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The Tata Power Company Limited

Analyst Call, Q1 FY19

26th July 2018



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Key Highlights Q1FY19

- ❖ Balance sheet strengthening plan progressing very well. Monetization of Tata Communications, Pantone and TTSL investments leading to realization of ₹ 2,157 Cr.
- ❖ Improvement in Conso D/E ratio to 2.26 from 2.48 in March-2018.
- ❖ Renewables: New bids of 400 MW won in Q1FY19, also increase in installed capacity by 352 MW over PYQ to 2,449 MW;
- ❖ Renewables EPC order book bounces back to Rs.2,700 Cr.
- ❖ Adoption of IND-AS 115 'Revenue from contracts with Customer for straightening of Tariff. Minor impact in CGPL and Renewables.
- ❖ Benefit of price rise in coal will be partly offset by new law on Domestic Market Obligations (DMO) in Indonesia for the next few quarters in the coal companies.

Consolidated Performance – Q1 FY19 Vs Q1 FY18

Fig in ₹ Cr

Particulars	Op. Income		EBITDA [^]		PAT	
	Q1FY19	Q1FY18	Q1FY19	Q1FY18	Q1FY19	Q1FY18
Tata Power-Conso (line item 13 SEBI Results)	7,138	6,166	1,686	1,829	1,735	406
Standalone & Key Subsidiaries						
Tata Power (Standalone) ^{^^}	1,843	1,850	774	824	1,134	217
CGPL (Mundra UMPP)	1,553	1,305	18	45	(432)	(309)
MPL (Maithon Power)*	646	612	187	204	63	69
TPDDL (Delhi Discom)**	2,110	1,835	289	283	94	84
TPTCL (Power Trading)	1,006	1,050	13	13	7	6
Tata Power Solar (Solar Mfg)	345	875	26	84	2	44
TPREL (Renewable Power)	178	139	208	173	71	56
WREL (Renewable Power)	347	332	330	315	101	60
Coal SPVs ^{^^^} (Investment Companies)			(6)	351	(65)	227
TERPL (Shipping Co)	136	109	48	74	24	48
EEPL (Shipping Co)	83	103	3	6	1	5
TPIPL (Overseas Investment Co)	33	78	93	7	81	6
Others	194	57			20	7
TOTAL - A	8,474	8,346	1,983	2,380	1,102	522
Joint Venture and Associates ^{***}					369	389
TOTAL - B	8,474	8,346	1,983	2,380	1,470	911
Eliminations#	(1,337)	(1,475)	(298)	(552)	(257)	(522)
Exceptional Items# #	-	(706)			554	-
Discontinued operations					(34)	15
TOTAL - C	7,138	6,166	1,686	1,829	1,735	406

*TPCL stake-74%; **TPCL stake-51% stake; *** TPCL share, ^ including other income, ^^ PAT including exceptional item,^^^ Consolidated at EBITDA & PAT level only

#Eliminations include inter-company transactions

Exceptional items at conso level (after accounting for exceptional items at standalone) Rs.1483 cr - Rs.929 cr.

Share of Joint Ventures and Associates – Q1 FY19 Vs Q1 FY18

Fig in ₹ Cr

Particulars	% Share	OP. INCOME		EBITDA		PAT	
		Q1FY19	Q1FY18	Q1FY19	Q1FY18	Q1FY19	Q1FY18
Joint Ventures							
Coal Companies (KPC, BSSR, AGM)	30% / 26%	2,005	1,993	538	570	246	286
ITPC	50%	58	75	88	72	21	30
Coal Infrastructure Companies (NTP)	26%	71	81	63	80	37	51
Cennergi Pty. Ltd.	50%	70	62	66	53	37	(11)
Powerlinks Transmison Ltd	51%	19	20	18	21	15	18
Industrial Energy Ltd	74%	58	100	41	54	19	21
Others (including adjustments)							
Total- Joint Ventures		2,281	2,331	815	850	376	394
Associates							
Dagachhu	26%					(7)	(5)
Grand Total		2,281	2,331	815	850	369	389

