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The Tata Power Company Ltd.

Analyst Call –6th August 2013

TATA POWER

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Financial Performance – Standalone

*This comparison (Q1 FY14 vs. Q1 FY13) is more relevant than comparison with Q4 FY13 due to cyclical nature of the business

Standalone Results: Q1 FY2014

Particulars	Quarter ended			Year ended
	30-Jun-13	31-Mar-13	30-Jun-12	31-Mar-13
PART I	MUs	MUs	MUs	MUs
(A)				
1. Generation	3,897	3,366	4,259	15,770
2. Sales	4,136	3,542	4,227	16,002
	` crore (Audited)	` crore (Audited)	` crore (Audited)	` crore (Audited)
(B)				
1. **Income from operations**				
a) Revenue from power supply and transmission charges	2,156.89	1,741.91	2,057.57	7,947.89
Add: Income to be recovered in future tariff determination (net)	213.00	165.47	287.45	1,028.72
Add/(Less): Income to be recovered in future tariff determination (net) in respect of earlier years	115.00	127.00	(155.00)	104.72
Net Revenue	2,484.89	2,034.38	2,190.02	9,081.33
b) Other operating income (net of excise duty)	122.62	179.89	94.08	485.95
Total income from operations (net)	**2,607.51**	**2,214.27**	**2,284.10**	**9,567.28**
2. **Expenses**				
a) Cost of power purchased	155.73	173.15	156.12	623.39
b) Cost of fuel	1,235.65	968.65	1,405.86	5,244.40
c) Cost of components, materials and services in respect of contracts	44.73	58.65	27.51	150.75
d) Employee benefits expense	144.85	134.52	128.61	547.60
e) Depreciation and amortisation expense	136.04	(74.42)	154.80	364.10
f) Other expenses	284.53	299.16	188.84	945.73
Total expenses	**2,001.53**	**1,559.71**	**2,061.74**	**7,875.97**
3. **Profit from operations before other income, finance costs and tax (1-2)**	**605.98**	**654.56**	**222.36**	**1,691.31**
4. **Other Income**				
a) (Loss)/Gain on exchange (net)	(65.71)	(29.49)	53.23	(27.62)
b) Others	245.59	149.87	292.36	721.67
5. **Profit before finance costs and tax (3+4)**	**785.86**	**774.94**	**567.95**	**2,385.36**
6. Finance costs	236.27	197.36	139.81	681.98
7. **Profit before tax (5-6)**	**549.59**	**577.58**	**428.14**	**1,703.38**
8. Tax expense	192.59	377.55	115.84	678.69
9. **Net profit after tax (7-8)**	**357.00**	**200.03**	**312.30**	**1,024.69**

Standalone Segmental Results: Q1 FY2014

STANDALONE SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT

` crore

Particulars	Quarter ended			Year ended
	30-Jun-13 (Audited)	31-Mar-13 (Audited)	30-Jun-12 (Audited)	31-Mar-13 (Audited)
Segment Revenue				
Power Business	2,507.65	2,054.80	2,206.38	9,157.96
Others	99.86	159.47	77.72	409.32
Total Segment Revenue	2,607.51	2,214.27	2,284.10	9,567.28
Less: Inter Segment Revenue	-	-	-	-
Revenue / Income from Operations (Net of Excise Duty)	**2,607.51**	**2,214.27**	**2,284.10**	**9,567.28**
Segment Results [Profit/(Loss) before Finance Costs and Tax]				
Power Business	604.62	635.72	205.47	1,684.68
Others	(0.17)	30.62	2.53	45.07
Total Segment Results	604.45	666.34	208.00	1,729.75
Less: Finance Costs	236.27	197.36	139.81	681.98
Add: Unallocable Income (Net)	181.41	108.60	359.95	655.61
Profit Before Tax	**549.59**	**577.58**	**428.14**	**1,703.38**
Capital Employed				
Power Business	11,906.29	11,464.55	10,144.16	11,464.55
Others	302.12	146.05	131.02	146.05
Unallocable	2,026.28	2,068.03	3,144.87	2,068.03
Capital Employed	**14,234.69**	**13,678.63**	**13,420.05**	**13,678.63**

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Q1 FY2014 vs. Q1 FY2013
Financial Performance – Standalone

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Q1 FY2014 Highlights – Standalone

