



THE TATA POWER COMPANY LIMITED

Our Company was incorporated vide a certificate of incorporation dated September 18, 1919 under the provisions of the Indian Companies Act, VII of 1913 with Registration No. 11-00567. Our Company has been allotted Corporate Identity Number L28920MH1919PLC000567.

Registered Office: Bombay House, 24, Homi Mody Street, Mumbai 400 001, India

Corporate Office: Corporate Centre, 34, Sant Tukaram Road, Camac Bunder, Mumbai 400 009, India

Tel: +91 22 6665 8282; **Fax:** +91 22 6665 8801 **Contact Person and Compliance Officer:** Mr. H. M. Mistry (Company Secretary)

E-mail: investorcomplaints@tatapower.com **Website:** www.tatapower.com

PROMOTER OF OUR COMPANY

TATA SONS LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE TATA POWER COMPANY LIMITED ("COMPANY" OR "ISSUER") ONLY

ISSUE OF UP TO 33,22,30,130 EQUITY SHARES WITH A FACE VALUE OF ₹1 EACH ("RIGHTS EQUITY SHARES") FOR CASH AT AN ISSUE PRICE OF ₹60 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 59 PER RIGHTS EQUITY SHARE) FOR AN AGGREGATE AMOUNT OF UP TO ₹1,993.38 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 7 RIGHTS EQUITY SHARES FOR EVERY 50 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. MARCH 20, 2014 (THE "ISSUE"). THE ISSUE PRICE IS 60 TIMES THE FACE VALUE OF THE RIGHTS EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 195 OF THIS LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. **Investors are advised to refer to the section "Risk Factors" beginning on page 17 of this Letter of Offer before making an investment in this Issue.** The Equity Shares have not been registered under the Securities Act and are being offered and sold outside the United States of America in offshore transactions in reliance on Regulation S under the Securities Act, as amended. The Rights Equity Shares offered hereby are not transferable except in accordance with the restrictions described under "Important Information for Investors – Eligibility and Transfer Restrictions" on page 189 and the section titled "Terms of the Issue" beginning on page 195 of this Letter of Offer.

THE COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole, or any such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). Our Company has received an "in-principle" approval for listing of the Rights Equity Shares from BSE and an approval for the use of their name in this Letter of Offer from NSE vide letters, each dated March 11, 2014. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE

JM Financial JM Financial Institutional Securities Limited 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 Tel: +91226630 3030; Fax: +9122 6630 3330 Email: tpcl.rights@jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Contact Person: Lakshmi Lakshmanan Website: www.jmfl.com SEBI Registration No.: INM000010361	BNP PARIBAS BNP Paribas BNP PARIBAS House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Tel: +91 22 3370 4000; Fax: +91 22 6196 5194 Email: dl.tatapowerrights@asia.bnpparibas.com Investor Grievance Email: indiainvestors.care@asia.bnpparibas.com Contact Person: Anubhav Behal Website: www.bnpparibas.co.in SEBI Registration No.: INM000011534	HSBC HSBC Securities & Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort, Mumbai – 400 001 Tel: +9122 2268 5555; Fax: +91 22 2263 1984 Email: tatapowerrights@hsbc.co.in Investor Grievance Email: investorgrievance@hsbc.co.in Contact Person: Mayank Jain / Archa Jain Website: http://www.hsbc.co.in/1/2/corporate/equities-globalinvestment-banking SEBI Registration No.: INM000010353

LEAD MANAGERS TO THE ISSUE

Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C – 27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 4336 0000; Fax: +91 22 6713 2447 Email: tatapower.rights@kotak.com Investor Grievance Email: kmccredressal@kotak.com Contact Person: Ganesh Rane Website: www.investmentbank.kotak.com SEBI Registration No.: INM000008704*	SBI Capital Markets Limited 202, Maker Tower "E", Cuffe Parade, Mumbai 400 005 Tel: +91 22 22178300; Fax: +91 22 22188332 Email: tatapower.rights@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Contact Person: Shikha Agarwal Website: www.sbicaps.com SEBI Registration No.: INM000003531	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel: +919167779196/97/98; Fax: +91 22 2596 0329 Email: tatapower.rights@linkintime.co.in Investor Grievance Email: tatapower.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Pravin Kasare SEBI Registration No.: INR000004058**

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
March 31, 2014	April 8, 2014	April 15, 2014

*Kotak Mahindra Capital Company Limited has made an application dated October 31, 2013 to SEBI for grant of renewal of its registration.

**Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of its registration.

TABLE OF CONTENTS

SECTION I – GENERAL	1
DEFINITIONS AND ABBREVIATIONS	1
NOTICE TO OVERSEAS SHAREHOLDERS	10
CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION.....	12
FORWARD LOOKING STATEMENTS.....	15
SECTION II - RISK FACTORS	17
SECTION III – INTRODUCTION	51
SUMMARY OF THE ISSUE	51
SUMMARY FINANCIAL INFORMATION.....	52
GENERAL INFORMATION.....	57
CAPITAL STRUCTURE	66
OBJECTS OF THE ISSUE	74
SECTION IV - STATEMENT OF TAX BENEFITS	100
BUSINESS OVERVIEW	107
INDUSTRY OVERVIEW	127
SECTION V – HISTORY AND CORPORATE STRUCTURE	142
SECTION VI -OUR MANAGEMENT	144
SECTION VII – FINANCIAL INFORMATION	151
MATERIAL DEVELOPMENTS	152
STOCK MARKET DATA FOR EQUITY SHARES	170
ACCOUNTING RATIOS AND CAPITALISATION STATEMENT	173
SECTION VIII – LEGAL AND OTHER INFORMATION	175
OUTSTANDING LITIGATION & DEFAULTS	175
GOVERNMENT APPROVALS	177
OTHER REGULATORY AND STATUTORY DISCLOSURES	179
SECTION IX – OFFERING INFORMATION	195
TERMS OF THE ISSUE.....	195
SECTION X – STATUTORY AND OTHER INFORMATION	235
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION.....	235
DECLARATION.....	237

SECTION I GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Further, unless otherwise indicated or the context otherwise requires, all references to “The Tata Power Company Limited”, or “TPCL”, or “Tata Power” or to the “Issuer” or to the “Company” is to The Tata Power Company Limited. References to “we”, “us” or “our” is to The Tata Power Company Limited, its Subsidiaries, Associates and Joint Ventures, on a consolidated basis, and references to “you” are to the prospective Investors in the Rights Equity Shares.

Conventional and General Terms/ Abbreviations

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AIFs	Alternative investment funds as defined in and registered with SEBI under the SEBI (Alternative Investments Funds) Regulations, 2012
BSE	BSE Limited
CARE	Credit Analysis & Research Limited
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956, as amended, and to the extent not repealed
Companies Act, 2013	Companies Act, 2013, to the extent notified
Depositories Act	Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Depositories Act
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant Identity
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extra-Ordinary General Meeting
Electricity Act	Electricity Act, 2003, as amended
EPS	Earnings per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended, including the regulations framed thereunder
FII	Foreign institutional investor, as defined under Regulation 2(1)(g) of the SEBI (Foreign Portfolio Investors) Regulations, 2014, registered with SEBI under applicable laws in India

Term	Description
FIPB	Foreign Investment Promotion Board
Financial Year/ Fiscal/ FY	Period of 12 months ended on March 31 of that particular year
FSA	Fuel Supply Agreement
FPI	Foreign portfolio investor, as defined under Regulation 2(1)(h) of the SEBI (Foreign Portfolio Investors) Regulations, 2014
FVCIs	Foreign venture capital investors as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended, registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles
GAAR	General Anti Avoidance Rule
GDP	Gross Domestic Product
GoI	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number allotted by the depository.
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992, as amended
IT Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally accepted accounting principles followed in India
LIBOR	London interbank offered rate
LIC	Life Insurance Corporation of India
MICR	Magnetic Ink Character Recognition
MOU	Memorandum of Understanding
MTPA	Million Tonnes Per Annum
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
MUs	Million Units
MW	Megawatts
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NOC / NoC	No Objection Certificate
NR	A person resident outside India, as defined under the FEMA

Term	Description
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and will have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Body(ies)
PAN	Permanent Account Number under the IT Act
PAC	Persons Acting in Concert
PBT	Profit Before Tax
PPAs	Power Purchase Agreements
RBI	Reserve Bank of India
Registrar of Companies/ RoC	The Registrar of Companies, in Mumbai, located at 100, Everest, Marine Drive, Mumbai – 400 002
Regulation S	Regulation S under the Securities Act
Rupees/ INR/₹/ Rs.	Indian Rupees
ROE	Return on Equity
RTGS	Real Time Gross Settlement
SAARC	South Asian Association for Regional Co-operation
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	U.S. Securities Act of 1933, as amended
U.S./ US/ USA	United States of America
VCFs	Venture capital funds as defined under the SEBI (Venture Capital Funds) Regulations, 1996, as amended, registered with SEBI under applicable laws in India

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI (ICDR)

Term	Description
	Regulations and the Companies Act
Allotment / Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue to Allottees
Allottees	Persons to whom our Rights Equity Shares will be Allotted pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorising the SCSB to block the amount payable on application in the ASBA Account
ASBA Account	Account maintained with an SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be
ASBA Investor	An Investor who: • holds Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form; • has not renounced his/her Rights Entitlements in full or in part; • is not a Renouncee; and • applies through a bank account maintained with one of the SCSBs Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non-Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process.
Assured Subscription	The aggregate of: 1. subscription to 9,90,51,619 Rights Equity Shares by the Promoter, representing their Rights Entitlement, during the Issue Period; 2. subscription to 1,47,954 Rights Equity Shares representing the Rights Entitlement renounced by CTTL and the Tata Trusts to the Promoter; 3. subscription to Additional Shares, by the Promoter, Tata Sons Limited, which shall be the number of shares representing the lower of (a) such number of Rights Equity Shares that, when taken together with (1) and (2) above, aggregate to 16,61,15,065 Rights Equity Shares and (b) such number of Rights Equity Shares as may be required to achieve the Minimum Subscription in the Issue; and 4. subscription to 86,75,645 Rights Equity Shares by the remaining members of the Promoter Group (excluding CTTL and the Tata Trusts) representing the Rights Entitlement in the Issue
BNP	BNP Paribas
Composite Application Form/ CAF	The form used by an Investor to make an application for the Allotment of Rights Equity Shares pursuant to the Issue
Consolidated Certificate	The single certificate issued by the Company to each Allottee to whom Rights Equity Shares are allotted in physical form pursuant to the Issue
Controlling Branches of	Such branches of the SCSBs which coordinate with the Lead Managers, the

Term	Description
the SCSBs	Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on : http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Stock Exchange	BSE
Eligible Equity Shareholders	Equity Shareholders of the Company as on the Record Date, i.e., March 20, 2014
Escrow Collection Bank(s)	HDFC Bank Limited, ICICI Bank Limited and Standard Chartered Bank
Equity Shares/ Shares	Fully paid-up equity shares of our Company having a face value of ₹1 each
Equity Shareholders	Holders of Equity Shares of our Company
HSCI	HSBC Securities & Capital Markets (India) Private Limited
Individuals	All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta)
Investor(s) / Applicant(s)	Eligible Equity Shareholders and Renouncees eligible to subscribe in this Issue
Issue/ Rights Issue	Issue of up to 33,22,30,130 Rights Equity Shares with a face value of ₹1 each for cash at ₹60 per Rights Equity Share for an amount aggregating up to ₹19,93,38,07,800 on a rights basis to the Eligible Equity Shareholders in the ratio of 7 Rights Equity Shares for every 50 Equity Shares held by them on the Record Date
Issue Closing Date	April 15, 2014
Issue Opening Date	March 31, 2014
Issue Price	₹60 per Rights Equity Share, as determined by the Committee for Rights Issue in consultation with the Lead Managers
Gross Proceeds	Proceeds of the Issue that are available to our Company pursuant to Allotment of Rights Equity Shares offered in the Issue
Issue Size	Issue of 33,22,30,130 Rights Equity Shares aggregating to ₹1,993.38 crore
JM Financial	JM Financial Institutional Securities Limited
Kotak	Kotak Mahindra Capital Company Limited
Lead Managers	JM Financial, BNP, HSCI, Kotak and SBICAP
Letter of Offer	This letter of offer dated March 19, 2014 filed with the Stock Exchanges and SEBI
Listing Agreement	The listing agreements entered into between us and each of the Stock Exchanges
Monitoring Agency	HDFC Bank Limited
Net Proceeds	Gross Proceeds less the Issue related expenses. For further details, please refer to the section titled “ <i>Objects of the Issue</i> ” beginning on page 74 of this Letter of Offer

Term	Description
Non-Institutional Investor(s)	Non-institutional investor(s) as defined under the SEBI (ICDR) Regulations
Non-Retail Individual Investor(s)	Investors other than Individuals who have applied for Rights Equity Shares for an amount not more than ₹ 2,00,000
Qualified Foreign Investors / QFIs	Qualified foreign investors, as defined under Regulation 2(1)(l) of the SEBI (Foreign Portfolio Investors) Regulations, 2014
QIBs / Qualified Institutional Buyers	Qualified institutional buyers, as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations
Record Date	March 20, 2014
Refund Bank	ICICI Bank Limited
Registrar to the Issue	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/ have acquired Rights Entitlements from the Eligible Equity Shareholders
Retail Individual Investor(s)	Retail individual investors, as defined under the SEBI (ICDR) Regulations
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to, which is determined as a proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date, i.e., 7 Rights Equity Shares for 50 Equity Shares held on the Record Date (i.e. March 20, 2014)
Rights Equity Shares	33,22,30,130 Rights Equity Shares with a face value of ₹1 each being offered by way of the Issue
SAF(s)	Split application form(s)
SBICAP	SBI Capital Markets Limited
SCSB(s)	Self-certified syndicate bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries .
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio
Stock Exchange(s)	BSE and NSE
Working Days	A day (other than a Saturday or Sunday or public holiday) on which the principal commercial banks in Mumbai are open for business, during normal banking hours, provided however, for the purposes of the time period between Issue Closing Date and listing, "Working Days" shall mean all days other than Sundays and bank holidays, in accordance with the SEBI circular dated April 22, 2010
Underwriters	JM Financial, BNP, HSCI, Kotak and SBICAP
Underwriting Agreement	The agreement dated March 19, 2014 between the Company and the Underwriters

Company Related Terms

Term	Description
AGL	Adjaristsqali Georgia LLC

Term	Description
Arutmin	PT Arutmin
AOA / Articles/ Articles of Association	Articles of Association of our Company
Associates	Associates of our Company as per AS 23
Audit Committee	The audit committee of our Board constituted pursuant to the Companies Act and the Listing Agreement
Auditors	Deloitte Haskins and Sells LLP, Mumbai, the statutory auditors of our Company Deloitte Haskins & Sells, Chartered Accountants, Mumbai (ICAI Firm Registration No. 117366W), (the Firm), has been converted into a Limited Liability Partnership (LLP) with the name Deloitte Haskins & Sells LLP (DHS LLP) (ICAI Firm Registration No. 117366W / W-100018) under Section 58 of the Limited Liability Partnership Act, 2008 (LLP Act) with effect from November 20, 2013.
Belgaum	The 81 MW non-operational power plant located in Karnataka
Board/ Board of Directors	The Board of Directors of our Company, unless specified otherwise
BSES	BSES Yamuna Power Limited and BSES Rajdhani Power Limited
BSSR	PT Baramulti Suksessarana Tbk
Bumi	PT Bumi Resources TBK
Cennergi	Cennergi (Pty) Limited
CGPL	Coastal Gujarat Power Limited
Committee for Rights Issue	The committee of our Board constituted in relation to this Issue
Corporate Office	Corporate Centre, 34, Sant Tukaram Road, Carnac Bunder, Mumbai 400 009, India
Director(s)	Director(s) on the Board of our Company, unless specified otherwise
Eskom	Eskom Holdings SOC Limited
FCCBs	1.75% foreign currency convertible bonds, due in November 2014, with face value of US\$ 1,00,000 each issued by our Company, currently outstanding and listed on the Singapore Exchange Securities Trading Limited
GDRs	Global depository receipts issued by our Company in July, 2009, which are listed and traded in the Euro MTF market of the Luxembourg Stock Exchange and are also available for trading on the International Order Board of the London Stock Exchange
GDS	Global depository shares, issued in February, 1994, which have been listed on the Luxembourg Stock Exchange and had been accepted for clearance through Euroclear and Cedel. The GDS were designated for trading in the PORTAL System of the National Association of Securities Dealers, Inc.
Georgia	400MW hydroelectric power project located in Georgia
Haldia	Haldia Power Plant

Term	Description
Hydro	Hydro power projects located in Maharashtra with gross installed capacity of 447MW
IEL	Industrial Energy Limited
IPP	Independent power plant
Joint Ventures	Joint ventures of our Company as per AS 27
Jojobera	Captive power plant located in Jharkhand
JSEB	Jharkhand State Electricity Board
KPC	PT Kaltim Prima Coal
MCL	Mahanadi Coalfields Limited
Maithon Unit	1,050 MW thermal power project located in Jharkhand
MOA/ Memorandum / Memorandum of Association	Memorandum of Association of our Company
Mumbai License Area	The Company's area of supply in Mumbai extending from Colaba in the South to Vasai Creek in the North and Vikhroli on the Central Side
Mundra UMPP	Ultra-mega power project, which commenced full commercial operation in March, 2013, developed by CGPL
OTP Geothermal	OTP Geothermal Pte. Limited
Panatone	Panatone Finvest Limited
Powerlinks	Powerlinks Transmission Company Limited
Promoter	The promoter of our Company, i.e.Tata Sons Limited
Promoter Group	Promoter group shall mean the persons and entities forming part of our promoter group, in accordance with the SEBI (ICDR) Regulations
Registered Office	Bombay House, 24, Homi Mody Street, Mumbai 400 001, India
Share Transfer Agent	TSR Darashaw Private Limited
Stakeholders Relationship Committee	The committee of our Board constituted pursuant to the Listing Agreement
Subsidiaries	Subsidiaries of our Company, as per the Companies Act, 2013
Tala Hydro	Inter-state transmission project being developed by Powerlinks
Tata Comm	Tata Communications Limited
Tata Steel	Tata Steel Limited
TPDDL	Tata Power Delhi Distribution Limited
TPTCL	Tata Power Trading Company Limited
Trombay	Trombay Power Plant
Tata Trusts	Trusts classified as part of the Promoter Group, namely Sir Dorabji Tata Trust, Sir Ratan Tata Trust and J R D Tata Trust

Term	Description
Trust Energy	Trust Energy Resources Pte Limited
TTML	Tata Teleservices (Maharashtra) Limited
TTSL	Tata Teleservices Limited
UMPP	Ultra-mega power project

Technical/ Industry Related Terms

Term	Description
ATE	Appellate Tribunal for Electricity
AT&C	Aggregate technical and commercial losses
CEA	Central Electrical Authority
CERC	Central Electricity Regulatory Commission
DERC	Delhi Electricity Regulatory Commission
DPR	Detailed project report
MERC	Maharashtra Electricity Regulatory Commission
MVA	Mega volt ampere
MYT Regulations	Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011, as amended

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI (ICDR) Regulations, the Companies Act and the Companies Act, 2013, the SCRA, the SCRR, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer, Abridged Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to such shareholders who have a registered address in India or who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer/ Abridged Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer/ Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer/ Abridged Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer/ Abridged Letter of Offer should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send the same in or into the United States of America or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer/ Abridged Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlements or Rights Equity Shares referred to in this Letter of Offer/ Abridged Letter of Offer.

Neither the delivery of this Letter of Offer/ Abridged Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

GDRs

The depositary for the Company's GDRs will seek to subscribe to or dispose of the Rights Entitlements in respect of the Equity Shares represented by such GDRs and distribute any resulting net proceeds to GDR holders in accordance with the GDR deposit agreement.

NO OFFER IN THE UNITED STATES

The rights and the shares of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "**United States**" or "**U.S.**"), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States of America. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States of America or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States of America at any time.

Neither the Company, nor any person acting on behalf of the Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Company, or any person acting on behalf of the Company, has reason to believe is, in the United States of America. Envelopes containing a CAF should not be postmarked in the United States of America or otherwise dispatched from the United States of America, and all persons subscribing for Rights Equity Shares and wishing to hold such shares in registered form must provide an address for registration of the Rights Equity Shares in India. The Company is

making this issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders of the Company and the Letter of Offer/Abridged Letter of Offer and CAF shall be dispatched to those Shareholders who have an Indian address. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America.

The Company, in consultation with the Lead Managers, reserves the right to treat as invalid any CAF which: (i) appears to the Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America; or (iii) where the Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

The Company is informed that there is no objection to a United States of America shareholder selling its rights in India. Rights may not be transferred or sold to any person in the United States of America.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

References in this Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India. All references to the “US”, or the “U.S.A.” or the “United States” are to the United States of America and all references to “UK” or the “U.K.” are to the United Kingdom.

Financial Data

Unless stated otherwise, financial data in this Letter of Offer, with respect to our Company, is derived from our audited consolidated financial statements. Our Fiscal Year commences on April 1 for a year and ends on March 31 of the next year. In this Letter of Offer, we have included

- (a) the unconsolidated balance sheet of the Company as of March 31, 2013 and the related unconsolidated statement of profit and loss and cash flows for the year then ended (collectively, together with the notes thereto, the "**Audited Standalone Financial Statements**").
- (b) the consolidated balance sheet of the Company, its subsidiaries, and jointly controlled entities (collectively, the "**Group**") as of March 31, 2013, and the related consolidated statement of profit and loss and cash flows for the year then ended (collectively, together with the notes thereto, the "**Audited Consolidated Financial Statements**").
- (c) the unconsolidated financial results of the Company for the quarter and six month period ended September 30, 2013 submitted by the Company to the Stock Exchanges pursuant to Clause 41 of the Company's listing agreement with the Stock Exchanges (collectively, together with the notes thereto, the "**September Audited Interim Unconsolidated Financial Results**").
- (d) the interim consolidated financial results of the Group for the quarter and six month period ended September 30, 2013 submitted by the Company to the Stock Exchanges pursuant to Clause 41 of the Company's listing agreement with the Stock Exchanges (collectively, together with the notes thereto, the "**September Unaudited Consolidated Interim Financial Results**").

For details of such financial statements / results, please refer to the section titled "*Financial Information*" beginning on page 151 of this Letter of Offer.

We have also included the unconsolidated financial results of the Company for the quarter and nine month period ended December 31, 2013 submitted by the Company to the Stock Exchanges pursuant to Clause 41 of the Company's listing agreement with the Stock Exchanges (collectively, together with the notes thereto, the "**December Audited Interim Unconsolidated Financial Results**") and the interim consolidated financial results of the Group for the quarter and nine month period ended December 31, 2013 submitted by the Company pursuant to Clause 41 of the Company's listing agreement with the Stock Exchanges (collectively, together with the notes thereto, the "**December Unaudited Consolidated Interim Financial Results**") in the section titled "*Material Developments*" beginning on page 152 of this Letter of Offer. We have also included working results, on an unconsolidated basis, for the 10 month period from April 1, 2013 till January 31, 2014. For further details, please refer to the section titled "*Material Developments*" beginning on page 152 of this Letter of Offer.

We prepare our financial statements in accordance with the Indian GAAP and guidance notes issued by the ICAI, the applicable provisions of the Companies Act and the Companies Act, 2013 (as applicable) and other statutory and/or regulatory requirements, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**"). In this regard, please see the risk factor on "*Significant differences exist between*

Indian GAAP and other accounting principles, which may be material to investor's assessments of Tata Power's financial condition" on in the section titled "Risk Factors" on page 45 of this Letter of Offer. We publish our financial statements in Indian Rupees. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian Accounting Standards. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

Industry and Market Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we, nor the Lead Managers, make any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Currency and Units of Presentation

All references in this Letter of Offer to "Rupees", "₹", "Indian Rupees" and "INR" are to Indian Rupees, the official currency of India. All references to "U.S. \$", "U.S. Dollar", "USD" or "\$" are to United States Dollars, the official currency of the United States of America. In this Letter of Offer, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words 'lakh' or 'lac' mean "100 thousand"; "10 lakhs" mean a "million", "10,000 lakhs" mean a "billion", "crore" mean "10 million"; "10 crore" mean "100 million" and; "100 crore" mean a "billion".

Exchange Rates

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rates released by the RBI. No representation is made that the Rupee amounts actually represent such amounts in U.S. Dollars or could have been or could be converted into U.S. Dollars at the rates indicated, at any other rates or at all.

Year ended March 31	Period End (in ₹)	Average* (in ₹)	High* (in ₹)	Low* (in ₹)
2011	44.65	45.27	45.95	44.65
2012	51.15	47.94	54.23	43.94
2013	54.39	54.45	57.22	50.56

Month ended	Period End (in ₹)	Average* (in ₹)	High* (in ₹)	Low* (in ₹)
September 2013	62.78	63.75	67.03	61.75
October 2013	61.41	61.62	62.36	61.16
November 2013	62.39	62.63	63.65	61.79
December 2013	61.90	61.91	62.38	61.18
January 2014	62.48	62.08	62.99	61.35
February 2014	62.07	62.25	62.69	61.94

Source: RBI website at www.rbi.org.in

*Note: High, low and average are based on the RBI reference rate.

FORWARD LOOKING STATEMENTS

Certain statements in this Letter of Offer are not historical facts but are “forward-looking” in nature. Forward-looking statements appear throughout this Letter of Offer, including, without limitation, under the section titled “*Risk Factors*”. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditure, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industry, along with the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “would” and similar expressions, or variations of such expressions, are intended to identify and may be deemed to be forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and assumptions about our Company, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under the section titled “*Risk Factors*” beginning on page 17 of this Letter of Offer, as well as those included elsewhere in this Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- A failure to obtain a distribution license for the Mumbai License Area;
- If our customers in Mumbai source power from other suppliers;
- If the order passed by the CERC with respect to Mundra UMPP is appealed;
- Non-resolution of the standby charges related dispute with Reliance Infrastructure Limited;
- Sponsor support obligations of the Company with respect to CGPL;
- Cyclical and fluctuating nature of coal prices;
- Negative cash flows from CGPL’s operating activities;
- Interruption in fuel supplies or an increase in the cost of fuel.

For a further discussion of factors that could cause our actual results to differ, please refer to the section titled “*Risk Factors*” beginning on page 17 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Lead Managers make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we, nor the Lead Managers, nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI / Stock Exchanges, we and the Lead Managers will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the listing and trading of the Rights Equity Shares Allotted pursuant to the Issue on the Stock Exchanges.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a public limited company incorporated under the laws of India. A number of directors and key management personnel named herein reside in India and a substantial portion of the assets of the Issuer is located in India.

Recognition and enforcement of foreign judgments is provided for under the Code of Civil Procedure, 1908 (the “**Civil Code**”) on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government of India (the “**Government**”) has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees, which are not amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalty and does not apply to an arbitration award, even if such award is enforceable as a decree or judgment.

The United States of America has not been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. However, the United Kingdom has been declared by the Indian Government to be a reciprocating territory and the High Courts of England as the relevant superior courts. Accordingly, a judgment of a court in the United States of America may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. A judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution and a judgment of a court in the United Kingdom that is not a superior court may be enforced by a fresh suit resulting in a judgment or order. A judgment of a court in any jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under FEMA to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment.

SECTION II - RISK FACTORS

An investment in the Rights Equity Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors as well as other information included in this Letter of Offer prior to making any decision as to whether or not to invest in the Rights Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, Tata Power's business, results of operations, financial condition and liquidity could suffer, the trading price of the Rights Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. The numbering of the risk factors has been done to facilitate ease of reading.

Please refer to the sections title “Business Overview” and “Definitions” for definitions of terms used but not otherwise defined in this section.

- 1 Tata Power's distribution license for the Mumbai License Area, issued by the MERC under the Electricity Act, is valid until August 15, 2014. A failure to obtain a distribution license for the Mumbai License Area in a timely manner, on favourable terms, or at all will have a material adverse effect on its business, financial condition and results of operations.**

Tata Power's distribution license for the Mumbai License Area, issued by the MERC under the Electricity Act, is currently valid until August 15, 2014. Tata Power submitted an expression of interest to the MERC for continuing the distribution of electricity in the Mumbai License Area at the end of January 2014 and is currently in the process of filing a formal application for issuance of the requisite license.

If Tata Power is not re-awarded this distribution license for the Mumbai License Area, in a timely manner, or at all, its business, financial condition and results of operations could be adversely affected. Furthermore, the distribution license for the Mumbai License Area, if re-awarded, could be subject to various onerous conditions, some of which may require it to make substantial expenditures such as the aforementioned compliance related expenditures. If Tata Power fails to comply with, or the MERC claims it has not complied with these conditions, its business, financial condition and results of operations would be adversely affected.

Furthermore Tata Power undertakes, on an on-going basis, several schemes for development of its distribution network. These schemes, which are also approved by the MERC include (i) installation of consumer sub-stations; (ii) setting up ring main units; (iii) setting up distribution transformers; and (iv) laying of HT/LT metering equipment. The total capitalisation approved by the MERC for FY 2012-13 through FY 2015-16 aggregate ₹1,758.29 crore. Tata Power proposes to allocate a portion of the Net Proceeds to fund certain of the schemes. If Tata Power is not re-awarded this distribution license for the Mumbai License Area then Tata Power may need to redeploy these funds towards other approved schemes of the MERC in its generation and transmission businesses. Further Tata Power may not be able to recover the investments already made towards MERC approved schemes in the distribution business. Please also refer to the section titled “Objects of the Issue” beginning on page 74 of this Letter of Offer.

- 2 Tata Power's revenue generation is currently concentrated in Mumbai. There could be a material adverse effect on Tata Power's revenues and results of operations if its customers in Mumbai source power from other suppliers.**

Tata Power's revenue from power supply and transmission charges in Mumbai contributed approximately 79.75% and 79.13% of its total unconsolidated net income from operations in the year ended March 31, 2013 and the nine months ended December 31, 2013, respectively. Further, within the Mumbai License Area, we are dependent on certain key large non-retail customers like Brihanmumbai Electric Supply and Transport Undertaking (“BEST”) and the Indian railways. Following the implementation of the Electricity Act, 2003, non-retail customers with a demand in excess of 1 MVA are entitled to purchase power from sources other than Tata Power. If a significant number of these customers source power from other suppliers, Tata Power's revenue and results of operations could be materially and adversely affected.

- 3 The order passed by the CERC with respect to Mundra UMPP is appealable.**

CGPL entered into certain power purchase arrangements to sell electricity generated to Discoms of Gujarat, Maharashtra, Haryana, Punjab and Rajasthan (collectively, the “Procurers”). However certain unforeseen, uncontrollable and unprecedented escalation in the imported coal prices including on account of the Indonesian

government's directive that coal can only be sold at market rates, regardless of mutually negotiated or contracted rates has jeopardised the financial viability of the Mundra UMPP project. As a result, CGPL filed a petition (Petition No. 159/MP/2012) with the CERC for relief in July, 2012. The CERC has passed an order ("CERC Order") on February 21, 2014, providing relief to CGPL in the form of compensatory tariff, in addition to the tariff agreed to in the power purchase agreements, effective from April 01, 2013 for as long as the hardship on account of change in the Indonesian regulations persists. In this regard, please refer to the section titled "*Material Developments*" beginning on page 152 of this Letter of Offer.

The CERC Order is capable of being appealed to the Appellate Tribunal for Electricity. The CERC Order remains binding until such time as an appeal against the CERC Order is filed and a stay of the CERC Order is granted by either the Appellate Tribunal for Electricity or any other Court of competent jurisdiction. If an appeal is filed and either a stay of the CERC Order or a modification of the terms thereof is granted, such actions could result in a material adverse impact on the operations and performance of the Mundra UMPP, which could in turn have a material adverse effect on our business, financial condition and results of operations.

4 The dispute with Reliance Infrastructure Limited in connection with the standby charges payable to the Maharashtra State Electricity Distribution Company Limited has not been resolved and could have a material adverse effect on Tata Power's operations and financial condition.

Tata Power has filed an appeal in the Supreme Court against Orders by the ATE regarding sharing of standby charges between Tata Power and Reliance Infrastructure Limited. As at December 31, 2013, the Issuer has, in accordance with the Supreme Court's order, deposited an amount of ₹227.00 crore and submitted a bank guarantee for an equal amount with the Registrar General of the Supreme Court. Reliance Infrastructure Limited has withdrawn the entire sum deposited by Tata Power with an undertaking that, in the event of the appeal being decided against Reliance Infrastructure Limited, either in whole or in part, such amount as may be determined as being refundable by Reliance Infrastructure Limited shall be refunded to Tata Power without demur, together with interest as may be determined by the Supreme Court.

As a matter of prudence, Tata Power has accounted for standby charges since April 1, 2004, on the basis determined by the MERC Order. However, no provision has been made in the accounts for the cost of interest that may be finally determined as payable to Reliance Infrastructure Limited. The final outcome of the matter could have a material adverse effect on Tata Power's results of operations and financial condition.

In addition to the dispute relating to standby charges, the dispute with Reliance Infrastructure Limited in connection with "Take or Pay" obligation is still not resolved. Any adverse outcome may affect the financial condition and results of operation of the Issuer.

5 Given the circumstances in relation to CGPL, Tata Power, as a part of its sponsor support obligations, may be required to propose and, subject to mutual agreement with the lenders, implement alternate structures / methods to support debt service. The implementation of certain of such mutually agreed proposals could have a material adverse effect on our cash flows, business, financial condition and results of operations. The term sheet entered into amongst our Company and CGPL for extending facilities to CGPL, which shall, in turn, be utilised by CGPL towards part repayment of certain of its outstanding loans, has not been sanctioned by our Board or the board of directors of CGPL.

Of the Net Proceeds raised by way of this Issue, our Company intends to utilise ₹ 639.51 crore of the Net Proceeds towards extending a subordinated debt facility to CGPL. The terms of this subordinated debt facility are governed by a term sheet dated March 14, 2014, entered into amongst our Company and CGPL. Furthermore, this subordinated debt facility will be subject to certain pre-existing conditions agreed to by CGPL with its existing lenders, whereby certain restrictions could be placed on repayments with respect to the subordinated debt facility extended to it by Tata Power. This could affect our Company's ability to recover its dues, and may affect our credit rating, our financial condition and our results.

While this term sheet has been signed by the Chief – Corporate Finance & Treasury of our Company and one of the directors of CGPL, this term sheet has not been approved by the Board or the board of directors of CGPL. It is currently proposed that the Company and CGPL shall enter into a loan agreement prior to the sanction of this subordinated debt facility by the Company to CGPL, which shall set out the detailed terms and conditions of the facility and which shall substantially be consistent with this term sheet. However, we cannot assure you that this loan agreement will be entered into or that the Board or the board of directors of CGPL will approve the terms

and conditions for the sanction of this subordinated debt facility in a timely manner or at all. Any delay or failure in obtaining the requisite approvals of the Board and the board of directors of CGPL would result in the non-utilisation of ₹639.51 crore, comprising 32.5% of the Net Proceeds, which could adversely affect our revenue and results of operations. Further, the subordinated debt facility proposed to be extended to CGPL will be unsecured, which may make recovery of any amounts due and payable in respect of the facility difficult to recover in the event CGPL defaults in its repayment. The term sheet agreed to between Tata Power and CGPL also empowers Tata Power to convert the subordinated debt facility into equity of CGPL. If such option is a part of the terms finally agreed to between CGPL and Tata Power and Tata Power chooses to exercise this option, the returns on such equity holding in CGPL cannot be assured.

6 Tata Power may be obligated under the terms of an Inter-se Agreement (“Inter-se”) entered into with and amongst others, NTT Docomo (“NTT”) to acquire certain shares of Tata Teleservices Limited. Any enforcement of the terms of this Inter-se against the Company could adversely affect our financial position.

The Company has entered into an Inter-se Agreement (“Inter-se”) dated March 25, 2009 with, amongst others, NTT Docomo. In terms of the said Inter-se if certain performance parameters and other conditions are not met by Tata Teleservices Limited (“TTSL”), then NTT shall have the option to divest its entire shareholding in TTSL to the Promoter and where the Promoter is unable to find a buyer for such shares, the Company shall be obligated to acquire the shareholding of NTT in TTSL, in proportion of the number of shares sold by the Company to the aggregate of the secondary shares sold to NTT, at such price and terms as provided for in the Inter-se. The enforcement of the terms of this option available to NTT against the Company could adversely affect our financial position.

7 We are substantially dependent on the coal segment of our business and any adverse developments in relation to the operations of the Coal Companies could result in a material adverse effect on our business, results of operations and prospects. Further, the performance of the Coal Companies’ is highly dependent upon the prices they receive for the coal produced by them. Accordingly fluctuations in world coal prices could significantly affect the results of operations of the Coal Companies’ which in turn could materially and adversely affect the results of our operations and financial position.

On June 26, 2007, we completed the acquisition of a 30% equity interest in PT Kaltim Prima Coal (“KPC”), PT Arutmin (“Arutmin”), Indocoal Resources (Cayman) Limited (“Indocoal”), PT Indo Kalsel and PT Indo Kaltim (together the “Coal Companies”) from PT Bumi Resources Tbk (“Bumi”) for coal mining operations in Indonesia. As at December 31, 2013, Tata Power continues to hold 30% equity interest in the Coal Companies. For the year ended March 31, 2013 and the six months ended September 30, 2013, the coal segment (which comprises the indirect holding of Tata Power in the Coal Companies) contributed 27.21% and 25.26%, respectively, of Tata Power’s consolidated revenue before intersegment eliminations. Tata Power is dependent on the Coal Segment for a significant portion of its revenues and any adverse developments in relation to the operations of the Coal Companies could result in a material adverse effect on our business, results of operations and prospects.

Arutmin is a mine spread over number of pits in South Kalimantan, Indonesia. The recent coal price environment has posed challenges to Arutmin’s operational and economic viability. Accordingly on January 31, 2014, Tata Power announced that it has signed an agreement to sell its stake in Arutmin and associated companies in coal trading and infrastructure for an aggregate consideration of approximately US\$ 510 million, subject to certain closing adjustments. The sale is subject to certain conditions and restructuring actions. Please refer to the section titled “Material Developments” beginning on page 152 of this Letter of Offer.

The world coal markets are sensitive to changes in coal mining capacity and output levels, patterns of demand and consumption of coal from the electricity generation industry and other industries for which coal is the principal fuel and changes in the world economy. The coal consumption patterns of the electricity generation, steel and cement industries are affected by the demand for these customers’ products, local, environmental and other governmental regulations, technological developments and the price and availability of competing coal and alternative fuel supplies. All of these factors can have a significant impact on the selling prices for coal. Prices for coal products are also based upon or affected by global coal prices, which tend to be highly cyclical and subject to significant fluctuations. Prices for coal products are also affected by a variety of other factors over which the Coal Companies have no control, including weather, distribution problems and labour disputes. Any

fluctuations in world coal prices could affect the results of operation of the Coal Companies' which in turn could materially and adversely affect the results of our operations and financial position.

8 Inability to manage growth and expansion effectively could disrupt our business, reduce profitability and adversely affect our results of operation and financial conditions.

We expect that our growth strategy will place significant demands on our management, financial and other resources. Our growth strategy will require us to develop and improve our operational, financial and internal controls, as well as our management, recruitment and administrative capabilities on a continuous basis. In particular, continued expansion and diversification increases the challenges involved in financial and technical management, recruitment, training and retaining sufficiently skilled technical and management personnel and developing and improving internal administrative infrastructure. Our growth is dependent upon our ability to meet such challenges successfully and may require significant expenditure and allocation of valuable management resources. An inability to manage such growth effectively could disrupt our business, reduce profitability and adversely affect the results of operations and financial condition.

In addition, we continue to evaluate opportunities, both in India and overseas. These may require significant investments, which may adversely affect our business and revenues. Acquisitions involve a number of risks, including but not limited to the following:

- impact of unforeseen risks, such as contingent or latent liabilities relating to the acquired businesses that may only become apparent after the merger or acquisition is finalised;
- success or failure of integration and management of the acquired operations and systems;
- success or failure of retention of select personnel; or
- diversion of our management's attention from other on-going business concerns.

If we are unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, its business and results of operations may be adversely affected.

9 CGPL has experienced negative cash flows from its operating activities for Fiscal Year 2013.

CGPL has experienced negative operating cash flows from its operating activities for Fiscal Year 2013. We cannot assure you that CGPL's operating activities will generate positive cash flows or that, if ever generated, CGPL will be able to sustain such positive cash flows in future. CGPL's failure to generate positive cash flows from its operating activities could adversely affect our business, financial condition and results of operations.

Our Company has made and may continue to make investments in CGPL, and if the business and operations of CGPL, in whom our Company makes such investments, deteriorates, the value of our Company's investments may be adversely affected in the future. In this regard, of the Net Proceeds raised by way of this Issue, our Company intends to utilise ₹639.51 crore of the Net Proceeds towards extending an unsecured subordinated debt facility to CGPL, which will be subject to certain pre-existing conditions agreed to by CGPL with its existing lenders, whereby certain restrictions could be placed on repayments with respect to the subordinated debt facility extended to it by Tata Power. This could affect our Company's ability to recover our dues, and may affect our credit rating, our financial condition and our results. Furthermore, as per the terms currently governing this unsecured subordinated debt facility, our Company is empowered to convert the unsecured subordinated debt facility into equity of CGPL. If such option is a part of the terms finally agreed to between CGPL and our Company, and our Company chooses to exercise this option, the returns on such equity holding by our Company in CGPL cannot be assured.

10 Interruption in fuel supplies or an increase in the cost of fuel may adversely affect our business costs and revenues.

Dependence on a few fuel suppliers for power projects exposes our power projects to vulnerabilities. These include non-supply due to reserves depletion, pro-rata scaling down of supply to all consumers, onerous contractual terms (such as no penalties for short supply while enjoying the comfort of minimum guaranteed off-take or payments in respect thereof) and an inability to obtain alternative fuel at short notice. Several of our

current generation operations and projects under development are, or will / may be, coal-fired thermal plants, the majority of which are, or will be, dependent on an adequate supply of low ash, low sulphur coal imported from Indonesia. These imports, which are, as is difficult to source, may be subjected to further disruption including and on, account of any changes in mining laws by the Indonesian government. Further, these imports may not be capable of ready substitution by domestic / alternative fuel sources. Any interruption in fuel supplies or an increase in the cost of fuel may adversely affect our business costs and revenue. For instance, from our projects in operation, TPDDL's power plant at Rithala has not been operational due to the high cost of sourcing fuel and due to lack of fuel and supply of gas.

In addition, we have entered into FSAs with various government companies for supply of fuel in India, and expect to enter into, in the future, other long-term agreements for supply of fuel in India. If our counterparties fail to honour their commitments under these agreements, we could face difficulties in obtaining fuel in India for our power plants, which could adversely affect our business, financial condition and results of operations.

11 Our Group may not be able to acquire sufficient land for project site development in a timely manner, on commercially acceptable terms, or at all, which could have an adverse effect on our results of operations and prospects.

Our Group is in the process of acquiring land for the development and/or execution of certain of our projects. There can be no assurance that such acquisitions will be completed in a timely manner, on commercially acceptable terms, or at all. This could have an adverse effect on our results of operations and prospects. We may also face public opposition to our land acquisition policies. Further, we are implementing power projects and cannot be certain of the cost of any financial compensation that we may have to pay to individuals or entities pursuant to any compulsory acquisition orders or resettlement and rehabilitation packages implemented by Indian state authorities. Such payment could have a material adverse effect on our results of operations, financial condition and prospects.

12 We intend to continue in expanding our generating capacity, which will involve substantial capital expenditure and other risks associated with major projects.

We intend to continue in expanding our power generating capacity to meet the increasing demand forecast in India and abroad in the foreseeable future. This would involve constructing additional power plants, expanding existing plants, increasing our output capacity and improving and expanding our transmission and distribution services through optimisation and modernisation schemes. We have established, or will establish special purpose vehicles or joint ventures for these purposes and have invested, and may further invest, considerable resources in developing these generation plants and services.

Some of our projects are under execution and have not yet achieved commercial operation. Thermal and hydropower projects have a long gestation period of more than three years, due to the process involved in commissioning power projects. This process typically includes the process of applying for and obtaining government approvals, including permission for acquiring land, environmental approvals, and approvals for the use of water. It also requires entering into fuel supply agreements, evacuation agreements, financing agreements, raw material agreements and obtaining detailed project reports, after which the construction process commences. Further, power plants typically require months or even years after being commissioned before positive cash flows can be generated, if at all. In addition, due to increased development activity in the power sector in India, the commercial viability of our power projects may need to be re-evaluated and we may not be able to realise the benefits or returns on our investments as expected.

The construction and expansion of our various projects involve substantial capital expenditure and other risks associated with major projects, such as cost overruns, interest during construction, delays in implementation, technical and economic viability and changes in market conditions. Although we may enter into turnkey contracts for the supply or installation of certain equipment or for certain civil works of our plants and facilities, we face the risk of funding any project delays or cost overruns arising from various factors, such as unavailability, high cost and low quality of construction materials such as steel and cement, among others, required for such projects. The scheduled completion dates for our projects are estimates and are subject to delays and other risks. Amongst other things, we are subject to risks on account of significant increases in prices or shortages of equipment and building materials (which may prove defective), technical skills and labour, adverse weather conditions, third party performance risks, environmental risks, changes in market conditions, objections from affected communities, changes in foreign exchange rates for loans borrowed or equipment planned to be purchased, changes in government or regulatory policies, litigation and delays in obtaining

requisite approvals, permits, licences or certifications from the relevant authorities. These, and other unforeseeable problems and circumstances, could adversely affect our ability to develop our power projects in the time estimated. These could further result in cost overruns, termination of a project's development or execution and/or a breach of the financial covenants imposed by lenders. Although we build a contingency into our expected total project costs, there can be no certainty that such a contingency will be sufficient to fund any such costs.

The timely completion of a project is also dependent on the completion of related infrastructure by third parties. Related infrastructure includes ports, high voltage evacuation, railways, roads, water ways and dams, amongst others. Any delay in the construction of related infrastructure by third parties could delay the commissioning of our projects. In addition, failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and could render certain benefits available under various government statutes being unavailable. As a result of this, our returns on investments may be lower than originally expected.

Any of the above risks may adversely affect our business, results of operations, financial position and prospects. In particular, any delay in relation to, or non-completion of any of our projects aimed at increasing our generating capacity will adversely impact our projections for future operating capacity.

13 Some of the financing documents governing loans availed of by Tata Power and certain entities forming a part of the Group require the prior consents from certain lenders for undertaking the Issue, which have not been obtained as of the date of this Letter of Offer.

The terms of certain of the financing documents governing loans availed by Tata Power and certain entities forming a part of the Group, require Tata Power and such entities to obtain prior consents from those lenders in order to undertake the Issue. While Tata Power has sought consents from these lenders, it cannot assure you that it will have obtained the requisite consents as of the date of Allotment, or at all.

If the Allotment of Rights Equity Shares pursuant to the Issue is completed without the requisite consents from the lenders having been obtained, such Allotment may constitute a default under the relevant financing documents. Such default will entitle the relevant lenders to call an event of default and to enforce remedies under the terms of the financing documents, which include, amongst other things, acceleration of repayment of the amounts outstanding under the financing documents, enforcement of the security interest created under the financing documents, payment of additional interest and taking possession of the assets given as security in respect of the financing documents. There can be no assurance that these lenders will not initiate action under the terms of the relevant financing documents at any time. If such actions are undertaken, other consequences may also be triggered, including potential winding-up claims against Tata Power or the relevant entity of the Group.

A default by Tata Power or the relevant entity of the Group, under the terms of the relevant financing document, may also trigger a cross-default under the other financing documents, or any other agreements or instruments containing a cross-default provision, which could, individually or in the aggregate, have a material adverse effect on our operations, financial position and credit rating. Also, Tata Power may have to dedicate a substantial portion of its cash flow from operations to make payments under the financing documents, thereby reducing the availability of its cash flow to fund capital expenditures, meet working capital requirements and for other general corporate purposes. Such defaults may also result in a decline in the trading price of the Rights Equity Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, Tata Power or the relevant entity of the Group, as the case may be, may be unable to pay its debts as they fall due, which could adversely impact its ability to operate as a going concern.

Any default as described above or a consequence of such default under the financing documents referred to above may, individually or in the aggregate, have a material and adverse effect on our business, results of operations, liquidity, financial condition and credit rating and may negatively impact our ability to obtain financing or could have an adverse effect on our ability to execute other agreements or to raise or borrow capital. Such defaults or other consequences from any such default may also result in a decline in the trading price of the Rights Equity Shares and you may lose all or part of your investment.

14 The reduction in Mumbai's high-end consumer base may have an adverse impact on Tata Power's business and revenues.

In the recent past, many businesses, in particular industrial consumers, have decided to shift their operations out of Mumbai to nearby areas or other states due to the high cost of operating in Mumbai. The industrial and commercial sectors represent Mumbai's high-end consumer base and account for a significant portion of power consumers. Therefore, although demand for power currently outstrips supply and is forecast to do so for the foreseeable future, and while Tata Power sells its power to other distribution licensees who then on-sell to industrial end users, this exodus could have an adverse impact on Tata Power's business and revenues.

15 Tata Power is involved in various legal and other proceedings that, if determined against it, could have a material adverse effect on its financial condition and results of operations.

Tata Power is currently involved in a number of legal and other proceedings arising in the ordinary course of its business. These proceedings are pending at different levels of adjudication before various courts and tribunals. For further details in relation to certain of these legal proceedings, refer to the section titled "*Outstanding Litigation & Defaults*" beginning on page 175 of this Letter of Offer.

Tata Power cannot assure you that these legal proceedings will be decided in its favour or that no further liability will arise out of these proceedings. Furthermore, such legal proceedings could divert management time and attention and consume its financial resources. An adverse decision in any of these proceedings could adversely affect Tata Power's profitability and reputation and could have a material adverse effect on its business, financial condition and results of operations. Furthermore, if any new developments arise, for instance, a change in law or rulings against us by courts or tribunals, Tata Power may face losses and may have to make provisions in its financial statements, which could increase its expenses and its liabilities.

16 We have received certain show-cause notices from the Ministry of Coal, Government of India, which could result in de-allocation of coal blocks at Mandakini and/or Tubed.

Tata Power's power projects at Begunia and Tiruldi, which are currently under development, are expected to be partially dependent on its share of coal from Mandakini and Tubed, respectively. The allocation of these coal blocks to Tata Power's joint ventures, namely Mandakini Coal Company Limited ("**Mandakini**") and Tubed Coal Mines Limited ("**Tubed**"), was subject to various conditions, including commencement of coal production from these blocks within specified periods. As such coal production had not commenced, as a result of which, the Ministry of Coal, on April 30, 2012 and June 14, 2013, issued two show cause notices in relation to the Tubed and Mandakini coal blocks, respectively, warning of possible de-allocation of these coal blocks.

While Mandakini has replied to the show cause notice dated June 14, 2013 and although a subsequent notice has been issued by the Ministry of Coal dated February 21, 2014, conveying that the inter-ministerial group has recommended that no action be taken with respect to Mandakini at present, any failure to suitably address the allegations contained in these show cause notices could result in de-allocation of the coal blocks at Mandakini.

Pursuant to a writ petition filed by Tata Power, the High Court of Jharkhand issued an interim order on February 11, 2014 stating that no coercive steps be taken against Tata Power with respect to the Tubed coal block. In light of the aforementioned interim order, the Ministry of Coal has issued a notice on February 20, 2014 that further action, with respect to the de-allocation of the Tubed coal block, be put on hold in effect negating its earlier notice on the de-allocation of the Tubed coal block dated February 17, 2014. These proceedings are pending before the High Court of Jharkhand and any unfavourable decision in this regard could result in, amongst other things, de-allocation of the Tubed coal block and render Tubed ineligible for the allocation of a coal block. De-allocation of coal blocks at either Mandakini or Tubed could have an adverse effect on Tata Power's business, financial condition and results of operations.

17 Disruption to the supply of services and equipment or increase in the cost of certain materials may adversely affect our business.

We require the continued support of certain original equipment manufacturers to supply necessary services and equipment to maintain and operate our projects at affordable costs. We may be unable to procure the required services or equipment from these manufacturers (for example, as a result of the bankruptcy of the manufacturer or natural disasters). In addition, the cost of these services or equipment may exceed the budgeted cost, or there may be a delay in the supply of such equipment or a default by a supplier in respect of its supply obligations. In such a scenario, there may be a material adverse impact on our business, results of operations and prospects.

Our business is also affected by the availability, cost and quality of raw materials such as steel and cement, which are used to construct and develop our projects. The prices and supply of these materials depend upon a number of factors, which are not within our control, including general economic conditions, competition, production levels, transportation costs and import duties. If, for any reason, our primary suppliers of steel and cement should curtail or discontinue their delivery of such materials in the quantities needed and at prices that are competitive, our ability to meet the material requirements for its projects could be impaired and construction schedules could be disrupted, which could have a material adverse effect on our results of operations and financial position.

18 Changes in the cost of imported coal may materially affect our results of operations.

CGPL, a wholly owned subsidiary of Tata Power and the special purpose vehicle for the Mundra UMPP, entered into a power purchase agreement (“PPA”) under which a substantial portion of the fuel component in revenues recoverable is not eligible for escalation. This exposes CGPL and us to any unfavourable movement in spot coal prices over the term of the PPA. Further, since CGPL relies entirely on coal imported from Indonesia, its profitability has been affected by the Indonesian government’s directive that coal can only be sold at market rates, regardless of mutually negotiated or contracted rates. As our bid for the Mundra UMPP was based on coal prices forecasted based on prevailing rates at the time of bidding, CGPL has been exposed to considerably higher costs than originally contemplated. Given the volatility in fuel prices and significant increases in recent years, this has already had, and could in the future, have a material adverse effect on our results of operations and financial condition.

While we have taken certain commercial and technical measures to reduce the impact of this adverse development, there can be no assurance that such measures will be successful. Please also refer to the risk factor titled “*The order passed by the CERC with respect to Mundra UMPP is appealable*” below.

19 The estimates of reserve and resource figures of the Coal Companies are subject to assumptions, which, if incorrect, could have an adverse effect on our business and financial condition.

Although reserve and resource figures of the Coal Companies have been carefully prepared using engineering, economic, hydrological and geo-technical data assembled and analysed by the Coal Companies or, in some instances, have been prepared, reviewed or verified by independent mining experts, these amounts are estimates only. There are numerous uncertainties inherent in estimating quantity and quality of, and costs to mine, recoverable reserves, including many factors outside the control of the Coal Companies. Further, sustained downward movements in coal prices could render less economical, or uneconomical, some or all of the coal production related activities to be undertaken by the Coal Companies. There can be no assurance that any particular level of recovery of coal from such reserves or resources will in fact be realised or that an identified resource will ever qualify as a resource to be mined commercially and/or which can be legally and economically exploited. This could have an adverse impact on the availability of sufficient supplies of coal for our projects and the value of its investments in the Coal Companies, which, in turn, could adversely affect our business and financial condition.

20 Coal mining is subject to unexpected disruptions which could cause the Coal Companies’ results of operations to fluctuate across fiscal periods.

The Coal Companies’ surface mining operations are subject to events and operating conditions that could disrupt production, loading and transportation of coal at or from their mines for varying lengths of time. These events and conditions include but are not limited to the following:

- adverse weather and natural disasters, including heavy rains, floods, earthquakes and forest fires;
- unexpected equipment failures and maintenance problems;
- failure to obtain key materials and supplies, such as explosives, fuel and spare parts;
- variations in coal seam thickness, the amount and type of rock and soil (overburden) overlying the coal seam and other discrepancies to geological models;

- delays or disruptions in coal chains, shipments of coal products or importation of equipment and spare parts;
- changes in geological conditions and geotechnical instability of the highwall of mining pits; and
- reserve estimates proving to be incorrect.

Any disruption of the Coal Companies' operations in the event that mining operations are disrupted could have a material adverse effect on our business, financial condition and results of operations.

21 The Indonesian government has passed a new mining law, which, if brought into effect, may affect our coal mining operations in Indonesia and may consequently affect our business, costs and revenues.

The Indonesian government passed the New Mining Law that repealed the existing law and created a new regime for the grant and implementation of mining rights. It is unclear how the New Mining Law will affect the Group's coal mining operations as the implementing regulations, which are expected to set out the specific regulatory changes brought about by the New Mining Law have not yet been promulgated. Some of the changes proposed by the draft regulations include:

- obligations for mine owners to carry out the basic production work themselves;
- requirements for foreign investors to divest a certain percentage of their share in mining projects after a specified period of time; and
- reduction of Mining concession production area under IUP system ("Izin Usaha Pertambangan" which means "mining permit") after the expiry date of the coal contracts of work ("CCoW").

Any changes to the legal and regulatory regime on mineral and coal mining in Indonesia may affect the way the Group conducts its mining operations and may consequently, affect the Group's business, costs and revenues. KPC and Arutmin have first generation CCoW granted by the Indonesian Government. First generation CCoWs are structured as contracts between the concession holder and the central government and ratified by the Indonesian parliament. A first generation CCoW has "lex specialist" status, which means that provisions contained in it sit above general Indonesian law. In the event that any provision under the first generation CCoW are in conflict with general Indonesian law, the provisions under the first generation CCoW would prevail.

The New Mining Law provides that existing CCoWs could remain valid until expiration of their term, but these need to be "transitioned" to conform to the New Mining Law within one year of the implementation of the New Mining Law. Transitioned CCoWs are also able to be extended beyond their term without the need for being re-tendered. KPC and Arutmin are currently working towards a smooth transition and are already compliant with the regulations which have been implemented in relation to the allocation of a specified quantity of the coal produced by coal mining firms to Indonesian markets and sale of coal based on a benchmark price. It is likely that KPC and Arutmin would have to comply with certain provisions in the New Mining Law for the transition and are currently in discussions with the Indonesian government on this topic. Failure to implement a smooth transition process could adversely affect the Group's business, financial condition, costs and revenues.

