

TATA Power Co. Ltd.**₹75****Rock your world by saving...!!! Accumulate**

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Company Background

Tata Power Company Ltd is India's largest integrated power company, with a significant international presence. It has an installed generation capacity of 10,757 MW (as of August 2018) in India. And it has a presence in all the segments of power sector like; Fuel & Logistics, Generation (thermal, hydro, solar and wind), Transmission, Distribution & Trading. Company has successful public-private partnerships in Generation, Transmission and Distribution in India. Tata Power is one of the largest renewable energy players in India and has developed the country's first 4000 MW Ultra Mega Power Project at Mundra. Tata Power's international presence includes strategic investments in Indonesia through 30% stake in the leading coal company PT Kaltim Prima Coal in Singapore through Trust Energy Resources to securitise coal supply and the shipping of coal for its thermal power generation operations; in South Africa through a joint venture called Cennergi to develop projects in South Africa, Botswana and Namibia; in Australia through investments in clean coal technologies and in Bhutan through a hydro project in partnership with The Royal Government of Bhutan. Tata Power commissioned its first hydro electric power generating station commissioned at Khopoli in the year 1915 with an installed capacity of 40 MW.

Key Highlights

- ➔ Recently, Tata Power & Hindustan Petroleum Corporation Ltd, announced the signed a MoU for setting up commercial-scale charging stations for Electric Vehicles at the HPCL retail outlets and other locations across India.
- ➔ Company, along with its subsidiaries and associates, added 294 MW of generation capacity in its production portfolio, of which 276 MW is Renewable & 18 MW is Thermal energy.
- ➔ During the FY18, Company & its subsidiaries started the projects for 294 MW of generation in Maharashtra, Karnataka, Gujarat, Jharkhand & Indonesia.
- ➔ Projects are under execution for 287 MW in Andhra Pradesh and Outside India. Of which 100 MW is solar Park in Andhra Pradesh.
- ➔ Tata Power is also negotiating with power procurers in five states to allow it to sell surplus power produced in the open market.

Key Financials

Year Ended 31 st	Mar 16	Mar 17	Mar 18
Revenue (INR mn)	96,588.0	79,989.2	84,659.3
Rev. growth (%)	(0.48)	(17.19)	5.84
EBITDA (INR mn)	34,848.7	24,420.3	(12,217.5)
Net profit (INR mn)	13,549.9	3,975.4	(31,505.2)
Shares outstanding (mn)	2,704.8	2,705.0	2,705.0
EPS (INR)	5.0	1.4	0.0
EPS growth (%)	37.29	(72.64)	0.00
P/E (x)	13.01	66.54	0.00
RONW (%)	10.38	4.65	7.11
ROCE (%)	11.32	7.63	7.51

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Info Codes

Reuters	: TTPW.BO
Bloomberg	: TPWR IN
NSE	: TATAPOWER
BSE	: 500400

Market Data

52 Wk Range (₹)	: 60/102
Shares in Issue (mn)	: 2,705
Market. Cap (bn)	: 205
BSE 2 Wk Avg Vol	: 10,23,000

Share Holding Pattern (%)

Promoters Holding	: 33.00
Public & Others	: 13.33
Corporate Holding	: 00.59
Foreign Institution	: 28.51
Institutions	: 24.55
Govt Holding	: 00.02

Investment Theme

During the year, Company installed Mumbai's first EV charging station at Vikhroli, Mumbai. Further installations which helped the city EV Ready for the future. It also planning to put up charging facilities across India. It has presence in all the segments of power sector like; Fuel & Logistics, Distribution & Trading, Generation and Transmission. In distribution business during the year it added 26,035 consumers and sold 4,393 million units in Mumbai. Now the total consumer base has reached to 6,86,629. In transmission lines capacity increased to nearly 3.9 lakh Ckms in FY18, reflecting an increase of about 23,119 Ckms over the previous year. During the year, an amount of ₹11,225 crore was repaid on existing loans and debentures by the group. Charging stations & debt reduction will improve the growth.

