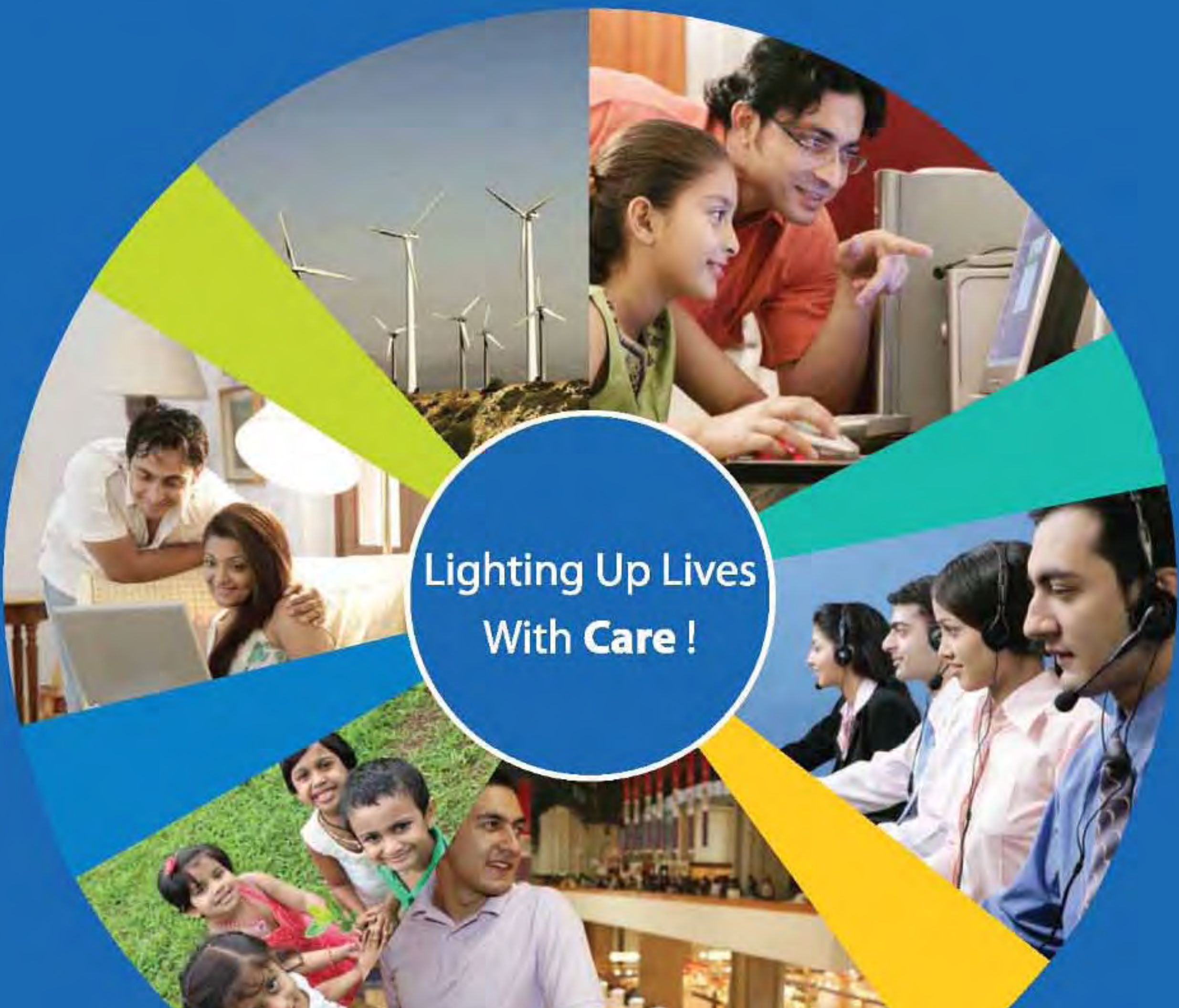
TATA POWER

TATA

# 94th Annual Report 2012-13




Lighting up Lives!

# Lighting up Lives with Care!

As India's largest, integrated power company with a generation capacity of 8,521 MW and 1.8 million customers across the country, Tata Power believes that a path of growth and development can be paved if the efforts are sustainable. We aim to constantly innovate and pioneer initiatives that energise lives of our customers in an efficient and sustainable manner. We are committed to achieving a balance between progress and social and environment conservation. We aim to be the most affordable power provider and 'neighbour of choice' for our communities, whose lives we touch. We are committed towards resource conservation, environment protection and enrichment, while adding value to our local communities, with sustained efforts towards better education, infrastructure, healthcare and vocational training.

