




TATA POWER

A black and white photograph of a high-voltage power transmission tower, showing its complex lattice structure and insulators. The tower is positioned on the left side of the cover, extending from the bottom towards the top.

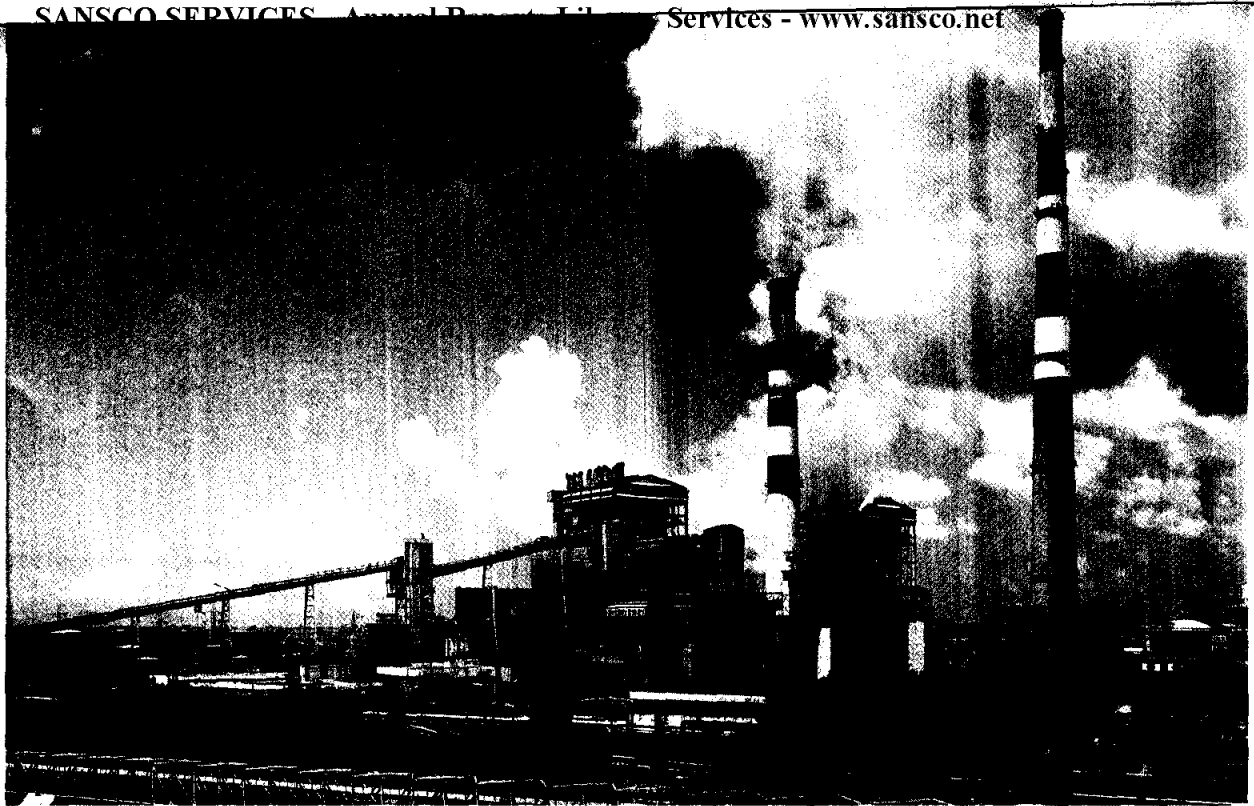
ENERGY
POSITIVE
CHARGE
HIGH
POTENTIAL
TERABITS

82nd Annual Report
2000-2001

TATA POWER

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The Tata Power Company Limited



achievements milestones

Reputed, trusted, enterprising — just a few of the many attributes that have come to be synonymous with us in our 91 years of existence. Add to this our foresight and an ability to visualise the emerging growth potential in various business sectors and you will realise that the pioneering spirit that propelled us forward almost a century ago is still with us.

Years of experience and inherent skills coupled with our scale of operations, provides us with competitive advantages and a strong operational base for growth. One of our first steps towards expanding our horizons was the merger of The Andhra Valley Power Supply Company and The Tata Hydro Electric Power Supply Company into The Tata Power Company. The move has provided us with a strong financial base enabling us to undertake large projects. It has also positioned us to capitalise on the vast possibilities for growth in the related sectors of energy and telecommunications. As part of our operational history and in-house initiatives, we have developed expertise encompassing a whole range of activities in power, electronic communication and data transport. We believe that we are favourably positioned to commercially exploit emerging opportunities in the telecommunication sector as well as create a service standard for the industry.