**Today's savings will make
Tomorrow Bright...!!!**

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 16	Mar 17	% Chg	Mar 18	% Chg
Net Sales	86,905.1	69,241.6	(20.3)	75,365.9	8.8
Other Income	9,618.6	10,747.6	11.7	9,293.4	(13.5)
Change in Stocks	0.0	0.0	0.0	0.0	0.0
Fuel Charges	33,354.8	28,093.5	(15.8)	31,884.5	13.5
Employee Exp.	7,770.7	6,864.7	(11.7)	6,488.6	(5.5)
Indirect Taxes	0.0	0.0	0.0	0.0	0.0
Other Exp.	7,774.1	12,303.3	58.3	49,742.5	304.3
Operating Exp.	12,775.4	8,307.4	(35.0)	8,761.2	5.5
Operating Profit	34,848.7	24,420.3	(29.9)	(12,217.5)	(150.0)
Total Interest	11,461.2	13,187.6	15.1	14,313.8	8.5
Gross Profit	23,387.5	11,232.7	(52.0)	(26,531.3)	(336.2)
Net Dep.	6,044.6	6,050.0	0.1	6,632.1	9.6
Total Taxation	3,793.0	1,207.3	(68.2)	(1,658.2)	(237.3)
Net Profit/Loss	13,549.9	3,975.4	(70.7)	(31,505.2)	(892.5)

4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 st	Mar 15	Mar 16	Mar 17	Mar 18
SOURCES OF FUNDS	2,85,088.9	2,84,747.7	3,56,772.6	3,20,392.9
Equity Share capital	2,704.8	2,704.8	2,705.0	2,705.0
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	1,54,575.1	1,50,799.8	1,63,214.7	1,27,180.3
Secured Loans	55,062.4	53,736.7	60,898.3	57,518.4
Unsecured Loans	72,746.6	77,506.4	1,29,954.6	1,32,989.2
USES OF FUNDS	2,85,088.9	2,84,747.7	3,56,772.6	3,20,392.9
Gross Block	1,63,299.0	1,42,180.4	1,49,379.1	1,49,643.6
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	67,289.6	58,259.7	63,887.8	69,976.3
Net Block	96,009.4	83,920.7	85,491.3	79,667.3
Capital Work in Progress	5,485.5	6,954.2	9,208.7	4,187.8
Investments	1,32,508.9	1,40,319.3	2,24,703.9	1,83,924.5
Current Assets	36,743.1	48,971.4	35,488.3	58,638.0
Less : Current Liabilities	40,273.2	45,959.1	36,863.6	42,267.9
Total Net Current Assets	(3,530.1)	3,012.3	(1,375.3)	16,370.1
Misc. Expenses not writtenoff	54,615.2	50,541.2	38,744.0	36,243.2
NOTE				
Book Value of Unquoted Investments	89,272.7	92,969.2	1,78,115.1	1,95,631.2
Market Value of Quoted Investments	559.6	0.0	0.0	0.0
Contingent Liabilities	39,289.2	1,13,395.0	1,68,969.9	1,81,960.1
Dividend (%)	130.0	130.0	130.0	130.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Dec 17	Mar 18	Jun 18	Sep 18
Net Sales	19,633.7	18,415.9	19,456.8	18,184.1
Cost Of Sales	14,363.5	56,982.1	14,073.8	14,588.0
Operating Profit	5,270.2	(38,566.2)	5,383.0	3,596.1
Other Income	2,833.9	2,712.1	14,159.2	4,173.5
Adjusted PBDIT	8,104.1	(35,854.1)	19,542.2	7,769.6
Financial Expenses	3,519.7	3,326.6	3,440.7	3,328.3
Depreciation	1,623.5	1,887.4	1,570.5	1,578.3
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	2,960.9	(41,068.1)	14,531.0	2,863.0
Tax Charges	(2,232.0)	(1,676.9)	3,193.3	209.4
Reported Profit	5,192.9	(39,391.2)	11,337.7	2,653.6
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	5,192.9	(39,391.2)	11,337.7	2,653.6