Gross generation at 3897 MUs (PY: 4259 MUs) down by 8%

- Generation in Mumbai Operations at 2657 MUs (PY: 2931 MUs) down by 9%
  - *Mainly due to lower sales to BEST as BEST buying cheaper power while sales to direct customers increased*
- Generation outside Mumbai Operations at 1241 MUs (PY: 1328 MUs) down by 7%
  - *Mainly due to lower demand and shutdown of plant in Belgaum*

Sales (net of eliminations) at 4136 MUs (PY: 4227 MUs) down by 2%

- Sales in Mumbai LA were 3070 MUs (PY: 3070 MUs)
- Sales outside Mumbai LA were 1178 MUs (PY: 1261 MUs) down by 7%

Haldia merchant sales at 215 MUs (PY: 211 MUs in PY) up by 2%

- Merchant realizations at Rs. 2.63/kwh (PY: Rs. 3.01/kwh in PY) down by 13%

Q1 FY2014 Financial Highlights – Standalone

- Net Revenue at Rs. 2485 Cr (PY: Rs. 2190 Cr) up by 13% mainly due to
  - *Increase in Mumbai Operations by Rs. 330 Cr due to true-up in tariff order, higher carrying cost on regulatory asset and higher transmission revenue*
  - *Higher revenue in Jojobera by Rs. 34 Cr due to higher fuel cost*
  - *Offset by Belgaum by Rs. 52 Cr due to shutdown of plant*
- Other Operating Income at Rs. 123 Cr (PY: Rs. 94 Cr) up by 31% mainly due to
  - *Increase in income from CDM in Wind*
  - *Increase in revenue in SED by Rs. 20 Cr*
- Cost of Power Purchased at Rs. 118 Cr (PY: Rs. 135 Cr) down by 13% mainly due to
  - *Availability of cheap power in the grid*
- Cost of Fuel at Rs. 1236 Cr (PY: Rs. 1406 Cr) down by 12% mainly due to
  - *Decrease in generation by Rs. 164 Cr and change in fuel mix by Rs. 69 Cr offset by fuel price variance by Rs. 53 Cr*
- Cost of Components Consumed in SED at Rs. 45 Cr (PY: Rs. 28 Cr) up by 61%
- Employee Benefit Expenses at Rs. 145 Cr (PY: Rs. 129 Cr) up by 12%

Q1 FY2014 Financial Highlights – Standalone

- Profit from Operations before Other Income, Finance Cost and Tax at Rs. 606 Cr (PY: Rs. 222 Cr) up by 173% mainly due to true-up orders
- Other Income at Rs. 180 Cr (PY: Rs. 346 Cr) down by 48%
  - *Mainly due to lower dividend income from coal Companies and lower treasury income*
- Profit Before Finance Cost and Tax at Rs. 786 Cr (PY: Rs. 568 Cr) up by 38%
- Interest and Finance Cost at Rs. 236 Cr (PY: Rs. 140 Cr) up by 69% mainly due to
  - *Increased capitalization, higher working capital charge and interest on entry tax demand on LSHS fuel*
- Profit before Tax at Rs. 550 Cr (PY: Rs. 428 Cr) up by 29%
- Tax at Rs. 193 Cr (PY: Rs. 116 Cr) up by 66% mainly due to MAT credit reversal
- PAT at Rs. 357 Cr (PY: Rs. 312 Cr) up by 14%

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Financial Performance – Consolidated

Q1 FY2014 Financial Results (Consolidated)

