

Renewing Growth through Renewables



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Living up to our Founder's vision - to provide the country and its people with affordable, clean and abundant power, Tata Power takes pride in leading the reform process for sustainable power. It is committed to safeguarding the environment for future generations.

In its quest to deliver sustainable energy, the Company has spread its footprint nationwide, setting new benchmarks for operational efficiencies, investing in global resources and redefining paradigms - thereby positioning itself not only as India's largest integrated power company, but also as India's largest green energy player. In the year gone by, the Company added 1,463 MW of renewable capacity, thereby surpassing the 2,000 MW operating capacity mark with another about 500 MW currently under construction.

The Company's non-fossil fuel based green generation portfolio (comprising hydro, waste gas, solar and wind) has crossed the 3,000 MW mark and now stands at 3,141 MW. This includes 693 MW of Hydro, 933 MW of Solar, 1,140 MW of Wind, and 375 MW of waste gas-based generation.

In the last financial year, the Company's wind generation capacity increased by 93%, from 591 MW to 1,140 MW and solar generation capacity soared up from 56 MW to 933 MW. Additionally, Tata Power's renewable arm - Tata Power Renewable Energy Limited (TPREL) completed the acquisition of Welspun Renewables Energy Private

Limited (WREPL) which had 1,140 MW of renewable power assets. On the international front, Tata Power's South African Joint Venture Company, Cennergi Pty. Limited (Cennergi), started commercial operations of both its wind farms totalling 230 MW, making it a truly international power company.

Tata Power aims to set higher benchmarks in terms of development standards and in the implementation of cutting-edge eco-friendly technologies and processes of energy management - including Biomass Gasification, Concentrated Photovoltaic and Solar-powered Telecom Towers. The Company has also done a pilot to build the first floating concentrated solar PV plant in India.

Taking a step further towards building a greener portfolio, last year, the Company committed to revising its share of non-fossil fuel based capacity up to 30-40% by 2025.

As India's largest integrated power company with a significant international presence - and together with its subsidiaries and jointly controlled entities, today, the Company has a gross generation capacity of 10,463 MW. It has a presence in all the segments of the power sector viz. Fuel Security and Logistics, Generation (thermal, hydro, solar and wind), Transmission, Distribution and Trading. It is serving more than 2.6 million distribution consumers in India - spanning **Mumbai, Delhi and Ajmer** - and takes pride in lighting up lives.

CEO & Managing Director's Message



Dear Shareholders,

It is with great pride that I write to you as the CEO & Managing Director of this historic organisation which has carved a leadership position for itself as the largest integrated power company over the past century. Despite the challenging environment in the power sector in recent years, it has continued to reinvent itself through its vast portfolio of Generation, Transmission, Distribution, Power Trading, Power Services, Coal Mines and Logistics, Solar Photovoltaic (PV) manufacturing and associated Engineering, Procurement, Construction (EPC) services businesses. It has expanded its international presence and continues to look for viable business opportunities in both, domestic and overseas growth markets to deliver value to shareholders.

At its very inception, Tata Power was driven by its Founder Shri Jamsheji Tata's vision - *"Clean, affordable & abundant power is one of the basic ingredients for the economic progress of a city, state or country"*. Tata Power remains true to this vision of partnering consumers' growth by supplying reliable power at competitive pricing. As India moves towards self-sufficiency in power, your Company is increasingly engaging on customer centricity by employing the best suited technologies to improve user experience.

The power sector is positioned at a juncture where multiple changes are envisaged. Digitalization, decarbonisation and decentralized model of energy linkage are poised to disrupt present paradigms of business. Your Company is continually evaluating opportunities for improvement on these fronts and

integrating them within their operations, execution and growth processes as the pioneer in the industry.

There are some challenges to functioning in a highly regulated industry. One of the key issues being faced since Indonesia changed its coal export norms is that of CGPL compensatory tariff. We have approached all courts of appeal and are continuing to explore viable options to address the issues at hand including sourcing of suitably priced coal, holding continued discussions with the power procuring states and finding the right legal recourse.

Tata Power has a strong ethical, value based culture which is exercised not only in its business activities, but also in its interactions with its communities and through sustainability initiatives, making it a neighbour of choice. In addition, responsible employee practices have led to an engaged and productive work force which is dedicated to keeping your Company at the helm in the industry.

