The Tata Power Company Ltd.
October 2016
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Tata Group

- Tata Sons is the principal shareholder of the Tata Group
- 66% of Tata Sons owned by Charitable Trusts
- Approx. 6,40,000 employees
- Group Revenue US$ 103 billion and Market capitalization of around US$123 billion
- Presence across 150 countries

<table>
<thead>
<tr>
<th>Listed Companies</th>
<th>Mkt Cap ($ bn)$^2</th>
<th>Promoter Shareholding (%)$^1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Consultancy Services</td>
<td>75.67</td>
<td>73.4</td>
</tr>
<tr>
<td>Tata Motors</td>
<td>23.88</td>
<td>33.0</td>
</tr>
<tr>
<td>Tata Steel</td>
<td>5.51</td>
<td>31.4</td>
</tr>
<tr>
<td>Titan</td>
<td>5.36</td>
<td>53.1</td>
</tr>
<tr>
<td><strong>Tata Power</strong></td>
<td><strong>3.09</strong></td>
<td><strong>33.0</strong></td>
</tr>
<tr>
<td>Tata Communications</td>
<td>2.14</td>
<td>75.0</td>
</tr>
<tr>
<td>Tata Chemicals</td>
<td>2.11</td>
<td>31.0</td>
</tr>
<tr>
<td>Tata Global Beverages</td>
<td>1.32</td>
<td>35.7</td>
</tr>
<tr>
<td>Indian Hotels</td>
<td>1.93</td>
<td>38.9</td>
</tr>
<tr>
<td>Voltas</td>
<td>1.92</td>
<td>30.3</td>
</tr>
<tr>
<td>Trent</td>
<td>0.97</td>
<td>32.6</td>
</tr>
<tr>
<td>Rallis</td>
<td>0.67</td>
<td>50.1</td>
</tr>
</tbody>
</table>

Notes:
1  As of June 30, 2016: Source NSE
2  Conversion rate of 1 US$ = INR 67
### Tata Power Company – Truly Diversified…

#### Power Business
- Transmission
- Generation
- Renewable
- Distribution
- Trading
- Fuel & Logistics

#### Other Businesses
- SED
- Tata Projects

#### Investments
- TTML\(^\text{(1)}\)
- TTSL\(^\text{(1)}\)
- Panatone
- Tata Comm\(^\text{(1)}\)

#### Notes:
- TTML: Tata Teleservices (Maharashtra) Ltd, TTSL: Tata Teleservices, Tata Comm: Tata Communications Ltd
- On January 30, 2014, Tata Power signed an agreement for the sale of its 30% interest in Arutmin and associated companies subject to certain closing adjustments, certain conditions and restructuring

#### Renewable
- TPREL
- WREPL
- TPSSL

#### Wind Firm
- Trombay
- Hydro
- Jojobera
- Haldia

#### Renewable
- CGPL (Mundra UMPP)
- Maithon
- IEL
- Dagachhu
- Georgia Hydro

#### Other SPVs
- Trombay
- Hydro
- Jojobera
- Haldia

#### Mumbai
- Mumbai: TPDDL
- Jamshedpur: Tata Power Jamshedpur Distribution

#### Trading
- Tata Power Trading

#### Other Businesses
- Indonesian Coal Mines – KPC, Arutmin\(^\text{(2)}\)
- Indonesian Coal Mine – BSSR
- Trust Energy

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\(^\text{(1)}\) TTML: Tata Teleservices (Maharashtra) Ltd, TTSL: Tata Teleservices, Tata Comm: Tata Communications Ltd

\(^\text{(2)}\) On January 30, 2014, Tata Power signed an agreement for the sale of its 30% interest in Arutmin and associated companies subject to certain closing adjustments, certain conditions and restructuring.
Well Calibrated Growth Strategy…

Notes: (1) Figures have been rounded off
Pan-Indian portfolio with global presence....

