TATA POWER

TATA

The Tata Power Company Ltd

Analyst Call – 25th May 2010

Lighting up Lives!

Disclaimer

Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements", including those relating to The Tata Power Company Limited's general business plans and strategy, its future outlook and growth prospects, and future developments in its industry and its competitive and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in The Tata Power Company Limited's business, its competitive environment, its ability to implement its strategies and initiatives and respond to technological changes and political, economic, regulatory and social conditions in India.

This presentation does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any Shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of The Tata Power Company Limited's Shares. Neither this presentation nor any other documentation or information (or any part thereof) delivered or supplied under or in relation to the Shares shall be deemed to constitute an offer of or an invitation by or on behalf of The Tata Power Company Limited.

The Company, as such, makes no representation or warranty, express or implied, as to, and do not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The information contained in this presentation, unless otherwise specified is only current as of the date of this presentation. Unless otherwise stated in this document, the information contained herein is based on management information and estimates. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Tata Power Company Limited may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation may not be copied and disseminated in any manner.

THE INFORMATION PRESENTED HERE IS NOT AN OFFER FOR SALE OF ANY EQUITY SHARES OR ANY OTHER SECURITY OF THE TATA POWER COMPANY LIMITED.

FY 10 Financial Performance – Standalone

Standalone Results: FY10

	Particulars	Year ended 31-Mar-10		Year ended 31-Mar-09	
(A)			MUs		MUs
1.	Generation		15,946		14,807
2.	Sales		15,574		14,703
(B)			Rs. Crores		Rs. Crores
1.	a) Revenue from Power Supply and Transmission Charges		6,387.64		7,017.52
	Add : Revenue adjustments pertaining to prior years (Refer Notes 5 & 6)		252.40		-
	Income to be recovered in future tariff determination		253.43		54.00
	Net Revenue		6,893.47		7,071.52
	b) Other Operating Income		204.80		164.71
2.	Total Income		7,098.27		7,236.23
3.	Expenditure				
	a) Staff Cost		305.29		291.90
	b) Cost of Power Purchased		251.69		493.50
	c) Cost of Fuel		4,045.56		4,807.65
	d) Cost of components, materials and services in respect of contracts		42.15		38.32
	e) Depreciation		477.94		328.85
	f) Other expenditure		591.32		485.89
4.	Total expenditure		5,713.95		6,446.11
5.	Profit from Operations before Other Income, Interest and Exceptional Items (2-4)		1,384.32		790.12
6.	Other Income				
	a) Gain on exchange (net)		51.98		144.33
	b) Others		229.60		488.02
7.	Profit before Interest and Exceptional Items (5+6)		1,665.90		1,422.47
8.	Interest		406.64		305.79
9.	Profit after Interest but before Exceptional Items (7-8)		1,259.26		1,116.68
10.	Exceptional Items -				
a.	Loss on redemption of 6.75% Tax free US 64 Bonds 2008	-		155.47	
	Less: Drawn from : Contingencies Reserve	-		39.38	
	Deferred Taxation Liability Fund	-		116.09	
			-		-
b.	Adjustments of expenses recoverable through Tariff	108.83		-	
	Less: Drawn from Contingencies Reserve	108.83		-	
			-		-
11.	**Profit from Ordinary Activities before Tax**		**1,259.26**		**1,116.68**
12.	Provision for Taxation		320.50		194.48
13.	Profit after Tax		938.76		922.20
14.	Statutory Appropriations (Net)		(8.89)		(45.30)
15.	**Net Profit after Tax and Statutory Appropriations**		**947.65**		**967.50**

FY 10 Highlights – Standalone

Gross generation at 15,946 MUs as against 14,807 MUs in PY up by 8%

- Generation in Mumbai LA was 11115 MUs as against 10995 MU in PY up by 1%
- Generation outside Mumbai LA was 4832 MUs as against 3813 MUs in PY up by 27%

Sales[1] at 15574 MUs as against 14703 MUs in PY up by 6%

- Sales in Mumbai LA were 10870 MU as against 11030 in PY lower by 1%
- Sales outside Mumbai LA were 4792 MU as against 3806 in PY up by 26%

➢ Generation and Sales outside Mumbai LA higher mainly due to additional capacity in Unit 8, Haldia and Wind

