

TATA POWER

87th Annual Report 2005-2006



the **power** of
the **future**



...a year of commitments

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“ With honest and straight forward business principles, close and careful attention to details and ability to take advantage of favourable opportunities and circumstances, there is a scope for success.”

- Jamshetji Tata



Since its inception, Tata Group has imbibed the policy of honest commitment to all its business ventures. While evolving as India's foremost private power company, Tata Power realizes that the essence of being a leader is to have a powerful vision.

New alliances were sought and powerful future centric initiatives helped it to consolidate its position as a leading private entity in the power sector. In the process of creating synergy with its business partners it also ensured its social commitments were met.

Tata Power's strength lies in meeting its commitments. With its ability to manage well in changing environment and stimulate ingenuity in its employees, Tata Power is poised to be a strong player in the national power arena.

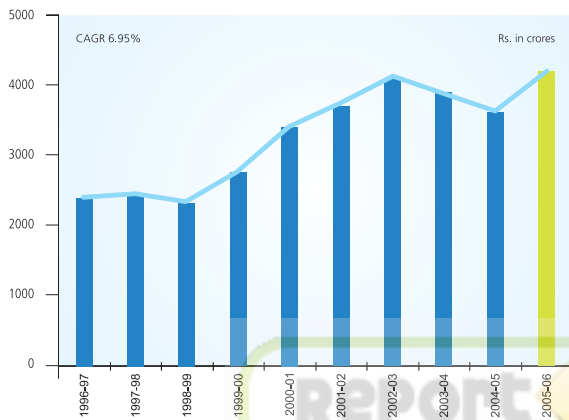
MISSION

To improve the quality of life.

TATA POWER

FINANCIALS AT A GLANCE

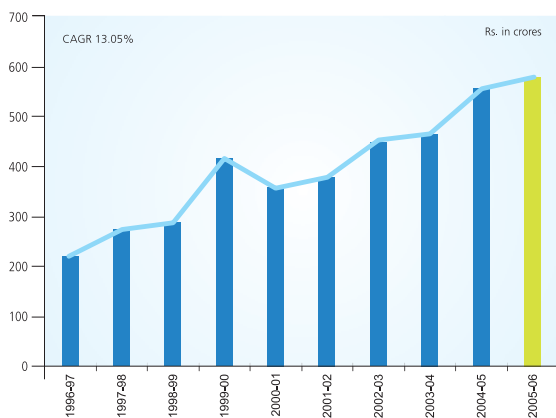
Revenue



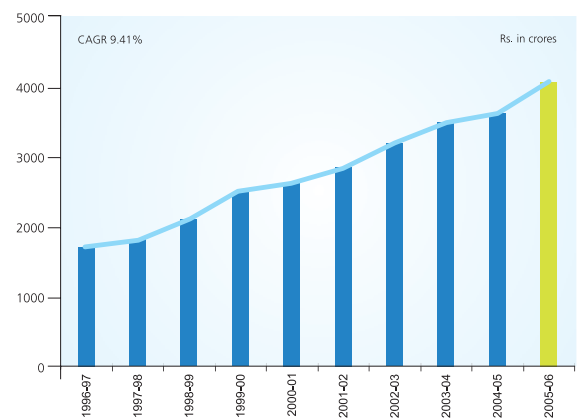
EPS



Distributable Profits



Network



FINANCIAL HIGHLIGHTS



- **Annual Sales** this year recorded at **13,616 MUs** as against 12,663 MUs in the previous year.
- Revenues at **Rs. 4562.79 crores** as compared to **Rs. 3930.44 crores** in the previous year.
- **Profit After Tax (PAT)** for the year 2005-2006 touched **Rs. 610.54 crores**, growth of 10.7% over previous year.
- The Strategic Electronics Division registered an operating revenue of **Rs. 38.18 crores**.
- **North Delhi Power Limited** has recorded revenues of **Rs. 1840.55 crores** and PAT of **Rs. 112.53 crores**.
- Tata Power's trading subsidiary - **Tata Power Trading Company Ltd. (TPTCL)** in its first full year of operation, traded 674 MUs, earning revenue of **Rs. 206.95 crores** and PAT of **Rs. 3.01 crores**.
- During the year, the Company completed the sale of Tata Power Broadband Company Ltd. to Videsh Sanchar Nigam Ltd. (VSNL) for a consideration of **Rs. 201.97 crores** and transfer of Power Systems Division to Tata Projects Limited for a consideration of **Rs. 80.21 crores**.
- **ICRA**, India's leading credit rating agency, has accorded Tata Power's Rs. 1,000 crore and Rs. 500 crore Non-Convertible Debenture programmes the highest "LAAA" rating from the earlier "LAA+" rating. The "LAAA" rating is the highest credit quality rating assigned by ICRA, and signifies the lowest credit risk for corporates.

... committed to **out perform**



“It is an immutable law in business that words are words, explanations are explanations, promises are promises but only performance is reality.”