The entire team of Tata Power joins me in expressing our deep appreciation to the employees, the unions, the Board of Directors, all our partners and Governments at the Centre and the States; Regulators as also our international stakeholders, for their support, co-operation and understanding. I would also like to express our appreciation to you, our shareholders, for your support and understanding, both, in good times and in challenging times. It will be my continuing endeavour to fulfil Tata Power's commitment to light up lives.

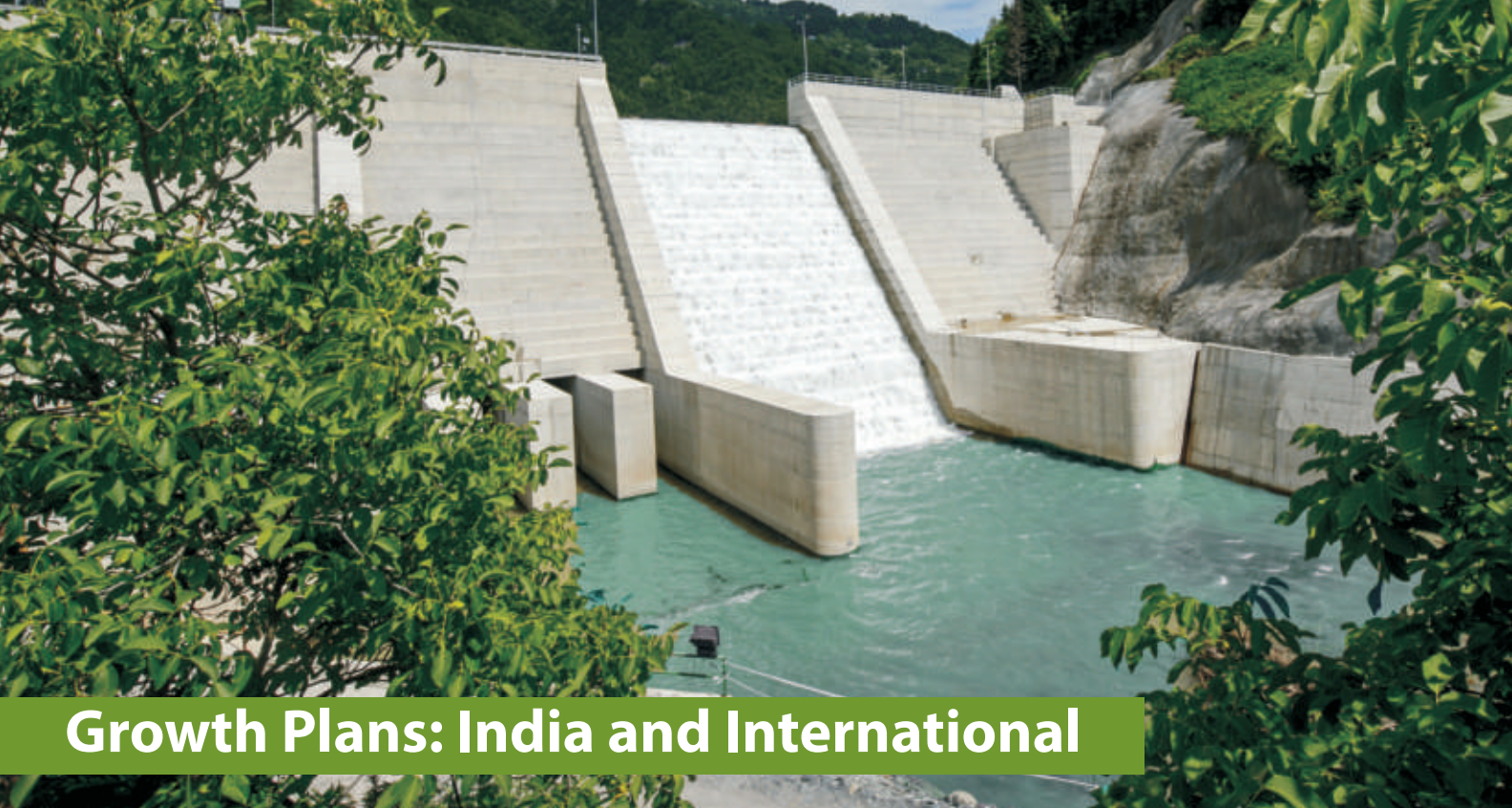
Best Regards

Anil Sardana
CEO & Managing Director

Highlights of the Year



- Tata Power's consumer base crossed **2 million** mark which is the second highest across the country.
- Tata Power's generation crossed **52,000 MUs** for the first time in FY17.
- Clean Energy portfolio crossed **3,000 MW mark** and stood at 3,141 MW.
- Tata Power's arm TPREL completed the acquisition of WREPL which has **1,140 MW of Renewable Power projects.**
- Tata Power Delhi Distribution Limited achieved a benchmark reduction in **AT&C losses to 8.59%** as against 8.88% for the same period last year.
- **187 MW hydro in Georgia** is ready for commissioning.
- Tata Power's South African Joint Venture Company (JVC), Cennergi, started Commercial Operations of both the **wind farms totaling 230 MW.**
- Tata Power's wholly owned subsidiary **Tata Power International Pte. Limited and ICICI Venture Funds Management Company Limited - Resurgent Power Ventures Pte. Limited** created a platform company to facilitate investment in power projects in India.
- The Company won the bid for Distribution Franchisee of Ajmer Circle and formed a Special Purpose Company "**TP Ajmer Distribution Limited**". It has signed the Distribution Franchisee Agreement with Ajmer Vidyut Vitran Nigam Limited to cater to the power requirements of customers in Ajmer, for a period of 20 years.
- **62.5x2 MW** units for **Tata Steel Kalinganagar** by **Industrial Energy Limited** achieved full commercial operations.



Growth Plans: India and International

PROJECTS COMMISSIONED:

- **TPREL** commissioned projects of 159 MW which included 44 MW wind farm at Rojmal (Gujarat), 100 MW wind farm at Nimbagallu (Andhra Pradesh), 15 MW solar plant at Belampalli (Telangana) 864 MW solar capacity and 146 MW wind capacity was added by TPREL through the acquisition of **WREPL**. In addition, TPREL also acquired 30 MW wind capacity through the acquisition of Indo Rama Renewables Jath Ltd.