# Sustainability at the Core

***Tata Power has always maintained a strong focus on Sustainability. The Tata Power Sustainability Model covers the entire range of stakeholders (customers, shareholders, community, employees and society at large). Tata Power has also instituted "CARE" as one of the values of the organisation.***

### Care for our People: Safety at the Core

At Tata Power, Safety is a core value. The Company aims at maintaining world class healthy and safe standards in and around its operating facilities as well as at project sites through its OH&S policies / guidelines. Some of the Highlights of Company's efforts in the area of Safety are:

- Implementing the British Safety Council (BSC) **5 Star Safety Management System** (SMS), to further strengthen the internal processes.
- **Web based safety training** is being pursued to cover 15 critical safety topics for employees.
- A specially designed safety appreciation program titled **"Super-Vision for Safety"** was launched for first line Supervisors.
- **"Access control"** philosophy has been introduced to ensure that only trained and certified persons are deputed in safety critical jobs.
- **Safety awareness** has been greatly enhanced at homes and schools through various monthly campaigns.

### Care for our Environment

For Tata Power, "Care for the Environment" addresses various aspects of resource conservation, carbon footprint reduction and environment protection and conservation.

### Care for our Community

The Company is pursuing Community Development initiatives across all identified thrust areas. Presently, Community Relations Initiatives are positively impacting lives of 0.3 million people across 208 villages. More than 7,222 hours of volunteering for social causes was generated by employee participation.

Some of the key initiatives that have been implemented in the last year include:

- Installation of Solar Lights in Villages at Tiruldih; 184 home lights and 20 street lights installed in Maval; 120 at Mulshi; 20 at Maithon.
- 25 Bio-gas units installed at various locations including Maval, Mulshi and Mundra.
- Skill development program was conducted for 1,984 persons at Dehrand, Haldia, Maval, Maithon, Mundra, Mulshi, Naraj Marthapur and Trombay.
- Livelihood support was provided to 3,511 farmers at Mundra and trained 871 farmers in Maval.
- 337 youth employed in Mannat BPO until February 2013 and consequently the youth were merged into TBSS' payroll.
- Special support provided to 220 visually challenged children at Haldia and a Library set up at a school in Trombay.







**Care for Customers**

The Company has launched various Customer Care initiatives including exclusive customer care centres, multi-lingual portal, various payment kiosks, electronic drop boxes and fleet-on-street mobile vans.

To propagate energy conservation and efficiency in the country, the Company has launched various attractive DSM schemes for its customers and plans to launch several new schemes under its energy efficiency initiative 'My Mumbai Green Mumbai'.

- Offered BEE 5 Star rated energy efficient ceiling fans from Havells India Ltd. The scheme is getting excellent response and more than 5,000 old fans have been replaced.
- Energy audits to consumers offered only at 25% of the total cost. More than 50 large audits have been completed.
- Unique Thermal energy storage scheme 10,000 TR-hours are enrolled in the programme.
- In Demand response scheme, 40 industrial and commercial customers are already participating and 12 MW of curtailable capacity has been developed.

In FY13, Tata Power Club Enerji saved 2.7 million units. It reached out to 285 schools nationwide, sensitised 15,86,420 citizens across India and added of 29, 201 Energy Champions and 42,029 Energy Ambassadors with 1,059 self sustaining Mini Club Enerjis. The Club has won several accolades.

# Highlights of the Year

- Tata Power Group's Consolidated Revenue crossed ₹ 33,000 crore.
- Touched 8,521 MW capacity mark with 1.8 million customers across the country, reinforcing its position as India's largest private power producer and integrated power player.
- Generated 34,682 MUs of power from all its power plants.
- Signed an agreement with Clean Energy Invest AS (Clean Energy) and IFC InfraVentures (IFC) for developing hydro projects in Georgia for sale of power primarily to Turkey.
- Fully commissioned 4,000 MW Mundra UMPP in record time and created a world benchmark in execution excellence.
- Fully commissioned 1,050 MW Maithon Project and stabilised both units.
- Registered two of its wind projects and its Mithapur Solar project under the Clean Development Mechanism.
- Increased its customer base in Mumbai to 3.8 lakh in a short period.
- Commissioned 21 MW wind project in Rajasthan. The total wind capacity now stands at 398 MW.
- Executed Distribution Franchisee Agreement (DFA) for electricity distribution in Jamshedpur circle.
- Acquired 26% stake in large mines at PT Baramulti Suksessarana Tbk, Indonesia.

