

Renewables to Power Growth





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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 being a leader in the renewable energy area. With a view to reduce carbon emissions and safeguard the environment, the Company has embarked on a journey of growth by focusing on renewables, distribution & transmission of power. The Company continues to explore potential growth areas across India and in select international markets through organic and inorganic opportunities.

Being true to its mission of delivering sustainable value to all stakeholders, the Company has spread its operations across the globe while continuously evaluating various business structures to deliver better value by unlocking and enhancing operational synergies. In the year gone by, the Company added 276 MW of renewable capacity, thereby taking a step towards achieving its strategic intent. The total generation capacity in the non-fossil fuel based plant stood at 3417 MW, up by 8.78% MW from last year. This includes 1188 MW of solar and 1161 MW of wind.

With a view to explore innovative technologies and integrate them into augmented business streams, the Company has made inroads into setting up a network of Electric Vehicle (EV) Charging stations across the city, thereby making Mumbai future ready for EVs. Other areas which the Company is evaluating include home automation, smart metering and the whole system integration piece coupled with the communication backbone.

From clean energy to consumer-centricity, while keeping sustainability at the core, Tata Power has maintained its century-old legacy of Lighting Up Lives.

CEO & Managing Director's Message



Dear Stakeholders,

It is my pleasure to write to you as the CEO & MD of Tata Power and I feel privileged to accept the responsibility to lead India's largest Integrated Power Company. Tata Group which is celebrating its 150th anniversary this year, seeded your Company 103 years back with a vision of providing reliable and clean power to the country. I take great pride that we continue to fulfil this vision even as your Company continues to shape the power sector in the country in many ways, with its technology and business leadership.

India is projected to remain the fastest growing major economy for the next few years. In the last decade, the power sector in the country has faced many challenges due to multiple risks impacting the sector. Going forward, the Central Electricity Authority expects the electricity demand in the country to grow at 7.1% annually. Further, the demand is expected to increase on account of grid connectivity reaching rural households, which did not have access to power till now.

While the Indian Power Industry continues to witness challenging times, the performance of your Company has been good in the Financial Year 2017-18. All our subsidiaries and plants have reported robust performance despite a challenging environment. This has been largely due to the Company's relentless focus on operational improvements and excellence. The renewable portfolio, including the EPC business, continues to do well and has once again made a healthy contribution to PAT. The coal mines gained due to higher coal prices. Our Delhi distribution arm, TPDDL's sharp focus on customer delight and achieving benchmark AT&C losses has ensured profitable growth.

In the forthcoming year, your Company will continue to chart its next phase of growth for which monetization of various non-core assets and cross holdings is already underway to improve the balance sheet. Under-recovery at CGPL (Mundra) due to rising international coal prices in FY18, was offset by gains in coal mines in Indonesia. However, the Company is taking timely and tangible steps in collaboration with Power Procurers to ensure the project's long term financial viability.

I believe that the capabilities and competencies of your Company can be harnessed to build a renewed Tata Power which will thrive on seizing new growth opportunities. The existing model of supply and usage of power will undergo significant transformation with the advent of new technologies and climate change challenges. This will encourage large scale renewables, demand-side services and digitisation. Tata Power is in an excellent position to capitalise on this exciting future by offering products and services that will meet the next generation of power consumers.

In line with the changing business dynamics, we are committed to pursue a well charted growth strategy by demonstrating a high level of commitment. The key growth areas for the Company have been identified as Renewable Generation, Transmission, Distribution and New & Value-Added Businesses including Rooftop Solar, Smart Metering, Micro Grids in Rural areas and setting up of Electric Vehicle- Charging Units.

Your Company's rich technological expertise and experience in the power sector is sure to help prepare it for the future as it embarks upon its next 100 years of existence. At Tata Power, we believe that sustainable growth benefitting all stakeholders and minimal environmental impact is imperative for a developing economy. It has been our legacy of integrating sustainability with core business values and Care for the stakeholders.

Finally, I take this opportunity to thank you, the shareholders of the Company, for your continued support and motivation to the Company. I would also like to thank the Government, Customers, Suppliers as well as Lenders for their continued support to the Company and finally to all the Employees, Unions and the Management Team for their deep level of commitment to the Company.

I look forward to your continued support in the future.