22 Any failure or delay by the DERC or the MERC in undertaking tariff revisions could have an adverse effect on our business and results of operations

The tariffs for our distribution operations in Delhi, *i.e.* by way of TPDDL, and for the Mumbai License Area are approved by the DERC and the MERC, respectively. These tariffs typically allow for a fixed return on equity and additional return on equity for surpassing targets set for reducing AT&C losses. At periodic intervals, these state electricity regulatory commissions typically review the actual costs incurred, costs recovered and any under or excess recoveries are appropriately adjusted towards the tariffs set for the next year(s). However, any delay by these state electricity regulatory commissions in undertaking these tariff revisions could result in a build up regulatory assets. As of September 30, 2013 the regulatory assets for Tata Power were ₹ 2,745.61 crore and for TPDDL was ₹4,675.83 crore. In this regard, on March 1, 2014, the DERC has passed an order with respect to the liquidation plan for the revenue gap. For further details please refer to the section titled "*Material Developments*" beginning on page 152 of this Letter of Offer.

23 The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 may adversely impact the profitability/growth of the Maithon unit, which could have an adverse effect on its business, financial condition and results of operations

The CERC has, on February 21, 2014, issued the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (“**2014 Tariff Regulations**”), which shall be effective from April 1, 2014 through March 31, 2019. These 2014 Tariff Regulations could impact the profitability and growth of the Maithon unit on account of the followings reasons:

- a) the incentive to a generating station or a unit thereof, payable at a flat rate of 50 paise/kWh, has been linked to plant load factor, instead of plant availability factor, as was the case in the previous tariff regulations issued by the CERC. Plant availability factor is the declared generation capacity of a plant, which would remain the same, however, plant load factor is the actual generation of a plant and may vary depending on demand. The implication of this provision is that the incentive available to the Maithon unit will be contingent on demand, which could fluctuate;
- b) the return on equity remains unchanged and shall be computed at the base rate of 15.50%, thereby keeping the CERC regulated power sector unattractive for new investments;
- c) the recovery of Income Tax has been changed, i.e., return on equity is now to be grossed by the “effective tax rate” in place of the “applicable tax rate”. The effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax income on other income stream (i.e., income of non generation or non transmission business, as the case may be) shall not be considered for the calculation of “effective tax rate”; and
- d) the financial gains by a generating company on account of controllable parameters (namely, station heat rate; secondary fuel oil consumption; auxiliary energy consumption; and re-financing of loan) are required to be shared between such generating company and the distribution licensee who is purchasing electricity generated through a power purchase agreement in the ratio of 60:40 on monthly basis.

These provisions, when taken together, are likely to have an overall negative impact on the profitability and growth of the Maithon unit, which could in turn have an adverse effect on its business, financial condition and results of operations.

24 The success of our power plants depends on the reliable and stable supply of water to our power plants. In the event of water shortages, our power plants may be required to reduce their water consumption, which could reduce our power generation capability.

All of our thermal and hydro power plants require a reliable water source. There can be no assurance that water supply to our thermal power plants, particularly to projects situated away from the coast, will continue to be dependable. In the event of water shortages, our power plants may be required to reduce water consumption, which would reduce our power generation capability and have an adverse impact on our business, results of operations and prospects. Further, if Tata Power or the relevant company comprising a part of our Group does not receive the necessary approvals and licences to draw sea water from the relevant government authorities, it will have to find alternative sources of water supply.

In addition, government approvals and licences are subject to numerous conditions, some of which are onerous and require the licence holders to incur substantial expenditure. If we fail to comply, or a regulator claims we havenot complied, with these conditions, our business, prospects, financial condition and results of operations may be materially and adversely affected.

25 Disruption to the development, execution or operation of any of our assets could adversely affect our business.

The development, execution or operation of our projects may be disrupted for reasons that are beyond our control. These include, among other things, the occurrence of explosions, fires, earthquakes and other natural disasters, prolonged spells of abnormal rainfall, breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks and labour disputes. For example, in December 2013 and January 2014, Tata Power

shut down certain generator units at the Mundra plant and the Trombay plant, respectively, following the breakout of fires at those plants. There can be no assurance that the affected units will resume operations in a timely manner. Further, our projects in Belgaum and Lodhivali are non-operational. Delays in resuming operations for the affected units may have a material adverse effect on our results of operations. In addition, our projects may also be a target of terrorist attack or other civil disturbance.

Further, we rely on extremely sophisticated and complex machinery that is built by third parties and may be susceptible to malfunction. Although, in certain cases, we are entitled to be compensated by manufacturers for certain equipment failures and defects, such arrangements may not fully compensate Tata Power or the relevant Group companies. In addition, we may not be entitled to compensation for indirect losses such as loss of profits or business interruption under such agreements. If such operational difficulties occur in the future, they may have a material adverse effect on our business, financial condition and results of operations.

Environmental awareness throughout the world, including in India and other emerging markets, has grown significantly, in part due to the perceived negative impact that thermal power generation and mining operations have on the environment. Public protest, if any over our power or mining operations could result in a number of adverse consequences, including but not limited to delays in project development and/or execution, damage to our reputation and goodwill with the government or the public in the countries in which we operate or have interests, disruption of operations and damage our facilities, interruptions in the supply of fuel to our thermal generation plants, and affect our ability to obtain necessary licences to expand existing facilities or establish new operations. The occurrence of such events could have a material adverse effect on our business, results of operations, financial condition and prospects.

26 If we do not operate our facilities efficiently, or otherwise breach our contractual obligations, we may face penalties under the terms of the PPAs into which we have entered or may enter in the future.

PPAs, including the PPA for the Mundra UMPP (“**Mundra PPA**”), generally set out certain penalties payable by the relevant companies in the event performance does not meet certain pre-agreed levels. In the case of the Mundra PPA, this includes the potential payment of liquidated damages in connection with unavailability of contracted power or non-satisfaction of certain other conditions. Our customers may not reimburse us for any increased costs arising as a result of failure to operate within the agreed norms. This could, in turn, have an adverse effect on our revenues, financial condition and results of operations.

27 Failures to supply power to our customers may have a significant adverse effect on our business, revenues, results of operations and prospects.

Unplanned outages of any of our generating stations, failures in transmission systems, failure in inter-regional transmission as a result of inadequate inter-regional transmission capacity and consequent network congestion, or failures in distribution systems could prevent us from supplying power to our customers. The occurrence of these or other similar events could have a material adverse effect on our business, financial condition, revenues and results of operations.

28 We have entered the shipping business to secure fuel supplies for some of our projects under operation, which is a relatively new area of business for us and could affect our financial conditions and our results of operations.

As part of its effort to secure fuel supplies for some of our projects under operation, including the Mundra UMPP and unit at Trombay, Tata Power has established a Singapore subsidiary, Trust Energy Resources Pte Limited, to own ships and manage shipping requirements for supply of coal to our power generating plants. The shipping business is a relatively new area of business for us and any prolonged failure to utilise these vessels for our own use or otherwise deploying them gainfully could have a material adverse effect on our financial condition and results of operations.

29 The performance of our green projects is dependent on wind speed, solar isolation and regular inflow of water sources which may be beyond our control. Accordingly, any disruption in the availability of these sources may adversely impact our results of operations and financial position

For our green projects, the plant load factor (“**PLF**”) depends on wind speed, solar insolation, and a regular inflow of water from rains, glacier melt or groundwater, as applicable. The supply of such resources cannot be

assured and the reduction in their availability may affect the generation capacity of those units. This in turn may adversely affect the results of our operations and financial condition.

30 We may have limited access to funding for the development and execution of our power projects, which may limit the expansion of its business.

The acquisition, construction and expansion of power plants, in addition to the on-going improvements required to maintain or upgrade existing assets, are capital intensive. Such costs are usually funded from a mixture of operating cash flow and third party financing. We intend to finance 70% to 80% of the cost of each of the prospective projects with third party debt. Given the growth plans, we may incur substantial borrowings in the future. The availability of such borrowings and access to the capital markets for financing would depend on various factors including but not limited to prevailing market conditions, any regulatory approvals required, and the financing terms offered. There can be no assurance that future financings in the form of debt or equity will be available, whether on acceptable terms, in sufficient amounts or at all. The lack of adequate funding at competitive terms or at all could delay the development and execution of our projects which in turn may adversely affect our business, financial condition and results of our operations.

31 Financing at non-competitive rates, higher cost of borrowing and financing structure could adversely affect our financial performance, condition, results of operations and prospects.

Our growing business needs require us to raise funds through commercial borrowings. Our ability to raise funds at competitive rates depends on our credit rating, the regulatory environment in India, global and economic conditions in India and general liquidity conditions. Changes in economic and financial conditions could make it difficult to access funds at competitive rates. We also face certain restrictions when raising money from international markets, which may further constrain our ability to raise funds at competitive rates.

32 Any downgrade of Tata Power's credit ratings could adversely affect our business and results of operations.

At present, the domestic long term rating from CRISIL is 'CRISIL AA-' with negative outlook and 'CARE AA' from CARE. The domestic long term rating from ICRA as of March 2013 was 'ICRA AA' with negative outlook. Standard and Poor's international corporate credit rating was revised on March 13, 2014 from 'B+' with negative outlook to 'B+' with positive outlook. The downgrades were primarily due to material covenant breaches on the debt raised by the Mundra UMPP and questions relating to the project's long term impact on Tata Power's financial profile absent changes to cost or tariff structure. There can be no assurance that credit rating agencies will not further downgrade Tata Power's credit ratings in the future. Any downgrade of Tata Power's credit rating for international and domestic debt by international and domestic rating agencies, respectively, may have an adverse impact on Tata Power's ability to raise additional financing and the interest rates and commercial terms on which such financing is available. Further rating downgrades could have an adverse effect on Tata Power's ability to obtain financing to fund its growth on favourable terms or at all and, as a result, could have a material adverse effect on its results of operations, financial condition and growth prospects.

33 The structure and specific provisions of our financing arrangements could give rise to certain additional risks.

Certain of Tata Power's loan agreements and other debt arrangements require Tata Power to obtain lender consents before, amongst other things, issuing debentures or shares, entering into any transaction of merger, consolidation, reorganisation, disposing of assets or changing its management and control. Further, certain financial covenants may limit Tata Power's ability to borrow additional money or to grant additional security or issue guarantees. There can be no assurance that such consents will be obtained in the future, which may adversely affect Tata Power's operations, financial condition and growth prospects.

Further, certain Group companies may be unable to service interest payments and principal repayments or comply with other requirements of any loans, rendering borrowings immediately repayable in whole or in part, together with any attendant cost. Certain Group companies may also be forced to sell some of their assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the terms of the existing borrowing. In addition, these borrowings are generally secured against some or all of the relevant Group company's assets and in particular the assets related to the relevant project. Any event of default would result in the lenders enforcing their security and taking

possession of the underlying properties. Any cross-default provisions could magnify the effect of an individual default and if such a provision were exercised, this could result in a substantial loss to us. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond our control) may make it difficult for these Group companies to obtain refinancing on attractive terms or at all. There will be an adverse impact on our results of operations if borrowings become more expensive relative to the income received from investments. If these Group companies are unable to obtain new finance for any reason, the relevant company may suffer a substantial loss as a result of having to dispose off those of their investments.

Tata Power may also guarantee the payment and performance of the obligations of certain of its Group companies under various contracts and loan agreements. Any default by such Group companies would require Tata Power to fulfil its payment obligations under such guarantees, which could have an adverse effect on Tata Power's cash flows and results of operations.

34 Tata Power may not be able to service all of our existing or proposed debt obligations, which could adversely affect its business and results of operations.

Tata Power's ability to meet its existing and future debt service obligations and to repay outstanding borrowings under its funding arrangements will depend primarily upon the on-going cash flow generated by its business. Certain of its borrowings are subject to floating interest rates, which may increase. However, revenues under the PPAs may not increase correspondingly. In addition, the duration of Tata Power's PPAs may not match the duration of the related financial arrangements and thereby expose Tata Power to refinancing risk. Tata Power may not generate sufficient cash to enable it to service existing or proposed borrowings, comply with covenants or fund other liquidity needs.

Further, Tata Power (or any of the members of the Group) will face additional risks if it fails to meet the debt service obligations or financial covenants required under the terms of its financing documents. In such a scenario, the relevant lenders could declare it in default under the terms of its borrowings, accelerate the maturity of its obligations, exercise rights of substitution over the financed project or replace directors on its board. There can be no assurance that in the event of any such acceleration, Tata Power or the relevant Group company will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing arrangements could have a material adverse effect on our cash flows, business, financial condition and results of operations.

CGPL, which operates the Mundra UMPP, has been adversely affected by several factors including (i) recent changes in Indonesian coal price regulations, which have resulted in an increase in price of Mundra UMPP's coal off-take arrangements with the Coal Companies; (ii) the unprecedented increases in global coal prices as compared to 2006 when Tata Power initially bid for the Mundra UMPP; and (iii) fluctuations in the U.S. dollar and Rupee exchange rates, which have experienced significant volatilities in the past twelve months. Based on the reassessment of recoverable amount of the carrying amount of the assets at the Mundra UMPP, CGPL has accounted for an additional amount of ₹850.00 crore for FY 2013 taking the total impairment to ₹2,650.00 crore as at March 31, 2013. Consequent to the impairment loss in respect of the Mundra UMPP, certain financial covenants, including without limitation the maximum debt to equity ratio and the minimum debt service coverage ratio, in the bank financing documents in respect of the loans borrowed for the construction of the Mundra UMPP have not been met as at March 31, 2013. Although no notice has been served by the lenders declaring the loans taken in connection with the Mundra UMPP as immediately due and payable, any acceleration of the loans could have a material adverse effect on our cash flows, business and results of operations. CGPL and Tata Power have approached the lenders to seek waivers from the compliance with the financial covenants to the extent that such breach is due to the changes in foreign exchanges rates, impairment loss, derivative loss and increases in coal prices. However, the outcome of CGPL's discussions with the lenders is uncertain and in the absence of the waivers, drawing under the existing borrowing facilities will not be available to CGPL which in turn may require Tata Power to substitute the loans from alternate sources which may not be at competitive terms. Any failure to obtain the necessary waivers or obtaining waivers with conditions imposed by the lenders or change in assumptions of CGPL relating to future fuel prices, future revenues, operating parameters and the assets' useful life leading to further impairment of assets could have a material adverse effect on our cash flows, business, financial condition and results of operations.

35 Tata Power's auditors have included emphasis of matters and other matters in their reports on Tata Power's audited standalone and consolidated financial statements for Fiscal Year 2013.

The Auditors have included emphasis of matters in their reports on Tata Power's audited standalone and consolidated financial statements for Fiscal Year 2013.

The following are the emphasis of matters in the Audited Standalone Financial Statements by the Auditors:

- *"We draw attention to Note 32(d) to the financial statements which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Note 32(d) and (e)] for the years up to 31st March, 2013. The impact of the same on the results for the year ended 31st March, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary."*
- *"We draw attention to Note 29(a) to the financial statements which describes the key source of estimation uncertainties as at 31st March, 2013 relating to the Company's assessment of the recoverability of the carrying amount of assets that could result in material adjustment to the carrying amount of the long-term investment in a subsidiary. For the reasons explained in the Note, no provision for diminution in value of investment is considered necessary."*

The following are the emphasis of matters highlighted in the Audited Consolidated Financial Statements:

- *"We draw attention to Note 35(e) to the financial statements which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Note 35(e) and (f)] for the years up to 31st March, 2013. The impact of the same on the results for the year ended 31st March, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary."*
- *"As stated in Note 32, which describes the key source of estimation uncertainties relating to the carrying amount of assets and compliance with debt covenants."*
- *"As stated in Note 35 (a)(vi) and (vii) regarding recoverability of ₹ 6,834.20 crore (Group's share of ₹ 2,050.26 crore) of Value Added Tax balances and other contingent claims from third parties, the outcome of which cannot be presently determined."*
- *"As stated in Note 35(h), wherein no adjustment has been made by the Company in respect of income estimated at ₹ 145.72 crore as at 31st March, 2013. The impact of the above as at 31st March, 2013 cannot presently be determined pending ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion that the disallowance of expenses by Delhi Electricity Regulatory Commission (DERC) pertaining to the Rithala plant can be successfully challenged, no adjustment has been considered necessary."*
- *"As stated in Note 38, regarding accrual of insurance claims receivable aggregating ₹ 18.24 crore (net) (Group's share of ₹ 13.50 crore) for the year ended 31st March, 2013, the final quantum of which is subject to determination by the insurance company."*

The following are the other matters included in the Auditor's report on the Audited Consolidated Financial Statements:

Further, in the preparation of the consolidated financial statements for Fiscal Year 2013, the Auditors did not audit the financial statements of 6 Subsidiaries and 6 jointly controlled entities, whose financial statements reflect the Group's share of total assets (net) of ₹ 13,508.64 crore as at March 31, 2013, the Group's share of total revenues of ₹ 8,699.44 crore and net cash outflows amounting to ₹ 1,038.26 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 0.09 crore for the year ended March 31, 2013, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements have not been audited

by the Auditors, but have been audited by other auditors whose reports have been furnished to the Auditors by Tata Power. These financial statements have been audited by other auditors whose reports have been furnished to the Auditors by the Company and the Auditor's opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

The consolidated financial statements include the unaudited financial statements/financial information of three subsidiaries and 20 jointly controlled entities, whose financial statements/financial information reflect the Group's share of total assets (net) of ₹ 1,877.35 crore as at March 31, 2013, the Group's share of total revenue of ₹ 304.30 crore and net cash inflows amounting to ₹ 6.60 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been certified by the Company and in the Auditor's opinion, in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities, is based solely on such Company's certified financial statements/financial information.

For additional details, please see the auditor's reports on Tata Power's audited standalone and consolidated financial statements for Fiscal Year 2013 included in the section titled "*Financial Information*" beginning on page 151 of this Letter of Offer.

36 We have certain contingent liabilities not provided for as at March 31, 2013, which may adversely affect our financial condition.

The following are the Company's standalone contingent liabilities not provided for on the basis of the Audited Standalone Financial Statements:

a. Claims against the Company not acknowledged as debts aggregating to ₹ 370.06 crore consist mainly of the following (31st March, 2012 - ₹ 234.66 crore):

- Octroi claims disputed by the Company aggregating to ₹ 5.03 crore (31st March, 2012 - ₹ 5.03 crore), in respect of octroi exemption claimed by the Company.
- A suit has been filed against the Company claiming compensation of ₹ 20.51 crore (31st March, 2012 - ₹ 20.51 crore) by way of damages for alleged wrongful disconnection of power supply and interest accrued thereon ₹ 111.99 crore (March 31, 2012 - ₹ 107.68 crore).
- Rates, cess, way leave fees and duty claims disputed by the Company aggregating ₹ 63.73 crore (31st March, 2012 - ₹ 68.90 crore). In respect of certain dues as per the terms of an agreement, the Company has the right to claim reimbursement from a third party.

Custom duty claims of ₹ 135.52 crore disputed by the Company relating to issue of applicability and classification (payment made under protest against these claims of ₹ 135.52 crore).

- Other claims against the Company not acknowledged as debts ₹ 33.28 crore (31st March, 2012 - ₹ 32.54 crore).
- Amounts in respect of employee related claims/disputes, regulatory matters is not ascertainable.

Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

b. Other Contingent Liabilities:

- Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Company and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 58.82 crore (including interest demanded ₹ 1.25 crore) [(31st March, 2012 - ₹ 113.85 crore) (including interest demanded ₹ 6.31 crore)].
- Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

c. Indirect exposures of the Company:

Name of the Company	Guarantees given (₹ crore)	Shares pledged (Refer Note 1 below) (Nos.)

Name of the Company	Guarantees given (₹crore)	Shares pledged (Refer Note 1 below) (Nos.)
Tata Teleservices Limited (TTSL)	-	18,27,08
	-	21,98,18
Powerlinks Transmission Limited (PTL)	-	23,86,80
	-	23,86,80
Coastal Gujarat Power Limited (CGPL)	3,473.55	249,21,71
	(including JPY 31,219	
	3,117.59	202,49,55
	(including JPY 31,219 million)	,000
Industrial Energy Limited (IEL)	-	12,56,74
	-	12,56,74
Khopoli Investments Limited (KIL)	3,212.06	-
	(equivalent to USD 590.56 million)	
	3,014.63	-
	(equivalent to USD 588.91 million)	
Bhira Investments Limited (BIL)	4,895.10	-
	(equivalent to USD 900 million)	
	4,607.10	-
	(equivalent to USD 900 million)	
Trust Energy Resources Pte. Limited (TERL)	287.72	-
	(equivalent to USD 52.90 million)	
	270.80	-
	(equivalent to USD 52.90 million)	
Tubed Coal Mines Limited (TCML)	11.36	-
	11.36	-
Mandakini Coal Company Limited (MCCL)	86.93	2,00,43
	20.26	-
Energy Eastern Pte. Limited (EEL)	301.86	-
	(equivalent to USD 55.50 million)	
	87.02	-
	(equivalent to USD 17 million)	
Tata Power Renewable Energy Limited (TPREL)	405.45	2,48,41
	285.99	1,38,00,600
Maithon Power Limited (MPL)	135.00	-
	-	-
Tata Sons Limited (TSL)	[Refer (f)] below]	-
	[Refer (f)] below]	-

Notes:

1. The Company has pledged the above shares of subsidiaries, jointly controlled entities and TTSL, with the lenders for borrowings availed by respective subsidiaries, jointly controlled entities and TTSL.
 2. Previous year's figures are in italics.
- d. In respect of the standby charges dispute with Reliance Infrastructure Limited (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the ATE, set aside the MERC order dated 31st May, 2004 and directed the Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2013 the accumulated interest was ₹ 184.76 crore (31st March, 2012 - ₹ 173.56 crore) (₹ 11.20 crore for the year ended 31st March, 2013). On appeal, the Hon'ble Supreme Court vide its interim order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the registrar general of the court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006, of Standby Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted,

wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Company on the final outcome of the matter.

- e. MERC vide its Tariff Order dated 11th June, 2004, had directed the Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative Debt Equity ratio of 70:30 to fund the Company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% per annum on the said normative debt. The change to the Clear Profit and Reasonable Return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in Note 32(d) in our "*Audited Standalone Financial Statement*" in the section titled "*Financial Information*" on page 151 of this Letter of Offer. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the Standby Charges dispute as mentioned in Note 32(d) in our "*Audited Standalone Financial Statement*" in the section titled "*Financial Information*" on page 151 of this Letter of Offer.
- f. During the year 2008-09, in terms of the agreements entered into between Tata Teleservices Limited (TTSL), Tata Sons Limited (TSL) and NTT DoCoMo, Inc. of Japan (Strategic Partner-SP), TSL gave an option to the Company to sell 2,72,82,177 equity shares in TTSL to the SP, as part of a secondary sale of 25,31,63,941 equity shares effected along with a primary issue of 84,38,79,801 shares by TTSL to the SP.

If certain performance parameters and other conditions are not met by TTSL by 31st March, 2014 and should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares, the Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price in proportion of the number of shares sold by the Company to the aggregate of the secondary shares sold to the SP, subject to compliance with applicable exchange control regulations, or should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares and the SP divests the shares at a lower price, subject to compliance with applicable exchange control regulations, the Company is obliged to pay a compensation representing the difference between such lower sale price and the price referred to above in proportion of the number of shares sold by the Company to the aggregate of the secondary shares sold to the SP.

Under the above mentioned agreements with SP, TSL and TTSL have jointly and severally agreed to indemnify SP with the agreed limits against claims arising on account of any failure of certain warranties provided by TSL and TTSL to be true and correct in all respect (amount not determinable) and in respect of specified contingent liabilities (Company's share ₹ 31.10 crore). The Company is liable to reimburse TSL, on a pro-rata basis.

The following are our consolidated contingent liabilities not provided for on the basis of the Consolidated Standalone Financial Statements:

- g. Claims against the Group not acknowledged as debts aggregating to ₹ 3,250.77 crore consist mainly of the following (31st March, 2012 - ₹ 2,047.68 crore):
 - o Octroi claims disputed by the parent company aggregating to ₹ 5.03 crore (31st March, 2012 - ₹ 5.03 crore), in respect of octroi exemption claimed by the parent company.
 - o A suit has been filed against the parent company claiming compensation of ₹ 20.51 crore (31st March, 2012 - ₹ 20.51 crore) by way of damages for alleged wrongful disconnection of power supply and interest accrued thereon ₹ 111.99 crore (31st March, 2012 - ₹ 107.68 crore).
 - o Rates and taxes, cess, way leave fees, property tax and duty claims disputed by the Group aggregating ₹ 261.45 crore (31st March, 2012 - ₹ 120.47 crore). In respect of certain dues as per the terms of an agreement, the parent company has the right to claim reimbursement from a third party.

Custom duty claims of ₹ 209.13 crore disputed by the Group relating to issue of applicability and classification (payment made by the Group under protest against these claims of ₹ 192.27 crore).

In the case of the Group, claims of power purchase vendors ₹ 408.38 crore. (31st March, 2012 – Nil)

Other claims against the Group, not acknowledged as debts ₹ 168.51 crore.(31st March, 2012 – ₹ 66.32 Crore)

- In the case of the Group, amounts in respect of employee related claims/disputes, regulatory matters is not ascertainable.
- In the case of Associates, other claims not acknowledged as debts ₹ 15.51 crore(31st March, 2012 – ₹ 25.21 Crore)and liquidated damages amounts is indeterminable.
- In the case of certain jointly controlled entities, demand for royalty payment is set-off against recoverable Value Added Tax (VAT) paid on inputs for coal production aggregating to ₹ 6,834.20 crore - Group's share ₹ 2,050.26(31stMarch, 2012 - ₹ 5,674.87 crore - Group's share 1,702.46 crore). Under the coal contract of work the Coal Companies would recover VAT from the Government within 60 days. As the Government had not refunded VAT within 60 days, the Coal Companies have set-off royalty against VAT recoverable, which has not been accepted by the Government. The managements of the Coal Companies, based on the various legal judgments, are of the view that the said amounts would be allowable as set-off.
- In the case of certain jointly controlled entities, in respect of other matters (viz; land dispute, illegal mining, miningservice fees etc.) amount is not ascertainable.

Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

h. Other Contingent Liabilities:

Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Group and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 145.36 crore (including interest demanded ₹ 22.90 crore) [(31st March, 2012 - ₹ 228.01 crore (including interest demanded ₹ 34.72 crore)].

In the case of Associates, taxation matters for which liability, relating to issues of deductibility and taxability, is disputed and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 1.30 crore.(31st March, 2012 - ₹ 2.10 crore).

Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at variousforums/authorities.

i. Indirect exposures of the Group:

- The parent company has pledged 18,27,08,138 shares (31st March, 2012 - 21,98,18,101 shares) of TTSL with the lendersfor borrowings availed.
- The parent company's shares in Subsidiaries to the extent of 100% in PTL, 51% in CGPL, 51% in IEL, 51% in MCCL and 51% in TPREL have been pledged with the lenders for borrowings availed by the respective Subsidiaries.

j. In the case of TPDDL, the Company had introduced a Voluntary Separation Scheme (VSS) for its employees in December 2003, in response to which 1,798 employees were separated. As per the Scheme, the retiring employees were paid ex-gratia separation amount by the Company. They were further entitled to retiral benefits (i.e. gratuity, leave encashmentpension commutation, pension, medical and leave travel concession), the payment obligation of which became a matterof dispute between the Company and the DVB Employees Terminal Benefit Fund 2002 ('the Trust'). The Trust is, however,of the view that its liability to pay retiral benefits arises only on the employee attaining the age of superannuation or ondeath whichever is earlier. On 1st November, 2004, the Company entered into a Memorandum of Understanding with theGovernment of National Capital territory of Delhi (GNCTD) and a special Trust namely Special Voluntary Retirement SchemeRetirees Terminal Benefit Fund, 2004 Trust (SVRS RTBF, 2004 Trust) was created.

For resolution of the issue through the process of law, the Company had filed a writ, before the Hon'ble Delhi High Court.

The Hon'ble Court has pronounced its judgement on this issue on 2nd July, 2007 whereby it has

provided two options to the Discoms for paying terminal benefits/residual pension to the Trust:

(i) Terminal benefits due to the VSS optees and to be paid by Discoms which shall be reimbursed to Discoms by the Trust without interest on normal retirement/death (whichever is earlier) of such VSS optees. In addition, the discoms shall pay the retiral pension to VSS optees till their respective dates of normal retirement, after which the Trust shall commence payment to such optees.

(ii) The Trust to pay the terminal benefits and all dues of the VSS optees and Discoms to pay to the trust an 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal of Actuaries to be appointed within a stipulated period.

The Company considers the second option as more appropriate and also estimates that the liability under this option shall be lower than under the first option which is presently being followed. Pending computation of the liability by the Arbitral Tribunal of Actuaries due to delay in appointment of the same, no adjustment has been made in these financial statements.

While the writ petition was pending, the Company had already advanced ₹ 77.74 crore (31st March, 2012 - ₹ 77.74 crore) to the SVRS Trust for payment of retiral dues to separated employees. Against this, the Company had recovered ₹ 29.71 crore (31st March, 2012 - ₹ 29.71 crore) and adjusted an amount of ₹ 40.36 crore (31st March, 2012 - ₹ 28.37 crore) from pension, leave salary and other contribution totalling to ₹ 70.07 crore (31st March, 2012 - ₹ 58.08 crore), against a claim of ₹ 68.18 crore (31st March, 2012 - ₹ 64.42 crore) from the SVRS Trust in respect of retirees, who have expired or attained the age of superannuation till 31st March, 2013.

In addition to the payment of terminal benefits/residual pension to the Trust, the Hon'ble Delhi High Court in its above Order has held that the Discoms are liable to pay interest @ 8% per annum on the amount of terminal benefits for the period from the date of voluntary retirement to the date of disbursement. Consequently, the Company has paid ₹ 8.01 crore in FY 2008-09 as interest to VSS optees.

The Company is of the opinion that the total liability for payment of terminal benefits to the trust based on actuarial valuation including payment of interest to VSS optees, would be less than the amount of retiral pensions already paid to the VSS optees and charged to the Statement of Profit and Loss. Consequently, pending valuation of 'Additional Contribution' to be computed by an Arbitral Tribunal of Actuaries, the Company has shown interest of ₹ 8.01 crore (31st March, 2012 - ₹ 8.01 crore) paid to VSS optees, in addition to retiral dues of ₹ 7.67 crore (31st March, 2012 - ₹ 19.67 crore), as recoverable, net of pension contribution payable of ₹ 0.26 crore (31st March, 2012 - Nil) as on 31st March, 2013. Recoverable from SVRS trust as at 31st March, 2013 aggregate to ₹ 15.43 crore (31st March, 2012 - ₹ 27.68 crore) and includes current portion of ₹ 8.28 crore (31st March, 2012 - ₹ 16.29 crore).

Apart from this, the Company has also been paying the retiral pension to the VSS optees till their respective dates of normal retirement or death (whichever is earlier). DERC has approved the aforesaid retiral pension amount in its Aggregate Revenue Requirement (ARR) and the same has been charged to the Statement of Profit and Loss.

- k. In respect of the parent company's standby charges dispute with Reliance Infrastructure Limited (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal of Electricity (ATE), set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2013 the accumulated interest was ₹ 184.76 crore (31st March, 2012 - ₹ 173.56 crore) (₹ 11.20 crore for the year ended 31st March, 2013). On appeal, the Hon'ble Supreme Court vide its Interim Order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006, of Standby Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted, wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Parent Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Parent Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Parent Company on the final outcome of the matter.

- l. MERC vide its Tariff Order dated 11th June, 2004, had directed the Parent Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative Debt Equity ratio of 70:30 to fund the parent company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% per annum on the said normative debt. the change to the clear profit and reasonable return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in note 35(e) in our "*Audited Consolidated Financial Statement*" in the section titled "*Financial Information*" on page 151 of this Letter of Offer. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the standby charges dispute as mentioned in Note 35(e) in our "*Audited Consolidated Financial Statement*" in the section titled "*Financial Information*" on page 151 of this Letter of Offer.
- m. During the year 2008-09, in terms of the agreements entered into between Tata Teleservices Limited ("TTSL"), Tata Sons Limited ("TSL") and NTT DoCoMo, Inc. of Japan (Strategic Partner - SP), TSL gave an option to the Parent Company to sell 2,72,82,177 equity shares in TTSL to the SP, as part of a secondary sale of 25,31,63,941 equity shares effected along with a primary issue of 84,38,79,801 shares by TTSL to the SP. If certain performance parameters and other conditions are not met by TTSL by 31st March, 2014 and should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares, the Parent Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price in proportion of the number of shares sold by the Parent Company to the aggregate of the secondary shares sold to the SP, subject to compliance with applicable exchange control regulations, or should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares and the SP divests the shares at a lower price, subject to compliance with applicable exchange control regulations, the Parent Company is obliged to pay a compensation representing the difference between such lower sale price and the price referred to above in proportion of the number of shares sold by the Parent Company to the aggregate of the secondary shares sold to the SP.

Under the above mentioned agreements with SP, TSL and TTSL have jointly and severally agreed to indemnify SP within the agreed limits against claims arising on account of any failure of certain warranties provided by TSL and TTSL to be true and correct in all respects (amount not determinable) and in respect of specified contingent liabilities (Parent Company's share ₹ 31.10 crore). The Parent Company is liable to reimburse TSL, on a pro-rata basis.

- n. In the case of TPDDL, Delhi Electricity Regulatory Commission (DERC) has issued the 'Order on True up for FY 2010-11, Aggregate Revenue Requirement for FY 2012-13 to FY 2014-15 and Distribution Tariff (Wheeling & Retail Supply) for FY 2012-13 ('the Order') on 13th July, 2012. While approving the power purchase cost for the FY 2010-11, DERC had allowed the power purchase cost for generation of Rithala plant at the rate equivalent to the UI rates for units generated during the time when the Company was under-drawing from the grid instead of the actual cost of generation resulting in disallowance of ₹ 7.62 crore for the FY 2010-11. The Company has, however, not made any adjustments for disallowance based on the above mentioned principle stated in the Order. The Company has based on management estimates accounted for revenue of ₹ 7.62 crore, ₹ 88.42 crore and ₹ 49.68 crore for FY 2010-11, FY 2011-12 and for the period 1st April, 2012 to 30th September, 2012 respectively aggregating to ₹ 145.72 crore which amount is included in income recoverable from future tariff as at 31st March, 2013. With effect from 1st October, 2012, the scheduling of power generation at Rithala plant is being done at the instructions of State Load Dispatch Center.

The Company has filed an appeal on 22nd August, 2012 before the Appellate Tribunal for Electricity and is of the view, supported by legal opinion that the Order can be successfully challenged and has accordingly not made any adjustments in the financial statements as at 31st March, 2013. The adjustments, if any will be recorded by the Company on the final outcome of the matter.

In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected. For further details, refer to the section titled "*Outstanding Litigation & Defaults*" beginning on page 175 of this Letter of Offer.

37 Tata Power has equity investments and capital commitments, the terms of which may restrict its ability to liquidate such investments and therefore may adversely affect its business and operations.

Tata Power has made and will continue to make capital investments, loans, advances and other commitments to support certain of its subsidiaries, joint venture companies and associates. In the past, these investments and commitments have included capital contributions, loans and corporate guarantees to enhance the financial condition or liquidity of such subsidiaries, joint venture companies and associates. Certain of Tata Power's non-core investments are in sectors which can be volatile, such as the telecommunications sector in which it has invested through Panatone Finvest Limited, Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited. Some of the agreements, pursuant to which such investments were made, may contain certain terms, which may restrict Tata Power's ability to liquidate such investments.

If the business and operations of Tata Power's subsidiaries, joint venture companies and associates deteriorate, Tata Power may suffer losses and / or be required to write-off or write-down the value of its investments. Tata Power may make capital expenditures in the future, which may be financed through additional debt. In addition, certain loans or advances may not be repaid or may need to be restructured, or Tata Power may be required to outlay capital under its commitment to support these companies. This may have a material adverse effect on Tata Power's business, financial condition and revenues.

38 Tata Power currently enjoys certain significant tax incentives, which may not be available in the future. This could have an adverse effect on Tata Power's financial performance, results of operations and prospects.

Tata Power currently enjoys the benefit of various tax incentives provided by both the Government and the state governments, in the form of tax holidays, exemptions and subsidies, in order to encourage investment in the power sector. These incentives have a substantial positive impact on Tata Power's returns from these projects. The most significant of these incentives is the benefit under Section 80-IA of the Indian Income Tax Act, 1961, which provides for a tax holiday of ten years out of the first fifteen years from commissioning of the infrastructure project. Tata Power's financial performance, results of operations and prospects could be adversely affected if these benefits are amended or withdrawn or become unavailable (following the expiry of the time period for which the benefit is available) if its claim for deductions under Section 80-IA are disputed or disallowed by the taxation authority.

Further, the Direct Tax Code Bill, 2010 (the "DTC") proposes to replace the existing IT Act and other direct tax laws in India, with a view to simplify and rationalise the tax provisions into one unified code. The DTC which was tabled before the Indian Parliament for debate and discussion on August 30, 2010 was proposed to come into effect from April 1, 2012. However, its implementation has been deferred and the government has not specified any timeline for its implementation. The various proposals included in the DTC are subject to review by the Indian parliament and the impact, if any, is not quantifiable at this stage. It is possible that the DTC, once introduced, could significantly alter the taxation regime, including incentives and benefits, applicable to Tata Power.

39 Our projects are subject to risks associated with the engagement of third party contractors.

The construction work at certain of our projects is being, and will be, performed by third party contractors. Neither Tata Power nor its subsidiaries or joint venture companies have direct control over the day-to-day activities of such contractors and are reliant on such contractors performing these services in accordance with the relevant contracts. If Tata Power or the relevant subsidiary or joint venture company fails to enter into such contracts or if the contractors fail to perform their obligations in a manner consistent with their contracts, our projects may not be completed as or when envisaged, if at all, thus leading to unexpected costs.

We may not recover all or any losses they incur because of legal action in respect of breach by third party contractors of their respective obligations. If a contractor engaged to work on a project becomes insolvent, it may prove impossible to recover compensation for such defective work or materials and we may incur losses because of funding the repair of the defective work or paying damages to persons who have suffered any loss as a result of such defective work.

40 Tata Power's shareholding in its subsidiaries and joint venture companies may be diluted resulting in an adverse impact on our business and financial position.

A substantial part of Tata Power's business is undertaken through its subsidiaries and joint venture companies. Tata Power regularly provides equity and debt financing to its subsidiaries and joint venture companies. A certain portion of the third party debt financing taken by Tata Power's subsidiaries and joint venture companies requires Tata Power to pledge the shares held by it in its relevant subsidiary or joint venture company in favour of the concerned lender. Any default in such loans by such subsidiary or joint venture company can result in the concerned lender exercising the rights in respect of such pledge and acquiring the shares held by Tata Power in the relevant subsidiary or joint venture company. In such circumstances, Tata Power's ownership in such relevant subsidiary or joint venture company may be diluted. Such an event may have an adverse impact on our business and financial position.

41 TPDDL is currently the subject of an audit by the Comptroller and Auditor General of India. An adverse outcome of this audit could result in proceedings being initiated against TPDDL, in which event our business, reputation, prospects, financial condition and results of operations could be adversely affected.

In January 2014, the Department of Power, Government of the National Capital Territory of Delhi, notified TPDDL of a decision by the Comptroller and Auditor General of India to audit all power distribution companies in Delhi and as of the date of this Letter of Offer, the abovementioned audit has commenced. While, there has been no adverse finding as of the date of this Letter of Offer, in the event that such audit has an adverse outcome, it could result in proceedings being initiated against TPDDL, in which event our business, reputation, prospects, financial condition and results of operations could be adversely affected.

In this regard, TPDDL had filed a petition before the High Court of Delhi, praying that the court grant interim relief by staying the decision of the Government of the National Capital Territory of Delhi to audit TPDDL. This petition was brought before a single judge of the High Court of Delhi, who declined TPDDL the interim relief sought. Thereafter, TPDDL has challenged the said order of the single judge of the High Court of Delhi, and the matter is currently pending before the High Court of Delhi. In the event of the appeal being decided against TPDDL, and the audit by the Comptroller and Auditor General of India is permitted to continue, and in the event that such audit has an adverse outcome, it could result in proceedings being initiated against TPDDL, in which event our business, reputation, prospects, financial condition and results of operations could be adversely affected.

42 Revenue in respect of the units at our Jojobera plant is recognised on the basis of a draft Power Purchase Agreement, which is yet to be finalised.

The Jojobera plant has an aggregate capacity of approximately 428 MW consisting of 4 units. Of the 4 units, with respect to one unit of 120 MW, we recognise revenue on the basis of only a draft PPA prepared jointly by the Company and Tata Steel Limited. While we shall endeavour to execute a PPA with Tata Steel Limited, with respect to this unit, there can be no assurance that we would be able to do so and to that end the existing arrangement may continue in the future.

43 Disagreements with Tata Power's joint venture partners or unfavourable terms in the agreements governing those joint ventures could adversely affect Tata Power's operations.

Tata Power currently participates in a number of joint venture arrangements. The success of these joint ventures depends significantly on the satisfactory performance by the joint venture partners and the fulfilment of their obligations. If a joint venture partner fails to perform its obligations satisfactorily, the joint venture may be unable to perform adequately or deliver its contracted services. Tata Power's level of participation in each joint venture varies and it does not have a controlling interest in some operations. In certain instances, Tata Power's ability to withdraw funds (including dividends) from its participation in and its ability to exercise management control over, joint ventures and investments therein depends on receiving the consent of its joint venture partners. Tata Power's operations and revenues may be adversely affected to a material extent if disagreements develop with its joint venture partners and are not resolved in a timely manner.

44 Tata Power's corporate reputation could be adversely affected if it fails to meet high safety, quality, social, environmental and ethical standards.

Tata Power believes it has a good corporate reputation and its businesses generally have a high profile in India and internationally. Should any part of Tata Power's operations fail to meet high safety, quality, social, environmental and ethical standards, its corporate reputation could be damaged. This could lead to the rejection

of Tata Power as a preferred service provider by customers, devaluation of the Tata brand and diversion of management time into rebuilding and restoring its reputation which could have a material adverse effect on Tata Power's business, financial condition, results of operations and prospects.

45 Tata Power has entered into an agreement for the use of the "Tata" brand. Termination of this agreement could result in a loss of brand value.

We have entered into a Tata Brand Equity and Business Promotion Agreement dated December 18, 1998, for the use of the brand "Tata" from Tata Sons Limited. As per the terms of this Agreement, Tata Sons Limited may terminate the aforementioned agreement either (i) in case of breach of any of the terms by us or any other specific reason set out in the agreement; or (ii) with six months written notice for reasons to be recorded. Further, only Tata Sons Limited has the right to register any trademark with the "Tata" brand or bearing the name "Tata". We cannot guarantee that the aforementioned agreement will not be terminated in the future and this may result in our having to change the name of our Company. Any value to our Company in being associated with the "Tata" brand may consequently be lost. Loss of this brand value could cause diversion of management time into rebuilding and restoring its reputation which could have a material adverse effect on Tata Power's business, financial condition, results of operations and prospects.

46 Tata Sons Limited, as principal shareholder and promoter of Tata Power, may take actions which may conflict with the interests of other shareholders of Tata Power.

The principal shareholder and the Promoter of Tata Power is Tata Sons Limited ("Tata Sons") which, as at December 31, 2013, beneficially owned approximately 29.81% of the Equity Shares. Moreover, Tata Sons, along with other companies comprising part of our Promoter Group and related trusts, together controlled approximately 32.47% of the Equity Shares as at December 31, 2013.

Tata Sons, as a significant shareholder, will continue to have the ability to exert influence over the actions of Tata Power. Tata Sons has further undertaken to subscribe to the unsubscribed portion in the Issue subject to a maximum subscription of fifty per cent of the Issue size including their Rights Entitlements, as a consequence of which, the shareholding of Tata Sons in Tata Power may increase. Tata Sons may also engage in activities that conflict with the interest of Tata Power's shareholders and in such event Tata Power's shareholders could be disadvantaged by these actions. Tata Sons could cause Tata Power to pursue strategic objectives that conflict with the interests of Tata Power's shareholders. Conflict of interest may arise between Tata Power, its affiliates and Tata Power's principal shareholder or its affiliates, possibly resulting in the conclusion of transactions of terms not determined by market forces. Any such conflict of interest could adversely affect Tata Power's results of operations and financial covenants.

47 Failure to obtain and retain approvals and licences, or changes in applicable regulations or their implementation, may adversely affect our operations.

Our operations are subject to extensive government regulation. We require certain approvals, licences, registrations and permissions for operating our businesses, some of which may have expired and for which we have either made, or are in the process of making, an application for obtaining the approval or its renewal. If we fail to obtain or retain any of these approvals or licences, or renewals thereof, in a timely manner, our business may be adversely affected. Furthermore, although we currently obtain and maintain all required regulatory licences, there can be no guarantee that any such licence will not be withdrawn in the future, or that any applicable regulation or method of implementation will not change. This could have a material adverse effect on our business, revenues and results of operations.

48 We have some limited presence in Myanmar which is currently subject to U.S. sanctions.

We entered into a memorandum of understanding with the Government of Myanmar in October 2013 to develop a coal-based power plant in Myanmar. We are currently undertaking feasibility studies with respect to the proposed power plant. Myanmar is currently the subject of certain trade restrictions and sanctions administered by the U.S. Department of Treasury's Office of Foreign Asset Control ("OFAC"). We may be subject to negative media or investor attention and/or U.S. sanctions as a result of our limited operations in Myanmar, which may have a material adverse effect on our business, financial condition and results of operations.

49 Our long-term success is dependent upon its ability to attract and retain key personnel and in sufficient numbers.

We depend on our senior executives and other key management members to implement our projects and business strategies. If any of these individuals resigns or discontinues his or her service, it is possible that an adequate replacement may not be found easily or at all. If this were to happen, there could be a material adverse effect on our ability to successfully implement our projects and business strategies.

Competition for management and industry experts in the power sector is intense. Our future performance depends on our ability to identify, hire and retain technical, support, sales and other qualified personnel. Failure to attract and retain such personnel could have a material adverse impact on our ability to implement planned projects and on our business in general.

50 We may not have sufficient insurance coverage to cover all possible economic losses.

We rely upon insurance coverage to insure against damage and loss to our projects that may occur during construction and operation. We purchase such additional insurance coverage as we believe to be commercially appropriate as new projects enter the construction and operation phases. Nevertheless, the insurance we obtain may not be sufficient to protect us from all losses.

Should an uninsured loss or a loss in excess of insured limits occur, we could lose the capital invested in and the anticipated revenue from the affected property. We could also remain liable for any debt or other financial obligation related to that property. Losses suffered due to inadequate coverage may have a material adverse impact on our business, results of operations and financial condition.

51 Operations could be adversely affected by strikes, work stoppages or increased wage demands by employees or any other kind of disputes with employees.

Tata Power continues to maintain a cordial relationship with the members of its workforce. However, there can be no assurance that Tata Power will not experience disruptions to its operations due to disputes or other problems with its work force, if they arise in the future, which may adversely affect its business. Furthermore, a large number of Tata Power's employees are members of labour unions. Although these unions are not affiliated to national labour organisations, any actions by these labour unions may divert management's attention and result in increased costs to Tata Power. Tata Power may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to union-initiated work stoppages, including strikes.

Tata Power enters into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although Tata Power does not engage these labourers directly, it is possible under Indian law that Tata Power may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect Tata Power's business, financial condition and results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, Tata Power may be required to absorb a portion of such contract labourers as its employees.

Furthermore, labour activism could adversely affect Tata Power's Indonesian investments and key fuel sourcing arrangements from Indonesia which could, in turn, adversely impact our business, financial condition, results of operations and prospects. Laws permitting the formation of labour unions combined with weak economic conditions, have resulted, and may in the future result, in labour unrest and activism in Indonesia. Any significant labour dispute or labour action in Indonesia could have a material adverse effect on Tata Power's business, financial condition, results of operations and prospects.

52 General conditions in the power sector, including historically weak payment records could adversely affect our revenues and results of operations.

The Indian power sector is vulnerable to the Government's political will to allow reforms and privatisation of the sector. The historically weak financial position of the power sector, especially that of the state distribution companies ("Discoms"), has an impact on the industry as a whole. The state Discoms are significant customers for the Mundra UMPP and the Maithon plant. The state-owned power distribution companies have had a weak credit history and there can be no assurance that these entities will pay their obligations in a timely manner or at all. Power projects in which we have invested or in which it plans to invest may sell power to either Discoms or the state power companies formed as a result of the privatisation of the state Discoms. However, as a result of the state companies' generally weak payment record, project companies established to develop and operate the

power projects would normally seek (and would normally require for the purpose of obtaining bank finance) additional payment assurance in the form of bank letters of credit and escrow arrangements. Nevertheless, there can be no assurance that the vulnerable condition of the sector, including the trend of substantial payment defaults by customers, will not adversely affect our revenues and results of operations.

Furthermore, in order to promote renewable generation, the various state electricity regulatory commissions usually declare preferential tariffs for renewable power and renewable purchase obligations for state Discoms and distribution licensees. The recovery of such tariff from state Discoms and distribution licensees may be very difficult. In addition, on completion of the period for which preferential tariffs are awarded, returns on our renewable generation capacity may be lower, which could have a material adverse effect on our financial condition and results of operations.

53 The provisions of the Electricity Act, 2003 and tariff regulations have increased our competition in the power sector.

The Electricity Act has resulted in changes in the power sector in India, including de-licensing of generation, greater competition in supply, open access to distribution and transmission systems and the reorganisation and privatisation of certain of the state electricity boards. However, while we have greater flexibility to sell power, the provisions of the Electricity Act, 2003 increased the scope for competition in our supply and distribution businesses, and may continue to do so, which could adversely affect our revenues, results of operations and prospects.

54 Our captive power projects benefit from “captive power” status under applicable legislation. Any change in such status could result in additional tariff regulations which could adversely affect our revenues and results of operations.

Under the Electricity Act, captive power projects benefit from lesser regulation and are not subject to tariff regulations and restrictions imposed by the CERC and state electricity regulatory commissions. For such projects, the buyer and seller are free to negotiate and agree the relevant tariff without regulatory input or approval. However, such projects need to meet certain structural requirements to be afforded captive power status. Currently, there is a matter pending before the Supreme Court with respect to the captive status of certain units of our Jojobera thermal power plant is under regulatory scrutiny. An adverse order in this matter, and any future investigations or questions from the regulators in relation to captive power status afforded to Jojobera or other projects, will result in an increase in management time spent attending to such matters, investigations or questions, which may detract from our business and adversely affect our results of operations and prospects. There can be no assurance that any of our captive power projects, whether current or future, will obtain or retain captive status, which could result in additional tariff regulations which could adversely affect our revenues and results of operations. Further, any amendments to the conditions required to obtain captive power status made by the regulators could result in an increased cost to us in complying with these conditions or a loss of captive power status altogether.

55 Activities in the power generation business can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business and to legal and regulatory action, which could adversely affect our business, financial condition and results of operations.

The power generation business requires us to work under potentially dangerous circumstances and with highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees, contract labourers or other persons, cause damage to our properties and properties of others and harm the environment. Due to the nature of these materials, we may be liable for certain costs related to hazardous materials, including cost for health related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees for injuries arising from occupational exposure to materials or other hazards at our power plants. This could subject us to significant disruption in our business and to legal and regulatory actions, which could adversely affect our business, financial condition and results of operations.

56 Changes in technology may affect our business by making our equipment or power projects less competitive or obsolete.

Our future success will depend, in part, on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. Changes in technology and high fuel costs of thermal power projects may make newer generation power projects or equipment more competitive than more traditional power projects or may require us to make additional capital expenditures to upgrade our facilities. In addition, there are other technologies that can produce electricity. The primary alternative technologies are fuel cells, micro turbines, windmills and solar photovoltaic cells. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

57 There may be other changes to the regulatory framework that could adversely affect us.

The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the full impact of these changes is unclear. The Electricity Act has put in place a framework for reforms in the sector, but in many areas the details and timing of reforms are yet to be determined. It is expected that many of these reforms will take time to be implemented. Furthermore, there could be additional changes in tariff policy, requirements for unbundling of the state electricity boards, restructuring of companies in the power sector, open access and parallel distribution and licensing requirements for, and tax incentives applicable to, companies in the power sector. Such additional changes could adversely affect our business prospects, financial condition and results of operations.

The Companies Act, 2013 has recently been passed by the Indian Parliament and has received assent of the President of India. While the Companies Act, 2013 has been published in the Gazette of India for the purposes of general information, the majority of the provisions of the Companies Act, 2013 (other than certain sections which were notified on September 12, 2013) are yet to come into force. The Companies Act, 2013 includes, among others, significant changes to the regulatory framework in relation to corporate governance, raising of capital by Indian companies, audit procedures and corporate social responsibility. At this stage, we have not evaluated and cannot predict with certainty the impact that the Companies Act, 2013 and the related rules may have, upon coming in force, on our business and results of operations.

58 Fluctuations in interest rates in our foreign borrowings and exchange rate fluctuations could result in foreign exchange losses

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. A depreciation of the value of the Rupee will affect the cost of our purchases denominated in currencies other than the Rupee. In addition imported coal accounts for a significant portion of the total coal purchased by us for our directly owned power stations. The recent depreciation of the Rupee has increased the costs of coal imports by us. Any significant fluctuation in exchange rates to our disadvantage may increase the cost of our debt and derivative contracts and generally have a material adverse effect on our results of operations.

We have significant borrowings in foreign currency. Interest on many of these loans floats with reference to the LIBOR. We continually monitor our exposure to exchange rate fluctuations and periodically engage in currency and interest rate hedging in order to decrease our foreign exchange exposure when it is deemed to be appropriate. However, there can be no assurance that such hedging arrangements will fully protect us against exchange rate fluctuations. A weakening of the Rupee against the U.S. dollar, Yen and other major foreign currencies may have a material adverse effect on our cost of borrowing in Rupee terms, and consequently may increase the cost of financing of our expenditure in Rupee terms. This could have a material adverse effect on our results of operations and financial condition.

59 Our overseas investments and business activities may be subject to unforeseen risks.

In recent years, we have expanded our business activities overseas and have operations and investments in a number of jurisdictions, including Indonesia and Bhutan. We also plan to undertake investments and operations in countries such as Vietnam, South Africa and Georgia. These international operations are subject to special risks that can materially affect our results of operations. These risks include, but are not limited to, the following:

- unsettled political conditions, war, civil unrest and hostilities in foreign countries;
- underdeveloped legal systems;

- economic instability in foreign markets;
- the impact of inflation;
- fluctuations and changes in currency exchange rates; and
- governmental action such as expropriation of assets, general legislative and regulatory environment, exchange controls, changes in global trade policies such as trade restrictions and embargoes imposed by the United States of America and other countries.

To date, instability in the overseas political and economic environment has not had a material adverse effect on our condition or results of operations. However, we cannot predict the effect that current conditions affecting various foreign economies or future changes in economic or political conditions abroad could have on our business activities. Any of the foregoing factors could have a material adverse effect on our international operations and, therefore, our business, financial condition and results of operations.

60 Increasingly stringent environmental regulations may adversely affect our business, results of operations and prospects.

Our power plants are subject to environmental regulations promulgated by the Ministry of Environment and the State Pollution Control Boards. In the event that an environmental hazard were to be found at the site of one of our power stations, or if the operation of the power stations were to result in material contamination of the environment, we could be subject to substantial liabilities to the Government, the state governments and to third parties. Such liabilities may be expensive to remedy. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in costs, or otherwise have a material adverse effect on our business, financial condition, results of operations or prospects.

Despite using low ash, low sulphur coal imported from Indonesia where possible, we generate a considerable amount of ash in our operations. There are limited options for utilising ash and therefore the demand for ash is currently low. Our current methods to utilise or dispose of ash may be insufficient to dispose of the ash that we expect to generate. Government mandates that 100% of the fly ash produced through our generation activities must be gainfully utilised by 2014. Compliance with this requirement, as well as any future norms with respect to ash utilisation, may add to our capital expenditure.

It is also possible that increasingly strict environmental regulations in relation to power plants in India may be imposed in the future, compliance with which could require significant capital expenditure. This could adversely affect our revenues, results of operations and prospects. Further, the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty.

61 Our business, operations and sources of fuel may be adversely affected by the occurrence of certain natural phenomena.

Weather, geological conditions and natural phenomena could adversely affect our business. Seasonal rainfall, flooding and forest fires could affect mining operations, including the KPC mines in Indonesia. India and Indonesia have each experienced severe natural phenomena in recent years, including drought, floods, earthquakes, tsunamis and cyclones. Such weather conditions and other phenomena could affect our business and results of our operations and prospects. The Indonesian Archipelago is one of the most volcanically active regions in the world. As it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves. Any occurrences of natural disasters in these regions may interrupt the supply of coal to our thermal generation operations and could adversely affect our revenues and results of operations.

The amount of electricity generated by hydroelectric power systems is dependent upon available water flow. While we have selected our hydroelectric sites on the basis of output projections, there can be no assurance that the water flows will be consistent with our projections, or that the water flow required to generate the projected outputs will exist. We cannot be certain that the long-term historical water availability will remain unchanged in the future or that no material event will impact the hydrological conditions that currently exist at its operations. Accordingly, adverse hydrological conditions whether seasonal or for an extended period of time, which result in lower, inadequate and/or inconsistent water flow may render hydroelectric power stations incapable of

generating adequate electrical energy, which may have a material adverse effect on our operations and financial condition.

62 If regional hostilities, terrorist attacks or social unrest in some parts of the country increase, our business and the trading price of the Equity Shares could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities with neighbouring countries. India has also experienced terrorist attacks in various parts of the country. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on our business and results of our operations. Further these events may adversely impact the performance of the Indian stock markets and the trading prices of the Company's Equity Shares.