Note: 1. Net of Wind RPO obligation

FY 10 Financial Highlights – Standalone

- Revenue at Rs. 6893.47 Cr (PY Rs. 7071.52 Cr) lower by 2.5%
  - *Lower by ~Rs. 700 Cr (compared to PY) due to lower fuel prices in Mumbai LA*
  - *Higher by ~Rs. 500 Cr in Haldia & Unit 8 (100 MW) and another ~Rs. 60 Cr due to Wind operations*
  - *Includes Regulatory adjustment of Rs. 232 Cr*
- Cost of Power Purchased at Rs. 251.69 Cr (PY Rs. 493.50 Cr) lower by 49%
  - *Cost of purchase lower by ~ Rs. 1.5 / unit and lower purchase by ~250 MUs*
- Cost of Fuel at Rs. 4045.56 Cr (PY Rs. 4807.65 Cr) lower by 16%
  - *~Rs. 560 Cr due to change in fuel mix with more gas based generation replacing oil in Mumbai LA resulting in lower tariff by Rs. 0.9 / unit. However, this has resulted in lower Heat Rate incentives by ~Rs. 13 Cr. We have petitioned the MERC in this regard to review Heat Rate norms*
- Depreciation at Rs. 477.94 Cr (PY Rs. 328.85 Cr) up by 45%
  - *Higher due to new units commissioned (Haldia, Wind and Unit 8)*

FY 10 Financial Highlights – Standalone

- Other Expenditure at Rs. 591.32 Cr (PY Rs. 485.89 Cr) up by 22% mainly due to
  - *Provisioning for lower valuation of DG Sets (Rs. 33 Cr)*
  - *New units commissioned in Haldia (Rs. 20 Cr), Unit 8 (Rs. 12 Cr)*
- Profit from Operations before Other Income, Interest and Exceptional Items at Rs. 1384.32 Cr (PY Rs. 790.12 Cr) up by 75%
- Other Income
  - *Gain on Exchange at Rs. 51.98 Cr (PY Rs. 144.33 Cr) due to Rupee appreciation (Rs. 45.16 vs. PY Rs. 51)*
  - *Lower this year mainly due to Rs. 256 Cr from DoCoMo transaction in PY*

FY 10 Financial Highlights – Standalone

- Profit Before Interest and Exceptional Items at Rs. 1665.90 Cr (PY Rs. 1422.47 Cr) up by 17%
- Interest at Rs. 406.64 Cr (PY Rs.305.79 Cr) up by 33%
  - *Mainly due to new units commissioned – Unit 8 (Rs. 90 Cr), Wind (Rs. 33 Cr), Haldia (Rs. 22 Cr)*
  - *Offset by reduced interest due to repayment of short term loans and corporate borrowings (Rs. 50 Cr)*
- Profit before Tax at Rs. 1259.26 Cr (PY Rs. 1116.68 Cr) up by 13%

FY 10 Financial Highlights – Standalone

- Tax at Rs. 320.50 Cr (PY Rs. 194.48 Cr) up by 65%
  - *Mainly due to increase in effective tax rate due to higher MAT*

- PAT at Rs. 938.76 Cr (PY Rs. 922.20 Cr) up by 2%

- Statutory Appropriations of Rs. (8.89) Cr (PY Rs. (45.30) Cr)