Underlying Consolidated EBITDA

Fig in ₹ Cr

Particulars	Q1FY19	Q1 FY18
Adjusted Business EBITDA	2424	2,552
Less: EBITDA of JV Companies	815	849
KPC	477	515
BSSR (including AGM)	45	55
Coal Infra	79	80
Cennergi	66	53
ITPC	88	71
Powerlinks	18	21
IEL	41	54
Add: INDAS impact (AS 115)	77	127
Reported EBITDA	1,686	1,830
Less: Depreciation	601	576
Less: Finance Cost	1,013	1,010
PBT as per line item no.5 in Adv	72	244

Tata Power (Consolidated) Financial Performance



Fig in ₹ Cr

Particulars	Q1FY19	Q1FY18	Qtr Var	Remarks
Operating Income	7,138	6,166	972	
Operating Expenses	5,542	4,481	(1,061)	
Operating Profit	1,596	1,685	(89)	Due to lower EBITDA at CGPL and impact of Ind-AS 115
Other Income	90	144	(54)	Due to lower dividend
EBITDA	1,686	1,829	(143)	
Interest cost	1,013	1,010	(3)	
Depreciation	601	576	(25)	
PBT before share of JV	72	243	(171)	
Share of profit of Assoc and JV	367	389	(22)	Lower income at KPC due to price cap on domestic supply
PBT after share of JV	440	633	(193)	
Tax Expenses	154	242	(88)	
Net Profit for the Period from continuing op*	286	391	105	
Exceptional item gain/(loss)	1,483	-	1,483	Profit on sale of non-core assets (₹ 1897 cr offset by ₹ 414 cr of def. tax liability)
PBT after exceptional item	1,769	391	1,378	
Profit from discontinued operation	(34)	15	(49)	Defence business being shown as discontinued operations
Net Profit for the Period **	1,735	406	1,329	

*Line No.11 of advertisement, ** line no 13 of the advertisement

Tata Power (Standalone) Financial Performance



Fig in ₹ Cr

Particulars	Q1FY19	Q1FY18	Qtr Var	Remarks
Operating Income	1,843	1,850	(7)	
Operating Expenses	1,272	1,240	(32)	
Operating Profit	571	610	(39)	
Other Income	203	214	(11)	
EBITDA	774	824	(50)	
Interest cost	344	352	8	
Depreciation	157	154	(3)	
PBT	273	318	(45)	
Tax Expenses	36	117	81	
PAT (before adjustments)	237	201	36	
Exceptional item net of tax	929	-	929	Profit on sale of non-core assets (₹ 1213 cr offset by ₹ 283 cr of def. tax liability)
PAT for the period*	1,167	201	966	
Discontinued operation PAT	(34)	16	(50)	Defence business being shown as discontinued operations
PAT for the period after discontinued operations**	1,134	217	917	

* Line no.9 of advertisement ** Line no.11 of advertisement

CGPL : Key Highlights

Fig in ₹ Cr

Particulars	Q1 FY19	Q1 FY18	Qtr Var	Remarks
Generation (MUs)	5908	5,310	598	
Sales (MU)	5434	4,876	558	
Availability (%)	68%	61%	7%	
PLF (%)	66%	59%	7%	
FOB price of coal (USD/T)	62.4	59.7	2.7	Procurement price has been contained inspite of increased coal prices due to higher discounts on spot shipments.
Revenue (₹ /Unit)	2.7	2.4	0.3	
Fuel under recovery (₹ /Unit)	(0.92)	(0.93)	0.01	
Financials				
Operating Income	1,553	1,305	248	Higher availability, impact of INDAS-115, differential capacity revenue recognised : ₹ 70 crore
Operating Expenses	1,535	1,261	274	Higher coal cost
Operating Profit	18	44	(26)	
Other Income	-	1	(1)	
EBITDA	18	45	(27)	
Interest & Finance Cost	282	173	(109)	MTM losses due to currency depreciation : ₹ 98 crore
Forex Loss / (Gain)	45	56	11	Pertains to hedging of currency exposure on coal imports
Depreciation	123	125	2	
PBT	(432)	(309)	(123)	
PAT	(432)	(309)	(123)	