Yours sincerely,

Praveer Sinha
CEO & MD

Highlights of the Year

- *Clean energy portfolio grew by 8.78% to 3417 MW from last year.*
- *Tata Power Delhi Distribution Limited achieved a benchmark reduction in AT&C losses at 8.40% as against 8.59% for the same period last year.*
- *Tata Power's consumer base crossed 2.6 million mark across the country.*
- *Tata Power's generation crossed 53,500 MUs for the first time.*
- *Agreements were signed for sale of non-core investments in defence business and shareholding in communications.*
- *The Company launched its EV Charging infrastructure in Mumbai.*
- *Tata Power became the first power utility to introduce QR code for bill payments in India.*
- *The Company, along with its subsidiaries and associates, added 294 MW of generation capacity in its portfolio, of which 276 MW is Renewable and 18 MW is Thermal.*
- *Tata Power's distribution arm-TP Ajmer Distribution Limited signed Distribution Franchisee Agreement (DFA) with Ajmer Vidyut Vitran Nigam Limited.*



Continuing the Growth Journey

- Projects commissioned by **Tata Power Renewable Energy Limited (TPREL)** in FY18 were 100 MW solar project at Pavagada solar park, Karnataka; 50 MW solar project at Pavagada solar park, Karnataka; 25 MW solar project at Charanka solar park, Gujarat; 30 MW solar project at Palaswadi, Satara, Maharashtra. Vagarai Windfarm Limited of 21 MW capacity was commissioned under the group captive power sale mechanism.
- **Walwhan Renewable Energy Limited (WREL)** is now a fully owned subsidiary of TPREL and has one of the largest operating solar portfolios spread across India. It has an operating capacity of 1152 MW. Majority capacity is in Tamil Nadu, followed by Rajasthan, Madhya Pradesh, Karnataka and Andhra Pradesh.
- During the year, **Tata Power Solar Systems Limited (TPSSL)** achieved its highest ever revenues and net profit in its 28 year history. The Company executed and commissioned several large rooftop projects across the country leading to growth in the top line and bottom line. In the financial year, the Company worked on 1 GW of projects across Utility scale and Rooftop domain resulting in commissioning of the largest ever quantum of over 700 MWp projects. The Company also achieved a significant milestone in its exports business and realized an export revenue of over ₹ 200 crore. TPSSL further fortified its manufacturing capabilities this year and produced over 220 MW cells and 300 MW of modules- a record high in the history of the Company.
- **Tata Power Delhi Distribution Limited (TPDDL)** registered base stood at 16.39 lakh consumers spanning across an area of 510 sq. km. in Northern and North-Western parts of Delhi. The AT&C losses of TPDDL stood at 8.40% against 8.59% last year. TPDDL also met a peak demand of 1852 MW in FY18 versus 1791 MW in FY17.
- **TP Ajmer Distribution Limited (TPADL)** Limited was formed on 17th April 2017 as a Special Purpose Vehicle (SPV) to take over the supply and distribution of power in Ajmer city. TPADL entered into an agreement with AVVNL on 19th April 2017 for distribution of power supply for 20 years and started operation with effect from 1st July 2017. The total area under the franchisee is around 190 sq. km. The total consumer base is around 1.38 lakh and total peak demand is 110 MW. TPADL completed a successful transition of operations during the peak summer season and significantly reduced the number of trippings.



Leadership with Care



CARE FOR ENVIRONMENT:

- The Company continues to practice sustainability to reinforce the core value of **'Leadership with Care'**.
- The Company has received the Domain excellence award in biodiversity conservation at the CII ITC Sustainability awards 2017.
- The Company was also ranked 3rd in the 2017 Responsible Business Ranking for Sustainability and CSR.
- **Tata Power Club Enerji** spearheaded by school children has completed 10 years and has covered more than 533 schools across Mumbai, Delhi, Pune, Ahmedabad, Bengaluru, Kolkata, Belgaum, Jamshedpur, Lonavala, Ajmer and five more cities. It has reached out to more than 1.93 crore citizens, collectively saved 25 Million units of electricity - equivalent to saving 25,000 tons of CO₂. All over India, 1500 Mini Clubs have also been formed under the Club Enerji initiative.
- Through the Company's **'Act for Mahseer'** movement, the Company initiated a new campaign leg- 'Each One, Reach One', which encourages the Mahseer fish knights to nominate a friend to take the pledge. This chain has resulted in the Company increasing its fish knights base to over 4500 pledges.

