

TATA POWER

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

AUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF-YEAR ENDED 30TH SEPTEMBER, 2006

Particulars	Quarter ended		Half-Year ended		Year ended
	30-Sep-06	30-Sep-05	30-Sep-06	30-Sep-05	31-Mar-06
	Audited	Unaudited	Audited	Unaudited	Audited
	MUs	MUs	MUs	MUs	MUs
1. Generation	3,522	3,420	7,346	7,171	13,746
2. Sales	3,545	3,341	7,352	6,958	13,616
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
3. Revenue	1,200.83	1,055.11	2,570.10	2,147.24	4,536.32
4. Expenditure					
a) Staff Cost	59.94	42.57	101.54	80.47	173.68
b) Cost of Power Purchased	172.32	133.55	349.16	244.62	583.20
c) Cost of Fuel	612.01	510.52	1,424.64	1,114.65	2,396.51
d) Cost of components, materials and services in respect of contracts	26.37	73.43	42.30	114.92	215.13
e) Other expenditure	80.65	54.72	144.82	111.22	332.34
f) Total expenditure (4a to 4e)	951.29	814.79	2,062.46	1,665.88	3,700.86
5. Operating Profit	249.54	240.32	507.64	481.36	835.46
6. Other Income	78.34	42.10	119.30	73.62	325.61
7. Interest and Finance Charges	38.79	43.03	91.22	80.88	165.28
8. Gross Profit after interest and finance charges but before Depreciation and Tax (5+6-7)	289.09	239.39	535.72	474.10	995.79
9. Depreciation	73.11	68.15	149.13	133.76	278.34
10. Provision for Contingencies					(30.00)
11. Profit before tax (8-9-10)	215.98	171.24	386.59	340.34	747.45
12. Provision for Taxation					
Current Tax	16.68	51.12	61.55	107.16	157.44
Deferred Tax	(3.92)	(7.07)	(0.91)	(13.86)	(27.47)
Fringe Benefit Tax	0.90	1.52	1.78	2.97	6.94
13. Profit after tax (11-12)	202.32	125.67	324.17	244.07	610.54
14. Statutory Appropriations (Refer Note 3)					35.29
15. Net Profit after tax and Statutory Appropriations (13-14)	202.32	125.67	324.17	244.07	575.25
16. Paid-up Equity Share Capital (Face Value: Rupees Ten per share)	197.92	197.92	197.92	197.92	197.92
17. Reserves including Statutory Reserves					4,782.30
18. Basic Earnings per Share on Net Profit after tax and Statutory Appropriations (not annualised) (In Rupees)	10.21	6.34	16.36	12.32	29.03
19. Diluted Earnings per Share on Net Profit after tax and Statutory Appropriations (not annualised) (In Rupees)	9.58	6.00	15.39	11.63	27.34
20. Aggregate of public shareholding					
No. of shares			13,40,16,160	13,38,56,160	13,40,16,160
% of shareholding			67.72	67.64	67.72
21. Final Dividend (Proposed)					
Rate per share (Face Value Rs. 10/-) (In Rupees)					8.50
Amount (Rs. in crores)					168.41

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

Particulars	Quarter ended		Half-Year ended		Year ended
	30-Sep-06	30-Sep-05	30-Sep-06	30-Sep-05	31-Mar-06
	Audited	Unaudited	Audited	Unaudited	Audited
Segment Revenue					
Power Business	1,166.84	981.12	2,510.65	2,034.27	4,303.72
Others	34.04	75.49	59.52	116.18	236.89
Total Segment Revenue	1,200.88	1,056.61	2,570.17	2,150.45	4,540.61
Less: Inter segment revenue	0.05	1.50	0.07	3.21	4.29
Net Sales/Income from Operations	1,200.83	1,055.11	2,570.10	2,147.24	4,536.32
Segment Results (Profit before tax and interest from each segment)					
Power Business	194.44	174.71	382.79	352.89	634.90
Others	(9.26)	0.64	(11.39)	(0.97)	2.71
Total Segment Results	185.18	175.35	371.40	351.92	637.61
Less: Interest Expense	40.77	37.18	79.30	73.78	148.46
Add: Unallocable Income net of Unallocable Expense	71.57	33.07	94.49	62.20	258.30
Total Profit Before Tax	215.98	171.24	386.59	340.34	747.45
Capital Employed					
Power Business	4,261.66	3,623.22	4,261.66	3,623.22	3,795.95
Others	89.45	173.83	89.45	173.83	213.34
Total Capital Employed	4,351.11	3,797.05	4,351.11	3,797.05	4,009.29

Types of products and services in each business segment:

Power - Generation, Transmission and Distribution of Electricity.
Others - Electronics, Project Consultancy etc.



