

# TATA POWER

The Tata Power Company Limited  
Bombay House, 24 Homi Mody Street, Mumbai 400 001  
Website: www.tatapower.com

## UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF-YEAR ENDED 30TH SEPTEMBER, 2004

| Particulars  | Quarter ended |                | Half-Year ended |                | Year ended     |
|--|---------------|----------------|-----------------|----------------|----------------|
|  | 30-Sep-04     | 30-Sep-03      | 30-Sep-04       | 30-Sep-03      | 31-Mar-04      |
|  | MUs           | MUs            | MUs             | MUs            | MUs            |
| 1. Generation  | 3203          | 3182           | 6732            | 6317           | 12917          |
| 2. Sales   | 3027          | 2996           | 6400            | 5989           | 12231          |
|  | Rs. Crores    | Rs. Crores     | Rs. Crores      | Rs. Crores     | Rs. Crores     |
| 3. a) Revenue from Power Supply  | 885.58        | 1004.80        | 1924.84         | 2051.82        | 3991.77        |
| b) Income from Other Operations  | 54.81         | 57.13          | 102.40          | 91.24          | 247.31         |
|  | <b>940.39</b> | <b>1061.93</b> | <b>2027.24</b>  | <b>2143.06</b> | <b>4239.08</b> |
| 4. Expenditure   |               |                |                 |                |                |
| a) Staff Cost  | 35.55         | 37.41          | 53.50           | 84.15          | 191.61         |
| b) Cost of Power Purchased   | 102.80        | 100.47         | 213.29          | 209.47         | 409.49         |
| c) Cost of Fuel  | 432.08        | 462.45         | 944.98          | 980.77         | 1848.87        |
| d) Cost of components, materials and services in respect of contracts  | 41.06         | 24.58          | 70.28           | 37.57          | 115.60         |
| e) Other expenditure   | 109.02        | 92.35          | 173.00          | 190.52         | 386.48         |
| f) Total expenditure (4a to 4e)  | 720.51        | 717.26         | 1455.05         | 1502.48        | 2952.05        |
| 5. Operating Profit  | 219.88        | 344.67         | 572.19          | 640.58         | 1287.03        |
| 6. Other Income  | 98.73         | 49.00          | 116.20          | 73.15          | 159.99         |
| 7. Interest and Finance Charges  | 48.74         | 61.74          | 108.48          | 139.61         | 283.72         |
| 8. Gross Profit after interest and finance charges but before Depreciation and Tax (5+6-7)                       | 269.87        | 331.93         | 579.91          | 574.12         | 1163.30        |
| 9. Depreciation  | 75.12         | 82.09          | 196.01          | 163.63         | 333.95         |
| 10. Amount written off in respect of net increase in foreign currency liabilities for purchase of capital assets | 0.00          | 4.47           | 0.00            | 14.03          | 95.08          |
| 11. Profit before tax (8-9-10)   | <b>194.75</b> | <b>245.37</b>  | <b>383.90</b>   | <b>396.46</b>  | <b>734.27</b>  |
| 12. Provision for Taxation   |               |                |                 |                |                |
| Current Tax (See Note 8)   | 36.06         | 80.25          | 100.23          | 136.94         | 241.86         |
| Deferred Tax for the period  | 17.15         | (5.69)         | 20.54           | (10.72)        | (16.67)        |
| Deferred Tax in respect of earlier years (See Note 9)  | 0.00          | 0.00           | 19.95           | 0.00           | 0.00           |
| 13. Net Profit after tax (11-12)   | <b>141.54</b> | <b>170.81</b>  | <b>243.18</b>   | <b>270.24</b>  | <b>509.08</b>  |
| 14. Statutory & Special Appropriations   |               |                |                 |                | 42.16          |
| 15. Distributable Profit (13-14)   |               |                |                 |                | 466.92         |
| 16. Paid-up Equity Share Capital (Face Value: Rupees Ten per share)  | 197.92        | 197.91         | 197.92          | 197.91         | 197.92         |
| 17. Reserves including Statutory Reserves  |               |                |                 |                | 4277.00        |
| 18. Basic and Diluted Earnings per Share on Net Profit (not annualised) (In Rupees)                              | 7.14          | 8.63           | 12.27           | 13.66          | 25.69          |
| 19. Aggregate of non-promoter shareholding   |               |                |                 |                |                |
| No. of shares  |               |                | 13,35,74,774    | 13,35,33,222   | 13,35,74,574   |
| % of shareholding  |               |                | 67.50           | 67.48          | 67.50          |
| 20. Final Dividend (Proposed)  |               |                |                 |                |                |
| Rate per share (Face Value Rs. 10/-) (In Rupees)   |               |                |                 |                | 7.00           |
| Amount (Rs. in crores)   |               |                |                 |                | 138.69         |