India & neighboring countries

- Punjab
- Delhi
- Rajasthan
- Madhya Pradesh
- Maharashtra
- Tamil Nadu
- Karnataka
- Andhra Pradesh
- Bihar
- Dugar Hydro
- Powerlinks
- Mundra
- Gujarat
- Mumbai
- Dehradun
- Tirudih 1980 MW (UD)
- Tahildar
- Kalinganagar

Operational:
- Thermal: 7810 MW
- Hydro: 573 MW
- Wind: 1032 MW
- Solar: 942 MW
- Transmission
- Distribution

Under Execution/Development:
- Thermal: 8712 MW
- Wind: 377 MW
- Hydro: 449 MW

Notes:
1. Mumbai includes the power plants in Trombay, Bhira, Bhivpuri, Khopoli and certain Wind projects
2. Projects under execution / development: UE – under execution; UD – under development
3. Some projects under execution/development are overseas

International presence

SOUTH AFRICA
- 229 MW Wind Power Projects (Operational)
- 50:50 JV with Exxaro Resources

GEORGIA
- Development of three hydro projects in 2 phases of 185 MW and 115 MW

INDONESIA
- 30% stake in coal mines – KPC
- 26% stake in PT Baramulti Sukses Sarana Tbk

ZAMBIA
- 120 MW Itezhi Tezhi Hydro Power Project (Operational)
- 50:50 JV with ZESCO

Total Gross capacity of 10,477 MW
High Quality Risk Management in a tough Market

- **Capacity Break-up**
  - Thermal: 71%
  - Wind: 10%
  - Hydro: 7%
  - Solar: 9%
  - W hr/FG: 3%

- **Break-up of Tariff Models**
  - Competitively Bid: 42%
  - Regulated / Feed-in / Negotiated PPAs: 56%
  - Merchant: 2%

- Non-Fossil fuel capacity nearly 30%
- Almost entire capacity on Long-term PPAs with majority on Regulated / Pass-through PPAs

Diversified across fuel and tariff models
... with presence across the Value Chain

<table>
<thead>
<tr>
<th>Transmission – Mumbai</th>
<th>Powerlinks Transmissions Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tata Power is amongst the 3 transmission licensees that bring power into Mumbai</td>
<td>• JV between Tata Power (51%) and Power Grid Corporation of India Ltd. (49%)</td>
</tr>
<tr>
<td>• 1,100 Ckm of 220KV / 110KV lines and 20 receiving stations</td>
<td>• India’s first private sector inter-state transmission project, on a Build Operate Own and Transfer (BOOT) basis</td>
</tr>
<tr>
<td>• Network upgrade and capacity expansion projects are being carried out to meet the load growth in Mumbai</td>
<td>• Formed to distribute power from the Tala Hydro project in Bhutan and north eastern and eastern states to New Delhi and adjoining areas</td>
</tr>
<tr>
<td></td>
<td>• Consists of 1,166 Kms of 400 KV double circuit EMV transmission line</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution – Mumbai</th>
<th>Tata Power Delhi Distribution Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customer base of over 5 lakh retail customers</td>
<td>• Subsidiary of Tata Power (51%) with the remaining 49% held by Government of Delhi</td>
</tr>
<tr>
<td></td>
<td>• License to distribute power to north and north-west Delhi</td>
</tr>
<tr>
<td></td>
<td>• Amongst the 3 private licensees in Delhi</td>
</tr>
<tr>
<td></td>
<td>• Over 13 lakh customers</td>
</tr>
</tbody>
</table>

**Tata Power Jamshedpur Distribution Limited**
- Distribution franchisee of JSEB in Jamshedpur
Other Key Businesses

**Tata Power Trading**
- 100% subsidiary, holds a trading license for a period of 25 years starting from 2004
- Holds a Category I trading license, which permits it to trade any amount of power

**Shipping Subsidiaries**
- Trust Energy Resources Pte Ltd incorporated in Singapore for owning bulk carriers to meet shipping requirements and trading in fuel, Energy Eastern Pte Ltd incorporated for chartering of ships
- To be met through a combination of long term charters and outright purchases of cape size vessels – 3 long term charters signed and 2 cape size ships purchased

**Tata Power Solar Systems Ltd.**
- Solar Cell Manufacturing Facility at Bengaluru, Karnataka
- Has four main business lines:
  - manufacturing and sale of solar photovoltaic cells and modules
  - providing engineering, procurement and construction/commissioning
  - services as well as operations and management services to solar project developers, developing and selling solar photovoltaic products in rural markets
  - developing and selling solar thermal (water heating) products in urban markets

**Strategic Engineering Division (SED)**
- Originated as an internal R&D unit for power electronics; designs and develops electronic devices
- SED was awarded the order to modernize airfield infrastructure for the Indian Air Force
- **Does not manufacture ammunition or explosives of any kind, including cluster bombs and anti personnel mines**
Existing Portfolio – Stabilized Operations
Mumbai and Delhi regulated businesses

- Steady capex towards distribution infrastructure strengthening and network expansion resulting in robust regulated equity growth.