63 A slowdown in economic growth in India could adversely impact our business and results of operations.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. As a result, any slowdown in the Indian economy could adversely affect our business. According to the World Bank, the economic growth of India has steadily declined in the last few years with its GDP rate decreasing from 10.5% in 2010, to 6.3% in 2011 to 3.2% in 2012. Any further slowdown in the Indian economy could adversely affect our business, results of operations, financial condition and prospects.

64 A downgrade in ratings of India may affect the trading price of the Equity Shares.

In April and June 2012, S&P and Fitch, respectively, revised the outlook on the long-term ratings on India from "stable" to "negative", citing factors such as the slowdown in India's investment and economic growth and the widened current account deficit, resulting in weaker medium term credit, as well as structural challenges such as corruption, inadequate economic reforms and elevated inflation.

On June 8, 2012 and January 8, 2013, S&P and Fitch, respectively, announced that they might lower India's credit rating below investment-grade, citing slowing GDP growth, setbacks or reversals in India's economic policy, widening fiscal deficit and/or increasing spreads of credit default swaps for Indian banks. On October 10, 2012, S&P stated that a downgrade would be likely if the country's economic growth prospects dim, its external position deteriorates, its political climate worsens or fiscal reforms slow. However, these rating agencies also indicated that they might revise their outlook to "stable" if the government implements initiatives to reduce structural fiscal deficits, improves its investment climate and increases growth prospects. S&P reiterated on May 17, 2013 that, although there has been some easing of pressure towards a downgrade of the rating, there is still a more than one-in-three likelihood of such a downgrade unless significant improvements in factors such as a high fiscal deficit and levels of government borrowing are seen.

There can be no assurance that these ratings will not be further revised or changed by S&P, Fitch or Moody's or that any of the other global rating agency will not downgrade India's credit rating.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact Tata Power's ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. Any of these developments may materially and adversely affect the cost of funds available to Tata Power and the trading price of the Equity Shares.

65 A significant change in the Government's policies could adversely affect our business and the trading price

Our assets and customers are predominantly located in India. The Indian government (the Government) has traditionally exercised and continue to exercise a dominant influence over many aspects of the economy. The Government's economic policies have had and could continue to have a significant effect on the general economy and on market conditions.

The most recent parliamentary elections for the Lok Sabha (the lower house of the Indian Parliament) took place in May 2009. The next election for Lok Sabha will take place in the second quarter of 2014 before the term of the current Lok Sabha expires on May 31, 2014. Current macroeconomic conditions could lead to certain policy and administrative steps which in turn could result in a wider fiscal deficit and, consequently, a downgrade in sovereign ratings.

Any significant change in the Government's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India including our business.

66 Increased volatility or inflation of commodity prices in India could adversely affect Tata Power's business

In recent months, consumer and wholesale prices in India have exhibited marked inflationary trends, with particular increases in the prices of food, metals and crude oil. According to the RBI Handbook of Statistics on the Indian Economy, inflation measured by the Indian Wholesale Price Index increased from 1.6% as of March 31, 2009 to 10.4% as of March 31, 2010 and decreased to 9.7% as of March 31, 2011 and to 7.7% as of March 31, 2012. It was 7.7% as of November 2013. India's current inflation is led by rises in food prices, while inflation in the manufacturing sector and basic metals is driven in part by continuing Rupee weakness and international commodity price pressures. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Failures of the RBI's policies to curb inflation could adversely impact the Tata Power's business, financial condition and results of operations.

67 Significant differences exist between Indian GAAP and other accounting principles, which may be material to investor's assessments of Tata Power's financial condition.

Our financial statements, including the financial statements included in this Letter of Offer, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of other accounting principles, such as IFRS, on the financial data included in this Letter of Offer, nor do we provide a reconciliation of its financial statements to those prepared pursuant to IFRS. IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should, accordingly, consult their own professional advisors before relying on the financial disclosures presented in this Letter of Offer.

68 The effects of the planned convergence with IFRS and adoption of 'Indian Accounting standards converged with IFRS' ("IND-AS") are uncertain and any failure to successfully adopt IND-AS could adversely affect Tata Power's business and the trading price of the Equity Shares.

We may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Government of India (the "MCA"). The MCA has announced that it will implement IND-AS in a phased manner after various issues including tax-related issues are resolved. No date has yet been announced for implementation.

We have not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Therefore, there can be no assurance that our adoption of IND-AS will not adversely affect the reported results of operations or financial condition as compared to that under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the on-going process of implementing and enhancing its management information systems condition and any failure to successfully adopt IND-AS could adversely affect our business and the trading price of the Equity Shares.

69 Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.

Substantially all of our Directors and executive officers and key managerial personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon Tata Power or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of

India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong, amongst others have been declared by the Government of India to be a “reciprocating territory” for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of the RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

70 The proposed new taxation system could adversely affect Tata Power’s business and the trading price of the Equity Shares.

The Government has proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to GAAR.

As regards the implementation of the goods and service tax and the direct tax code, the Government has not specified any timeline for their implementation. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments. The direct taxes code aims to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base and facilitate voluntary compliance. It also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies as well as clarify the taxation provisions for international transactions. It aims to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax and wealth tax and facilitate voluntary compliance.

As regards GAAR, the provisions have been introduced in the Finance Act, 2012 to come into effect from April 1, 2016. The GAAR provisions intend to catch arrangements declared as “impermissible avoidance arrangements”, which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm’s length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on the banking system cannot be

determined as of the date of this Letter of Offer and there can be no assurance that such effects would not adversely affect Tata Power's business, future financial performance and the trading price of the Equity Shares.

71 Tata Power has not commissioned an independent appraisal for the use of the proceeds of this Issue. Furthermore, while Tata Power will appoint a monitoring agency to monitor the use of the proceeds of this Issue, it has not entered into any definitive agreements to use the proceeds of this Issue.

Tata Power intend to use the proceeds of this Issue for (a) part funding of capital expenditure proposed to be incurred by Tata Power in terms of the orders of the MERC under the MYT Regulations towards the generation, transmission and distribution of electricity in the Mumbai License Area, (b) part repayment of certain borrowings of Tata Power, (c) extending facilities to its Subsidiary, CGPL, which shall, in turn, be utilised by CGPL towards part repayment of certain of its outstanding loans; and (d) general corporate purposes.

As of the date of this Letter of Offer, Tata Power has not entered into definitive agreements to the extent of the entire proceeds of the Issue and the requirement of funds for meeting the objects of this Issue have not been appraised by any bank or financial institution, and are based on, amongst other things, the mandates of the MERC under the MYT Regulations (in relation to the capital expenditure proposed to be incurred by Tata Power towards the generation, transmission and distribution of electricity in the Mumbai License Area) and its management's internal estimates. Furthermore, Tata Power has not identified the general corporate purposes for which it intend to utilise a portion of the proceeds of the Issue. For further details, refer to the section titled "*Objects of the Issue*" on page 74 of this Letter of Offer.

72 Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of equity shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

73 An active market for Tata Power's Equity Shares may not be sustained, which may cause the price of its Equity Shares to fall.

While the Equity Shares are currently listed on BSE and NSE, and are currently frequently traded in terms of the SEBI (SAST) Regulations, there can be no assurance regarding the continuity of the existing active or liquid market for the Equity Shares, the ability of Investors to sell their Equity Shares or the prices at which Investors may be able to sell their Equity Shares. In addition, the market for debt and equity securities in emerging markets has been subject to disruptions that have caused volatility in the prices of securities similar to the Equity Shares. There can be no assurance that the market for the Equity Shares offered hereunder will not be subject to any similar disruption. Any disruption in these markets may have an adverse effect on the market price of the Equity Shares.

74 There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges do not inform Tata Power of the triggering point of the circuit breaker in effect from time to time, and may change it without its knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, Tata Power cannot assure you of your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

75 A third party could be prevented from acquiring control of Tata Power because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of Tata Power, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the SEBI (SAST) Regulations in India, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of Tata Power. Consequently, even if a potential takeover of Tata Power would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI (SAST) Regulations.

76 Since Tata Power's Equity Shares are quoted in Indian rupees in India, Investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Non-resident Investors are subject to currency fluctuation risk and convertibility risk since the Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian rupees. The volatility of the Indian rupee against the U.S. dollar and other currencies subjects investors who convert funds into Indian rupees to purchase Tata Power's Equity Shares to currency fluctuation risks.

77 There is no guarantee that the Rights Equity Shares will be listed on BSE and NSE in a timely manner or at all and Investors will be subject to market risks until the Rights Equity Shares credited to the Investor's demat account are listed and permitted to trade.

In accordance with Indian law and practice, permissions for listing of the Rights Equity Shares will not be granted until after the Rights Equity Shares offered in the Issue have been issued and Allotted. Approvals from the Stock Exchanges will require all other relevant documents authorising the issuance of Rights Equity Shares to be submitted. As a result, there could be a failure or delay in listing the Rights Equity Shares on BSE and NSE. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Rights Equity Shares.

Investors cannot trade in the Rights Equity Shares until after receipt of the listing and trading approvals from BSE and NSE in respect of such Rights Equity Shares. Since the Equity Shares are already listed on the Stock Exchanges, Investors will be subject to market risks from the date they pay for the Rights Equity Shares to the date such Rights Equity Shares are listed and permitted to trade. Furthermore, there can be no assurance that the Rights Equity Shares allocated to Investors will be credited to their respective demat accounts, or that trading in the Rights Equity Shares will commence within the prescribed time periods.

78 Any trading closures at the BSE and the NSE may adversely affect the trading price of the Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and other jurisdictions. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

79 Any further issue of Equity Shares by Tata Power may lead to a dilution of an Investor's shareholding in it. Furthermore, significant sales of Equity Shares by Tata Power's major shareholders may affect the trading price of the Equity Shares.

Any future equity offerings by Tata Power may lead to a dilution of Investor shareholding in it or affect the market price of the Equity Shares. Additionally, sales of a large number of the Equity Shares by the Company's Promoter, Promoter Group or principal shareholders could adversely affect the market price of the Equity Shares. There can be no assurance that Tata Power will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by Investors that such issuances or sales might occur could also affect the trading price of Tata Power's Equity Shares.

80 There may be comparatively less active or liquid market for Tata Power's Equity Shares, which may cause the price of the Equity Shares to fall and may limit investors' ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- Tata Power's financial results and the financial results of the companies in the businesses in which Tata Power operates;
- the history of, and the prospects for, Tata Power's businesses and the sectors and industries in which it competes;
- the valuation of publicly traded companies that are engaged in business activities similar to Tata Power's;
- significant developments in India's economic liberalisation and deregulation policies.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of Tata Power's operating performance or prospects.

81 Investors may be subject to Indian taxes arising out of capital gains.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares in an Indian company held for more than 12 months which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Further, Indian tax on capital gains, both short and long term, may be relieved from the tax burden under certain tax treaties with other countries, if operative.

82 Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be diluted in their ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution or unless the company has obtained Government approval to issue shares without such rights. Moreover, if the law of an investor's jurisdiction does not permit investors to exercise their pre-emptive rights without the company filing an offering document or registration statement with the applicable authority of such jurisdiction, such investor will be unable to exercise their pre-emptive rights unless the company makes such a filing. To the extent that an investor is unable to exercise pre-emptive rights granted in respect of the Equity Shares, their proportional interest in Tata Power may be reduced.

Prominent Notes

1. Issue of up to 33,22,30,130 Rights Equity Shares with a face value of ₹1 each for cash at ₹ 60 per Rights Equity Share for an amount aggregating up to ₹ 19,93,38,07,800 on a rights basis to the Eligible Equity Shareholders in the ratio of 7 Rights Equity Shares for every 50 Equity Shares held by them on the Record Date (i.e. March 20, 2014).
2. Our Company's standalone net-worth as on March 31, 2013 was ₹12,540.79 crores and on September 30, 2013 was ₹ 13,107.98 crores. Our consolidated net-worth as on March 31, 2013 was ₹12,238.48 crores and on September 30, 2013 was ₹ 12,706.96 crores. Net worth is defined as paid up share capital plus all reserves (excluding revaluation reserves) plus unsecured perpetual securities.
3. For details of the related party transactions of our Company, refer to Note 42 of the Audited of the Audited Consolidated Financial Statements in the section titled "*Financial Information*" on page 151 of this Letter of Offer.
4. No selective or additional information will be available for asection of investors in any manner whatsoever.
5. There are no financing arrangements whereby the Promoter Group, the directors of our Promoter, our Directors or their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Letter of Offer.

SECTION III – INTRODUCTION

SUMMARY OF THE ISSUE

The Board of Directors of our Company has pursuant to a resolution passed at its meeting held on February 27, 2014 authorised Issue and the Committee for Rights Issue has pursuant to a resolution passed at its meeting held on March 08, 2014 has finalised the terms of the Issue. The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by more detailed information in the section titled “Terms of the Issue” beginning on page 195 of this Letter of Offer.

Equity Shares offered in this Issue	Up to 33,22,30,130 Rights Equity Shares
Rights Entitlement	7 Rights Equity Shares for every 50 fully paid-up Equity Shares held on the Record Date.
Record Date	March 20, 2014
Face Value per Rights Equity Share	₹1
Issue Price per Rights Equity Share	₹60
Equity Shares outstanding prior to the Issue	2,37,30,72,360 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription and Allotment of the Rights Entitlement)	2,70,53,02,490 Equity Shares
Issue Size	Aggregating up to ₹ 19,93,38,07,800
Terms of the Issue	For further information, refer to the section titled “ <i>Terms of the Issue</i> ” beginning on page 195 of the Letter of Offer.
Use of Net Proceeds	For further information, refer to the section titled “ <i>Objects of the Issue</i> ” beginning on page 74 of the Letter of Offer.

Terms of Payment

Due Date	Amount
On the Issue application (i.e. along with the CAF)	₹60 which constitutes 100% of the Issue Price

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Audited Consolidated Financial Statements and Audited Standalone Financial Statements.

Our summary financial information presented below, is in Rupees/ Rupees Crore and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the section titled “*Financial Information*” beginning on page 151 of this Letter of Offer.

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Balance Sheet as at 31st March, 2013

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share Capital.....	237.33	237.33
Reserves and Surplus	10,803.46	10,388.82
	<u>11,040.79</u>	<u>10,626.15</u>
UNSECURED PERPETUAL SECURITIES	1,500.00	1,500.00
STATUTORY CONSUMER RESERVES	604.23	597.23
SPECIAL APPROPRIATION TOWARDS PROJECT COST	533.61	533.61
SERVICE LINE CONTRIBUTIONS FROM CONSUMERS	82.22	64.02
NON-CURRENT LIABILITIES		
Long-term Borrowings.....	8,452.57	6,875.05
Deferred Tax Liabilities (Net)	805.49	419.02
Other Long-term Liabilities	99.81	93.70
Long-term Provisions	413.19	480.52
	<u>9,771.06</u>	<u>7,868.29</u>
CURRENT LIABILITIES		
Short-term Borrowings	1,172.15	758.06
Trade Payables	923.55	1,061.55
Other Current Liabilities	2,027.64	1,586.25
Short-term Provisions.....	437.61	386.14
	<u>4,560.95</u>	<u>3,792.00</u>
TOTAL	<u>28,092.86</u>	<u>24,981.30</u>
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Tangible Assets.....	7,744.41	7,154.21
Intangible Assets	30.11	18.59
Capital Work-in-Progress.....	641.46	585.37
Intangible Assets under Development.....	73.34	24.90
	<u>8,489.32</u>	<u>7,783.07</u>
Non-current Investments	10,859.68	9,208.54
Long-term Loans and Advances	2,190.06	1,230.95
Other Non-current Assets	2,758.67	1,732.15
	<u>24,297.73</u>	<u>19,954.71</u>
CURRENT ASSETS		
Current Investments	258.56	584.14
Inventories.....	761.09	854.47
Trade Receivables	1,300.06	1,003.37
Cash and Bank Balances	413.17	1,037.35
Short-term Loans and Advances.....	955.09	1,357.68
Other Current Assets	107.16	189.58
	<u>3,795.13</u>	<u>5,026.59</u>
TOTAL	<u>28,092.86</u>	<u>24,981.30</u>

Statement of Profit and Loss for the year ended 31st March, 2013

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
REVENUE		
Revenue from Operations (Gross)	9,583.64	8,512.48
Less: Excise Duty	<u>16.36</u>	<u>16.64</u>
Revenue from Operations (Net)	9,567.28	8,495.84
Other Income	<u>721.67</u>	<u>983.46</u>
TOTAL REVENUE	10,288.95	9,479.30
EXPENSES		
Cost of Power Purchased	624.26	649.56
Less: Cash Discount	<u>0.87</u>	<u>2.03</u>
	623.39	647.53
Cost of Fuel	5,244.40	4,636.89
Employee Benefits Expense	547.60	512.65
Finance Costs	678.25	514.87
Depreciation and Amortisation	364.10	570.35
Other Expenses	<u>1,127.83</u>	<u>914.14</u>
TOTAL EXPENSES	8,585.57	7,796.43
PROFIT BEFORE TAX	1,703.38	1,682.87
TAX EXPENSE		
Current Tax Expense for Current Year	337.43	370.51
MAT Credit	Nil	(51.00)
Current Tax Expense relating to Prior Years	<u>Nil</u>	<u>1.17</u>
Net Current Tax Expense	337.43	320.68
Deferred Tax Expense	<u>341.26</u>	<u>192.46</u>
	678.69	513.14
PROFIT FOR THE YEAR	<u>1,024.69</u>	<u>1,169.73</u>
EARNINGS PER SHARE (FACE VALUE ₹ 1/- PER SHARE)		
Basic (₹)	3.44	4.53
Diluted (₹)	3.44	4.53

Consolidated Balance Sheet as at 31st March, 2013

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share Capital	237.29	237.29
Reserves and Surplus	10,501.19	10,875.00
	10,738.48	11,112.29
UNSECURED PERPETUAL SECURITIES	1,500.00	1,500.00
STATUTORY CONSUMER RESERVES	604.23	617.77
MINORITY INTEREST	2,064.60	1,631.27
SPECIAL APPROPRIATION TOWARDS PROJECT COST	533.61	533.61
CAPITAL GRANT	8.91	9.39
SERVICE LINE CONTRIBUTIONS FROM CONSUMERS	450.56	401.32
NON-CURRENT LIABILITIES		
Long-term Borrowings	31,599.34	29,733.11
Deferred Tax Liabilities (Net)	1,025.41	647.05
Other Long-term Liabilities	949.11	1,181.30
Long-term Provisions	1,164.59	1,043.50
	34,738.45	32,604.96
CURRENT LIABILITIES		
Short-term Borrowings	3,547.18	2,186.74
Trade Payables	3,540.85	2,750.13
Other Current Liabilities	8,776.13	7,376.60
Short-term Provisions	778.41	888.01
	16,642.57	13,201.48
TOTAL	67,281.41	61,612.09
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Tangible Assets	35,395.28	22,585.11
Intangible Assets	233.83	223.95
Capital Work-in-Progress	2,284.27	12,634.31
Intangible Assets under Development	73.34	24.90
	37,986.72	35,468.27
Goodwill on Consolidation	5,724.14	4,844.40
Non-current Investments	2,642.71	2,645.42
Deferred Tax Assets (Net)	24.88	8.31
Long-term Loans and Advances	1,603.85	1,355.04
Other Non-current Assets	7,148.99	5,820.56
	11,420.43	9,829.33
CURRENT ASSETS		
Current Investments	477.40	777.48
Inventories	2,026.51	1,684.69
Trade Receivables	3,305.01	2,271.35
Cash and Bank Balances	1,989.89	3,694.12
Short-term Loans and Advances	3,299.91	2,421.67
Other Current Assets	1,051.40	620.78
	12,150.12	11,470.09
TOTAL	67,281.41	61,612.09

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
REVENUE		
Revenue from Operations (Gross)	33,042.10	26,019.81
Less: Excise Duty	16.67	18.41
Revenue from Operations (Net)	33,025.43	26,001.40
Other Income	369.20	268.76
TOTAL REVENUE	33,394.63	26,270.16
EXPENSES		
Cost of Power Purchased	7,875.02	6,175.28
Less: Cash Discount	56.36	52.67
	7,818.66	6,122.61
Cost of Coal Purchased	Nil	76.74
Cost of Fuel	9,661.60	6,309.12
Coal Processing Charges	2,544.99	1,953.22
Royalty towards Coal Mining	1,111.14	1,101.12
Deferred Stripping Cost	Nil	659.44
Raw Material Consumed	386.74	358.87
Purchase of Goods for Resale	37.47	62.14
Increase in Stock-in-Trade and Work-in-Progress	(275.12)	(177.01)
Employee Benefits Expense	1,322.95	1,146.26
Finance Costs	2,635.53	1,527.09
Depreciation and Amortisation	2,051.69	1,334.64
Other Expenses	3,972.30	3,488.67
TOTAL EXPENSES	31,267.95	23,962.91
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	2,126.68	2,307.25
Exceptional Item:		
Provision for Impairment	(850.00)	(1,800.00)
PROFIT BEFORE TAX	1,276.68	507.25
TAX EXPENSE		
Current Tax Expense for Current Year	912.69	1,405.17
MAT Credit	(29.91)	(51.21)
Current Tax Expense relating to Prior Years	(12.07)	0.89
Net Current Tax Expense	870.71	1,354.85
Deferred Tax Expense	307.25	120.69
	1,177.96	1,475.54
PROFIT/(LOSS) AFTER TAX AND BEFORE SHARE OF PROFIT OF ASSOCIATES AND MINORITY INTEREST	98.72	(968.29)
Share of Profit of Associates for the Year	23.92	70.77
Minority Interest	(208.07)	(190.16)
LOSS FOR THE YEAR	(85.43)	(1,087.68)
EARNINGS PER SHARE (FACE VALUE ₹ 1/- PER SHARE)		
Basic (₹)	(1.23)	(4.98)
Diluted (₹)	(1.23)	(4.98)

GENERAL INFORMATION

Registered Office

Bombay House,
24, Homi Mody Street,
Mumbai 400 001,
India

E-mail: investorcomplaints@tatapower.com

Website: www.tatapower.com

Corporate Office

Corporate Centre,
34, Sant Tukaram Road,
Carnac Bunder,
Mumbai 400 009,
Maharashtra
India

Tel: +91 22 6665 8282

Fax: +91 22 6665 8801

Corporate Identity Number: L28920MH1919PLC000567

Address of the Registrar of Companies

Registrar of Companies, Mumbai

100, Everest,
Marine Drive,
Mumbai 400 002,
Maharashtra
India

Company Secretary and Compliance Officer

Mr. H.M. Mistry

Company Secretary

Bombay House,
24, Homi Mody Street,
Mumbai 400 001,
Maharashtra
India

Tel: +91 22 66657515

Fax: +91 22 6717 1004

E-mail: hmm@tatapower.com

Lead Managersto the Issue

JM Financial Institutional Securities Limited

7th Floor, Cnergy
Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: tpcl.rights@jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com

Contact Person: Ms. Lakshmi Lakshmanan
Website: www.jmfl.com

BNP Paribas

BNP PARIBAS House,
1 North Avenue,
Maker Maxity,
Bandra Kurla Complex,
Bandra (East)
Mumbai 400051
Tel: +91 22 3370 4000
Fax: +91 22 6196 5194
Email: dl.tatapowerrights@asia.bnpparibas.com
Investor Grievance Email: indiainvestors.care@asia.bnpparibas.com
Contact Person: Anubhav Behal
Website: www.bnpparibas.co.in
SEBI Registration No.: INM000011534

HSBC Securities & Capital Markets (India) Private Limited

52/60 Mahatma Gandhi Road, Fort,
Mumbai – 400 001
Tel: +91 22 2268 555
Fax: +91 22 2263 1984
Email: tatapowerrights@hsbc.co.in
Investor Grievance Email: investorgrievance@hsbc.co.in
Contact Person: Mayank Jain / Archa Jain
Website: <http://www.hsbc.co.in/1/2/corporate/equities-globalinvestment-banking>
SEBI Registration No.: INM000010353

Kotak Mahindra Capital Company Limited

27 BKC, 1st Floor,
Plot No. C – 27,
“G” Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051
Tel: +91 22 4336 0000
Fax: +91 22 6713 2447
Email: tatapower.rights@kotak.com
Investor Grievance Email: kmccredressal@kotak.com
Contact Person: Ganesh Rane
Website: www.investmentbank.kotak.com
SEBI Registration No.: INM000008704*

**The SEBI registration of Kotak Mahindra Capital Company Limited has expired on January 31, 2014. Kotak Mahindra Capital Company Limited has made an application dated October 31, 2013 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended. The renewal of the registration from SEBI is currently awaited.*

SBI Capital Markets Limited

202, Maker Tower “E”
Cuffe Parade
Mumbai 400 005
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: tatapower.rights@sbicaps.com
InvestorGrievanceEmail: investor.relations@sbicaps.com
Contact Person: Shikha Agarwal
Website: www.sbicaps.com

SEBI Registration No.: INM000003531

Legal Advisors to the Issue

AZB & Partners

24th Floor, Express Towers
Nariman Point, Mumbai 400 021
Maharashtra, India

Tel: +91 22 66396880

Fax: +91 22 66396888

Email: mumbai@azbpartners.com

International Legal Advisors to the Lead Managers

Allen & Overy

9th Floor, Three Exchange Square
Central,
Hong Kong

Tel: +852 2974 7000

Fax: +852 2974 6999

Email: ProjectBoost@allenoverly.com

Auditors

Deloitte Haskins & Sells LLP

Indiabulls Finance Centre,
31st Floor, Tower 3,
Senapati Bapat Marg,
Elphinstone Mill Compound,
Elphinstone (W),
Mumbai – 400 013,
Tel: +91 22 6185 4000
Fax: +91 22 6185 4601
Firm Registration No.: 117366W / W - 100018

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078
Tel: +91 9167779196/97/98
Fax: +91 22 2596 0329
Email: tatapower.rights@linkintime.co.in
Investor Grievance Email: tatapower.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr Pravin Kasare
SEBI Registration No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited will expire on May 5, 2014. Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993, as amended. The renewal of the registration from SEBI is currently awaited.*

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Investor, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB

where the CAF was submitted by the ASBA Investors. For more details on the ASBA process, refer to the details given in CAF and refer to the section titled “*Terms of the Issue*” beginning on page 195 of this Letter of Offer.

Escrow Collection Banks

HDFC Bank Limited

HDFC Bank Limited,
FIG – OPS Department,
Lodha, I Think Techno Campus,
O-3 Level,
Kanjurmarg (East),
Mumbai 400042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
Email: uday.dixit@hdfcbank.com
Contact Person: Uday Dixit
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

ICICI Bank Limited

Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vachha Road,
Backbay Reclamation,
Churchgate,
Mumbai - 400200
Tel: +91 2285 9905
Fax: +91 2261 1138
Email: Anil Gadoo
Contact Person: anil.gadoo@icicibank.com
Website: www.icicibank.com
SEBI Registration No.: INBI00000004

Standard Chartered Bank

Cresenzo C 39/39,
G Block, 3rd Floor,
Bandra Kurla Complex,
Bandra (E),
Mumbai - 400051
Tel: +91 6115 7250
Fax: +91 2675 7358
Email: rohan.ganpule@sc.com
Contact Person: Rohan Ganpule
Website: www.sc.com/in
SEBI Registration No.: INBI00000885

Refund Bank

ICICI Bank Limited

Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vachha Road,
Backbay Reclamation,
Churchgate,
Mumbai - 400200
Tel: +91 2285 9905
Fax: +91 2261 1138
Email: Anil Gadoo
Contact Person: anil.gadoo@icicibank.com
Website: www.icicibank.com

SEBI Registration No.: INBI00000004

Underwriters

JM Financial Institutional Securities Limited

7th Floor, Cnergy
Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: tpcl.rights@jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Contact Person: Ms. Lakshmi Lakshmanan
Website: www.jmfl.com

BNP Paribas

BNP PARIBAS House,
1 North Avenue,
Maker Maxity,
Bandra Kurla Complex,
Bandra (East)
Mumbai 400051
Tel: +91 22 3370 4000
Fax: +91 22 6196 5194
Email: dl.tatapowerrights@asia.bnpparibas.com
Investor Grievance Email: indiainvestors.care@asia.bnpparibas.com
Contact Person: Anubhav Behal
Website: www.bnpparibas.co.in
SEBI Registration No.: INM000011534

HSBC Securities & Capital Markets (India) Private Limited

52/60 Mahatma Gandhi Road, Fort,
Mumbai – 400 001
Tel: +91 22 2268 555
Fax: +91 22 2263 1984
Email: tatapowerrights@hsbc.co.in
Investor Grievance Email: investorgrievance@hsbc.co.in
Contact Person: Mayank Jain / Archa Jain
Website: <http://www.hsbc.co.in/1/2/corporate/equities-globalinvestment-banking>
SEBI Registration No.: INM000010353

Kotak Mahindra Capital Company Limited

27 BKC, 1st Floor,
Plot No. C – 27,
“G” Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051
Tel: +91 22 4336 0000
Fax: +91 22 6713 2447
Email: tatapower.rights@kotak.com
Investor Grievance Email: kmccredressal@kotak.com
Contact Person: Ganesh Rane
Website: www.investmentbank.kotak.com
SEBI Registration No.: INM000008704*

**The SEBI registration of Kotak Mahindra Capital Company Limited has expired on January 31, 2014. Kotak Mahindra Capital Company Limited has made an application dated October 31, 2013 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended. The renewal of the registration from SEBI is currently awaited.*

SBI Capital Markets Limited

202, Maker Tower “E”
Cuffe Parade
Mumbai 400 005
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: tatapower.rights@sbicaps.com
InvestorGrievanceEmail: investor.relations@sbicaps.com
Contact Person: Shikha Agarwal
Website: www.sbicaps.com
SEBI Registration No.: INM000003531

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on SEBI website at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above-mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors not being Renouncees may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs. Neither the Company nor any of the Lead Managers shall in any way be responsible for compliance by the SCSBs with the provisions of the above circulars and all responsibilities in this regard shall vest solely with the relevant SCSBs.

Credit rating

As the Issue is a rights issue of Rights Equity Shares, no credit rating is required.

Experts to our Company for the Issue

Deloitte Haskins & Sells LLP, Mumbai have provided their written consents to be named as experts in relation to the inclusion of the reports contained, and the statement of special tax benefits in the form and context in which it appears, in this Letter of Offer, and such consent has not been and will not be withdrawn up to the time of delivery of this Letter of Offer to the Designated Stock Exchange. It is clarified that the reference to Deloitte Haskins & Sells LLP as “Experts” is in accordance with Section 58 of the Indian Companies Act, 1956 only.

Debenture trustee

This being an issue of Rights Equity Shares, a debenture trustee is not required.

Issue Schedule

Issue Opening Date:	March 31, 2014
Last date for receiving requests for SAFs:	April 8, 2014
Issue Closing Date:	April 15, 2014
Date of Allotment (on or about)	April 26, 2014
Date of credit (on or about)	April 29, 2014
Date of listing (on or about)	April 30, 2014

Monitoring Agency

The Company has appointed HDFC Bank Limited as the monitoring agency, to monitor the utilisation of the Net Proceeds in terms of Regulation 16 of the SEBI (ICDR) Regulations.

HDFC Bank Limited

HDFC Bank Limited,
FIG – OPS Department,
Lodha, I Think Techno Campus,
O-3 Level,
Kanjurmarg (East),
Mumbai 400042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
Email: uday.dixit@hdfcbank.com
Contact Person: Uday Dixit
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

Appraisal Reports

None of the purposes for which the Gross Proceeds are proposed to be utilised have been financially appraised by any bank, financial institution or any other independent agency.

Principal Terms of Loans and Assets charged as security

For details of the principal terms of loans and assets charged as security, refer to the Section titled “*Objects of the Issue*” beginning on page 74 of this Letter of Offer.

Underwriting

The Company has entered into an Underwriting Agreement dated March 19, 2014 with JM Financial Institutional Securities Limited, BNP Paribas, HSBC Securities and Capital Markets (India) Private Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited. JM Financial, BNP Paribas, HSCI, Kotak and SBICAP are collectively termed as Underwriters. In terms of the Underwriting Agreement, the Underwriters at the request of the Company have agreed to underwrite the Rights Equity Shares offered through this Issue up to a maximum number of 12,51,25,001 Rights Equity Shares aggregating up to ₹ 750.75 crore as given in the table below. In terms of the Underwriting Agreement, the Underwriters, shall and subject to the Assured Subscription being brought in by the Promoter and Promoter Group, be responsible for bringing in any shortfalls at the Issue Price to ensure that the Minimum Subscription in the Issue is met.

Name and Address of the Underwriters	Maximum number of Rights Equity Shares underwritten	Amount underwritten in ₹ crore
JM Financial Institutional Securities Limited 7 th Floor, Energy,	6,25,00,000	375.00

Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025 Tel: +91 22 6630 3030		
BNP Paribas BNP PARIBAS House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East) Mumbai 400051 Tel: +91 22 3370 4000	41,667	0.25
HSBC Securities & Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort, Mumbai – 400 001 Tel: +91 22 2268 5555	41,667	0.25
Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C – 27, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 4336 0000	41,667	0.25
SBI Capital Markets Limited 202, Maker Tower “E” Cuffe Parade Mumbai 400 005 Tel: +91 22 2217 8300	6,25,00,000	375.00

Note: The obligations of each Underwriter mentioned above are several and not joint.

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their underwriting obligations in full.

Compliance with Listing Agreement, SEBI (SAST) Regulations and Insider Trading Regulations

Our Company has complied with the provisions of the Listing Agreement, specifically Clauses 35, 40A, 41 and 49, and the provisions of the SEBI (SAST) Regulations and the Insider Trading Regulations, during the financial year immediately preceding the date of this Letter of Offer.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including the devolvement obligation of the Underwriters, our Company shall refund the entire application money received pursuant to the Issue, within 15 days of the Issue Closing Date. In the event of any failure to refund the application money within the applicable period, our Company and its officer(s) in default shall be liable for each such default as prescribed under the Companies Act, 2013.

Allocation of Responsibility

The responsibilities for various activities in this Issue of the Lead Managers are as follows:

Sr.	Activities	Responsibility	Co-ordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	JM Financial, BNP Paribas, HSCI, Kotak and SBICAP	JM Financial
2.	Drafting and design of the offer document. The Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities (including finalisation of Letter of Offer) with Stock Exchanges and SEBI.	JM Financial, BNP Paribas, HSCI, Kotak and SBICAP	JM Financial
3.	Selection of various agencies connected with the issue, namely Registrars to the Issue, Escrow Collection Banks, printers and advertisement agencies.	JM Financial, BNP Paribas, HSCI, Kotak and SBICAP	BNP
4.	Drafting and approval of all publicly available material including statutory advertisement, corporate advertisement, brochure, corporate films, etc.	JM Financial, BNP Paribas, HSCI, Kotak and SBICAP	BNP
5.	Liaising with the Stock Exchanges and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.	JM Financial, BNP Paribas, HSCI, Kotak and SBICAP	HSCI
6.	The post Issue activities will involve essential follow up steps, which must include finalisation of basis of allotment, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Escrow Collection Banks and the bank handling refund business.	JM Financial, BNP Paribas, HSCI, Kotak and SBICAP	HSCI

CAPITAL STRUCTURE

Our capital structure and related information as of December 31, 2013, is set forth below:

Particulars	Aggregate Nominal Value (in ₹ crore)	Aggregate Value at Issue Price (in ₹ crore)
A. Authorised share capital		
3,00,00,00,000 Equity Shares of ₹ 1 each	300.00	N.A.
22,90,00,00,000 cumulative redeemable preference shares of ₹ 100 each	229.00	N.A.
TOTAL	529.00	N.A.
B. Issued Capital**		
242,94,70,840 Equity Shares of ₹ 1 each	242.95	N.A.
C. Paid-up and subscribed capital[#]		
237,30,72,360 Equity Shares of ₹ 1 each	237.33 [^]	N.A.
D. Present Issue in terms of this Letter of Offer*		
Issue of up to 33,22,30,130 Rights Equity Shares of ₹ 1 each	33.22	1,993.38
E. Paid-up and subscribed capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)[#]	270.55 [^]	N.A.

**The Issue has been authorised by the Board of Directors under section 81(1) and other applicable provisions of the Companies Act pursuant to a resolution dated February 27, 2014 and the Committee for Rights Issue pursuant to a resolution dated March 08, 2014 has finalised the terms of the Issue.*

***Equity Shares (including 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order, 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).*

[#] Equity Shares fully paid-up (excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).

[^]Includes amount paid-up towards 16,52,300 Equity Shares that have been forfeited and net of monies in arrears.

There has been no change to the capital structure of our Company from December 31, 2013 till the date of this Letter of Offer.

Notes to the Capital Structure

1. Subscription to the Issue by the Promoter and Promoter Group

Our Promoter, Tata Sons Limited, has vide its letter dated March 19, 2014 undertaken to subscribe, on its own account, to

- (a) the full extent of its Rights Entitlement in respect of the Issue, pursuant to and in accordance with Regulation 10(4)(a) of the SEBI (SAST) Regulations;
- (b) the full extent of any Rights Entitlements that shall be renounced in its favour by (i) Chemical Terminal Trombay Limited; and (ii) the Tata Trusts; and
- (c) subject to the approval of SEBI, any unsubscribed portion in the Issue, post the Issue Closing Date, such that its total subscription in the Issue (including (a) and (b) above) does not exceed 50% of the total Issue size.

Tata Sons Limited has vide its letters dated March 7, 2014 and March 12, 2014 applied to SEBI under Regulation 11 of the SEBI (SAST) Regulations seeking exemption from the strict application of the conditions specified under Regulation 10(4)(b) of the SEBI (SAST) Regulations for the purpose of subscription by Tata Sons Limited to Rights Equity Shares in excess of its Rights Entitlement in the Issue, pursuant to the renunciation of Rights Entitlement by CTTL and the Tata Trusts to Tata Sons Limited.

Such acquisition of additional Rights Equity Shares by our Promoter, Tata Sons Limited, shall not result in a change of control of the management of our Company.

Chemical Terminal Trombay Limited, and each of the Tata Trusts, currently forming part of our Promoter Group have each, vide their letters dated March 19, 2014, respectively, undertaken to renounce all their respective Rights Entitlements in favour of our Promoter, Tata Sons Limited. The renunciation of the Rights Entitlement to Tata Sons Limited is on account of the inability of these entities to subscribe to their Rights Entitlement in the Issue. CTTL, being a subsidiary of Tata Power is restricted under the provisions of Section 19 of the Companies Act, 2013 to subscribe to the Rights Equity Shares and the Tata Trusts, being governed by the provisions of the Bombay Public Trusts Act, 1950 and the rules framed thereunder, are not permitted to utilize their respective surplus trust property towards, amongst other things, investment in equity shares as equity shares are not considered as 'eligible' securities under the Bombay Public Trusts Act, 1950 and the rules.

Tata Steel Limited, Tata Investment Corporation Limited, Tata Industries Limited, Sheba Properties Limited and Ewart Investments Limited being the members of the Promoter Group have vide their letters each dated March 19, 2014 undertaken to subscribe to the full extent of their Rights Entitlement in respect of the Issue, pursuant to and in accordance with Regulation 10(4)(a) of the SEBI (SAST) Regulations.

Pursuant to the Issue, the Company shall continue to be in compliance with the minimum public shareholding requirement of 25% for continuous listing under Rule 19A of the SCRR.

- (d) **Our shareholding pattern as per clause 35 of the Listing Agreement on December 31, 2013 is as follows:**

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage

(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/ (IV)*1 00
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Bodies Corporate	10	76,98,81,050	76,98,81,050	33.51	32.44	3c,53,50,000	4.59
(b)	Any Others(Specify)	3	6,56,240	6,56,240	0.03	0.03	0	0.00
	Trusts	3	6,56,240	6,56,240	0.03	0.03	0	0.00
	Sub Total(A)(1)	13	77,05,37,290	77,05,37,290	33.54	32.47	3,53,50,000	4.59
2	Foreign							
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	13	77,05,37,290	77,05,37,290	33.54	32.47	3,53,50,000	4.59
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	141	2,94,30,117	2,91,55,297	1.28	1.24	0	0.00
(b)	Financial Institutions / Banks	169	98,55,854	93,69,434	0.43	0.42	0	0.00
(c)	Central Government/ State Government(s)	6	6,81,488	4,28,928	0.03	0.03	0	0.00
(e)	Insurance Companies	114	49,47,91,117	49,47,60,717	21.54	20.85	0	0.00
(f)	Foreign Institutional Investors	331	61,76,95,526	61,76,26,546	26.89	26.03	0	0.00
(h)	Any Other (specify)	1	22,760	22,760	0.00	0.00	0	0.00
	Foreign Nationals-DR	1	22,760	22,760	0.00	0.00	0	0.00
	Sub-Total (B)(1)	762	115,24,76,862	115,13,63,682	50.16	48.56	0	0.00
2	Non-institutions							
(a)	Bodies Corporate	2394	1,86,61,774	1,68,88,744	0.81	0.79	0	0.00
(b)	Individuals							
I	Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,18,727	33,07,24,777	26,49,76,666	14.39	13.94	0	0.00
II	Individual shareholders holding nominal	106	2,08,71,883	1,91,40,403	0.91	0.88	0	0.00

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
	share capital in excess of ₹ 1 lakh.							
(c)	Any Others	72	42,58,364	42,40,864	0.19	0.18	0	0.00
	Overseas Bodies Corporates	4	10,400	4,000	0.00	0.00	0	0.00
	Foreign Corporate Bodies	3	5,22,722	5,22,722	0.02	0.02	0	0.00
	Trusts	65	37,25,242	37,14,142	0.16	0.16	0	0.00
	Sub-Total (B)(2)	2,21,299	37,45,16,798	30,52,46,677	16.30	15.78	0	0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2,22,061	152,69,93,660	145,66,10,359	66.46	64.35	0	0.00
	TOTAL (A)+(B)	2,22,074	229,75,30,950	222,71,47,649	100.00	96.82	3,53,50,000	1.54
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
1	Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
2	Public	4	7,55,41,410	7,55,40,110	0.00	3.18	0	0.00
	Sub Total	4	7,55,41,410	7,55,40,110	0.00	3.18	0	0.00
	GRAND TOTAL (A)+(B)+ (C)	2,22,078	237,30,72,360	230,26,87,759	0.00	100.00	3,53,50,000	1.49

Note: The post-issue shareholding pattern would be available after the finalisation of the basis for allotment.

The list of Equity Shareholders belonging to the category "Promoter and Promoter Group" as on December 31, 2013 is detailed in the table below:

S. No	Name of the shareholder	Details of Shares held	Encumbered shares (*)	Details of warrants	Details of convertible securities	Total shares (including full

		No. of shares held	% of grand total(A)+(B)+(C)	No.	%	% of grand total (A)+(B)+(C) of sub-clause (I)(a)	No. of warrants held	% total number of warrants of the same class	No. of convertible securities held	As a % total no. of convertible securities of the same class	conversion of warrants and convertible securities as a % of diluted share capital
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	Tata Sons Ltd	70,75,11,570	29.81	3,53,50,000	5.00	1.49	0	0.00	0	0.00	28.65
2	Tata Industries Ltd	1,96,80,000	0.83	0	0.00	0.00	0	0.00	0	0.00	0.80
3	Tata Steel Ltd	3,43,18,180	1.45	0	0.00	0.00	0	0.00	0	0.00	1.39
4	Tata Investment Corporation Ltd	60,06,880	0.25	0	0.00	0.00	0	0.00	0	0.00	0.24
5	Ewart Investments Ltd	19,55,840	0.08	0	0.00	0.00	0	0.00	0	0.00	0.08
6	Sir Dorabji Tata Trust	5,72,880	0.02	0	0.00	0.00	0	0.00	0	0.00	0.02
7	Chemical Terminal Trombay Ltd	4,00,580	0.02	0	0.00	0.00	0	0.00	0	0.00	0.02
8	Sir Ratan Tata Trust	70,160	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
9	J R D Tata Trust	13,200	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
10	Sheba Properties Ltd	8,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
TOTAL		77,05,37,290	32.47	3,53,50,000	4.59	1.49	0	0.00	0	0.00	31.20

The list of Equity Shareholders, other than the Equity Shareholders belonging to the category “Promoter and Promoter Group”, holding more than 1% of our paid-up capital as on December 31, 2013 is detailed in the table below:

Sr. No.	Name of the shareholder	Number of shares held	% of total no. of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	% total no. of warrants of the same class	No. of convertible securities held	% w.r.t total no. of convertible securities of the same class	
1	Life Insurance Corporation of India	29,93,67,181	12.62	0	0.00	0	0.00	12.12
2	Matthews Pacific TigerFund	12,61,60,510	5.32	0	0.00	0	0.00	5.11
3	National	7,64,28,072	3.22	0	0.00	0	0.00	3.09

Sr. No.	Name of the shareholder	Number of shares held	% of total no. of shares {i.e., Grand Total (A)+(B) +(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	% total no. of warrants of the same class	No. of convertible securities held	% w.r.t total no. of convertible securities of the same class	
	Westminster Bank PLC as depositary of first State Global Emerging Markets Leaders Fund a Sub fund of first state investments ICVC							
4	New India Assurance Company Limited	6,40,26,620	2.70	0	0.00	0	0.00	2.59
5	General Insurance Corporation of India	6,30,30,370	2.66	0	0.00	0	0.00	2.55
6	National Westminster Bank PLC as depositary of first State Asia Pacific Leaders Fund a sub Fund of First State Investment ICVC	5,85,32,904	2.47	0	0.00	0	0.00	2.37
7	Aberdeen Global Indian Equity Mauritius Limited	4,37,00,000	1.84	0	0.00	0	0.00	1.77
TOTAL		73,12,45,657	30.81	0	0.00	0	0.00	29.61

Investors may hold Equity Shares in our Company through multiple folios. The above table reflects shareholding of our Equity Shareholders other than the Equity Shareholders belonging to the category “Promoters and Promoter Group”, holding more than 1% of the equity share capital of our Company through a single folio.

The list of Equity Shareholders, other than the Equity Shareholders belonging to the category “Promoters and Promoter Group”, holding more than 5% of our paid-up capital as on December 31, 2013 is detailed in the table below:

Sr. No.	Name of the shareholder	Number of shares held	% of total no. of shares {i.e., Grand Total (A)+(B) +(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	% total no. of warrants of the same class	No. of convertible securities held	% w.r.t total no. of convertible securities of the same class	
1	Life Insurance Corporation of India	29,93,67,181	12.62	0	0.00	0	0.00	12.12
2	Matthews Pacific TigerFund	12,61,60,510	5.32	0	0.00	0	0.00	5.11
TOTAL		42,55,27,691	17.93	0	0.00	0	0.00	17.23

Investors may hold Equity Shares in our Company through multiple folios. The above table reflects shareholding of our Equity Shareholders other than the Equity Shareholders belonging to the category “Promoters and Promoter Group”, holding more than 5% of the equity share capital of our Company through a single folio.

Details of locked-in shares

The Company has no locked-in shares.

Statement showing details of Depository Receipts:

Sr. No.	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of Outstanding DRs	Number of Shares Underlying Outstanding DRs	Shares Underlying Outstanding DRs as a % of Total No. of Shares
1	GDRsheld by Citibank NA	1,543	13,88,800	0.06
2	The Bank of New York	74,15,261	7,41,52,610	3.12
TOTAL		74,16,804	7,55,41,410	3.18

The Company has no outstanding depository Receipts, where underlying shares held by Promoter /Promoter Group are in excess of 1% of the total number of shares.

- (e) **Except as disclosed below, there have been no acquisition of Equity Shares by the Promoter and the members of the Promoter Group within the last one year preceding the date of this Letter of Offer:**

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Purchase price per share (in ₹)	Number of Equity Shares
Tata Steel Limited	19.03.2013	Market Purchase	98.00	23,67,000
	20.03.2013	Market Purchase	98.01	20,33,000
	21.03.2013	Market Purchase	98.11	4,56,548

- (f) In February, 1994, our Company issued GDS, which have been listed on the Luxembourg Stock Exchange and have been accepted for clearance through Euroclear and Cedel. The GDS have also been designated for trading in the PORTAL System of the National Association of Securities Dealers, Inc. As of December 31, 2013, 1,543 GDS were outstanding.
- (g) In July 2009, the Company raised US\$335 million through an offering of GDRs. The GDRs are listed in and traded on the Euro MTF market of the Luxembourg Stock Exchange and are also available for trading on the International Order Board of the London Stock Exchange. As of December 31, 2013, 74,15,261 GDRs were outstanding.
- (h) In November, 2009, the Company issued 1.75% FCCBs due in 2014, aggregating to USD 300 million. These FCCBs are listed on the Singapore Exchange Securities Trading Limited. In case the entire amount of FCCBs are converted, the Company would have to allot 9,64,40,896 Equity Shares to the Bondholders. As of December 31, 2013, 3,000 FCCBs were outstanding.
- (i) Except for the outstanding FCCBs, as set out above, as at the date of this Letter of Offer there are no outstanding securities convertible into Equity Shares.
- (j) The present Issue being a rights issue, as per Regulation 34(c) of the SEBI (ICDR) Regulations, the

requirements of promoters' contribution and lock-in are not applicable.

- (k) There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Letter of Offer with the Stock Exchanges/SEBI until the Rights Equity Shares to be issued pursuant to the Issue have been listed.
- (l) The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI (SAST) Regulations is ₹79.02 per Equity Share.
- (m) Neither the Company nor the Promoters shall make any payments, direct or indirect, such as discounts, commissions, allowances or otherwise under the Issue.
- (n) The terms of issue to Eligible Equity Shareholders have been presented under the section titled "*Terms of the Issue*" on page **195** of this Letter of Offer.
- (o) At any given time, there shall be only one denomination of the Equity Shares of our Company.
- (p) All the Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares, when issued, shall be fully paid up.

OBJECTS OF THE ISSUE

The Company intends to utilise the proceeds from the Issue, after deduction of the estimated Issue related expenses (hereinafter referred to as the “**Net Proceeds**”), towards funding the following objects:

1. Part funding of capital expenditure proposed to be incurred by the Company in terms of the orders of the Maharashtra Electricity Regulatory Commission (“**MERC**”) under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011 (“**MYT Regulations**”) towards the generation, transmission and distribution of electricity in the Mumbai License Area;
2. Part repayment of certain borrowings of the Company;
3. Extend facilities to its Subsidiary, CGPL, which shall, in turn, be utilised by CGPL towards part repayment of certain of its borrowings; and
4. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects set out in the Memorandum of Association enable the Company to undertake its existing activities and the activities for which the funds are being raised by our Company through this Issue.

The details of the Net Proceeds are summarised in the table below:

(in ₹ crore)

Particulars	Amount
Gross Proceeds	1,993.38
Estimated Issue related expenses	22.37
Net Proceeds	1,971.01

Means of Finance

The means of finance set out below are based on our internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on the prevailing business environment and, specifically with respect to part funding of capital expenditure in relation to the Mumbai License Area, are in line with the approvals issued by the MERC pursuant to various applications filed by our Company. Accordingly, deployment of the Net Proceeds may need to be revised as a result of any changes to the prevailing commercial, regulatory or other external factors, which may not be within the control of our management. Such changes may entail rescheduling, revising or redirecting certain of the Net Proceeds at the discretion of our Company’s management, subject to compliance with applicable law.

The following table sets forth the total expenditure expected to be incurred in relation to the objects of the Issue, the amounts proposed to be financed from the Net Proceeds, and other means of financing:

(in ₹ crore)

Particulars	Total Proposed Capital Expenditure / Repayment Obligations in FY15	Amount proposed to be financed from Net Proceeds	Amount proposed to be financed from Loans	Net Proceeds proposed to be utilised on or prior to March 31, 2015
Part funding of capital expenditure proposed to be incurred by our Company in terms of the orders of the MERC under the MYT	1,000.00	300.00	700.00	300.00

Particulars	Total Proposed Capital Expenditure / Repayment Obligations in FY15	Amount proposed to be financed from Net Proceeds	Amount proposed to be financed from Loans	Net Proceeds proposed to be utilised on or prior to March 31, 2015
Regulations towards the generation, transmission and distribution of electricity in the Mumbai License Area				
Part repayment of certain borrowings of our Company	533.15	533.15	-	533.15
Extend facilities to our Subsidiary, CGPL, which shall, in turn, be utilised by CGPL towards part repayment of certain of its borrowings	733.53	639.51	-	639.51
General corporate purposes	498.35	498.35	-	498.35
Grand Total	2,693.38	1,971.01	700.00	1,971.01

To the extent the Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects of the Issue on or prior to March 31, 2015, the Company shall deploy the Net Proceeds in the subsequent Financial Years towards the aforementioned means.

Details of the activities to be financed from the Net Proceeds

1. Part funding of capital expenditure proposed to be incurred by our Company in terms of the orders of the MERC under the MYT Regulations towards the generation, transmission and distribution of electricity in the Mumbai License Area

Background

Pursuant to the notification of the Electricity Act and the powers granted to the MERC thereunder, the MYT Regulations was notified in 2011. The MYT Regulations governs determination of tariffs from April 1, 2011 up to March 31, 2016 for (a) supply of electricity by a generating company to a distribution licensee; (b) intra-state transmission of electricity; (c) rates and charges for use of intervening transmission facilities; (d) distribution wires business of electricity; and (e) retail supply business of electricity, and is applicable to all existing and future power generating companies, transmission licensees and distribution licensees.

By way of a resolution bearing no: IEA-2001/ CR-10509/ NRG-1 dated July 12, 2001, our Company received a license by the Government of Maharashtra for the supply of power to the public in the Mumbai License Area and to supply energy in bulk to distribution licensees. Our distribution license for the Mumbai License Area, issued by the MERC under the Electricity Act, is currently valid until August 15, 2014. Our Company has submitted an expression of interest to the MERC, by way of a letter dated January 31, 2014, and is currently in the process of filing a formal application for issuance of the requisite license. For further details, please refer to risk factor 1 titled “Tata Power’s distribution license for the Mumbai License Area, issued by the MERC under the Electricity Act, is valid until August 15, 2014. A failure to obtain a distribution license for the Mumbai License Area in a timely manner or at all will have a material adverse effect on its business, financial condition and results of operations” in the section “Risk Factors” beginning on page 17 of this Letter of Offer.

In terms of the MYT Regulations, the MERC shall determine the tariffs under a multi-year tariff framework for the period from April 1, 2011 up to March 31, 2016 (“**Control Period**”) based on several elements including the following:

- a. Forecast of the aggregate revenue requirement (“**ARR**”) and expected revenue from existing tariff and charges which shall be submitted by individual applicant and approved by the MERC;
- b. A detailed business plan based on operational norms and trajectories of performance parameters for each year under the Control Period that shall be submitted by the applicant;
- c. Changes in indexation if required for indexed parameters as notified by the MERC by order to that effect;
- d. Mid-term review of performance vis-à-vis forecasts broken down into factors within the control of the applicant and others outside the control of the applicant;
- e. Mechanism of pass through of approved gains or losses on account of controllable factors and uncontrollable factors as specified by the MERC; and
- f. One time tariff determination for each of the years under the Control Period to be undertaken at the start of the Control Period and reviewed at the time of the mid-term performance review.

In case of schemes wherein the value of the scheme is at least ₹ 10.00 crores, detailed project reports are required to be submitted to the MERC for its approval. Such DPRs typically include the following details:

- purpose of the scheme;
- details of alternatives evaluated;
- financial details including estimated costing; and
- benefits of the scheme.

MERC reviews the DPR submitted and raises certain follow-up queries, if required, seeking further information on the scheme. A formal response to such queries is then filed with the MERC. This process continues until the MERC is satisfied with the DPR, upon which the MERC approves the scheme on the basis of a particular DPR. Post approval of a scheme, an applicant is required to submit quarterly and half yearly reports to MERC indicating the amount spent in each quarter or half year, as the case may be, vis-a-vis the total project cost in order to assess the progress of the scheme on a quarterly basis or half yearly basis, as the case may be. The half yearly report also indicates the status of implementation of a scheme in terms of expenditure incurred and item-wise physical progress achieved during the implementation of a scheme.

Upon conclusion of a financial year, a true-up petition is filed before the MERC, which, amongst other things, sets out the capitalisation in respect of the approved scheme in the course of the financial year. The true-up petition includes a cost benefit analysis of such capitalisation, based on which the MERC approves the capitalisation for the financial year under consideration. Furthermore, for such schemes that have been commissioned and charged, a completion report is required to be submitted, which sets out the savings, if any, in the value of the scheme vis-à-vis the value of the scheme approved by the MERC. Any increase in the cost of a scheme is considered by the MERC in the true-up order for the purposes of determination of the tariff.

Applications to the MERC

Our Company submitted the following applications for consideration by the MERC under the MYT Regulations:

- a. Application by our Company’s generation business (“**Tata Power - G**”) dated January 15, 2013, in terms of the order of the MERC dated August 9, 2012, for the second Control Period from FY 2012-13 to FY 2015-

16;

- b. Application by our Company's transmission business ("Tata Power - T") dated October 10, 2012, in terms of the order of the MERC dated June 28, 2012, for the second Control Period from FY 2012-13 to FY 2015-16; and
- c. Application by our Company's distribution business ("Tata Power-D") dated November 27, 2012, in terms of the order of the MERC dated August 26, 2012, for the second Control Period from FY 2012-13 to FY 2015-16.