With a view to becoming a leading player in the field of Engineering, Procurement and Construction, we are in the process of taking over the Transmission division of Tata International Limited. In-house project execution skills will enable us to undertake complete EPC and Operation and Maintenance contracts for power stations. We are also the single largest shareholder of Tata Projects Limited.

Future avenues for growth are in licensee areas, oil and gas exploration and production, captive power plants, independent power plants, telecommunication infrastructure, services in areas related to generation and transmission of electricity and operational efficiencies. Multiple revenue streams from these segments will ensure accruals at regular intervals due to variable gestation periods.

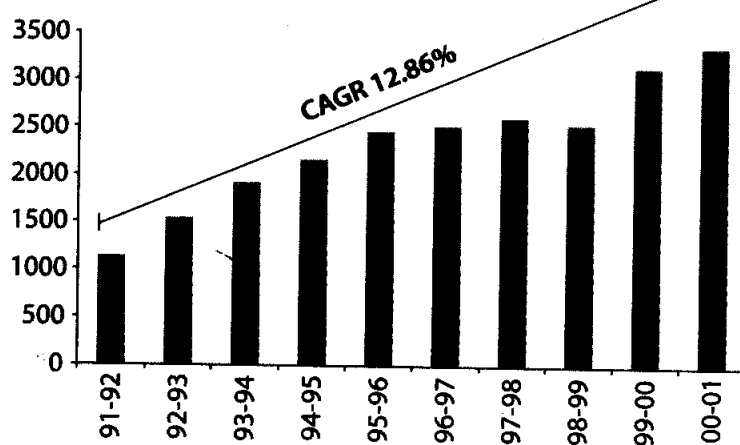
150 MW thermal unit in the country	Flue gas de-sulphurisation plant using sea water
500 MW thermal unit in the country	275 metre tall chimney for Unit 6 - a 500 MW power plant at Trombay
Commissioned gas insulated switchgear 220 KV and 110 KV	150 MW hydro pumped storage unit
Touch screen-based distributed digital control and energy management systems	Installed fly ash aggregate plant to convert waste product (fly ash) into a useful building material
Computerised grid control and energy management systems	Training simulators for 150 MW, 500 MW thermal power plants and high voltage switchyard operations
220 KV transmission lines in four-circuit towers	SCADA and fibre optic ground wire communication
220 KV cable transmission network	

Power projects executed in India and abroad

1 9 9 9 - 0 1	Belgaum 81.3 MW diesel generator based project.	Tata Electric
1 9 9 7 - 0 0	Jojobera 2x120 MW thermal project	Tata Electric
1 9 9 1 - 9 6	150 MW Pumped Storage Unit-Bhira, Raigad district	Tata Electric
1 9 9 2 - 9 5	Jebel Ali 'G' (4x100 MW GT and 4x27300 M3/day desalination plant)	Dubai Electricity and Water Authority, UAE
1 9 9 2 - 9 4	180 MW CCPP, Trombay	Tata Electric
1 9 9 1 - 9 4	Dadri CCPP (4x135 MW GT and 2x140 MW ST)	National Thermal Power Corporation (NTPC)
1 9 8 5 - 9 0	500 MW Unit 6 Trombay	Tata Electric
1 9 8 1 - 8 8	Al-Khobar-II (5x150 MW ST and 10x22000 M3/day desalination plant)	Saline Water Conversion Corporation, Saudi Arabia
1 9 8 5 - 8 6	Uran Phase-II (4x108 MW GT)	MSEB
1 9 8 3 - 8 4	Connaught Bridge, Malaysia project (2x90 MW GT)	National Electricity Board, Malaysia
1 9 7 9 - 8 4	500 MW Unit 5 Trombay	Tata Electric