Coal Business: Key highlights

Coal Company - KPC	Q1 FY19	Q1 FY18
Coal Mined (MT)	14.23	14.21
Coal Sold (MT)	13.95	14.46
FOB Revenue (USD/T)*	64.86	64.18
Royalty (USD/T)	9.00	8.68
Net Revenue after royalty (USD/T)	55.86	55.50
Cost of Production (USD/T)**	37.00	32.22
COGS (\$/T) - Including Inv Movement	36.00	32.70
Gross Profit (USD/T)	19.86	22.80

* Revenue impacted by Domestic Market Obligation (DMO) regulation

** Increase due to O&M exp and fuel prices

Coal to Power Generation – An Integrated view

Fig in ₹ Cr

Generation at Mundra

CGPL	Q1FY19	Q1FY18	Qtr Var	%
Revenue	1,553	1,305	248	19%
EBITDA	18	45	(27)	-59%
PAT	(432)	(309)	(123)	40%

Coal mining & Coal Infra Companies

Coal & Infrastructure Business	Q1FY19	Q1FY18	Qtr Var	%
Revenue	2,092	2,074	18	1%
EBITDA	602	651	(49)	-8%
PAT	300	337	(37)	-11%

The losses at CGPL, Mundra are largely compensated by profitability at coal mines, Indonesia.

Maithon Power Limited : Key highlights

Fig in ₹ Cr

Particulars	Q1FY19	Q1 FY18	Qtr Var	Remarks
Generation (MUs)	1944	1,952	(8)	
Sales (MU)	1842	1,842	-	
Availability (%)	93%	94%	-1%	
PLF %	85%	85%	-	
Financials				
Operating Income	646	612	34	
Operating expenses	461	411	(50)	Higher due to increase in fuel cost
Operating profit	185	201	(16)	
Other Income	2	3	(1)	
EBITDA (Rs cr)	187	204	(17)	
Interest cost	48	52	4	Lower due to refinancing
Depreciation	59	59	-	
PBT	80	93	(13)	
PAT	63	69	(6)	

Note: Figures are for MPL Standalone. Tata Power's stake is 74%

Tata Power Delhi Distribution Limited : Key Highlights

Fig in ₹ Cr

Financials	Q1FY19	Q1FY18	Var Qtr	Remarks
Income from Operation	2110	1,835	275	Higher AT&C incentive - ₹9 Cr, higher O&M - ₹25 Cr, higher tariff
Energy Tax	82	90	(8)	
Operating Income	2,028	1,745	283	
<i>Power Purchase</i>	1573	1,300	(273)	Due to higher procurement prices
<i>Other operating Exp.</i>	186	175	(11)	
Operating Exp.	1,759	1,475	(284)	
Operating Profit	269	270	(1)	
Other Income	20	13	7	
EBITDA	289	283	6	
Interest/Finance Charg	93	93	-	
Depreciation	74	75	1	
PBT	122	115	7	
Current Tax	28	31	3	
PAT	94	84	10	

Note: Figures are for TPDDL Standalone, Tata Power's stake is 51%

Tata Power Solar Limited : Key Highlights

Fig in ₹ Cr

Particulars	Q1FY19	Q1FY18	Qtr Var	Remarks
Operating Income	345	875	530	PYQ was higher due to completion of order backlogs of Q4FY17
Operating expense	319	791	472	Due to lower sales
Operating profit	26	84	58	
Other Income	-	-	-	
EBITDA	26	84	58	
Interest cost	4	8	4	
Depreciation	19	18	(1)	
Tax	1	14	13	
PAT	2	44	(42)	