Orders passed by the MERC

The MERC passed the following orders with respect to the aforementioned applications submitted by our Company:

a. Order dated June 5, 2013 with respect to the application made by Tata Power - G

The order of MERC considered the earlier order of the MERC dated August 9, 2012 on the business plan submitted by Tata Power - G, additional detailed project reports ("DPRs") submitted by Tata Power - G post the August 9, 2012 order and approved by the MERC, withdrawals of capital expenditure schemes by Tata Power - G and an additional 20% capitalisation over approved capitalisation against DPR schemes towards unplanned capital expenditure or capital expenditure yet to be approved. Accordingly, the approved capitalisation is as follows:

(in ₹ crore)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
DPR approved in the August 9, 2012 order	220.42	249.69	32.52	13.79
DPR approved post the August 9, 2012 order	27.42	362.97	991.84	1.40
Less: Withdrawn capital expenditure scheme	(30.00)	(50.00)	0.00	0.00
Add: 20% additional capitalisation approved ¹	43.57	100.78	30.87	3.04
Grand Total	261.41	663.44	1,055.23	18.23

Note 1: MERC did not approve 20% additional capitalisation for non-regular capital expenditure which were viewed as exceptional one time capital expenditure

This order of the MERC was effective from June 1, 2013 and shall continue to be in force until March 31, 2016. However, the MERC will undertake a mid-term review of the performance of Tata Power - G during the third quarter of FY 2014-15.

b. Order dated March 30, 2013 with respect to the application made by Tata Power - T

The MERC considered the capitalisation approved by way of its order passed on June 28, 2012 as well as the capital expenditure for new schemes submitted by Tata Power - T, subsequent to its order dated June 28, 2012, non-DPR schemes claimed by Tata Power - T, variations in approved capital expenditure vis-à-vis those submitted by Tata Power - T by pro-rata reducing / increasing for the purpose of approval of capitalisation over the Control Period. Accordingly, the approved capitalisation is as follows:

(in ₹ crore)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
DPR approved	714.54	373.72	1,036.87	1,221.40
DPR submitted but yet to be approved	Nil	Nil	12.94	18.20
Non DPR schemes and Head Office & Support Services ¹	37.99	25.64	11.36	11.49
Grand Total	752.53	399.36	1,061.17	1,251.09

Note 1: MERC reserves the right to revisit the Head Office & Support Services expenditure upon scrutiny of actual capitalisation at the time of the mid-term review for the Control Period

This order of the MERC was effective from March 30, 2013 and shall continue to be in force until March 31, 2016. However, the MERC will undertake a mid-term review of the performance of Tata Power - T during the third quarter of FY 2014-15.

c. Order dated June 28, 2013 with respect to the application made by Tata Power – D

The MERC considered the capitalisation that it approved in its order dated August 26, 2012 as well as the entire in-principle approved capitalisation of ₹ 785.25 crore. It however deemed it unnecessary to continue with the 20% additional capitalisation that it had earlier considered in its order dated August 26, 2012. Accordingly, the approved capitalisation is as follows

(in ₹ crore)				
Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Capitalisation approved	774.12	902.33	81.84	Nil

This order of the MERC was effective from July 1, 2013 and shall continue to be in force until March 31, 2016. However, the MERC will undertake a mid-term review of the performance of Tata Power - D during the third quarter of FY 2014-15.

Nature and types of schemes submitted in the applications by our Company and approved by the MERC

Generation Schemes

The generation schemes that have been approved by the MERC include (i) enhanced coal berth augmentation systems at Trombay; (ii) unified SCADA (supervisory control and data acquisition) systems at Trombay; and (iii) up gradation of systems for the different units at the Trombay including (a) modernisation of boiler lift at Unit 5; (b) replacement of condenser inlet valves at Unit 6; (c) replacement of motor protection at each of Unit 5, Unit 6 and Unit 7; (d) up gradation of protection systems at Unit 5; and (e) cooling water pump replacement at Unit 7 and cooling water pump modification at Unit 8.

Transmission Schemes

The transmission schemes that have been approved by the MERC include (i) installation of (a) a 220 KV transmission line from Kalwa to Salsette; (b) a 220 KV Trombay Dharavi Salsette transmission line; (c) 145 KV GIS (gas insulated switchgear) at Bandra Kurla Complex in Mumbai; (d) 145 KV GIS at HDIL, Kurla; (e) 220 KV GIS at Mahalaxmi, Mumbai; (f) a 75 MVA transformer with a 33 KV GIS at Parel, Mumbai; and (ii) replacement of a 22 KV bus section at Dharavi, Mumbai.

Distribution Schemes

The Company undertakes on an on-going basis several schemes for development of its distribution network including acquisition of new customers and meeting additional load requirements at existing locations. To this end the distribution schemes that have been approved by the MERC include providing new connections in identified locations that would involve (i) installation of consumer sub-stations; (ii) setting up ring main units ("RMUs"); (iii) setting up distribution transformers; (iv) laying of HT/LT metering equipment; and (v) laying of HT/LT cables.

As mentioned earlier the Company shall retain the right to determine the schemes towards which it shall deploy the Net Proceeds as its equity contribution and the aforesaid set of schemes are merely illustrative in nature. Further as mentioned herein above the capitalisation of the schemes that the Company intends to deploy the Net

Proceeds as its equity contribution is expected to be completed within the Control Period. However in the event the capitalisation is delayed beyond the Control Period or where the actual capital expenditure is in excess of the planned capitalisation, the capitalisation would be subject to the necessary truing up of the actual capital expenditure and also considering any impact of any delays in capitalisation, by the MERC. Further the Company may fund any increase in the capital expenditure in relation to the schemes identified for the purpose of deployment of the aforementioned ₹ 300.00 crore of the Net Proceeds in any manner it deems fit including from its internal accruals, fresh capital raises or additional borrowings or any combination thereof. Please also see section titled risk factor number 1 titled “Tata Power’s distribution license for the Mumbai License Area, issued by the MERC under the Electricity Act, is valid until August 15, 2014. A failure to obtain a distribution license for the Mumbai License Area in a timely manner or at all will have a material adverse effect on its business, financial condition and results of operations” in “Risk Factors” beginning on page 17 of this Letter of Offer.

Capital Expenditure

Our Company proposes to deploy ₹ 300.00 crore of the Net Proceeds as its equity contribution towards the proposed capital expenditure of ₹ 1,000.00 crore to be utilised on or prior to March 31, 2015. The aforementioned equity contribution is in line with the provisions of Regulation 30 of the MYT Regulations, which requires our Company to contribute 30% of the proposed capital expenditure by way of equity. The aforementioned capital expenditure is towards the approved capital expenditure schemes submitted by our Company to the MERC.

As mentioned above, the capital expenditure of ₹ 1,000.00 crore shall be utilised towards various schemes that have been submitted by our Company in its applications to the MERC and which have been subsequently approved by the MERC by way of its orders described above. Consequently, the capital expenditure of ₹ 1,000.00 crore and the allocation of Net Proceeds, to the extent of ₹ 300.00 crore, with respect to the individual schemes, shall be decided by the Board of Directors or a duly authorised committee thereof, based on the assessment of the prevalent circumstances of the business, commercial considerations and any regulatory requirements.

The means of finance towards the capital expenditure of ₹ 1,000.00 crore is described below:

(in ₹ crore unless stated otherwise)

Particulars	Amount
Proposed capital expenditure (A)	1,000.00
Amount proposed to be financed through the Net Proceeds (B)	300.00
Funding required excluding Net Proceeds (“Net Means of Finance”) (C) = (A) - (B)	700.00
75.0% of Net Means of Finance (D) = (75% of C)	525.00
Debt tied-up (E) ⁽¹⁾	552.00
Firm Arrangement of Net Means of Finance (F) = (E) / (C) x 100	78.9%

Note 1: Please refer to “Debt Tied-up” below for information in relation to the debt tie-up

Debt Tied-up

Our Company has received firm sanctions from the following lenders. The details are briefly covered herein below:

S No	Particulars	Amount (in ₹ crore)¹	Amount available for drawdown (in ₹ crore)⁽¹⁾	Brief terms of the Facility
1	Sanction Letter for Term Loan Facility dated June	300.00	101.00	Purpose: For meeting capital expenditure in the

S No	Particulars	Amount (in ₹ crore) ¹	Amount available for drawdown (in ₹ crore) ⁽¹⁾	Brief terms of the Facility
	28, 2013 issued by HDFC Bank Limited and Rupee Loan Agreement entered into between the Issuer and HDFC Bank Limited dated August 8, 2013			Mumbai License Area. Tenor: Door –to-door tenor of 13 years. Repayment: 2-year moratorium. Quarterly repayment with 7.5% of the total amount payable every year for the first 10 years and 25% in the last year. Security: First <i>pari passu</i> charge on all movable fixed assets (excluding land and buildings) of the Company, both present and future (except assets of all wind projects both present and future) including moveable machinery, spares, tools and accessories with minimum asset cover of 1.25 times.
2	Sanction Letter for Term Loan Facility dated July 04, 2013 and modified sanction letter dated August 7, 2013, issued by Kotak Mahindra Bank Limited and Rupee Loan Facility Agreement entered into between the Issuer and Kotak Mahindra Bank Limited dated August 8, 2013	300.00	101.00	Purpose: For part funding of the capital expenditure for Mumbai area operations. Tenor: 13 years (including two years moratorium from the date of first draw down). Repayment: 2year moratorium. Quarterly repayment in equal installments with 7.5% of the total amount payable every year for the first 10 years and 25% in the last year payable in four equal quarterly installments. Security: First <i>pari passu</i> charge on all movable fixed assets (excluding land and buildings) of the Company, both present and future (except assets of all wind projects both present and future) including moveable and immovable assets relating to the projects, current and future receivables relating to the wind mill projects, and the Company's contractual rights under

S No	Particulars	Amount (in ₹ crore) ¹	Amount available for drawdown (in ₹ crore) ⁽¹⁾	Brief terms of the Facility
				any documents and insurance and proceeds thereof, subject to security created or to be created in favour of bankers of the Company on the stocks of raw materials, semi-finished and finished goods, consumable stores and such other moveables of the Company as may be agreed to by the lender for securing working capital facilities in the ordinary course of business.
3	Sanction Letter for Rupee Term Loan Facility dated February 17, 2014 issued by HDFC Bank Limited	350.00	350.00	Purpose: For meeting capital expenditure in the Mumbai License Area. Tenor: Door –to-door tenor of 13 years. Repayment: 2-year moratorium. Quarterly repayment with 7.5% of the total amount payable every year for the first 10 years and 25% in the last year. Security: <i>Pari passu</i> first charge on all movable fixed assets (excluding land and buildings) of the Company, both present and future (except assets of all wind projects both present and future) including moveable machinery, spares, tools and accessories with minimum asset cover of 1.25 times.
	Grand Total	950.00	552.00	

Note 1: As confirmed by the banks vide their letters dated March 19, 2014

2. Part repayment of certain borrowings of our Company

As of December 31, 2013, our Company had a total long-term outstanding indebtedness from banks and financial institutions amounting to ₹ 9,091.77 crores. We propose to utilise an amount of ₹533.15 crores from the Net Proceeds towards part repayment of certain borrowings availed by our Company, without any obligation to any particular bank / financial institution. The following table provides the details of the borrowings availed by our Company proposed to be repaid from the Net Proceeds in FY 2015:

Lender	Nature of indebtedness	Purpose	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crores) ⁽¹⁾	Repayment Schedule	Amount proposed to be repaid from Net Proceeds (in ₹ crores)
Private placement of debentures with Central Bank of India acting as debenture trustee	Transferable, secured redeemable, non-convertible debentures	To augment long term resources of the Company for capital expenditure and general corporate purposes	600.00	420.00	At the end of nine years: ₹3,00,000 plus redemption premium of ₹ 67,500 per debenture At the end of ten years: ₹ 4,00,000 plus redemption premium of ₹ 89,500 per debenture At the end of eleven years: ₹ 3,00,000 plus redemption premium of ₹ 67,500 per debenture Each from the date of allotment.	293.70
Private placement of debentures with Central Bank of India acting as debenture trustee	Secured, non-convertible, non-cumulative, redeemable, taxable debentures with separately transferable redeemable principal parts	To augment funds to meet the Company's requirements for general corporate purposes, and/or refinancing of existing debt.	350.00	275.00	Series A - July 23, 2011 Series B - July 23, 2012 Series C - July 23, 2013 Series D - July 23, 2014 Series E - July 23, 2015 Series F - July 23, 2016 Series G - July 23, 2017 Series H - July 23, 2018	25.00

Lender	Nature of indebtedness	Purpose	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crores) ⁽¹⁾	Repayment Schedule	Amount proposed to be repaid from Net Proceeds (in ₹ crores)
					Series I - July 23, 2019 Series J - July 23, 2020 Series K - July 23, 2021 Series L - July 23, 2022 Series M - July 23, 2023 Series N - July 23, 2024 Series O - July 23, 2025	
Private placement of debentures with Central Bank of India acting as debenture trustee	Secured, non-convertible, non-cumulative, redeemable, taxable debentures with separate transferable redeemable principal parts	General corporate purpose and/or for part funding of the capital expenditure requirements relating to wind power projects.	250.00	202.00	Series A - September 17, 2011 Series B - September 17, 2012 Series C - September 17, 2013 Series D - September 17, 2014 Series E - September 17, 2015 Series F - September 17, 2016 Series G - September 17, 2017 Series H - September 17, 2018 Series I - September 17, 2019	16.00

Lender	Nature of indebtedness	Purpose	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crores) ⁽¹⁾	Repayment Schedule	Amount proposed to be repaid from Net Proceeds (in ₹ crores)
					Series J - September 17, 2020 Series K - September 17, 2021 Series L - September 17, 2022 Series M - September 17, 2023 Series N - September 17, 2024 Series O - September 17, 2025	
IDFC Limited	Rupee Loan	Financing the Company's capital expenditure requirements in the Mumbai License Area.	150.00	121.88	In 40 structured quarterly installments commencing from the expiry of 3 months from the date of first disbursement.	7.50
IDFC Limited	Rupee Loan	Financing the Company's capital expenditure requirements in the Mumbai License Area.	450.00	353.95	In 36 quarterly installments.	16.95
IDFC Limited	Rupee Loan	Financing the Company's capital expenditure requirements in the Mumbai operations	800.00	785.00	In 44 structured quarterly installments commencing from the expiry of 24 months from the date of first disbursement.	45.00

Lender	Nature of indebtedness	Purpose	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crores) ⁽¹⁾	Repayment Schedule	Amount proposed to be repaid from Net Proceeds (in ₹ crores)
IREDA Limited	Rupee Loan	Direct or indirect payment of cost incurred or to be incurred by the Company in relation to the financing of the Projects.	95.00	38.16	In 26 equal installments commencing from December 15, 2007.	5.87
IREDA Limited	Rupee Loan	For setting up wind energy projects in (a) Poolavadi, Tamil Nadu, (b) Visapur, Maharashtra and (c) Agaswadi, Maharashtra.	450.00	368.75	In 13 years on a semi-annual basis commencing from June 30, 2012	29.25
Export Import Bank of India	USD Loan	To meet the Company's post shipment credit requirement for the supply of capital goods and equipment and services on deferred payment basis.	USD 7.45 million	7.21	In 20 half yearly installments commencing on the date expiry of a period of two years from the date of first advance.	4.30 ⁽²⁾
Asian Development Bank ("ADB")	Rupee Loan	Direct or indirect payment of ADB eligible costs and/or ADB financing costs due and payable on the utilisation date for the Loan.	205.00	82.36	In 26 equal installments on each of the repayment dates.	12.68
IDBI Bank Limited	Rupee Loan	Financing the Company's capital expenditure requirements for the Mumbai License Area	400.00	345.00	In 37 quarterly installments, commencing from April 1, 2011.	15.00
IDBI Bank	Rupee Loan	Financing the	300.00	251.25	In 47 quarterly	11.25

Lender	Nature of indebtedness	Purpose	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crores) ⁽¹⁾	Repayment Schedule	Amount proposed to be repaid from Net Proceeds (in ₹ crores)
Limited		Company's capex requirement in Mumbai License Area including refinancing the IDBI Bank Limited's existing corporate loan of ₹300 crore.			installments, commencing from October 1, 2010.	
HDFC Bank Limited	Rupee Loan	To finance the Company's capital expenditure requirements in the Mumbai License Area.	600.00	487.50	In 40 quarterly installments commencing from the expiry of 3 months from the date of first disbursement.	30.00
Kotak Mahindra Bank Limited	Rupee Loan	Funding the Capital Expenditure Requirements in the Mumbai Licensed Area of the Company	88.00	49.25	In 16 structured quarterly installments as specified in the amortisation schedule.	17.75
ICICI Bank Limited	Rupee Loan	For carrying out projects to develop a few critical technologies in the area of CO ₂ capture & reuse (using algae) for the power sector and advanced electronics for strategic sectors	29.00	17.40	In 10 equal half yearly installments commencing from April 1, 2012	2.90

Note 1: The management of the Company by way of a certificate dated March 19, 2014, 2014, has certified that that these borrowings have been utilised by the Company for the purposes for which they were availed.

Note 2: The loan facility taken from Export Import Bank of India is a facility denominated in USD. The amount proposed to be repaid is reflected in INR, based on an assumed conversion rate of 1 USD = ₹59.00. The USD to INR conversion rate taken into consideration for repayment of this loan could fluctuate based on prevalent market conditions. To the extent that such fluctuations result in our Company having excess funds after repaying the amounts proposed to be repaid, our Company will utilise such excess funds towards its other objects. Conversely, in the event that such fluctuations result in the repayment obligations exceeding the amount stated herein, our Company will finance the same from its internal accruals.

1. Central Bank of India:

By way of an information memorandum and a debenture trust deed our Company had issued transferable, secured redeemable, non-convertible debentures of ₹ 600.00 crores, with Central Bank of India acting as the trustee.

This issuance was secured by way of the following:

- i. Pari passu first charge on all that piece and parcel of land situated at Takve Khurd bearing Sub-division layout plot no. 6 forming part of Gat no. 368 of Survey No.143 A of village Takve Khurd of Taluka Mawal within the Village Limits of Zilla Parishad Pune, Panchayat Samiti Mawal;
- ii. All the fixed and moveable assets at Jojobera power plant, Jojobera, Jamshedpur, Jharkhand;
- iii. All the fixed and moveable assets at Belgaum power plant, plot Nos. 1234 to 1240 and 1263 to 1297, KIADB Kanbargi Industrial Area, Auto Nagar, Belgaum in the State of Karnataka;
- iv. All the fixed and moveable assets at Trombay thermal power station , Mahul Road, Chembur in the state of Maharashtra;
- v. All the fixed and moveable assets at P.O. Khapoli Power House, District Raigad in the state of Maharashtra;
- vi. All the fixed and moveable assets at P.O. Bhihpuri Camp, Taluka Karjat, District Raigad, in the state of Maharashtra; and
- vii. All the fixed assets at P.O. Bhira, Taluka Mangaon, District Raigad, in the state of Maharashtra, excluding the whole of the movable properties of the Company pertaining to wind power projects, present and future,.

2. Centbank Financial Services Limited:

- a. By way of an information memorandum and a debenture trust deed our Company had issued secured, non-convertible, non-cumulative, redeemable, taxable debentures with separately transferable redeemable principal parts of ₹ 350.00 crores, with Centbank Financial Services Limited acting as the trustee.

This issuance was secured by way of the following:

- i. First ranking charge in favor of the debenture trustee by way of hypothecation on all movable properties pertaining to: (1) 50.40 MW wind farm project at Sadodar Village, Samana Plains, Jamnagar district, in the state of Gujarat; and (2) 50.40 MW wind farm Project at Gadag Plains ,Gadag District, in the state of Karnataka and
- ii. First ranking charge in favor of the debenture trustee by way of mortgage on immovable properties at Village Mota Panch Devda, Taluka Kalavad, District Jamnagar, in the state of Gujarat bearing Survey No.230/P1 and 242/1/P1 aggregating to 1.0219 acres
- b. By way of an information memorandum and a debenture trust deed, our Company issued secured, non-convertible, non-cumulative, redeemable, taxable debentures with separately transferable redeemable principal parts of ₹ 250.00 crores, with Centbank Financial Services Limited acting as the trustee.

This issuance was secured by way of the following:

- i. First pari passu charge on 49.5MW turnkey wind power project at Agaswadi in Maharashtra, 99MW turnkey wind power project at Poolavadi in Tamil Nadu and 10MW turnkey power plant at Visapur in Maharashtra.

3. IDFC Limited:

- a. By way of a rupee facility agreement our Company had availed of a rupee loan from IDFC Limited of ₹ 150.00 crore.

This issuance was secured by way of the following:

First *pari passu* charge on all the movables, fixed assets (excluding land and buildings) of the Company, present and future (except assets of all windmill projects present and future, where assets of all wind mill projects means movable and immovable assets relating to the projects, including current and future receivables relating to the windmill projects).

And the Company's contractual rights under any documents and insurance and proceeds thereof relating to the wind mill projects), including movable machinery, machinery spares, tools and accessories but excluding vehicles, launches and barges, present and future, subject to prior charges created in favour of the bankers of the Company on the stocks of raw materials, semi finished and finished goods, consumable stores and such other movables of the Company as may be agreed to by IDFC Limited for securing the borrowings for working capital requirements in the ordinary course of business.

The hypothecation and charge shall rank pari passu to the hypothecation and charges created / to be created by the Company in favour of banks / financial institutions who have a charge on the aforementioned security.

- b. By way of a rupee loan agreement our Company had availed of a rupee loan from IDFC Limited of ₹ 450 crore.

This issuance was secured by way of the following:

First charge by way of hypothecation of all the movables of the Company in the state of Maharashtra, present and future, including movable machinery, machinery spares, tools and accessories but excluding vehicles, launches and barges, present and future, subject to prior charges created and/or to be created in favour of the bankers of the Company on the stocks of raw materials, semi-finished and finished goods, consumable stores and such other movables of the Company as may be agreed to by the Lender for securing the borrowings for working capital requirements in the ordinary course of business.

- c. By way of a rupee loan agreement our Company had availed of a rupee loan from IDFC Limited of ₹ 800.00 crore.

This issuance was secured by way of the following:

First pari passu charge on all the movables, fixed assets (excluding land and buildings) of the Company, present and future (except assets of all wind mill projects present and future, where assets of all wind mill projects means movable and immovable assets relating to the projects, including current and future receivables relating to the wind mill projects and the Company's contractual rights under any documents and insurance and proceeds thereof relating to the wind mill projects), including movable machinery, machinery spares, tools and accessories but excluding vehicles, launches and

barges, present and future, subject to prior charges created and/or to be created in favour of the bankers of the Company on the stocks of raw materials, semi-finished and finished goods, consumable stores and such other movables of the Company as may be agreed to by the IDFC Limited for securing the borrowings for working capital requirements in the ordinary course of business.

4. IREDA Limited:

- a. By way of a facility agreement our Company had availed of a rupee loan from IREDA Limited of ₹ 95.00 crore.

This issuance was secured by way of the following:

- i. First priority charge on all pieces of land situated at village Khandke, Bramanvel and Sadawaghapur in the state of Maharashtra.
 - ii. The whole of Company's tangible movable properties, both present and future for the above locations
 - iii. All rights, title, interest, benefit and claims under the project documents, insurance contracts, accruals from the project & receivables and including book debts in relation to the abovementioned windfarms
- b. By way of a facility agreement our Company had availed of a rupee loan from IREDA Limited of ₹ 450.00 crore.

This issuance was secured by way of the following:

- i. First charge by way of mortgage of all immovable properties both existing and future pertaining to the projects including (a) Poolavadi, Tamil Nadu (99 MW), (b) Agaswadi, Maharashtra (49.5 MW) and (c) Visapur, Maharashtra (10 MW), and other parts of India, to be created upon occurrence of a payment default under this agreement.
- ii. First charge by way of hypothecation of all movable properties both existing and future pertaining to the projects including (a) Poolavadi, Tamil Nadu (b) Agaswadi, Maharashtra and (c) Visapur, Maharashtra. This charge shall be subject to prior charge of existing lenders on the current assets of the Company.
- iii. Charge on the receivables and book debts of the power generated from the projects subject to pari passu charge in favour of the working capital loans of the Company.

5. Export Import Bank of India:

- a. By way of a post-shipment dollar loan agreement our Company had availed of a USD loan from Export Import Bank of India ("**Exim Bank**") of USD 7.45 million.

This issuance was secured by way of the following:

- i. An exclusive charge by way of hypothecation over the Company's receivables generated out of the contract.
- ii. Assignment of the specific shipment insurance policy in favour of Exim Bank.
- iii. Unconditional and irrevocable power of attorney in favour of Exim Bank authorising Exim Bank to exercise its rights guaranteeing the payments under the contract.

6. Asian Development Bank:

By way of a rupee loan agreement our Company had availed of a rupee loan from Asian Development

Bank of ₹ 205.00 crore.

This issuance was secured by way of the following:

- i. First priority charge on all pieces of land situated at village Khandke, Bramanvel and Sadawaghapur in the state of Maharashtra.
- ii. The whole of Company's tangible movable properties, both present and future for the above locations
- iii. All rights, title, interest, benefit and claims under the project documents, insurance contracts, accruals from the project & receivables and including book debts in relation to the abovementioned windfarms.

7. IDBI Bank Limited:

- a. By way of a rupee loan agreement our Company had availed of a rupee loan from IDBI Bank Limited of ₹ 400.00 crore.

This issuance was secured by way of the following:

First pari passu charge on the movable fixed assets (excluding land and buildings) of the Company, present and future, (except assets of wind mill projects present and future, presently situated in Bramanvel village, Dhulia district, Khandke village, Ahmednagar district, Maharashtra and Supa, Ahmednagar district, Maharashtra, where assets of all wind mill projects means movable and immovable assets relating to the projects, including current and future receivables relating to wind mill projects and the Company's contractual rights under any documents and insurance and proceeds thereof relating to the wind mill projects), including movable machinery, machinery spares, tools and accessories but excluding vehicles, launches and barges, present and future, subject to prior charges created and/or to be created in favour of the bankers of the Company on the stocks of raw material, semi-finished and finished goods, consumable stores and such other movables of the Company as may be agreed to by the IDBI Bank Limited for securing the borrowings for working capital requirements in the ordinary course of business.

- b. By way of a rupee loan agreement our Company had availed of a rupee loan from IDBI Bank Limited of ₹ 300.00 crore.

This issuance was secured by way of the following:

Charge on the Company's movable assets situated in Mumbai License Area (excluding vehicles, launches and barges), present and future, subject to prior charges created or to be created in favour of the Company's bankers on the stock of raw materials, receivables and such other movables as may be agreed to by the IDBI Bank Limited for securing the Company's borrowings for working capital requirements, in the ordinary course of business.

8. HDFC Bank Limited:

By way of a rupee loan agreement our Company had availed of a rupee loan from HDFC Bank Limited of ₹ 600.00 crore.

This issuance was secured by way of the following:

First pari passu charge on all the movable fixed assets (excluding land and buildings) of the Company, present and future (except assets of the mill projects present and future, where assets of all wind mill projects means movable and immovable assets relating to the projects), including movable machinery

but excluding vehicles, launches and barges, present and future, subject to prior charges created/to be created in favour of the Company's bankers on the stocks of raw materials, semi-finished and finished goods, consumable stores and other movables of the Company as may be agreed to by the Lender for securing the borrowings for working capital requirements, in the ordinary course of business.

9. *Kotak Mahindra Bank Limited:*

By way of a rupee loan agreement our Company had availed of a rupee loan from Kotak Mahindra Bank Limited of ₹ 88 crore.

This issuance was secured by way of the following:

Pari passu charge on all the movables fixed assets (excluding land and buildings) of the Company, present and future (except assets of all wind mill projects present and future, where assets of all wind mill projects means movable and immovable assets relating to the projects, including current and future receivables relating to the wind mill projects and the Company's contractual rights under any documents and insurance and proceeds thereof relating to the wind mill projects), including movable machinery, machinery spares, tools and accessories but excluding vehicles, launches and barges, present and future, subject to prior charges created and/or to be created in favour of the bankers of the Company on the stocks of raw materials, semi-finished and finished goods, consumable stores and such other movables of the Company as may be agreed to by the Lender for securing the borrowings for working capital requirements in the ordinary course of business.

The selection and extent of loans proposed to be repaid from our Company's loan facilities provided above, while based on the applicable repayment schedule to be repaid in FY 2015, is also and will be based on various commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan and applicable law governing such borrowings.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding loan amounts may vary from time to time. In addition to the above, our Company may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are repaid or further drawn-down prior to the completion of the Issue, our Company may utilize this component of the Net Proceeds towards repayment of such additional indebtedness. The Net Proceeds for the above stated object may also be utilised for repayment of any such further borrowings and refinancing, subject to a maximum utilisation of ₹ 533.15 crores for the stated object.

3. *Extend facilities to our Subsidiary, CGPL, which shall, in turn, be utilised by CGPL towards part repayment of certain of its borrowings*

CGPL, a wholly owned subsidiary of our Company, was incorporated under the laws of India on February 10, 2006 and received the certificate of commencement of business on August 25, 2006. CGPL has its registered office located at 34, Sant Tukaram Road, Carnac Bunder, Mumbai 400 009, India.

Our Company proposes, on the receipt of the necessary approvals from its Board, to extend subordinated debt facilities aggregating up to ₹639.51 crore from the Net Proceeds to CGPL as per the following terms:

Key Terms of the Subordinated Debt Facility

Date of the Term Sheet entered into between the Company and CGPL	March 14, 2014
Loan Amount	Up to ₹ 700 crore

Rate of Interest	SBI base rate plus spread of 2 per cent
Interest Rate	The spread shall be subject to annual reset commencing on the first anniversary of the disbursement under the loan agreement to be entered into between Tata Power and CGPL pursuant to the term sheet
Tenor	10 years or as extended mutually between the Company and CGPL
Moratorium Period	None
Interest Payments	Half yearly
Repayment Schedule	Bullet payment at the end of the tenor
Purpose of the Loan	For part repayment of the existing debt of CGPL
Security	Unsecured
Conversion Option	Our Company may at its discretion and after providing two week notice to CGPL call for conversion of any part / whole of the entire balance outstanding loan extended by it to CGPL including any interest accrued thereon into equity shares of CGPL. The equity shares of CGPL that shall be issued on conversion shall be issued at par.

The Company and CGPL shall enter into a loan agreement prior to the sanction of the facility by the Company to CGPL that shall set out the detailed terms and conditions of the said facility, including but not limited to terms relating to events of default, covenants of CGPL and dispute resolutions, and which shall substantially be consistent with the term sheet dated March 14, 2014. For further details, refer to the risk factor “Given the circumstances in relation to CGPL, Tata Power, as a part of its sponsor support obligations, may be required to propose and, subject to mutual agreement with the lenders, implement alternate structures / methods to support debt service. The implementation of certain of such mutually agreed proposals could have a material adverse effect on our cash flows, business, financial condition and results of operations. The term sheet entered into amongst our Company and CGPL for extending facilities to CGPL, which shall, in turn, be utilised by CGPL towards part repayment of certain of its outstanding loans, has not been sanctioned by our Board or the board of directors of CGPL.” in the section titled “Risk Factors” beginning on page 17 of this Letter of Offer.

The part repayment of these loan obligations through the proceeds of the Issue shall result in deleveraging the financial position of CGPL and the resulting benefits of the same shall accrue to the Group.

Utilisation of the loan facilities by CGPL

As of December 31, 2013, CGPL has a total long-term outstanding indebtedness of ₹12,041.00 crore.

CGPL proposes to utilise an amount of ₹639.51 crore, from the loan extended by the Company to CGPL from the Net Proceeds, towards part repayment of certain borrowings availed by CGPL. The following table provides the details of the borrowings availed by the CGPL proposed to be repaid in FY 2015:

Lender	Nature of indebtedness	Purpose	Documentation	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crore) ⁽¹⁾	Repayment Schedule	Repayment Obligations in FY15 (in ₹ crore)
The Export-Import Bank of Korea (KEXIM)	USD loan facility	Financing a portion of Mundra UMPP.	KEXIM loan agreement	USD 500million	2,195.80	From the earlier of the first date on which three units have achieved their respective Commercial Operation Dates and January 31, 2012 (“ Repayment Date ”), 28 equal consecutive installments of the principal amount outstanding as of the tenth day prior to the first Repayment Date; <i>provided, however,</i> that any disbursement that occurs following such tenth day prior to the first Repayment Date will be repaid in equal consecutive installments over the remaining Repayment Dates that occur at least ten days following the date of such disbursement. Any portion outstanding on the final maturity date shall be repaid on that date.	167.70 ^(*)
International Finance Corporation	USD loan facility	To finance Mundra UMPP	IFC loan agreement	USD 450million	2,047.92	Installments payable every six months.	132.42 ^(*)
Asian Development	USD loan	To finance Mundra	ADB loan agreement	Tranche 1 –	1,985.78	On July 15, 2012 USD 3.33 million.	142.60 ^(*)

Lender	Nature of indebtedness	Purpose	Documentation	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crore) ⁽¹⁾	Repayment Schedule	Repayment Obligations in FY15 (in ₹ crore)
nt Bank	facility	UMPP		USD 250million; Tranche 2 – USD 200million		On January 15, 2013 USD 5.00 million. From July 15, 2013 till July 15, 2026 USD 8.33 million every six months. On January 15, 2027 USD 8.33 mn. On July 15, 2027 USD 8.33 mn.	
Korea Export Insurance Corporation (through BNP Paribas, as facility agent)	USD loan facility	Financing a portion of Mundra UMPP.	KEIC covered facility loan agreement	USD 326.66 million	1,464.56	From the earlier of the first date on which three units have achieved their respective Commercial Operation Dates and January 31, 2012 (“ Repayment Date ”), 28 equal consecutive installments of the principal amount outstanding as of the tenth day prior to the first Repayment Date; <i>provided, however,</i> that any disbursement that occurs following such tenth day prior to the first Repayment Date will be repaid in equal consecutive installments over the remaining Repayment Dates that occur at least	111.86 ^(*)

Lender	Nature of indebtedness	Purpose	Documentation	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crore) ⁽¹⁾	Repayment Schedule	Repayment Obligations in FY15 (in ₹ crore)
						ten days following the date of such disbursement. Any portion outstanding on the final maturity date shall be repaid on that date.	
State Bank of India, Indian Infrastructure Finance Company Limited, Housing & Urban Development Corporation Limited, Oriental Bank of Commerce, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Travancore and Vijaya Bank (collectively, “CGPL Rupee Banks”)	Rupee loan facility	To assist CGPL’s obligation with respect to the construction and development of Mundra UMPP.	Rupee facility loan agreement	5,850.00	4,346.94	With respect to unit I of Mundra UMPP – 1.25 % of the total disbursed amount payable every quarter from July 15, 2011 till January 15, 2021. 51.25% of amount disbursed to be repaid on April 15, 2021. With respect to unit II of Mundra UMPP – 1.25 % of the total disbursed amount payable every quarter from October 15, 2011 till April 15, 2021. 51.25% of amount disbursed to be repaid on July 15, 2021. With respect to unit III of Mundra UMPP – 1.25 % of the total disbursed amount payable every quarter from April 15, 2012 till October 15, 2021. 51.25% of amount	178.95* *

Lender	Nature of indebtedness	Purpose	Documentation	Sanctioned Amount (in ₹ crore unless otherwise stated)	Amount Outstanding as on December 31, 2013 (in ₹ crore) ⁽¹⁾	Repayment Schedule	Repayment Obligations in FY15 (in ₹ crore)
						disbursed to be repaid on January 15, 2022. With respect to unit IV of Mundra UMPP – 1.25 % of the total disbursed amount payable every quarter from April 15, 2012 till January 15, 2022. 50% of amount disbursed to be repaid on April 15, 2022. With respect to unit V of Mundra UMPP – 1.25 % of the total disbursed amount payable every quarter from October 15, 2012 till April 15, 2022. 51.25% of amount disbursed to be repaid on July 15, 2022.	

Note 1: The management of the Company by way of a certificate dated March 19, 2014, has certified that that these borrowings have been utilised by CGPL for the purposes for which they were availed.

Note (): The loan facilities taken from the Export- Import Bank of Korea (KEXIM), International Finance Corporation, Asian Development Bank and Korea Export Insurance Corporation (through BNP Paribas, as facility agent) are loan facilities denominated in USD. The amount due to be repaid in Fiscal 2015 is reflected in INR, based on an assumed average conversion rate of 1 USD = ₹9.00.*

*Note (**): Excludes the repayment that is due in April 2014.*

1. Export-Import Bank of Korea Limited (KEXIM), International Finance Corporation, Asian Development Bank, Korea Export Insurance Corporation (acting through BNP Paribas, as facility agent) and the CGPL Rupee Lenders (collectively, “CGPL Lenders”):

By way of a pledge agreement, entered into between the Company, State Bank of India (acting as security

trustee for the CGPL Lenders) and CGPL, the Company pledged 51% of its shareholding in CGPL, and all rights title and benefits therein, in favour of the CGPL Lenders, as security for the aforementioned facilities provided by them,

By way of an indenture of mortgage entered into on September 18, 2008, between CGPL and State Bank of India (acting as security trustee for the CGPL Lenders), as security for the aforementioned facilities provided by the CGPL lenders, CGPL has charged, assigned and conveyed to State Bank of India (acting as security trustee for the CGPL Lenders):

- (i) All the Company's tangible moveable assets (both present and future) and in particular including, without limitation, all moveable plant and machinery, turbines, steam generators, electrical systems, wiring, pipelines, tanks, electronics spares, machinery spares, tools, meters, motor vehicles, accessories and all other equipment (other than the general assets), whether installed or not and whether lying loose or in cases or which are lying or are stored in or to be stored in or to be brought into any of the Company's premises, warehouses, stockyards and godowns or those of the Company's agents, affiliates, associates or representatives or at various work sites or at any place or places wherever else situated or wherever else the same may be, whether now belonging to or that may at any time during the continuance of this Indenture belong to the Company and/or that may at present or hereafter be held by any party anywhere to the order and disposition of the Company or in the course of transit or delivery, and all replacements thereof and additions thereof whether by way of substitution, replacement, conversion, realisation or otherwise howsoever together with all benefits, rights and incidentals attached thereto which are now or shall at anytime hereafter be owned by the Company; and
- (ii) All other present and future plant and machinery of the Company.

Out of the Net Proceeds of this Issue to be used for this Object, we may part repay any of the present outstanding borrowings mentioned hereinabove, without any obligation to any particular lender. We may undertake further borrowings or refinance some or all of the above borrowings. The Net Proceeds for the above stated object may also be utilized for repayment of any such further borrowings and refinancing, subject to a maximum utilization of ₹ 639.51 crore for the stated object.

The selection and extent of loans proposed to be repaid from CGPL's loan facilities provided above, while based on the applicable repayment schedule to be repaid in FY 2015, is also and will be based on various commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan and applicable law governing such borrowings.

4. General Corporate Purposes

The Net Proceeds will first be utilised towards the objects mentioned above. The balance portion of the Net Proceeds is proposed to be utilised for general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with the SEBI (ICDR) Regulations.

Our Company, in accordance with the policies formulated by our Board, will have flexibility in applying the remaining Net Proceeds, after utilisation of the Net Proceeds for the objects mentioned above, for general corporate purposes, subject to the above mentioned limit, including, amongst other things, (a) acquiring fixed assets including land, building; (b) meeting expenses incurred in the ordinary course of business; (c) meeting working capital requirements; (d) repayment / pre-payment / part repayment of certain of our borrowing; (e) funding inorganic or other growth opportunities; (f) infusion of funds in our Subsidiaries, by way of equity and / or debt; and (g) any other purpose as permissible or as approved by our Board or a duly appointed committee from time to time.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board based

on the permissible amount actually available under the head “General Corporate Purposes” and our business requirements, from time to time.

Issue Related Expenses

The estimated Issue related expenses are as follows:

Activity	Amount (₹ in crore)	As a % of total expenses	As a % of Issue Size
Fees payable to intermediaries (including the Lead Managers, Legal Counsels, Auditors, Registrar, Escrow Collection Banks, Underwriters and the Monitoring Agency)	19.47	87.0%	1.0%
Printing and stationery, distribution, postage etc.	1.80	8.0%	0.1%
Advertising and marketing expenses	0.20	0.9%	0.0%
Fees paid / payable to regulatory / statutory agencies	0.65	2.9%	0.0%
Other and miscellaneous expenses	0.26	1.2%	0.0%
Total	22.37	100.00%	1.12%

Bridge Financing Facilities

As on the date of this Letter of Offer, of the amounts proposed to be repaid from the Net Proceeds, our Company has not availed any bridge loans from any bank/financial institutions.

Interim Use of Net Proceeds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation for the objects described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, corporates and other premium / interest bearing securities. Our Company confirms that it shall not use the Net Proceeds for any investment in the equity markets.

Monitoring Utilisation of Funds from the Issue

Our Company has appointed HDFC Bank Limited as the Monitoring Agency in relation to the Issue. Our Board will monitor the utilisation of the Net Proceeds. Our Company will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Clause 49 of the Listing Agreement, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds.

In accordance with Clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee. In the event that the Monitoring Agency points out any deviation in the use of Net Proceeds from the objects of

the Issue as stated above, or has given any other reservations with respect to the end use of Net Proceeds, our Company shall intimate the same to the Stock Exchanges without delay.

Other confirmations

Except as stated above, no part of the proceeds from the Issue will be paid by our Company as consideration to its Promoter, Directors, Promoter Group Companies or key managerial personnel, except in the normal course of its business.

SECTION IV - STATEMENT OF TAX BENEFITS

To,

The Board of Directors
The Tata Power Company Limited
Bombay House,
24, Homi Mody Street,

Mumbai – 400 001.

Sub: Statement of Possible Direct Tax Benefits in connection with proposed rights issue (the “Issue”) of The Tata Power Company Limited (the “Company”)

We report that the enclosed statement states the possible direct tax (viz. Indian Income Tax Act, 1961 and Wealth Tax Act, 1957) benefits available to the Company and to its shareholders under the current direct tax laws referred to above, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions.

The possible direct tax benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting, nor are we advising, the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- i) the Company or its shareholders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This statement is intended solely for information and for inclusion in the Offer Document in connection with the proposed Issue of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent.

Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed in this Statement of Tax Benefits. We do not assume responsibility to update the views consequent to such changes.

The views are exclusively for the use of The Tata Power Company Limited and shall not, without our prior written consent, be disclosed to any other person, except to the extent disclosure is otherwise permitted by the terms of our engagement.



Disclosure of all or any part of this Statement of Tax Benefits to any other person is on the basis that, to the fullest extent permitted by law, neither DELOITTE HASKINS & SELLS LLP nor any other Deloitte Entity accepts that any duty of care or liability of any kind to the recipient, and any reliance on it is at the recipient's own risk.

Sincerely,

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Registration No. 117366W/W-100018)

R. A. Banga

Partner

(Membership No. 037915)

Mumbai, March 19, 2014

Annexure to the Statement of Possible Tax Benefits available to the Company and its shareholders:

A. Under the Income Tax Act, 1961 (“the Act”)

I. Special tax benefits available to the Company

There are no special tax benefits available under the Act to the Company.

II. General tax benefits available to the Company

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any domestic company is exempt from tax in the hands of the recipient Company. Such dividend is to be excluded while computing Minimum Alternate Tax (“MAT”) liability.

Further, in the context of the dividend payable by the Company to its shareholders, by virtue of section 115-O, the Company would be liable to pay Dividend Distribution Tax (“DDT”) @ 15% (plus applicable surcharge and cess) on the total amount declared, distributed or paid as dividend. In calculating the amount of dividend on which DDT is payable, dividend shall be reduced by dividend received from its subsidiary, subject to fulfillment of certain conditions.

2. As per section 115BBD of the Act, dividend income received by an Indian company from a specified foreign company i.e. in which the Indian company holds twenty-six per cent or more in nominal value of the equity share capital, will be taxable @ 15% on gross basis (plus applicable surcharge and cess). This benefit is available in respect of dividends received on or before 31 March 2014.
3. As per section 10(34A) of the Act, any income arising to the Company being a shareholder on account of buy back of shares (not being shares listed on a recognized stock exchange in India) referred in section 115QA is exempt from tax. Such income is to be excluded while computing MAT liability.
4. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
 - a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company:

Such income is to be excluded while computing MAT liability.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

5. As per section 10(38) of the Act, long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund (as defined in the Act) where such transaction has been entered into on a recognized stock exchange of India and is chargeable to securities transaction tax, will be exempt in the hands of the Company.
6. In terms of section 32 of the Act, the Company is entitled to claim deduction for depreciation at the rates prescribed under the Income-tax Rules, 1962, subject to certain conditions. In case of any new plant and machinery that will be acquired and installed by the Company engaged in the business of manufacture or production of any article or thing or in the business of generation or generation and distribution of power (w.e.f. 1-4-2013), the Company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant as additional depreciation subject to conditions specified in section 32 of the Act.
7. Unabsorbed depreciation, if any, for an assessment year can be carried forward indefinitely and set off against any sources of income in the same year or any subsequent assessment years as per section 32(2) of the Act subject to provisions of section 72(2) and 73(3) of the Act.
8. In terms of section 35D of the Act, the Company will be entitled to a deduction equal to one-fifth of the preliminary expenditure of the nature specified in the said section by way of amortization over a period of five successive years, subject to stipulated limits.
9. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of a long term

capital asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset” (as defined in the Act). The investment in the long term specified assets is eligible for such deduction to the extent of Rs.50,00,000 during any financial year. However, if the Company transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

10. In terms of section 80IA(iv), subject to compliance of conditions laid down therein, the Company may be eligible to claim deduction for ten consecutive assessment years, from the total income of an assessee, of an amount equal to 100% of the profits derived from an undertaking set up in any part of India for the generation or generation and distribution of power, which begins to generate power, during the period between April 1, 1993 and March 31, 2014.
11. In terms of section 111A of the Act, any short term capital gain arising to the Company from the transfer of a short term capital asset being an equity share in a company or unit of an equity oriented fund on or after 1st day of October 2004, where such transaction is chargeable to securities transaction tax, would be subject to tax @ 15% (plus applicable surcharge and cess).

As per section 70 read with section 74 of the Act, short-term capital loss, if any arising during the year can be set-off against short-term capital gain as well as against the long-term capital gains and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed. The brought forward short term capital loss can be set off against future capital gains.

12. As per section 112 of the Act, taxable long-term capital gains arising (on which securities transaction tax is not paid), on sale of listed securities or units or zero coupon bonds, will be charged to tax @ 20% (plus applicable surcharge and cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or @ 10% (plus applicable surcharge and cess) without indexation benefits, whichever is lower.

As per section 70 read with section 74 of the Act, long-term capital loss, if any arising during the year can be set-off only against long-term capital gain and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain. The brought forward long term capital loss can be set off only against future long term capital gains.

13. Any loss incurred by the Company under the head “Profit and Gains from Business or Profession”, can be set off against any other income (other than speculation income) of the same year.

As per section 72 of the Act, any business loss can be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed. The brought forward business loss can be set off only against future business income (other than speculation income).

14. As per section 115JAA(1A) of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. The MAT credit is allowed to be set-off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that assessment year. The MAT credit is allowed to be carried forward for 10 assessment years immediately succeeding the assessment year in which tax credit becomes allowable.
15. The Company is entitled to a deduction under section 80G of the Act either for whole of the sum paid as donation to specified funds or institution or 50% of sums paid, subject to limits and conditions as provided in section 80G.

III. General tax benefits available to Resident Shareholders

1. The tax benefits / implications referred to in paragraphs 1, 5, 9 11 and 12 under the heading “General tax benefits to the Company” will equally apply to the Resident Shareholders. The reference to MAT liability as indicated in the said paragraphs will apply only to shareholders qualifying as company as defined in the Act.
2. In a situation where the shareholder transfers the shares of the Company, which are held as ‘long-term capital assets’ and such transaction is not covered by the provisions of section 10(38) of the Act as referred to earlier, the shareholder can consider availing of the benefit as provided in section 54F of the Act. Shareholders being individuals or Hindu Undivided Family (HUF) can consider the conditions so stated in section 54F and examine the availability of the benefit based on their individual tax position.

IV. General tax benefits available to Non-Resident Shareholders (Other than FIIs)

1. The tax benefits / implications referred to in paragraphs 1, 5, 9 11 and 12 under the heading “General tax benefits to the Company” will equally apply to the Non-Resident Shareholders.
2. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any domestic company is exempt from tax in the hands of the Shareholder.
3. As per first proviso to section 48 of the Act, in case of a non-resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Indexation benefit is not available in such a case.
4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.
5. As section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall be required to provide such other information, as has been notified.

V. Special tax benefits available to Non-Resident Indians

1. As per section 115C(e) of the Act, the term “non-resident Indian” means an individual, being a citizen of India or a person of Indian origin who is not a “resident”. A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
2. As per section 115E of the Act, shareholders in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax @ 10% (plus applicable surcharge and cess), without any indexation benefit.
3. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of long term capital asset being shares of the Company, which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. Shareholders in this category can consider the conditions so stated in section 115F of the Act and examine the availability of the benefit based on their individual tax position.

4. As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of “Chapter XII-A – Special Provisions Relating to Certain Incomes of Non-Residents” for any assessment year by furnishing a declaration along with his return of income for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

VI. Benefits available to Foreign Institutional Investors (‘FIIs’) / Foreign Portfolio Investors (‘FPIs’)

Special Tax Benefits

1. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provision of section 10(38) of the Act, at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30
Short term capital gains referred in section 111A	15

The above tax rates have to be increased by the applicable surcharge and cess. Further, for the purposes of Section 115AD, FPIs would get similar treatment as available to FIIs.

2. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
3. In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

General tax benefits

4. The tax benefits / implications referred to in paragraphs 1, 5, 9 11 and 12 under the heading “General tax benefits to the Company” will equally apply to FIIs/FPIs.
5. The tax benefits / implications referred to in paragraphs 4 and 5 under the heading “General tax benefits to Non-Resident Shareholders (Other than FIIs)” will equally apply to FIIs/FPIs.
6. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any domestic company is exempt from tax in the hands of the FIIs/FPIs.

VII. Special tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

B. General benefits available under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

Notes:

- (i) We do not express any opinion or provide any assurance as to whether:
 - the Company or its shareholders will continue to obtain these benefits in future; or
 - the conditions prescribed for availing the benefits have been/would be met with.

The contents of the above statements are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

- (ii) The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares of the Company. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Shareholders and the Company is advised to consider in his/their own case the tax implications in respect of subscription to the rights issue after consulting his tax advisor as alternate views are possible. We are not liable to the Company or the Shareholder in any manner for placing reliance upon the contents of this statement of tax benefits.
- (iii) This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income tax consequences that apply to them.

Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed in this Tax Benefit Statement. We do not assume responsibility to update the views consequent to such changes.

The views are exclusively for the use of The Tata Power Company Limited and shall not, without our prior written consent, be disclosed to any other person, except to the extent disclosure is otherwise permitted by the terms of our engagement.

Disclosure of all or any part of this Tax Benefit Statement to any other person is on the basis that, to the fullest extent permitted by law, neither DELOITTE HASKINS & SELLS nor any other Deloitte Entity accepts any duty of care or liability of any kind to the recipient, and any reliance on it is at the recipient's own risk.

BUSINESS OVERVIEW

OVERVIEW

We are an integrated utility group primarily engaged in the generation, transmission, distribution and trading of electricity in India. As one of the largest private sector power generators in India by capacity, we own and operate power stations with gross installed capacity of approximately 8,560 megawatts (“MW”) as at February 28, 2014. In addition, as of the date of this Letter of Offer, we are in the process of executing a number of power plant projects, which, upon completion, are expected to increase our overall generation capacity by 849.2 MW.

Our core business is organised into four segments - generation, transmission and distribution, fuel and logistics, and power trading and other businesses. Tata Power is the holding company of the Group and is directly engaged in certain generation, transmission and distribution activities focused largely on the Mumbai region. Other power businesses and the fuel and logistics operations are conducted through our Subsidiaries and Joint Ventures.

In Fiscal Year 2013, our consolidated total revenue was ₹33,394.63 crore compared to ₹26,270.16 crore in Fiscal Year 2012. Consolidated loss after tax, minority interest and share of profit of associates was ₹85.43 crore in Fiscal Year 2013 compared to a loss of ₹1,087.68 crore in Fiscal Year 2012. For the nine months ended December 31, 2013, our consolidated total revenue was ₹26,996.25 crore compared to ₹24,297.91 crore for the nine months ended December 31, 2012. Consolidated loss after tax, minority interest and share of profit of associates was ₹114.64 crore for the nine months ended December 31, 2013 compared to a loss of ₹266.79 crore for the nine months ended December 31, 2012.

COMPETITIVE STRENGTHS

We believe the following are our key competitive strengths:

Established power company with a strong and diversified power generation portfolio with a proven execution track record

We have been in the business of power generation since our incorporation. Over the years, we have built our portfolio of generation plants and we are today one of the largest private power generators in India. As at February 28, 2014, we had a gross installed power generation capacity of approximately 8,560 MW generated through thermal (coal, gas and oil), green energy (hydro, wind and solar) and waste gases. We are an established power generation group with a strong track record and extensive industry experience. This has also allowed us to identify new opportunities and plan expansions to our generation assets.

As one of the largest independent power producers in India, we have a strong track record of successfully implementing large and complex projects across the power sector. For example, Coastal Gujarat Power Limited (“CGPL”) has successfully developed and commissioned India’s first ultra-mega power project, the Mundra UMPP, which commenced full commercial operation in March 2013. We also have significant experience in executing power transmission and distribution projects.

We have a diversified generation power portfolio, which includes captive, independent power plant (“IPP”), UMPP and merchant sales enabling us to earn stable revenue from our captive, regulated and UMPP projects through long term PPAs. In addition to our generation business, we transmit and distribute electricity through our network in Mumbai, as well as through Tata Power Delhi Distribution Limited (“TPDDL”) and Powerlinks Transmission Company Limited (“Powerlinks”) in other parts of India.

We have the proven ability to expand our existing generation capacities and to address the various complexities involved in integrating new units with existing units. For example, we have expanded capacity at our Jojobera plant by adding three units of 120 MW each to the initial generation capacity of approximately 68 MW. In

addition, through our joint venture, Industrial Energy Limited (“**IEL**”), we have added two units of 120 MW each at IEL’s Jamshedpur and Jojobera plants. Similar capacity expansions have also been carried out at the Trombay Power Plant (“**Trombay**”) and the Haldia Power Plant (“**Haldia**”) whereby as of February 28, 2014, the aggregate generation capacity at Trombay and Haldia was 1,580 MW and 120 MW, respectively.

In addition, Tata Power is one of the first private companies to partner in public-private partnership projects such as its investment in TPDDL. Through our Subsidiary, Powerlinks, Tata Power has successfully completed the Tala Hydro Project (“**Tala Hydro**”) to transmit power from the eastern and north-eastern states of India to New Delhi and its adjoining areas.

We have one of the largest portfolios of green energy power projects in India.

As at February 28, 2014, we have gross installed capacity of 912 MW from green energy sources, of which 447 MW comes from hydropower, and 465 MW comes from renewable sources of energy, namely, wind and solar power. We first entered the renewable energy sector with the commissioning of a 17 MW wind power project at Supa near Ahmednagar. Furthermore, we have a number of energy projects in advanced stages of execution for an additional 646.7 MW of generation capacity from green energy sources. These projects will allow us to reduce our overall carbon footprint and further diversify our energy portfolio to reduce fuel price risk.

Vertically-integrated power company with presence across power sector value chain.

We have a presence across the power sector value chain, from our coal assets to power generation, transmission, distribution and power trading. We believe that our presence across the value chain provides us with advantages over competitors as the Indian electricity market continues to privatise, liberalise and evolve.

Long term power off-take arrangements for the major power projects

We have entered into long-term power purchase agreements (“**PPAs**”) with state distribution companies and other entities for substantially all of our installed generation capacity. These PPAs typically have a term ranging from 10 to 25 years, and we believe that such arrangements mitigate certain risks associated with off-take of power generated and assist in providing a steady flow of revenues. As substantially all of our capacity is sold under long-term PPAs, we are not materially subjected to merchant tariff rates, which could vary. In addition, we believe that such PPAs enable us to negotiate better financing terms for our projects.

Secured fuel supply and diversification of fuel sources

We have secured fuel linkages for a majority of our projects currently under operation, which ensures consistent fuel availability for our power projects. The imported coal requirement for Trombay is about 3-MTPA, which is met with from fuel supply agreements with certain international coal companies. On June 26, 2007, we completed the acquisition of, through our wholly owned subsidiary, a 30% stake in the PT Kaltim Prima Coal (“**KPC**”) mines in Indonesia. As at December 31, 2013, we continue to hold 30% stake in KPC. In addition, long term off-take arrangements for a total of approximately 10.11 MTPA $\pm$ 20% have been entered into with a trading arm of KPC. Through two wholly-owned subsidiaries in Singapore, we are also able to meet a portion of our coal transportation requirements for imported coal. In addition, we have also been allocated, together with our joint venture partners, the Tubed coal block in Jharkhand and the Mandakini coal block in Orissa. These operations are expected to provide additional sources of fuel for our coal-based power projects in India. However, the Ministry of Coal, on April 30, 2012 and June 14, 2013, issued two show cause notices in relation to the Tubed and Mandakini coal blocks, respectively, warning of possible de-allocation of these coal blocks. For further details in this regard, see risk factor 17 “*Tata Power has received certain show-cause notices from the Ministry of Coal, Government of India, which could result in de-allocation of coal blocks at Mandakini and/or Tubed*” on page 23 of this Letter of Offer and risk factor 7 “*We are substantially dependent on the coal segment of our business and any adverse developments in relation to the operations of the Coal Companies could result in a material adverse effect on our business, results of operations and prospects. Further, the*

performance of the Coal Companies' is highly dependent upon the prices they receive for the coal produced by them. Accordingly fluctuations in world coal prices could significantly affect the results of operations of the Coal Companies' which in turn could materially and adversely affect the results of our operations and financial position" in the section titled "Risk Factors" on page 19 of this Letter of Offer.

We are one of the first companies in India to use non-coal/non-natural gas fuels, such as flue gases and coke oven gases, in our thermal power plants. The ability of the Trombay Power Plant to run on various sources of fuel helps mitigate rising fuel costs. Through a prudent mix of imported and domestic coal, as well as other fuel sources, we mitigate the risk of depending on any single form of fuel.