- Regulatory assets at Delhi and Mumbai on declining trend in FY16.
CGPL – Efficient Operations & Lower Fuel Costs leading to improved performance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLF (%)</td>
<td>68.3%</td>
<td>75.9%</td>
<td>73.1%</td>
</tr>
<tr>
<td>Revenue (Rs Cr)</td>
<td>5,650</td>
<td>5,894</td>
<td>5,819</td>
</tr>
<tr>
<td>EBITDA (Rs Cr)</td>
<td>797</td>
<td>886</td>
<td>1,164</td>
</tr>
<tr>
<td>PAT (Rs Cr)</td>
<td>(1,492)</td>
<td>(898)</td>
<td>(306)</td>
</tr>
<tr>
<td>Fuel cost under recovery(/kWhr)</td>
<td>-0.58</td>
<td>-0.43</td>
<td>-0.30</td>
</tr>
</tbody>
</table>

- Declining coal costs and improving operational performance have helped improve Mundra’s profitability.
- APTEL, in its judgment on April 7th, 2016 had accepted change in Indonesian law as a Force Majeure event
- CERC is in the process of quantifying the relief as per PPA terms,
- Supreme Court to hear the matter once CERC comes out with its order
## Maithon Power – Stabilized Performance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLF (%)</td>
<td>69%</td>
<td>73%</td>
<td>78%</td>
</tr>
<tr>
<td>Revenue (Rs Cr)</td>
<td>2,293</td>
<td>2,283</td>
<td>2,312</td>
</tr>
<tr>
<td>EBITDA (Rs Cr)</td>
<td>755</td>
<td>841</td>
<td>793</td>
</tr>
<tr>
<td>PAT (Rs Cr)</td>
<td>103</td>
<td>211</td>
<td>189</td>
</tr>
</tbody>
</table>

- Entire capacity fully tied-up through Long Term PPAs
- Steady improvement in Plant Load Factor (PLF)
- Plant operating with healthy operating margin of over 35%
Coal business – Efficiency improvements mitigate margin pressures

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal mined (mnte)</td>
<td>83.0</td>
<td>82.8</td>
<td>81.0</td>
</tr>
<tr>
<td>Coal sold (mnte)</td>
<td>85.0</td>
<td>82.2</td>
<td>80.8</td>
</tr>
<tr>
<td>Net revenue after royalty (US$/te)</td>
<td>52.6</td>
<td>44.9</td>
<td>39.3</td>
</tr>
<tr>
<td>COGS (US$/te)</td>
<td>38.8</td>
<td>33.3</td>
<td>29.6</td>
</tr>
<tr>
<td>Net margin (US$/te)</td>
<td>13.9</td>
<td>11.6</td>
<td>9.7</td>
</tr>
</tbody>
</table>

- Weakness in global coal prices affected business’s net margins
- Efficiency improvements reduce costs
- Recent revival in coal prices to improve margins
- Company has entered into an agreement to sell its 30% stake in Arutmin coal mines
- The deal closure is pending for satisfaction of Condition precedent
- The deal is expected to be consummated this quarter.
Timely completion of Overseas Projects

<table>
<thead>
<tr>
<th></th>
<th>South-Africa</th>
<th>Zambia</th>
<th>Georgia (under construction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity (MW)</td>
<td>229 [Wind]</td>
<td>120 [Hydro]</td>
<td>185 [Hydro]</td>
</tr>
<tr>
<td>JV Partner(s)</td>
<td>Exxaro (50%) – A SA based mining group</td>
<td>ZESCO (50%)</td>
<td>Clean Energy (40%); IFC 20%</td>
</tr>
<tr>
<td>Tata Power’s stake</td>
<td>50%</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Project Cost</td>
<td>~ZAR6,800 mn for entire 229 MW</td>
<td>US$200 mn</td>
<td>US$404 mn</td>
</tr>
<tr>
<td>Power offtake</td>
<td>PPA with Eskom for 20 years</td>
<td>PPA with ZESCO for 25 years.</td>
<td>Primarily to Turkey on Merchant basis</td>
</tr>
<tr>
<td>Financial Closure</td>
<td>Done for the project</td>
<td>Done for the project</td>
<td>Done for the Project</td>
</tr>
<tr>
<td>Commissioning</td>
<td>August 2016</td>
<td>March 2016</td>
<td>FY2017</td>
</tr>
</tbody>
</table>