- PAT after Statutory Appropriations Rs.947.65 Cr (PY Rs.967.50 Cr) down by 2%

FY 10 Financial Performance – Consolidated

Consolidated Results: FY10

Particulars	Year ended			
		31-Mar-10		31-Mar-09
		Rs. Crores		Rs. Crores
1. a) Revenue		17,655.71		17,920.83
Add : Revenue adjustments pertaining to prior years		272.94		-
Income to be recovered in future tariff determination		926.11		58.05
Net Revenue		18,854.76		17,978.88
b) Other Operating Income		131.08		82.44
2. Total Income		18,985.84		18,061.32
3. Expenditure				
a) Staff Cost		805.99		612.75
b) Cost of Power Purchased		4,582.94		4,372.38
c) Royalty towards Coal Mining		695.37		473.79
d) Cost of Coal Purchased		16.00		12.17
e) Cost of Fuel		4,662.72		5,522.25
f) Coal Processing Charges		1,719.40		1,344.26
g) Raw Materials Consumed		478.52		523.01
h) Purchase of goods/spares/stock for resale		60.05		91.17
i) Cost of components, materials and services in respect of contracts		42.15		38.32
j) Increase in stock-in-trade and work-in-progress		(27.47)		(79.38)
k) Depreciation/Amortisation		877.68		656.49
l) Impairment		15.28		280.37
m) Deferred Stripping Costs - Net write-off/(writeback)		119.53		(279.58)
n) Other Expenditure		1,995.39		1,884.69
4. Total Expenditure		16,043.55		15,452.69
5. Profit from Operations before Other Income, Interest and Exceptional Items (2-4)		2,942.29		2,608.63
6. Other Income				
a) Gain on exchange (Net)		455.45		164.98
b) Others		133.43		398.96
7. Profit before Interest and Exceptional Items (5+6)		3,531.17		3,172.57
8. Interest		763.87		708.74
9. Profit after Interest but before Exceptional Items (7-8)		2,767.30		2,463.83
10. Exceptional Items -				
a) Loss on redemption of 6.75% Tax-free US 64 Bonds 2008	-		155.47	
Less: Drawn from : Contingencies Reserve	-		39.38	
Deferred Taxation Liability Fund	-		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		**2,767.30**		**2,463.83**
12. Provision for Taxation				
a) Current year		657.67		991.40
b) Previous years		(29.01)		173.70
13. Net Profit after Tax and before Share of Associates, Minority Interest and Statutory		2,138.64		1,298.73
14. Share of Profit of Associates		61.66		27.57
15. Less: Minority Interest		233.46		107.56
16. Net Profit before Statutory Appropriations		**1,966.84**		**1,218.74**
17. Statutory Appropriations (Net)		(8.89)		(45.30)
18. Net Profit after Statutory Appropriations		**1,975.73**		**1,264.04**

TATA POWER

Lighting up Lives!

FY 10 Financial Highlights – Consolidated

- Total Income at Rs. 18985.84 Cr (PY Rs. 18061.32 Cr) up by 5%
  - *Primarily due to ~Rs. 900 Cr increase in revenue in NDPL due to higher cost of power purchased and increase in staff costs due to VI pay commission*
  - *Decrease of ~Rs. 150 Cr: Lower revenue in Tata Power due to lower fuel costs (Rs. 760 Cr) and lower power purchase costs (Rs. 240 Cr) offset by ~Rs. 250 Cr of regulatory adjustments and ~Rs. 600 Cr outside Mumbai LA from new units (Unit 8, Haldia, Wind)*
  - *Rs. 172 Cr increase in coal companies where lower realizations were offset by higher volumes and Rupee depreciation*
- *Key reasons for variation in the Total Expenditure are as follows:*
  - *Staff Costs increased by ~Rs. 193* Cr *primarily due to an increase of Rs. 90 Cr in NDPL due to the VI pay commission, Rs. 13 Cr in Tata Power and Rs. 85 Cr in coal companies including higher provision for retirals*
  - *Cost of Power purchased up by ~Rs. 210 Cr mainly due to Rs. 540 Cr higher cost in NDPL offset by lower power purchases of Rs. 330 Cr in Tata Power and Tata Power Trading*
  - *Royalty towards coal mining up by Rs. 222 Cr mainly due to higher quantity of coal sold offset by lower realization*

FY 10 Financial Highlights – Consolidated

- *Key reasons for variation in the Total Expenditure (contd …):*
  - *Cost of Fuel down by ~Rs. 860 Cr mainly due to lower fuel costs of ~Rs. 760 Cr in Tata Power and ~Rs. 100 Cr in the coal companies*
  - *Coal Processing Charges up by ~Rs. 375 Cr primarily due to higher quantity of coal mined offset by lower cost of processing per ton*
  - *Depreciation higher mainly due to new units getting commissioned in Tata Power and IEL*
  - *Impairment down due to Rs. 280 Cr impairment of investment in coal companies in PY*
  - *Deferred Stripping Costs at Rs. 119.53 Cr (PY Rs. (279.58) Cr) being net of the Rs. 370 Cr write-off in Q3 FY 10*

FY 10 Financial Highlights – Consolidated

- Profit from Operations before Other Income, Interest and Exceptional Items at Rs. 2942.29 Cr (PY Rs. 2608.63 Cr) up by 13%
- Gain on exchange up by Rs. 290 Cr mainly due to forex gain in CGPL of ~Rs. 360 Cr
- Other Income down by Rs. 266 Cr mainly due to Rs. 256 Cr from DoCoMo transaction in PY
- Interest expense at Rs. 763.87 Cr (PY Rs. 708.74 Cr) up by 8%
  - *Primarily due to commissioning of new units offset by repayment of short term loans*
- Provision for Tax (Current year) lower by Rs. 334 Cr
  - *Mainly due to Rs. 340 Cr due to lower profits in coal companies and Rs. 140 Cr due to reversal of Deferred Tax provision in NDPL offset by higher profits and effective tax rate in Tata Power of Rs. 126 Cr*
- Provision for Tax (Previous years) down by ~Rs. 203 Cr
  - *Mainly due to ~Rs. 190 Cr provision in coal companies in PY for period prior to acquisition of 30% stake*