CARE FOR CUSTOMERS:

- The Company has been a pioneer in propagating energy conservation and efficiency. Demand-side management initiatives are being extended to customers to implement options for increasing the efficiency of energy utilization, with resulting benefits to the customer, utilities and the society.



Inauguration of Vocational Centre, Delhi



Cleanliness Drive during Volunteering week, Khopoli



CARE FOR COMMUNITY:

- The Company's Corporate Social Responsibility Initiatives covered 5.5 lakh community members across 274 villages in 5 states of India, based on its seven thrust areas. Under Financial Inclusivity, 1.5 lakh community people were linked to secure benefits in various Government Schemes. 1 lakh farmers and youth were covered under farm and non-farm interventions with increased income levels. The Company's focus on behavioural change communication resulted in safe health and sanitation practices adoption by 2 lakh people. Under its Education Excellence Initiative, 50000 children's academic performance improved.
- The Company has implemented several initiatives for Employment, Entrepreneurship, Employability, Education and Essential Amenities for the communities around its operating sites, under its affirmative action program.

CARE FOR OUR PEOPLE:

- Safety is a core value at Tata Power and all necessary actions are taken at the organisation to keep safety as priority. Safety and 5S programs of the Company have been given a lot of thrust during FY18. Training, awareness programs and safety drills were carried out across various locations of the organisation.



Health Camp for Women, Mundra



Blood Donation Camp, Trombay

Financial Highlights

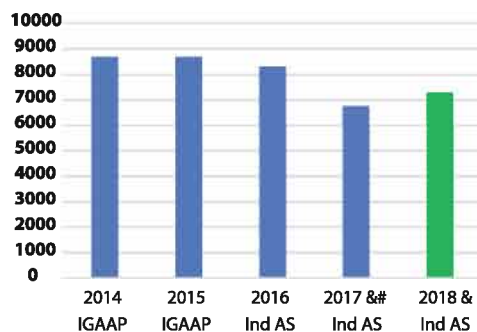
CONSOLIDATED:

- Tata Power Group's FY18 Revenue increased to ₹ 28,921 crore, up 6% as compared to ₹ 27,286 crore last year, mainly due to higher generation and sales.
- PAT was up 144% at ₹ 2,679 crore largely due to exceptional gain of ₹ 1,103 crore and higher Share of PAT from Associates and JVs as compared to ₹ 1,100 crore in FY17.
- Underlying business EBITDA including companies was up 17% at ₹ 10,104 crore mainly due to 46% increase in renewables business and strong all round performance in both, regulated and non-regulated business.

STANDALONE:

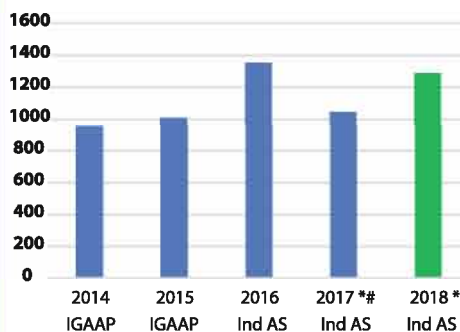
- FY18 Revenue was up 8% at ₹ 7,301 crore as compared to ₹ 6,769 crore last year, mainly due to favourable regulatory orders in the previous year.
- PAT before one time exceptional loss was up 23% at ₹ 1,287 crore as compared to FY17 profit of ₹ 1049 crore. FY18 exceptional loss of ₹ 4437 crore relates to impairment of Mundra UMPP and certain other investments whereas FY17 had exceptional loss of ₹ 651 crore relating to Docomo investment.