1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 27th November, 2006.
2. Maharashtra Electricity Regulatory Commission (MERC) has issued an Order dated 3rd October, 2006 on the Annual Revenue Requirement (ARR) for the financial years 2004-05 and 2005-06 and the ARR and tariff petition for the financial year 2006-07. In the said Order, MERC has held, inter alia, that, (a) certain items recoverable from consumers but not billed (based on MERC tariff regulations/order) should be considered only in the year in which the billing takes place and (b) certain expenses claimed by the Company as deductible from Clear Profits are not deductible. As a consequence, MERC has determined that on comparison of the Clear Profit with the Reasonable Return there is a net deficit of Rs. 164.45 crores (including interest) for the years 2004-05 and 2005-06 (as against a surplus of Rs. 81.62 crores determined and accounted by the Company) and the Order requires that the above deficit should be adjusted against the balance available in certain statutory reserves and consumer benefit account aggregating to Rs. 226 crores. The Order also provides that the balance of Rs. 61.55 crores available in the statutory reserves and consumer benefit account after the above adjustment be utilised to reduce the tariff for 2006-07.

The Company is of the view, supported by legal opinion, that aforesaid Tariff Order of MERC can be successfully challenged. The Company has, therefore, filed a petition dated 14th November, 2006 with MERC seeking review of the Order and accordingly, pending final outcome of this petition, no adjustments have been made in the accounts for the current quarter/half year ended 30th September, 2006.

3. The quarterly/half yearly results do not reflect the adjustments to be made towards Statutory Appropriations for the year, which will be made for the year as a whole. Accordingly, the quarterly/half yearly results are not representative of the annual performance.
4. In respect of the share of Standby Charges billed by Maharashtra State Electricity Board (MSEB) and recoverable from Reliance Energy Ltd. (REL) for the periods from 1st April, 1999 to 31st March, 2004, the Hon'ble Chairman and the Hon'ble Technical Member of the Appellate Tribunal for Electricity pronounced separate judgements on the Appeal filed by the Company impugning the Order dated 31st May, 2004 passed by the MERC. The Division Bench has unanimously set aside the said MERC Order. As there is a divergence of opinion in respect of the Standby Charges payable by REL to TPC, the points of difference have been referred to a third member of the Appellate Tribunal for his opinion, which is pending. As the payments in respect of Standby Charges are subject to the final outcome of the appeals, 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. 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. 354 crores, which MERC in its Order has allowed to be adjusted, wholly by a withdrawal/set-off from certain Statutory Reserves created in earlier years by the Company under the repealed Electricity (Supply) Act, 1948.

Adjustments if any, will be recorded by the Company on the final outcome. Accordingly, adjustment to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will also be made on the final outcome and no provision has been made in the accounts towards interest that may be determined as payable to REL in terms of the MERC Order.

However, since 1st April, 2004, the Company, as a matter of prudence, has accounted standby charges on the basis determined by the MERC Order.

5. In a matter pertaining to distribution rights of the Company, the Appellate Tribunal for Electricity vide its Order dated 22nd May, 2006, set aside MERC's Order and allowed as a whole the appeal preferred by REL. The financial consequences of the Appellate Tribunal's Order have neither been quantified in the Order nor been ascertained by the Company. The Company has filed an appeal in the Supreme Court and the hearing is in progress. By interim orders, the Supreme Court has allowed the Company to continue to supply electricity to its existing consumers and to connect to certain new consumers. The Company is of the view, supported by legal opinion, that the Appellate Tribunal's Order can be successfully challenged and consequently, no provision is considered necessary.
6. Current tax for the quarter and half year ended 30th September, 2006, is net of Rs. 31.19 crores (30th September, 2005 - Rs. Nil) and Rs. 28.46 crores (30th September, 2005 - including charge of Rs. 5.39 crores) respectively, being reversal of provision in respect of earlier years. Deferred tax for the quarter and half year ended 30th September, 2006, is net of Rs. 2.94 crores (30th September, 2005 - Rs. Nil) and Rs. 7.06 crores (30th September, 2005 - net of Rs. 4.31 crores) respectively, being additional charge in respect of earlier years.
7. Until 31st March, 2006, the Company was providing for retirement benefits such as leave encashment, gratuity etc. in accordance with Accounting Standard 15 (AS-15) on 'Accounting for Retirement Benefits in the Financial Statements of Employers'. Pursuant to AS-15 (Revised 2005) on 'Employee Benefits' becoming mandatory with effect from 1st April, 2006, the Company has accounted for all employee benefits (including retirement benefits) in accordance with the revised AS-15. As a result, an amount of Rs. 61.06 crores (net of tax of Rs. 28.37 crores) has been adjusted against the opening balance of General Reserves, the charge for the half year ended 30th September, 2006 is higher by Rs. 6.15 crores and Profit after tax is lower by Rs. 4.08 crores.
8. The number of investor complaints received during the quarter, resolved and pending are:
- | | |
|---|------|
| Pending as on 1 st July, 2006 | 1 |
| Received during the quarter ended 30 th September, 2006 | 33 |
| Disposed off during the quarter ended 30 th September, 2006 | 7 |
| Unresolved at the end of the quarter ended 30 th September, 2006 | 27 @ |
- @ All relate to non-receipt of dividends for the year 2005-06.
9. Previous period/year figures have been regrouped/reclassified wherever necessary.

Date: 27th November, 2006.

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


RATAN N TATA
Chairman