Particulars	Quarter ended			Year ended
	30-Jun-13	31-Mar-13	30-Jun-12	31-Mar-13
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
PART I	` Crore	` Crore	` Crore	` Crore
1. **Income from operations**				
a) **Revenue**	8,941.88	8,441.63	6,714.12	30,875.28
Add : Income to be recovered in future tariff determination (net)	234.90	428.68	638.45	1,856.05
Add/(Less): Income to be recovered in future tariff determination (net) in respect of	115.00	127.00	(155.00)	104.72
Net Revenue	9,291.78	8,997.31	7,197.57	32,836.05
b) Other operating income (net of excise duty)	47.71	35.15	56.32	189.38
Total Income from operations (net)	**9,339.49**	**9,032.46**	**7,253.89**	**33,025.43**
2. Expenses				
a) Cost of power purchased	1,992.06	2,165.70	1,660.57	7,818.66
c) Cost of fuel	2,789.87	2,422.43	2,110.67	9,661.60
d) Raw materials consumed	116.02	154.48	44.66	386.74
e) Purchase of goods / spares / stock for resale	14.56	9.29	11.77	37.47
f) Cost of components, materials and services in respect of contracts	44.73	58.65	27.51	150.75
g) Increase/(decrease) in stock-in-trade and work-in-progress	54.72	93.14	(0.18)	(275.12)
h) Royalty towards coal mining	293.96	290.75	274.24	1,111.14
i) Coal processing charges	677.33	618.65	593.52	2,544.99
j) Employee benefits expense	330.16	334.18	309.79	1,322.95
k) Depreciation and amortisation expense	650.80	416.37	505.97	2,051.69
m) Other expenses	959.24	1,028.99	807.21	3,630.18
Total expenses	**7,923.45**	**7,592.63**	**6,345.73**	**28,441.05**
3. **Profit from operations before other income, finance costs, exceptional item and tax (1-2)**	**1,416.04**	**1,439.83**	**908.16**	**4,584.38**
4. Other income				
a) (Loss) / Gain on exchange (net)	(292.76)	(24.75)	(45.23)	(187.64)
b) Others	64.84	64.26	107.81	369.20
5. **Profit before finance costs, exceptional item and tax (3+4)**	**1,188.12**	**1,479.34**	**970.74**	**4,765.94**
6. Finance costs	902.46	725.06	549.32	2,639.26
7. **Profit before exceptional item and tax (5-6)**	**285.66**	**754.28**	**421.42**	**2,126.68**
8. Exceptional item -				
Provision for impairment	-	-	-	850.00
9. **Profit / (Loss) before tax**	**285.66**	**754.28**	**421.42**	**1,276.68**
10. Tax expense	334.64	499.23	226.29	1,177.96
11. **Net Profit / (Loss) after tax**	**(48.98)**	**255.05**	**195.13**	**98.72**
12. Share of profit of associates	3.36	5.13	1.26	23.92
13. Less: Minority interest	69.08	78.82	50.46	208.07
14. **Net Profit / (Loss) after tax, minority interest and share of profit of associates**	**(114.70)**	**181.36**	**145.93**	**(85.43)**

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Q1 FY2014 vs. Q1 FY2013
Financial Performance – Consolidated

Q1 FY2014 Financial Highlights – Consolidated

- Total Income at Rs. 9339 Cr (PY: Rs. 7254 Cr) up by 29%
  - *Increase in Tata Power Standalone by Rs. 324 Cr as explained earlier*
  - *Increase in CGPL by Rs. 1059 Cr due to commissioning of all units*
  - *Increase in TPTCL by Rs. 543 Cr due higher volume of power traded*
  - *Increase in Maithon by Rs. 395 Cr due to full operation of both units and higher merchant sale*
  - *Increase in TPDDL by Rs. 199 Cr mainly due to higher power purchase costs*
  - *Increase in EEPL by Rs. 125 Cr due to higher income from shipping business*
  - *Increase in Tata Power Solar by Rs. 120 Cr due to increased sales driven by subsidy programme in Kerala and TN and increase in stake from 49% to 100%*
  - *Decrease in Coal Companies by Rs. 98 Cr mainly due to lower realizations*
  - *Offset due to inter-company eliminations by Rs. 556 Cr*

Q1 FY2014 Financial Highlights – Consolidated

- Cost of Power Purchased at Rs. 1992 Cr (PY: Rs. 1661 Cr) up by 20% mainly due to
  - *Increase in TPTCL by Rs. 535 Cr due to higher volume traded*
  - *Increase in TPDDL by Rs. 218 Cr due to higher volume purchased and higher rate*
  - *Offset by inter-company eliminations by Rs. 424 Cr*

- Cost of Fuel at Rs. 2790 Cr (PY: Rs. 2111 Cr) up by 32% mainly due to
  - *Increase in CGPL by Rs. 886 Cr due to commissioning of all units*
  - *Increase in Maithon by Rs. 251 Cr due to full operation of both units*
  - *Offset in Tata Power Standalone by Rs. 170 Cr as explained earlier*
  - *Offset in TPDDL by Rs. 31 Cr due to lower generation*
  - *Offset in Coal Companies by Rs. 29 Cr mainly due to lower cost of fuel*
  - *Offset by inter-company eliminations by Rs. 228 Cr*