Presence across the generation, transmission and distribution businesses in the Mumbai region

Our Mumbai area generation portfolio consists of hydro capacity at Khopoli, Bhivpuri and Bhira, and a multi-fuel thermal capacity at Trombay. Tata Power Generation ("**Tata Power - G**") also benefits from the proximity of its generating stations to the load centre in Mumbai. We believe that Tata Power Transmission ("**Tata Power - T**") and Tata Power Distribution ("**Tata Power - D**") have a robust and reliable transmission and distribution network in Mumbai. As the majority of our power generation, transmission and distribution operations in Mumbai is owned and controlled by us, there is limited reliance on third parties. In addition, we benefit from the presence of strong institutional customers in Mumbai such as the Indian railways and BEST. In this regard, please refer to the risk factor 1 in relation to "*Tata Power's revenue generation is currently concentrated in Mumbai. There could be a material adverse effect on Tata Power's revenues and results of operations if its customers in Mumbai source power from other suppliers*" in the section titled "Risk Factors" on page 17 of this Letter of Offer.

Experienced management team and strong corporate governance

Our senior management is qualified in engineering and management and have a strong and long standing track record in senior management roles in Tata group companies. They also have experience in delivering large-scale and complex projects. We also incorporate the high corporate governance standards implemented across Tata group companies. The executives are supported by a non-executive board of senior personnel drawn from Tata group companies reflecting extensive experience in the Indian power industry.

A strong shareholder support

We are a member of the Tata group of companies, one of the oldest, largest and most recognised conglomerates in India and one of the well-recognised brands in India. The Tata group of companies is highly diversified through its seven business sectors including engineering, materials, energy, chemicals, consumer products, services and communications and information systems and employs approximately 4,00,000 people. Tata Sons Limited ("**Tata Sons**") is the principal shareholder of the Tata group of companies. Our relationship with the Tata group of companies allows us to draw on the extensive business networks, local business knowledge, relationships and expertise of the Tata group companies' senior managers to identify and capitalise on growth opportunities.

STRATEGY

Our key strategies are as follows:

Capitalise on the opportunities presented by power sector reforms and benefits extended by the Government of India to pursue growth opportunities across the Indian power sector

The power sector in India has historically been characterised by power shortages that have consistently increased over time. In 1991, the Indian power sector began a process of deregulation that is continuing today. The Electricity Act, 2003 ("Electricity Act") and subsequent reforms have generated significant opportunities in

the power sector. Some of the opportunities available as a result of these changes are:

- (a) Liberalisation and de-licensing in the power generation sector, including removing the requirement of techno-economic clearances for thermal power projects, which expedites the thermal power project development process;
- (b) Recognition of power trading as a distinct activity;
- (c) Distribution licensees can now procure power through a process of international competitive bidding and projects are no longer awarded on a cost-plus basis;
- (d) Power generation companies can now sell power to any distribution licensees, or where allowed by the state regulatory commissions, directly to consumers. The market has evolved for merchant sales, which allows for the supply of peak power at premium rates;
- (e) Power generation companies have open access to transmission lines, which will facilitate the direct sale of power to distribution and trading licensees;
- (f) Improved payment security mechanisms, which we believe will improve sector stability and enhance our ability to obtain financing for our projects;
- (g) No distinction between foreign and domestic investor under electricity laws; and
- (h) 100% FDI allowed in the power sector.

Our projects are positioned and structured to take advantage of these benefits and also the benefits under the Ultra Mega Power Project policy of the Government of India following our successful bid for the Mundra UMPP. Internationally, we will monitor opportunities to leverage our Indian market experience with our established track record in the power generation, transmission and distribution sectors in India.

Invest in select international geographies

As part of our international strategy, we aim to be relevant and significant in a few chosen geographies such as South East Asia, Sub-Saharan Africa, the Middle East, Turkey and the SAARC region. In this context:

- (a) Tata Power's joint venture, Cennergi (Pty) Limited ("**Cennergi**"), is evaluating opportunities for development of power projects in the African continent and are currently executing 2 wind energy projects aggregating 229.2 MW at Tsitsikamma and AmakhalaEmoyeni in South Africa;
- (b) Tata Power, as at December 31, 2013 has a 40% interest in Adjaristsqali Georgia LLC ("**AGL**"), executing / developing a 400 MW hydro project to be developed in two phases in Georgia. The first phase for 185 MW generation capacity is currently under execution and the second phase for 215MW generation capacity is under development;
- (c) Tata Power, as at December 31, 2013 has a 26% interest in a hydro power project in Dagachhu in Bhutan with a capacity of 126 MW, with the Government of Bhutan holding the balance 74%; and
- (d) Tata Power is also evaluating investment opportunities in various South-East Asian countries.

Focusing on improving efficiencies across our existing operations

We have consistently managed to improve our profitability through performance incentives earned due to efficiently operating our existing power plants. We intend to continue to improve our operational efficiency across all our businesses in the coming years.

For instance, in our distribution subsidiary TPDDL the aggregate technical and commercial losses ("**AT&C**") have been reduced over the past and TPDDL plans to reduce further these losses in the future through various measures including energy audits, replacement of old meters with theft-proof electronic meters, automated meter reading, metering of previously unmetered consumers who were earlier charged a flat rate, aggressive enforcement and recovery and awareness drives.

Securing access to long term supplies of fuel and logistical support

We are considering the possibility of developing or acquiring sources of quality fuel at optimum cost. In this regard, Tata Power has acquired an equity interest in, and entered into long term off-take arrangements with, coal mine facilities in Indonesia. Tata Power has also acquired interests in certain coal mines in the states of Jharkhand and Orissa. Tata Power utilises a combination of ownership and long-term charter shipping arrangements to secure fuel supplies for the Mundra UMPP.

Expanding our green energy power generation business

We are monitoring opportunities for the further development of wind power projects in India. We are also actively exploring hydroelectricity opportunities, the feasibility of standalone biomass-based power plants and possibilities for geothermal generation. Tata Power has also entered into a partnership agreement with an international green energy company to develop jointly hydropower projects in India. Tata Power has also won a bid for the Sorik Marapi Geothermal Project (240 MW) in Indonesia where exploration work has already commenced. We are also exploring other bid opportunities in Indonesia.

Maintaining a mix of generation, transmission and distribution and trading in the power portfolio

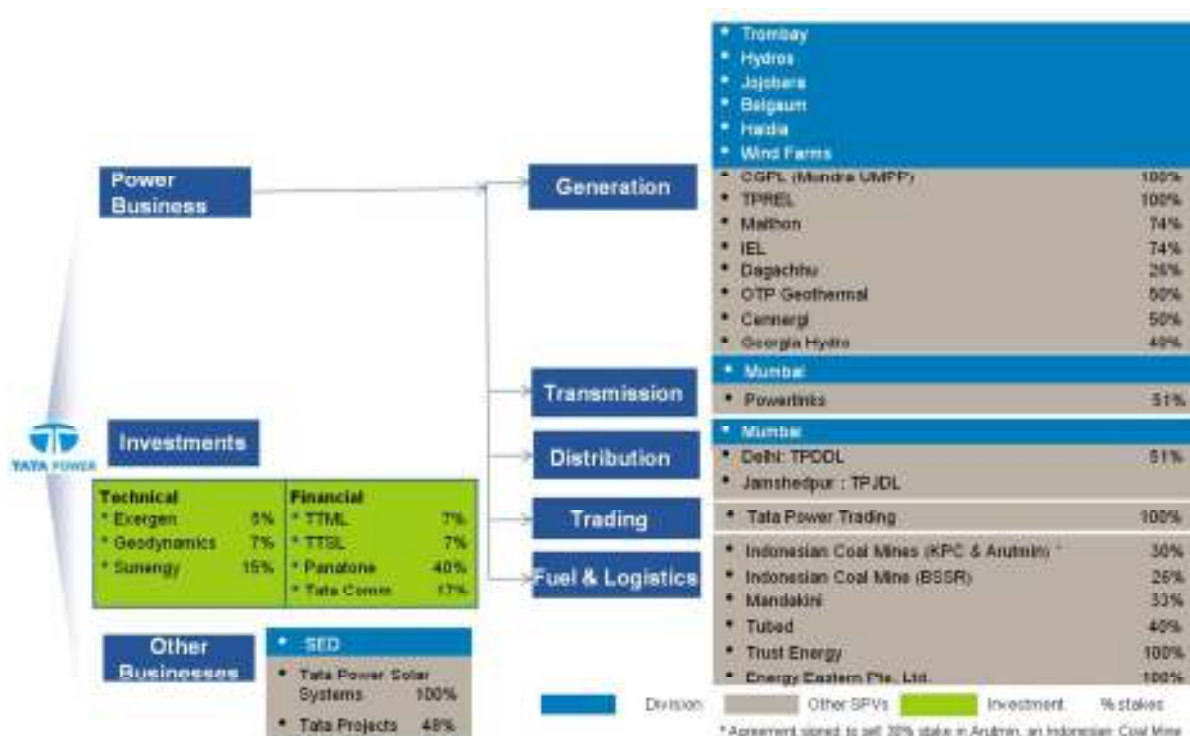
We will seek to maintain a diversified generating portfolio of captive, UMPP, IPP and merchant facilities utilising a mix of fuel requirements. We will continue to explore opportunities to source imported coal by acquiring interests in other international coal companies and/or through off-take arrangements. We will seek to leverage our public-private partnership experience throughout the power sector value chain. We will also continue to draw on our experience with TPDDL and explore opportunities to expand our transmission and distribution business, especially with the privatisation of the state electricity distribution companies pursuant to the Electricity Act.

Continue to explore opportunities for inorganic growth both in India and overseas

We will continue to evaluate our plans to acquire suitable power projects and/or invest as a joint-venture partner in power projects both in India and overseas. We have also made acquisitions in industries that offer synergies to our business, such as the investment in coal through a 26.0% interest, as at December 31, 2013, in PT Baramulti Suksessarana Tbk (“BSSR”), an Indonesian coal mining company. We shall also continue scouting for opportunities in the international markets, including the emerging markets that typically have large demand for power generation and that can also offer us scope to integrate into our business.

GROUP ORGANISATION

The following chart outlines, in schematic form, our key business divisions as at December 31, 2013 and lists the key operating assets for our power business:



BUSINESS SEGMENTS

Generation

We have an extensive generating portfolio consisting of thermal (coal, oil and gas), hydro, wind and solar power. As at February 28, 2014, we had gross installed generation capacity of approximately 8,560 MW, of which 7,647 MW comes from thermal power sources (including coal, oil, and gas and waste heat recovery) (including the 4,000 MW Mundra UMPP that was fully commissioned in March 2013), 447 MW comes from hydro power, 437 MW comes from wind power and 28 MW comes from solar power. We generated a total of 34,682 million units (“MUs”) and 33,633 MUs of power in Fiscal Year 2013 and the nine months ended December 31, 2013, respectively, compared to 18,317 MUs and 23,303 MUs in Fiscal Year 2012 and the nine months ended December 31, 2012, respectively.

In addition, we are executing eight new power projects as part of our planned expansion of generating capacity. Upon completion, these new projects are expected to add an additional 849.2 MW to our gross installed capacity. Furthermore, we have a number of projects in advanced stages of development, including 8,270 MW of generation capacity from thermal power sources and 835 MW of generation capacity from renewable energy sources.

Tata Power has also established a joint-venture, IEL, with Tata Steel Limited (“**Tata Steel**”) in order to provide Tata Steel with its captive power requirements. Through IEL, Tata Power has added two units of 120 MW each at Jamshedpur and Jobbera for generation of power to meet the requirements of the expansion of Tata Steel’s operations at the site.

Current Operations

Projects in operation

We currently have 24 operational power projects, including thermal, hydro, wind and solar projects, in operation across India. The table below summarises our currently operating power generation projects.

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
Operating Thermal Power Generation Projects					
Mundra	Gujarat	4,000	Fuel Required: 10-12 MTPA of imported coal Fuel Source: Agreement for supply of 10.11 MTPA $\pm$ 20% of imported coal, which is valid up to 2021 and is extendable.	PPA dated April 22, 2007 amongst (i) Gujarat Urja Vikas Nigam Limited, (ii) Maharashtra State Electricity Distribution Company Limited, (iii) Ajmer Vidyut Vitran Nigam Limited, (iv) Jaipur Vidyut Vitran Nigam Limited, (v) Jodhpur Vidyut Vitran Nigam Limited, (vi) Punjab State Electricity Board, (vii) Haryana Power Generation Corporation Limited and (viii) CGPL. The term of this agreement is 25 years. In this regard, please note that the CERC has passed an order on February 21, 2014 with respect to our Mundra operations. For further details, please refer to “Material Developments” beginning on page 153 of this Letter of Offer.	Case II (Bidding)
Trombay	Maharashtra	1,580	Fuel Required: (i) c.3 MTPA of coal; (ii) oil; and (iii) 1MMSCMD of gas. Fuel Source: <u>Coal</u> (i) Agreement for supply of 1.00 MTPA (+/- 0.25 MTPA) coal, which is valid up to December 31, 2018;	Power generated by Tata Power is utilised in its operations for the Mumbai License Area. Additionally, Tata Power has entered into a PPA dated December 21, 2006 with Brihan-Mumbai Electric Supply and Transport Undertaking. The term of the agreement is 10 years.	Regulated Returns

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
			(ii) Agreement for supply of 1.00 MTPA (+/- 0.2 MTPA) coal, which is valid up to December 31, 2018; and (iii) Agreement for supply of 0.65 MTPA (+/- 10%) coal, which is valid up to March 2014. <u>Oil</u> The requirement of oil is met through supply by nearby refineries that are delivered by pipeline. <u>Gas</u> The requirement of 1MMSCMD of gas is met from GAIL India Limited. The agreements are valid till December 2015.		
Maithon	Jharkhand	1,050	Fuel Required: c.4.5 MTPA of coal Fuel Source: (i) Agreement for supply of 1.66 MTPA, which is valid up to March 2015; (ii) Agreement for supply of 1.98 MTPA, which is valid up	PPA dated September 10, 2009 between Maithon Power Limited, Tata Power Trading Company Limited and TPDDL. The term of this agreement is 30 years. PPA dated April 23, 2008 between Tata Power Trading Company Limited and Maithon Power Limited. The term of this agreement is 30	Regulated Returns

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
			to September 2032; and (iii) Agreement for supply of up to 1 MTPA, $\pm$ 20% of imported coal, which is valid up to November 2015.	years. PPA dated September 28, 2006 with Damodar Valley Corporation. The term of this agreement is 30 years. PPA dated December 24, 2008 with West Bengal State Electricity Distribution Company Limited. The term of the agreement is 30 years. PPA dated December 30, 2013 with Kerala State Electricity Board. The term of the agreement is 30 years.	
Jojobera	Jharkhand	428	Fuel Required: 20 lakh tonnes per annum Fuel Source: West Bokaro coal fields (Tata Steel) and Mahanadi Coalfields Limited (“MCL”); Fuel Supply Agreement (“FSA”) with MCL which is valid till April 30, 2018; and Memorandum of Understanding (“MOU”) for sale/purchase of coal has been signed with Tata	PPA dated September 12, 1997 amongst Tata Steel Limited and Tata Power. This PPA is valid from April 01, 1997 for a period of 30 years. Draft PPA dated November 8, 2005 between Tata Steel Limited and the Company. This PPA is valid from November 25, 2005 for a period of 30 years.	Captive Power Plant and Regulated Returns (Unit 2 and Unit 3)

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
			Steel, which is valid till September 2014.		
Jamshedpur	Jharkhand	240	Fuel Required: Furnace and coke oven gases and coal Fuel Source: Tata Steel (furnace and coke oven gases) and West Bokaro coal fields (Tata Steel) (coal) A MOU for sale/purchase of 0.5 MTPA coal has been signed with Tata Steel, which is valid till September 2014.	PPA dated March 31, 2010 between IEL and Tata Steel Limited. This PPA is valid from March 31, 2010 up to the 30th (thirtieth) anniversary of the final commercial operation date. Unit 5 of the project became operational on March 27, 2011. PPA dated August 27, 2009 with Tata Steel Limited. This PPA is valid up to the 30th (thirtieth) anniversary of the final commercial operation date of Powerhouse 6 which became operational on August 27, 2009.	Captive Power Plant
Haldia	West Bengal	120	Fuel Required: Hot flue gases Fuel Source: Hot flue gases obtained from the Tata Steel plant at Haldia.	PPA dated February 22, 2008 with TPTCL. The term of this agreement is 25 years. PPA dated July 11, 2008 with West Bengal State Electricity Distribution Company Limited. The term of this agreement is 10 years.	Merchant and Bilateral off-take arrangement
Rithala	Delhi	108	Fuel Required: Wet natural gas, dry natural gas and other gaseous hydrocarbons. Fuel Source: (i)	PPA dated July 27, 2009 with TPDDL. The term of this agreement is 10 years from the Commercial Operation Date.	Regulated Returns

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
			Agreement for supply of gas which is valid till March 31, 2014; and (ii) Agreement for supply of gas up to 12,857 MMBtu per day, which is valid till March 31, 2014.		
Belgaum ⁽²⁾	Karnataka	81	N.A.	N.A.	N.A.
Lodhivali ⁽²⁾	Maharashtra	40	N.A.	N.A.	N.A.
Operating Green Energy Power Generation Projects					
Khopoli	Maharashtra	72	Hydro	Power generated at Tata Power's power generating units is utilised in its operations for the Mumbai License Area. Additionally, Tata Power has entered into a PPA dated December 21, 2006 with Brihan-Mumbai Electric Supply and Transport Undertaking. The term of the agreement is 10 years.	Regulated Returns
Bhira		300			
Bhivpuri		75			
Mulshi	Maharashtra	3	Solar	PPA with Tata Power - D dated November 12, 2010. The term of this agreement is 25 years.	Regulated Tariff Mechanism (Renewables)
Mithapur	Gujarat	25	Solar	PPA with Gujarat Urja Vikas Nigam Limited dated December 18, 2010. The term of this agreement is 25 years.	Regulated Tariff Mechanism (Renewables)
Poolavadi	Tamil Nadu	99	Wind	PPAs with Tamil Nadu Generation and Distribution Corporation Limited dated April 12,	Regulated Tariff Mechanism (Renewables)

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
				2011 and November 30, 2011. The terms of each of these PPAs is 20 years.	
Khandke	Maharashtra	50.4	Wind	PPA with Tata Power - D. The term of this agreement commences from April 01, 2010 to March 31, 2020.	Regulated Tariff Mechanism (Renewables)
Samana	Gujarat	50.4	Wind	PPAs dated July 21, 2010, March 8, 2010 and March 18, 2009 with Gujarat Urja Vikas Nigam Limited. The term of this agreement is 20 years.	Regulated Tariff Mechanism (Renewables)
Gadag	Karnataka	50.4	Wind	PPA dated August 26, 2008 with Bangalore Electricity Supply Company Limited. The term of this agreement is 20 years.	Regulated Tariff Mechanism (Renewables)
Agaswadi	Maharashtra	49.5	Wind	PPA with Tata Power - D. The term of this agreement is 13 years commencing from March 31, 2012.	Regulated Tariff Mechanism (Renewables)
Dalot	Rajasthan	21	Wind	PPA with Jaipur Vidyut Vitran Nigam Limited. The term of the agreement is 25 years commencing from March 2013.	Regulated Tariff Mechanism (Renewables)
Nivade	Maharashtra	20.9	Wind	PPA with Tata Power - D. The term of this agreement commences from April 01, 2012 to March 31, 2016.	Regulated Tariff Mechanism (Renewables)
Sadwaghapur	Maharashtra	17.5	Wind	PPA with Tata Power - D. The term of this agreement commences	Regulated Tariff Mechanism

Project Location	State	Approximate Installed Generation Capacity (MW)	Fuel Sources	Details of PPAs	Business Model ⁽¹⁾
				from April 1, 2010 to March 31, 2022.	(Renewables)
Supa	Maharashtra	17	Wind	PPA with Tata Power - D. The term of this agreement commences from April 1, 2010 to March 31, 2015.	Regulated Tariff Mechanism (Renewables)
Bramanvel	Maharashtra	11.2	Wind	PPA with Tata Power - D. The term of this agreement commences from April 01, 2010 to March 31, 2020.	Regulated Tariff Mechanism (Renewables)
Visapur	Maharashtra	10	Wind	PPA with Tata Power - D. The agreement commences from April 1, 2010 to March 31, 2022.	Regulated Tariff Mechanism (Renewables)
Jamnagar	Gujarat	39.2	Wind	PPA with Gujarat Urja Vikas Nigam Limited for 21.6MW dated April 25, 2011. The term of this agreement is 25 years. PPA with Gujarat Urja Vikas Nigam Limited for 11.2MW dated June 21, 2011. The term of this agreement is 25 years. PPA with Gujarat Urja Vikas Nigam Limited for 5.6MW dated July 14, 2011. The term of this agreement is 25 years. PPA with Gujarat Urja Vikas Nigam Limited for 0.8 MW dated December 28, 2011. The term of this agreement is 25 years.	Regulated Tariff Mechanism (Renewables)

(1) For further details, please refer to the section titled "Industry Overview" on beginning on page 128 of this Letter of Offer.

(2) Non-operational thermal power generation projects.

Projects under execution

As at the date of this Letter of Offer, we had eight projects under execution in India and overseas. These projects are expected to provide an additional 849.2MW of installed capacity upon completion.

Project Location	State / Country	Proposed Installed Generation Capacity (MW)	Fuel Sources	Status of Completion
Palaswadi	Maharashtra, India	25	Solar	Under execution; expected to be commissioned in Fiscal Year 2014
Visapur	Maharashtra, India	32	Wind	Under execution; expected to be commissioned in Fiscal Year 2014
Dagachhu	Bhutan	126 ⁽¹⁾	Hydro	Civil work in progress; expected to be commissioned in Fiscal Year 2015
Kalinganagar	Odisha, India	202.5	Gas-based	Civil work in progress; expected to be fully commissioned in Fiscal Year 2015
Pethshivpur	Maharashtra, India	49.5	Wind	Under execution; expected to be commissioned in Fiscal Year 2015
Tsitsikamma	South Africa	94.8	Wind	Under execution; expected to be commissioned in Fiscal Year 2017
AmakhalaEmoyeni	South Africa	134.4	Wind	Under execution; expected to be commissioned in Fiscal Year 2017
Georgia	Georgia	185	Hydro	Civil work in progress; expected to be commissioned in Fiscal Year 2017

Note 1: The PPA currently entered into with TPTCL is with respect to 114 MW and discussions are on going for the balance 12 MW.

Palaswadi. Tata Power has entered into a PPA with Tata Power Renewable Energy Limited (“**TPREL**”) for purchase of solar energy from the 25 MW AC Solar Plant located at Palaswadi, Maharashtra. The PPA has been entered into for a term of 25 years commencing from March 31, 2014. The project is currently under execution and is expected to be commissioned in Fiscal Year 2014.

Visapur. Tata Power has entered into a PPA with TPREL for purchase of wind energy from the 32MW wind energy project located at Ambheri, in the Satara district in Maharashtra. The project is currently under execution and is expected to be commissioned in Fiscal Year 2014. The PPA shall remain valid till December 31, 2027. The requisite clearances have been issued by Ministry of Mining and the Government of Maharashtra in relation to the labour at the site and the extension of the grid connectivity.

Dagachhu Hydroelectric Power Project, Bhutan. The Dagachhu Hydroelectric Power Project (“**Dagachhu Project**”) is a joint-venture wherein Tata Power holds 26% stake as at December 31, 2013. The Dahgachhu Project is proposed to have an installed capacity of 126 MW and is being implemented in Bhutan by Dagachhu Hydro Power Corporation Limited. On June 25, 2008, Dagachhu Hydro Power Corporation Limited entered into a PPA with TPTCL, which was subsequently amended on September 12, 2008, whereby TPTCL shall purchase

and import power generated at the Dagachhu Project into India. This PPA is valid for a period of 25 years from the date of commissioning of the Dagachhu Project.

The requisite clearances have been issued by the National Environment Commission, Bhutan, with respect to land, water, irrigation and fisheries. Furthermore, the requisite construction license has been issued by the Bhutan Electricity Authority. However, while the clearance for construction of the Dagachhu Project was issued by the National Environment Commission, Bhutan, this clearance has expired on December 31, 2013, after which Dagachhu Hydro Power Corporation Limited has applied for renewal of this clearance.

This project is expected to be completed during the first half of Fiscal Year 2015.

Kalinganagar. The Kalinganagar Project is a 202.5 MW cogeneration plant located at Kalinganagar Industrial Complex at Duburi, Odisha, being set up by IEL. Tata Steel and IEL entered into a MOU on August 30, 2011 for the establishment of the captive power plant for a period of 48 months. Civil work for this project is currently in progress and the project is expected to be fully commissioned in Fiscal Year 2015. A PPA between IEL and Tata Steel is under negotiation.

Pethshivpur. On January 16, 2014, Tata Power has entered into a PPA with TPREL for purchase of wind energy from the 49.5 MW wind energy project being developed by TPREL for generating and selling renewable electrical energy to the beneficiary entities. The PPA shall commence from June 01, 2014 and remain effective up to May 31, 2027. This project currently under execution and is expected to be commissioned in Fiscal Year 2015.

Tsitsikamma. Tsitsikamma is a 94.8 MW wind power generation project currently under execution in South Africa and is expected to be commissioned in Fiscal Year 2017. Tata Power is developing this project through its joint-venture company, Cennergi. As at December 31, 2013, Tata Power holds 50% share and Exxaro Resources Limited holds 50% share in Cennergi. A PPA has been signed with Eskom Holdings SOC Limited (“Eskom”) for sale of power for a period of twenty years from the date of commencement of commercial operations.

AmakhalaEmoyeni. AmakhalaEmoyeni is a 134.4 MW wind power generation project, located approximately 14 kilometres south west of the town of Bedford in the Eastern Cape, expected to be commissioned in Fiscal Year 2017. Tata Power is developing this project through its joint-venture company, Cennergi. A PPA has been signed with Eskom for sale of power for a period of twenty years from the date of commencement of commercial operations.

Georgia. AGL is developing hydroelectric projects in Southwest Georgia. AGL is a joint-venture company wherein Tata Power is one of the joint venture partner. As at December 31, 2013, Tata Power holds 40% interest in AGL. AGL is expected to export power to Georgia and Turkey. In accordance with the terms of a ‘Build Operate and Own’ agreement dated June 10, 2011, for the first ten years from the date of commencement of commercial operations, AGL is obligated to sell full power generated from the project to consumers in Georgia in the months of December, January and February. For the remaining months of the year, AGL shall export the power to Turkish utilities. From the eleventh year onwards, AGL is entitled to export the entire electricity generated by the project to Turkey.

AGL has the option to enter into an off-take agreement with Energy System Commercial Operator (“ESCO”), an entity of the Government of Georgia. Alternatively, AGL could sell electricity directly to customers or in the spot market in Georgia. In the Turkish power market, AGL may enter into PPAs with electricity traders and distribution companies or sell in the balancing and settlement market. AGL has decided to finalise the power off-take agreements closer to the commercial operation date of the project.

Civil work for this project is currently in progress and the project is expected to be commissioned in Fiscal Year 2017. The project is registered with the United Nations Framework Convention on Climate Change as a carbon

development mechanism project and validation received in November 2013.

Tata Power's green energy projects comprise (i) hydro power projects in Maharashtra with gross installed capacity of 447MW; (ii) wind farms in Maharashtra, Gujarat, Karnataka, Tamil Nadu and Rajasthan, with gross installed capacity of 437MW; and (iii) solar projects in Maharashtra, Gujarat and Delhi, with gross installed capacity of 28MW.

Projects under development

As of the date of this Letter of Offer, we had nine projects in development. Upon completion, these projects are expected to add an additional 9,105 MW to our gross installed capacity. The table below summarises details regarding our projects in development.

Project Location	State / Country	Proposed Installed Generation Capacity (MW)	Fuel	Status of Completion
Kalinganagar	Odisha	450	Coal	In planning stage.
Dugar	Himachal Pradesh	380	Hydro	Approval of the detailed project report is pending
Begunia	Odisha	1,320	Coal	Land acquisition in progress
Tiruldih	Jharkhand	1,980	Coal	Land acquisition in progress
Maithon(Phase II)	Jharkhand	1,320	Coal	Land has been obtained and environmental impact assessment is in progress
Mundra(Phase II)	Gujarat	1,600	Coal	Land has been obtained
Dehrand	Maharashtra	1,600	Coal	Land acquisition in progress
Georgia (Phase –II, III)	Georgia	215	Hydro	In planning stage
Sorik Marapi	Indonesia	240	Geothermal	Project in exploration stage; PPA negotiation in progress with Indonesia's state power off-taker.

Transmission and Distribution

Transmission

Mumbai License Area

Tata Power's revenue from power supply and transmission charges in Mumbai contributed approximately 79.75% and 79.13% of its total unconsolidated net income from operations in the year ended March 31, 2013 and the nine months ended December 31, 2013, respectively. Tata Power transmission system carries a substantial portion of the bulk power requirement of the city of Mumbai. Power carried by the Tata Power

transmission system is utilised by all the four distribution companies operating in Mumbai. The transmission system is the link between the generating stations and the distribution companies for evacuating power from the generating stations and also is the corridor for bringing in power from outside Mumbai. The Tata Power transmission network comprises approximately 1,100 CKm (“**Circuit kilometer**”) of 220kV/ 110 kV lines and 20 receiving stations spread across the city of Mumbai. An islanding system is in place in the network which isolates the Mumbai city from blackouts caused by faults in national grid.

Powerlinks Transmission Company

As at December 31, 2013, Tata Power holds a 51% interest in Powerlinks, a joint-venture with Power Grid Corporation of India Limited. The joint-venture was formed primarily to transmit power from the Tala Hydro Project in Bhutan and the north-eastern and eastern Indian states to New Delhi and its adjoining areas. The joint-venture is India’s first public private partnership inter-state transmission project and is based on the Build Own Operate and Transfer business model. Power is transmitted through Tata Power’s transmission lines (400 kV double circuit EMV), which are located between Siliguri in West Bengal and Mandola in Uttar Pradesh. Powerlinks has received a transmission license from the CERC for a period of 25 years with effect from November 13, 2003.

Distribution

Mumbai License Area

Tata Power is a distribution licensee in the State of Maharashtra and distributes and supplies electricity in the Mumbai License Area. Tata Power is a major supplier to retail and bulk consumers of electricity including railways, refineries and other large industrial and commercial complexes. Tata Power’s distribution license for the Mumbai License Area, issued by the Maharashtra Electricity Regulatory Commission (“**MERC**”) under the Electricity Act, is valid until August 15, 2014. Tata Power submitted an expression of interest to the MERC for continuing the distribution of electricity in the Mumbai License Area at the end of January 2014 and is currently in the process of filing a formal application for issuance of the requisite license. For further details, refer to risk factor 1 in relation to *“Tata Power’s distribution license for the Mumbai License Area, issued by the MERC under the Electricity Act, is valid until August 15, 2014. A failure to obtain a distribution license for the Mumbai License Area in a timely manner or at all could have a material adverse effect on its business, financial condition and results of operations”* in the section titled “*Risk Factors*” on page 17 of this Letter of Offer. As at December 31, 2013, Tata power distributes electricity to approximately 4.5 lakh retail customers.

Under the Electricity Act, the MERC has the power to determine the tariffs under a multi-year tariff framework for a control period based on several elements. For further details in relation to the tariffs for the control period from April 1, 2011 up to March 31, 2016, refer to the section titled “*Objects of the Issue*” beginning on page 75 of this Letter of Offer. MERC allows a return on equity of 15.5% for Fiscal Year 2015 and Fiscal Year 2016 on the approved capitalisation, apart from incentives, if any.

Total sales in Mumbai in amounted to 6,590 MUs and 5,171 MUs of power for Fiscal Year 2013 and the nine months ended December 31, 2013, respectively. Tata Power’s revenue from power supply and transmission charges in Mumbai contributed approximately 79.75% and 79.13% of its total unconsolidated net income from operations in the year ended March 31, 2013 and the nine months ended December 31, 2013, respectively.

Tata Power Delhi Distribution Limited

As at December 31, 2013, Tata Power held a 51% stake in a distribution company, TPDDL which was formerly named North Delhi Power Limited. The remaining 49% is held by the Delhi Power Company limited, a government-owned company. TPDDL is amongst the three private licensees in Delhi and is licensed to distribute power to north and north-west Delhi. TPDDL supplies power to a largely residential customer base in northern Delhi and, as at December 31, 2013, TPDDL had approximately 13 lakh customers. DERC has granted

a 24 year distribution license to TPDDL which took effect on March 12, 2004.

Tata Power Jamshedpur Distribution Limited

Tata Power was selected to work as a distribution franchisee in Jamshedpur circle of the Jharkhand State Electricity Board (“JSEB”) for the retail sale and distribution of power to the consumers on behalf of the JSEB. The Company has on December 05, 2012 entered into a Distribution Franchise Agreement with the JSEB and TP Power Distribution Limited which is valid for a term of fifteen years.

Fuel and Logistics

A key strategic priority for Tata Power is the securing of its fuel supplies for existing and new thermal power generation projects. Tata Power meets its fuel requirements for thermal power generation projects through a mix of imported coal, domestic coal, gas and coal bed methane.

Indonesian coal mine equity investment

On June 26, 2007, Tata Power completed the acquisition (through its wholly-owned overseas subsidiaries, Bhira Investments Limited and Bhivpuri Investments Ltd.) of a 30% equity interest in the Coal Companies from PT Bumi Resources TBK for coal mining operations in Indonesia, and as at December 31, 2013, Tata Power continues to hold 30% equity interest in the Coal Companies. Tata Power paid a consideration of approximately U.S. \$1.2 billion (including working capital adjustments) for this acquisition. Tata Power believes that this equity position, with attendant rights to share in the financial success of the operations, mitigates in part its exposure to fluctuating coal prices for its operations in India.

In 2012, Tata Power, through Khopoli, acquired 26% interest in BSSR. Tata Power believes that this acquisition further protects the company from fluctuations in coal prices as well as diversifying its coal sources. BSSR, together with PT Antang Gunung Meratus, a 100% Subsidiary, own certain coal reserves in South and East Kalimantan in Indonesia. As at December 31, 2013, the Company continues to hold 26% interest in BSSR.

On January 31, 2014, Tata Power announced that it signed an agreement for the sale of its 30% interest in PT Arutmin (“Arutmin”) and associated companies in coal trading and infrastructure. The aggregate consideration for Tata Power’s 30% interest is approximately U.S. \$510 million, subject to certain closing adjustments. The sale is subject to certain conditions and restructuring. Tata Power, however, continues to hold its equity stake in KPC.

Indonesian coal off-take arrangements

In addition to the equity investment in KPC, BSSR and Arutmin, Tata Power entered into coal purchase agreements with the trading arm of KPC, which entitles it to purchase 10.11 MTPA of coal. The coal purchased under these agreements caters to the imported coal requirement of Mundra UMPP. Furthermore, Tata Power - G also sources 2.65 MTPA through long-term contracts from certain other Indonesian coal companies. For further details refer to the section titled “Risk Factors” beginning on page 17 of this Letter of Offer.

Investment in shipping

As part of securing fuel supplies for Mundra UMPP, Tata Power established a Singapore subsidiary, Trust Energy Resources Pte Limited., responsible for the transportation of coal from Indonesia to India for the Mundra UMPP. Trust Energy currently owns two cape size ships of 1,80,000 DWT, which partially satisfies the fuel transportation requirements of Mundra UMPP. Tata Power, through CGPL, has also established another Subsidiary, Energy Eastern Pte Limited, to satisfy the remaining fuel transportation requirements of Mundra UMPP. Energy Eastern Pte Limited has entered into three long-term charter party agreements as of the date of this Letter of Offer.

Indian coal mine concessions

In addition to the investments in coal mining operations and off-take arrangements in Indonesia, Tata Power has also entered into arrangements for the captive sourcing of coal in India.

On August 1, 2007, Tata Power and Hindalco Industries Limited (“**Hindalco**”) were jointly allotted the Tubed coal block at Latehar in Jharkhand. As at December 31, 2013, Tata Power holds a 40% equity stake in Tubed Coal Mining Limited. Tata Power’s share of the coal off-take from the Tubed coal mining block is 2.4 MTPA.

In March 2008, Tata Power formed a joint-venture company, Mandakini Coal Mining Limited, for the development of the Mandakini coal block in Orissa allotted to it. Tata Power’s share of the coal off-take from the Mandakini coal mining blocks is 2.5 MTPA. However, the allocation of these coal blocks was subject to various conditions, including commencement of coal production from these blocks within specified periods. As such coal production had not commenced, the Ministry of Coal, on April 30, 2012 and June 14, 2013, issued two show cause notices in relation to the Tubed and Mandakini coal blocks, respectively, warning of possible de-allocation of these coal blocks. For further details in this regard, refer to risk factor 17 in relation to “*Tata Power has received certain show-cause notices from the Ministry of Coal, Government of India, which could result in de-allocation of coal blocks at Mandakini and/or Tubed.*”, in the section titled “*Risk Factors*” on page 23 of this Letter of Offer.

Other Segments

Revenues from the others segment before intersegment eliminations contributed 3.20% and 3.55% of our consolidated revenues for Fiscal Year 2013 and the nine months ended December 31, 2013, respectively. Details of our power trading and other businesses are set out below.

Power Trading

As at December 31, 2013, Tata Power held 100% stake in Tata Power Trading Company Limited (“**TPTCL**”), a subsidiary established to engage in the trading of power in India. TPTCL received a licence to trade in electricity as a category ‘A’ trader from the CERC on June 9, 2004. TPTCL holds a trading license for a period of 25 years, starting from 2004, and the trading license currently held by TPTCL (category ‘I’) permits unrestricted trading volume. The trading capacity of TPTCL, which is determined by the net worth of the licensee, was upgraded to category ‘I’ by the CERC through its letter dated June 9, 2005.

Strategic Electronics Division (“SED”)

Over the last 30 years, SED has designed and developed electronic products and systems primarily for the defence industry. SED originated as an internal research and development unit for power electronics and was recently awarded the order to modernise airfield infrastructure for the Indian Air Force. SED is not involved in the manufacture of ammunition or explosives of any kind, including cluster bombs and anti-personnel mines.

Tata Power Solar Systems Limited

As at December 31, 2013, Tata Power held a 100% stake in Tata Power Solar Systems Limited (“**Tata Power Solar**”), one of the leading companies engaged in the development of solar photovoltaic technology in India. Tata Power Solar currently has four main business lines: manufacturing and sale of solar photovoltaic cells and modules (for which it has a solar cell manufacturing facility in Bengaluru), providing engineering, procurement and construction/commissioning services as well as operations and management services to solar project developers, developing and selling solar photovoltaic products in rural markets, and developing and selling solar thermal (water heating) products in urban markets.

LITIGATION

Other than the disputes described in the section titled “*Outstanding Litigation & Defaults*”, we are a party to certain other minor legal claims and actions incidental to our business. The management believes that none of these minor claims or actions, either individually or in the aggregate, will have a material adverse effect on our business or financial condition.

EMPLOYEES

Our employees have a wide range of experience and skills in areas such as power project implementation, power project operation, and transmission operation. In addition, we also employ contract labourers at our power projects. The number of contract labourers varies from time to time based on the nature and extent of work contracted to independent contractors.

INSURANCE

We believe we have adequate insurance coverage for our assets. We also have insurance coverage for public liability and directors’ and officers’ liability, which we believe to be in accordance with industry standards in India and which represents appropriate levels of coverage of our business and that of our subsidiaries.

SUSTAINABILITY

We believe, corporate sustainability integrates economic progress, social responsibility and environmental concerns with the objective of improving the quality of life for all stakeholders, now and for generations to come. We remain committed to resource conservation, energy efficiency, environment protection and enrichment and development of local communities in and around our areas of operations.

INDUSTRY OVERVIEW

This information in the section below has been derived in part from various government and private publications or obtained in communications with government ministries in India. This information has not been independently verified by the Company or the Managers or any of their respective affiliates or advisers. The information may not be consistent with other information compiled within or outside India. Neither the Company nor the Managers have any actual knowledge of any material misstatement contained in this section.

Indian Infrastructure Overview

India is the fourth largest economy in the world after the United States of America, China and Japan in purchasing power parity terms. According to the International Monetary Fund, India is also among the fastest growing large economies globally and has grown at a compounded annual growth rate of 5.65% per annum during the 2008-2012.

The Government of India has identified infrastructure inadequacy as a significant constraint in realising India's economic growth objectives. To address this infrastructure deficit, the Eleventh Five Year Plan (2007-2012) had projected an investment of ₹20,562 billion (at 2006-2007 prices), the latest available data suggests that the investment realised during Eleventh Five Year Plan would be ₹19,448 billion, reflecting an achievement of approximately 95% of the projected investment. In particular, the power sector has been recognised by the Government of India as a key infrastructure to sustain economic growth and it attracted an investment of approximately ₹6,346 billion during the Eleventh Five Year Plan, contributing 32.6% of the total investment in infrastructure, highest among the infrastructure sectors in India. The Government of India continues to recognise the inadequacy of infrastructure and importance of power sector for sustainable economic growth of India and accordingly projected an investment of ₹51,464 billion during the current Twelfth Five Year Plan (2013-2017), more than 2.5 times the investment realised during Eleventh Five Year Plan. The power sector is expected to attract 34.0% of the total investment in infrastructure during the Twelfth Five Year Plan, still highest among the infrastructure sectors in India.

PROJECTED INVESTMENT IN INFRASTRUCTURE – TWELFTH PLAN

Sectors	₹ in Billion	U.S.\$ billion	Sector share (%)
Electricity	17,473.23	281.83	34.0
Telecommunications	8,842.04	142.61	17.2
Roads and bridges	9,200.71	148.40	17.9
Irrigation	4,301.03	69.37	8.4
Railways	5,576.37	89.94	10.8
Oil and gas pipelines	1,201.75	19.38	2.3
Water supply and sanitation	2,076.84	33.50	4.0
Ports	1,605.59	25.90	3.1
Airports	710.00	11.45	1.4
Storage	476.70	7.69	0.9
Total	51,464.26	830.07	100.0

Notes:

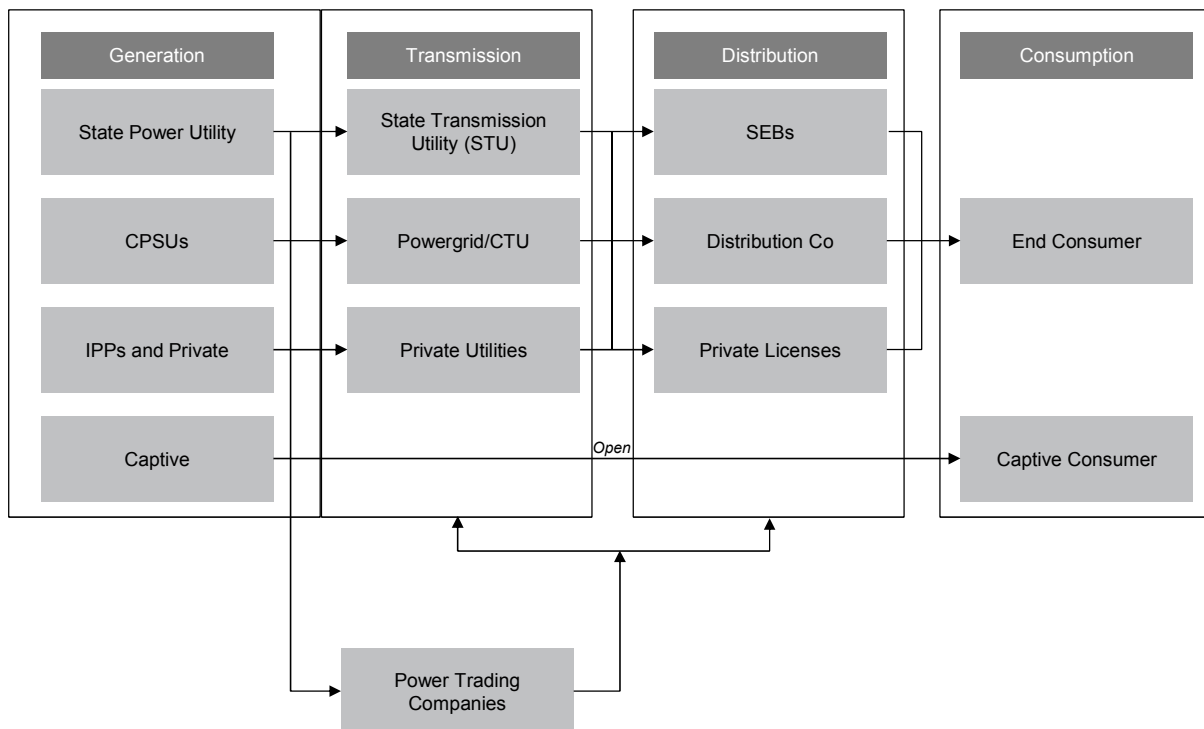
- (2011-12 prices); Electricity includes non-conventional energy; irrigation includes watershed; railways includes mass rapid transit system; and ports include inland waterways
- Converted into U.S. \$ using reference rate of ₹62=U.S. \$1.00

Source: Planning Commission; Interim Report of the High Level Committee on Financing Infrastructure dated August 2012

Power Sector in India

Structure of the Power Industry

The following diagram depicts the current structure of the Indian power industry:



Keys to the diagram

CPSUs: Central Public Sector Undertakings

IPP: Independent Power Producer

CTU: Central Transmission Utility

SEB: State Electricity Board

Organisation of the Indian Power Sector and Regulatory Overview

Prior to India's independence, power generation and supply was primarily driven by private sector and mostly restricted to urban areas. Post-independence, the Government of India took steps to broaden the power supply base in order to stimulate growth throughout the country. The Electricity (Supply) Act, 1948, originally provided the statutory framework for the regulation of electricity in India. It was the first step towards the modern power infrastructure in India and mandated the creation of the State Electricity Boards (the "SEBs"). There is also regulation at the state level in a number of states, including Andhra Pradesh, Haryana, Karnataka, Orissa, Rajasthan and Uttar Pradesh, amongst others.

The Electricity Regulatory Commission Act, 1998, provided for the creation of the Central Electricity Regulatory Commission ("CERC") and the state electricity regulatory commissions. These commissions were given the power to determine energy tariffs. CERC is an independent statutory body with quasi-judicial powers. The main functions of CERC are to regulate the tariffs of generating companies, grant licenses for interstate transmission and trading and advise Government of India in the formulation of the electricity policy and the National Tariff Policy (the "NTP"). Additionally, state electricity regulatory commissions were established to serve as the statutory body responsible for the determination of tariffs and grants of license at intrastate levels. The primary responsibilities of state electricity regulatory commissions are to determine the tariff for the generation, supply, transmission and wheeling of electricity, whole sale, bulk or retail sale within the requisite state, to issue licenses for intrastate transmission, distribution and trading and to promote co-generation and generation of electricity from renewable sources of energy.

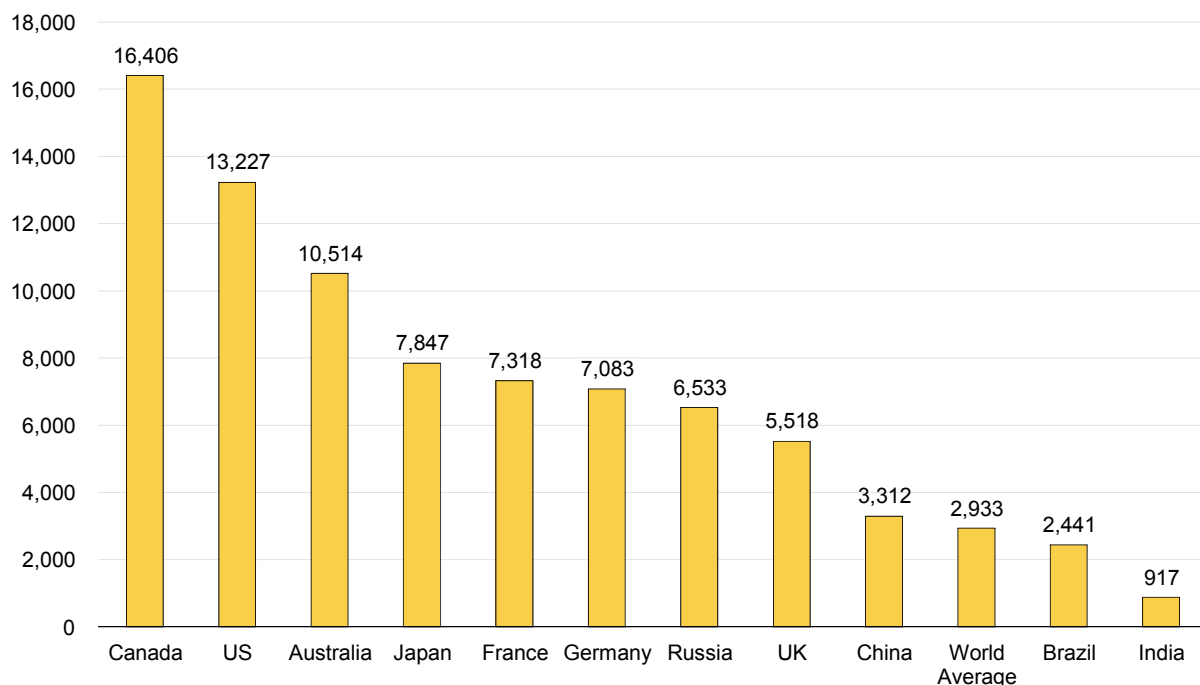
The Electricity Act, 2003 repealed the previous regulatory framework, including the Electricity (Supply) Act, 1948 and was the most substantive act in the power sector reforms process. It consolidated all previous policies, thereby streamlining the power sector. The Electricity Act, 2003 seeks to facilitate competition and contains provisions for changes in the regulation of generation, transmission and distribution. With the passage of the Electricity Act, 2003 generation became fully de-licensed.

The NTP is the main regulation governing electricity pricing in India. The main objectives of the NTP include promoting competition, efficiency in operations and improvements in the quality of supply, as well as ensuring the availability of electricity to consumers at reasonable and competitive rates, ensuring financial viability of the power sector and attracting investments and promoting transparency in the regulation of the power sector. The NTP provides guidelines in respect of multiyear tariffs, rate of returns for generation and transmission projects, tariff modalities for utilities, subsidies to consumers and cross subsidy calculations. It replaced cost plus tariff for private projects with tariff based on competitive bidding. Competitive bidding was adopted as the only mechanism for long term power procurement by distribution licensees in a phased manner.

Large Historical Energy Deficit Results in Low Per Capita Consumption of Electricity

Due to inadequate supply and distribution infrastructure, the per capita consumption of energy in India is low in comparison to most other parts of the world. The following chart shows per capita electricity consumption in 2013 in various developed and developing countries.

Electricity consumption per Capita
(KWh) (2013)



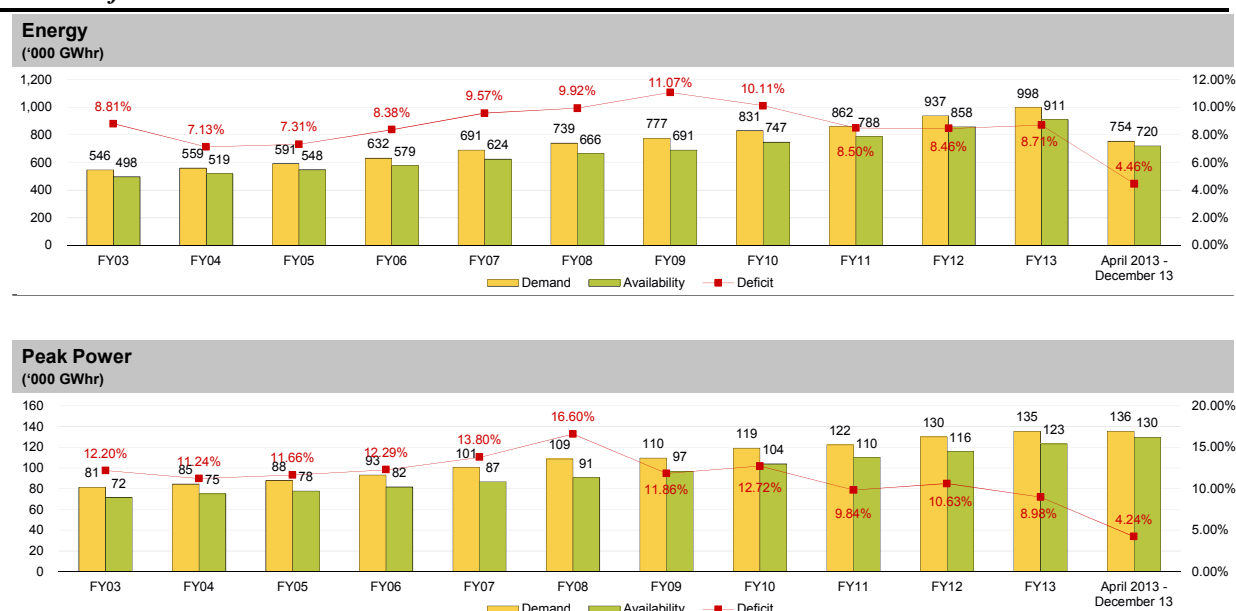
Note: The electricity consumption per capita for India is sourced from CEA for the period April 2011 to March 2012 and for the rest of the world is sourced from IEA, Key World Energy Statistics 2013

Source: IEA, Key World Energy Statistics 2013 (RoW), CEA (India)

Industry Demand-Supply Overview

The Indian power sector has historically been characterised by energy shortages. In the period from April 2012 to March 2013, peak deficit was 8.98% (Source: CEA, *Growth of Electricity Sector in India from 1947-2013 and Executive Summary Power Sector, December 2013*). The following table sets forth the energy and peak shortages of power in India for the periods indicated below:

Power deficit scenario

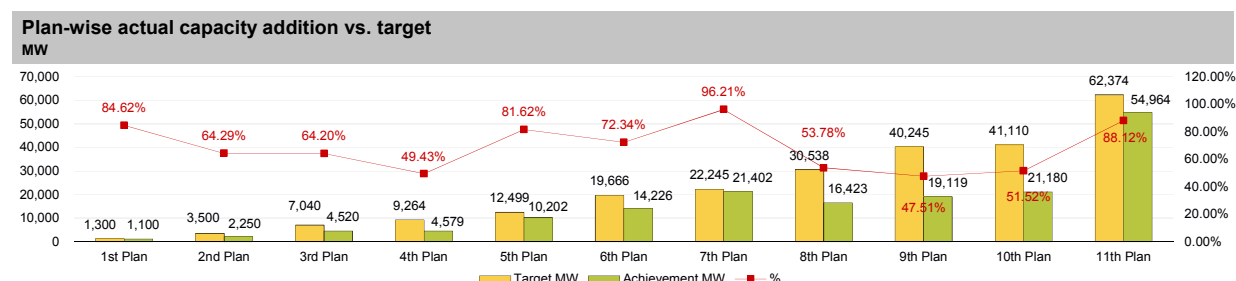


Source: CEA, *Growth of Electricity Sector in India from 1947-2013 and Executive Summary Power Sector, December 2013*

Historical Capacity Additions

The energy deficit in India is a consequence of slow progress in the development of additional energy capacity. The Indian economy is based on planning through successive five year plans ("Five-YearPlans") that set out targets for economic development in various sectors, including power sector.

The following chart sets forth the targeted energy capacity addition for Five-Year Plans, the installed capacity actually achieved at the end of those Five-Year Plans and the installed capacity actually achieved as a percentage of the targeted capacity additions for each of those Five-Year Plans:



Note: Based on revised capacity addition target of 62,374 MW compared to initial target of 78,700 MW.

Source: CEA



Capacity addition for 12th Five Plan well on target

Source: CEA

Installed Generation Capacity

The following table sets forth a summary of India's energy generation capacity in MW as at 31 December 2013 in terms of fuel source and type of ownership:

In MW	Thermal			Nuclear	Hydro	Renewable	Grand Total	% Contribution
	Coal	Gas	Diesel					
Central	45,435	7,066	-	4,780	9,717	-	66,998	29%
State	53,078	5,947	603		27,482	3,727	90,837	39%
Private	39,700	7,368	597		2,694	25,736	76,095	33%
Total	138,213	20,381	1,200	4,780	39,893	29,463	233,930	100%
% Contribution	59.1%	8.7%	0.5%	2.0%	17.1%	12.6%	100.0%	

Source: CEA, Executive Summary on Power Sector, December 2013

The Central and State governments together own and operate over 67%, of the installed power capacity in India. Prior to the Electricity Act, 2003, electricity generation was a licenced activity, owing to which there was limited private sector participation in the sector. However, post de-licensing of the sector in 2003 and ensuing power sector reforms, the regulatory environment has become more conducive leading to an increase of private sector participation in the sector.

Thermal power plants, based on coal, gas or diesel, account for over 68% of India's installed capacity and coal based power plants account for 59% of the installed generation capacity as on 31 December 2013.

Generation Capacity Addition Targets for the Twelfth and Thirteen Five Year Plans

According to the Central Electricity Authority ("CEA") Executive Summary for the month of April 2013, the energy requirement of India from April 2012 to March 2013 was 998,114 MUs and peak demand was 135,453 MW. According to the 18th Electric Power Survey, India's energy requirement will reach 1,354,874 MUs and peak demand will reach approximately 119,540 MW by Fiscal Year 2017, representing a compounded annual growth rate of 7.9% in energy requirement and 10.2% in peak demand during 2013-2017.

Fiscal year	Electrical Energy Requirement at Power Station Bus Bars (MUs)	Annual Peak Electric Load at Power Station Bus Bars (MW)
2017	1,354,874	199,540
2022	1,904,861	283,470

Source: National Electricity Plan, January 2012

To meet the projected energy requirement, CEA's target is to increase generation capacity by 88,637 MW during the Twelfth Five Year Plan. The private sector is expected to account for more than 50% of this targeted capacity addition, with the remainder being provided by the central and state governments. The dominance of coal as a largest fuel source for producing electricity in is expected to continue. During the Twelfth Five Year Plan, the capacity addition from coal/lignite sources is expected to account for 78.9% of the total target planned capacity addition.

