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The Tata Power Company Ltd.

Analyst Call – 12th August, 2014



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Key Information

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Financial Performance – Standalone

Q1 FY2015 Standalone Results



STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2014

Particulars	Quarter ended			Year ended
	30-Jun-14	31-Mar-14	30-Jun-13	31-Mar-14
	MUs	MUs	MUs	MUs
(A)				
1. Generation	3,301	2,670	3,897	13,183
2. Sales	3,778	3,071	4,136	14,516
	(` in crore)			
	(Audited)	(Audited)	(Audited)	(Audited)
(B)				
1. Income from operations				
a) Revenue from power supply and transmission charges	2,248.12	1,477.73	2,156.89	7,241.41
Add: Income to be recovered in future tariff determination (net)	(83.00)	124.50	213.00	513.50
Add: Income to be recovered in future tariff determination (net) in respect of earlier years	4.50	-	115.00	300.00
Net Revenue	2,169.62	1,602.23	2,484.89	8,054.91
b) Other operating income (net of excise duty)	158.83	209.86	122.62	572.13
Total income from operations (net)	2,328.45	1,812.09	2,607.51	8,627.04
2. Expenses				
a) Cost of power purchased	245.84	233.32	155.73	789.97
b) Cost of fuel	1,016.51	510.09	1,235.65	3,350.91
c) Transmission charges	106.61	116.98	117.00	467.96
d) Cost of components, materials and services in respect of contracts	84.82	73.84	44.73	178.99
e) Employee benefits expense	156.21	151.28	144.85	544.95
f) Depreciation and amortisation expense	141.60	163.11	136.04	587.14
g) Other expenses	170.00	229.31	166.63	739.97
Total expenses	1,921.59	1,477.93	2,000.63	6,659.89
3. Profit from operations before other income, finance costs and tax (1-2)	406.86	334.16	606.88	1,967.15
4. Other Income				
a) Loss on exchange (net)	(43.20)	(49.63)	(65.71)	(263.54)
b) Others	264.52	224.99	245.59	655.76
5. Profit before finance costs and tax (3+4)	628.18	509.52	786.76	2,359.37
6. Finance costs	252.12	254.70	237.17	868.21
7. Profit before tax (5-6)	376.06	254.82	549.59	1,491.16
8. Tax expense	120.10	170.64	192.59	537.08
9. Net profit after tax (7-8)	255.96	84.18	357.00	954.08

Q1 FY2015 Standalone Segmental Results



crore

Particulars	Quarter ended			Year ended
	30-Jun-14 (Audited)	31-Mar-14 (Audited)	30-Jun-13 (Audited)	31-Mar-14 (Audited)
Segment Revenue				
Power Business	2,188.54	1,645.99	2,507.65	8,168.70
Others	139.91	166.10	99.86	458.34
Total Segment Revenue	2,328.45	1,812.09	2,607.51	8,627.04
Less: Inter Segment Revenue	-	-	-	-
Revenue / Income from Operations (Net of Excise Duty)	2,328.45	1,812.09	2,607.51	8,627.04
Segment Results				
Power Business	422.89	314.18	604.62	1,933.28
Others	(8.04)	40.27	(0.17)	67.52
Total Segment Results	414.85	354.45	604.45	2,000.80
Less: Finance Costs	252.12	254.70	237.17	868.21
Add: Unallocable Income (Net)	213.33	155.07	182.31	358.57
Profit Before Tax	376.06	254.82	549.59	1,491.16
Capital Employed				
Power Business	11,727.49	11,429.74	11,906.29	11,429.74
Others	592.02	567.43	302.12	567.43
Unallocable	4,462.04	2,535.74	2,026.28	2,535.74
Capital Employed	16,781.55	14,532.91	14,234.69	14,532.91

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**Q1 FY2015 vs. Q1 FY2014
Financial Performance – Standalone**

Q1 FY2015 Financial Highlights – Standalone



	Q1 FY2015	Q1 FY2014	Variance
Gross generation (MUs) down by 15%	3301	3897	(596)
• Generation in Mumbai Operations (MUs) down by 21%	2086	2657	(571)
• <i>Forced outage of Unit-8 in Trombay</i>			
• Generation outside Mumbai Operations (MUs) down by 2%	1215	1241	(26)
• <i>Lower PLF in wind farms</i>			
Sales (MUs)	3778	4136	(358)
• Sales in Mumbai Operations (MUs) down by 12%	2713	3070	(357)
• Sales outside Mumbai Operations (MUs) down by 2%	1149	1178	(29)
• Haldia merchant sales (MUs)	215	215	0