- Coal Processing Charges at Rs. 677 Cr (as against Rs. 594 Cr in PY) up by 14% mainly due to
  - *Increase in quantity of coal sold by Rs. 150 Cr*
  - *Increase due to Depreciation of INR by Rs. 21 Cr*
  - *Offset by decrease in cost of coal processing per ton by Rs. 87 Cr*

Q1 FY2014 Financial Highlights – Consolidated

- Employee Benefit Expenses at Rs. 330 Cr (as against Rs. 310 Cr in PY) up by 6% mainly due to
  - *Increase in Tata Power Standalone by Rs. 16 Cr as stated earlier*
  - *Increase in CGPL by Rs. 11 Cr due to commissioning of all units*
  - *Offset by decrease in Coal Companies by Rs. 30 Cr due to reduction in liability of post retirement benefits*

- Depreciation/Amortization at Rs. 651 Cr (as against Rs. 506 Cr in PY) up by 29 % mainly due to
  - *Increase in CGPL by Rs. 125 Cr due to commissioning of all units*
  - *Increase in Maithon by Rs. 21 Cr due to both units being commissioned*
  - *Offset by Tata Power Standalone by Rs. 19 Cr as explained earlier*

- Other expenditure at Rs. 959 Cr (as against Rs. 807 Cr in PY) up by 19% mainly due to
  - *Increase in Tata Power Standalone by Rs. 96 Cr as explained earlier*
  - *Increase in CGPL by Rs. 46 Cr mainly due to increase in R&M costs*
  - *Increase in Maithon by Rs. 19 Cr mainly due to increase in R&M costs*

Q1 FY2014 Financial Highlights – Consolidated

- Profit from Operations before Other Income, Finance Costs, Exceptional Items and Tax at Rs. 1416 Cr (PY: Rs. 908 Cr) up by 56%
- Other Income at Rs. (228) Cr (PY: Rs. 63 Cr) mainly due to
  - *Increase in Loss on exchange of Rs. (293) Cr (*PY: *Loss on exchange of Rs. (45) Cr)*
  - *Decrease in Other Income at Rs. 65 Cr (*PY: *Rs. 108 Cr) mainly due to decrease in Tata Power Standalone as explained earlier*
- Finance cost at Rs. 902 Cr (PY: Rs. 549 Cr) up by 64% mainly due to
  - *Increase in CGPL by Rs. 203 Cr due to commissioning of all units*
  - *Increase in Tata Power by Rs. 96 Cr standalone as explained earlier*
  - *Increase in Maithon by Rs. 43 Cr due to full operation of both units*
- Tax Expenses at Rs. 335 Cr (PY: Rs. 226 Cr) up by 48% mainly due to
  - *Increase in Tata Power by Rs. 77 Cr standalone as explained earlier*
  - *Increase in Cennergi by Rs. 14 Cr due to reversal of deferred tax assets created last year*
- PAT at Rs. (49) Cr (PY: Rs. 195 Cr)

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Segment-wise Financial Performance – Consolidated

Segment Results (Consolidated): Q1 FY2014

` Crore

Particulars	Quarter ended			Year ended
	30-Jun-13 (Unaudited)	31-Mar-13 (Audited)	30-Jun-12 (Unaudited)	31-Mar-13 (Audited)
Segment Revenue				
Power Business	6,893.68	6,500.20	4,824.01	23,216.08
Coal Business	2,184.12	2,219.09	2,265.04	9,004.92
Others	323.82	391.95	209.57	1,148.30
Total Segment Revenue	9,401.62	9,111.24	7,298.62	33,369.30
Less: Inter segment revenue	62.13	78.78	44.73	343.87
Revenue / Income from operations (net)	**9,339.49**	**9,032.46**	**7,253.89**	**33,025.43**
Segment Results				
Power Business	1,303.52	1,347.39	579.45	3,612.21
Coal Business	96.19	170.73	257.61	1,029.44
Others	(14.60)	(14.37)	2.76	(33.41)
Total Segment Results	1,385.11	1,503.75	839.82	4,608.24
Less: Finance Costs	902.46	725.06	549.32	2,639.26
Less: Exceptional Item - Power Business	-	-	-	850.00
Add / (Less Unallocable Income / (Expense) (net)	(196.99)	(24.41)	130.92	157.70
Profit / (Loss) before tax	**285.66**	**754.28**	**421.42**	**1,276.68**
Capital Employed				
Power Business	41,847.89	39,895.27	37,591.54	39,895.27
Coal Business	9,628.85	8,825.24	7,637.15	8,825.24
Others	2,013.46	1,741.49	1,979.62	1,741.49
Unallocable	(37,531.45)	(35,021.08)	(31,341.24)	(35,021.08)
Total Capital Employed	**15,958.75**	**15,440.92**	**15,867.07**	**15,440.92**