- At **Cennergi**, both the projects of combined 230 MW capacity have commenced commercial operation in Q2 FY 17.
- First and second units of 3 x 18 MW of **PT Citra Kusuma Perdana**, coal power project in Indonesia have been synchronised in October 2016 and March 2017.

PROJECTS UNDER EXECUTION:

- **TPREL** is executing solar projects to the tune of 326 MW in Tamil Nadu, Maharashtra, Karnataka, Andhra Pradesh and Gujarat, which were won through competitive bidding.
- **IEL** is currently in the process of executing the third unit of 67.5 MW capacity.
- Tata Power executed **DFA for electricity distribution** in Ajmer. The Special Purpose Company has already been formed and a dedicated team deployed to

commence takeover activities. DFA has been signed with **Ajmer Vidyut Vitran Nigam Limited** on 21st April 2017.

- The construction work for **187 MW Adjaristsqali Georgia LLC Project** is in full swing. Commercial operation is expected by Q2 of FY 18.
- The third unit of the **3x18MW PT Citra Kusuma Perdana** configuration is under construction at Sangatta, East Kalimantan province in Indonesia.

POTENTIAL FUTURE GROWTH AREAS:

- For **1,600 MW Coastal Maharashtra project, Dehrand**, the Company has successfully completed acquisition and possession of private land. All statutory approvals required to start the project are in place. Clearance by Government of Maharashtra for transfer of Government land to Maharashtra Industrial Development Corporation for Tata Power is in final stages.
- Tata Power's primary investment vehicle for clean and renewable energy based power generation - TPREL's present operating capacity is 1,457 MW comprising 530 MW wind and 927 MW solar located in the states of Maharashtra, Gujarat, Madhya Pradesh, Andhra Pradesh, Telangana, Punjab, Bihar, Tamil Nadu and Rajasthan. The Company is also in the process of implementing nearly 326 MW of renewable power projects at various locations on greenfield basis.

Leadership with Care



Tata Power's Sustainability vision is to practice '**Leadership with Care**' by pursuing best practices on Care for our Environment, Community, Customers, Shareholders, People and creating a culture that will reinforce our values.