# TATA POWER

The Tata Power Company Limited  
Bombay House, 24 Homi Mody Street, Mumbai 400 001  
Website: www.tatapower.com

## SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT

| Particulars  | (Rs. Crores)    |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Quarter ended   |                 | Half-Year ended |                 | Year ended      |
|  | 30-Sep-04       | 30-Sep-03       | 30-Sep-04       | 30-Sep-03       | 31-Mar-04       |
| Segment Revenue                                    |                 |                 |                 |                 |                 |
| Power business                                     | 891.22          | 1,016.61        | 1,936.18        | 2,071.14        | 4,042.93        |
| Others   | 52.47           | 45.60           | 95.82           | 72.21           | 198.84          |
| Total Segment Revenue                              | 943.69          | 1,062.21        | 2,032.00        | 2,143.35        | 4,241.77        |
| Less: Inter segment revenue                        | 3.30            | 0.28            | 4.76            | 0.29            | 2.69            |
| <b>Net Sales/Income from Operations</b>            | <b>940.39</b>   | <b>1,061.93</b> | <b>2,027.24</b> | <b>2,143.06</b> | <b>4,239.08</b> |
| Segment Results                                    |                 |                 |                 |                 |                 |
| Power business                                     | 151.70          | 258.59          | 385.72          | 465.38          | 858.22          |
| Others   | 1.49            | 7.13            | 3.66            | 7.79            | 16.78           |
| Total Segment Results                              | 153.19          | 265.72          | 389.38          | 473.17          | 875.00          |
| Less: Interest Expense                             | 41.78           | 59.69           | 87.89           | 132.49          | 265.83          |
| Add: Unallocable Income net of unallocable expense | 83.34           | 39.34           | 82.41           | 55.78           | 125.10          |
| <b>Total Profit Before Tax</b>                     | <b>194.75</b>   | <b>245.37</b>   | <b>383.90</b>   | <b>396.46</b>   | <b>734.27</b>   |
| Capital Employed                                   |                 |                 |                 |                 |                 |
| Power business                                     | 3,319.54        | 3,603.12        | 3,319.54        | 3,603.12        | 3,359.01        |
| Others   | 63.16           | 172.58          | 63.16           | 172.58          | 214.94          |
| <b>Total Capital Employed</b>                      | <b>3,382.70</b> | <b>3,775.70</b> | <b>3,382.70</b> | <b>3,775.70</b> | <b>3,573.95</b> |

Types of products and services in each business segment:

Power - Generation, Transmission and Distribution of Electricity.

Others - Electronics, Broadband Services (upto 30th June, 2004) , Project Consultancy etc.



1. The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on 25th October, 2004.

2. In respect of the share of Standby Charges billed by Maharashtra State Electricity Board (MSEB) and recoverable from Reliance Energy Ltd.(REL) (formerly known as BSES Ltd.), the Company had in respect of the periods upto 31st March, 2004, taken credit in previous years for the amount recoverable in terms of the Common Order dated 3<sup>rd</sup> June,2003 passed by Hon'ble Bombay High Court in MERC Appeal No. 1 of 2002 and MERC Appeal No. 2 of 2002. This amount upto 31st March, 2004 aggregates to Rs. 1019 crores. However, these amounts have been disputed by REL and only Rs. 895.55 crores has been paid by REL to MSEB through the Company/Maharashtra Electricity Regulatory Commission (MERC) till 30<sup>th</sup> September, 2004.

MERC passed an order dated 31<sup>st</sup> May, 2004. In terms of this Order, an amount of Rs. 313.93 crores as on 31st March, 2004 is refundable by Tata Power to REL together with interest @10% per annum commencing from 1st April, 2004 till the date of payment and Rs. 225.39 crores as at 31st October, 2003 is payable to MSEB towards interest and delayed payment charges. The Company has filed a Writ Petition in the Hon'ble Bombay High Court against the said order dated 31<sup>st</sup> May, 2004. REL has also filed a Writ Petition in the Hon'ble Bombay High Court against the said order dated 31st May, 2004. The Hon'ble Bombay High Court by an Order dated 1<sup>st</sup> July, 2004 stayed the payment of refund to REL on the condition that Tata Power furnishes a Bank Guarantee in favour of the Prothonotary and Senior Master, High Court, Bombay for the sum of Rs. 315.30 crores, within 4 weeks. Tata Power has accordingly furnished such a Bank Guarantee on 23<sup>rd</sup> July, 2004. REL has filed a petition in the Hon'ble Supreme Court for Special Leave to Appeal against the said Order dated 1st July, 2004.