Standalone Revenue from Operations (In ₹ crore)



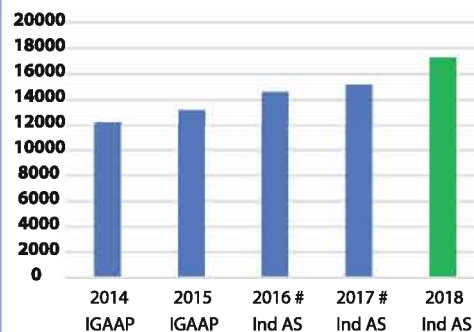
& - Excludes revenue of Strategic Engineering Division being Discontinued operations | # - Restated

Standalone Profit after Tax (In ₹ crore)



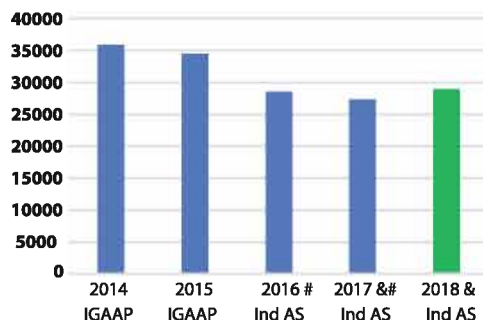
* - Before Exceptional Items
- Restated

Consolidated Network (In ₹ crore)



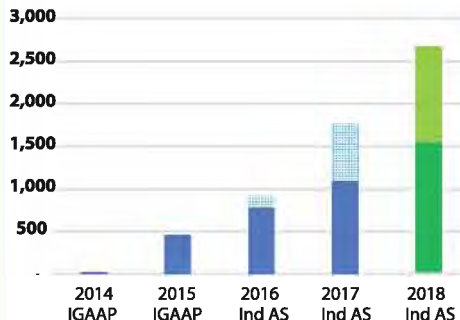
[Includes Unsecured Perpetual Securities (Rs 1,500 crore)] | # - Restated

Consolidated Revenue from Operations (In ₹ crore)



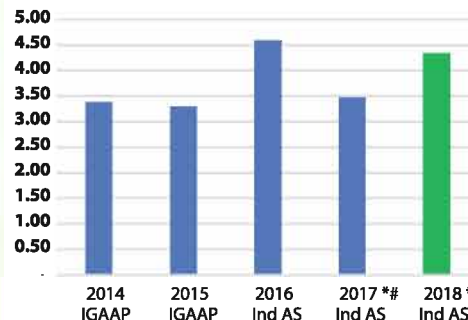
& - Excludes discontinued operation (Strategic Engineering Division)
- Restated

Consolidated Profit After Tax (In ₹ crore)



[Includes non-controlling interest]
- Restated
Light Shaded blue portion denotes exceptional loss
Light Shaded green portion denotes exceptional gain

Standalone Earning Per Share (In ₹ crore)



* - Before Exceptional Items
- Restated

Awards & Recognition



- Internal Audit team won the **National Innovation Award**.
- Tata Power Haldia division received **Prashansa Patra** from the National Safety Council.
- Tata Power was awarded for **Excellence in Cost Management** at the 14th National Awards for Excellence in Cost Management 2016.
- Tata Power Solar has been ranked **the number one EPC rooftop solar player** in the India Solar Rooftop report 2017, by Bridge to India.
- Tata Power was recently recognized by the Tata Group for **Promoting Employee Volunteering** and for the **Most Unique Activity (Out of the box)** during Tata Volunteering week 7 for their Project Parivartan.
- Tata Power's Jojobera teams won big at the **National Convention on Quality Concepts (NCQC)** 2017.
- Tata Power's joint venture Powerlinks Transmission Limited was lauded with **Best in Class T&D Infra Asset** at the 11th Enertia awards.



Board of Directors



**Mr. Natarajan
Chandrasekaran**

Chairman
Non – Independent,
Non – Executive Director



Mr. Nawshir H. Mirza

Independent,
Non – Executive Director



Mr. Deepak M. Satwalekar

Independent,
Non – Executive Director



Ms. Anjali Bansal

Independent,
Non – Executive Director



Ms. Vibha Padalkar

Independent,
Non – Executive Director



Mr. Sanjay V Bhandarkar

Independent,
Non – Executive Director



Mr. K M Chandrasekhar

Independent,
Non – Executive Director



Mr. Hemant Bhargava

LIC Nominee Director



Mr. Saurabh Agrawal

Non – Executive Director



Mr. Banmali Agrawala

Non – Executive Director



Mr. Praveer Sinha

CEO & Managing Director



Mr. Ashok S. Sethi

COO & Executive Director