

TATA POWER



The Tata Power Company Ltd

Analyst Call – 10 August 2011

Lighting up Lives!



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Financial Performance – Standalone

Standalone Results: Q1FY12



Particulars	Quarter ended		Year ended
	30-Jun-11	30-Jun-10	31-Mar-11
(A)	MUs	MUs	MUs
1. Generation	3,889	4,386	15,325
2. Sales	3,932	4,533	16,060
(B)	` Crores	` Crores	` Crores
1. a) Revenue from Power Supply and Transmission Charges	1,794.07	1,872.63	6,619.36
Add / (Less) :			
Income to be (utilised) / recovered in future tariff determination	48.00	(70.18)	(20.00)
Net Revenue	1,842.07	1,802.45	6,599.36
b) Other Operating Income	79.17	65.45	319.12
2. Total Income	1,921.24	1,867.90	6,918.48
3. Expenditure			
a) Staff Cost	113.82	89.87	341.12
b) Cost of Power Purchased	181.27	243.85	784.21
c) Cost of Fuel	1,004.15	951.94	3,485.64
d) Cost of components, materials and services in respect of contracts	26.85	14.94	77.25
e) Depreciation	133.09	126.70	510.14
f) Other Expenditure	167.30	116.41	684.46
4. Total Expenditure	1,626.48	1,543.71	5,882.82
5. Profit from Operations before Other Income, Interest and Exceptional Items (2-4)	294.76	324.19	1,035.66
6. Other Income			
a) (Loss) / Gain on Exchange (Net)	(12.42)	1.89	50.61
b) Others	260.00	125.65	442.97
7. Profit before Interest and Exceptional Items (5+6)	542.34	451.73	1,529.24
8. Interest	112.41	79.58	416.89
9. Profit from Ordinary Activities before Tax	429.93	372.15	1,112.35
10. Provision for Taxation	148.37	103.17	170.86
11. Profit after Tax	281.56	268.98	941.49
12. Appropriations			
a) Statutory Appropriations	3.00	6.00	(28.52)
b) Others [Distribution on Hybrid Perpetual Securities (net of tax)]	8.87	-	-
13. Net Profit after Tax and Statutory Appropriations	269.69	262.98	970.01



Standalone Results: Q1FY12 Segmental Performance



₹ Crores

Particulars	Quarter ended		Year ended
	30-Jun-11	30-Jun-10	31-Mar-11
Segment Revenue			
Power Business	1,856.42	1,828.13	6,733.27
Others	64.82	39.77	185.21
Total Segment Revenue	1,921.24	1,867.90	6,918.48
Less: Inter segment revenue	-	-	-
Net Revenue	1,921.24	1,867.90	6,918.48
Segment Results (Profit before Interest and Tax)			
Power Business	323.02	340.32	1,133.20
Others	2.79	6.03	26.77
Total Segment Results	325.81	346.35	1,159.97
Less: Interest Expense	112.41	79.58	416.89
Add: Unallocable Income (Net)	216.53	105.38	369.27
Total Profit Before Tax	429.93	372.15	1,112.35
Capital Employed			
Power Business	8,516.42	7,514.93	8,223.33
Others	(3.55)	250.39	(2.36)
Unallocable	2,919.01	3,076.01	2,954.61
Total Capital Employed	11,431.88	10,841.33	11,175.58

Q1 FY 12 Financial Performance – Standalone

Q1 FY 12 Highlights – Standalone

Gross generation at 3889 MUs as against 4386 MUs in PY, down by 11%

- Generation in Mumbai operations was 2807 MUs as against 3156 MUs in PY
 - Due to lower generation from Unit 6 as cheaper power could be purchased
- Generation outside Mumbai was 1082 MUs as against 1230 MUs in PY, down by 12%
 - Due to scheduled outage of Jojobera Unit – 1,2 and 3 coupled with lower demand from Tata Steel