Twelfth Five Year Plan - Target Capacity Addition						
MW	Coal / Lignite	Gas	Hydro	Nuclear	Total	% Share
State Sector	12,210	1,712	1,608	-	15,530	17.5%
Private	43,540		3,285	-	46,825	52.8%
Central	14,150	828	6,004	5,300	26,282	29.7%
Total	69,900	2,540	10,897	5,300	88,637	100.0%
% Share	78.9%	2.9%	12.3%	6.0%	100.0%	

Source: CEA, http://www.cea.nic.in/reports/planning/capacity_addition_target.pdf

According to the Report of The Working Group on Power for the Twelfth Five Year Plan, the capacity addition requirement during the Thirteenth Five Year Plan (2018-2022) is 93,400 MW and is expected to be added from following sources of fuel.

Capacity Addition Requirement during the Thirteenth Fiver Year Plan

Thirteenth Five Year Plan - Target Capacity Addition					
MW	Thermal	Hydro	Nuclear	Total	% Share
Total	63,400	12,000	18,000	93,400	100.0%
% Share	67.9%	12.8%	19.3%	100.0%	

Power sector business models

The nature of a power project, in terms of whether the power generator is a public or a private entity, dictates how the tariff for a particular power project is determined. Tariffs for generating companies owned by the Government of India and other entities with interstate generation transmission operations are set by CERC. Tariffs for state sector generators are regulated by the respective state electricity regulatory commissions. Tariffs for IPPs are governed by agreements between power generation companies and the purchaser, known as power purchase agreements, and therefore can have more market components to the pricing mechanism.

Regulated two-part tariff model

Power plants commissioned by the Central Public Sector units and the State Public Sector units usually adopt two-part tariffs. As per the NTP, a two-part tariff structure has to be adopted to facilitate the merit order dispatch. The capacity and energy charge are the elements of the two-part tariff (also referred to as cost plus approach) wherein the return on equity forms the part of the capacity charge.

As per the existing terms and conditions for the determination of tariffs prescribed by CERC, the return on equity for the generating companies is fixed at 15.5%. Hence, in a regulated environment, the returns from the project can be improved primarily by operating the power plant efficiently vis-à-vis the operating norms prescribed by CERC. Hence, if generation companies have operational norms better than normal levels, they can keep the efficiency gains subject to the applicable laws, however, any gains under debt liabilities have to be

passed on to end users. This method has an inherent risk of the regulator resetting the norms for operations to a higher level. The other risk is that the user industry has the option to buy power merit order dispatch based on the variable cost of each plant.

The upside for the Regulated returns model is savings on norms plus PLF incentives.

Regulated tariff mechanism (Renewables)

Power plants based on renewable sources, such as wind, solar, bio-mass and small-hydro sell the power to Discoms/distribution licensee at tariffs determined by state electricity regulatory commissions of each state. Such tariffs could vary from state to state and vary depending upon the source of power generation.

Alternatively, power plants based on renewable sources can sell power generated to Discoms/distribution licensees/open access consumer (i.e. industrial consumers with demand of more than 1MW) at mutually agreed prices. These prices are not subject to restriction by any regulatory authority. Power plants utilising this method can avail renewable energy benefit certificates which can be traded on power trading exchanges for cash consideration.

Solar based power projects are also awarded to power project developers on a competitive bidding under various central government and state government policies.

The upside for the Regulated Tariff mechanism (renewables) is savings on capex plus CDM certificates / RECs as applicable.

Competitive bidding tariff structure for wholesale power supply

The Electricity Act 2003 (Section 63) makes it mandatory for the SEB/distribution licensee to procure power for the long/medium-term through a transparent bidding process. Competitive Bidding Guidelines (“CBG”) were issued by the Ministry of Power in January 2005 for medium-term (i.e. between 1 to 7 years) and long-term (i.e. over 7 years) procurement of power by SEB/distribution licensee(s). The CBG classifies the bidding as Case I (wherein plant location or fuel or technology is not specified) and Case II (wherein location and/or fuel is specified).

CBG specifies the tariff structure, timelines, security structure, bid submission and bid evaluation. A multi-part tariff structure featuring separate capacity and energy components of tariff shall ordinarily form the basis for bidding. However, for medium-term procurement of power, a single part tariff, i.e., a firm price for each year along with availability is to be used. For long-term procurement of power under Case II bidding, the bids to be invited on the basis of capacity charge and net quoted heat rate. The biggest advantage to this method is that the tariff is fixed, volume of o/p is variable (depending on the cost structure in Case I) and all gains from cost and loan book are retained by the developer.

The upside for the Case II (bidding) model is PLF incentives.

Ultra Mega Power Projects (“UMPP”)

With the aim of meeting India’s significant power requirements, the Government has envisaged the construction of 16 UMPPs. The award of the projects is based on competitive bidding processes, with the amount of the normalised tariff for 25 years being a significant factor in the selection process. Each of the UMPPs will provide a power generation capacity of approximately 4,000 MW and use coal as fuel. The Government will ensure land and environmental clearances, off-take agreements, payment security mechanisms and also provide for fuel linkages in some cases to ensure efficient implementation of the UMPPs. The UMPPs will be awarded to developers on a Build-Own-Operate basis. To date, four UMPPs have been awarded—the project in Mundra, Gujarat has been awarded to Tata Power and the projects in Sasan, Madhya Pradesh, Krishnapattam, Andhra

Pradesh and Tilaiya, Jharkhand have been awarded to Reliance Power Limited. During 2013, Government has invited bids for two additional UMPPs of 4,000 MW each in the states of Odisha and Tamil Nadu.

Mega Power Projects

In order to meet India's increasing power needs, the Government has released revised policy guidelines for bidders to qualify for mega project power status. To receive mega project status the developer needs to create an inter-state thermal power plant of capacity 1,000MW or more, or an interstate hydro-electric power plant of capacity 500MW or more. As an exception to the above requirement, the developer needs to create either an inter-state thermal power plant of a capacity of 700MW or more, or an interstate hydro-electric power plant of capacity 350MW or more in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura. The developers who qualify for mega power plant status are eligible to certain benefits, which include a zero customs duty for imported capital related to the projects; export benefits and ailment of an income tax holiday regime. To avail the benefits under this policy, the developer must tie up at least 65 percent of installed capacity/ net capacity through competitive bidding and up to 35 percent of installed capacity/ net capacity under regulated tariff as per the specific host state policy, as the case may be, under long term PPAs.

Merchant Power Plants (MPP)

MPPs generate electricity for sale at market driven rates in the open wholesale market. Typically, the MPPs do not have long-term PPAs and are built and owned by private developers. Merchant sales, however, include sale of power under short-term PPAs and on spot basis. Many new private sector players are beginning to adopt the MPP model in order to differentiate their business model. The MPPs can sell power to the power trading companies (like the Power Trading Corporation), Discoms and industrial and bulk customers through either power exchanges or short term bilateral off-take agreements.

The upside for the merchant and bilateral offtake model is no cap on returns and upside per power purchase agreement respectively.

Captive Power Generation in India

Captive power refers to power generation from a project set up for captive industrial consumption.

The following two criteria have to be met for captive power status:

- Over 26% of the ownership of the power plant to be held by the captive user(s)
- Over 51% of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for the captive use

Dependence on captive power has been increasing due to the continuing shortage of power and India's economic growth. Reliability of power supply and economies of scale are key factors driving industrial users to develop captive generation plants.

The upside for the captive power plant model is merchant sales plus saving on PPA terms and PLF incentives.

Recent Developments in the Power Sector

CERC Tariff Determination Guidelines

On February 21, 2014, CERC has released final regulations for power tariff determination for 2014-2019. CERC has made key changes with to tax treatment and the calculation of incentives for thermal power plants. A summary of key developments is listed below.

- The base rate of return on equity (“RoE”) shall be grossed up each financial year with the effective tax rate of the respective financial year.
- The effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year. The actual tax income on non-generation or non-transmission income is not considered for the calculation of the effective tax rate.
- The base rate of RoE shall be 15.5 per cent for thermal generating stations, transmission system, including communication systems and hydroelectric generation stations.
- The regulation requires thermal plants to calculate incentives based on PLFALF instead of plant availability factor.
- The incentive for every unit of electricity generated has been kept flat at 0.50 Rupees/kWh.

New Bidding Guidelines

The Government of India is planning to implement new bidding guidelines for coal based thermal power generation projects. Under the Model Agreement for Procurement of Power (MAPP), issued by Ministry of Power, the procurer of power will pay the generator a fixed charge determined through competitive bidding and variable charges such as the fuel utilised in generation of electricity will be a pass through for the supplier (generator).

Transmission and Distribution Reforms

The Government of India has been working with state Discoms, other distribution companies as well as many local banks to improve the financial and operation performance of the distribution sector. The on-going reform measures implemented by the Government of India include:

- Introducing a scheme to restructure short-term liabilities of large loss-making state Discoms. Under the scheme, banks will reschedule the repayment of 50% of the short-term loans by giving a moratorium of three years. For the balance 50% of the exposure, the state Discoms will issue bonds guaranteed by the respective state government.
- Requiring state Discoms to eliminate account/ payment deficits within the next three years.
- Issuing a model for state electricity distribution management, which emphasises that responsibility for long-term and sustainable operational and financial improvement and turnarounds rests with the respective state Discoms’.
- Allowing state Discoms to apply to state regulators for regular tariff hikes. Since 2011, state regulators have provided for regular tariff revisions.
- Improving infrastructure to reduce transmission and distribution losses. Over the last 10 years average transmission and distribution losses have been reduced from 34% of total electrical output to 24%.

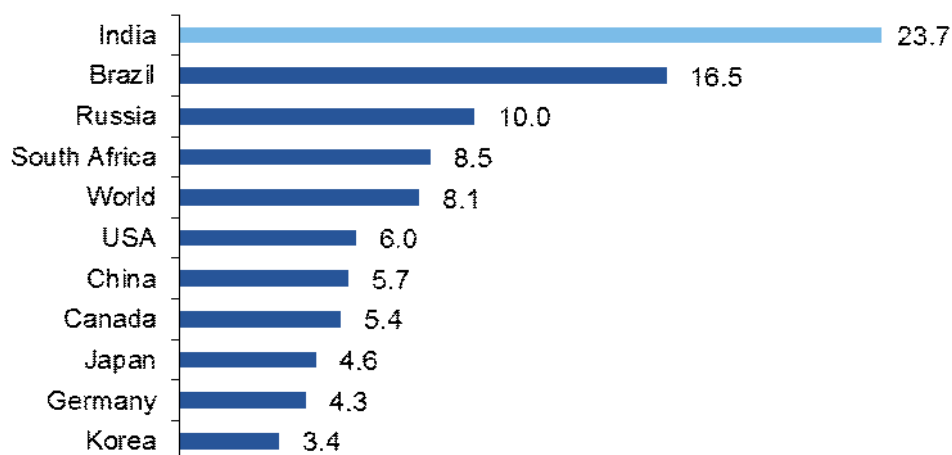
The chart below shows the transmission and distribution losses as a percentage of output for the periods indicated.

(% of output)



Source: CEA, International Energy Association

The chart below compares transmission and distribution losses by country.



Source: CEA, International Energy Association

Notes: (1) SEBs: State Electricity Boards, T&D: Transmission and Distribution (2) Data for India is for FY 2012 while for other countries is as of Dec 2011

Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. The five regional grids, structured on a geographical contiguity basis, facilitate transfer of power from a power surplus state to a power deficit state. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids shall be gradually integrated to form a national grid so that the regional power imbalances could be addressed better, thereby facilitating a more optimal utilisation of the national generating capacity. Most inter-regional and interstate transmission links are owned and operated by the Power Grid Corporation of India Limited (“PGCIL”) though some are jointly owned by the state Discoms. The Government of India has permitted private investment in transmission sector, and it has encouraged Foreign Direct Investment (“FDI”) in this sector.

The Electricity Industry in the Indian state of Maharashtra

Maharashtra Electricity Regulatory Commission (“MERC”)

In accordance with the Electricity Regulatory Commission Act 1998, the Government of Maharashtra established the MERC. The main functions of the MERC are to determine the tariff structures for electricity (wholesale, bulk, grid or retail) in the state of Maharashtra. The MERC also determines the tariff payable for the use of transmission facilities, regulates power purchases and the procurement process of transmission utilities and distribution utilities, issuing intra-state transmission, distribution and trading licences, and also promotes competition and efficiency in the activities of the electricity industries.

Under current legislation, all power generation companies in Maharashtra are required to approach the MERC for all issues related to tariffs and their determination (with the exception of tariffs determined through a competitive bidding process, on captive power projects or contracts for the sale of power with a term of less than one year). The MERC also administers relevant national and state regulation applicable to power generation companies in Maharashtra, sets relevant tariff orders for them as well as presides over the resolution of disputes involving them in Maharashtra. The MERC regulates the normative performance requirements applicable to power generation companies in Maharashtra under its tariff orders, as regards price escalation, heat

consumption, availability requirements as percentages of power generated and transmitted, and specified working capital expenditure.

Maharashtra SEB (“MSEB”)

The Government of Maharashtra has unbundled the MSEB into a number of offshoot corporate entities for the generation, transmission and distribution of power, which are now in operation. Merit order principles are being followed for the purchase of power by these entities in accordance with recommendations from MERC.

MERC has introduced several regulations such as those regarding standards of performance, open access and the Maharashtra Electricity Grid Code, to ensure compliance with the Electricity Act, 2003. MSEB and the successor entities have in the past been adversely affected due to costly power purchases made to meet the demand-supply gap. However MSEB has been able to reduce the AT&C Losses and to improve its cash collections considerably.

Mumbai Licence Area

Electricity in Mumbai is supplied by two private utility companies with distribution licences (Tata Power and R-Infra) and a public undertaking (BEST). The table below sets out a brief description of the source of power for these three suppliers in Mumbai.

Licensee	Primary Source of Power
BEST	Does not own generating assets. Purchases power from Tata Power.
R-Infra	Sources its power requirement from its own 500 MW plant situated at Dahanu near Mumbai. Shortfall is purchased from the market.
Tata Power	Sources power from its own generating assets located in Maharashtra. The shortfall, if any, is purchased through short term bilateral contracts and through power exchanges.

Source: Website of the Maharashtra Electricity Regulatory Commission (“MERC”)

Power Trading

Historically the main suppliers and consumers of bulk power in India have been the various government controlled generation and distribution companies who typically contracted power on a long-term basis by way of PPAs with regulated tariffs. However, in order to encourage the entry of merchant power plants and private sector investment in the power sector, the Electricity Act, 2003, recognised power trading as a distinct activity from generation, T&D and has facilitated the development of a trading market for electricity in India by providing for open access to transmission networks for normative charges. Power trading involves the exchange of power from utilities with surpluses to utilities with deficits. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity.

The Power Exchanges

CERC has issued guidelines for setting up power exchanges, pursuant to which three power exchanges have been set up, viz. the Indian Energy Exchange (“**IEX**”), Power Exchange India Ltd (“**PXIL**”) and the National Power Exchange Limited (“**NPEX**”).

The power exchanges are designed to provide a fair and transparent mechanism for efficient price discovery of power that is traded, and the exchanges are intended to stabilise the market rate of surplus power. The trading system is based on an auction mechanism.

The following table shows the volume and prices of power traded in India for the last four years:

Volume of electricity transacted through Trading Licensees and Power Exchanges

Particulars	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Power traded through trading Licensees (billion units)	26.72	27.7	35.84	36.12
Power traded through Power Exchanges (billion units)	7.19	15.52	15.54	23.54
Power traded (billion units)	33.91	43.22	51.38	59.66
Total Power Generated	764.03	809.45	874.17	907.49
Electricity traded as % of Total Generation	4.44%	5.34%	5.88%	6.57%
Weighted average tariff for power traded through trading Licensees (₹)	5.26	4.79	4.18	4.33
Weighted average tariff for power traded through trading Exchanges (₹)	4.96	3.47	3.57	3.67

Source: Report on Short-term Power Market in India: 2012-13; CERC

Global Coal Industry Overview

Coal meets approximately 41.3% of world's electricity demand¹ and in India coal accounts for 59.1% of the total installed capacity of electricity generation. The United States of America has the largest proven coal reserves, followed by Russia, China, Australia and India.

Global coal proved reserves at the end of 2012 (Billion Tonnes)

Source: BP Statistical Review of World Energy June 2013

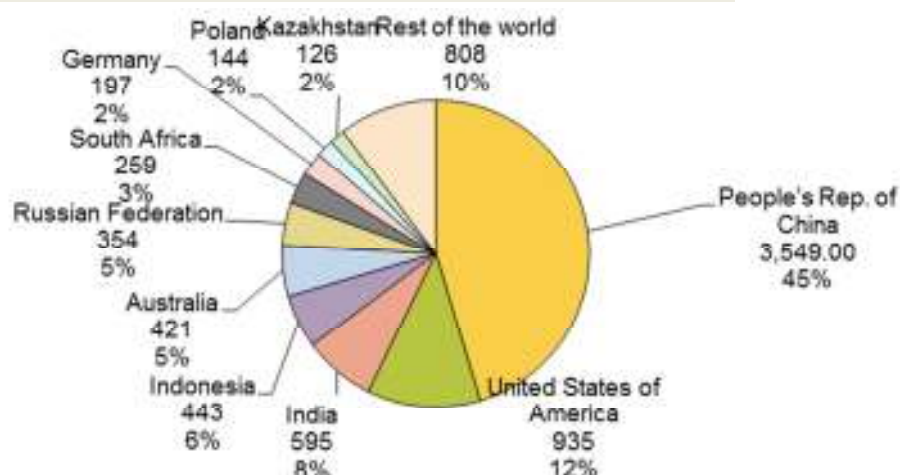
Although coal deposits are widely distributed across the world, 75% of the global coal reserves are located in five countries: the United States of America (27.6%), Russian Federation (18.2%), China (13.3%), Australia (8.9%) and India (7.0%).

Global coal production and consumption

Global coal production in 2012 was 7,831 million tons with the top five producers contributing 75.9% of total production. India is the third largest coal producing country in the world after China and United States of America (by million tons) and India contributes 7.6% of total global coal production.

¹Source: World Energy Statistics 2013, IEA

Worldwide coal production statistics (Calendar year 2012)



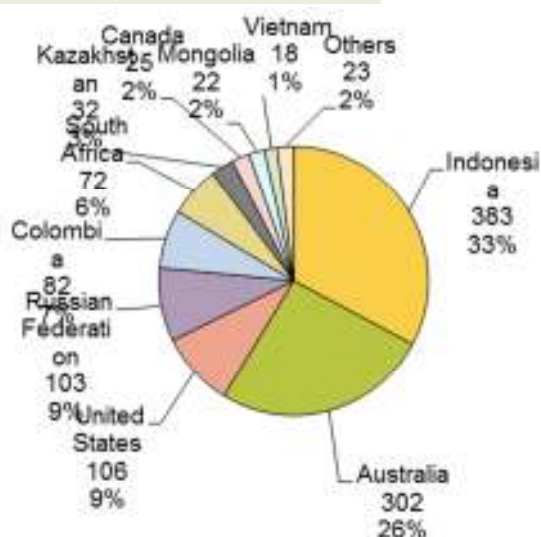
Source: Key World Energy Statistics 2013; IEA

Global coal exports and imports

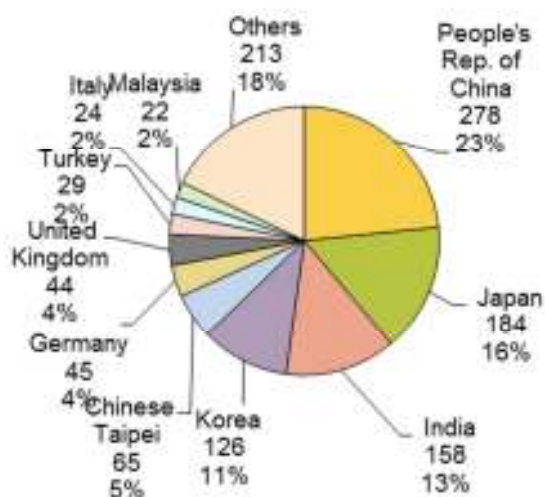
According to Key World Energy Statistics 2013 published by IEA, a total of 1,168 million tons of coal was exported globally in 2012 which is approximately of 15% of the total coal produced in 2012. The major coal exporting countries in the world in 2012 were Indonesia (383 million tons), Australia (302 million tons), United States of America (106 million tons) and Russian Federation (103 million tons).

During the same 2012 period a total of 1,188 million tons of coal was imported. The major coal importing countries in 2012 were China (278 million tons), Japan (184 million tons), India (158 million tons), Korea (126 million tons), Taiwan (65 million tons). The following charts show the respective export and import by country in 2012.

Net Exporters



Net Importers



Indonesia coal industry overview

According to Key World Energy Statistics 2013 published by IEA, 383 million tons of coal was produced in Indonesia in 2012, representing 5.7% of the global production in 2012.

Indonesian coal is generally low in ash and sulphur content, but has high moisture content. The majority of Indonesia's coal resources are located in Sumatra and Kalimantan, with a relatively higher quality coal being mined in Kalimantan.

The coal export industry in Indonesia is based on contracts of works granted by the government, a system first introduced to attract foreign investment. Major foreign investors in Indonesia initially included international mining companies such as Rio Tinto Plc, BHP Billiton Plc and British Petroleum Plc.

Indian coal mining

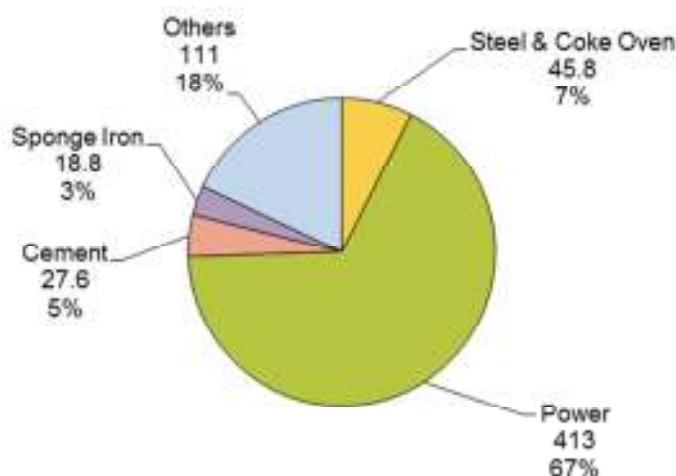
India has the fifth largest coal reserve in the world. However, due to restrictions on the entry of private sector companies into coal mining, India's coal production has remained low in comparison to its reserves relative to other countries such as China.

According to BP Statistical Review of World Energy June 2013 and Key World Energy Statistics 2013 published by IEA, China has 13.3% share of global proven coal reserves and accounts for 45.3% of world's coal production, whereas India has 7.0% of the global proven coal reserves and yet accounts for only 7.6% of the world's coal production.

Coal usage by sector in India

The Power sector constitutes majority of the total coal consumption in India with a 67% (including captive power) share of coal usage.

Coal usage by sector in FY2011
(Million Tonnes and % of Total)



Source: Ministry of Coal, Report of Working Group on Coal & Lignite for Formulation of the Twelfth Five Year Plan (2012-2017)

Coal Demand / Supply in India

According to the Ministry of Coal, the coal consumption in India increased at a CAGR of 6.7% from FY2007 to FY2012, reaching 640 million tons while the indigenous supply of coal increased at a lower CAGR of 4.9% during the same period. As a result of slower growth in indigenous supply of coal in India during FY2007 to FY2012, coal imports increased from 43 million tons in FY2007 to 105 million tons in FY2012, representing a CAGR of 19.5%.

Year	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR ⁽¹⁾

million tons						(Provisional)	(Estimate)	%
Demand (Annual Plan)	474	493	550	598	656	696	692	8.0%
Consumption	464	504	549	582	594	640	—	6.7%
Indigenous Supply	421	454	490	515	524	535	583	4.9%
Imports	43	50	59	68	70	105	—	19.5%

Source: Annual Report for FY2013 of Ministry of Coal, Report of the Working Group on Coal and Lignite for Formulation of the Twelfth Five Year Plan (2012-2017)

Notes:

(1) Excludes 2013 Estimates

According to the Report of the Working Group on Coal and Lignite for Formulation of the Twelfth Five Year Plan, the demand for coal in India is expected to reach 981 million tons and the indigenous supply of coal is expected to reach 715 million tons by FY2017. The gap of 266 million tons by FY2017 between the demand for coal and indigenous supply will have to be bridged through import of coal from global markets. This gap of 266 million tons in FY2017 is expected to reach 423 million tons in FY2022 (terminal year of the Thirteenth Five Year Plan).

Expected Coal Demand / Supply		
million tons	FY2017E	FY2022E
Demand (Annual Plan)	981	1,373
Indigenous Supply	715	950
Gap	266	423

Source: Report of the Working Group on Coal and Lignite for Formulation of the Twelfth Five Year Plan (2012-2017)

Imports of Coking, Non-Coking Coal and Coke in India						
Million Tons	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR (4-Years)
Coking Coal	21.1	24.7	19.5	31.8	32.6	11.5%
Non-coking Coal	37.9	48.6	49.4	71.1	105.0	29.0%
Coke	1.9	2.4	1.5	2.4	3.1	13.0%
Total Import	60.9	75.6	70.4	105.2	140.6	23.3%

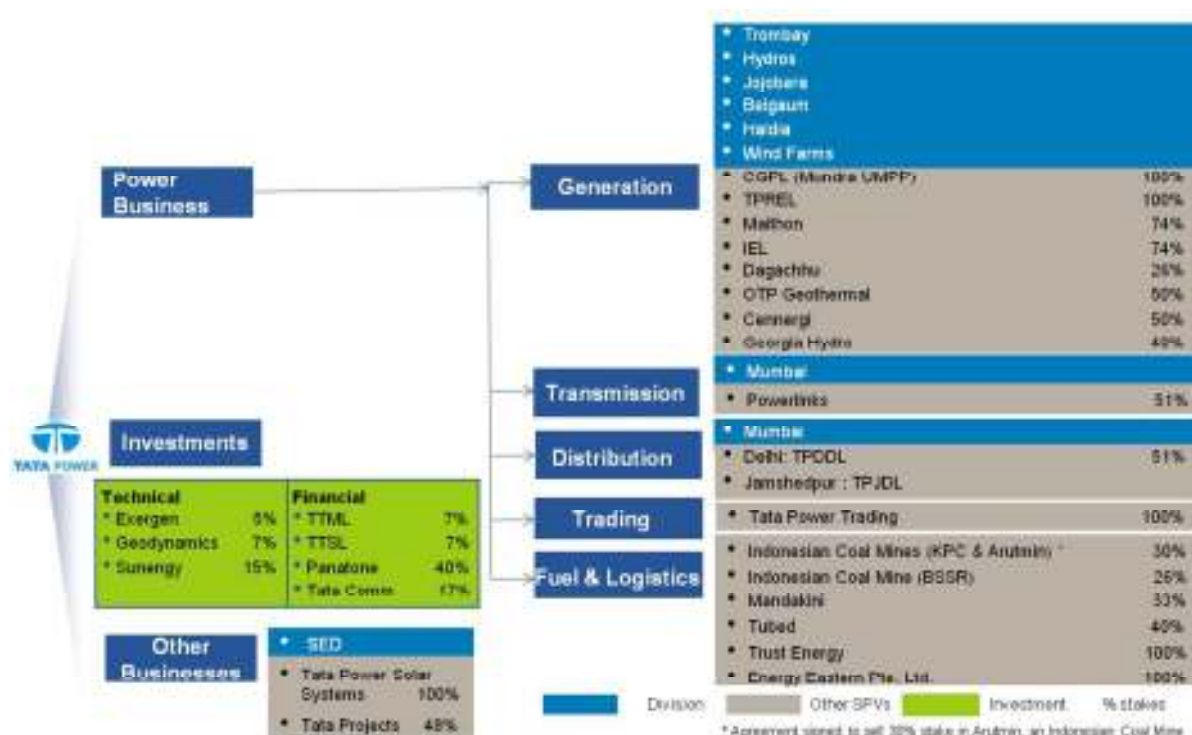
Source: Ministry of Coal of India.

SECTION V – HISTORY AND CORPORATE STRUCTURE

History

Tata Power has been in the business of power generation since our incorporation, in 1919 under the Companies Act, 1913. Tata Power is now regulated by the Companies Act, 1956 and the Companies Act, 2013. Following its incorporation, Tata Power, Andhra Valley Power and Tata Hydro operated as separate but affiliated companies. By way of an order dated October 18, 2000, the High Court of Bombay approved the scheme of amalgamation between Tata Power, Andhra Valley Power and Tata Hydro to create one unified entity. Over the years, we have built our portfolio of generation plants and are one of the largest private power generators in India. As at February 28, 2014, we had a gross installed power generation capacity of approximately 8,560 MW generated through a mix of thermal (coal, gas and oil), hydroelectric, renewable (wind and solar) and waste gas based power plants. We are an established power generation company with a strong track record and extensive industry experience. This has also allowed us to identify new opportunities and plan expansions to our existing power generation assets.

The following chart outlines, in schematic form, the key business divisions of our Group as at December 31, 2013 and, for the power business, lists the key operating assets:



Main objects of the Issuer:

- To acquire from, take over and work the concession conferred upon Tata Sons Limited by the Government of Bombay, for the development of the Nila Mula Valley in the Haveli Taluka of the Poona District of the Presidency of Bombay with a view to the establishment of an undertaking for the generation of Electrical Energy by the storage of water power in a lake to be formed in that Valley and the supply of such energy to the public, upon such terms as may appear conducive to the interest of the Company and to pay therefore either in cash or in shares of the Company or partly in one and partly in the other, and with the object aforesaid to adopt, become parties to, enter into and carry into effect, with or without modification the agreement which is particularly referred to the in Article 3(a) of the Articles of Association; and to become parties to, enter into and carry into effect all such other agreements, guarantees, deeds and instruments as may be necessary or as may be deemed advisable or proper.

2. To acquire and take over from Tata Sons Limited upon the terms of the said Agreement referred to in Article 3(a) of the Articles of Association, if the same shall be obtained by that Company, the License under the Indian Electricity Act 1910 to work the said concession, or to apply to the proper authority or authorities for and to obtain such License and all other rights, licenses and concessions ancillary thereto and necessary to enable the Company to turn such concession to account, and to work the undertaking of any such License.
3. To generate, develop and accumulate electrical power at the place or places contemplated by the said License and to transmit, distribute and supply such power throughout the area of supply named therein, and generally to generate, develop and accumulate power at any other place or places and to transmit, distribute and supply such power.
4. To carry on the business of a General Electric Power Supply Company in all its branches, and to construct, lay down, establish fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity, and to light cities, towns, streets, docks, markets, theatres, buildings and places, both public and private.
5. To acquire the right to use or manufacture and to put up telegraphs, telephones, phonographs, dynamos, accumulators and all apparatus now known, or which may hereafter be invented, in connection with the generation, accumulation, distribution, supply and employment of electricity, or any power that can be used as a substitute therefor, including all cables, wires or appliances for connecting apparatus at a distance with other apparatus, and including the formation of exchanges or centres.
6. To carry on the business of electricians and electrical, mechanical engineers, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, galvanism, magnetism, or otherwise.

SECTION VI -OUR MANAGEMENT

As of the date of this Letter of Offer, we have 11 Directors on our Board. As per our Articles of Association, the number of Directors on our Board cannot exceed 15.

The following table sets forth certain details regarding the Board of Directors as on the date of this Letter of Offer.

Particulars	Age (years)	Other directorships
Mr. Cyrus P. Mistry Designation: Non-Independent Non-Executive Chairman DIN00010178 Occupation: Company Director Nationality: Irish	45	Indian Companies Tata Sons Limited Tata Consultancy Services Limited Tata Steel Limited Tata Motors Limited Tata Chemicals Limited Tata Global Beverages Limited The Indian Hotels Company Limited Tata Industries Limited Tata Teleservices Limited Sterling Investment Corporation Private Limited Cyrus Investments Private Limited Imperial College India Foundation Foreign Companies Tata Limited Jaguar Land Rover Automotive Plc Tata America International Corporation Tata AG, Zug Tata Enterprises (Overseas) AG, Zug Tata International AG, Zug
Mr. R. Gopalakrishnan Designation: Non-Independent Non-Executive Director DIN00027858 Occupation: Company Director Nationality: Indian	68	Indian Companies Tata Sons Limited Tata Chemicals Limited Rallis India Limited Azko Nobel India Limited Castrol India Limited Tata Autocomp Systems Limited Tata Technologies Limited Advinus Therapeutics Limited Metahelix Life Sciences Limited Dhaanya Seeds Limited ABP Private Limited Foreign Companies IMACID S.A. Trust Energy Resources Pte. Limited Hemas Holdings Plc
Dr. Homiar S. Vachha Designation: Independent Director	71	Indian Companies Finolex Cables Limited Tata International Limited

Particulars	Age (years)	Other directorships
DIN00016610 Occupation: Company Director Nationality: Indian		Tata Ceramics Limited Af-Taab Investment Company Limited Bachi Shoes (India) Private Limited Foreign Companies Tata Africa Holdings (SA) (Pty.) Limited
Mr. Nawshir H. Mirza Designation: Independent Director DIN00044816 Occupation: Company Director Nationality: Indian	63	Indian Companies Thermax Limited Foodworld Supermarkets Limited Coastal Gujarat Power Limited Tata Power Delhi Distribution Limited Health & Glow Retailing Private Limited Foreign Companies <i>N.A.</i>
Mr. Deepak M. Satwalekar Designation: Independent Director DIN00009627 Occupation: Company Director Nationality: Indian	65	Indian Companies Asian Paints Limited Piramal Enterprises Limited IL&FS Transportation Networks Limited Franklin Templeton Asset Management (India) Private Limited Germinait Solutions Private Limited India Mortgage Guarantee Corporation Private Limited Indian Institute for Human Settlements Foreign Companies <i>N.A.</i>
Mr. Piyush G. Mankad Designation: Independent Director DIN00005001 Occupation: Company Director Nationality: Indian	72	Indian Companies Heidelberg Cement India Limited Tata Elxsi Limited Mahindra & Mahindra Financial Services Limited ICRA Limited Noida Toll Bridge Company Limited Hindustan Media Ventures Limited Tata International Limited Tata South East Asia Limited DSP-BlackRock Investment Managers Private Limited Foreign Companies <i>N.A.</i>
Mr. Ashok K. Basu Designation: Independent Director	71	Indian Companies Tata Metaliks Limited Tin Plate Company of India Limited Visa Resources India Limited

Particulars	Age (years)	Other directorships
DIN01411191 Occupation: Company Director Nationality: Indian		JSW Bengal Steel Limited Visa Power Limited Maithon Power Limited Tata Power Delhi Distribution Limited Tata Metaliks Kubota Pipes Limited Foreign Companies <i>N.A.</i>
Mr. Thomas Mathew T. Designation: Independent Director DIN00130282 Occupation: Company Director Nationality: Indian	60	Indian Companies Voltas Limited MCX Stock Exchange Limited Foreign Companies <i>N.A.</i>
Ms. Vishakha Mulye Designation: Independent Director DIN00203578 Occupation: Company Executive Nationality: Indian	45	Indian Companies 3i Infotech Limited AION India Investment Advisors Private Limited ICICI Venture Funds Management Company Limited ICICI Securities Primary Dealership Limited Indian Express Newspapers (Mumbai) Limited Star Health and Allied Insurance Company Limited Karvy Stock Broking Limited Foreign Companies <i>N.A.</i>
Mr. Anil Sardana Designation: Managing Director DIN00006867 Occupation: Company Executive Term: February 1, 2011 to January 31, 2016 Nationality: Indian	54	Indian Companies Maithon Power Limited Tata Power Delhi Distribution Limited Coastal Gujarat Power Limited Af-Taab Investment Company Limited Tata Power Renewable Energy Limited Foreign Companies Bhira Investments Limited Bhivpuri Investments Limited Khopoli Investments Limited Cennergi (Pty) Limited Tata Power International Pte. Limited Adjaristsqali Netherlands B.V.

Particulars	Age (years)	Other directorships
Mr. S. Padmanabhan Designation: Executive Director DIN00306299 Occupation: Company Executive Term: February 6, 2013 to February 5, 2018 Nationality: Indian	55	Indian Companies Tata Power Trading Company Limited Industrial Energy Limited Tata Power Delhi Distribution Limited Chemical Terminal Trombay Limited. Powerlinks Transmission Limited Maithon Power Limited The Associated Building Company Limited Tata Power Jamshedpur Distribution Limited Tata Consulting Engineers Limited Infiniti Retail Limited Foreign Companies Trust Energy Resources Pte. Limited Energy Eastern Pte. Limited

Further, none of our Directors were directors on the board of listed companies that have been delisted from the Stock Exchanges.

None of our Directors hold any current and past directorship(s) during the preceeding five years in listed companies whose shares have been or were suspended from being traded on BSE or NSE

Relationship between Directors

None of our Company's Directors are related to each other.

Profile of Directors

Mr. Cyrus P. Mistry

Mr. Cyrus P. Mistry graduated with a degree in Civil Engineering from Imperial College, UK in 1990. In 1997, he received an M.Sc. in Management from the London Business School. He is also a fellow of the Institution of Civil Engineers, London.

Mr. Mistry was earlier Managing Director of the Shapoorji Pallonji Group. Under his leadership, Shapoorji Pallonji's construction business grew into a billion dollar enterprise, evolving from pure-play construction to execution of complex projects in the marine, oil and gas and rail sectors, across a number of international geographies. He joined the Board of Tata Sons Limited in 2006 and was appointed Chairman of its Board in December 2012.

In addition to being Chairman of Tata Sons, Mr. Mistry is also the Chairman of major Tata group companies including Tata Steel Limited, Tata Motors Limited, Tata Consultancy Services Limited, The Indian Hotels Company Limited, Tata Global Beverages Limited, Tata Chemicals Limited, Tata Industries limited and Tata Teleservices Ltd.

Mr. R. Gopalakrishnan

Mr. Gopalakrishnan is a graduate in Physics from Calcutta University and an Engineer from IIT, Kharagpur. He

is a Director of Tata Sons Limited, Chairman of Rallis India Limited, Vice Chairman of Tata Chemicals Limited and a Director of several other companies like Azko Nobel India Limited, Castrol India Limited etc. Prior to joining the Tata Group in 1998, he was with Hindustan Lever for 31 years, where he last served as Vice Chairman.

Dr. Homiar S. Vachha

Dr. Vachha has a post-graduate degree and a doctorate in Economics from the University of Bombay (Gold medalist in Industrial Economics). He was the General Manager of ICICI Limited in a career spanning over 25 years. He was appointed as Nominee Director on the Board of the erstwhile The Andhra Valley Power Supply Company Limited in 1993. On ceasing to be such nominee director, he was re-appointed on the Board of that Company and continued as Director till its amalgamation with the Company in 2000. He has been subsequently appointed on the Board of the Company in 2001. He is also on the board of other companies.

Mr. Nawshir H. Mirza

Mr. Mirza is a Fellow of the Institute of Chartered Accountants of India and was a Partner of S. R. Batliboi & Co., Calcutta. He is an Advisor to Jardine Matheson Limited, Hong Kong. He is also a Director on the Boards of Thermax Limited, Foodworld Supermarkets Limited, Coastal Gujarat Power Limited, Tata Power Delhi Distribution Limited and Health & Glow Retailing Private Limited.

Mr. Deepak M. Satwalekar

Mr. Satwalekar was the Managing Director and CEO of HDFC Standard Life Insurance Company Limited from November 2000 till November 2008 and prior to this, he was the Managing Director of HDFC Limited from 1993 - 2000. Mr. Satwalekar obtained a Bachelors Degree in Technology from the Indian Institute of Technology, Bombay and a Masters Degree in Business Administration from The American University, Washington DC.

Mr. Piyush G. Mankad

Mr. Mankad is a retired civil servant with a distinguished career of over 40 years in the Civil Services. He graduated with a Masters' degree from St. Stephen's College, Delhi University, and a Post Graduate Diploma in Development Studies from Cambridge University, United Kingdom. He has held a number of official positions including Counsellor (Economic) in the Indian Embassy, Tokyo; Controller of Capital Issues, Ministry of Finance; Finance Secretary, Government of India. He was the executive director for India and four other countries and Board Member for the Asian Development Bank, Manila until July 2004.

Mr. Ashok K. Basu

Mr. Basu was First Class First with Honours in Economics and Political Science in the BA (Honours) Examination, University of Calcutta in 1962. He joined the Indian Administrative Service in 1965. Mr. Basu is a former Secretary to the Government of India, Ministry of Steel, Secretary - Power and Chairman of the CERC.

Mr. Basu is also on the Boards of other Tata companies viz. Maithon Power Limited, Tata Power Delhi Distribution Limited, Tata Metaliks, DI Pipes Limited, Tata Metaliks Limited and The Tinsplate Company of India Limited and was also Member (Industry and Infrastructure) of the West Bengal State Planning Commission. Mr. Basu was also elected as Chairman, South Asia Forum of Infrastructure Regulators during 2005-2006.

Mr. Thomas Mathew T.

Mr. Mathew holds a Post-graduate Diploma in Management, a Post-graduation in Economics and is a graduate

in Law. He is also an Associate of the Insurance Institute of India and has an Advanced Diploma in the Spanish Language. He has extensive experience in the Life Insurance industry in India being the Managing Director of the Life Insurance Corporation, a position from which he was elevated to Current-in-Charge Chairman, from which position he retired. He is on the Boards of Voltas Limited, Management Development Institute and is Vice-Chairman and public interest director on the Board of MCX-SX, nominated by SEBI. He is a member of Quality Review Board – Institute of Actuaries of India and Standing Council of Experts- Ministry of Finance.

Ms. Vishakha Mulye

Ms. Mulye holds a Bachelor's Degree in Commerce and is a Chartered Accountant. She joined the ICICI Group in 1993 and has vast experience in the areas of strategy, treasury and markets, proprietary equity investing and management of long-term equity investments, structured finance and corporate and project finance. In 2009, she assumed leadership of ICICI Venture Funds Management Company Limited as its Managing Director and CEO, In addition to her responsibility as MD and CEO of ICICI Venture, she serves on the Board of Directors of leading Indian companies in the media, IT and financial services sectors. She is a member of the Aspen Global Leadership Network and a fellow of the inaugural class of the India Leadership Initiative. She was selected as 'Young Global Leader' for the year 2007 by World Economic Forum.

Mr. Anil Sardana

An Electrical Engineer from Delhi College of Engineering and a Post Graduate Diploma in Management, Mr. Sardana brings with him over three decades of experience in the power & infrastructure sector and has worked with companies like NTPC Limited, BSES (prior to it becoming an ADAG group company), Tata Power Delhi Distribution (erstwhile NDPL). Mr. Sardana also served as the Executive Director (Business Development & Strategy) for Tata Power from 1st March 2007 to 3rd August 2007 and continued to be on its Board till 1st July 2008. Mr. Sardana was the Managing Director of Tata Teleservices Limited for over 3 years from 2007 to 2011.

Mr. S. Padmanabhan

Mr. S. Padmanabhan is a Glaxo Marketing Scholar Medalist from IIM Bangalore and a Gold Medalist from PSG College of Technology, Coimbatore. He has completed the Advanced Management Program at the Harvard Business School.

He is the Executive Director – Operations of the Company since 2008 and also holds additional charge of the Finance function as the Chief Financial Officer. He is responsible for the profitable and sustainable operations of all Tata Power's generation plants across India and Transmission and Distribution systems in Mumbai

Prior to his joining Tata Power, Mr. Padmanabhan was the Executive Director of Tata Consultancy Services Limited (TCS). During his 26 years career in TCS, he has held responsible roles such as Director-HR, Head of Software Delivery Centre, Country Head of Switzerland, and CEO of JV with Singapore Airlines. He has wide international experiences and has worked in global assignments over two decades.

Mr. Padmanabhan is also on the Boards of other companies like Tata Power Delhi Distribution Limited, Tata Power Trading Company Limited, Industrial Energy Limited, Maithon Power Limited, Powerlinks Transmission Limited etc.

Mr. Padmanabhan is also a life member of CSI, Senior Member of IEEE.

Borrowing Powers of our Board of Directors

Pursuant to a resolution dated August 24, 2011, passed by the shareholders of our Company the Annual General Meeting of the Company your Board has been authorised to borrow sums of money for and on behalf of our

Company, provided that the money so borrowed (apart from temporary loans obtained from time to time by our Company in the ordinary course of business) shall not exceed ₹20,000 crore over the aggregate of the paid-up share capital of the company and its free reserves on such terms and conditions as the board may deem fit.

Pursuant to various financing or stockholding arrangements or understandings entered into by our Company, the following persons have been nominated as directors on our Board:

Sr. No.	Name of Director	Nominating Entity
1.	Mr. Thomas Mathew T.	Life Insurance Corporation of India

No persons have been nominated as senior management employees, pursuant to various financing or stockholding arrangements or understandings entered into by our Company, the following persons have been nominated as senior management employees:

Managing Director

The significant terms of Mr. Anil Sardana's employment as the Managing Director, as per the agreement with our Company dated August 25, 2011, are as follows:

Tenure of Appointment	February 1, 2011 to January 31, 2016
Annual Remuneration:	Basic Salary up to a maximum of ₹6,50,000 per month
Perquisites	As may be determined by the Board from time to time.
Commission	At the discretion of the Board within the limits stipulated under the Companies Act.

The significant terms of Mr. S. Padmanabhan's employment as Executive Director, as per the agreement with our Company dated August 16, 2013, are as follows:

Tenure of Appointment	February 6, 2013 to February 5, 2018.
Annual Remuneration:	Basic Salary up to a maximum of ₹ 6,00,000 p.m.
Perquisites	As may be determined by the Board from time to time.
Commission	At the discretion of the Board within the limits stipulated under the Companies Act.

There are no service contracts entered into with the directors by the Issuer providing for benefits upon termination of employment.

Our Company has adopted a Retirement Policy for Managing and Executive Directors which has also been approved by the Equity Shareholders of our Company, offering special retirement benefits including pension, ex-gratia, medical and other benefits. In addition to the above, a retiring Managing Director is entitled to residential accommodation or compensation in lieu of accommodation on retirement. The quantum and payment of these benefits are subject to the eligibility criteria of the retiring director and is payable at the discretion of the Board in each individual case on the recommendation of the Remuneration Committee.

Compensation to Independent Directors

All the Non-Executive Directors of our Company are paid sitting fees of ₹ 20,000 for every Board, Executive Committee of the Board, Audit Committee, and Nominations & Remuneration Committee meetings attended by them. The fees paid to other Committee meetings are ₹ 5,000.

SECTION VII – FINANCIAL INFORMATION

Sr. No.	Particulars	Page Nos.
1	Audited Standalone Financial Statements as at and for the year ended March 31, 2013	F-1
2	Audited Consolidated Financial Statements as at and for the year ended March 31, 2013	F-50
3	September Audited Interim Unconsolidated Financial Results as at and for the six month period ended September 30, 2013	F-96
4	September Unaudited Consolidated Interim Financial Results as at and for the six month period ended September 30, 2013	F-104

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE TATA POWER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **THE TATA POWER COMPANY LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matters

- (a) We draw attention to Note 32(d) to the financial statements which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Note 32(d) and (e)] for the years upto 31st March, 2013. The impact of the same on the results for the year ended 31st March, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.
- (b) We draw attention to Note 29(a) to the financial statements which describes the key source of estimation uncertainties as at 31st March, 2013 relating to the Company's assessment of the recoverability of the carrying amount of assets that could result in material adjustment to the carrying amount of the long-term investment in a subsidiary. For the reasons explained in the Note, no provision for diminution in value of investment is considered necessary.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. BANGA
Partner
(Membership Number: 37915)

Mumbai: 30th May, 2013

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Materials lying with third parties, have substantially been physically verified or confirmed by the third parties. In our opinion the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the services rendered are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time and having regard to our comment in paragraph (iv) above.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management has been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Companies Cost Accounting Records (Electricity Industry) Rules, 2011 and Cost Accounting Records Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess and other material statutory dues in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
Customs Laws	Customs Duty	2.61	1993-94 to 1999-00	Appellate Authority - upto Commissioner level
Central Excise Laws	Excise Duty	8.61	1992-93 to 1995-96	Appellate Authority - upto Tribunal Level
Cess Laws	Cess	1.13	2009-10	Chairman MPCB
Income Tax Act, 1961	Income Tax	31.83	2007-08	Income Tax Appellate Tribunal
Wealth Tax	Wealth Tax	0.88	2009-10	Commissioner of Wealth Tax (CWT(A))

- (x) The Company does not have accumulated losses as at 31st March, 2013 and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment of term loans of ₹ 458.30 crore, pending application in short-term bank and inter-corporate deposits.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has created securities/charges in respect of the debentures issued.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. BANGA
Partner
(Membership Number: 37915)

Mumbai, 30th May, 2013

Balance Sheet as at 31st March, 2013

	Notes	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital.....	3	237.33	237.33
Reserves and Surplus	4	10,803.46	10,388.82
		<u>11,040.79</u>	<u>10,626.15</u>
UNSECURED PERPETUAL SECURITIES	5	1,500.00	1,500.00
STATUTORY CONSUMER RESERVES	6	604.23	597.23
SPECIAL APPROPRIATION TOWARDS PROJECT COST		533.61	533.61
SERVICE LINE CONTRIBUTIONS FROM CONSUMERS		82.22	64.02
NON-CURRENT LIABILITIES			
Long-term Borrowings.....	7	8,452.57	6,875.05
Deferred Tax Liabilities (Net)	8	805.49	419.02
Other Long-term Liabilities	9	99.81	93.70
Long-term Provisions	10	413.19	480.52
		<u>9,771.06</u>	<u>7,868.29</u>
CURRENT LIABILITIES			
Short-term Borrowings	11	1,172.15	758.06
Trade Payables		923.55	1,061.55
Other Current Liabilities	12	2,027.64	1,586.25
Short-term Provisions.....	10	437.61	386.14
		<u>4,560.95</u>	<u>3,792.00</u>
TOTAL		<u>28,092.86</u>	<u>24,981.30</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets.....	13(a)	7,744.41	7,154.21
Intangible Assets	13(b)	30.11	18.59
Capital Work-in-Progress.....		641.46	585.37
Intangible Assets under Development.....		73.34	24.90
		<u>8,489.32</u>	<u>7,783.07</u>
Non-current Investments	14	10,859.68	9,208.54
Long-term Loans and Advances	15	2,190.06	1,230.95
Other Non-current Assets	16	2,758.67	1,732.15
		<u>24,297.73</u>	<u>19,954.71</u>
CURRENT ASSETS			
Current Investments	17	258.56	584.14
Inventories.....	18	761.09	854.47
Trade Receivables	19	1,300.06	1,003.37
Cash and Bank Balances	20	413.17	1,037.35
Short-term Loans and Advances.....	15	955.09	1,357.68
Other Current Assets	21	107.16	189.58
		<u>3,795.13</u>	<u>5,026.59</u>
TOTAL		<u>28,092.86</u>	<u>24,981.30</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA
Partner

H. M. MISTRY
Company Secretary

Mumbai, 30th May, 2013.

For and on behalf of the Board,

CYRUS P. MISTRY
Chairman

ANIL SARDANA
Managing Director

S. RAMAKRISHNAN
Executive Director

Mumbai, 30th May, 2013.

Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
REVENUE			
Revenue from Operations (Gross)	22	9,583.64	8,512.48
Less: Excise Duty	22	<u>16.36</u>	<u>16.64</u>
Revenue from Operations (Net)	22	9,567.28	8,495.84
Other Income	23	<u>721.67</u>	<u>983.46</u>
TOTAL REVENUE		10,288.95	9,479.30
EXPENSES			
Cost of Power Purchased		624.26	649.56
Less: Cash Discount		<u>0.87</u>	<u>2.03</u>
		623.39	647.53
Cost of Fuel		5,244.40	4,636.89
Employee Benefits Expense	24	547.60	512.65
Finance Costs	25	678.25	514.87
Depreciation and Amortisation	13 & 2.2	364.10	570.35
Other Expenses	26	<u>1,127.83</u>	<u>914.14</u>
TOTAL EXPENSES		8,585.57	7,796.43
PROFIT BEFORE TAX		1,703.38	1,682.87
TAX EXPENSE			
Current Tax Expense for Current Year	2.2	337.43	370.51
MAT Credit		Nil	(51.00)
Current Tax Expense relating to Prior Years		<u>Nil</u>	<u>1.17</u>
Net Current Tax Expense		337.43	320.68
Deferred Tax Expense	2.2	<u>341.26</u>	<u>192.46</u>
		678.69	513.14
PROFIT FOR THE YEAR		<u>1,024.69</u>	<u>1,169.73</u>
EARNINGS PER SHARE (FACE VALUE ₹ 1/- PER SHARE)			
Basic (₹)	42	3.44	4.53
Diluted (₹)	42	3.44	4.53

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA
Partner

H. M. MISTRY
Company Secretary

Mumbai, 30th May, 2013.

For and on behalf of the Board,

CYRUS P. MISTRY
Chairman

ANIL SARDANA
Managing Director

S. RAMAKRISHNAN
Executive Director

Mumbai, 30th May, 2013.

Cash Flow Statement for the year ended 31st March, 2013

	For the Year ended 31st March, 2013 ₹ crore	For the Year ended 31st March, 2012 ₹ crore
A. Cash Flow from Operating Activities		
Profit before tax	1,703.38	1,682.87
Adjustments for:		
Depreciation and Amortisation	364.10	570.35
Interest Income.....	(270.35)	(215.67)
Dividend Income.....	(371.93)	(614.30)
Gain on sale of Investments.....	(69.02)	(48.16)
Discount accrued on Bonds.....	(0.13)	(1.76)
Guarantee Commission	(10.24)	(7.50)
Transfer of Service Line Contributions	(9.97)	(9.26)
Interest Expenditure	666.26	493.80
Other Borrowing Cost	3.83	5.81
Derivative Premium Amortised	8.16	15.26
Loss/(Gain) on sale of Assets (Net).....	1.34	(0.56)
Provision for Doubtful Trade and Other Receivables, Loans and Advances (Net)	20.85	5.53
Provision for Warranties.....	7.12	6.04
Exchange (Gain)/Loss on Investing/Financing Activity (Net).....	(60.33)	29.91
Unrealised Exchange Loss/(Gain) (Net).....	89.30	(83.30)
	<u>368.99</u>	<u>146.19</u>
Operating Profit before Working Capital Changes	2,072.37	1,829.06
Adjustments for:		
Inventories.....	93.38	(229.45)
Trade Receivables	(309.57)	(164.79)
Short-term Loans and Advances.....	(0.38)	(177.85)
Long-term Loans and Advances.....	(160.11)	(12.65)
Other Current Assets	66.45	(58.49)
Other Non-current Assets.....	(1,026.52)	(694.13)
Trade Payables	(138.00)	321.98
Other Current Liabilities.....	167.10	134.61
Other Long-term Liabilities	2.42	5.46
Short-term Provisions.....	9.42	24.44
Long-term Provisions	(36.32)	(28.02)
	<u>(1,332.13)</u>	<u>(878.89)</u>
Cash Generated from Operations	740.24	950.17
Taxes Paid (Net)	(308.71)	(299.42)
Net Cash Generated from Operating Activities	<u>431.53</u>	<u>650.75</u>
B. Cash Flow from Investing Activities		
Capital Expenditure on Fixed Assets, including Capital Advances	(815.54)	(1,228.57)
Proceeds from sale of Fixed Assets.....	1.32	1.49
Purchase of Long-term Investments -		
Subsidiaries.....	(1,684.71)	(1,104.41)
Joint Ventures / Associates	(30.30)	(25.70)
Other Investments.....	(66.30)	(70.99)
Proceeds from sale of Long-term Investments -		
Subsidiaries (Buy-back).....	16.00	29.23
Associates	9.37	9.37
Others	90.00	81.99
Purchase of Current Investments	(18,350.66)	(14,373.47)
Proceeds from sale of Current Investments.....	18,662.99	13,911.53
Interest Received -		
Subsidiaries.....	33.21	89.29
Associates	0.31	1.11
Others	200.30	117.73
Loans given to Subsidiaries	(2,476.75)	(133.56)
Loans repaid by Subsidiaries	2,340.10	500.38
Carried over...	(2,070.66)	(2,194.58)

Cash Flow Statement for the year ended 31st March, 2013 (Contd.)

	For the Year ended 31st March, 2013 ₹ crore	For the Year ended 31st March, 2012 ₹ crore
Brought forward...	(2,070.66)	(2,194.58)
Dividend Received -		
Subsidiaries	353.81	589.71
Joint Ventures	Nil	5.24
Associates	9.73	11.03
Others	8.39	8.32
Exchange Gain on Investing Activity	119.43	5.08
Guarantee Commission received	8.51	5.48
Inter-corporate Deposits placed	(1,899.00)	(675.00)
Inter-corporate Deposits redeemed	1,611.25	625.00
Bank balance not considered as Cash and Cash Equivalents	364.33	(367.87)
Net Cash used in Investing Activities	<u>(1,494.21)</u>	<u>(1,987.59)</u>
C. Cash Flow from Financing Activities		
Increase in Capital/Service Line Contributions	28.17	8.87
Proceeds from Long-term Borrowings	2,191.86	851.00
Repayment of Long-term Borrowings	(558.96)	(236.88)
Proceeds from Short-term Borrowings	1,625.89	1,258.26
Repayment of Short-term Borrowings	(1,213.18)	(1,204.47)
Exchange Loss on Financing Activity	(59.10)	(34.99)
Proceeds from Issue of Unsecured Perpetual Securities	Nil	1,500.00
Unsecured Perpetual Securities Issue Expenses	Nil	(17.73)
Distribution on Unsecured Perpetual Securities	(171.47)	(70.55)
Other Borrowing Cost Paid	(3.83)	(5.81)
Derivative Premium Charges Paid	(43.66)	(15.26)
Debenture Issue Expenses	(18.63)	Nil
Interest Paid	(638.56)	(534.68)
Dividend Paid	(295.95)	(295.69)
Dividend Tax Paid	(39.75)	(39.22)
Net Cash Generated from Financing Activities	<u>802.83</u>	<u>1,162.85</u>
Net Decrease in Cash and Cash Equivalents	<u>(259.85)</u>	<u>(173.99)</u>
Cash and Cash Equivalents as at 1st April (Opening Balance)	<u>661.05</u>	<u>835.04</u>
Cash and Cash Equivalents as at 31st March (Closing Balance)	<u>401.20</u>	<u>661.05</u>

Notes:

1. Cash and Cash Equivalents include:

- (i) Cash and Cheques on Hand (include cheques on hand ₹ 8.67crore, Previous Year - ₹ Nil)
- (ii) Current Accounts with Banks
- (iii) Term Deposits with Banks

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(i) Cash and Cheques on Hand	8.68	0.04
(ii) Current Accounts with Banks	46.82	49.86
(iii) Term Deposits with Banks	345.70	611.15
	<u>401.20</u>	<u>661.05</u>

- 2. Purchase of Investments in Subsidiaries and Joint Venture/Associates includes Advance paid towards Equity.
- 3. Previous year's figures have been regrouped, wherever necessary, to conform to current year's classification.