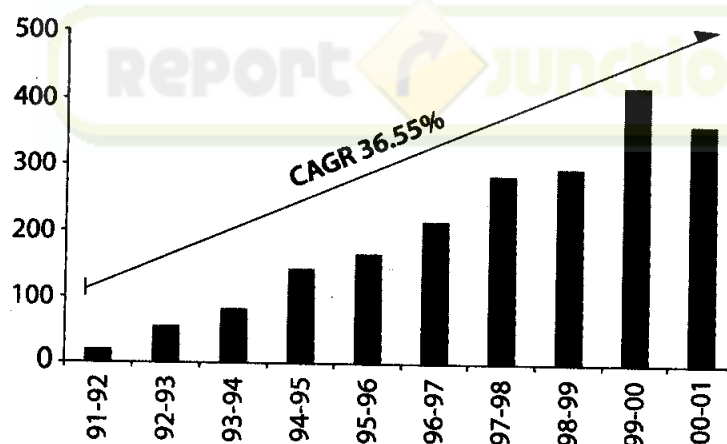
Revenue perspective

Rs crore



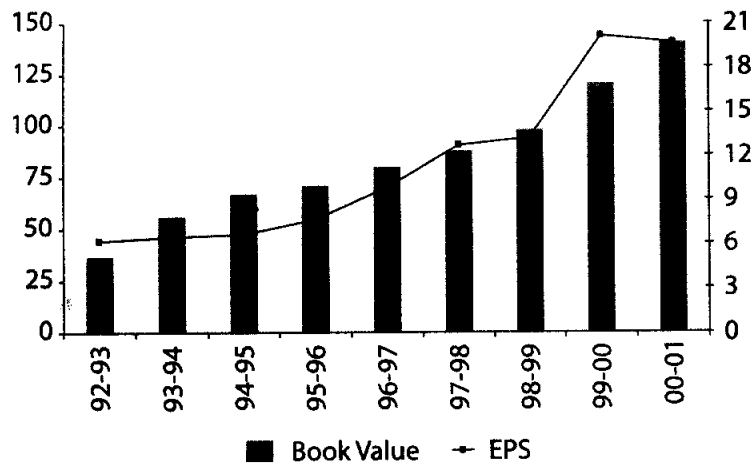
Distributable profits perspective

Rs crore



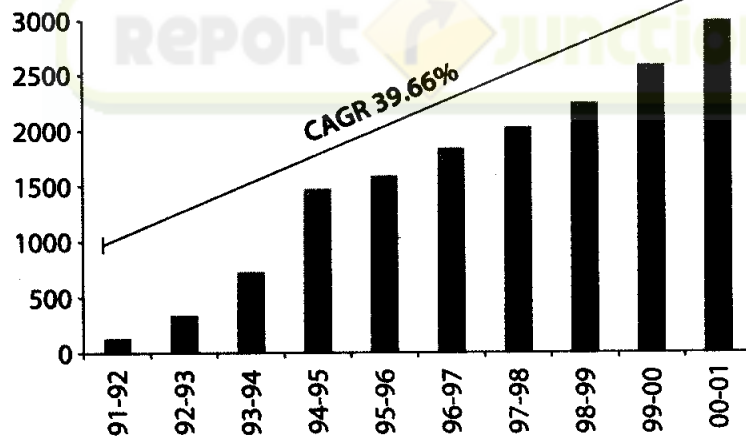
Our business strategy
for the coming decade