Sales (net of eliminations) at 3932 MUs as against 4533 MUs in PY

- Sales for Mumbai operations were 2934 MUs as against 3352 MUs in PY down by 12%
 - No allocation of generation capacity to R-Infra since 1 April 2011
- Sales outside Mumbai were 1066 MUs as against 1235 MUs in PY down by 14%
 - Due to scheduled outage of Jojobera Unit – 1,2 and 3 coupled with lower demand from Tata Steel

- Merchant sales from Unit 8 were 142 MUs (PY 178 MUs) and from Haldia were 221 MUs (PY 187 MUs) in this quarter
- Average merchant realization in Unit 8 was ~Rs. 4.64 (PY ~Rs. 5.41) per unit and in Haldia was ~Rs. 3.62 (PY ~Rs. 5.06)

Q1 FY 12 Financial Highlights – Standalone



- Revenue at Rs. 1842.04 Cr (PY Rs. 1802.45 Cr) up by 2%
 - *Higher ROE due to higher capitalization, higher return as per new MYT regulation, higher depreciation recovery due to higher capitalization and higher fuel costs*
 - *Lower revenue from outside Mumbai operations mainly due to lower realization in Haldia*
- Other Operating Income at Rs. 79.17 Cr (PY Rs. 65.45 Cr) higher by 22%
 - *Mainly due to higher revenue from new projects in SED (Rs. 16 Cr), reversal of provision for doubtful debtors made in earlier years in Distribution division ~ Rs.3 Crs and capital contribution from consumers ~ Rs.2 Crs*
- Staff Cost at Rs. 113.82 Cr (PY Rs. 89.87 Cr) up by 27%
 - *Mainly due to revision of salaries to bring in line with the market*
 - *Performance pay in SED of PY accounted in Q1 FY12 ~ 4.5 Cr and performance pay provision for CY ~ 1.5 Cr*
- Cost of Power Purchased at Rs. 181.27 Cr (PY Rs. 243.85 Cr) down by 26%
 - *Mainly due to allocation of R-Infra capacity to Tata Power Distribution*

Q1 FY 12 Financial Highlights – Standalone

- Cost of Fuel at Rs. 1004.15 Cr (PY Rs. 951.94 Cr) higher by 5%
 - *Rise of ~Rs. 184 Cr due to higher fuel prices and by ~ Rs. 71 Cr due to change in fuel mix because of lower availability of gas. This was offset by lower generation (~Rs. 174 Cr.) and higher fuel efficiency (~Rs. 29 Cr.)*
- Depreciation at Rs. 133.09 Cr (PY Rs. 126.70) higher by 5%
 - *Mainly due to higher capitalization of transmission projects and distribution network projects*
- Other Expenditure at Rs. 167.30 Cr (PY Rs. 116.41 Cr) higher by 44%
 - *~Rs. 17 Cr. due to a combination of increased wheeling charges due to tariff order FY11 and higher cost of services due to a higher consumer base*
 - *~Rs. 12 Cr due to higher hedging charges*
 - *~Rs. 7 Cr due to scheduled outage of Unit #1,2 and 3 Jojobera*

Q1 FY 12 Financial Highlights – Standalone

- Profit from Operations before Other Income, Interest and Exceptional Items at Rs. 294.76 Cr (PY Rs. 324.19 Cr) lower by 9%
- Other Income
 - *Loss on Exchange of Rs.12.42 Cr as compared to Gain on exchange of Rs. 1.89 Cr in PY due to Rupee appreciation*
 - *Others at Rs. 260.00 Cr (PY Rs. 125.65 Cr) higher mainly due to dividend from coal companies (~Rs.201 Cr.) and higher income from mutual fund investments(~Rs.20 Cr.) and ~Rs 17 Cr from coal SPVs mainly due to interest on shareholder loan*
- Profit Before Interest and Exceptional Items at Rs. 542.34 Cr (PY Rs. 451.73 Cr)
- Interest at Rs. 112.41 Cr (PY Rs.79.58 Cr) up by 41%
 - *Higher in Jojobera mainly as PY included interest credit on IT refund of Rs. 27 Cr.*
 - *Higher in Mumbai operations because of higher interest on working capital ~ Rs 11 Cr., higher capitalization ~ Rs. 5 Cr. and refinancing of normative loans ~Rs. 3 Cr.*

