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The Tata Power Company Ltd.

Analyst Call – 23rd Aug, 2016

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Key Highlights

- First time adoption of INDAS across the TATA Power group of companies
- Share Purchase Agreement (SPA) signed to acquire Welspun Renewables Energy Private Limited
  - Bonds issued amounting to Rs. 3,500 crore at 7.7%
  - Transaction likely to close in Q2FY17
- Tata Power Renewable Energy Limited (TPREL) wins 245MW solar project under National Solar Mission
  - LOI received for 145MW & awaited confirmation for 100MW.
  - 44MW Lahori wind farm project in Madhya Pradesh successfully commissioned
- Cennergi (Pty) achieves Commercial Operations of both its 134MW Amakhala Emoyeni and 95MW Tsitsikamma Wind Farms in Aug 2016

Key Changes under INDAS

- Equity method of consolidation of joint ventures
  - Indonesian Coal Companies and Overseas, projects in South Africa and Georgia etc. to be consolidated under this method
  - Revenues & expenses of these companies will no longer be consolidated
- Generation assets at Jojobera and IEL considered as financial lease
- Preference shares treated as debt instrument and Perpetual bonds as Equity
- Effect of changes in forex currency rates & Interest rates considered in the P & L. Earlier, this used to be capitalized.
- MTM impact of hedge instruments (other than those considered under Hedge Accounting) to flow through P & L
- Interest free loans and corporate Guarantees considered at fair value.

- Changes in 'Segment' disclosure -
  - Two segments - Power Business and Others against three Segments Power, Coal and Others under earlier IGAAP.

Tata Power Consolidated Performance - Summary

Strong operational performance by most entities

Fig in ₹ Cr

Particulars	Op. Income		EBITDA		PAT	
	Q1 FY17 INDAS	Q1 FY16 INDAS	Q1 FY17 INDAS	Q1 FY16 INDAS	Q1 FY17 INDAS	Q1 FY16 INDAS
Tata Power-Consolidated	6566	7016	1316	1749	72	303
Standalone & Key Subsidiaries						
Tata Power (Standalone)^	1754	2192	634	981	147	334
CGPL (Mundra UMPP)#	1215	1483	219	319	-383	-155
MPL (Maithon Power)	599	576	215	190	67	37
IEL (Captive Power)					12	22
TPDDL (Delhi Discom)	1784	1596	275	295	82	91
TPTCL (Power Trading)	1360	1441	20	16	8	7
Tata Power Solar (Solar Mfg)	243	302	-	17	-22	-11
Powerlinks (Transimission)					23	25
Share of profit of associates and joint ventures less Minority Interest*					132	-44

^ Impacted by MYT Tariff Order /ATE Order/Others

Impacted by lower availability, MTM/Reallignment of FX liability and hedge instruments

* Include Indonesian Coal Joint Companies accounted under Equity Method in IND-AS

Tata Power (Standalone) – Financial Performance

Fig in ₹ Cr

	Q1 FY17 INDAS	Q1 FY16 INDAS	Var over Q1FY16
Operating Income	1,754	2,192	-20%
EDITDA	526	675	-22%
Other Income	108	306	-65%
Interest cost	264	340	22%
Depreciation	155	149	4%
Tax Expenses	68	158	57%
PAT	147	334	-56%

Previous Year (PY) had Tribunal (ATE) order (-) ₹ 137 Cr & CY adverse Tariff order for Transmission (-) ₹ 62 Cr
Lower Carrying cost (-) ₹ 20 Cr in MO
Lower Fuel cost mainly due to decrease in RLNG& coal Prices and lower sales

Mainly due to ATE order impact

Lower dividend from Coal SPV (-) ₹ 95 Cr and PY late payment surcharge income (-) ₹ 96 Cr

CGPL: Key highlights

Fig in ₹ Cr

	Q1FY17 INDAS	Q1 FY16 INDAS
Generation (MUs)	5,420	6,296
Sales (MUs)	4,987	5,795
Availability (%)	63%	75%
FOB price of Coal Used ($/MT)	42	52
Revenue (₹ /Unit)	2.45	2.56
Fuel Under Recovery (₹ /Unit)	-0.30	-0.42

Availability low for the quarter due to overhauls, however expected to meet requirements for getting the full fixed cost entitlement

Lower fuel cost under recovery

Operating Income	1215	1483
EBITDA	219	319
Interest and Finance cost	246	274
Depreciation	115	92
Profit / (Loss) before Forex Gain / (Loss)	**-142**	**-47**
Forex Gain / (Loss)	-241	-108
PBT	**-383**	**-155**

Forex loss higher due to MTM / Realignment

Note:

- Operating income lower due to lower fuel cost (-) ₹ 170 Cr and Fixed charge under recovery due to lower availability (-) ₹ 90 Cr
- EBITDA lower mainly due to under recovery of Fixed cost
- Interest cost lower due to refinancing of INR debt in Q4FY16

Coal Business: Key highlights

	Q1FY17	Q1FY16
Coal Mined (MT)	19.56	18.8
Coal Sold (MT)	20.62	20
FOB Revenue (USD/T)	39.62	45.9
Net Revenue after royalty (USD/T)	34.21	40.1
Cost of Production (USD/T)	25.05	30
COGS ($/T) - Includes Inv Movement	27.43	32.6
Depreciation (USD Mn) [For 100%]	55.15	55.86

Note:

Under INDAS Coal Companies consolidated as Joint Venture

Tata Power Renewable - Key highlights

Operating and Planned Capacity		Capacity (MW)
Operating Capacity		312
-Wind	258	
-Solar	54	
Projects Under Execution / Development		245
Wind Projects	100	
Solar Capacity Bids Won	145	
Renewable Asset Under Carve-out process		~ 500
Total Capacity		**1,057**

Fig in ₹ Cr

Financials	Q1FY17	Q1FY16
Operating Income	77	55
EBITDA	77	55
PAT	11	8

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Other Key Business Highlights

Regulated Equity & Assets

Regulated Equity (Rs Cr)	Q1 FY17	Q1 FY16
TPDDL	1,248	1,181
Mumbai Operations	3,640	3,443
Total	4,888	4,624

Regulated Assets (Rs Cr)	Q1 FY17	Q1 FY16
TPDDL	5,032	5,172
Mumbai Operations	1,917	1,891
Total	6,949	7,063

International Projects: Updates

Project->	Shuakhevi Hydro, Georgia(185 MW)	South Africa, Wind (134 + 95 = 229 MW)	ITPC Zambia, Hydro (120 MW)
JV Partner(s)	Clean Energy (40%) + IFC (20%)	Exxaro (50%) – A SA based mining group	ZESCO (50%)
Tata Power's stake	40%	50%	50%
Project Cost	US$416 mn for the first phase	~USD 480 Mn for entire 229 MW	US$244 Mn
Power offtake	Primarily to Turkey on a merchant basis	PPA with Eskom for 20 years	PPA with ZESCO for 25 years.
Construction update	Nearly 75% of work completed	All works completed	All works completed
Commissioning	Expected by March 2017	Commissioned in Aug 2016	Commissioned in Q4FY16

“Journey Continues..
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