

TATA POWER



The Tata Power Company Ltd

Analyst Call – 2nd March 2010

Lighting up Lives!



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Outline of Presentation



- Introductory Remarks
- Financial Performance
- Q & A



Introductory Remarks



- We are pleased to welcome you to the Analyst call for the Q3 FY10 Consolidated Results of Tata Power
- The Standalone results have been discussed in the January '10 analyst call
- As we did for the Standalone results, we have shared the key reasons behind the Consolidated financial numbers with you
- We will, therefore, use this call primarily as a Q & A call for the consolidated results



Standalone Numbers - Recap



- Before we proceed with the Consolidated numbers, let me recap some key highlights for our Standalone numbers for YTD FY10 and Q3 FY10
- PAT at Rs. 708.16 Cr in YTD FY10 higher by 25%
 - *Mainly due to new projects commissioned and regulatory adjustments in Mumbai LA*
- and at Rs. 147.89 Cr in Q3 FY10 higher by 29%





Financial Performance



Conso Financial Results: Q3 FY10 – Limited Review



Particulars	Quarter ended		Nine months ended		Year ended
	31-Dec-09 (Reviewed)	31-Dec-08 (Reviewed)	31-Dec-09 (Reviewed)	31-Dec-08 (Reviewed)	31-Mar-09 (Audited)
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
1. a) Revenue	4,010.01	4,587.93	12,601.52	13,280.85	17,447.04
Add / (Less) : Revenue adjustments pertaining to prior years (Refer Notes 3.3 & 3.4)	-	-	232.40	-	-
Income to be recovered / (utilised) in future tariff determination	303.03	10.01	741.99	(2.38)	58.05
Net Revenue	4,313.04	4,597.94	13,575.91	13,278.47	17,505.09
b) Other Operating Income	27.39	23.58	56.87	49.75	82.44
2. Total Income	4,340.43	4,621.52	13,632.78	13,328.22	17,587.53
3. Expenditure					
a) Staff Cost	184.81	138.01	618.10	455.45	612.75
b) Cost of Power Purchased	1,098.75	1,057.56	3,466.97	3,186.51	4,372.38
c) Cost of Coal Purchased	-	24.57	-	24.57	12.17
d) Cost of Fuel	1,096.14	1,431.65	3,563.33	4,533.94	5,522.25
e) Coal Processing Charges	372.59	411.76	1,262.69	983.36	1,344.26
f) Raw materials consumed	115.26	137.52	352.47	367.55	523.01
g) Purchase of goods/spares/stock for resale	8.56	8.74	42.93	18.13	91.17
h) Cost of components, materials & services in respect of contracts	7.54	5.74	17.44	24.25	38.32
i) Decrease/(increase) in stock in trade and work in progress	(34.57)	(68.91)	(56.77)	(83.07)	(79.38)
j) Depreciation/Amortisation	220.79	161.82	646.28	493.03	656.49
k) Impairment	-	-	-	-	280.37
l) Deferred Stripping Costs - Net writeoff / (writeback) (Refer Note 4)	370.67	(26.31)	244.81	(131.47)	(279.58)
m) Other expenditure	573.90	473.80	1,418.18	1,357.27	1,884.69
4. Total Expenditure	4,014.44	3,755.95	11,576.43	11,229.52	14,978.90
5. Profit from Operations before Other Income, Interest and Exceptional Items (2-4)	325.99	865.57	2,056.35	2,098.70	2,608.63
6. Other Income					
a) Gain on exchange (net)	12.50	26.72	87.19	137.88	164.98
b) Others	26.02	24.03	98.41	96.40	398.96
7. Profit before Interest and Exceptional Items (5+6)	364.51	916.32	2,241.95	2,332.98	3,172.57
8. Interest	185.30	201.19	578.57	518.49	708.74
9. Profit after Interest but before Exceptional Items (7-8)	179.21	715.13	1,663.38	1,814.49	2,463.83
10. Exceptional Items -					
a. Loss on redemption of 6.75% Tax free US 64 Bonds 2008	-	-	-	155.47	155.47
Less: Drawn from : Contingencies Reserve	-	-	-	39.38	39.38
Deferred Taxation Liability Fund	-	-	-	116.09	116.09
b. Adjustment of expenses recoverable through Tariff	-	-	108.83	-	-
Less: Drawn from : Contingencies Reserve	-	-	108.83	-	-
	-	-	-	-	-
11. Profit before Tax, Share of Associates, Minority Interest and Statutory Appropriations	179.21	715.13	1,663.38	1,814.49	2,463.83
12. Provision for Taxation					
a) Current year	(47.81)	169.19	483.40	479.09	991.40
b) Previous years	74.29	(0.39)	66.33	(15.77)	173.70
13. Net Profit after Tax and before Share of Associates, Minority Interest and Statutory Appropriations	152.73	546.33	1,113.65	1,351.17	1,298.73
14. Share of profit/(loss) of Associates	0.95	(2.51)	19.37	14.84	27.57
15. Less: Minority Interest	55.11	24.65	112.96	62.07	107.56
16. Net Profit before Statutory Appropriations	98.57	519.17	1,020.06	1,303.94	1,218.74
17. Statutory Appropriations (Net)	6.00	14.00	(12.89)	51.00	(45.30)
18. Net Profit after Statutory Appropriations	92.57	505.17	1,032.95	1,252.94	1,264.04