SA and Zambian Projects to start contributing to cash flows from this fiscal
Growth Opportunities and Strategies
Indian Power Sector - Growth drivers

GDP growth to drive demand for power

- GDP of India projected to grow at nearly 8%
- Strong correlation between GDP growth and demand for power

Government focused on providing Electricity to All

- India has one of the lowest per capita consumption of power (1/3 rd of world average)
- Government initiatives targeting 100% electrification
- Significant growth potential supported by latent demand in Rural areas

Successful implementation of UDAY to drive demand

- UDAY focusing on improving fundamental of State owned distribution companies
- Measures to improve operational and financial efficiencies
- Successful implementation can lead to increased demand from Discoms for existing as well as new capacities

Strong push for Green Energy

- Target to achieve 175 GW of Renewable Power Capacity by 2022 from the present 43 GW
- Introduction of Renewable Generation Obligation (RGO)
- Draft Renewable Energy Act under discussion
- National Renewable Energy Policy and Plan to be formulated
Tata Power – Strategic Focus

20000 MW of installed generation capacity

30-40% share of generation capacity to be non-fossil fuel based (including Hydro)

Transmission, Distribution and DDG catering to 5 GW capacity and 2.5 million consumers

Securitization of long term fuel requirements (Coal and Gas)

10 X growth in Revenue and PBT–O&M/PM Services, Trading, Open Access, Rooftop Solar, Solar EPC, Defence

Generation
Share of non-fossil based generation
Transmission, Distribution & DDG
Fuel Resources
Value Added Businesses

Sustainable Profitable Growth
Strategies for Growth

**Generation**
- Greenfield projects in India and Overseas [Selectively]
- Expansion of existing sites
- **Acquisition of Operating / Nearly Operating Power Projects in conventional and renewable space**

**Distribution**
- PPP model successful in the past
- Some states pursuing Franchise Models
- Amendment of Electricity Act to segregate Wires and Supply to open up opportunities in Distribution

**Transmission**
- Open Access, Inter-Regional Power Transfers and increased Renewable Power Capacity to drive capacity growth
- Potential for expanding transmission network in Mumbai and Delhi License Areas

**Value Added Services**
- Leveraging experience to provide O&M Services for power plants
- Grow Solar EPC business to tap capacity growth in Solar Power
- Expand Power Trading business to tap into growing volumes in traded power
Renewable Energy - Key growth area

**Attractive Sector**
- High growth potential – Strong push by Government ie 100GW Solar and 60GW Wind
- Ease of project execution
- No dependence on fuel sources
- Long Term PPAs with fixed tariffs
- Falling Tariff

**Strategy for growth**
- Improve operational performance of existing assets
- Complete projects under construction in time and at optimal costs to improve returns
- Continue to participate in green field growth opportunities
- Acquire operating assets with potential for value enhancement

**TPREL well positioned to capitalize on opportunities**
- TPREL has become the largest renewable player in the country
- Has nearly 2,000 MW of operating capacity*
- More than 400 MW of projects under construction

**Unique strengths of the portfolio**
- Diversified Pan-India presence across 11 states
- Diversified OEM supplier base and tier-1 module suppliers
- Long Terms PPAs at attractive tariff
- Innovative and superior O&M capabilities

* Including 500 MW of renewable assets being carved out from Tata Power
Tata / ICICI Platform

Benefits for Stakeholders
- Creation of ‘Platform’ entity by Tata Power subsidiary along with ICICI Ventures as co-sponsors
- Commitments from other key investors such as CDPQ and SGRF
- Commitment of up to US$ 850 million as capital by sponsors and investors
- Tata Power International Pte Ltd to have 26% stake

Resurgent Power
- More than 25,000 MW of capacities in various stages of completion / operation
- Many of these capacities are in difficult stages and developers are looking to exit and lenders are looking for strong sponsors