# Growth Plans: India

**Projects under implementation:**

**Kalinganagar, Odisha CPP 1 - 202.5 MW**

The project is being executed through Industrial Energy Limited (IEL), a JV of the Company (74%), with Tata Steel Limited (26%), for its steel plant in Kalinganagar, Odisha. EPC contract has been awarded; all clearances for the project are in place. Boiler drum of Unit 1 has been lifted in March 2013. The project is in advanced stage of execution.

**Renewable Energy Projects**

**Wind Power**

The Company is one of the leading wind power generators in the country with an installed capacity of 398 MW. It is developing wind power projects of over 160 MW in India, of which 80 MW is proposed to be commissioned during FY14 across Maharashtra (30 MW) and Rajasthan (50 MW).

**Solar Power**

The Company's existing solar capacity is 28+ MW and it is in the process of acquiring land in the states of Maharashtra, Rajasthan, Gujarat and Karnataka to develop solar projects. The Company is also developing a 28.8 MW Solar Photovoltaic power plant in Maharashtra to meet its Solar Renewable Purchase Obligations. While the Company has already acquired 86 acres of land in the state of Gujarat, it is in an advanced stage of acquiring around 200 acres of land in Rajasthan.

**Tata Power Jamshedpur Distribution Limited**

The Company signed a Distribution Franchise Agreement with Jamshedpur State Electricity Board on 5th December 2012, for a period of 15 years for power distribution in the Jamshedpur Circle in Jharkhand, for which business operations are likely to commence with effect from October, 2013.

**Projects under development:**

**Coastal Maharashtra Project – 1,600 MW (2x800)**

The Company has made further progress in the Coastal Maharashtra project at Dehrand, Maharashtra. All statutory approvals required to start the project are in place. The project is in advanced stages of land acquisition and 30% domestic coal linkage as per policy is also being awaited.

**Tiruldih Power Project – 1,980 MW (3x660)**

The process of land acquisition for the 1,980 MW (3x660 MW) project has made significant progress. The land acquisition process is in an advanced stage. Water allocation for the project is under progress.

**Dugar Hydroelectric JV Project**

The pre-feasibility has been completed by the consortium team. The study has estimated project capacity to be 380 MW, subject to regulatory approvals, consent and clearances. The site investigations and development of the Detailed Project Report are under progress by the joint project team set up by the Company and SN Power.

**Naraj Marthapur Project, Odisha**

For the Naraj Marthapur Project the clearance from National Board of Wildlife, which has not met for the past two years, is awaited. With a view to expedite End Use Plant for Mandakini captive coal, the Company is pursuing alternative land available with other developers, as also with the Government of Odisha.

**Kalinganagar CPP2 - 450 MW (3x150)**

The coal based project will be executed through IEL. Environment Clearance has been received for the project. Progress for this project is in close co-ordination with Tata Steel Limited to align with commissioning of the steel plant capacities.




# An International Play

***As part of our International Strategy, the Company aims to be relevant and significant in a few chosen geographies (viz. South East Asia, Sub-Saharan Africa, Middle East & Turkey and SAARC).***

**Cennergi - Tsitsikamma and Amakhala Projects**

The Company's Joint Venture in South Africa, Cennergi has made steady progress towards financial closure for the above referred two wind projects, for which it was declared successful by the Department of Energy, Government of South Africa.

**Dagachhu Hydroelectric Power Project, Bhutan**

This Project is being developed in partnership with The Royal Government of Bhutan. The civil works are progressing as planned and 87% concreting has been completed. 98% manufacturing of electro mechanical equipment has been completed. Erection of various electro mechanical components at the dam site and in the Power House is under progress.

**Hydro Projects, Georgia**

Through its subsidiary Tata Power International Pte. Ltd., the Company has signed an agreement with Clean Energy Invest AS (Clean Energy) and IFC InfraVentures for developing **hydro projects in Georgia,** for sale of power primarily to Turkey. The hydro projects will be of an aggregate capacity of 400 MW and would be developed in three phases. The power generated by the projects is planned to be vended primarily to Turkey.

