

TATA POWER



**88th Annual Report
2006-2007**





powering the future

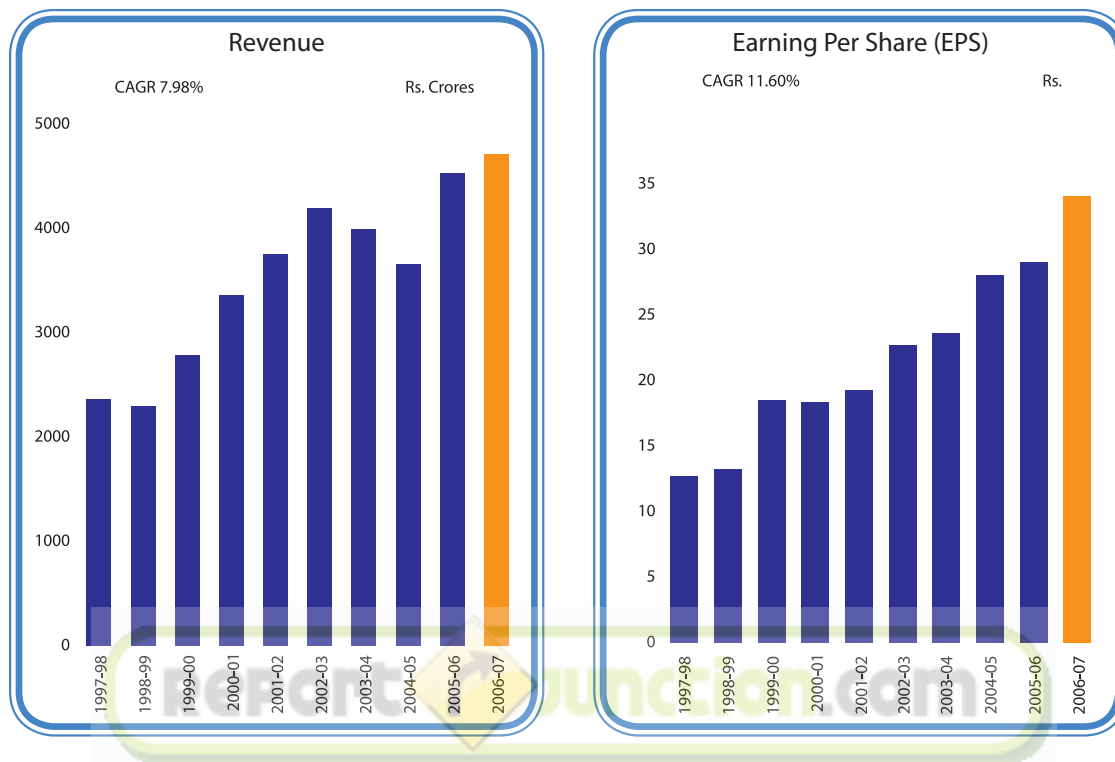
...energising the pace of growth

As a leading private utility in the Indian power sector, Tata Power has set the momentum of growth and created new benchmarks in operational efficiencies. In keeping with its pioneering spirit, Tata Power is bringing in new technology, investing in global resources and driving towards a three-fold growth in the next five years. And to achieve this, the Company is spreading its operations nationwide, marking global footprints and redefining paradigms.

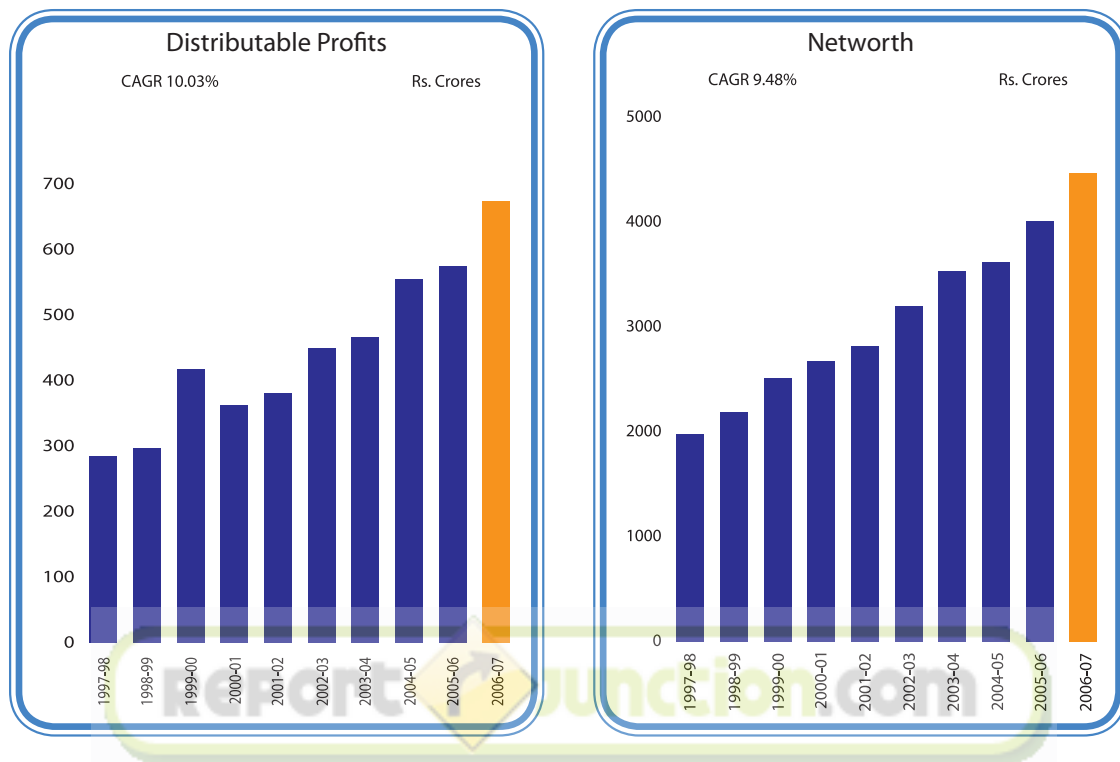
Tata Power's strength lies in fulfilling its commitments and ability to manage well in changing environment. The Company's customer-centric initiatives have raised the bar of customer satisfaction for the industry.