FY 10 Financial Highlights – Consolidated

- Net Profit before Statutory Appropriations at Rs. 1966.84 Cr (PY Rs. 1218.74 Cr) up by 61%

- Net Profit after Statutory Appropriations at Rs. 1975.73 Cr (PY Rs. 1264.04 Cr) up by 56%

Segmentwise Performance

Segment Results (Consolidated): FY10

Rs. Crores

Particulars	Standalone Year ended 31-Mar-10	Standalone Year ended 31-Mar-09	Consolidated Year ended 31-Mar-10	Consolidated Year ended 31-Mar-09
Segment Revenue				
Power Business	6,944.02	7,104.87	12,550.05	11,912.07
Coal Business	-	-	5,620.95	5,310.78
Others	154.25	131.36	906.95	898.86
Total Segment Revenue	7,098.27	7,236.23	19,077.95	18,121.71
Less: Inter segment revenue	-	-	92.11	60.39
Net Revenue	**7,098.27**	**7,236.23**	**18,985.84**	**18,061.32**
Segment Results (Profit before Interest and Tax)				
Power Business	1,442.98	820.12	2,076.36	1,391.92
Coal Business	-	-	999.20	1,463.94
Others	25.01	7.89	65.92	(9.97)
Total Segment Results	1,467.99	828.01	3,141.48	2,845.89
Less: Interest Expense	406.64	305.79	763.87	708.74
Add: Unallocated Income net of Unallocated Expense	197.91	594.46	389.69	326.68
Total Profit Before Tax	**1,259.26**	**1,116.68**	**2,767.30**	**2,463.83**
Capital Employed				
Power Business	7,283.74	6,695.62	20,886.25	14,272.63
Coal Business	-	-	5,384.45	6,328.81
Others	211.15	159.30	1,102.49	1,291.48
Unallocated	3,360.45	1,788.58	(13,906.46)	(11,796.03)
Total Capital Employed	**10,855.34**	**8,643.50**	**13,466.73**	**10,096.89**

Segment Highlights (Consolidated): FY10

- Revenue from Power Business at Rs. 12550.05 Cr (PY Rs. 11912.07 Cr) up by 5%

- Revenue from the Coal business at Rs. 5620.95 Cr (PY Rs. 5310.78 Cr) up by 6%

- PBIT for the Power Business at Rs. 2076.36 Cr (PY Rs. 1391.92 Cr) up by 49%
  - *Increase of Rs. 684 Cr mainly due to impact of ATE/MERC orders (~Rs. 250 Cr) and Unit 8 (100 MW) (Rs. 224 Cr) in Tata Power, new units for Wind and IEL (Rs. 75 Cr) and true-up of earlier year in NDPL (Rs. 62 Cr)*

- PBIT for the Coal Business at Rs. 999.20 Cr (PY Rs. 1463.94 Cr) down by 32%
  - *Mainly due to Rs. 480 Cr from lower PBIT (lower realization offset by higher sales and Rupee depreciation)*

Q4 FY10 Financial Performance – Standalone

*Note: These numbers have been arrived at as the difference between FY 10 and YTD Q3 FY 10

Q4 FY 10 Financial Highlights – Standalone

Gross generation at 3790 MUs as against 3567 MUs in PY up by 6%

- Generation in Mumbai LA at 2522 MUs (2496 MUs in PY) up 1%
  - Lower load on Unit 5 at 415 due to technical restrictions (till summer), Unit 4 on standby offset by Unit 8 operating for full quarter
- Generation outside Mumbai LA at 1268 MUs (1071 MUs in PY) up by 18% primarily due to higher generation from new units commissioned

---

Sales at 3745 MUs as against 3500 MUs in PY up by 7%

- Sales in Mumbai LA were 2497 MUs as against 2430 MUs in PY up by 3%
- Sales outside Mumbai LA were 1253 MUs as against 1070 MUs in PY up by 17% mainly due to higher generation from new units commissioned