**PT Baramulti Suksessarana Tbk (BSSR)**

The Company acquired 26% stake in BSSR, Indonesia through its 100% subsidiary Khopoli Investments Limited. PT Antang Gunung Meratus (AGM), a 100% subsidiary of the BSSR, and BSSR together own approximately 1 billion tonnes of coal resources in South and East Kalimantan in Indonesia.

**Geothermal Project, Indonesia**

Tata Power along with consortium partners Origin Energy Limited and PT Supraco won Sorik Marapi Project in Indonesia. The Environmental Permits were received in May, 2012. Land acquisition is progressing well. Exploration work is in progress. PPA finalisation is under process and is taking more time than anticipated. The exploration phase of the project is expected to end in FY15.

**Ras Al-Khaimah (RAK)**

The Company has also gained a foothold in the Middle East by signing a MoU with the Government of Ras Al-Khaimah to set up power plants, to augment their existing generation capacity and develop new distribution infrastructure in certain identified areas.

**Other Geographies**

The Company is also evaluating investment opportunities in South East Asian Countries such as Vietnam, Myanmar and Indonesia. In addition, Tata Power will also seek opportunities to acquire or tie-up energy resources across the globe. Assured access to fuel resources would ensure availability and enable de-risking of generation capacities from escalations in fuel cost.


Global presence map

# Financial Highlights

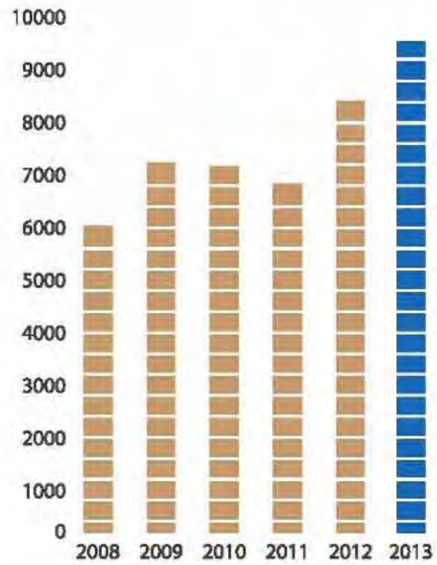
**Standalone**

- Revenue grew by 13% at ₹ 9,567.28 crore, as compared to ₹ 8,495.84 crore last year.
- Operating Profit was up by 13% at ₹ 2,024.06 crore as compared to ₹ 1,784.63 crore mainly due to robust operational performance by Mumbai power business and pursuant to favourable ATE order.
- PAT stood at ₹ 1,024.69 crore, as against ₹ 1,169.73 crore mainly due to lower dividends income from coal investment, higher finance charges and higher tax provisioning due to change in depreciation rates.

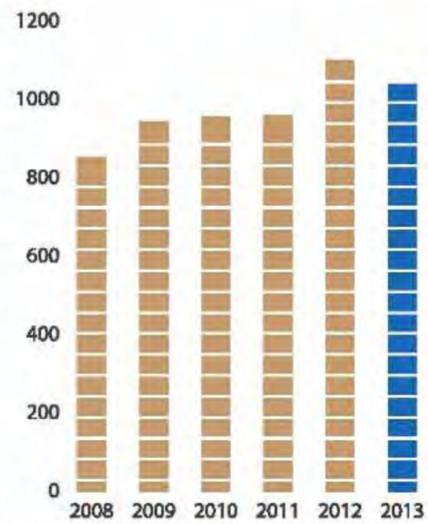
**Consolidated**

- **Tata Power Group's FY13** Revenue was up by 27% to ₹ 33,025.43 crore, as compared to ₹ 26,001.40 crore last year, mainly on account of additional revenue generated from CGPL Mundra, Maithon; higher revenue of TPDDL on account of increase in power purchase cost and higher volume traded by Tata Power Trading.
- Operating Profit was up 31% at ₹ 6,444.70 crore as compared to ₹ 4,900.20 crore in the corresponding period last year.
- PAT stood at ₹ (85.43) crore, as against ₹ (1087.68) crore, reported in FY12. This is largely due to better operating performance, lesser impairment provision of the Mundra assets and no charge off for deferred stripping costs during the year.
- Board recommended **Dividend** at ₹ 1.15 per share of ₹ 1/- each considering difficult period due to Mundra.
- Eagerly awaits finalisation of compensatory tariff for its Mundra UMPP.