It is time now to energise the pace of growth and Tata Power is all set to establish new milestones in this sector.

Financials at a glance

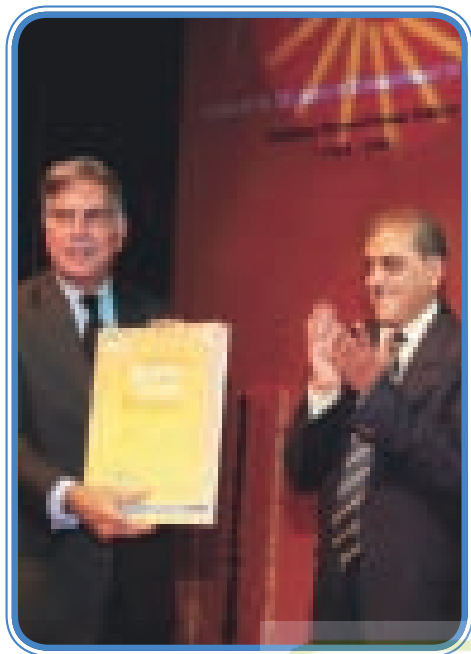


- **Annual Sales** of 14,422 MUs surpassed the previous high of 13,616 MUs in FY 06.
- **Revenues** touched Rs. 4,715.32 crores as compared to Rs. 4,534.16 crores in the previous year.
- Tata Power has registered the **highest ever Profit After Tax (PAT) at Rs. 696.80 crores** as against Rs. 610.54 crores for the previous year.
- The **highest ever Dividend** was recommended at Rs. 9.5 per share.
- **North Delhi Power Limited (NDPL)** posted revenues of Rs. 2,052.20 crores, increasing 11.15% as compared to the previous year. **Net Profit** touched Rs. 185.65 crores as compared to Rs. 112.53 crores in the previous year.



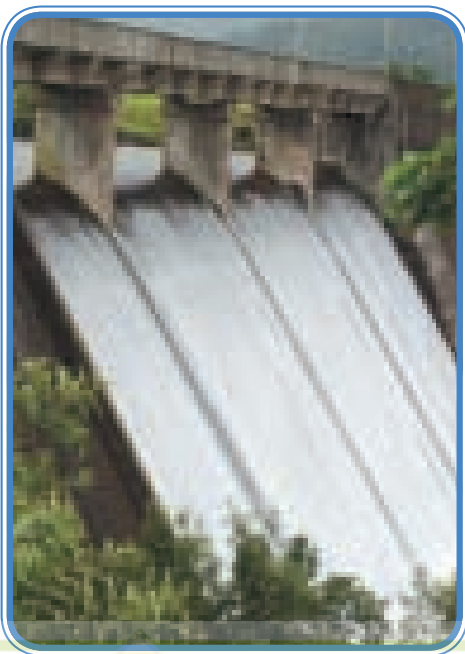
- **Powerlinks Transmission Limited** in its first year of operations has earned Revenues of Rs. 135.01 crores and PAT of Rs. 20.57 crores.
- **Tata Power Trading Company Limited** (TPTCL) traded 1,205 MUs during the year as compared to 675 MUs in the previous year, thereby resulting in an increase in its Revenues by 191% to Rs. 603.76 crores from Rs. 207.76 crores in the previous year. TPTCL registered a **PAT** of Rs. 3.84 crores as against Rs. 3.18 crores in the previous year.
- **Strategic Electronic Division** (SED) registered Revenues of Rs. 51 crores against Rs. 38.18 crores during the previous year.