Financial Performance – YTD Q3 FY10



Financial Highlights – YTD Q3 FY10

- Total Revenue at Rs. 13632.78 Cr (PY Rs. 13328.22 Cr) up by 2%
 - *Due to higher MUs sold in NDPL , Tata Power Trading and Tata Power with commissioning of new units partially offset by lower revenue due to lower fuel cost*
 - *Revenue adjustments of ~ Rs. 742 Cr primarily due to a Rs. 458 Cr increase in amount recoverable through tariff increase in NDPL and Rs. 242 Cr in Tata Power*
- Staff Cost at Rs. 618.10 Cr (PY Rs. 455.45 Cr) up by 36%
 - *Higher due to new units getting commissioned and ~Rs. 84 Cr in NDPL due to the implementation of the VI pay commission*
- Cost of Power Purchased at Rs. 3466.97 Cr (PY Rs. 3186.51 Cr) up by 9%
 - *Higher power purchase cost in NDPL*
- Cost of Fuel at Rs. 3563.33 Cr (PY Rs. 4533.94 Cr) down by 22%
- Coal Processing Charges at Rs. 1262.69 Cr (PY Rs. 983.36 Cr) up by 28% while production was up by ~29%



Financial Highlights – YTD Q3 FY10

- Depreciation at Rs.646.28 Cr (PY Rs.493.03 Cr) up by 31%
 - *Higher primarily on account of new units getting commissioned*
- Deferred Stripping cost write-off at Rs. 370.67 Cr
 - *During the quarter ended Dec 31st, 2009, the Coal companies, based on receipt of an updated resource assessment technical report and modification of certain contractual arrangements relating the mining costs (including pre-stripping), reviewed the estimates of carrying amount of deferred stripping costs recorded in the current and previous periods / years resulting in a charge of ~Rs. 351 Cr*
- There has been a tax reversal in the Coal companies arising out of the write-off of deferred stripping cost



Financial Performance – Q3 FY10



Financial Highlights – Q3 FY10

- Total Income at Rs. 4340.43 Cr (PY Rs. 4621.52 Cr) down by 6%
 - *This is primarily due to Rs. 244 Cr increase in revenue in NDPL offset by decrease of Rs. 211Cr in Tata Power and Rs. 173 Cr in the Coal companies*
 - *Rs. 293 Cr to be recovered in future tariff determination is due to Rs. 215 Cr in NDPL and Rs. 78 Cr in Standalone*
- Total Expenditure at Rs. 4014.44 Cr (PY Rs. 3755.95 Cr) up by 7%
- *Key reasons for variation in the Total Expenditure are as follows:*
 - *Staff Costs increased by ~Rs. 47 Cr primarily due to an increase of Rs. 10 Cr in Tata Power and Rs. 30 Cr in the overseas subsidiaries / JVs*
 - *Cost of Fuel decreased by ~Rs. 336 Cr mainly due to reduction in fuel costs of Rs. 326 Cr in Tata Power*
 - *Decrease in Coal Processing charges by ~Rs. 40 Cr in the Coal companies*
 - *Primarily due to lower cost of production*
 - *Depreciation higher mainly due to new units getting commissioned in Tata Power and IEL*



Financial Highlights – Q3 FY10

- Deferred Stripping cost write-off at Rs. 370.67 Cr
 - *During the quarter ended Dec 31st, 2009, the Coal companies, based on receipt of an updated resource assessment technical report and modification of certain contractual arrangements relating the mining costs (including pre-stripping), reviewed the estimates of carrying amount of deferred stripping costs recorded in the current and previous periods / years resulting in a charge of ~Rs. 351 Cr*
- Other Expenditure at Rs. 573.90 Cr (PY Rs. 473.80 Cr) up by 21%
 - *Includes ~Rs. 45 Cr of expense related to settlement of dispute with one of our mining contractors*
- Interest expense at Rs. 185.30 Cr (PY Rs. 201.19 Cr) lower by 8%
 - *Primarily due to repayment of corporate loans offset by new units getting commissioned*
- Provision for Tax (Current year) at Rs.(47.81) Cr (PY Rs.169.19 Cr) down by 128%
 - *There has been a tax reversal in the Coal companies arising out of the write-off of deferred stripping cost*