- Harold S. Geneen

OPERATIONAL HIGHLIGHTS



- Tata Power recorded **the highest ever generation** of **13746 MUs** registering an increase of **3.5%** from last year.
- **Hydro stations** registered the **highest ever generation** at **2024 MUs**. This was aided by an exceptionally good water level in Tata Power's lakes post a good monsoon season, due to which the Company has been able to generate higher electricity from its hydro plants, thus optimizing the balance between hydro and thermal generation and reducing the pressure of rising fuel costs.
- The **120 MW Jojobera project** was successfully commissioned in a record time of 23 months.
- **Highest ever generation** achieved at Jojobera thermal power plant at **2375 MUs**.
- Maharashtra was also affected on several occasions with severe break downs during the year due to Grid disturbances. Tata Power successfully **operated its islanding protection system**, thus maintaining power supply to Mumbai.
- During the **unprecedented flood crisis in Mumbai** post July 26 record rainfall, Tata Power's units at **Trombay operated at full capacity** to keep Mumbai powered. Tata Power extended its full support to its consumers in Mumbai including other utilities.
- The indigenous design and development activity for PINAKA (Multi-barrel Rocket Launcher) finally culminated in **Strategic Electronics Division (SED)** bagging a Rs. 172.4 crores production Order from the Ministry of Defence (MoD). This is for the first time that the MoD, Government of India, has chosen private sector companies to participate in the production of a major Weapons System. SED also concluded negotiations for the supply of multiple Advanced Air Defence Systems to be installed and commissioned in a three year span.
- The Bareilly - Mandola portion of the prestigious **Tala Transmission Project**, was completed three months ahead of its scheduled completion in June 2006. The project, executed by **Powerlinks Transmission Limited** (a 51%: 49% joint venture between The Tata Power Company Ltd. and Power Grid Corporation of India Ltd.) represents India's first inter-state transmission project with public-private partnership, since the enactment of the Electricity Act and paves the way for similar successful partnerships in this sector.
- The Company's distribution joint venture **North Delhi Power Limited (NDPL)** brought down its Aggregated Technical and Commercial Losses (AT&C) to 28.4% against the regulatory target of 35.35%. NDPL has thus been able to bring down the losses by 25% (from 53.4% to 28.4%) in a period of only 3 years and 9 months as against a target of reducing losses by 17% in a span of 5 years. This has resulted in overachieved revenue of Rs. 170 crores during the FY 06 and Rs. 168 crores during the previous year, enabling NDPL to pass on the benefit of over achievement to the consumers as per the agreement.

... committed to **grow**



“*Energy and persistence conquer all things.*”

- Benjamin Franklin

NEW INITIATIVES



Company has drawn up significant and aggressive growth plans to augment generation capacity.

- Tata Power is implementing a **250 MW coal based plant at Trombay**, to meet Mumbai's future power requirement. The project has received all important clearances and project site development activities are in progress. The project is scheduled to be commissioned in next 28 months.
- The Company is in the process of installing **100 MW low capital cost Diesel Generating Sets**, which have a short commissioning period of 10-12 months, as an interim arrangement to meet the additional requirements of the Mumbai Licence Area.
- The Company is setting up a **1000 MW imported coal based coastal power plant** in Maharashtra to meet the long-term power requirement of Mumbai and Maharashtra.
- The Company has completed the acquisition of 74% equity stake in **Maithon Power Limited (MPL)** from Damodar Valley Corporation for implementing the 1000 MW Maithon Right Bank Thermal Power Project which is targeted for commissioning in year 2010.
- The Company is setting up a **120 MW Captive Plant for Tata Steel** in Jamshedpur, based on utilizing the waste gases from the steel making process. It is also in discussions with Tata Steel for setting up the captive power plants for their expansion projects in various States in India such as Chattisgarh, Orissa and Jharkhand.
- The Company has submitted its Expression of Interest to Government of India to bid for four **Ultra Mega Power Projects**, one each in Gujarat, Madhya Pradesh, Maharashtra and Karnataka. Consequently, the Company has received the Request for Qualification documents for the Sasan project in Madhya Pradesh and the Mundra project in Gujarat. The Company will be participating in the bidding process for these projects.
- **International Initiatives : Bangladesh** - Consequent to the Expression of Interest by the Company with the Board of Investment, Bangladesh, along with two other Tata Group Companies viz. Tata Steel and Tata Chemicals, a joint proposal has been submitted for the consideration of the Bangladesh Government.
- **South Africa** - The Company, along with its local partners has been pre-qualified and has been invited to participate in the bidding process for a 290-380 MW Open Cycle Gas Turbine Peaking IPP project in South Africa.
- **Captive Coal Blocks** : The Company's applications for allotment of captive coal blocks in Jharkhand, Orissa and Andhra Pradesh are awaiting approval from the Government of India.

... committed to **care**



“ *No success... is worthwhile unless it serves
the needs or interests of the country
and its people.* ”

- J.R.D. Tata