Q1 FY 12 Financial Highlights – Standalone

- Profit before Tax at Rs. 429.93 Cr (PY Rs. 372.15 Cr) up by 16%
 - *Mainly due to higher dividend from Coal Companies, up by ~Rs. 145 Cr. offset by lower total merchant realizations (~Rs. 49 Cr.), lower profits in Jojobera as PY figures included IT refund ~(Rs. 51 Cr.), lower PLF incentives ~ (Rs. 11 Cr.), lower export profits ~ (Rs. 3 Cr.)*
 - *Higher efficiency gains, ROE and interest on security deposits in distribution business ~ Rs. 13 Cr.*
 - *Higher ROE and depreciation recovery due to new MYT regulation and higher incentives offset by lower working capital entitlements etc in generation business ~ Rs. 11 Cr.*
- Tax at Rs. 148.37 Cr (PY Rs. 103.17 Cr) higher by 43%
- PAT at Rs. 281.56 Cr (PY Rs. 268.98 Cr) up by 5%
- Distribution on Rs. 1500 Cr Hybrid Perpetual bonds raised in Q1FY12 at ~Rs. 9 Cr. Interest on these bonds are allowed for tax deduction



Financial Performance – Consolidated

Consolidated Results:Q1FY12



Particulars	Quarter ended		Year ended
	30-Jun-11 (Reviewed)	30-Jun-10 (Reviewed)	31-Mar-11 (Audited)
	` Crores	` Crores	` Crores
1. a) Revenue	5,392.71	4,932.35	18,211.78
Add : Income to be recovered in future tariff determination (Net)	412.11	219.27	1,136.43
Net Revenue	5,804.82	5,151.62	19,348.21
b) Other Operating Income	19.69	33.22	102.55
2. Total Income	5,824.51	5,184.84	19,450.76
3. Expenditure			
a) Staff Cost	243.18	200.24	825.93
b) Cost of Power Purchased	1,447.66	1,584.78	4,914.32
c) Royalty towards Coal Mining	239.47	183.10	765.83
d) Cost of Coal Purchased	15.21	11.54	48.38
e) Cost of Fuel	1,369.40	1,163.19	4,323.14
f) Coal Processing Charges	565.85	419.63	1,667.52
g) Raw Materials Consumed	72.77	110.52	373.39
h) Purchase of goods / spares / stock for resale	13.02	6.41	30.53
i) Cost of components, materials and services in respect of contracts	26.85	14.94	77.25
j) Increase in stock-in-trade and work-in-progress	(62.75)	(21.20)	(11.38)
k) Depreciation/Amortisation	271.88	235.00	980.24
l) Impairment	-	-	0.82
m) Deferred Stripping Costs (Net)	(210.65)	(80.79)	(362.84)
n) Other Expenditure	681.11	453.61	2,260.45
4. Total Expenditure	4,673.00	4,280.97	15,893.58
5. Profit from Operations before Other Income, Interest and Exceptional Items (2-4)	1,151.51	903.87	3,557.18
6. Other Income			
a) Gain / (Loss) on Exchange (Net)	89.84	(150.41)	173.81
b) Others	34.49	61.00	236.69
7. Profit before Interest and Exceptional Items (5+6)	1,275.84	814.46	3,967.68
8. Interest	262.96	171.84	810.21
9. Profit before Tax, Share of Associates, Minority Interest and Statutory Appropriations	1,012.88	642.62	3,157.47
10. Provision for Taxation	508.93	289.01	975.56
11. Net Profit after Tax and before Share of Associates, Minority Interest and Statutory	503.95	353.61	2,181.91
12. Share of Profit of Associates	8.92	4.35	74.19
13. Less: Minority Interest	82.43	40.29	196.50
14. Net Profit before Statutory Appropriations	430.44	317.67	2,059.60
15. Appropriations			
a) Statutory Appropriations	3.00	6.00	(28.52)
b) Others [Distribution on Unsecured Perpetual Non-convertible Debentures (net of tax)]	8.87	-	-
16. Net Profit after Statutory Appropriations	418.57	311.67	2,088.12