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA
Partner

H. M. MISTRY
Company Secretary

Mumbai, 30th May, 2013.

For and on behalf of the Board,

CYRUS P. MISTRY
Chairman

ANIL SARDANA
Managing Director

S. RAMAKRISHNAN
Executive Director

Mumbai, 30th May, 2013.

Notes forming part of the Financial Statements

1. Background:

The Company, pioneered the generation of electricity in India nine decades ago. Prior to 1st April, 2000 the Tata Electric Companies comprised of the following three Companies -

- The Tata Hydro-Electric Power Supply Company Limited, established in 1910 (Tata Hydro).
- The Andhra Valley Power Supply Company Limited, established in 1916 (Andhra Valley).
- The Tata Power Company Limited, established in 1919 (Tata Power).

With effect from 1st April, 2000, Andhra Valley and Tata Hydro merged into Tata Power to result in one large unified entity. The Company has an installed generation capacity of 3075 MW in India and a presence in all the segments of the power sector viz. Fuel and Logistics, Generation (thermal, hydro, solar and wind), Transmission and Distribution.

2.1. Significant Accounting Policies:

(a) Basis for Preparation of Accounts:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(c) Cash and Cash Equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(d) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(e) Tangible/Intangible Fixed Assets:

- Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use. The Company has adopted the provisions of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates", accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.
- Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Notes forming part of the Financial Statements

(iii) Capital Work-in-Progress:

Projects under which tangible fixed assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing costs.

(iv) Intangible Assets under Development:

Expenditure on Research and Development [Refer Note 2.1 (I)] eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

(f) Impairment:

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

(g) Depreciation/Amortisation:

Depreciation in respect of its electricity business is provided at the rates as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (CERC) w.e.f. 1st April, 2009 and at the rates as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, wherever higher than those notified by CERC.

In respect of assets relating to other businesses of the Company, depreciation has been provided for on written down value basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Intangible assets are amortised over the useful economic life of the assets or 5 years, whichever is lower.

Leasehold Land is amortised over the period of the lease, ranging from 20 years to 95 years.

(h) Leases:

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

(i) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments determined on an individual basis. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

(j) Inventories:

Inventories of stores, spare parts, fuel and loose tools are valued at lower of cost (on weighted average basis) and net realisable value. Work-in-progress and property under development are valued at lower of cost and net realisable value. Cost includes cost of land, material, labour and other appropriate overheads.

(k) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Notes forming part of the Financial Statements

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty supported by convincing evidences that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and Deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

(l) Research and Development Expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

(m) Warranty Expenses:

Anticipated product warranty costs for the period of warranty are provided for in the year of sale.

(n) Foreign Exchange Transactions:

Initial recognition:

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences:

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement/settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign exchange translation reserve" until disposal/recovery of the net investment.

The exchange differences arising on revaluation of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over the balance period of such long-term foreign currency monetary items. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation account" net of the tax effect thereon.

Notes forming part of the Financial Statements

Accounting of forward contracts:

Premium/discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Refer Note 2.1(o) for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

(o) Derivative Contracts:

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations. All other derivative contracts are mark-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(p) Employee Benefits:

Employee benefits consist of Provident Fund, Pension, Superannuation Fund, Gratuity Scheme, Compensated Absences, Long Service Awards, Post Retirement Benefits and Directors Retirement Obligations.

Defined contribution plans:

The Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, post retirement benefits and Director's pension scheme, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

(q) Revenue Recognition:

- (i) Revenue from Power Supply and Transmission Charges are accounted for on the basis of billings to consumers/state transmission utility and includes unbilled revenues accrued upto the end of the accounting year.

Notes forming part of the Financial Statements

- (ii) The Company determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its Mumbai and Jojobera regulated operations (i.e. Generation, Transmission and Distribution) based on the principles laid down under the respective Tariff Regulations as notified by Maharashtra Electricity Regulatory Commission (MERC) and Jharkhand State Electricity Regulatory Commission (JSERC) on the basis of Tariff Orders issued by them. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations have been made during the year. Further, any adjustments that may arise on annual performance review by MERC and JSERC under the aforesaid Tariff Regulations will be made after the completion of such review.
- (iii) Delayed payment charges and interest on delayed payments are recognised, on grounds of prudence, as and when recovered/confirmed by consumers.
- (iv) Interest income and guarantee commission is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.
- (v) Amounts received from consumers towards capital/service line contributions are accounted as a liability and are subsequently recognised as income over the life of the fixed assets.
- (vi) Revenue from infrastructure management services is recognised as income as and when services are rendered and no significant uncertainty to the collectability exists.
- (vii) Income on contracts in respect of Strategic Engineering Business and Project Management Services are accounted on "Percentage of Completion" basis measured by the proportion that cost incurred upto the reporting date bear to the estimated total cost of the contract.
- (r) Issue Expenses and Premium on Redemption of Bonds and Debentures:
 - (i) Expenses incurred in connection with the issue of Euro Notes, Foreign Currency Convertible Bonds, Unsecured Perpetual Securities, Global Depository Receipts and Debentures are adjusted against Securities Premium Account in the year of issue.
 - (ii) Discount on issue of Euro Notes is amortised over the tenure of the Notes.
 - (iii) Premium on Redemption of Bonds/Debentures, net of tax impact, are adjusted against the Securities Premium Account in the year of issue.

(s) Borrowing Costs:

Borrowing costs include interest, amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(t) Segment Reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/(loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and not allocable to segments on reasonable basis have been included under "unallocable revenue/expenses/assets/liabilities".

Notes forming part of the Financial Statements

(u) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements and are disclosed in the Notes. A Contingent asset is neither recognised nor disclosed in the financial statements.

(v) Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

2.2. The Company has been providing depreciation on assets at rates and methodology relating to the electricity business in accordance with the Central Government notification under the Electricity (Supply) Act, 1948 (repealed).

Vide its notification dated 31st May, 2011, the Ministry of Corporate Affairs (MCA) has clarified that companies engaged in the generation and supply of electricity can provide for depreciation at rates and methodology notified by Central Electricity Regulatory Commission (CERC). The CERC, under the provisions of The Electricity Act, 2003, notified the rates and methodology effective 1st April, 2009, under the Terms and Conditions of Tariff Regulations, 2009. These rates would be applicable for purposes of tariff determination and accounting in terms of the provisions of National Tariff Policy notified by the Government of India.

Management had sought clarifications and guidance from the MCA on the applicability of the CERC rates as the Company has both regulated and non-regulated generating capacity.

The Company has, during the year ended 31st March, 2013, based on a legal opinion, provided for depreciation in respect of its electricity business following the rates and methodology notified by the CERC w.e.f. 1st April, 2009 and at the rates as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, if higher than those notified by CERC. Accordingly, depreciation of ₹ 219.80 crore for the years 2009-10 to 2011-12 has been written back during the year ended 31st March, 2013. Further the depreciation charge for the year ended 31st March, 2013 is lower by ₹ 48.02 crore. As a result, the current tax for the year ended 31st March, 2013, is higher by ₹ 53.58 crore and the deferred tax charge for the year ended 31st March, 2013 is higher by ₹ 204.28 crore.

2.3. (a) During the previous year, in line with the Notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs (MCA), the Company had selected the option given in paragraph 46A of the Accounting Standard-11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the depreciated/amortised portion of net foreign exchange (gain)/loss on long-term foreign currency monetary items for the year ended 31st March, 2013 is ₹ 83.84 crore (31st March, 2012 - ₹ 39.01 crore). The unamortised portion carried forward as at 31st March, 2013 is ₹ 253.86 crore (31st March, 2012 - ₹ 213.56 crore).

(b) During the previous year, the Company had changed its accounting policy pertaining to accounting for expenditure incurred on purchase/implementaion of application software which hitherto was being charged off in the year of accrual and is now being capitalised and amortised over the useful economic life or 5 years whichever is lower. This results in a more appropriate presentation. As a result of this change, the depreciation and amortisation for the previous year was lower by ₹ 10.07 crore and the profit before tax was higher by ₹ 10.07 crore.

Notes forming part of the Financial Statements

3. Shareholders' Funds - Share Capital

Authorised

Equity Shares of ₹ 1/- each.....
Cumulative Redeemable Preference Shares of ₹ 100/- each.....

Issued

Equity Shares (including 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order, 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).....

Subscribed and Paid-up

Equity Shares fully Paid-up (excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay)

Less: Calls in arrears [including ₹ 0.01 crore (31st March, 2012 - ₹ 0.01 crore) in respect of the erstwhile The Andhra Valley Power Supply Company Limited and the erstwhile The Tata Hydro-Electric Power Supply Company Limited]

Add: Equity Shares forfeited - Amount paid.....

Total Issued, Subscribed and fully Paid-up Share Capital.....

As at 31st March, 2013		As at 31st March, 2012	
Number	₹ crore	Number	₹ crore
300,00,00,000	300.00	300,00,00,000	300.00
2,29,00,000	229.00	2,29,00,000	229.00
	<u>529.00</u>		<u>529.00</u>
242,94,70,840	242.95	242,94,70,840	242.95
237,30,72,360	237.31	237,30,72,360	237.31
	0.04		0.04
	<u>237.27</u>		<u>237.27</u>
16,52,300	0.06	16,52,300	0.06
	<u>237.33</u>		<u>237.33</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning and at the end of the year.....

31st March, 2013		31st March, 2012	
Number	₹ crore	Number	₹ crore
237,47,24,660	237.33	237,47,24,660	237.33

(b) Terms/rights attached to Equity Shares

The Company has issued only one class of Equity Shares having a Par Value of ₹ 1/- per share. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.15 per share of Face Value of ₹ 1/- each (31st March, 2012 - ₹ 1.25 per share of Face Value of ₹ 1/- each).

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

(c) Details of Shareholders holding more than 5% shares in the Company

Equity Shares of ₹ 1 each fully paid

Tata Sons Limited

Life Insurance Corporation of India.....

31st March, 2013		31st March, 2012	
Number	% holding	Number	% holding
70,75,11,570	29.81	70,75,11,570	29.81
30,60,52,963	12.90	31,18,23,233	13.14

(d) In an earlier year, the Company issued 3,000 1.75% Foreign Currency Convertible Bonds (FCCB) with Face Value of USD 100,000 each aggregating to USD 300 million. The bondholders have an option to convert these Bonds into Equity Shares, at an initial conversion price of ₹ 145.6125 per share at a fixed rate of exchange on conversion of ₹ 46.81 = USD 1.00, at any time on and after 31st December, 2009, upto 11th November, 2014. The conversion price is subject to adjustment in certain circumstances. The FCCB may be redeemed, in whole but not in part, at the option of the Company at any time on or after 20th November, 2011 subject to satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCB fall due for redemption on 21st November, 2014 at 109.47 percent of their principal amount together with accrued and unpaid interest.

Notes forming part of the Financial Statements

4. Shareholders' Funds - Reserves and Surplus

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Special Reserve		
Opening Balance	Nil	13.00
Less: Amount transferred to Surplus in Statement of Profit and Loss as no longer required..	Nil	13.00
Closing Balance.....	Nil	Nil
Capital Reserve	61.66	61.66
Capital Redemption Reserve	1.60	1.60
Securities Premium Account		
Opening Balance	3,662.04	3,679.77
Less: Issue Expenses pertaining to Unsecured Perpetual Securities	Nil	17.73
Issue Expenses pertaining to Debentures.....	18.63	Nil
Closing Balance.....	3,643.41	3,662.04
Debenture Redemption Reserve		
Opening Balance	557.74	246.95
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	157.27	310.79
Closing Balance.....	715.01	557.74
Foreign Exchange Translation Reserves (Net)		
Opening Balance	(67.36)	(91.39)
Add: Effect of foreign exchange rate variations during the year [including deferred tax ₹ 45.21 crore (31st March, 2012 - ₹ Nil)]	(72.01)	Nil
Less: Effect of foreign exchange rate variations during the year [net of deferred tax ₹ Nil (31st March, 2012 - ₹ 11.51 crore)]	Nil	24.03
Closing Balance.....	(139.37)	(67.36)
Foreign Currency Monetary Item Translation Account		
Opening Balance	(136.41)	Nil
Add: Effect of foreign exchange rate variations during the year	(85.49)	(170.82)
Less: Amortised during the year.....	74.41	34.41
Closing Balance.....	(147.49)	(136.41)
General Reserve		
Opening Balance	3,490.17	3,240.17
Add: Amount transferred from Surplus in Statement of Profit and Loss	102.47	250.00
Closing Balance.....	3,592.64	3,490.17
Surplus in Statement of Profit and Loss		
Opening Balance	2,819.38	2,649.65
Add: Profit for the year	1,024.69	1,169.73
Transfer from Contingencies Reserve Fund (Net)	Nil	6.00
Transfer from Special Reserve (Net).....	Nil	13.00
Less: Distribution on Unsecured Perpetual Securities [net of tax ₹ Nil (31st March, 2012 - ₹ 28.42 crore)]	171.20	113.61
Income-tax reversal on distribution on Unsecured Perpetual Securities in respect of earlier year	28.42	Nil
Proposed Dividend [amount ₹ 1.15 per share (31st March, 2012 - ₹ 1.25 per share)]	273.17	296.92
Additional Income-tax on Dividend.....	28.54	39.75
Additional Income-tax on Dividend in respect of earlier years.....	Nil	7.93
Transfer to Contingencies Reserve Fund	7.00	Nil
Transfer to Debenture Redemption Reserve	157.27	310.79
Transfer to General Reserve.....	102.47	250.00
	256.62	169.73
Closing Balance.....	3,076.00	2,819.38
Total	10,803.46	10,388.82

Notes forming part of the Financial Statements

5. Unsecured Perpetual Securities

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Opening Balance	1,500.00	Nil
Add: Issued during the year	Nil	1,500.00
Closing Balance	<u>1,500.00</u>	<u>1,500.00</u>

During the previous year, the Company raised ₹ 1,500 crore through issue of Unsecured Perpetual Securities (the "Securities"). These Securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. The distribution on the said Securities, which may be deferred at the option of the Company under certain circumstances, is set at 11.40% p.a., with a step up provision if the Securities are called after 10 years. As these securities are perpetual in nature and ranked senior only to the Share Capital of the Company, these are considered to be in the nature of equity instruments and are not classified as "Debt" and the distribution on such securities is not considered under "Interest".

Unless all arrears of distribution are fully paid to these Securities, the Company shall not declare or pay any dividends or distributions or make any other payment on, or will procure that no dividend, distribution or other payment is made on any securities of the Company ranking *pari passu* with, or junior to, the securities, or redeem, reduce, cancel, buy-back or acquire for any consideration any security of the Company ranking *pari passu* with, or junior to, the Securities.

6. Statutory Consumer Reserves

[Under the repealed Electricity (Supply) Act, 1948 and Tariff Regulations]

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Tariffs and Dividends Control Reserve	22.43	22.43
Contingencies Reserve Fund		
Opening Balance	60.00	66.00
Add: Amount transferred from Surplus in Statement of Profit and Loss	7.00	Nil
Less: Amount transferred to Surplus in Statement of Profit and Loss as no longer required	Nil	6.00
Closing Balance	<u>67.00</u>	<u>60.00</u>
Development Reserve	5.29	5.29
Deferred Taxation Liability Fund	279.76	279.76
Investment Allowance Reserve	121.18	121.18
Debt Redemption Reserve	51.94	51.94
Debenture Redemption Reserve	56.63	56.63
Total	<u>604.23</u>	<u>597.23</u>

Notes forming part of the Financial Statements

7. Long-term Borrowings

	As at 31st March, 2013		As at 31st March, 2012	
	Non-current ₹ crore	Current ₹ crore	Non-current ₹ crore	Current ₹ crore
Secured				
Redeemable Non-Convertible Debentures				
(a) 9.15% Series 2025	202.00	16.00	218.00	16.00
(b) 9.15% Series 2025	275.00	25.00	300.00	25.00
(c) 9.40% Series 2023	210.00	Nil	Nil	Nil
(d) 10.10% Series 2019	500.00	Nil	500.00	Nil
(e) 10.40% Series 2019	500.00	Nil	500.00	Nil
(f) 7.10% Series 2015	420.00	180.00	600.00	Nil
	<u>2,107.00</u>	<u>221.00</u>	<u>2,118.00</u>	<u>41.00</u>
Term Loans				
From Banks				
(g) HDFC Bank	480.00	30.00	510.00	30.00
(h) ICICI Bank	Nil	Nil	72.50	31.00
(i) IDBI Bank	587.50	35.00	622.50	35.00
(j) Kotak Mahindra Bank	41.50	31.00	Nil	Nil
	<u>1,109.00</u>	<u>96.00</u>	<u>1,205.00</u>	<u>96.00</u>
From Others				
(k) Asian Development Bank	82.36	12.67	95.03	39.01
(l) Industrial Renewable Energy Development Agency	406.91	35.13	428.29	35.13
(m) Infrastructure Development Finance Company Limited	1,196.40	60.10	1,076.40	50.10
(n) Export Import Bank of India	4.32	6.07	7.88	5.72
	<u>1,689.99</u>	<u>113.97</u>	<u>1,607.60</u>	<u>129.96</u>
Finance Lease Obligations				
(o) Lease finance - from others	Nil	0.04	Nil	0.14
A	<u>4,905.99</u>	<u>431.01</u>	<u>4,930.60</u>	<u>267.10</u>
Unsecured				
Redeemable Non-Convertible Debentures				
(p) 10.75% Series 2073	1,500.00	Nil	Nil	Nil
Bonds				
(q) 8.50% Euro Notes (2017)	323.93	Nil	304.87	Nil
(r) 1.75% Foreign Currency Convertible Bonds (2014) [Refer Note 3 (d)]	1,631.70	Nil	1,535.70	Nil
	<u>1,955.63</u>	<u>Nil</u>	<u>1,840.57</u>	<u>Nil</u>
Term Loans				
From Banks				
(s) ICICI Bank	14.50	5.80	20.30	5.80
Deferred Payment Liabilities				
(t) Sales Tax Deferral	76.45	7.13	83.58	Nil
B	<u>3,546.58</u>	<u>12.93</u>	<u>1,944.45</u>	<u>5.80</u>
Total..... (A + B)	<u>8,452.57</u>	<u>443.94</u>	<u>6,875.05</u>	<u>272.90</u>

Notes forming part of the Financial Statements

7. Long-term Borrowings (Contd.)

Security

- (i) The Debentures mentioned in (a) have been secured by a charge on movable properties and assets of the Company at Agaswadi and Visapur in Satara District of Maharashtra and Poolavadi in Tirupur District of Tamil Nadu.
- (ii) The Debentures mentioned in (b) have been secured by a *pari passu* charge on the assets of the wind farms situated at Samana and Gadag in Gujarat and Karnataka.
- (iii) The Debentures mentioned in (c) have been secured by a charge on the land situated at Village Takve Khurd (Maharashtra).
- (iv) The Debentures mentioned in (d) and (e) have been secured by a *pari passu* charge on land in Village Takve Khurd (Maharashtra) and moveable and immovable properties in and outside Maharashtra, except assets of windmill projects, present and future.
- (v) The Debentures mentioned in (f) have been secured by land in Village Takve Khurd (Maharashtra), moveable and immovable properties in and outside Maharashtra, as also all transmission stations/lines, receiving stations and sub-stations in Maharashtra, except assets of windmill projects, present and future.
- (vi) The loans from HDFC Bank, ICICI Bank and IDBI Bank, mentioned in (g), (h) and (i) respectively have been secured by a *pari passu* charge on all moveable Fixed Assets (excluding land and building), present and future (except assets of all wind projects both present and future) including moveable machinery, machinery spares, tools and accessories.
- (vii) The loan from Kotak Mahindra Bank mentioned in (j) has been secured by a *pari passu* charge on all movable Fixed Assets (excluding land and building), present and future (except assets of wind projects, both present and future, situated at Khandke, Brahmanvel and Supa in Maharashtra) including moveable machinery, machinery spares, tools and accessories.
- (viii) The loans from Asian Development Bank and Industrial Renewable Energy Development Agency mentioned in (k) and (l) respectively have been secured by a first charge on the tangible moveable properties, plant & machinery and immovable properties situated at Khandke, Brahmanvel and Sadawaghapur in Maharashtra.
- (ix) The loan from Infrastructure Development Finance Company Limited mentioned in (m) have been secured by a charge on the moveable assets except assets of all windmill projects present and future more particularly situated in Supa, Khandke, Brahmanvel, Sadawaghapur, Gadag and Samana in Maharashtra, Karnataka and Gujarat.
- (x) The loan from Export Import Bank of India mentioned in (n) has been secured by receivables (present and future), book debts and outstanding monies.
- (xi) The loan mentioned in (o) has been secured by hypothecation of specific assets (vehicles) taken on finance lease.

Redemption

- (i) The Debentures mentioned in (a) are redeemable at par in fourteen annual installments of ₹ 16 crore and one installment of ₹ 26 crore commencing from 18th September, 2011.
- (ii) The Debentures mentioned in (b) are redeemable at par in ten annual installments of ₹ 25 crore each and five annual installments of ₹ 20 crore each commencing from 23rd July, 2011.
- (iii) The Debentures mentioned in (c) are redeemable at par at the end of 10 years from the respective date of allotment viz., 28th December, 2022.
- (iv) The Debentures mentioned in (d) and (e) are redeemable at par at the end of 10 years from the respective dates of allotment viz. 25th April, 2018 and 20th June, 2018.
- (v) The Debentures mentioned in (f) are redeemable at premium in three installments amounting to ₹ 180 crore, ₹ 240 crore and ₹ 180 crore at the end of 9th, 10th and 11th year respectively from 18th October, 2004.
- (vi) The loan from HDFC Bank mentioned in (g) is redeemable at par in 36 quarterly installments of ₹ 7.50 crore each commencing from 1st June, 2010 and 4 quarterly installments of ₹ 82.50 crore each commencing from 30th June, 2020.
- (vii) The loan from IDBI Bank of ₹ 300 crore mentioned in (i) is redeemable at par in 46 quarterly installments of ₹ 3.75 crore each commencing from 1st October, 2010 and one installment of ₹ 127.50 crore on 1st April, 2022 and, The second loan from IDBI Bank of ₹ 400 crore mentioned in (i) is redeemable at par in 36 quarterly installments of ₹ 5 crore commencing from 1st April, 2011 and one installment of ₹ 220 crore on 1st April, 2020.
- (viii) The loan from Kotak Mahindra Bank mentioned in (j) is redeemable at par in 8 quarterly installments of ₹ 7.75 crore each commencing from 31st October, 2012, 4 quarterly installments of ₹ 5 crore each commencing from 31st October, 2014 and 4 quarterly installments of ₹ 1.50 crore each commencing from 31st October, 2015.
- (ix) The loan from Asian Development Bank mentioned in (k) is redeemable at par in 26 semi-annual installments commencing from 15th December, 2007.
- (x) The loan from Industrial Renewable Energy Development Agency of ₹ 95 crore mentioned in (l) is redeemable at par in 26 semi-annual installments commencing from 15th December, 2007 and, The second loan from Industrial Renewable Energy Development Agency of ₹ 450 crore mentioned in (l) is redeemable at par in 24 semi-annual installments of ₹ 14.63 crore each commencing from 30th June, 2012 and two semi-annual installments of ₹ 49.50 crore each commencing from 30th June, 2024.
- (xi) The loan of ₹ 250 crore from Infrastructure Development Finance Company Limited mentioned in (m) was repaid on 15th November, 2012. The second loan from Infrastructure Development Finance Company Limited of ₹ 450 crore mentioned in (m) is redeemable at par in 35 quarterly installments of ₹ 5.65 crore each commencing from 1st October, 2009 and one installment of ₹ 252.25 crore commencing from 15th July, 2018 and, The third loan from Infrastructure Development Finance Company Limited of ₹ 150 crore mentioned in (m) is redeemable at par in 36 quarterly installments of ₹ 1.88 crore commencing from 15th May, 2010 and 4 quarterly installments of ₹ 20.63 crore commencing from 15th May, 2019 and, The fourth loan from Infrastructure Development Finance Company Limited of ₹ 800 crore mentioned in (m) is redeemable at par in 40 quarterly installments of ₹ 15 crore commencing from 15th October, 2013 and 4 quarterly installments of ₹ 50 crore from 15th October, 2023.
- (xii) The loan from Export Import Bank of India mentioned in (n) is redeemable at par in 19 semi - annual installments of USD 372,200 each commencing from 29th September, 2006.
- (xiii) The 10.75% Redeemable and Non-convertible Debentures mentioned in (p) are redeemable at par at the end of 60 years from the respective date of allotment viz., 21st August, 2072. The Company has the call option to redeem the same at the end of 10 years from 21st August, 2022 and at the end of every year thereafter.
- (xiv) 8.50% Euro Notes mentioned in (q) is repayable fully on 19th August, 2017.
- (xv) The loan from ICICI Bank mentioned in (s) is redeemable at par in 10 semi-annual installments commencing from 1st April, 2012.
- (xvi) Sales Tax Deferral mentioned in (t) is repayable in quarterly 150 installments commencing from April, 2013 and repayable in full by 2022.

Notes forming part of the Financial Statements

8. Deferred Tax Liability (Net)

Deferred Tax Liability on account of:

Relating to Fixed Assets	1,142.78	800.06
Less: Balance in Deferred Tax Liability Fund.....	279.76	279.76

	863.02	520.30

Add: Exchange Losses on Loans to Subsidiaries	27.58	Nil

Deferred Tax Liability	890.60	520.30

Deferred Tax Asset on account of:

Provision for Employee Benefits	49.11	57.81
Provision for Tax, Duty, Cess, Fee etc.	10.68	11.94
Provision for Doubtful Debts and Advances	18.50	9.37
Exchange Losses on Loans to Subsidiaries	Nil	17.65
Others.....	6.82	4.51

Deferred Tax Asset	85.11	101.28

Net Deferred Tax Liability	805.49	419.02

As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
1,142.78	800.06
279.76	279.76
863.02	520.30
27.58	Nil
890.60	520.30
49.11	57.81
10.68	11.94
18.50	9.37
Nil	17.65
6.82	4.51
85.11	101.28
805.49	419.02

9. Other Long-term Liabilities

Trade Payables	26.50	24.08

Others

Payables on Purchase of Fixed Assets.....	14.46	10.77

Consumers' Benefit Account.....	21.94	21.94

Security Deposits from Customers	36.91	36.91

Total	99.81	93.70

As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
26.50	24.08
14.46	10.77
21.94	21.94
36.91	36.91
99.81	93.70

10. Provisions

Provision for Employee Benefits

Compensated absences	64.42	65.19	6.82	6.42

Gratuity	36.37	78.56	36.90	28.08

Pension Obligation.....	15.07	14.26	1.98	1.88

Long service awards.....	13.47	11.33	1.10	1.21

Other Employee Benefits	28.95	25.26	3.18	3.07

Provision - Others

Provision for Warranties.....	6.19	5.79	13.83	7.11

Provision for Premium on Redemption of Foreign				

Currency Convertible Bonds.....	154.52	145.43	Nil	Nil

Provision for Premium on Redemption of Debentures.....	94.20	134.70	40.50	Nil

Provision for Income-tax (Net)	Nil	Nil	29.79	Nil

Provision for Wealth Tax.....	Nil	Nil	1.80	1.70

Provision for Proposed Dividend.....	Nil	Nil	273.17	296.92

Provision for Additional Income-tax on Dividend.....	Nil	Nil	28.54	39.75

Total	413.19	480.52	437.61	386.14

Long-term		Short-term	
As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
64.42	65.19	6.82	6.42
36.37	78.56	36.90	28.08
15.07	14.26	1.98	1.88
13.47	11.33	1.10	1.21
28.95	25.26	3.18	3.07
6.19	5.79	13.83	7.11
154.52	145.43	Nil	Nil
94.20	134.70	40.50	Nil
Nil	Nil	29.79	Nil
Nil	Nil	1.80	1.70
Nil	Nil	273.17	296.92
Nil	Nil	28.54	39.75
413.19	480.52	437.61	386.14

Notes forming part of the Financial Statements

11. Short-term Borrowings

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Secured		
From Banks		
(a) Buyer's Line of Credit.....	637.03	20.67
Unsecured	637.03	20.67
From Banks		
(b) Buyer's Line of Credit.....	530.05	732.32
From Others		
(c) Inter-corporate Deposit.....	5.07	5.07
	535.12	737.39
Total.....	1,172.15	758.06

Security

Buyer's Line of Credit is secured against first *pari passu* charges on all current assets including goods, book debts, receivables and other moveable Current Assets of the Company.

12. Other Current Liabilities

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(a) Current Maturities of Long-term Debt (Refer Note 7).....	443.94	272.90
(b) Interest accrued but not due on Borrowings.....	270.51	197.59
(c) Investor Education and Protection Fund shall be credited by the following amounts namely: **		
Unpaid Dividend	12.40	11.43
Unpaid Matured Deposits.....	0.03	0.03
Unpaid Interest	Nil	Nil
Unpaid Matured Debentures.....	0.09	0.09
(d) Book Overdraft.....	34.42	10.27
(e) Other Payables		
Statutory Liabilities	119.82	106.02
Regulatory Liabilities	314.36	188.36
Payables on Purchase of Fixed Assets.....	238.63	221.77
Advance and Progress payments received from Customers / Public Utilities.....	373.64	340.08
Security Deposits from Consumers	180.85	146.65
Security Deposits from Customers	4.30	67.73
Tender Deposits from Vendors.....	2.70	2.52
Other Liabilities.....	31.95	20.81
Total.....	2,027.64	1,586.25

** Includes amounts outstanding aggregating ₹ 0.78 crore (31st March, 2012 - ₹ 0.74 crore) for more than seven years pending legal cases.

Notes forming part of the Financial Statements

13. Fixed Assets

₹ crore

	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 1st April, 2012	Additions	Deductions	As at 31st March, 2013	For the year As at 1st April, 2012	Adjustments @@	Deductions	As at 31st March, 2013	As at 31st March, 2013
(a) TANGIBLE ASSETS									
(i) Owned assets									
Freehold Land	114.93	6.82	Nil	121.75	Nil	Nil	Nil	Nil	121.75
	50.78	64.15	Nil	114.93	Nil	Nil	Nil	Nil	114.93
Hydraulic Works	497.17	34.35	Nil	531.52	18.62	21.25	Nil	205.84	325.68
	478.86	18.31	Nil	497.17	151.63	Nil	Nil	165.97	331.20
Buildings - Plant	745.45	95.62	0.01	841.06	270.32	(3.33)	*	300.34	540.72
	670.93	74.52	Nil	745.45	238.52	Nil	Nil	270.32	475.13
Buildings - Others	129.70	12.32	0.04	141.98 @	43.38	0.32	0.03	49.11	92.87
	120.19	9.55	0.04	129.70 @	39.42	Nil	0.01	43.38	86.32
Coal Jetty	106.10	Nil	Nil	106.10	17.15	(0.36)	Nil	22.39	83.71
	106.10	Nil	Nil	106.10	12.11	Nil	Nil	17.15	88.95
Railway Sidings, Roads, Crossings, etc.	49.75	0.49	Nil	50.24	13.07	2.38	Nil	17.40	32.84
	47.85	1.90	Nil	49.75	11.63	Nil	Nil	13.07	36.68
Plant and Machinery	8,985.19	463.69 #	9.46	9,439.42	431.58 #	(200.20)	8.30	4,352.32	5,087.10
	7,628.33	1,360.87	4.01	8,985.19	3,690.72	Nil	3.54	4,129.24	4,855.95
Transmission Lines, Cable Network, etc.	1,421.54	277.87	Nil	1,699.41	565.01	(24.35)	Nil	608.33	1,091.08
	1,156.93	264.61	Nil	1,421.54	54.03	Nil	Nil	565.01	856.53
Furniture and Fixtures	47.40	8.59	0.09	55.90	24.80	(5.27)	0.07	22.72	33.18
	39.55	8.28	0.43	47.40	21.22	Nil	0.36	24.80	22.60
Office Equipment	18.97	4.32	0.31	22.98	8.56	(1.71)	0.21	8.29	14.69
	16.81	2.39	0.23	18.97	6.97	Nil	0.17	8.56	10.41
Motor Vehicles, Launches, Barges, etc.	49.01	7.96	8.13	48.84	40.86	(8.53)	7.26	28.04	20.80
	51.05	0.76	2.80	49.01	38.70	Nil	2.50	40.86	8.15
Helicopters	36.73	0.13	Nil	36.86	11.34	Nil	Nil	14.53	22.33
	36.73	Nil	Nil	36.73	8.08	Nil	Nil	11.34	25.39
(ii) Assets taken on lease									
Leasehold Land	248.00	39.30	Nil	287.30	6.15	Nil	Nil	9.75	277.55
	112.31	135.69	Nil	248.00	3.70	Nil	Nil	6.15	241.85
Motor Vehicles under Finance Lease	1.29	Nil	0.06	1.23	1.17	Nil	0.05	1.12	0.11
	1.29	Nil	Nil	1.29	1.10	Nil	Nil	1.17	0.12
TOTAL TANGIBLE ASSETS	12,451.23	951.46	18.10	13,384.59	5,297.02	(219.80)	15.92	5,640.18	7,744.41
2011 - 2012	10,517.71	1,941.03	7.51	12,451.23	4,734.78	Nil	6.58	5,297.02	7,154.21

Notes: @ Buildings include ₹ * being cost of ordinary shares in co-operative housing societies.

Addition to Plant and Machinery includes ₹ 38.66 crore (31st March, 2012 - ₹ 81.74 crore) and depreciation of ₹ 9.44 crore (31st March, 2012 - ₹ 4.59 crore) on account of Foreign Currency Exchange Differences.

@@ Pertains to depreciation written back in respect of earlier years. Refer Note 2.2.

Fixed Assets having Gross Block of ₹ 1,711.26 crore (31st March, 2012 - ₹ 2,589.27 crore) [Net Block ₹ 565.09 crore (31st March, 2012 - ₹ 1,405.30 crore)] are on leased land for which agreement is pending finalisation.

* Denotes figures below ₹ 50,000/-.

Previous year's figures are in italics.

Notes forming part of the Financial Statements

13. Fixed Assets (contd.)

₹ crore

	GROSS BLOCK			AMORTISATION			NET BLOCK
	As at 1st April, 2012	Additions	Deductions	As at 31st March, 2013	For the year	Deductions	As at 31st March, 2013
(b) INTANGIBLE ASSETS							
Technical Know-How and Prototypes !	10.68	3.94	1.19	13.43	2.17	0.09	9.19
Licences \$	0.95	9.73	Nil	10.68	1.22	Nil	8.52
	0.26	Nil	Nil	0.26	Nil	Nil	Nil
	0.26	Nil	Nil	0.26	Nil	Nil	Nil
Computer Software \$	10.38	13.70	Nil	24.08	2.85	Nil	20.92
	Nil	10.38	Nil	10.38	0.31	Nil	10.07
TOTAL INTANGIBLE ASSETS	21.32	17.64	1.19	37.77	5.02	0.09	30.11
2011-2012	1.21	20.11	Nil	21.32	1.53	Nil	18.59

Notes: ! Internally generated intangible assets.

\$ Other than internally generated intangible assets.

Previous year's figures are in italics.

Depreciation/Amortisation for the year:

Depreciation for the year before adjustments	As at 31st March, 2012 ₹ crore	As at 31st March, 2013 ₹ crore
Less: Adjustment - Write-back of previous years (Refer Note 2.2)	578.88	568.82
Add: Amortisation for the year.	219.80	Nil
Total	5.02	1.53
	364.10	570.35

Notes forming part of the Financial Statements

14. Non-current Investments

	As at 31st March, 2013 Quantity	As at 31st March, 2012 Quantity	Face Value (in ₹ unless stated otherwise)	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
A. Trade Investments (valued at cost less diminution other than temporary, if any)					
a. Equity Shares fully Paid-up (unless otherwise stated)					
(i) Investment in Subsidiaries (Quoted)					
NELCO Ltd.	1,10,99,630	1,10,99,630	10	11.07	11.07
				<u>11.07</u>	<u>11.07</u>
Investment in Subsidiaries (Unquoted)					
Chemical Terminal Trombay Ltd.	1,86,200	1,86,200	100	37.81	37.81
Powerlinks Transmission Ltd. #.	23,86,80,000	23,86,80,000	10	238.68	238.68
Tata Power Trading Co. Ltd.	1,60,00,000	1,60,00,000	10	37.00	37.00
Maithon Power Ltd.	106,18,39,120	98,78,39,120	10	1,062.07	988.07
Industrial Energy Ltd. #.	24,64,20,000	24,64,20,000	10	246.42	246.42
Coastal Gujarat Power Ltd. #.	488,66,10,000	397,05,00,000	10	4,886.61	3,970.50
Bhira Investments Ltd.	10,00,000	10,00,000	USD 1	4.10	4.10
Bhivpuri Investments Ltd.	7,46,250	7,46,250	EURO 1	4.08	4.08
Khopoli Investments Ltd.	4,70,07,350	7,350	USD 1	255.20	0.03
Trust Energy Resources Pte. Ltd.	12,47,63,344	12,46,98,270	USD 1	575.02	574.67
Tata Power Delhi Distribution Ltd.	28,15,20,000	28,15,20,000	10	200.93	200.93
Tata Power Jamshedpur Distribution Ltd.	50,000	Nil	10	0.05	Nil
Industrial Power Utility Ltd.	1,10,000	1,10,000	10	0.11	0.11
Tata Power Renewable Energy Ltd. #.	4,87,08,000	2,70,60,000	10	48.71	27.06
Dugar Hydro Power Ltd.	2,83,00,002	1,40,00,002	10	28.30	14.00
Tata Power Solar Systems Ltd. (erstwhile Tata BP Solar India Ltd.)	67,77,567	Nil	100	148.31	Nil
				<u>7,773.40</u>	<u>6,343.46</u>
(ii) Investment in Associates (Unquoted)					
Yashmun Engineers Ltd. @.	19,200	9,600	100	0.01	0.01
The Associated Building Co. Ltd.	1,400	1,400	900	0.13	0.13
Tata Projects Ltd.	9,67,500	9,67,500	100	85.01	85.01
				<u>85.15</u>	<u>85.15</u>
(iii) Investment in Joint Ventures (Unquoted)					
Tubed Coal Mines Ltd.	1,19,80,000	47,80,000	10	11.98	4.78
Mandakini Coal Company Ltd. #.	3,93,00,000	3,43,00,000	10	39.30	34.30
Dagachhu Hydro Power Corporation Ltd. !.	10,74,320	8,42,400	Nu 1,000	94.01	70.91
Tata Power Solar Systems Ltd. (erstwhile Tata BP Solar India Ltd.)	Nil	33,21,000	100	Nil	111.43
				<u>145.29</u>	<u>221.42</u>
(iv) Investment in Others (Unquoted)					
Tata Services Ltd.	1,112	1,112	1,000	0.11	0.11
Indian Energy Exchange Ltd.	12,50,000	12,50,000	10	1.25	1.25
				<u>1.36</u>	<u>1.36</u>
				<u>8,016.27</u>	<u>6,662.46</u>
b. Preference Shares fully Paid-up (Unquoted)					
(i) Investment in Subsidiaries					
Tata Power Delhi Distribution Ltd.	2,55,00,000	Nil	100	255.00	Nil
Tata Power Solar Systems Ltd. (erstwhile Tata BP Solar India Ltd.)	22,05,000	Nil	100	22.05	Nil
				<u>277.05</u>	<u>Nil</u>
(ii) Investment in Joint Ventures					
Tata Power Solar Systems Ltd. (erstwhile Tata BP Solar India Ltd.)	Nil	22,05,000	100	Nil	22.05
Carried over...				<u>8,293.32</u>	<u>6,684.51</u>

Notes forming part of the Financial Statements

14. Non-current Investments (Contd.)

	As at 31st March, 2013 Quantity	As at 31st March, 2012 Quantity	Face Value (in ₹ unless stated otherwise)	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Brought forward ...				8,293.32	6,684.51
B. Other Investments					
a. Statutory Investments					
(i) Contingencies Reserve Fund Investments					
Government Securities (Unquoted)					
8.28% GOI (2027).....	11,30,000	11,30,000	100	11.30	11.30
8.24% GOI (2027).....	9,65,000	9,65,000	100	9.65	9.65
8.19% GOI (2020).....	7,03,000	Nil	100	7.03	Nil
6.35% GOI (2020).....	16,01,300	16,01,300	100	16.01	16.01
7.99% GOI (2017).....	8,48,700	8,48,700	100	8.49	8.49
7.49% GOI (2017).....	7,36,000	7,36,000	100	7.36	7.36
7.59% GOI (2016).....	19,000	19,000	100	0.19	0.19
				<u>60.03</u>	<u>53.00</u>
(ii) Deferred Taxation Liability Fund Investments					
Government Securities (Unquoted)					
8.28% GOI (2027).....	61,45,000	61,45,000	100	61.45	61.45
8.20% GOI (2025).....	20,00,000	Nil	100	20.00	Nil
7.35% GOI (2024).....	31,00,000	31,00,000	100	31.00	31.00
8.15% GOI (2022).....	20,00,000	Nil	100	20.00	Nil
8.19% GOI (2020).....	19,40,000	Nil	100	19.40	Nil
6.35% GOI (2020).....	2,48,700	2,48,700	100	2.49	2.49
6.05% GOI (2019).....	42,00,000	42,00,000	100	42.00	42.00
6.25% GOI (2018).....	15,00,000	15,00,000	100	15.00	15.00
7.99% GOI (2017).....	33,49,300	33,49,300	100	33.49	33.49
7.49% GOI (2017).....	25,00,000	25,00,000	100	25.00	25.00
9.00% GOI (2013).....	Nil	10,00,000	100	Nil	10.00
				<u>269.83</u>	<u>220.43</u>
				<u>329.86</u>	<u>273.43</u>
b. Non-trade Investments					
(i) Equity Shares fully Paid-up (unless otherwise stated)					
1. Investment in Subsidiaries (Unquoted)					
Af-Taab Investment Co. Ltd.....	10,73,000	11,37,000	100	68.68	72.78
				<u>68.68</u>	<u>72.78</u>
2. Investment in Associates (Unquoted)					
Tata Ceramics Ltd.	91,10,000	91,10,000	2	9.11 **	9.11 **
Rujuvalika Investments Ltd.	1,83,334	1,83,334	10	0.30	0.30
Panatone Finvest Ltd.....	59,08,82,000	59,08,82,000	10	600.00	600.00
				<u>609.41</u>	<u>609.41</u>
**Less: Provision for diminution in value of Investments other than temporary				<u>9.11</u>	<u>9.11</u>
				<u>600.30</u>	<u>600.30</u>
3. Investment in Other entities (Quoted)					
HDFC Bank Ltd.	7,500	7,500	2	*	*
IDBI Bank Ltd.....	1,42,720	1,42,720	10	1.14	1.14
Voltas Ltd.	2,33,420	2,33,420	1	0.25	0.25
Tata Consultancy Services Ltd.....	452	452	1	*	*
Tata Teleservices (Maharashtra) Ltd.....	13,72,63,174	13,72,63,174	10	119.67	119.67
Tata Communications Ltd.....	1,34,22,037	1,34,22,037	10	343.81	343.81
				<u>464.87</u>	<u>464.87</u>
Carried over...				<u>9,757.03</u>	<u>8,095.89</u>

Notes forming part of the Financial Statements

14. Non-current Investments (Contd.)

	As at 31st March, 2013 Quantity	As at 31st March, 2012 Quantity	Face Value (in ₹ unless stated otherwise)	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Brought forward ...				9,757.03	8,095.89
4. Investment in Others (Unquoted)					
Tata Industries Ltd.....	58,28,126	58,28,126	100	102.69	102.69
Tata Sons Ltd.....	6,673	6,673	1,000	241.95	241.95
Haldia Petrochemicals Ltd.	2,24,99,999	2,24,99,999	10	22.50	22.50
Tata Teleservices Ltd. #	32,83,97,823	32,83,97,823	10	735.48	735.48
				<u>1,102.62</u>	<u>1,102.62</u>
				<u>2,236.47</u>	<u>2,240.57</u>
(ii) Government Securities (Unquoted)					
8.07% GOI (2017).....	3,000	3,000	100	0.03	0.03
9.00% GOI (2013).....	Nil	10,00,000	100	Nil	10.00
				<u>0.03</u>	<u>10.03</u>
				<u>2,236.50</u>	<u>2,250.60</u>
Total				<u>10,859.68</u>	<u>9,208.54</u>
Notes:					
1. Aggregate of Quoted Investments					
Cost.....				475.94	475.94
Market value				468.49	563.51
2. Aggregate of Unquoted Investments					
Cost.....				10,392.85	8,741.71
Less: Provision for diminution in value of Investments other than temporary				9.11	9.11
Aggregate amount of Unquoted Investments - Net of provision for diminution in value of Investments other than temporary				<u>10,383.74</u>	<u>8,732.60</u>

** Provision for diminution in value of Investments other than temporary.

! 8,42,400 fully Paid-up Shares and 2,31,920 partly Paid-up Nu 421.27 (31st March, 2012 - 8,42,400 partly Paid-up Nu 841.76).

@ Bonus shares in the ratio of 1:1 issued during the year.

Refer Note 32(c)

* Denotes figures below ₹ 50,000/-.

Notes forming part of the Financial Statements

15. Loans and Advances

	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)
(a) Capital Advances				
Unsecured, considered good	94.37	247.76	Nil	Nil
Doubtful	0.64	0.74	Nil	Nil
	95.01	248.50	Nil	Nil
Less: Provision for Doubtful Advances	0.64	0.74	Nil	Nil
	94.37	247.76	Nil	Nil
(b) Security Deposits				
Unsecured, considered good.....	432.78	314.27	1.11	12.51
Doubtful	15.07	8.18	Nil	0.31
	447.85	322.45	1.11	12.82
Less: Provision for Doubtful Deposits	15.07	8.18	Nil	0.31
	432.78	314.27	1.11	12.51
(c) Loans and Advances to Related Parties				
Unsecured, considered good				
Advance towards Equity	252.78	146.58	Nil	Nil
Other Advances	Nil	Nil	Nil	70.43
Other Loans (including interest accrued)	1,239.06	371.18	312.65	1,026.73
Doubtful	1.27	1.27	Nil	Nil
	1,493.11	519.03	312.65	1,097.16
Less: Provision for Doubtful Advances	1.27	1.27	Nil	Nil
	1,491.84	517.76	312.65	1,097.16
(d) Advance Income-tax (Net) - Unsecured, considered good	Nil	27.35	Nil	Nil
(e) MAT Credit entitlement - Unsecured, considered good	105.00	105.00	Nil	Nil
(f) Balance with Government Authorities				
Unsecured, considered good				
Advances	Nil	Nil	6.36	3.52
VAT / Sales Tax Receivable	35.47	Nil	64.01	70.38
	35.47	Nil	70.37	73.90
(g) Inter-corporate Deposits with HDFC Ltd. - Unsecured, considered good	Nil	Nil	337.75	50.00
(h) Other Loans and Advances				
Unsecured, considered good				
Loans to Employees.....	10.87	11.70	Nil	Nil
Prepaid Expenses	Nil	Nil	12.34	7.18
Unamortised Option Premium	13.83	Nil	21.67	Nil
Advances to Vendors.....	Nil	1.00	181.25	112.09
Other Advances	5.90	6.11	17.95	4.84
Doubtful	2.11	0.74	1.39	2.77
	32.71	19.55	234.60	126.88
Less: Provision for Doubtful Advances	2.11	0.74	1.39	2.77
	30.60	18.81	233.21	124.11
Total	2,190.06	1,230.95	955.09	1,357.68

16. Other Non-current assets

Long-term Trade Receivables

Unsecured, considered good		
Trade Receivables - Regulatory Assets.....	2,555.78	1,538.89
Trade Receivables from Contracts	17.13	7.50
Trade Receivables from Others.....	185.76	185.76
	2,758.67	1,732.15

Notes forming part of the Financial Statements

17. Current Investments

	As at 31st March, 2013 Quantity	As at 31st March, 2012 Quantity	Face Value (in ₹ unless stated otherwise)	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
A. Current portion of Long-term Investments					
Trade Investments (valued at cost less diminution other than temporary, if any)					
Debentures (Unquoted)					
Investment in Associates					
8% Secured Non-Convertible Debentures in Tata Projects Ltd.	Nil	93,750	1,000	Nil	9.37
Other Investments					
1. Statutory investments					
a. Contingency Reserve Fund Investments					
Government Securities (Unquoted)					
9.00% GOI (2013)	10,00,000	Nil	100	10.00	Nil
b. Deferred Taxation Liability Fund Investments					
(i) Government Securities (Unquoted)					
9.00% GOI (2013)	10,00,000	Nil	100	10.00	Nil
6.85% GOI (2012)	Nil	40,91,300	100	Nil	40.91
				10.00	40.91
(ii) Other Securities					
Bonds (Unquoted)					
7.85% EXIM Bank Bonds F6 Series (2012)	Nil	40	1,00,00,000	Nil	40.00
				Nil	40.00
				10.00	80.91
2. Other Investments					
Other Securities					
Government Securities (Unquoted)					
6.85% GOI (2012)	Nil	9,08,700	100	Nil	9.09
				Nil	9.09
Total - Current Portion of Long-term Investments				20.00	99.37
B. Other Current Investments (valued at lower of cost and fair value)					
Mutual Funds (Unquoted)					
Taurus Mutual Fund - Bonanza Exclusive- Growth	6,66,667	6,66,667	10	0.50	0.50
Templeton India - Growth	2,50,000	2,50,000	10	0.25	0.25
J M Equity Fund - Growth	5,00,000	5,00,000	10	0.50	0.50
UTI Balanced Fund - Dividend Plan - Reinvestment \$	1,42,289	95,587	10	0.11	0.11
Kotak Floater Short-term - Growth	4,43,289	Nil	1,000	85.00	Nil
Baroda Pioneer Liquid Fund - Growth	1,68,028	Nil	1,000	22.55	Nil
DSP Blackrock Liquidity Fund - Growth	5,07,247	Nil	1,000	85.00	Nil
Religare Liquid Fund - Growth	62,069	Nil	1,000	10.00	Nil
Kotak Liquid Scheme - Growth	85,185	Nil	1,000	20.25	Nil
Tata Liquid Fund - Growth	20,341	10,10,338	1,000	4.40	200.00
Birla Sunlife Cash Plus - Institutional Premium - Growth ..	Nil	56,14,522	100	Nil	96.40
ICICI Prudential Liquid - Regular Plan - Growth	5,77,104	1,17,97,229	100	10.00	187.01
				238.56	484.77
Total				258.56	584.14
Aggregate amount of Unquoted Investments				258.56	584.14

Reconciliation for Disclosure as per Accounting Standard 13

Long-term Investments

Non-current Investments (Refer Note 14)	10,859.68	9,208.54
Current portion of Long-term Investments (Refer Note 17)	20.00	99.37
	10,879.68	9,307.91

Current Investments

Other Current Investments (Refer Note 17)	238.56	484.77

Total	11,118.24	9,792.68

\$ Dividend re-invested in the form of units.

Notes forming part of the Financial Statements

18. Inventories (valued at lower of cost and net realisable value)

Stores and Spares

Fuel - Stores.....	394.96
Fuel-in-Transit.....	87.12
Stores and Spare Parts.....	243.18
Loose Tools	0.31
	<u>725.57</u>

Others

Property under Development	35.52

Total

**As at
31st March, 2013
₹ crore**

394.96
87.12
243.18
0.31
725.57

35.52

761.09

**As at
31st March, 2012
₹ crore**

453.07
139.17
229.12
0.43
821.79

32.68

854.47

19. Trade Receivables

(Unsecured unless otherwise stated)

Trade Receivables outstanding for a period exceeding six months from the due date of payment *

Considered good.....	67.81
Considered doubtful.....	33.63
	<u>101.44</u>
Less: Provision for Doubtful Trade Receivables.....	33.63
	<u>67.81</u>

Other Trade Receivables *

Considered good.....	1,232.25
Considered doubtful.....	0.61
	<u>1,232.86</u>
Less: Provision for Doubtful Trade Receivables.....	0.61
	<u>1,232.25</u>

Total

**As at
31st March, 2013
₹ crore**

67.81
33.63
101.44
33.63
67.81

1,232.25
0.61
1,232.86
0.61
1,232.25

1,300.06

**As at
31st March, 2012
₹ crore**

31.32
17.91
49.23
17.91
31.32

972.05
1.95
974.00
1.95
972.05

1,003.37

* Company holds security deposits of ₹ 180.85 crore (Previous Year - ₹ 146.65 crore) in respect of Electricity Receivables.

20. Cash and Bank Balances

(A) Cash and Cash Equivalents:

(i) Cash on Hand.....	0.01
(ii) Cheques on Hand.....	8.67
(iii) Balances with Banks:	
(a) In Current Accounts.....	46.82
(b) In Deposit Accounts (remaining maturity of three months or less)	345.70

Cash and Cash Equivalents as per AS-3 Cash Flow Statements

(B) Other Balances with Banks:

(a) In Deposit Accounts (remaining maturity of more than three months but less than twelve months)	Nil
(b) In Deposit Accounts (remaining maturity of more than twelve months) ..	1.94
(c) In Unpaid Dividend Account.....	10.03

Total

**As at
31st March, 2013
₹ crore**

0.01
8.67

46.82
345.70
401.20

401.20

**As at
31st March, 2012
₹ crore**

0.04
Nil

49.86
611.15
661.05

661.05

330.00
36.94
9.36
1,037.35

1,037.35

Notes forming part of the Financial Statements

21. Other Current Assets

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(a) Unbilled Revenue	89.69	155.90
(b) Accruals		
Interest accrued on Deposits	8.25	12.94
Interest accrued on Investments	6.08	8.80
(c) Others		
Receivable on sale of Current Investments.....	Nil	9.00
Receivable on sale of Fixed Assets	0.62	Nil
Mark-to-Market (MTM) Forward Contracts	2.52	2.94
Total	107.16	189.58

22. Revenue from Operations

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
(a) Revenue from Operations		
(i) Revenue from Power Supply and Transmission Charges.....	7,990.80	7,349.47
Less: Cash Discount	42.91	66.30
Add: Income to be recovered in future tariff determination (Net)	1,028.72	729.53
Add: Income to be recovered in future tariff determination (Net)		
in respect of earlier years.....	104.72	38.83
	<u>9,081.33</u>	<u>8,051.53</u>
(ii) Revenue from Contracts		
Electronic Products.....	298.66	283.69
Project / Operation Management Services.....	112.21	89.14
	<u>410.87</u>	<u>372.83</u>
(b) Other Operating Revenue		
Rental of Land, Buildings, Plant and Equipment, etc.	9.07	11.57
Income in respect of Services Rendered	34.77	28.47
Compensation Earned	0.01	0.85
Transfer of Service Line Contributions	9.97	9.26
Sale of REC Certificates.....	9.13	Nil
Miscellaneous Revenue.....	19.92	21.35
Sale of Fly Ash	2.50	2.03
Sale of Carbon Credits	Nil	8.98
Profit on Sale/Retirement of Assets (Net)	Nil	0.56
Delayed Payment Charges	6.07	5.05
	<u>91.44</u>	<u>88.12</u>
	9,583.64	8,512.48
Less: Excise Duty	16.36	16.64
Total	9,567.28	8,495.84

Notes forming part of the Financial Statements

23. Other Income

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
(a) Interest Income		
Interest from Banks on Deposits	49.82	48.35
Interest from Inter-corporate Deposits	49.51	29.00
Interest on Fuel Adjustment Charges Recoverable from Consumers	20.53	15.25
Interest on Overdue Trade Receivables	40.91	0.80
Interest on Income-tax Refund	4.52	0.44
Interest on Contingency Reserve Fund Investments	5.19	3.48
Interest on Deferred Tax Liability Fund Investments	19.60	21.73
Interest on Loans to Subsidiaries	77.15	91.67
Interest on Non-current Trade Investments - Associates	0.31	1.11
Other Interest	2.81	3.84
	<u>270.35</u>	<u>215.67</u>
(b) Dividend Income		
From Long-term Investments		
Subsidiaries	353.81	589.71
Joint Ventures	Nil	5.24
Associates	9.73	11.03
Others	8.34	8.28
	<u>371.88</u>	<u>614.26</u>
From Current Investments		
Others	0.05	0.04
	<u>371.93</u>	<u>614.30</u>
(c) Profit on Sale of Investments / Buy-back of Investments		
Current Investments	57.12	30.47
Long-term Investments - Buy-back of shares	11.90	17.69
	<u>69.02</u>	<u>48.16</u>
(d) Other Non-operating Income		
Discount amortised/accrued on Bonds (Net)	0.13	1.76
Guarantee Commission from Subsidiaries	10.24	7.50
Net Gain on Foreign Currency Transactions and Translation	Nil	96.07
	<u>10.37</u>	<u>105.33</u>
Total	<u>721.67</u>	<u>983.46</u>

Notes forming part of the Financial Statements

24. Employee Benefits Expense

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
Salaries and Wages.....	437.54	417.33
Contribution to Provident Fund.....	18.68	16.55
Contribution to Superannuation Fund.....	9.86	10.43
Retiring Gratuities.....	32.54	35.62
Leave Encashment Scheme	29.04	19.69
Pension Scheme.....	5.14	4.24
Staff Welfare Expenses	84.15	65.83
	<u>616.95</u>	<u>569.69</u>
<i>Less:</i>		
Employee Cost Capitalised	45.15	38.13
Employee Cost Recovered	9.91	7.35
Employee Cost Inventorised	14.29	11.56
	<u>69.35</u>	<u>57.04</u>
Total	<u>547.60</u>	<u>512.65</u>

25. Finance Costs

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
(a) Interest Expense on:		
Borrowings		
Interest on Debentures	290.87	191.55
Interest on - Euro Notes and FCCB	60.75	53.80
Interest on Fixed Period Loans - Others	343.33	288.88
Others		
Interest on Consumer Security Deposits	16.39	8.79
Other Interest and Commitment Charges	0.41	2.67
	<u>711.75</u>	<u>545.69</u>
<i>Less: Interest Capitalised</i>	<u>45.49</u>	<u>51.89</u>
	<u>666.26</u>	<u>493.80</u>
(b) Other Borrowing Cost		
Derivative Premium	8.16	15.26
Other Finance Costs	3.83	5.81
	<u>11.99</u>	<u>21.07</u>
Total	<u>678.25</u>	<u>514.87</u>

Notes forming part of the Financial Statements

26. Other Expenses

Consumption of Stores, oil, etc. (excluding ₹ 84.14 crore on repairs and maintenance - Previous Year ₹ 72.89 crore)	16.32	16.30
Rental of Land, Buildings, Plant and Equipment, etc.	17.74	15.75
Repairs and Maintenance -		
(i) To Buildings and Civil Works	53.05	43.03
(ii) To Machinery and Hydraulic Works	223.03	225.83
(iii) To Furniture, Vehicles, etc.	10.69	6.75
	<u>286.77</u>	<u>275.61</u>
Rates and Taxes	47.13	30.95
Insurance	15.79	17.80
Cost of Components Consumed	150.75	154.77
Transmission Charges	233.43	100.64
Other Operation Expenses	69.83	74.32
Ash Disposal Expenses	15.85	8.77
Warranty Charges	7.74	6.75
Travelling and Conveyance Expenses	29.66	27.21
Consultants Fees	30.03	33.08
Auditors' Remuneration	4.47	3.89
Cost of Services Procured	83.71	75.05
Agency Commission	Nil	1.10
Bad Debts	0.19	0.01
Provision for Doubtful Debts and Advances (Net)	20.85	5.53
Loss on Sale/Retirement of Assets (Net)	1.34	Nil
Donations	1.84	9.19
Legal Charges	8.30	7.57
Net Loss on Foreign Currency Transactions and Translation	27.62	Nil
Miscellaneous Expenses	58.47	49.85
Total	<u>1,127.83</u>	<u>914.14</u>

**For the year ended
31st March, 2013
₹ crore**

**For the year ended
31st March, 2012
₹ crore**

Payment to the Auditors comprises (inclusive of service tax):

As Auditors - Statutory Audit	2.97	2.47
For Taxation Matters	0.45	0.45
For Company Law Matters	*	*
For Other Services	0.56	0.57
Reimbursement of Expenses	Nil	0.02
For service tax	0.49	0.38
Total	<u>4.47</u>	<u>3.89</u>

**For the year ended
31st March, 2013
₹ crore**

**For the year ended
31st March, 2012
₹ crore**

The remuneration disclosed above excludes fees of ₹ 0.45 crore (31st March, 2012 - ₹ 0.17 crore) [exclusive of service tax of ₹ 0.06 crore (Previous Year - ₹ 0.02 crore)] for attest and other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

Note: * Denotes figures below ₹ 50,000/-.