CARE FOR ENVIRONMENT:

During the year, Tata Power addressed various aspects of resource conservation, energy efficiency, carbon footprint, renewable power generation, biodiversity and green buildings. Key initiatives are:

- The Company completed project for identification of Polychlorinated Biphenyls and also completed natural capital valuation for hydro stations.
- The Company was awarded **CII-ITC Sustainability Awards 2016** - Commendation for Significant Achievement in Biodiversity.
- Tata Power's Corporate Centre, Carnac office was awarded IGBC Gold rating under 'Green Existing buildings' category.
- **Tata Power Club Enerji**, spearheaded by school children, has reached 533 schools across India, sensitized more than 15.84 million citizens and saved more than 21 MUs till date. This saving is equivalent to saving of more than 20,000 tons of CO₂. 1526 Mini Clubs have been formed all over India under the Club Enerji initiative.
- '**Act for Mahseer**', a call-to-action pledge campaign designed to give Mahseer, an endangered fish species, a fresh chance at survival, has been successfully positioned as India's second largest





conservation initiative after 'Save the Tiger' campaign. This year, the movement crossed over 2 million online impressions and successfully garnered over 4000 pledges.

CARE FOR CUSTOMERS:

- Launched in May 2015, Tata Power's **Be Green** initiative follows the mantra that green is the only way to evolve and has set new benchmarks by caring for the planet and its future. Tata Power aims to utilise customer touch points such as social media, emailers, CRCs, bills etc., to promote and create awareness, thus creating a collaborative and participative environment. On average, over 40,000 people are reached each month through messaging under 'Be Green', across touch points.
- Tata Power Delhi Distribution Limited (Tata Power-DDL) has installed Electric Vehicle Charging Centers at five locations spread across its area of distribution. These charging centers will provide access to free of cost charging to owners of Mahindra Reva Electric Cars.

CARE FOR COMMUNITY:

- Tata Power has actively worked on the key focus areas in Corporate Social Responsibility of education, health, livelihood and employability, social capital and financial inclusivity, as well as rural energy.
- Under its Affirmative Action program, the Company has implemented several initiatives for Employment, Entrepreneurship, Employability, Education and Essential Amenities for the communities around its operating sites.



Leadership with Care



- The major programs carried out in the neighbourhood of the operating plants and projects are Skill Development Programs for youth (Industrial Training Institutes, Business Process Outsourcing training and vocational trainings), entrepreneurial programs like fly ash brick making/supporting Self Help Groups and support for educational initiatives for school children like scholarships and coaching classes in the evenings along with assistance in the development of adequate infrastructure.
- As part of **disaster relief operations**, the Company contributed towards relief efforts in Assam. Besides this, 5 employees were selected to be trained as project managers to be deployed as part of Tata Group relief efforts.
- **Tata Power Skill Development Institute (TPSDI)** has successfully trained over 11,000 people since its inception.

CARE FOR OUR PEOPLE:

- **Safety** is a core value and hence, the first priority. Safety and 5S programs of the Company have been given a lot of thrust during the year. Training and awareness programs and safety drills were carried out across various locations of the organisation.
- **Greenolution** was launched by Tata Power in 2012 to promote green living through identified initiatives driven by employees. Over 900 employees have registered as Green Heroes since the inception of the programme, with over 250 green initiatives having been undertaken by them.



Financial highlights

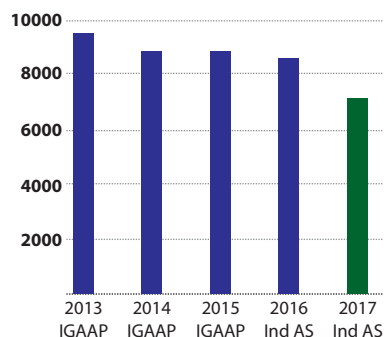
CONSOLIDATED:

- On a consolidated basis, Tata Power Group's FY17 Revenue* stood at ₹ 27,288 crore as compared to ₹ 28,526 crore last year, mainly due to lower fuel and power cost and one off items.
- PAT was up at ₹ 1,397 crore (before exceptional item of ₹ 651 crore) as compared to ₹ 662 crore in FY16, mainly due to higher contributions by the coal mines in H2FY17, renewables business and associates and MTM gain on forex and IRS contracts in Coastal Gujarat Power Limited (CGPL).
- Renewables business crossed ₹ 1,135 crore of EBITDA and 2,000 MW capacity mark. During the year, the Company added 1,350 MW of renewable capacity largely through the Welspun acquisition.