Q1 FY 12 Financial Performance – Consolidated

Q1 FY 12 Financial Highlights – Consolidated

- Total Income at Rs. 5824.51 Cr (PY Rs. 5184.84 Cr) up by 12%
 - *Increase of ~Rs. 442 Cr in coal companies (~Rs. 464 Cr due to higher realization and higher quantity of coal sold (~Rs. 19 Cr), offset by appreciation of INR (~Rs. 40 Cr))*
 - *Favorable impact of ATE order (Rs. 112 Cr.) offset by higher sales to TPTCL eliminated upon consolidation (~Rs. 14 Cr.) in NDPL*
 - *Increase in Tata Power (~Rs. 91 Cr.) as already mentioned*
 - *Decrease of ~Rs. 29 Cr in Tata Power Trading due to lower rate of power sold partly offset by higher volume traded (~Rs. 51 Cr) and offset by eliminations in consolidation (~Rs. 23 Cr)*

Q1 FY 12 Financial Highlights – Consolidated

- *Key reasons for variation in the Total Expenditure are as follows:*
 - *Cost of Power Purchased lower by Rs. 137 Cr. mainly due to lower quantity of power purchased in Tata Power (~Rs. 79 Cr.) and lower cost of power purchased in NDPL (~Rs.38 Cr.)*
 - *Cost of Fuel increased by Rs 206 Cr. mainly due to rise in cost of fuel in Coal companies (Rs. 84 Cr.), higher cost of fuel in Tata Power as already explained, fuel for new generation unit in NDPL (Rs. 40 Cr.) and fuel used in IEL Unit 5 (Rs. 39 Cr.)*
 - *Coal processing charges were higher by ~Rs. 46 Cr. due to increase in costs*
 - *Deferred stripping costs were higher by ~Rs. 130 Cr., since actual stripping ratio was higher than the estimated average stripping ratio, the excess stripping cost was carried to deferred stripping*
 - *Other expenditures were higher by ~ Rs. 228 Cr. mainly due to write off of deferred exploration costs in Arutmin coupled with higher operating, selling and administration expenses (~Rs. 77 Cr.) and higher expenditure in Tata Power (~Rs. 51 Cr.) as already explained*
- Profit from Operations before Other Income, Interest and Exceptional Items at Rs. 1151.51 Cr (PY Rs. 903.87 Cr) higher by 27%

Q1 FY 12 Financial Highlights – Consolidated

- Gain on exchange is higher by Rs 240 Cr. mainly due to net realignment of borrowings capitalized in CGPL but treated as P&L item upon consolidation (~ Rs. 150 Cr.) and forex gain in KPC and Arutmin due to VAT receivable (~Rs. 108 Cr.)
- Interest expense higher by Rs. 91 Cr
 - *Mainly due to higher interest expense in Tata Power (~Rs. 33 Cr.) as already explained, higher interest on short term loans in NDPL (~Rs. 33 Cr.) and higher interest expenses in coal SPVs due to new hybrid bond issue*
- Provision for Tax higher by Rs. 220 Cr
 - *Mainly due to higher profits from Coal companies (Rs. 161 Cr.)*
 - *Higher taxes in Tata Power (Rs. 45 Cr.)*
 - *Higher taxes in NDPL due to higher profits (Rs. 24 Cr.)*
- Net Profit before Statutory Appropriations at Rs. 430.44 Cr (PY Rs. 317.67 Cr) up by 35%
- Distribution on Rs. 1500 Cr Hybrid Perpetual bonds raised in Q1FY12 at ~Rs. 9 Cr. Interest on these bonds are allowed for tax deduction