EPS and book value perspective

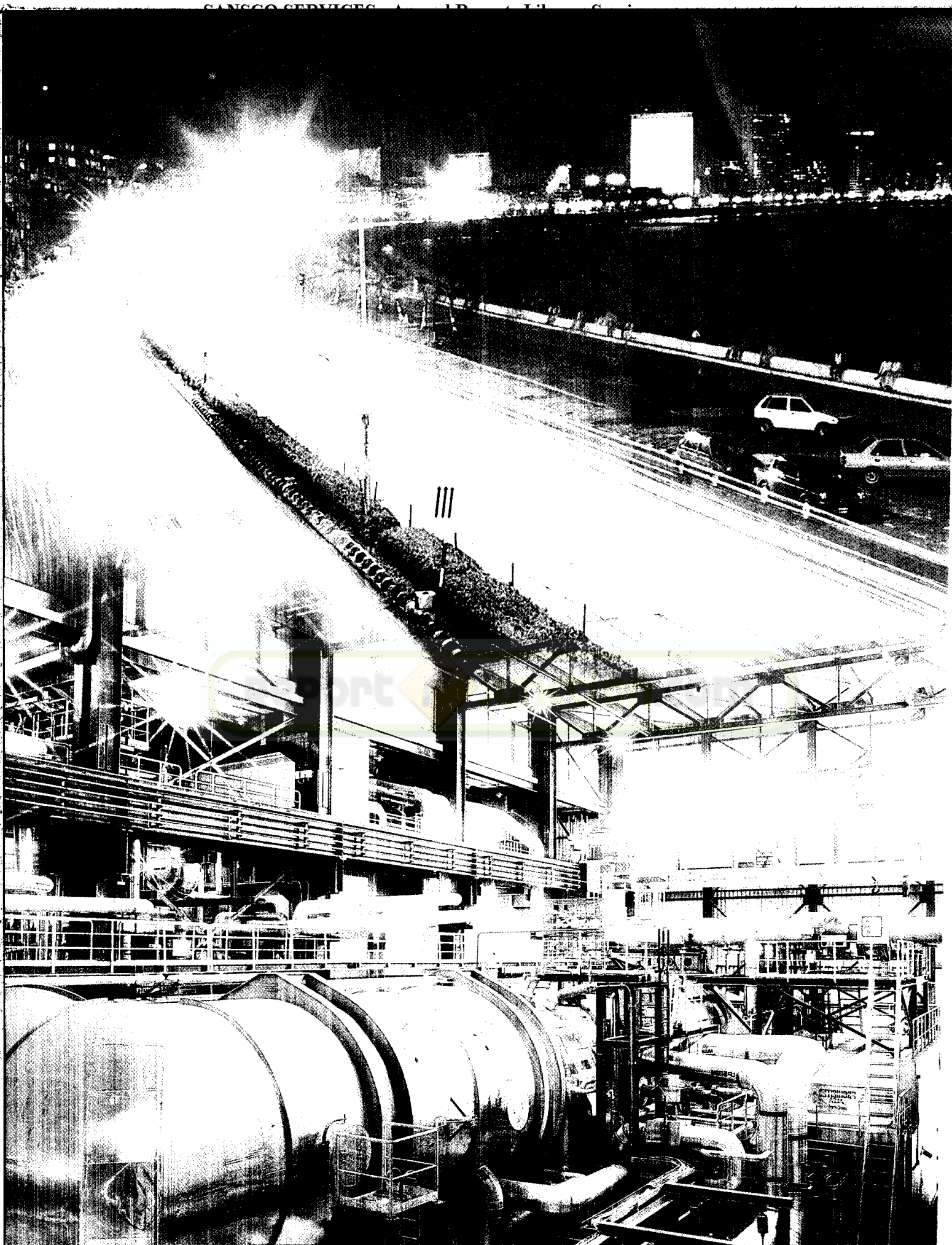


Net worth perspective

Rs crore

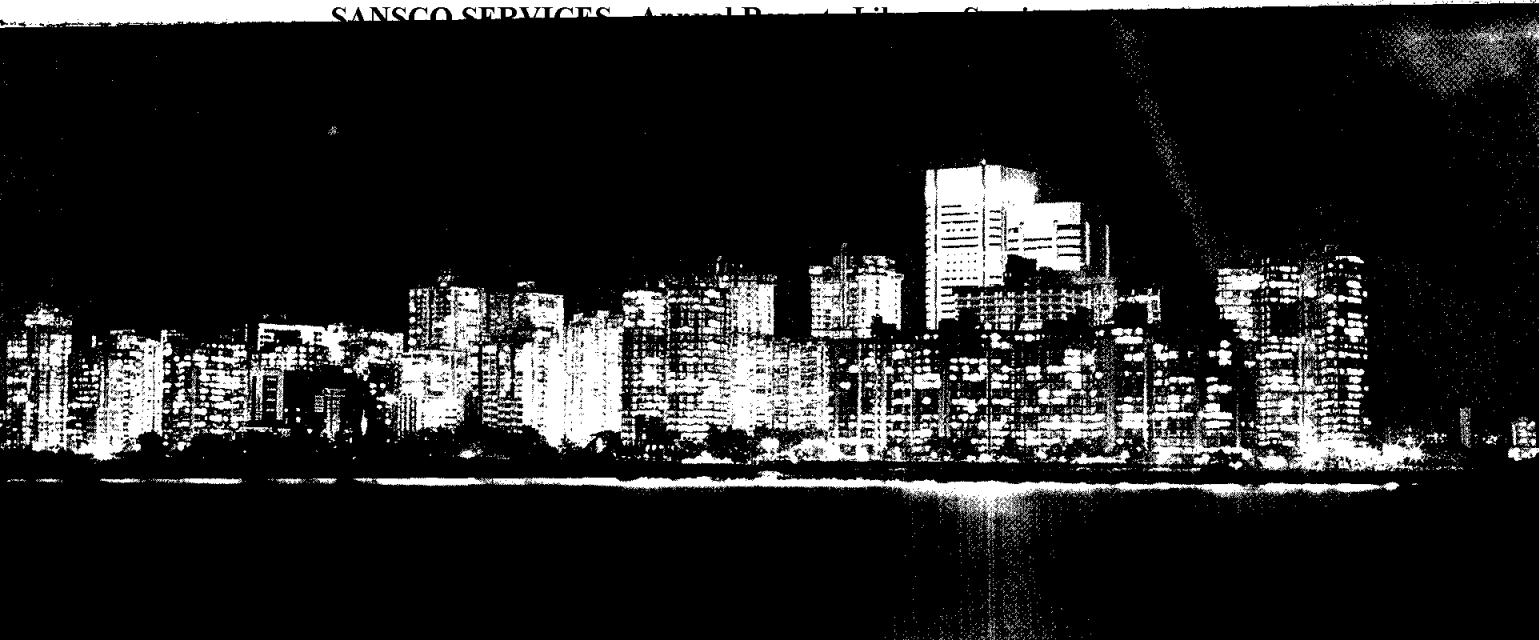


diversify
consolidate
and grow





harnessing



With our years of experience, the company has a full range of skill sets in generation, transmission, distribution and energy related services.