Operational highlights



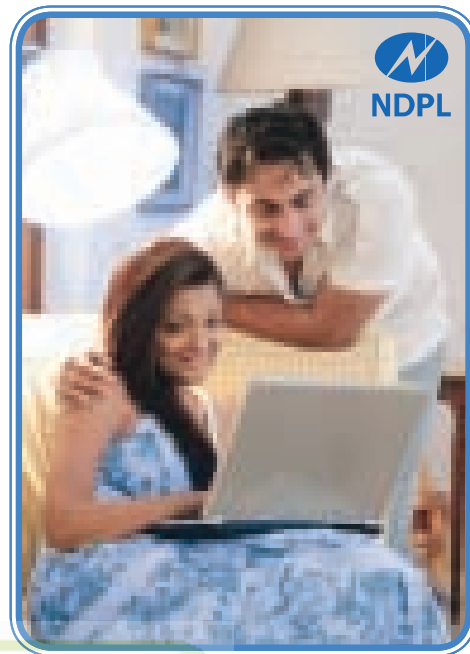
Trombay – golden jubilee

Tata Power's Trombay thermal power station completed **50 years of operation** in 2006. The 500 MW Unit 6 at Trombay achieved an **all India record** of continuous operation of 12,405 hours. The station received the **Golden Shield Award** from the Ministry of Power for best performance for its Unit 7.



Hydro power stations

The hydro power stations registered the **highest ever generation** at 2,138 MUs. This was aided by exceptionally good water levels in Tata Power's lakes. This has enabled the Company to **generate more electricity** from its hydro power plants, thus optimising the balance between hydro and thermal generation and reducing the pressure of rising fuel costs on the consumers.



North Delhi Power Limited (NDPL)

The Aggregated Technical and Commercial Losses (AT & C) have been **brought down from 53.40% to 23.70%** in a period of 4 years and 9 months, as against the regulatory target of achieving 31.10% by the end of 5 years. This has resulted in additional revenues of Rs. 207.77 crores during the year as against Rs. 172.16 crores during the previous year.



Powerlinks Transmission Limited (PTL)

Powerlinks, the first public-private joint venture in power transmission in India has **commenced commercial operation** during the year. The Northern, Eastern, North-Eastern and Western regions are now in sync with the commissioning of this line, thus creating a transmission highway for transfer of power to Northern region including Delhi from upcoming generation project in North-East region.



Strategic Electronic Division (SED)

Major programmes like electronic systems for Rocket Launchers, Fire Control Computers for the Main Battle Tank Arjun and Command and Control systems enabled SED to register significant growth and turnover. During the year, SED received seven manufacturing licences under new Defence Procurement Procedures, making SED eligible to receive Request for Proposals for major programmes from the Ministry of Defence.



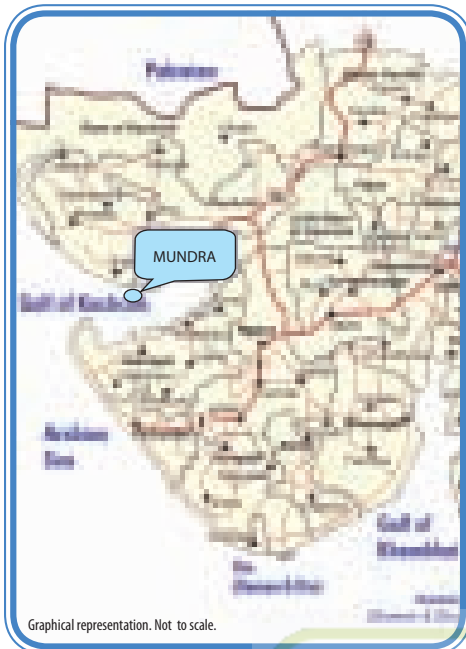
Tata Power Trading Company Limited (TPTCL)

TPTCL, the first trading entity to be granted a trading licence by the Central Electricity Regulatory Commission (CERC) has now **expanded operations to cover the entire country** including the North-Eastern States.

Report  junction.com

Energising the pace of growth

FIRST 4,000 MW ULTRA MEGA POWER PROJECT (UMPP)



Pioneering 800 MW super-critical technology in India

Tata Power won the bid for the 4,000 MW Mundra UMPP in Gujarat at a levelised tariff of Rs. 2.26/unit. The Company has acquired **Coastal Gujarat Power Limited**, a Special Purpose Vehicle formed for Mundra UMPP. Coastal Gujarat Power Limited has signed Power Purchase Agreements (PPAs) with seven procurers (distribution licensees) for the sale of contracted capacity and supply of 4,000 MW electricity to these licensees. It also nominated Gujarat Distribution Company as

the lead procurer on behalf of all procurers. The Company has also signed a contract for complete Boiler Island scope on EPC basis with **Doosan Heavy Industries & Construction Co. Ltd.**, Korea. This is yet another 'first' from the Company, bringing the first 800 MW Unit to India and ushering in the era of 800 MW super-critical technology. The contract for complete Boiler Island includes super-critical boilers for the 5 units of 800 MW each. This contract

covers 45% of the total ordering and reinforces Tata Power's commitment to accelerate the pace of the project by tying up schedules which would advance the completion of the project ahead of the bid stipulation. Thus, contributing to capacity addition even within the 11th Five-Year Plan.