The Hon'ble High Court has however, not stayed the payment of standby charges as per the MERC Order, from 1st June, 2004 onwards. Further, as per the said Order dated 1st July, 2004 passed by the Hon'ble High Court, Tata Power has paid a sum of Rs 100 crores to MSEB within 4 weeks towards its arrears and interest and the balance sum is payable in two quarterly instalments, the last instalment being payable on or before 31st January, 2005. Since these sums directed to be paid are subject to the final outcome of the said Writ Petition or the Appeal that may be filed before the Appellate Tribunal under the Electricity Act, 2003, no adjustment has been made for the reversal in terms of the MERC Order dated 31st May, 2004 of Standby Charges credited in previous years estimated at Rs. 503 crores for the period from 1st April, 1998 to 31st March, 2004. Further, consequent to the MERC Order, interest estimated at Rs. 31 crores is payable to MSEB which has also not been accounted for. The aggregate of these amounts net of tax is estimated at Rs. 343 crores, which MERC in its Order has allowed to be adjusted, wholly by a withdrawal/set-off from certain Statutory Reserves created by the Company under the Electricity (Supply) Act, 1948 in earlier years.

Since the Company has filed a Writ Petition against the said Order, adjustments if any, will be recorded by the Company on the final outcome of the said Writ Petition. Accordingly, adjustment to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be made on the disposal of the said Writ Petition and no provision has been made in the accounts towards interest that may be payable to REL for the quarter/half-year ended 30th September, 2004 in terms of the MERC Order. However the Company, as a matter of prudence, has accounted Standby Charges for the quarter/half-year ended 30th September, 2004, on the basis as determined by the MERC Order. The Hon'ble Bombay High Court has heard both the Writ Petitions and the judgement is awaited.

3. The quarterly/half-yearly results do not reflect the adjustments required to be made towards Statutory Appropriations, for which adjustments will be made for the year as a whole. Accordingly, the quarterly/half-yearly results are not representative of the results for the whole year.

4. Effective 1st July, 2004, the Company has transferred its Broadband division to its wholly owned subsidiary Tata Power Broadband Co. Ltd. for a consideration of Rs.130 crores.

5. Under an agreement dated 25th September, 2004, entered into by the Company with Associated Cement Companies Limited which is further subject to shareholders approval, the Company has sold effective 1st July, 2004 its 75MW Power Plant located at Wadi for a consideration of Rs. 238 crores and interest @ 5% from 1st July, 2004 to the date of payment thereof, further adjusted for changes in working capital effective 1st July, 2004 to the closing date. The results for the quarter and for the half-year ended 30th September, 2004 do not include the effect of the aforesaid transactions and, consequently, are inclusive of the results of the Wadi Power Plant for the quarter ended 30th September, 2004 pending interalia, receipt of shareholders' approval through postal ballot. Revenue from Power Supply and Total Expenditure, in respect of the Wadi Power Plant for the quarter ended 30th September, 2004 are Rs. 15.26 crores and Rs. 6.15 crores respectively.

6. Effective 1st April, 2004, borrowing costs attributable to the acquisition and construction of fixed assets relating to the electricity business as Licensee, are proposed to be capitalised in accordance with the Accounting Standard 16 (AS16). Such costs were hitherto being charged to the Profit and Loss Account consistent with the treatment adopted in the determination of "Capital Base" and "Clear Profit" under the Electricity (Supply) Act, 1948. However, this has no impact on the result for the quarter/half-year as no such borrowing costs have been incurred during the quarter/half-year.