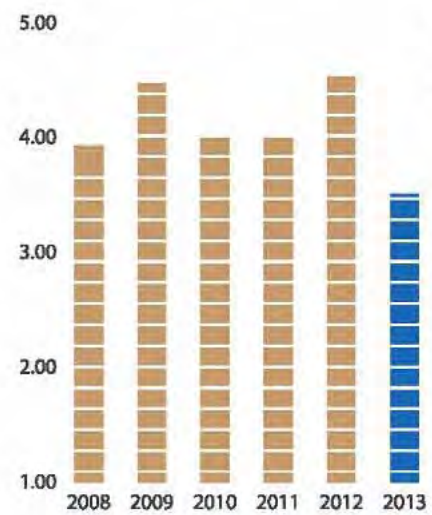
**Strong Operational Performance driving Financials**



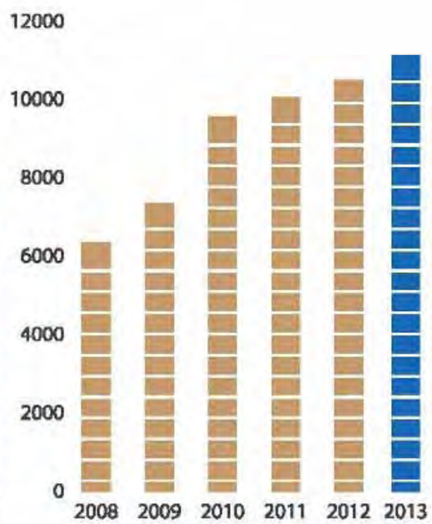

Revenues from Operations
(₹crore)




Profit After Tax
(₹crore)




Earnings Per Share
(₹)




Net Worth
(₹crore)

**Key Subsidiaries:**

- **Coastal Gujarat Power Limited**

  CGPL has achieved 100% Project completion and declared COD for all five units, including the Station COD. Revenue for FY13 stood at ₹ 2,795.52 crore and PAT at ₹ (1,602.02) crore. CERC has notified CGPL of its decision for a compensatory tariff to be paid till the fuel situation stabilises and this positive development is welcome. The details of the proposed compensatory tariff will be finalised by a Committee set up as per CERC's direction. CGPL has been delivering to full potential to the five beneficiary states, albeit with tremendous fiscal pain. CGPL will continue to honour its commitment towards the nation's energy security, by providing reliable and competitive power supply through the project and hopes for quicker resolution of the issues.

- **Maithon Power Limited**

  The 74:26 Joint Venture Company between Tata Power and Damodar Valley Corporation reported Revenue of ₹ 1,636.06 crore and PAT at ₹ (86.31) crore for FY13. Operations of both the units have stabilised, thereby improving the availability significantly.

- **Industrial Energy Limited**

  The Company reported Revenue at ₹ 512.83 crore, up by 18 % and PAT at ₹ 80.82 crore, up by 4% for FY13.

- **Tata Power Renewable Energy Limited**

  Revenue for FY13 stood at ₹ 63.69 crore and PAT at ₹ 1.11 crore. The Company has also commissioned 21 MW Wind Project at Dalot, Rajasthan.

- **Tata Power Delhi Distribution Limited**

  The Company's distribution subsidiary and Joint-Venture with Delhi Government, posted Revenue of ₹ 5,644.26 crore up 6% and PAT at ₹309.69 crore for FY13.

- **Powerlinks Transmission Limited**

  Powerlinks, the first public-private Joint-Venture in power transmission in India reported FY13 Revenue at ₹ 244.38 crore and PAT at ₹ 119.08 crore up by 6%, as compared to the corresponding period last year.

- **Tata Power Trading Company Limited**

  TPTCL traded a total of 9,431 MUs as compared to 5,583 MUs in the previous year. Revenue for FY13 showed significant rise at ₹ 3,789.29 crore up 97% and PAT rose to ₹ 24.48 crore up 74% over last year.

# Enhancing Customer Value

*The Company aims to enhance consumer experience and various value added services have been launched.*

**Wiremen Training**

**Walk Through Energy Audit**

**OEM Training**

**Safety Audits**


**E-bills**


**Consumer Charter**