OPPORTUNITY TO OWN AND OPERATE WORLD-CLASS ENERGY BUSINESS



30% stake in coal mines of Bumi Resources

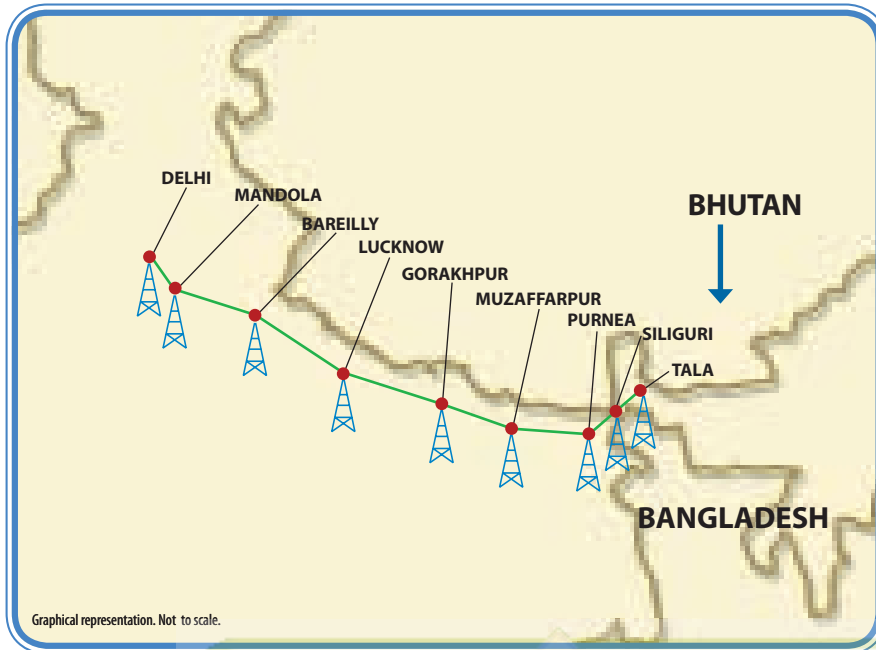
Tata Power has signed definitive agreements to purchase 30% equity stake in two major Indonesian thermal coal producers: PT Kaltim Prima Coal and PT Arutmin Indonesia, and a related trading company owned by PT Bumi Resources Tbk. As part of the purchase, the Company has signed an Offtake Agreement with KPC which entitles it to purchase about 10 million tonnes of coal per annum. The Coal companies are together among the top three

largest exporting thermal coal mines in the world, have excellent coal export infrastructure and are strategically well placed to act as a source of supply for increasing regional demand. Together, KPC and Arutmin produced approximately 53.5 MT of coal in 2006 with over 95% sold to the export market. This move also opens up opportunities for the Company to own and operate a range of world-class, competitive and profitable electricity and energy businesses.

The acquisition specifically addresses the fuel requirements for the upcoming 7,000 MW power projects which includes 4,000 MW Mundra Ultra Mega Power Project (UMPP), Trombay and the coastal power project in Maharashtra. It also complements and supports the assumptions made in the bid for Mundra UMPP.

Energising the pace of growth

THE TALA TRANSMISSION PROJECT



India's first inter-state transmission project with public-private partnership

Powerlinks Transmission Limited, a 51%:49% joint venture between the Tata Power Company 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 Tala Transmission Project entailed the construction of 1,200 kms. of 400 KV transmission lines from the Tala Hydro Project (Bhutan) to the Delhi region. It

was conceptualised to evacuate 1,020 MW of power from Bhutan and transmit it to the power deficit states in North India while also facilitating the transmission of surplus power from the North-Eastern region. The successful commissioning of the Tala Transmission system ahead of schedule in 2006 has led to the synchronisation of the Northern Grid with the Western Grid, the Eastern Grid and the North-Eastern Grid thus enhancing the national grid capacity with improved

stability and reliability. Though a young company, Powerlinks is already well established in the field of project management and quality control systems. It has been accredited with the following:

- The Quality Management System certification ISO 9001:2000
- Environmental Management System certification ISO 14001:2004
- The Occupational Health & Safety Management System certification, OHSAS 18001:1999.