7. Effective 1st April, 2004, exchange differences arising on the repayment/realignment of liabilities incurred for the purpose of acquiring fixed assets, which are carried in terms of historical cost, in respect of assets relating to the electricity business as Licensee, have been adjusted in the carrying amount of fixed assets as required by Accounting Standard 11 (AS-11). Hitherto, they were not adjusted to the carrying cost of fixed assets but were being recognised in the Profit and Loss Account over the period of repayment of liabilities consistent with the treatment adopted for the determination of "Capital Base" and "Clear Profit" under the Electricity (Supply) Act, 1948. Accordingly, the unamortised portion of such exchange differences as at 1st April, 2004 and exchange differences arising on the repayment/realignment of liabilities incurred for the purpose of acquiring fixed assets from 1st April, 2004 to 30th September, 2004 aggregating Rs. 48.58 crores (Rs 0.05 crores for the quarter ended 30th September, 2004) has been capitalised and depreciation provided thereon.
- Had there been no change in the above accounting policies, the depreciation for the quarter and half-year would have been lower by Rs. 0.05 crores and Rs. 48.58 crores respectively, Interest and Finance Charges would have been higher by Rs. Nil and Rs. 0.07 crores respectively, Amount written off in respect of net increase in foreign currency liabilities for purchase of capital assets would have been higher by Rs. 0.62 crores and Rs. 37.81 crores respectively and the Profit Before Tax for the quarter/half-year would have been lower by Rs. 0.57 crores and higher by Rs. 10.70 crores respectively.
8. Current tax for the quarter and half-year ended 30th September, 2004, includes charge on account of Provision for Wealth Tax amounting to Rs. 0.12 crores and Rs. 0.24 crores respectively. (Quarter and half-year ended 30th September, 2003 Rs. 0.12 crores and Rs. 0.22 crores respectively and for the year ended 31st March, 2004 Rs. 0.43 crores).
9. "Deferred tax in respect of earlier years" for the quarter and half-year ended 30th September, 2004, represents a charge of Rs. Nil and Rs. 19.95 crores respectively pertaining to earlier years in respect of the Windmill business of the Company, as the same is now considered outside the licensee business in accordance with the Order dated 11th June, 2004, of the Maharashtra Electricity Regulatory Commission (MERC). Consequently statutory appropriation to Deferred Tax Liability Fund made in the earlier years has to be reversed.
10. The Auditors Report on the financial statements for the year ended 31st March, 2004, refers to the treatment given to several matters in the computation of "Capital Base" and "Clear Profits" under the Sixth Schedule to the Electricity (Supply) Act, 1948 and the treatment of the Wind Farm as part of the licensee business during the year, pending the approvals, where necessary, of the relevant authorities. It also refers to accounting policies with regard to (a) deferred taxation (b) borrowings cost attributed to the acquisition and construction of fixed assets and (c) exchange differences on repayment/realignment of liabilities incurred for acquiring fixed assets, in so far as such policies refer to the licensee business and which policies though conforming to the Electricity (Supply) Act, 1948 differ from the relevant Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. The treatment of these matters as at 30<sup>th</sup> September, 2004, has been explained in the above notes.
11. Staff Cost and Other Expenditure for the half-year ended 30th September, 2004, includes amounts written back aggregating Rs. 22 crores and Rs. 17.70 crores respectively.
12. The Company had announced a Voluntary Retirement Scheme (VRS) on 28th June, 2004 for its unionised employees. The scheme was open till 27th July, 2004. In response to the VRS, 246 unionised employees opted for the same. As per the Company's policy, this would be written off over a period of 36 months. Accordingly, Staff Cost for the quarter/half-year ended 30th September, 2004 includes an amount of Rs. 0.70 crores.
13. Other Income for the quarter and half-year ended 30th September, 2004, includes Rs. 51.35 crores on account of Profit on sale of Long Term Investments.
14. The statutory auditors of the Company have carried out the Limited Review of the results for the quarter/half-year ended 30th September, 2004 in compliance with Clause 41 of the listing agreement.
15. The number of investor complaints received during the quarter, resolved and pending are:
- |   |      |
|---|------|
| Pending as on 1st July, 2004                                    | 2    |
| Received during the quarter ended 30th September, 2004          | 62   |
| Disposed off during the quarter ended 30th September, 2004      | 5    |
| Unresolved at the end of the quarter ended 30th September, 2004 | 59 * |
- \* Includes 57 complaints pertaining to non-receipt of dividend for the Financial Year 2003-04, the reconciliation of which is in progress.
16. Previous period/year figures have been regrouped wherever necessary.

Date: 25th October, 2004.

For and on behalf of the Board of  
**THE TATA POWER COMPANY LIMITED**



**FIRDOSE A. VANDREVALA**  
Managing Director