Q1 FY2015 Financial Highlights – Standalone



<i>(All figs. in Rs. Cr)</i>	Q1 FY2015	Q1 FY2014	Variance
Net Revenue down by 13% <ul style="list-style-type: none"> Forced outage of Unit 8 and lower generation from Unit 6 PY includes entry tax on fuel and favourable ATE Order Lower PLF in wind farms 	2170	2485	(315)
Other Operating Income up by 29% <ul style="list-style-type: none"> Higher income from Services and from SED 	159	123	36
Cost of Power Purchased up by 58% <ul style="list-style-type: none"> Power purchased from grid to meet demand 	246	156	90
Cost of Fuel down by 18% <ul style="list-style-type: none"> Forced outage of Unit 8 as well as lower generation mainly in unit 6 & PY included interest on entry tax on fuel 	1017	1236	(219)
Transmission Charges down by 9% <ul style="list-style-type: none"> Revision in inter state transmission charges vide order in April 2013 	107	117	(10)
Cost of components consumed up by 89% <ul style="list-style-type: none"> Higher project spend in SED 	85	45	40
Employee Benefits Expense up by 8%	156	145	11
Depreciation and Amortization up by 4%	141	136	5
Other Expenses up by 2%	170	167	3

Q1 FY2015 Financial Highlights – Standalone



<i>(All figs. in Rs. Cr)</i>	Q1 FY2015	Q1 FY2014	Variance
Profit from operations before other income, finance cost and tax down by 33%	407	607	(200)
Other Income up by 23% <ul style="list-style-type: none"> • Lower rupee depreciation compare to PY • Higher treasury income 	221	180	41
Profit Before finance cost and tax down by 20%	628	787	(159)
Finance Cost up by 6% <ul style="list-style-type: none"> • Higher hedging cost, interest on additional capex, higher borrowings offset by interest on entry tax in PY 	252	237	15
Profit before tax down by 32%	376	550	(174)
Tax expense down by 38% <ul style="list-style-type: none"> • Lower current tax, MAT credit reversal in PY offset by higher deferred tax due to change in depreciation 	120	193	(73)
Net profit after tax down by 28%	256	357	(101)

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Financial Performance – Consolidated

Q1 FY2015 Consolidated Results



(` in crore)

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2014

Particulars (Refer Notes Below)	Quarter ended			Year ended
	30-Jun-14 (Unaudited)	31-Mar-14 (Audited) *	30-Jun-13 (Unaudited)	31-Mar-14 (Audited)
1. Income from operations				
a) Revenue	8,799.11	8,473.21	8,941.87	34,203.48
Add : Income to be recovered in future tariff determination (net)	(64.71)	331.98	234.90	966.70
Add/(Less): Income to be recovered in future tariff determination (net) in respect of earlier years	4.50	-	115.00	300.00
Net Revenue	8,738.90	8,805.19	9,291.77	35,470.18
b) Other operating income (net of excise duty)	26.75	39.31	47.72	178.52
Total Income from operations (net)	8,765.65	8,844.50	9,339.49	35,648.70
2. Expenses				
a) Cost of power purchased	1,919.44	1,765.03	1,992.06	7,396.13
b) Cost of fuel	2,585.78	2,328.89	2,789.87	9,895.61
c) Raw materials consumed	210.72	308.51	116.02	721.88
d) Purchase of goods / spares / stock for resale	5.13	9.27	14.56	43.70
e) Transmission charges	112.27	129.59	126.04	508.83
f) Cost of components, materials and services in respect of contracts	84.82	73.84	44.73	178.99
g) (Increase) / Decrease in stock-in-trade and work-in-progress	(24.36)	68.62	54.72	130.77
h) Royalty towards coal mining	262.58	317.83	293.96	1,249.37
i) Coal processing charges	683.42	664.53	677.33	2,683.10
j) Employee benefits expense	370.78	388.76	330.16	1,349.35
k) Depreciation and amortisation expense	542.53	724.23	650.80	2,729.62
l) Other expenses	780.29	968.10	832.30	3,784.52
Total expenses	7,533.40	7,747.20	7,922.55	30,671.87
3. Profit from operations before other income, finance costs, exceptional item and tax (1-2)	1,232.25	1,097.30	1,416.94	4,976.83
4. Other income				
a) (Loss) / Gain on exchange (net)	(136.75)	17.85	(292.76)	(789.12)
b) Others	86.04	35.21	64.84	227.26
5. Profit before finance costs, exceptional item and tax (3+4)	1,181.54	1,150.36	1,189.02	4,414.97
6. Finance costs	934.49	858.61	903.36	3,439.90
7. Profit before exceptional item and tax (5-6)	247.05	291.75	285.66	975.07
8. Exceptional item	-	-	-	-
9. Profit before tax (7-8)	247.05	291.75	285.66	975.07
10. Tax expense	313.78	382.80	334.64	1,008.38
11. Net Loss after tax (9-10)	(66.73)	(91.05)	(48.98)	(33.31)
12. Share of profit of associates	13.75	19.61	3.36	45.37
13. Less: Minority interest	58.32	73.89	69.08	272.03
14. Net Loss after tax, minority interest and share of profit of associates (11+12-13)	(111.30)	(145.33)	(114.70)	(259.97)

