 2799 | 2388 | 411 |
| Other income (including gain/(loss) on exchange) <ul style="list-style-type: none"> • Lower forex loss in Tata Power standalone • Lower forex loss in coal companies as against PY | 122 | (86) | 208 |
| Finance cost down by 7% <ul style="list-style-type: none"> • Impact of refinancing of Coal SPV debt Partly offset by <ul style="list-style-type: none"> • Tata Power standalone as explained earlier | 1786 | 1914 | (128) |
| Profit before tax up by 192% | 1135 | 388 | 747 |
| Tax expenses | 524 | 488 | 36 |
| Net profit/(loss) after tax (before Minority & Share of Associates) | 611 | (99) | 710 |

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Subsidiary Performance

Key Subsidiary Performance: Q2 FY2016



All figures in Rs cr

| Key Subsidiaries | Op. Income | | | EBITDA | | | PAT | | |
|------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q2 FY16 | Q2 FY15 | Q1 FY16 | Q2 FY16 | Q2 FY15 | Q1 FY16 | Q2 FY16 | Q2 FY15 | Q1 FY16 |
| CGPL | 1403 | 1267 | 1487 | 341 | 218 | 320 | (74) | (274) | (84) |
| TPDDL | 1745 | 1787 | 1612 | 251 | 242 | 299 | 79 | 68 | 113 |
| TPTCL | 1549 | 1056 | 1440 | 3 | 15 | 15 | (2) | 8 | 7 |
| MPL | 565 | 534 | 576 | 186 | 181 | 190 | 37 | 28 | 37 |
| Tata Power Solar | 361 | 163 | 300 | 12 | 0 | 18 | (13) | (30) | (10) |
| IEL | 99 | 132 | 131 | 14 | 61 | 58 | (8) | 17 | 24 |
| Powerlinks | 58 | 60 | 58 | 58 | 62 | 55 | 28 | 29 | 25 |

- CGPL – Improved performance driven by lower coal price and waiver of interest on sub-debt from Tata Power
- TPSSL - Improved performance driven by higher sales volume
- IEL – Impact of truing up (one time) and provision for water cess

Key Subsidiary Performance: H1 FY2016



All figures in Rs cr

| Key Subsidiaries | Op. Income | | EBITDA | | PAT | |
|------------------|------------|---------|---------|---------|---------|---------|
| | H1 FY16 | H1 FY15 | H1 FY16 | H1 FY15 | H1 FY16 | H1 FY15 |
| CGPL | 2890 | 2696 | 661 | 384 | (158) | (579) |
| TPDDL | 3357 | 3446 | 550 | 530 | 193 | 168 |
| TPTCL | 2990 | 2019 | 18 | 29 | 6 | 16 |
| MPL | 1141 | 1100 | 377 | 353 | 74 | 47 |
| Tata Power Solar | 659 | 391 | 30 | 0 | (22) | (59) |
| IEL | 230 | 262 | 72 | 124 | 16 | (42) |
| Powerlinks | 116 | 119 | 113 | 120 | 53 | 56 |

- CGPL – Improved performance driven by lower coal price and waiver of interest on sub-debt from Tata Power
- TPSSL - Improved performance driven by higher sales volume
- IEL – Impact in Q2 as explained earlier

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Key Information

Q2 FY2016 Key Information



| Gross Debt (Rs Cr) | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|-------------------------|---------|---------|---------|
| Tata Power standalone | 10,868 | 10,990 | 11,230 |
| Tata Power consolidated | 40,720 | 41,132 | 41,680 |

| Equity (Rs Cr) | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|--------------------------|---------|---------|---------|
| Tata Power standalone | 17,071 | 16,561 | 16,826 |
| Tata Power consolidated* | 17,867 | 17,150 | 17,574 |

- Net of impairment of Rs 2650 Cr
- Consolidated equity includes minority interest and perpetual debentures

| Coal Companies | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|----------------------------------|---------|---------|---------|
| Coal Mined (MT) | 20.9 | 19.9 | 18.8 |
| Coal Sold (MT) | 18.5 | 19.7 | 20.0 |
| FOB Revenue (\$/T) | 45.5 | 54.4 | 45.9 |
| Net Revenue after royalty (\$/T) | 39.7 | 47.3 | 40.1 |
| COGS (\$/T) | 32.3 | 36.2 | 32.6 |
| Depreciation (USD mn) for 100% | 57.8 | 49.2 | 57.5 |

* Till previous quarter, reported Cost of Production did not include inventory movement. The reported numbers this quarter includes inventory movement and is termed as COGS

| Regulated Equity (Rs Cr) | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|--------------------------|---------|---------|---------|
| TPDDL | 1,189 | 1,115 | 1,181 |
| Mumbai Operations | 3,477 | 3,140 | 3,443 |

| Regulatory Asset (Rs Cr) | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|--------------------------|---------|---------|---------|
| TPDDL | 4,870 | 4,984 | 5,172 |
| Mumbai Operations | 1,725 | 1,797 | 1,891 |

| CGPL | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|---------------------------|---------|---------|---------|
| Generation (MUs) | 5,969 | 5,722 | 6,296 |
| Sales (MU) | 5,494 | 5,265 | 5,795 |
| Availability (%) | 77% | 67% | 75% |
| FOB price of coal (USD/T) | 48 | 55 | 52 |

| MPL | Q2 FY16 | Q2 FY15 | Q1 FY16 |
|----------------------|---------|---------|---------|
| Generation (MUs) | 1,713 | 1,577 | 1,748 |
| Sales (MUs) | 1,599 | 1,476 | 1,643 |
| Cost of Coal (Rs/MT) | 3094 | 2877 | 3098 |
| Availability (%) | 86% | 76% | 91% |

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