Tata Power Renewable (Standalone): Key highlights

Fig in ₹ Cr

Particulars	Q1FY19	Q1 FY18	Qtr Var	Remarks
Capacity (MW)	724	423	301	
Generation (MUs)	365	236	129	
Sales (MU)	329	228	101	
Avg PLF (%) - Solar	21.6%	21.0%	0.6%	
Avg PLF (%) - Wind	24.2%	25.0%	-0.8%	
Financial Performance				
Operating Income	178	139	39	Due to addl 301 MW of operating capacity
Operating Expenses	17	13	(4)	
Operating Profit	161	126	35	
Other Income	47	47	-	
EBITDA	208	173	35	
Interest & Finance Cost	64	48	(16)	Due to loans for new capex partially offset by savings on loan refinancing
Depreciation	63	48	(15)	Due to capacity addition
PBT	81	77	4	
Tax	10	21	(11)	
PAT	71	56	15	

Walwhan Renewable : Key highlights

Fig in ₹ Cr

Particulars	Q1FY19	Q1FY18	QTR Var	Remarks
Capacity - Wind (MW)	146	146	-	
Capacity - Solar (MW)	1007	1,007	-	
Capacity - Total (MW)	1153	1,153	-	
Generation (MUs)	491	469	22	
Financials				
Operating Income	347	332	15	
Operating expenses	23	22	(1)	
Operating profit	324	310	14	
Other income	6	5	1	
EBITDA	330	315	15	
Interest cost	111	155	44	PYQ had prepayment penalty of ₹ 32 cr
Fx (Gain)/Loss	2	20	18	Due to repayments of Buyer's credit
Depreciation	71	70	1	
Tax	45	10	(35)	
PAT	101	60	41	

Note : The Company has been acquired on 14th Sep, 2016.

Renewables – Consolidated View

Fig in ₹ Cr

Key indicators	TPREL [^]	WALWHAN	WIND ASSETS*	Others	Conso Renewable s (without EPC)	EPC#	Conso Renewable s (with EPC)
Capacity (MW)	724	1,040	379	83	2,226		2,226
Revenue	178	347	71	24	620	345	965
EBITDA	208	330	56	20	569	26	595
PAT	71	101	11	5	143	1	144
Net Worth	5,029	1,915	297	152	5,478	388	5,866
Net Debt	3,589	5,152	700	390	9,642	508	10,150

[^] TPREL standalone *Tata Power standalone # Tata Power Solar

- Note: 1. Conso EBITDA & PAT excludes inter company dividend
 2. Conso net worth excludes inter company investments

Leverage Management - Debt Profile

Fig in ₹ Cr

PARTICULARS	STANDALONE			CONSOLIDATED		
	Rupee	Forex	Total	Rupee	Forex	Total
Long term	7,984	-	7,984	17,246	4,637	21,883
Short term	3,177	81	3,258	7,510	10,716	18,226
Current Maturity of LT	3,222	-	3,222	5,088	2,173	7,261
Total Debt	14,383	81.00	14,464	29,844	17,526	47,370
Less: Cash			97			1,649
Net Debt			14,367			45,721
Equity			15,554			20,257
Net Debt to Equity	Q1 FY19		0.92			2.26
	Q1 FY18		0.98			3.10

Regulated - Equity and Assets

Fig in ₹ Cr

Particulars	Q1 FY19	Q4 FY18	Q3 FY18	Q2 FY18	Q1 FY18
Regulated Equity					
Mumbai Operation	3,793	3,927	3,815	3,812	3,783
Tata Power Delhi Distribution	1,348	1,272	1,231	1,225	1,213
Maithon Power	1,388	1,388	1,388	1,444	1,444
Powerlinks Transmission	466	466	466	466	466
Total	6,995	7,053	6,900	6,947	6,906
Regulated Assets					
Mumbai Operation#	1,533	1,701	1,270	1,181	1,272
Tata Power Delhi Distribution	4,327	4,411	4,494	4,173	4,322
Total	5,860	6,112	5,764	5,354	5,354

Q4FY18 increase was due to recognition of tax recoverable on RA

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