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**Q1 FY2015 vs. Q1 FY2014
Financial Performance – Consolidated**

Q1 FY2015 Financial Highlights – Consolidated



<i>(All figs. in Rs. Cr)</i>	Q1 FY2015	Q1 FY2014	Variance
Revenue down by 6% <ul style="list-style-type: none"> • Lower realization in coal companies • Decrease in Tata Power standalone as explained earlier • Lower trading volumes and lower margins in TPTCL • Increase in power purchase cost and carrying cost in TPDDL • Higher PLF in CGPL • Higher sales volume and change in product mix in TPTCL • Offset by inter-company eliminations 	8766	9339	(573)
Cost of power purchased down by 4% <ul style="list-style-type: none"> • Lower average rate of power in TPTCL • Higher in Tata Power standalone as explained earlier • Higher power purchase cost and higher volume purchased in TPDDL 	1919	1992	(73)
Cost of fuel down by 7% <ul style="list-style-type: none"> • Lower in Tata Power standalone as explained earlier • Lower coal trading in Trust Energy • Higher generation in CGPL 	2586	2790	(204)

Q1 FY2015 Financial Highlights – Consolidated



<i>(All figs. in Rs. Cr)</i>	Q1 FY2015	Q1 FY2014	Variance
Transmission Charges down by 11% <ul style="list-style-type: none"> Revision in inter state transmission charges vide order in April 2013 	112	126	(14)
Raw Material Consumed up by 82% <ul style="list-style-type: none"> Increase in sales volume and change in sales mix in TPSSL 	211	116	95
Cost of Components consumed up by 89%	85	45	40
Royalty towards Coal Mining down by 11% <ul style="list-style-type: none"> Lower realization partially offset by higher quantity of coal sold and depreciation of rupee 	263	294	(31)
Coal Processing Charges up by 1%	683	677	6
Employee Benefit Expenses up by 12%	371	330	41
Depreciation/Amortization down by 17% <ul style="list-style-type: none"> Change in depreciation provision as per new Companies Act in CGPL Lower amortisation of mining property in Arutmin due to decreased production 	543	651	(108)
Other expenses down by 6% <ul style="list-style-type: none"> Lower management fee and marketing commission in coal companies Lower O&M expenses in CGPL 	780	832	(52)

Q1 FY2015 Financial Highlights – Consolidated



<i>(All figs. in Rs. Cr)</i>	Q1 FY2015	Q1 FY2014	Variance
Profit from Operations before other income, finance costs, exceptional items and tax down by 13%	1232	1417	(185)
Other income <ul style="list-style-type: none"> • Lower loss in foreign exchange in CGPL • Higher treasury income from investment or Rights Issue proceeds 	(51)	(228)	
Finance cost up by 3% <ul style="list-style-type: none"> • Higher borrowing and hedging cost 	934	903	31
Profit before tax down by 14%	247	286	(39)
Tax expenses down by 6% <ul style="list-style-type: none"> • Lower in Tata Power standalone as explained earlier • Lower profits in KPC • Offset by change in depreciation rate in new Companies Act in IEL 	314	335	(21)
Net profit after tax	(67)	(115)	