Segmentwise Performance



Segment Results (Consolidated): Q1FY12



Particulars	Quarter ended		Crores
	30-Jun-11	30-Jun-10	Year ended 31-Mar-11
Segment Revenue	(Reviewed)		(Audited)
Power Business	3,720.30	3,504.81	12,305.62
Coal Business	1,990.69	1,539.06	6,400.47
Others	147.95	172.12	935.03
Total Segment Revenue	5,858.94	5,215.99	19,641.12
Less: Inter segment revenue	34.43	31.15	190.36
Net Revenue	5,824.51	5,184.84	19,450.76
Segment Results [Profit / (Loss) before Interest and Tax]			
Power Business	627.00	517.32	1,942.94
Coal Business	750.07	423.97	1,673.13
Others	(29.62)	(9.30)	198.66
Total Segment Results	1,347.45	931.99	3,814.73
Less: Interest Expense	262.96	171.84	810.21
Add: Unallocable (Expense) / Income (Net)	(71.61)	(117.53)	152.95
Total Profit Before Tax	1,012.88	642.62	3,157.47
Capital Employed			
Power Business	31,974.08	23,449.25	29,556.81
Coal Business	6,517.88	5,948.68	6,478.65
Others	1,455.26	1,209.22	1,165.23
Unallocable	(24,366.91)	(17,031.79)	(22,149.23)
Total Capital Employed	15,580.31	13,575.36	15,051.46



Segment Highlights (Consolidated): Q1FY12

- Revenue from Power Business at Rs. 3720.30 Cr. (PY Rs. 3504.81 Cr) up by 6%
 - *Increase in revenue of ~Rs. 99 Cr in NDPL mainly due to impact of favourable ATE order*
 - *Higher revenues of ~Rs. 79 cr. in IEL since both PH6 and Unit 5 were in operation*
 - *Higher revenue in Tata Power as already explained*
 - *Lower revenues in TPTCL by ~Rs. 31 Cr. mainly due to lower average rate of power sold*
- Revenue from the Coal business at Rs. 1990.69 Cr (PY Rs. 1539.06 Cr) up by 29%
 - *Increase of Rs. 452 Cr in coal companies mainly due to higher realizations (Rs. 474 Cr) and higher volumes sold (Rs. 19 Cr) partly offset by appreciation in Rupee (Rs. 41 Cr)*
- Revenue from 'Others' at Rs. 147.95 Cr (PY Rs. 172.12 Cr.) down by 14%
- PBIT for the Power Business at Rs. 627.00 Cr (PY Rs. 517.32 Cr) up by 21%
 - *Mainly due to Rs. 149 Cr. Increase in NDPL due to impact of favourable ATE order coupled with higher ROE on higher capitalisation offset by lower AT&C incentives*
- PBIT for the Coal Business at Rs. 750.07 Cr (PY Rs. 423.97 Cr) up by 77%
 - *Mainly due to higher realization (Rs. 336 Cr) offset by exchange rate fluctuation due to appreciation in Rupee (Rs. 16 Cr.)*

Subsidiary Performance

Key Subsidiary Performance: Q1 FY 12

Key Subsidiaries	Revenues		Op. Profit		PBT		PAT		% change in PAT
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11	
NDPL	1205.7	1089.5	264.5	103.6	186.7	70.7	148.3	56.7	161.6%
Powerlinks	69.6	71.5	66.3	67.3	32.0	32.4	25.6	26.0	-1.2%
Tata Power Trading	662.1	716.4	8.1	9.2	8.4	9.5	5.8	6.4	-9.4%
Coal SPVs (\$ mn)	0.0	0.0	(2.0)	(0.5)	(5.5)	10.0	(7.6)*	7.9	-196.2%

*Due to interest paid on perpetual bonds and transaction costs involved in amortization of Non recourse loans. 8.5% USD 450 million perpetual bonds were raised during the quarter and NR loans were fully repaid

Coal Performance: Q1FY12

Coal Operating Numbers	Q1 FY 12	Q1 FY 11	% change
- Production (mn tons)	15.54	15.33	1.37%
- Sales (mn tons)	15.28	15.09	1.26%
- Net Realization (\$ / ton)	94.14	72.45	29.94%
- Cost of Production (\$/ton) (excl. Depreciation / Deferred Stripping cost)	40.57	34.05	19.15%

Thank you

We take pride in Lighting up Lives!