Objective
- Facilitate investments in power projects in India which are in advanced stages of / near operational or operating
- Assets to be acquired over the next 2-3 years

Potential
- TPIPL to provide technical expertise for identifying assets
- Platform to benefit from Operational & Maintenance management expertise of Tata Power

Objective
- Commitments from other key investors such as CDPQ and SGRF
......Key Strategic Priorities

- Opportunity in stranded Thermal Assets
- Big Push for Renewables
- Select Overseas Investments
- Reduction of Non-Core Investments
- Maintaining Balance Sheet at target levels

......Careful evaluation of Investment decisions through risk filters
Financials
# Snapshot Consolidated Financials

<table>
<thead>
<tr>
<th></th>
<th>(in Rs. Cr)</th>
<th></th>
<th></th>
<th>(in US$ mn)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY16</td>
<td>FY15</td>
<td>FY14</td>
<td>FY16</td>
<td>FY15</td>
<td>FY14</td>
</tr>
<tr>
<td>Revenue from Operations (Net)</td>
<td>36,461</td>
<td>34,367</td>
<td>35,649</td>
<td>5,442</td>
<td>5,129</td>
<td>5,321</td>
</tr>
<tr>
<td>Operating Expenditure</td>
<td>28,470</td>
<td>27,427</td>
<td>27,942</td>
<td>4,249</td>
<td>4,094</td>
<td>4,170</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>7,991</td>
<td>6,940</td>
<td>7,707</td>
<td>1,193</td>
<td>1,036</td>
<td>1,150</td>
</tr>
<tr>
<td>Add: Other Income</td>
<td>79</td>
<td>417</td>
<td>(562)</td>
<td>12</td>
<td>62</td>
<td>(84)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>8,070</td>
<td>7,357</td>
<td>7,145</td>
<td>1,204</td>
<td>1,098</td>
<td>1,066</td>
</tr>
<tr>
<td>Less: Depreciation/Amortization/Impairment</td>
<td>2,376</td>
<td>2,174</td>
<td>2,730</td>
<td>355</td>
<td>325</td>
<td>407</td>
</tr>
<tr>
<td>EBIT</td>
<td>5,694</td>
<td>5,182</td>
<td>4,415</td>
<td>850</td>
<td>773</td>
<td>659</td>
</tr>
<tr>
<td>Less: Finance Costs</td>
<td>3,477</td>
<td>3,699</td>
<td>3,440</td>
<td>519</td>
<td>552</td>
<td>513</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>2,217</td>
<td>1,483</td>
<td>975</td>
<td>331</td>
<td>221</td>
<td>146</td>
</tr>
<tr>
<td>Less: Tax Expenses, Exceptional Items</td>
<td>1,150</td>
<td>1,075</td>
<td>1,008</td>
<td>201</td>
<td>160</td>
<td>150</td>
</tr>
<tr>
<td>Net Profit/(Loss) after Tax before minority interest</td>
<td>1,067</td>
<td>408</td>
<td>(33)</td>
<td>159</td>
<td>61</td>
<td>(5)</td>
</tr>
</tbody>
</table>

Notes: 1. Figures in USD are at an exchange rate of INR67/USD
2. Other income also includes gain/(loss) from forex
Leverage ratio (Consolidated)

- The Consolidated leverage also reflect the financials of CGPL, Mundra UMPP which is facing under-recoveries over the last few years and has seen an erosion of Net Worth.

- The leverage ratios for other generation and distribution business are at much more reasonable levels.

- Post acquisition of Welspun renewable assets which has been funded by medium term debt the D:E ratios are projected to increase further.

- Management focusing on taking all possible measures to maintain D:E ratios at levels which are reasonable while capitalizing on growth opportunities.
### Key impact of IND-AS implementation

<p>| Change in treatment of generation assets | • Jojobera and IEL power plants to be treated as financial leases |
| Effect of forex change and MTM impact of hedge instruments to flow through P&amp;L | • Increased volatility in quarterly profits |
| Interest free loans and corporate guarantees to be considered at fair value | • Imputed interest to be provided on interest free loan given to CGPL, impacting its profitability |
| Change in 'segment' disclosure | • Coal business ceases to be reported as a separate business segment |</p>
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