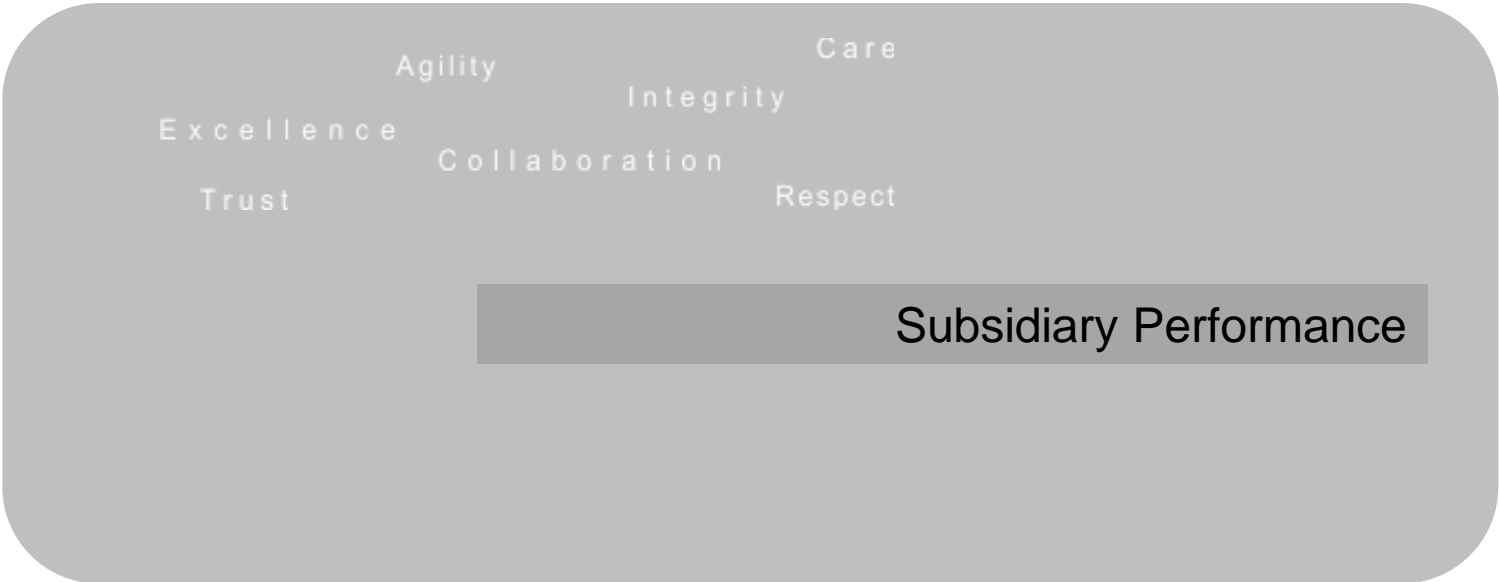
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**Segment wise Financial Performance –
Consolidated**

Segment Results (Consolidated): Q1 FY2015



Particulars (Refer Notes Below)	Quarter ended			Year ended
	30-Jun-14 (Unaudited)	31-Mar-14 * (Audited)	30-Jun-13 (Unaudited)	31-Mar-14 (Audited)
Segment Revenue				
Power Business	6,515.95	5,982.91	6,929.56	25,268.18
Coal Business	2,091.38	2,414.90	2,387.92	9,693.90
Others	410.66	663.17	305.05	1,779.76
Total Segment Revenue	9,017.99	9,060.98	9,622.53	36,741.84
Less: Inter Segment Revenue	252.34	216.48	283.04	1,093.14
Revenue / Income from Operations (Net of Excise Duty)	8,765.65	8,844.50	9,339.49	35,648.70
Segment Results				
Power Business	955.49	780.87	1,024.17	3,732.84
Coal Business	260.75	476.80	360.59	1,069.41
Others	(21.30)	(7.07)	0.35	31.11
Total Segment Results	1,194.94	1,250.60	1,385.11	4,833.36
Less: Finance Costs	934.49	858.61	903.36	3,439.90
Less: Exceptional Item - Power Business	-	-	-	-
Add / (Less): Unallocable (Expense) / Income (Net)	(13.40)	(100.24)	(196.09)	(418.39)
Profit Before Tax	247.05	291.75	285.66	975.07
Capital Employed				
Power Business	44,135.69	43,510.62	42,915.22	43,510.62
Coal Business	9,040.02	9,238.91	9,641.78	9,238.91
Others	1,300.50	1,165.05	933.20	1,165.05
Unallocable	(36,892.72)	(38,283.85)	(37,531.45)	(38,283.85)
Total Capital Employed	17,583.49	15,630.73	15,958.75	15,630.73



Key Subsidiary Performance: Q1 FY2015



Key Subsidiaries	Op. Income		EBITDA		PAT	
	Q1 FY15	Q1 FY14	Q1 FY15	Q1 FY14	Q1 FY15	Q1 FY14
CGPL	1429	1363	166	131	(305)	(549)
TPDDL	1668	1505	288	265	100	85
TPTCL	948	1189	14	20	8	12
MPL	566	588	172	196	19	34
Tata Power Solar	228	164	1	9	(28)	(14)
IEL	130	126	64	63	(60)	22
Powerlinks	59	63	58	62	26	27
Coal SPVs (\$ mn) *	10.0	15.0	39.1	37.9	17.6	16.2

- CGPL – Increase in EBITDA mainly due to lesser O&M cost and higher UI revenue
- TPDDL – Increase in PAT mainly due to lower O&M expenses and increase in RoE
- TPTCL – Lower revenue due to lower MUs traded and lower margins
- MPL – Lower EBITDA due to negative impact on change in tariff regulation w.e.f FY15
- TPSSL – Lower EBITDA due to change in sales mix
- IEL – Negative PAT due to deferred tax provision due to change in depreciation rates

* Income pertaining to management and technical fees and interest income

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