Segment Highlights (Consolidated): Q1 FY2014

- Revenue from Power Business at Rs. 6894 Cr (PY: Rs. 4824 Cr) up by 43% mainly due to
  - *Increase in CGPL by Rs. 1076 Cr due to commissioning of all units*
  - *Increase in TPTCL by Rs. 543 Cr due to higher volume traded*
  - *Increase in Maithon by Rs. 395 Cr due to full operation of both units*
  - *Increase in Tata Power Standalone by Rs. 301 Cr as explained earlier*
  - *Increase in TPDDL by Rs. 199 Cr due to higher power purchase cost*
  - *Offset by inter company eliminations by Rs. 424*
- Revenue from the Coal business at Rs. 2184 Cr (as against Rs. 2265 Cr in PY) down by 4% mainly due to
  - *Lower due to lower realization per ton by Rs. 720 Cr*
  - *Offset by higher quantity of coal sold by Rs. 571 Cr*
  - *Offset by depreciation of INR by Rs. 68 Cr*
- Revenue from 'Others' at Rs. 324 Cr (as against Rs. 210 in PY) up by 54% mainly due to
  - *Increase in EEPL by Rs. 121 Cr due to higher income from shipping business*
  - *Increase in Tata Power Solar by Rs. 120 Cr due to increased sales driven by subsidy programme in Kerala and TN and increase in stake from 49% to 100%*
  - *Offset by intercompany eliminations by Rs. 113 Cr*

Segment Highlights (Consolidated): Q1 FY2014

- PBIT for the Power Business at Rs. 1304 Cr (as against Rs. 579 Cr in PY) up by 125% mainly due to
    - *Increase in Tata Power Standalone by Rs. 400 Cr as explained earlier*
    - *Increase in Maithon by Rs. 97 Cr due to full operations of both units*

- PBIT for the Coal Business at Rs. 96 Cr (as against Rs. 258 Cr in PY) down by 63%
    - *Lower due to lower price per ton by Rs. 229 Cr*
    - *Offset by higher quantity sold by Rs. 65 Cr*

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Subsidiary Performance

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Key Subsidiary Performance: Q1 FY2014

Key Subsidiaries	Op. Income		Op. Profit		PBIT		PBT		PAT	
	Q1 FY14	Q1 FY13	Q1 FY14	Q1 FY13	Q1 FY14	Q1 FY13	Q1 FY14	Q1 FY13	Q1 FY14	Q1 FY13
TPDDL	1505.2	1429.6	261.8	248.6	217.8	209.6	107.7	94.4	84.7	73.9
Powerlinks	63.5	67.9	57.7	64.6	41.9	47.7	29.0	32.8	27.1	26.2
Industrial Energy Ltd (IEL)	125.7	145.2	60.5	63.0	42.4	44.4	27.5	26.7	21.7	21.3
TPTCL	1189.0	644.2	20.3	7.7	20.5	8.0	18.1	7.9	12.0	5.4
Maithon Power Ltd.	588.2	167.3	195.8	50.0	140.4	42.7	36.0	(17.8)	33.9	(17.8)
Coal SPVs ($ mn)	15.0	17.0	13.0	14.9	38.0	25.2	19.8	4.9	16.2	2.9
CGPL	1354.8	285.1	124.1	10.9	(230.9)	(56.6)	(548.9)	(164.8)	(548.9)	(164.8)
Tata Power Solar	162.3	86.1	6.8	(16.0)	(8.1)	(34.0)	(13.9)	(40.3)	(13.9)	(25.9)

- Decrease in Operating Income in IEL mainly due to lower fuel cost
- Increase in PAT in TPTCL due to higher volume traded
- Increase in PAT in MPL due to full operation of both the units in the CY and higher merchant sale as compared to PY
- Increase in PAT in Coal SPVs due to higher dividend received
- Higher loss in CGPL mainly due to forex loss due to realignment of forex liabilities

Thank you