---

Total Power Revenue at Rs. 1717.8 Cr (PY Rs. 1330.6 Cr) up by 29%

Q4 FY 10 Financial Highlights – Standalone

- Cost of Power Purchased at Rs. 145.65 Cr (PY Rs. 47.92 Cr)
- Cost of Fuel at Rs.921 Cr (PY Rs. 872 Cr) up by 6% mainly due to
    - *Higher generation and price of fuel (Rs. 141 Cr) offset by change in fuel mix (Rs. 74 Cr)*
- Depreciation at Rs.126.95 Cr (PY Rs.98.56 Cr)
    - *Higher primarily on account of Unit 8, Haldia and Wind units getting commissioned*
- Profit from Operations before Other Income, Interest and Exceptional Items at Rs. 322.12 Cr (PY Rs. 194.8 Cr) up by 65%
- Other Income at Rs. 41 Cr (PY Rs. 302.87 Cr) lower due to Rs. 256 Cr of DoCoMo transaction in PY
- Profit from Ordinary Activities Before Tax at Rs. 280.46 Cr (PY Rs. 415.13 Cr)
- Provision for Tax at Rs. 49.88 Cr (PY Rs. 60.49 Cr)
- Profit After Tax at Rs. 230.60 Cr (PY Rs. 354.64 Cr)

Q4 FY 10 Financial Performance – Consolidated

*Note: These numbers have been arrived at as the difference between FY 10 and YTD Q3 FY 10

Q4 FY 10 Financial Highlights – Consolidated

- Total Income at Rs. 5353.06 Cr (PY Rs. 4733.10 Cr) up by 13%
  - *~Rs. 417 Cr in Tata Power and IEL (~Rs. 30 Cr) due to new units commissioned*
  - *Primarily due to ~Rs. 176 Cr increase in revenue in NDPL due to higher cost of power purchased and increase in staff costs due to VI pay commission*
  - *~Rs. 156 Cr lower sales in Tata Power Trading due to lower sales price and volume of power*
  - *~Rs. 170 Cr increase in coal companies where lower realizations were offset by higher volumes and Rupee depreciation*
- *Key reasons for variation in the Total Expenditure are as follows:*
  - *Staff Costs up by ~Rs. 30* Cr *primarily in the coal companies due to higher provision for retirals*
  - *Cost of Power purchased down by ~Rs. 70 Cr mainly due to Rs. 60 Cr higher cost in NDPL and Rs. 90 Cr in Tata Power offset by lower purchases of Rs. 220 Cr in Tata Power Trading*
  - *Cost of Fuel up mainly due to higher fuel cost in Tata Power by ~Rs. 50 Cr and in the coal companies by another ~Rs. 50 Cr*
  - *Depreciation higher mainly due to new units getting commissioned in Tata Power and IEL*

Q4 FY 10 Financial Highlights – Consolidated

- Profit from Operations before Other Income, Interest and Exceptional Items at Rs. 885.94 Cr (PY Rs. 509.93 Cr)
- Gain on exchange of ~Rs. 340 Cr mainly due to forex gain in CGPL of ~Rs. 360 Cr
- Other Income down mainly due to Rs. 256 Cr from DoCoMo transaction in PY
- Provision for Tax (Current year) lower by Rs. 438 Cr
    - *Mainly due to Rs. 160 Cr due to reversal of Deferred Tax provision in NDPL and lower EBIT in coal companies due to lower realization offset by higher sales*
- Provision for Tax (Previous years) down by ~Rs. 190 Cr
    - *Due to provision in coal companies in PY for period 'prior to acquisition' of 30% stake*

Subsidiary Performance

Key Subsidiary Performance: FY 10 and Q4 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	3276.9	2363.0	343.1	277.9	260.2	223.1	350.7	171.5	104.5%
NDPL (Q4)	722.2	548.7	89.9	60.7	84.4	79.1	215.3	54.4	295.8%
Powerlinks	300.9	254.5	288.1	244.5	130.2	86.3	108.1	65.3	65.5%
Powerlinks (Q4)	81.9	87.1	78.8	84.6	41.6	45.9	34.5	33.6	2.6%
Tata Power Trading	2357.7	2172.9	11.1	10.6	11.9	11.4	8.2	7.6	7.9%
Tata Power Trading (Q4)	619.1	774.9	4.8	4.7	4.9	4.8	3.3	3.3	0%
Coal SPVs **($ mn)**	0.0	0.0	(5.0)	(78.0)	94.1	114.4	89.9	110.2	(18.4)%
Coal SPVs **($ mn) – Q4**	0.0	0.0	(0.5)	(68.6)	67.3	140.6	65.5	138.3	(52.6)%

Thank you

We take pride in Lighting up Lives!