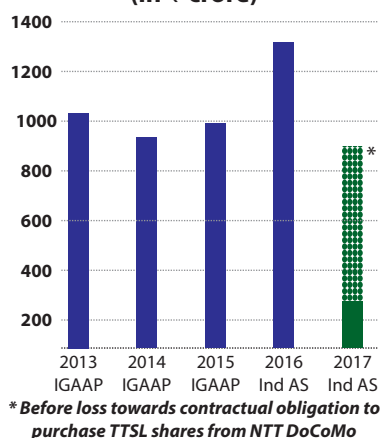
STANDALONE:

- For the Financial Year ended 31st March 2017, Revenue* stood at ₹ 7,282 crore as compared to ₹ 8,316 crore last year, mainly due to lower power purchase and fuel cost.
- PAT stood at ₹ 935 crore (before exceptional item impact of ₹ 651 crore) as against ₹ 1,355 crore in the last year mainly due to favourable regulatory orders in previous year and higher carrying cost along with higher finance cost in current year. However, operating profits continue to be strong.

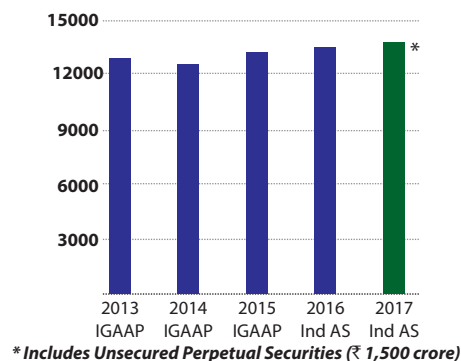
Standalone Revenue from Operations (in ₹ crore)



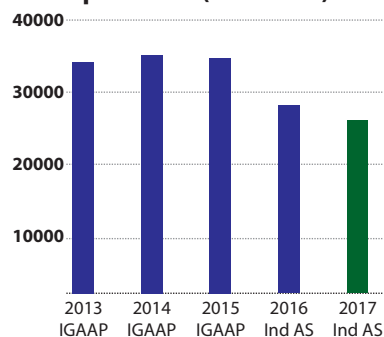
Standalone Profit after Tax (in ₹ crore)



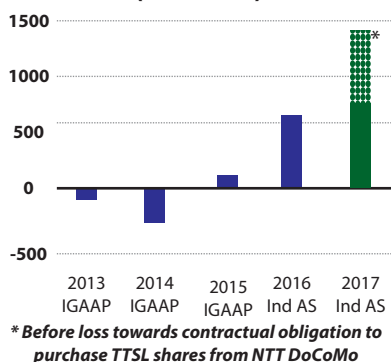
Consolidated Network (in ₹ crore)*



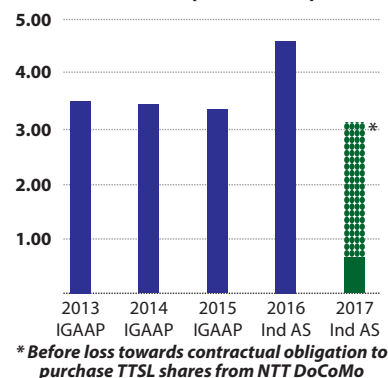
Consolidated Revenue from Operations (in ₹ crore)



Consolidated Profit after Tax (in ₹ crore)



Standalone Earning Per Share (in ₹ crore)



Awards & Recognition



- Tata Power's Corporate Centre, Carnac building awarded **"IGBC GOLD"** rating, under "IGBC's Green Existing Buildings" category.
- Tata Power's Quality Circle teams win **'Gold' award** at International Convention on Quality Control Circles 2016.
- CII awards Maithon Power Plant for its **excellence in Operation Management and People Management**.
- Tata Power honoured with **SAP ACE Award** 2016.
- Tata Power's Maithon Power Plant awarded with **Global Energy Management Award** 2017.
- Tata Power's TPSDI conferred with an award for **'Capacity Building and Training' at the Central Board of Irrigation & Power (CBIP) Awards** 2017.
- Club Enerji & Greenolution were presented at **IIM – Ahmedabad in February 2017 in a TEDx IIM - Ahmedabad** event held on the topic: "Driving Conservation by shaping the future generations" under the theme 'Renaissance 2.0: Inspiring a better tomorrow'.