52 Week Index Relative Percentage Appreciation



TATA Power vs SENSEX

Risks Associated

- ➔ Delays in land acquisition, environmental clearances and other approvals remain an area concern. Lack of water is another threat to the capacity additions.
- ➔ Risk for Mumbai generation business due to expiration of Power Purchase Agreement in 2018. But this agreement is extended to March, 2019. If company not get the contract after extension that will be impact the profits of the company.

Scope of Growth

- ➔ Company has renewable energy portfolio with an installed capacity of 2,064 MW for FY18, capacity was improved by 12.3%. Revenue under this portfolio was ₹ 1,994 crore with an improvement of 54.8% on yearly basis.
- ➔ Walwhan Renewable energy Ltd. is a indirect subsidiary of the company and one of largest solar power generation company across the India. It's operating capacity is 1,010 MW, of which 864 MW is solar and 146 MW is wind power. Its major part of capacity in Tamil Nadu followed by Rajasthan, Madhya pradesh, Karnataka and Andhra Pradesh.
- ➔ During the year, company worked on 1 GW of power generation, of which 300 MW of projects are still under execution. And achieved a big milestone in its exports business, its export revenue is crossed ₹ 200 crore.
- ➔ In Mumbai TATA Power has customer base of over 6 lakh direct customers, on an average selling 6,500 million units per year. Some of its bulk customers include BEST, Port Trust, BARC, Refineries and some others.
- ➔ Company has signed a Distribution Franchisee Agreement during the FY18 with Ajmer Vidyut Vitran Nigam Ltd to cater power requirements of customers in Ajmer for a period of 20 years.
- ➔ Company & its subsidiaries holds a 30% stake in PT Kaltim Prima coal & 26% in PT Baramulti suksesarana Tbk which are strategic assets to hedge imported coal prices. During the year it signed an agreement to sell its 30% stake.
- ➔ Government's substantial push to establish renewable power generation capacity to 175 GW target by 2022.

In a Nutshell

Tata Power is India's largest integrated power company, with a global presence. It has an installed generation capacity of 10,857 MW (as of August 2018) in India. And it has a presence in all the segments of power sector like; Fuel & Logistics, Generation, Transmission, Distribution & Trading. During the year, Tata Power executed Distribution Franchisee Agreement for electricity distribution in Ajmer City. Tata Power Renewable Energy Ltd, one of company's subsidiary, announced the commissioning of its 50 MW DCR solar plant at Pavagada Solar Park in Karnataka. Company announced that it has set up additional electric vehicle charging stations at strategic locations. The latest Electric Vehicle charging stations have been set up at Palladium Mall Lower Parel & Phoenix Marketcity Kurla. Another two more stations coming up at BKC & western express highway at Borivali. Board has approved the sale of its Defense business to Tata Advance Systems Ltd, a wholly owned subsidiary of Tata Sons at an enterprise value of ₹ 2,230 crore. During the Q1FY19, Tata Power Renewable Energy Ltd, wholly owned subsidiary of Tata Power, has received a Letter of Award from Karnataka Renewable Energy Development Ltd, to develop 250 MW (50 MW*5) of solar projects located in Tumkur district at Karnataka. During the Q2FY19, Tata Power & HPCL announced the signing of a Memorandum of Understanding for setting up commercial-scale charging stations for Electric Vehicles at the HPCL retail outlets and other locations across the India. Recently, Tata Power's wholly-owned subsidiary; Vidyut Vitran Nigam Ltd has launched a complete residential rooftop solution in Ajmer. Government is thrust on EVs and to achieving 175 GW energy capacity by 2022 will brighten the future.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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