Segmentwise Performance



Segment Results (Conso): Q3 FY10 – Ltd. Review



Particulars	Rs. Crs				
	Quarter ended		Nine months ended		Year ended
	31-Dec-09 (Reviewed) †	31-Dec-08 (Reviewed) †	31-Dec-09 (Reviewed)	31-Dec-08 (Reviewed)	31-Mar-09 (Audited)
Segment Revenue					
Power Business	2,909.35	2,980.62	9,450.94	9,087.96	11,912.07
Coal Business	1,259.29	1,456.76	3,622.93	3,697.00	4,836.99
Others	190.42	227.76	651.98	602.02	898.86
Total Segment Revenue	4,359.06	4,665.14	13,725.85	13,386.98	17,647.92
Less: Inter segment revenue	18.63	43.62	93.07	58.76	60.39
Net Revenue	4,340.43	4,621.52	13,632.78	13,328.22	17,587.53
Segment Results (Profit before interest and tax)					
Power Business	515.48	310.20	1,600.82	917.21	1,391.92
Coal Business	(171.17)	574.56	542.38	1,284.39	1,463.94
Others	7.45	13.63	57.37	43.77	(9.97)
Total Segment Results	351.76	898.39	2,200.57	2,245.37	2,845.89
Less: Interest Expense	185.30	201.19	578.57	518.49	708.74
Add: Unallocated Income net of	12.75	17.93	41.38	87.61	326.68
Total Profit Before Tax	179.21	715.13	1,663.38	1,814.49	2,463.83
Capital Employed					
Power Business	17,924.32	12,477.83	17,924.32	12,477.83	14,272.63
Coal Business	5,199.83	6,640.20	5,199.83	6,640.20	6,328.81
Others	1,257.90	1,000.77	1,257.90	1,000.77	1,291.48
Unallocated	(11,904.98)	(9,778.81)	(11,904.98)	(9,778.81)	(11,796.03)
Total Capital Employed	12,477.07	10,339.99	12,477.07	10,339.99	10,096.89



Segment Highlights – YTD Q3 FY10

- Revenue from Power Business at Rs. 9450.94 Cr (PY Rs. 9087.96 Cr) up by 5%
 - *Increase of ~Rs. 363 Cr mainly due to NDPL (Rs. 740 Cr) offset by lower revenue in Tata Power (Rs. 458 Cr)*
- Revenue from the Coal business at Rs. 3622.93 Cr (PY Rs. 3697.00 Cr) down by 2% primarily due to higher sales from the coal mines offset by lower realization and exchange rate fluctuation (\$ / 47.9 vs \$ / 44.7 PY)
- PBIT for the Power Business at Rs. 1600.82 Cr (PY Rs. 917.21 Cr) up by 75%
- PBIT for the Coal Business at Rs. 542.38 Cr (PY Rs. 1284.39 Cr) down by 58%
 - *~ Rs. 350 Cr due to deferred stripping write-off in Q3, Rs. 45 Cr due to settlement of dispute with one of our mine contractors. The PBIT is lower also due to lower realization this year compared to previous year*



Segment Highlights – Q3 FY10

- Revenue from Power Business at Rs. 2909.35 Cr (PY Rs. 2980.62 Cr) down by 2.4%
 - *Increase of ~Rs. 243 Cr in NDPL and Rs. 56 Cr in Powerlinks offset by decrease of ~Rs. 211 Cr in Tata Power*
- Revenue from the Coal business at Rs. 1259.29 Cr (PY Rs. 1456.76 Cr) down by 14% primarily due to drop in global coal prices being offset by higher sales from the coal mines
- PBIT for Power Business at Rs. 515.48 Cr (PY Rs. 310.20 Cr) up by 66%
- PBIT for Coal Business at Rs. (171.17) Cr (PY Rs. 574.56 Cr) down by 130%



Subsidiary Performance



Key Subsidiary Performance: YTD and Q3 FY10



Key Subsidiaries	Revenues		Op. Profit		PBT		PAT		% change in PAT
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	
NDPL (YTD)	2554.6	1814.30	240.4	216.20	175.7	144.00	135.40	117.10	15.63%
NDPL (Q3)	790.40	547.20	86.70	66.80	74.50	56.70	68.40	45.20	51.33%
Powerlinks (YTD)	219.10	167.40	211.40	160.00	88.60	35.90	73.60	31.70	132.18%
Powerlinks (Q3)	72.40	56.00	69.70	53.40	29.40	14.00	34.40	12.40	177.42%
Tata Power Trading (YTD)	1738.59	1397.89	6.34	5.96	6.94	6.61	4.89	4.24	15.33%
Tata Power Trading (Q3)	588.98	535.23	2.04	2.28	2.14	2.42	1.49	1.33	12.03%
Coal SPVs (\$ mn) – YTD	0.0	0.0	(4.30)	(9.3)	27.00	(26.00)	24.5	(27.90)	187.81%
Coal SPVs (\$ mn) – Q3	0.0	0.0	(0.30)	(0.90)	10.30	(5.00)	7.70	(4.10)	287.80%



Thank you

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