Licensee area

Nature of business

The transmission and distribution of electricity in Mumbai is a licensed business. Currently Tata Power, Bombay Electric Supply and Transport Undertaking (BEST) and BSES Limited have the mandate for distributing electricity. Our license area extends from south Mumbai to Bassein creek on the western side and Vikhroli on the central and overlaps the areas of BSES and BEST. BSES' license area extends from Vasai Creek to Bandra, while the BEST distributes power from Mahim to southern Mumbai. The demand for electricity in the licensee area is estimated at 2000 MW and is met by generation units of Tata Power and BSES. We have an installed generation capacity of 1798 MW consisting of a 1350 MW thermal generation plant at Trombay and hydel generation plants at Bhivpuri, Bhira and Khopoli which together provide 448 MW. BSES has a generation capacity of 2x250 MW at Dahanu. Installing 82 distribution transformers and associated distribution cable networks in the financial year 2001 has enhanced our distribution infrastructure.

Regular technical upgradations at our hydro power stations have improved efficiency and resulted in additional generation capacity. Future plans include the construction of an underground steel lined tunnel to replace existing penstocks at Khopoli and three new 24 MW units at Khopoli. This will enhance efficiencies by 15 per cent and contribute to an additional generation of 22 MUs.

Expanding the direct consumer base

The demand for electricity in the licensee area is expected to increase at the rate of about 4 per cent per annum. In response to the opportunities in the licensee areas and with a view towards enhanced utilisation of our generation capacities we are expanding our consumer base by aggressive direct marketing initiatives. Our growth initiatives will be sustained by our proven competency to supply reliable power at competitive rates. The unique mix of hydel and thermal generation that we offer furthers our competitive advantage. Augmenting our existing transmission infrastructure specifically in the Mumbai suburbs along with efficient logistics management will support our growth initiatives.

hydel power thermal power

We have an established consumer base consisting of the Railways, Bhabha Atomic Research Centre, refineries, textile mills and large corporates like IL&FS. Our marketing thrust has resulted in an additional committed load of 105 MVA during the year.

Captive Power Plants

In this business segment we construct and operate power plants for corporates to enable them to meet the captive demands of their industrial units. We have successfully implemented CPPs for Tata Steel and the Associated Cement Companies (ACC). CPPs have the advantage of a low gestation period, assured off-take and realisations, and a higher Plant Load Factor. We also undertake subsequent upgradation and expansion of generating capacities if there is increased demand.

Current CPP operations

From a modest beginning in 1998 we now generate 800 MUs. This is slated to touch over 2000 MUs in 2003. The 67.5 MW Jojobera plant of Tata Steel was taken over at a consideration of Rs. 300 crore in 2000-2001. We are expanding the generation capacity of the plant at a cost of Rs. 1025 crore by setting up two new 120 MW units in two phases. The first unit of this plant was commissioned in December 2000 and the second is expected to be ready by December 2001.

The power will be supplied to Tata Steel which will distribute it to other users in Jamshedpur. In the financial year 2000 we invested Rs. 90 crore in the acquisition of a 37.5 MW CPP from ACC at Wadi, Karnataka. The capacity of the old Wadi plant is being enhanced to 75 MW at the cost of Rs. 200 crore and is expected to be completed by January 2002.

Future prospects

Benefits of our Jojobera and Wadi acquisitions are expected to accrue from the financial year 2001 onwards. We have acquired considerable knowledge and expertise during the implementation and the operations of CPPs for ACC at Wadi and Tata Steel. The future is bright for this business segment and we expect it to contribute about 16 per cent of the total revenues from 2003 onwards. Since this segment offers attractive business opportunities with relatively short gestations we are exploring the possibility of acquiring and running power plants for other corporates in the country. We are evaluating prospects of setting up bagasse fired power plants for supplying power to numerous sugarcane mills in Maharashtra's sugar belt.

Independent Power Plants

Initiatives in the IPP segment have relatively long gestation periods and require large fiscal outlay. We have consciously adopted a prudent approach while investing in this business segment. Recent