Notes forming part of the Financial Statements

27. In an earlier year, the Company had commissioned its 120 MW thermal power unit at Jojobera, Jharkhand. Revenue in respect of this unit is recognised on the basis of a draft Power Purchase Agreement prepared jointly by the Company and its customer which is pending finalisation.
28. The Company has been legally advised that the Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Company.
29. (a) The Company has a long-term investment of ₹ 5,103.61 crore (including advance towards equity) (31st March, 2012 - ₹ 4,112.08 crore) and has extended loans amounting to ₹ 436.57 crore (including interest accrued) (31st March, 2012 - ₹ 248.88 crore) to Coastal Gujarat Power Limited (CGPL) a wholly owned subsidiary of the Company which has implemented the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP") and declared commercial operations for all its five Units of 800 MW each.

CGPL has obligated to charge escalation on 45 percent of the cost of coal in terms of the 25 year power purchase agreement relating to the Mundra UMPP. During the year, CGPL's Management has re-assessed the recoverability of the carrying amount of the assets at Mundra as of 31st March, 2013 and concluded that the cash flows expected to be generated over the useful life of the asset of 40 years would not be sufficient to recover the carrying amount of such assets and has therefore recorded in CGPL's books as at 31st March, 2013, a provision for an impairment loss of ₹ 2,650.00 crore (31st March, 2012 - ₹ 1,800.00 crore).

In estimating the future cash flows, Management has, based on externally available information, made certain assumptions relating to the future fuel prices, future revenues, operating parameters and the assets' useful life which Management believes reasonably reflects the future expectation of these items. In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate.

The Company's investments in Indonesian coal companies through its wholly owned subsidiaries, Bhira Investments Limited and Khopoli Investments Limited, were made to secure long-term coal supply. The Management believes that cash inflows (in the nature of profit distribution) from these investments from an economic perspective provide protection from the risk of price volatility on coal to be used in power generation in CGPL, to the extent not covered by price escalations. In order to provide protection to CGPL and to support its cash flows, the Management has committed to a future restructuring under which the Company will transfer at least 75 percent of its equity interests in the Indonesian Coal Companies to CGPL, subject to receipt of regulatory and other necessary approvals which are being pursued and will also evaluate other alternative options. A valuation of the equity interests in the Indonesian Coal Companies has been carried out on the basis of certain assumptions, including legal interpretation that there is reasonable certainty that the mining leases would be extended without significant cost.

Having regard to the overall returns expected from the Company's investment in CGPL, including the valuation of investments in the Indonesian Coal Companies and the proposed future restructuring, no provision for diminution in value of long-term investment in CGPL is considered necessary as at 31st March, 2013.

- (b) The Company has an investment in Tata Teleservices Limited (TTSL) of ₹ 735.48 crore (31st March, 2012 - ₹ 735.48 crore). Based on the accounts as certified by the TTSL Management for the period ended 31st December, 2012, TTSL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long-term nature of the business, there is no diminution other than temporary, in the value of the investment also considering the Hon'ble Supreme Court judgement cancelling the three (3) CDMA licenses pertaining to Jammu & Kashmir, Assam and North East Circles of TTSL.
- (c) The Company has an investment in Haldia Petrochemicals Limited (HPL) of ₹ 22.50 crore (31st March, 2012 - ₹ 22.50 crore). Based on the accounts for the year ended 31st March, 2012, HPL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long-term nature of the business, there is no diminution other than temporary, in the value of the investment.

Notes forming part of the Financial Statements

- 30.** Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	31st March, 2013 ₹ crore	31st March, 2012 ₹ crore
(a) Principal amount remaining unpaid as on 31st March	2.81	4.08
(b) Interest due thereon as on 31st March @	Nil	Nil
(c) The amount of Interest paid along with the amounts of the payment made to the supplier beyond the appointed day @	Nil	Nil
(d) The amount of Interest due and payable for the year @	Nil	Nil
(e) The amount of Interest accrued and remaining unpaid as at 31st March @	Nil	Nil
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid @	Nil	Nil

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

@ Amounts unpaid to MSM vendors on account of retention money have not been considered for the purpose of interest calculation.

31. Commitments:

- (a) Capital commitments:

Capital commitments not provided for are estimated at ₹ 545.82 crore (31st March, 2012 - ₹ 477.46 crore).

- (b) Uncalled liability on Shares and Other Investment partly paid:

Uncalled liability on partly paid-up shares - ₹ 13.42 crore (31st March, 2012 - ₹ 13.33 crore).

- (c) Other commitments:

- (i) In terms of the Sponsor Support agreement entered into between the Company, Coastal Gujarat Power Limited (CGPL) and lenders of CGPL, the Company has undertaken to provide support by way of base equity contribution to the extent of 25% of CGPL's project cost and additional equity or subordinated loans to be made or arranged for, if required as per the financing agreements to finance the project. The sponsor support also includes support by way of additional equity for any overrun in project costs and Debt Service Reserve Guarantee as provided under the financing agreements. The support will cease on the date of "financial completion" as defined under the relevant financing agreements. Further, CGPL has entered into Agreements with the Company, (i) for Additional Subordinated Loan to the extent of USD 50 million (equivalent to ₹ 200.00 crore at a fixed rate of exchange of ₹ 40 = USD 1.00) and (ii) for Additional Subordinated Loans to the extent of ₹ 1,600.00 crore. In accordance with these agreements the Company has provided total Additional Subordinated Loans of ₹ 1,167.41 crore (of which ₹ 767.41 crore has been converted into equity) (31st March, 2012 - ₹ 212.31 crore) to CGPL. Balance of both the loans would be repaid in accordance with the conditions of the Subordination and Hypothecation Agreements either out of additional equity to be infused by the Company or out of the balance Indian rupee term loans receivable by CGPL in future period, after the fulfillment of conditions in the Coal Supply and Transportation Agreements Completion Date (CSTACD) agreement. The Company has waived charging interest on these loans from 1st April, 2012.

The accrued interest as at 31st March, 2013 aggregating to ₹ 36.57 crore (31st March, 2012 - ₹ 36.57 crore) on Additional Subordinated Loans shall be payable subject to fulfillment of conditions in Subordination Agreement and Coal Supply and Transportation Agreements Completion Date (CSTACD) agreement.

- (ii) The Company has undertaken to arrange for the necessary financial support to its Subsidiary Companies Khopoli Investments Limited, Bhivpuri Investments Limited, Industrial Power Utility Limited and Tata Power Jamshedpur Distribution Limited.
- (iii) In respect of Maithon Power Limited (MPL), the Company jointly with Damodar Valley Corporation (DVC) has undertaken to the lenders of MPL, to provide support by way of base equity contribution and additional equity or subordinated loans to meet the increase in Project Cost. Further, the Company has given an undertaking to MPL to fulfill payment obligations of Tata Power Trading Company Limited (TPTCL) and Tata Power Delhi Distribution Limited (TPDDL) in case of their default.
- (iv) In terms of pre-implementation agreement entered into with Government of Himachal Pradesh and the consortium consisting of the Company and SN Power Holding Singapore Pte. Limited (Company being the Lead Member of the consortium) for the investigation and implementation of Dugar Hydro Electric project, the Company has undertaken as Lead Member to undertake/perform various obligations pertaining to Dugar Project.
- (v) In accordance with the terms of the Share Purchase Agreement and the Shareholder's Agreement entered into by Panatone Finvest Limited (PFL), an associate of the Company, with the Government of India, PFL has contractually undertaken a "Surplus Land" obligation including agreeing to transfer 45% of the share capital of the Resulting Company, at Nil consideration, to the Government of India and other selling shareholders upon Demerger of the Surplus Land by Tata Communications Limited (TCL). The Company has till date acquired 1,34,22,037 shares of TCL from PFL. The Company would be entitled to be allotted 4.71% of the share capital of the Resulting Company based on its holding of 1,34,22,037 shares of TCL. The Company has undertaken to PFL to bear the "Surplus Land" obligation pertaining to these shares.
- (vi) The Company has given an undertaking for non-disposal of shares to the lenders of Tata Power Delhi Distribution Limited amounting to ₹ 721.22 crore (31st March, 2012 - ₹ 931.28 crore).
- (vii) The Company has given letter of comfort to Cennergi Pty. Limited amounting to ₹ 27.57 crore (31st March, 2012 - ₹ Nil).

32. Contingent Liabilities (to the extent not provided for):

- (a) Claims against the Company not acknowledged as debts aggregating to ₹ 370.06 crore (31st March, 2012 - ₹ 234.66 crore) consist mainly of the following:
 - (i) Octroi claims disputed by the Company aggregating to ₹ 5.03 crore (31st March, 2012 - ₹ 5.03 crore), in respect of octroi exemption claimed by the Company.
 - (ii) A Suit has been filed against the Company claiming compensation of ₹ 20.51 crore (31st March, 2012 - ₹ 20.51 crore) by way of damages for alleged wrongful disconnection of power supply and interest accrued thereon ₹ 111.99 crore (31st March, 2012 - ₹ 107.68 crore).
 - (iii) (a) Rates, Cess, Way Leave Fees and Duty claims disputed by the Company aggregating ₹ 63.73 crore (31st March, 2012 - ₹ 68.90 crore). In respect of certain dues as per the terms of an agreement, the Company has the right to claim reimbursement from a third party.
 - (b) Custom duty claims of ₹ 135.52 crore disputed by the Company relating to issue of applicability and classification (Payment made under protest against these claims of ₹ 135.52 crore).
 - (iv) Other claims against the Company not acknowledged as debts ₹ 33.28 crore (31st March, 2012 - ₹ 32.54 crore).
 - (v) Amounts in respect of employee related claims/disputes, regulatory matters is not ascertainable.

Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

(b) Other Contingent Liabilities:

Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Company and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 58.82 crore (including interest demanded ₹ 1.25 crore) [(31st March, 2012 - ₹ 113.85 crore) (including interest demanded ₹ 6.31 crore)].

Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

(c) Indirect exposures of the Company:

Name of the Company	Guarantees given (₹ crore)	Shares pledged (Refer Note 1 below) (Nos.)
Tata Teleservices Limited (TTSL)	- -	18,27,08,138 <i>21,98,18,101</i>
Powerlinks Transmission Limited (PTL)	- -	23,86,80,000 <i>23,86,80,000</i>
Coastal Gujarat Power Limited (CGPL)	3,473.55 (including JPY 31,219 million) 3,117.59 (including JPY 31,219 million)	249,21,71,100 <i>202,49,55,000</i>
Industrial Energy Limited (IEL)	- -	12,56,74,200 <i>12,56,74,200</i>
Khopoli Investments Limited (KIL)	3,212.06 (equivalent to USD 590.56 million) 3,014.63 (equivalent to USD 588.91 million)	- -
Bhira Investments Limited (BIL)	4,895.10 (equivalent to USD 900 million) 4,607.10 (equivalent to USD 900 million)	- -
Trust Energy Resources Pte. Limited (TERL)	287.72 (equivalent to USD 52.90 million) 270.80 (equivalent to USD 52.90 million)	- -
Tubed Coal Mines Limited (TCML)	11.36 <i>11.36</i>	- -
Mandakini Coal Company Limited (MCCL)	86.93 <i>20.26</i>	2,00,43,000 -
Energy Eastern Pte. Limited (EEL)	301.86 (equivalent to USD 55.50 million) 87.02 (equivalent to USD 17 million)	- -
Tata Power Renewable Energy Limited (TPREL)	405.45 <i>285.99</i>	2,48,41,080 <i>1,38,00,600</i>
Maithon Power Limited (MPL)	135.00 -	- -
Tata Sons Limited (TSL)	[Refer (f) below] <i>[Refer (f) below]</i>	- -

Notes:

- The Company has pledged the above shares of subsidiaries, jointly controlled entities and TTSL, with the lenders for borrowings availed by respective subsidiaries, jointly controlled entities and TTSL.
- Previous year's figures are in italics.

- (d) In respect of the Standby Charges dispute with Reliance Infrastructure Limited (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal of Electricity (ATE), set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2013 the accumulated interest was ₹ 184.76 crore (*31st March, 2012 - ₹ 173.56 crore*) (₹ 11.20 crore for the year ended 31st March, 2013). On appeal, the Hon'ble Supreme Court vide its Interim Order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Notes forming part of the Financial Statements

Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006, of Standby Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted, wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Company on the final outcome of the matter.

- (e) MERC vide its Tariff Order dated 11th June, 2004, had directed the Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative Debt Equity ratio of 70:30 to fund the Company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% per annum on the said normative debt. The change to the Clear Profit and Reasonable Return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in Note 32(d) above. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the Standby Charges dispute as mentioned in Note 32(d) above.
- (f) During the year 2008-09, in terms of the agreements entered into between Tata Teleservices Limited (TTSL), Tata Sons Limited (TSL) and NTT DoCoMo, Inc. of Japan (Strategic Partner-SP), TSL gave an option to the Company to sell 2,72,82,177 equity shares in TTSL to the SP, as part of a secondary sale of 25,31,63,941 equity shares effected along with a primary issue of 84,38,79,801 shares by TTSL to the SP.

If certain performance parameters and other conditions are not met by TTSL by 31st March, 2014 and should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares, the Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price in proportion of the number of shares sold by the Company to the aggregate of the secondary shares sold to the SP, subject to compliance with applicable exchange control regulations, or should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares and the SP divests the shares at a lower price, subject to compliance with applicable exchange control regulations, the Company is obliged to pay a compensation representing the difference between such lower sale price and the price referred to above in proportion of the number of shares sold by the Company to the aggregate of the secondary shares sold to the SP.

Under the above mentioned agreements with SP, TSL and TTSL have jointly and severally agreed to indemnify SP with the agreed limits against claims arising on account of any failure of certain warranties provided by TSL and TTSL to be true and correct in all respect (amount not determinable) and in respect of specified contingent liabilities (Company's share ₹ 31.10 crore). The Company is liable to reimburse TSL, on a pro-rata basis.

33. (a) In the previous year, the Company had provisionally determined the Statutory Appropriations and the adjustments to be made on Annual Performance Review as stipulated under the Multi Year Tariff Regulations, 2011 (MYT Regulation) for its operations in respect of the Mumbai Licensed Area. During the year ended 31st March, 2013, Maharashtra Electricity Regulatory Commission (MERC) has approved the Multi Year Tariff Business Plan of the Company's Mumbai Licensed Area for the Second Control Period from FY 2012-13 to FY 2015-16 and directed the Company to submit its Annual Revenue Requirement (ARR) for FY 2011-12 as per old regulations i.e. MERC (Terms and Conditions of Tariff) Regulations, 2005.

In view of the above, during the year, the Company has reversed revenue amounting to ₹ 155.00 crore accrued in the previous year in respect of its Mumbai Licensed Area as per the MYT Regulation.

- (b) The Appellate Tribunal for Electricity (ATE) in its Order dated 31st August, 2012, has allowed the Company's claim regarding certain expenses/accounting principles which were disallowed/not recognised by MERC in earlier years in its true-up order. Accordingly, during the year, the Company has treated such expenses as recoverable and has recognised revenue of ₹ 142.00 crore.
- (c) During the year, pursuant to the favourable ATE Order dated 31st August, 2012, true-up order dated 15th February, 2012 and other favourable orders received by other regulated entities in the power sector within Maharashtra, the Company has recognised revenue of ₹ 172.00 crore in respect of earlier years towards carrying cost entitlement on the regulatory assets (net) carried in the books as at 31st March, 2013.
- (d) In the previous year, Jharkhand State Electricity Regulatory Commission (JSERC) had determined the Annual Revenue Requirement (ARR) for Units 2 and 3 at Jojobera for financial year 2011-12 by treating the entire capacity as regulated under JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2010. The Company, on the basis of legal opinions obtained, had appealed against the disallowances/deviations at the ATE.

The ATE in its Order dated 20th September, 2012, has disallowed the Company's claim. Accordingly, during the year, the Company has reversed revenue of ₹ 43.61 crore including ₹ 34.16 crore on account of previous year.

Notes forming part of the Financial Statements

- (e) During the previous year, the Maharashtra Electricity Regulatory Commission (MERC) had completed truing-up for the financial years 2009-10 and 2010-11 and issued Tariff Orders. In these Tariff Orders, it had disallowed certain claims made by the Company amounting to ₹ 86.00 crore and ₹ 55.00 crore respectively. The Company has filed an appeal to the Appellate Tribunal for Electricity (ATE) against these disallowances. Based on the earlier favourable ATE Order on similar matters, the Company is confident of ATE allowing its claims and accordingly, the above disallowances have not been recognised in the financial results.

34. In the matter of claims raised by the Company on R-Infra, towards (i) the difference in the energy charges for the period March 2001 to May 2004 and (ii) for minimum off-take charges of energy for the period 1998 to 2000, MERC has issued an Order dated 12th December, 2007 in favour of the Company. The total amount payable by R-Infra, including interest, is estimated to be ₹ 323.87 crore as on 31st December, 2007. ATE in its Order dated 12th May, 2008 on appeal by R-Infra, has directed R-Infra to pay the difference in the energy charges amounting to ₹ 34.98 crore for the period March 2001 to May 2004. In respect of the minimum off-take charges of energy for the period 1998 to 2000 claimed by the Company from R-Infra, ATE has directed MERC that the issue be examined afresh and after the decision of the Hon'ble Supreme Court in the Appeals relating to the distribution licence and rebates given by R-Infra. The Company and R-Infra had filed appeals in the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its Order dated 14th December, 2009, has granted stay against ATE Order and has directed R-Infra to deposit with the Hon'ble Supreme Court, a sum of ₹ 25.00 crore and furnish bank guarantee of ₹ 9.98 crore. The Company had withdrawn the above mentioned sum subject to an undertaking to refund the amount with interest, in the event the Appeal is decided against the Company. On grounds of prudence, the Company has not recognised any income arising from the above matters.

35. Employee Benefits:

- (a) The Company makes contribution towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trustees of Tata Power Consolidated Provident Fund and the Superannuation Fund is administered by the Trustees of Tata Power Superannuation Fund. Under the Schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

The Rules of the Company's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared by the Central Government under para 60 of the Employees' Provident Fund Scheme, 1952, then the shortfall shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future.

On account of Defined Contribution Plans, a sum of ₹ 28.54 crore (31st March, 2012 - ₹ 26.99 crore) has been charged to the Statement of Profit and Loss.

- (b) The Company operates the following unfunded/funded defined benefit plans:

Unfunded:

- (i) Ex-Gratia Death Benefits
- (ii) Retirement Gifts
- (iii) Post Retirement Medical Benefits and
- (iv) Pension

Funded:

- (i) Gratuity

- (c) The actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31st March, 2013. The following tables set out the amounts recognised in the financial statements as at 31st March, 2013 for the above mentioned defined benefit plans:

- (i) Net employee benefits expense (recognised in employee cost) for the year ended 31st March, 2013:

	31st March, 2013	31st March, 2012
	₹ crore	₹ crore
Current Service Cost.....	11.40	9.73
Interest	15.13	12.60
Expected Return on Plan Assets	(5.18)	Nil
Actuarial Loss.....	18.21	12.01
1/5th of Transitional Liability	Nil	1.21
Total Expense.....	39.56	35.55

Notes forming part of the Financial Statements

- (ii) Change in the Defined Benefit Obligation during the year ended 31st March, 2013:

	31st March, 2013 ₹ crore	31st March, 2012 ₹ crore
Present value of Defined Benefit Obligation as at 1st April as per books	185.97	164.25
Unrecognised Transitional Liability as at 1st April	Nil	1.21
Current Service Cost.....	11.40	9.73
Interest.....	15.13	12.60
Actuarial Loss (Net).....	17.81	12.01
Benefits Paid (Net)	(18.08)	(13.83)
Present value of Defined Benefit Obligation as at 31st March	212.23	185.97
Less: Fair Value of Assets at the end of the year.....	94.38	40.00
Provision for Defined Benefit Obligation as at 31st March as per books	117.85	145.97

	2012-13 ₹ crore	2011-12 ₹ crore	2010-11 ₹ crore	2009-10 ₹ crore	2008-09 ₹ crore
Defined Benefit Obligation	212.23	185.97	164.25	132.49	123.69
Experience Adjustment on Plan Liabilities	10.79	7.01	19.83	1.60	3.01

The Company has paid ₹ 49.60 crore to Tata Power Grauity Fund (31st March, 2012 - ₹ 40.00 crore). Of the payment of ₹ 49.60 crore, ₹ 24.60 crore towards the current year liability (31st March, 2012 - ₹ 15.00 crore) and ₹ 25.00 crore towards the Opening Liability (31st March, 2012 - ₹ 25.00 crore). The balance of the Opening Liability to be funded over a period of 3 years.

- (iii) Change in Fair Value of Assets during the year:

	31st March, 2013 ₹ crore	31st March, 2012 ₹ crore
Plan Assets at the beginning of the year.....	40.00	Nil
Expected Return on Plan Assets	5.18	Nil
Actual Company contributions.....	49.60	40.00
Actuarial Loss.....	(0.40)	Nil
Fair value of plan assets at the end of the year	94.38	40.00

Composition of the plan assets is as follows:

Debt Securities - 100%

- (iv) Actuarial assumptions used for valuation of the present value of the defined benefit obligations of various benefits are as under:

	31st March, 2013	31st March, 2012
Discount Rate	8.00%	8.60%
Salary Growth Rate	Management 7.50 % p.a. Non-Management 6% p.a.	Management 7.50 % p.a. Non-Management 6% p.a.
Turnover Rate - Age 21 to 44 years.....	Management 8% p.a. Non-Management 0.50 % p.a.	Management 8% p.a. Non-Management 0.50 % p.a.
Turnover Rate - Age 45 years and above.....	Management 2.50% p.a. Non-Management 0.50% p.a.	Management 2.50% p.a. Non-Management 0.50% p.a.
Pension Increase Rate.....	3% p.a.	3% p.a.
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96)
Annual Increase in Health Cost.....	6% p.a.	6% p.a.

- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.

Notes forming part of the Financial Statements

- (v) Effect of change in assumed health care cost trend rate:

	31st March, 2013		31st March, 2012	
	₹ crore	₹ crore	₹ crore	₹ crore
	1% increase	1% decrease	1% increase	1% decrease
Effect on the aggregate of the service cost and interest cost..	0.05	(0.04)	0.09	(0.06)
Effect on defined benefit obligation.....	1.04	(0.91)	1.23	(1.03)

- (vi) The contribution expected to be made by the Company during the financial year 2013-14 has not been ascertained.

36. In respect of the contracts pertaining to the Strategic Engineering Business and Project Management Services, disclosures required as per AS-7 (Revised) are as follows:

- (a) Contract revenue recognised as revenue during the year ₹ 298.66 crore (31st March, 2012 - ₹ 310.74 crore).
- (b) In respect of contracts in progress –
- (i) The aggregate amount of costs incurred and recognised profits upto 31st March, 2013 - ₹ 279.73 crore (31st March, 2012 - ₹ 254.50 crore).
- (ii) Advances and progress payments received as at 31st March, 2013 - ₹ 567.93 crore (31st March, 2012 - ₹ 313.01 crore).
- (iii) Retention money included as at 31st March, 2013 in Sundry Debtors - ₹ 12.53 crore (31st March, 2012 - ₹ 12.46 crore).
- (c) (i) Gross amount due to customers for contract work as a liability as at 31st March, 2013 - ₹ 327.46 crore (31st March, 2012 - ₹ 219.45 crore).
- (ii) Gross amount due from customers for contract work as an asset as at 31st March, 2013 - ₹ 39.26 crore (31st March, 2012 - ₹ 99.32 crore).

37. (a) Total number of electricity units sold and purchased during the year as certified by Management - 16,002 MUs (31st March, 2012 - 15,240 MUs) and 1,378 MUs (31st March, 2012 - 1,042 MUs).

- (b) C.I.F. value of imports:

	31st March, 2013	31st March, 2012
	₹ crore	₹ crore
(i) Capital goods.....	28.64	232.60
(ii) Components and spare parts	85.44	59.00
(iii) Fuel	2,202.49	2,071.89

- (c) Expenditure in foreign currency :

	31st March, 2013	31st March, 2012
	₹ crore	₹ crore
(i) Professional and consultation fees (Revenue)	8.55	6.81
(ii) Professional and consultation fees (Capital)	2.67	4.62
(iii) Interest and issue expenses	81.69	67.17
(iv) Other matters	5.51	6.46

- (d) Value of components, stores and spare parts consumed (including fuel consumed and stores consumption included in Repairs and Maintenance):

	31st March, 2013		31st March, 2012	
	₹ crore		₹ crore	
(i) Imported.....	2,980.06	54.23%	2,387.72	48.92%
(ii) Indigenous.....	2,515.55	45.77%	2,493.13	51.08%
	<u>5,495.61</u>	<u>100.00%</u>	<u>4,880.85</u>	<u>100.00%</u>

- (e) Remittances by the Company in foreign currencies for dividends (including amounts credited to Non-Resident External Accounts):

	31st March, 2013	31st March, 2012
Dividend for the year ended		
No. of non-resident shareholders.....	4,796	3,842
No. of Equity Shares of Face Value ₹ 1 each held	2,51,60,759	2,52,63,900
Amount of Dividend (₹ crore).....	3.15	3.16

Notes forming part of the Financial Statements

(f) Earnings in foreign exchange:

(i)	Interest.....	
(ii)	Export of services.....	
(iii)	Guarantee Commission from Subsidiaries.....	
(iv)	Dividend.....	
(v)	Others.....	

31st March, 2013	31st March, 2012
₹ crore	₹ crore
34.99	82.25
4.66	8.83
10.24	7.50
296.55	532.09
13.40	1.11

(g) Expenditure incurred on Research and Development by the Company:

(i)	Revenue Expenditure	
(ii)	Capital Expenditure.....	

31st March, 2013	31st March, 2012
₹ crore	₹ crore
0.02	0.16
26.07	13.41

38. Related Party Disclosures:

Disclosure as required by Accounting Standard 18 (AS-18) - "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

(a) Related parties where control exists:

Subsidiaries

- 1) Af-Taab Investment Co. Ltd. (AICL)
- 2) Chemical Terminal Trombay Ltd. (CTTL)
- 3) Tata Power Trading Co. Ltd. (TPTCL)
- 4) Powerlinks Transmission Ltd. (PTL)
- 5) NELCO Ltd. (NELCO)
- 6) Maithon Power Ltd. (MPL)
- 7) Industrial Energy Ltd. (IEL)
- 8) Tata Power Delhi Distribution Ltd. (TPDDL)
- 9) Coastal Gujarat Power Ltd. (CGPL)
- 10) Bhira Investments Ltd. (BIL)
- 11) Bhivpuri Investments Ltd. (BHIL)
- 12) Khopoli Investments Ltd. (KIL)
- 13) Trust Energy Resources Pte. Ltd. (TERL)
- 14) Energy Eastern Pte. Ltd. ** (EEL)
- 15) Industrial Power Utility Ltd. (IPUL)
- 16) Tatanet Services Ltd.** (TNSL)
- 17) Tata Power Renewable Energy Ltd. (TPREL)
- 18) PT Sumber Energi Andalan Tbk. ** (SEA)
- 19) Tata Power Green Energy Ltd. ** (TPGEL)
- 20) NDPL Infra Ltd. ** (NDPLIL)
- 21) Dugar Hydro Power Ltd. (DHPL)
- 22) Tata Power Solar Systems Ltd. (TPSSL) (from 28th June, 2012)
- 23) Tata Power Jamshedpur Distribution Limited (TPJDL) (from 6th November, 2012)

** Through Subsidiary Companies.

(b) Other related parties (where transactions have taken place during the year) :

(i) Associates

- 1) Tata Projects Ltd. (TPL)
- 2) Yashmun Engineers Ltd. (YEL)

(ii) Joint Ventures

- 1) Tubed Coal Mines Ltd. (TCML)
- 2) Mandakini Coal Company Ltd. (MCCL)
- 3) Dagachhu Hydro Power Corporation Ltd. (DHPCL)
- 4) Cennergi Pty. Ltd. (CPL)
- 5) OTP Geothermal Pte. Ltd. (OTPGI)

(iii) Promoters holding together with its Subsidiary more than 20%

Tata Sons Ltd.

(c) Key Management Personnel

Anil Sardana
S. Ramakrishnan
S. Padmanabhan

Notes forming part of the Financial Statements

38. Related Party Disclosures (Contd.)

(d) Details of Transactions:

₹ crore

Particulars	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Promoters
Purchase of goods/power	310.49	-	-	-	-
	342.54	-	-	-	-
Sale of goods/power	227.70	-	-	-	-
	335.16	-	-	-	-
Purchase of fixed assets	3.68	24.78	-	-	-
	5.26	36.18	7.83	-	-
Sale of fixed assets	-	-	-	-	-
	0.06	-	-	-	-
Rendering of services.....	120.20	0.10	4.65	-	0.11
	103.03	0.10	-	-	0.24
Receiving of services.....	4.54	12.57	-	-	0.50
	4.78	13.83	0.37	-	0.54
Brand equity contribution	-	-	-	-	23.66
	-	-	-	-	21.29
Guarantee, collaterals etc. given.....	1,797.81	-	66.67	-	-
	5,219.73	-	-	-	-
Letter of comfort given	-	-	27.57	-	-
	-	-	-	-	-
Amount received on buy-back of equity shares	16.00	-	-	-	-
	29.23	-	-	-	-
Remuneration paid	-	-	-	10.50	-
	-	-	-	11.98	-
Interest income	77.15	0.31	-	-	-
	91.67	1.11	-	-	-
Dividend received	353.81	9.73	-	-	5.34
	589.71	11.03	5.24	-	5.34
Dividend paid	0.05	-	-	-	88.44
	0.05	-	-	-	88.44
Guarantee commission earned	10.24	-	-	-	-
	7.50	-	-	-	-
Loans given.....	3,244.16	-	-	-	-
	133.56	-	-	-	-
Security deposits given	-	-	-	-	-
	-	-	-	-	0.50
Equity contribution (including advance towards equity contribution and loan converted into equity) @	1,392.82	-	35.31	-	-
	1,104.41	100.00	25.70	-	-
Redemption of preference shares/debentures	-	9.37	-	-	-
	-	109.38	-	-	-
Purchase of preference shares	255.00	-	-	-	-
	-	-	-	-	-
Loans repaid (including loan converted into equity).....	3,107.51	-	-	-	-
	500.48	-	-	-	-
Coal stock given on loan	-	-	-	-	-
	69.44	-	-	-	-
Coal stock loan repaid	69.44	-	-	-	-
	-	-	-	-	-
Deposits taken.....	4.90	-	-	-	-
	64.00	-	-	-	-
Deposits repaid	68.90	-	-	-	-
	-	-	-	-	-
Balances outstanding					
Security deposits given	-	-	-	-	0.50
	-	-	-	-	0.50
Other receivables (net of provisions)	52.78	0.33	3.95	-	-
	272.47	0.03	5.00	-	0.02

Notes forming part of the Financial Statements

38. Related Party Disclosures (Contd.)

Particulars	₹ crore				
	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Promoters
Loans given (including interest thereon).....	1,551.71	1.27	-	-	-
	<i>1,397.91</i>	<i>1.27</i>	-	-	-
Loans provided for as doubtful advances	-	1.27	-	-	-
	-	<i>1.27</i>	-	-	-
Preference shares/debentures outstanding	277.05	-	-	-	-
	-	9.37	22.05	-	-
Advance towards equity	252.78	-	-	-	-
	<i>141.58</i>	-	5.00	-	-
Guarantees, collaterals etc. outstanding	12,710.74	-	98.29	-	31.10
	<i>11,383.13</i>	-	<i>31.62</i>	-	<i>409.51</i>
Letter of comfort outstanding.....	-	-	27.57	-	-
	-	-	-	-	-
Other payables	34.05	5.36	-	-	24.31
	<i>72.76</i>	<i>5.39</i>	<i>0.18</i>	-	<i>21.72</i>

@ Including shares pursuant to loan being converted to equity.

Note: Previous year's figures are in italics.

(e) Details of material related party transactions:

(i) Subsidiaries :

Particulars	₹ crore												
	AICL	IEL	PTL	TPTCL	MPL	EEL	BHIL	BIL	CTTL	KIL	TERL	CGPL	TPREL TPDDL
Purchase of goods/power	-	-	-	104.92	-	-	-	-	-	-	284.11	-	-
	-	-	-	<i>225.10</i>	-	-	-	-	-	-	<i>237.62</i>	-	-
Sale of goods/power	-	-	-	332.93	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	3.68	-	-
	-	-	-	-	-	-	-	-	-	-	<i>3.90</i>	-	1.36
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	0.06	-	-	-	-	-	-	-	-
Rendering of services.....	-	34.86	-	-	48.49	-	-	-	-	-	-	-	-
	-	<i>19.17</i>	-	-	<i>47.69</i>	-	-	14.34	-	-	-	-	-
Receiving of services.....	-	-	-	-	-	-	-	-	0.53	-	-	2.58	0.70
	-	-	-	-	-	-	-	-	1.62	-	-	2.91	-
Guarantee and collaterals etc. given	-	-	-	-	135.00	209.63	-	-	-	-	-	1,308.11	-
	-	-	-	-	-	-	-	4,607.10	-	-	-	-	-
Amount received on buy-back of equity shares.....	16.00	-	-	-	-	-	-	-	-	-	-	-	-
	<i>21.23</i>	-	-	-	-	-	-	-	8.00	-	-	-	-
Interest Income	-	-	-	-	14.31	-	-	13.51	-	20.99	-	-	10.60
	-	-	-	-	-	-	-	<i>66.24</i>	-	-	-	19.57	-
Dividend received	-	-	50.12	-	-	-	296.55	-	-	-	-	-	-
	-	-	-	-	-	-	<i>532.09</i>	-	-	-	-	-	-
Guarantee commission earned.....	-	-	-	-	-	-	-	7.37	-	1.24	1.38	-	-
	-	-	-	-	-	-	-	<i>6.38</i>	-	<i>1.12</i>	-	-	-
Loans given.....	-	-	-	625.00	-	-	-	-	-	570.60	-	955.10	725.00
	-	-	-	-	50.00	-	-	-	-	-	-	-	71.25
Coal stock given on loan.....	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	69.44	-	-	-	-	-	-	-	-	-	-	-
Coal stock given on loan repaid.....	-	69.44	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposit taken.....	-	4.90	-	-	-	-	-	-	-	-	-	-	-
	-	<i>64.00</i>	-	-	-	-	-	-	-	-	-	-	-
Deposit repaid.....	-	68.90	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	0.05	-	-	-	-
	-	-	-	-	-	-	-	-	<i>0.05</i>	-	-	-	-
Equity contribution (including advance towards equity contribution and loan converted into equity)	-	-	-	-	-	-	-	-	-	255.17	-	991.53	-
	-	-	-	-	-	-	-	-	-	-	-	<i>939.58</i>	-
Purchase of preference shares.....	-	-	-	-	-	-	-	-	-	-	-	-	255.00
	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans repaid (including loan converted into equity).....	-	-	-	575.00	-	-	-	1,023.60	-	-	-	767.41	725.00
	-	-	-	-	-	-	-	<i>365.63</i>	-	<i>134.85</i>	-	-	-

Note: Previous year's figures are in italics.

Notes forming part of the Financial Statements

38. Related Party Disclosures (Contd.)

₹ crore

(ii) Associates and Joint Ventures:

Particulars	Associates				Joint Ventures				
	PFL	TPL	YEL	RUIL	CPL	MCCL	OTP	TCML	DHPCL
Purchase of fixed assets	-	24.78	-	-	-	-	-	-	-
	-	36.18	-	-	-	-	-	-	-
Rendering of services.....	-	-	0.10	-	0.83	-	3.82	-	-
	-	-	0.10	-	-	-	-	-	-
Receiving of services	-	-	12.57	-	-	-	-	-	-
	-	-	13.82	-	-	-	-	-	-
Interest income	-	0.31	-	-	-	-	-	-	-
	-	1.06	-	-	-	-	-	-	-
Dividend received	-	9.68	-	-	-	-	-	-	-
	-	9.68	-	1.31	-	-	-	-	-
Loan given	-	0.08	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Guarantee, collaterals etc. given	-	-	-	-	-	66.67	-	-	-
	-	-	-	-	-	-	-	-	-
Letter of comfort given	-	-	-	-	27.57	-	-	-	-
	-	-	-	-	-	-	-	-	-
Equity contribution.....	-	-	-	-	-	5.00	-	7.20	23.11
	100.00	-	-	-	-	6.00	-	-	17.71
Redemption of preference shares/debentures	-	9.37	-	-	-	-	-	-	-
	100.00	9.38	-	-	-	-	-	-	-

Note: Previous year's figures are in italics.

39. Disclosures as required under clause 32 of listing agreement:

Loans and advances (excluding advance towards equity) in the nature of loans given to Subsidiaries and Associates:

Name of the Company	Relationship	Amount Outstanding as at the year-end **	Maximum Amount Outstanding during the year**	Investments in Company's Shares
		₹ crore	₹ crore	(Nos.)
Tata Power Renewable Energy Ltd. (Long-term)	Subsidiary	121.26	130.01	Nil
		71.25	71.25	Nil
Coastal Gujarat Power Ltd. (Long-term) ###	Subsidiary	400.00	1,167.41	Nil
		212.31	212.31	Nil
Bhira Investments Ltd. (Short-term)	Subsidiary	Nil	1,139.86	Nil
		1,023.60	1,366.83	Nil
Khopoli Investments Ltd. (Long-term) ***	Subsidiary	543.80	572.17	Nil
		Nil	136.14	Nil
Industrial Energy Ltd. (Short-term)	Subsidiary	171.75	171.75	Nil
		70.32	70.32	Nil
Maithon Power Ltd. (Long-term)	Subsidiary	123.50	123.50	Nil
		50.00	50.00	Nil
Chemical Terminal Trombay Ltd. (Long-term)	Subsidiary	1.00	1.00	4,00,580
		1.00	1.00	4,00,580
Tata Power Trading Company Ltd. (Short-term)	Subsidiary	50.00	165.00	Nil
		Nil	Nil	Nil
Tata Power Delhi Distribution Ltd. (Short-term)	Subsidiary	Nil	225.00	Nil
		Nil	Nil	Nil
Powerlinks Transmission Ltd. (Short-term)	Subsidiary	41.00	41.00	Nil
		Nil	Nil	Nil
Tata Power Jamshedpur Distribution Ltd. (Short-term)	Subsidiary	3.00	3.00	Nil
		Nil	Nil	Nil
NELCO Ltd. (Short-term)	Subsidiary	12.70	20.45	Nil
		Nil	Nil	Nil
Nelito Systems Ltd. (Long-term) &	Associate	1.27	1.27	Nil
		1.27	1.27	Nil

** Excluding interest accrued.

*** No repayment schedule.

Right to convert to equity and the Company has waived the interest on loan from 1st April, 2012.

& Provided for.

Note: Previous year's figures are in italics.

Notes forming part of the Financial Statements

40. Derivative Instruments and Unhedged foreign currency exposures:

(i) Derivative Instruments :

The following derivative positions are open as at 31st March, 2013. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Note 2.1(n) and 2.1(o).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding forward exchange contracts and currency option contracts entered into by the Company as on 31st March, 2013:

	Buy / Sell	31st March, 2013 Foreign Currency ₹ crore (in Millions)		31st March, 2012 Foreign Currency ₹ crore (in Millions)	
Forward Contracts (Buyer's credit)	Buy	USD 203.74	1,108.14	USD 147.68	755.95
Currency Option.....	Buy	USD 62.00	337.22	Nil	Nil

(ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument are given below:

	31st March, 2013 Foreign Currency ₹ crore (in Millions)		31st March, 2012 Foreign Currency ₹ crore (in Millions)	
(a) Amounts receivable in foreign currency on account of the following:				
(i) Export of goods.....	USD 2.48	13.48	USD 2.92	14.92
(ii) Loan receivable from subsidiaries.....	USD 100.00	543.80	USD 200.00	1,023.60
(iii) Interest receivable.....	USD 3.92	21.34	USD *	0.12
(iv) Other advances receivable from subsidiaries	USD 1.84	9.98	USD 0.75	3.83
(b) Amounts payable in foreign currency on account of the following:				
(i) Import of goods and services	USD 29.78	161.99	USD 74.86	383.19
	EURO 0.18	1.28	EURO 0.93	6.36
	GBP 0.28	2.31	GBP 0.36	2.93
(ii) Capital imports.....	EURO 0.27	1.88	EURO 4.30	29.38
	JPY 141.60	8.21	JPY 143.61	8.97
	USD 0.08	0.43	USD 0.23	1.20
	GBP *	0.03	GBP 0.10	0.81
	CHF *	0.01	CHF 0.42	2.41
(iii) Interest payable	USD 3.72	20.23	USD 3.20	16.37
(iv) Loans payable.....	USD 310.31	1,687.76	USD 362.21	1,854.16
(v) Premium payable on borrowings.....	USD 28.41	154.52	USD 28.41	145.43
(c) Bank balances.....	SGD 0.98	4.32	SGD 0.07	0.28
	USD 0.83	4.53	USD 2.78	14.24
	TAKA 0.23	0.01	TAKA 0.25	0.01

Notes forming part of the Financial Statements

41. Segment Accounting:

The Company has identified business segments as its primary segment. Business segments are as below:

₹ crore

	Power	Others	Eliminations	Total
REVENUE				
External Revenue.....	9,157.96	409.32	-	9,567.28
	<i>8,131.78</i>	<i>364.06</i>	-	8,495.84
RESULT				
Total Segment Results	1,681.13	44.89	-	1,726.02
	<i>1,215.79</i>	<i>32.39</i>	-	<i>1,248.18</i>
Finance Costs				(678.25)
				<i>(514.87)</i>
Unallocable Income net of Unallocable Expense				655.61
				<i>949.56</i>
Income Taxes.....				(678.69)
				<i>(513.14)</i>
Profit after Tax				1,024.69
				1,169.73
OTHER INFORMATION				
Segment Assets.....	13,590.30	704.36	-	14,294.66
	<i>11,715.30</i>	<i>634.45</i>	-	<i>12,349.75</i>
Unallocable Assets				13,798.20
				<i>12,631.55</i>
Total Assets				28,092.86
				24,981.30
Segment Liabilities.....	2,125.75	558.31	-	2,684.06
	<i>2,044.74</i>	<i>524.75</i>	-	<i>2,569.49</i>
Unallocable Liabilities				11,730.17
				<i>9,154.82</i>
Total Liabilities				14,414.23
				11,724.31
Capital Expenditure	774.56	40.98	-	815.54
	<i>1,182.88</i>	<i>45.69</i>	-	<i>1,228.57</i>
Non-cash Expenses other than Depreciation/Amortisation	14.49	13.48	-	27.97
	<i>4.15</i>	<i>7.44</i>	-	<i>11.59</i>
Depreciation/Amortisation	351.08	13.02	-	364.10
	<i>562.69</i>	<i>7.66</i>	-	<i>570.35</i>

Types of products and services in each business segment:

Power - Generation, Transmission and Distribution.

Others - Defence Engineering, Project Contracts/Infrastructure Management Services, Coal Bed Methane and Property Development.

Note: Previous year's figures are in italics.

42. Earnings Per Share:

	31st March, 2013	31st March, 2012
Basic		
Net profit for the year (₹ crore)	1,024.69	1,169.73
(Less)/Add : Contingencies Reserve (provided)/writeback for the year (₹ crore)	(7.00)	6.00
Add : Special Reserve writeback for the year (₹ crore).....	Nil	13.00
	<u>1,017.69</u>	<u>1,188.73</u>
Less : Distribution on Unsecured Perpetual Securities (₹ crore).....	199.62	113.61
Net profit for the year attributable to the equity shareholders (₹ crore)	<u>818.07</u>	<u>1,075.12</u>
The weighted average number of Equity Shares for Basic Earnings Per Share (Nos.)..	237,53,75,440	237,53,75,440
Par value Per Share (in ₹) - Refer Note 3(a)	1.00	1.00
Basic Earnings Per Share (in ₹)	3.44	4.53
Diluted		
Net profit for the year attributable to the equity shareholders (₹ crore)	818.07	1,075.12
Add : Interest Expense and Exchange Fluctuation on FCCB (Net) (₹ crore)	77.73	47.30
Profit attributable to equity shareholders on dilution (₹ crore)	<u>895.80</u>	<u>1,122.42</u>

Notes forming part of the Financial Statements

42. Earnings Per Share (Contd.)

The weighted average number of Equity Shares for Basic Earnings Per Share (Nos.)...
Add : Effect of potential Equity Shares on Conversion of FCCB (Nos.).....
The weighted average number of Equity Shares for Diluted Earnings Per Share (Nos.)..
Par value Per share (in ₹).....
Diluted Earnings Per Share (in ₹) - Anti Dilutive.....
Diluted Earnings Per Share restricted to Basic Earnings Per Share (in ₹)

31st March, 2013	31st March, 2012
₹ crore	₹ crore
237,53,75,440	237,53,75,440
9,64,40,896	9,64,40,896
247,18,16,336	247,18,16,336
1.00	1.00
3.62	4.54
3.44	4.53

43. Disclosures as required by Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets" as at 31st March, 2013:

The Company has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	Opening Balance	Provision during the year	Payments made during the year	Reversal / Regrouped during the year	Closing Balance
Provision for Warranties	12.90	16.83	(0.62)	(9.09)	20.02
	6.86	12.11	(0.71)	(5.36)	12.90
Provision for Premium on Redemption of FCCB	145.43	9.09 @	-	-	154.52
	126.94	18.49 @	-	-	145.43
Provision on Premium on Redemption of Debentures.....	134.70	-	-	-	134.70
	134.70	-	-	-	134.70

@ On account of exchange loss/(gain).

Note : Previous year's figures are in italics.

44. Interest in Joint Ventures:

The Company's interest, as a venturer, in jointly controlled entity is:

Name of the Company	Country of Incorporation	Principal activities	Percentage of Holding
Tubed Coal Mines Ltd.(TCML)	India	Coal Mining	40%
Tata Power Solar Systems Ltd. (TPSSL) [formerly known as Tata BP Solar India Ltd. (TBSIL)] Upto 27th June, 2012.	India	Solar Photovoltaic Systems and its components	49%
Mandakini Coal Company Ltd. (MCCL)	India	Coal Mining	33.33%
Dagachhu Hydro Power Corporation Ltd. (DHPCL)	Bhutan	Hydro Power Generation	26%

The Company's interest in these Joint Ventures is reported as Non Current Investments (Note 14) and stated at cost less provision for diminution other than temporary, if any, in the value of such investments. The Company's share of each of the assets, liabilities, incomes and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in these Joint Ventures (in case of MCCL and DHPCL based on unaudited accounts) are as under:

	31st March, 2013	31st March, 2012
	₹ crore	₹ crore
I. NON-CURRENT LIABILITIES		
a) Long-term Borrowings.....	169.02	145.16
b) Deferred tax Liabilities (net)	Nil	13.68
c) Other Long-term Liabilities	Nil	2.29
d) Long-term Provisions.....	0.18	7.06
(A)	169.20	168.19
II. CURRENT LIABILITIES		
a) Short-term Borrowings	5.97	46.97
b) Trade Payables.....	0.31	55.88
c) Other Current Liabilities.....	10.74	92.56
d) Short-term Provisions	0.03	14.10
(B)	17.05	209.51
(A+B)	186.25	377.70

Notes forming part of the Financial Statements

44. Interest in Joint Ventures (Contd.)

	31st March, 2013 ₹ crore	31st March, 2012 ₹ crore
III. NON - CURRENT ASSETS		
a) Fixed Assets	259.77	402.82
b) Long-term Loans and Advances	60.25	26.84
c) Other Non-current Assets	Nil	0.63
(C)	<u>320.02</u>	<u>430.29</u>
IV. CURRENT ASSETS		
a) Inventories	Nil	59.96
b) Trade Receivables	Nil	102.79
c) Cash and Bank Balances	11.87	49.09
d) Short-term Loans and Advances	0.36	7.01
e) Other Current Assets	Nil	44.77
(D)	<u>12.23</u>	<u>263.62</u>
(C+D)	<u>332.25</u>	<u>693.91</u>
V. REVENUE		
a) Revenue from Operations	42.17	457.01
b) Other Income	3.48	2.82
	<u>45.65</u>	<u>459.83</u>
VI. EXPENSES		
a) Cost of Material	35.01	362.51
b) Manufacturing and Other Expenses	21.64	72.33
c) Depreciation/Amortisation	5.83	24.06
d) Finance Costs	3.42	14.85
e) Tax Expense	(6.99)	(4.46)
	<u>58.91</u>	<u>469.29</u>
VII. LOSS AFTER TAX	<u>(13.26)</u>	<u>(9.46)</u>
VIII. OTHER MATTERS		
a) Contingent Liabilities	5.38	7.40
b) Capital Commitments	81.48	208.37
	<u>86.86</u>	<u>215.77</u>

45. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure. Figures below ₹ 50,000 are denoted by '₹'

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF THE TATA POWER COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **THE TATA POWER COMPANY LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, jointly controlled entities and associates and based on the consideration of the unaudited financial statements of the subsidiaries and jointly controlled entities which have been certified by the management, referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matters

- (a) We draw attention to Note 35(e) to the financial statements which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Note 35(e) and (f)] for the years upto 31st March, 2013. The impact of the same on the results for the year ended 31st March, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.
- (b) As stated in Note 32, which describes the key source of estimation uncertainties relating to the carrying amount of assets and compliance with debt covenants.
- (c) As stated in Note 35 (a)(vi) and (vii) regarding recoverability of ₹ 6,834.20 crore (Group's share of ₹ 2,050.26 crore) of Value Added Tax balances and other contingent claims from third parties, the outcome of which cannot be presently determined.
- (d) As stated in Note 35(h), wherein no adjustment has been made by the Company in respect of income estimated at ₹ 145.72 crore as at 31st March, 2013. The impact of the above as at 31st March, 2013 cannot presently be determined pending

ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion that the disallowance of expenses by Delhi Electricity Regulatory Commission (DERC) pertaining to the Rithala plant can be successfully challenged, no adjustment has been considered necessary.

- (e) As stated in Note 38, regarding accrual of insurance claims receivable aggregating ₹ 18.24 crore (net) (Group's share of ₹ 13.50 crore) for the year ended 31st March, 2013, the final quantum of which is subject to determination by the insurance company.

Our opinion is not qualified in respect of these matters.

Other Matters

- (a) We did not audit the financial statements of 6 subsidiaries and 6 jointly controlled entities, whose financial statements reflect the Group's share of total assets (net) of ₹ 13,508.64 crore as at 31st March, 2013, the Group's share of total revenues of ₹ 8,699.44 crore and net cash outflows amounting to ₹ 1,038.26 crore for the year ended on that date, as considered in the consolidated financial statements.

The consolidated financial statements also include the Group's share of net profit of ₹ 0.09 crore for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

- (b) The consolidated financial statements include the unaudited financial statements/financial information of 3 subsidiaries and 20 jointly controlled entities, whose financial statements/financial information reflect the Group's share of total assets (net) of ₹ 1,877.35 crore as at 31st March, 2013, the Group's share of total revenue of ₹ 304.30 crore and net cash inflows amounting to ₹ 6.60 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been certified by the management and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities, is based solely on such management certified financial statements/financial information.

Our opinion is not qualified in respect of these matters.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. BANGA
Partner
(Membership Number: 37915)

Mumbai, 30th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

	Notes	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	237.29	237.29
Reserves and Surplus	4	10,501.19	10,875.00
		10,738.48	11,112.29
UNSECURED PERPETUAL SECURITIES	5	1,500.00	1,500.00
STATUTORY CONSUMER RESERVES	6	604.23	617.77
MINORITY INTEREST		2,064.60	1,631.27
SPECIAL APPROPRIATION TOWARDS PROJECT COST		533.61	533.61
CAPITAL GRANT		8.91	9.39
SERVICE LINE CONTRIBUTIONS FROM CONSUMERS		450.56	401.32
NON-CURRENT LIABILITIES			
Long-term Borrowings	7	31,599.34	29,733.11
Deferred Tax Liabilities (Net)	8	1,025.41	647.05
Other Long-term Liabilities	9	949.11	1,181.30
Long-term Provisions	10	1,164.59	1,043.50
		34,738.45	32,604.96
CURRENT LIABILITIES			
Short-term Borrowings	11	3,547.18	2,186.74
Trade Payables		3,540.85	2,750.13
Other Current Liabilities	12	8,776.13	7,376.60
Short-term Provisions	10	778.41	888.01
		16,642.57	13,201.48
TOTAL		67,281.41	61,612.09
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	13(a)	35,395.28	22,585.11
Intangible Assets	13(b)	233.83	223.95
Capital Work-in-Progress		2,284.27	12,634.31
Intangible Assets under Development		73.34	24.90
		37,986.72	35,468.27
Goodwill on Consolidation		5,724.14	4,844.40
Non-current Investments	14	2,642.71	2,645.42
Deferred Tax Assets (Net)	8	24.88	8.31
Long-term Loans and Advances	15	1,603.85	1,355.04
Other Non-current Assets	16	7,148.99	5,820.56
		11,420.43	9,829.33
CURRENT ASSETS			
Current Investments	17	477.40	777.48
Inventories	18	2,026.51	1,684.69
Trade Receivables	19	3,305.01	2,271.35
Cash and Bank Balances	20	1,989.89	3,694.12
Short-term Loans and Advances	15	3,299.91	2,421.67
Other Current Assets	21	1,051.40	620.78
		12,150.12	11,470.09
TOTAL		67,281.41	61,612.09

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA
Partner

H. M. MISTRY
Company Secretary

For and on behalf of the Board,

CYRUS P. MISTRY
Chairman

ANIL SARDANA
Managing Director

S. RAMAKRISHNAN
Executive Director

Mumbai, 30th May, 2013.

Mumbai, 30th May, 2013.

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
REVENUE			
Revenue from Operations (Gross)	22	33,042.10	26,019.81
Less: Excise Duty	22	16.67	18.41
Revenue from Operations (Net)	22	33,025.43	26,001.40
Other Income	23	369.20	268.76
TOTAL REVENUE		33,394.63	26,270.16
EXPENSES			
Cost of Power Purchased		7,875.02	6,175.28
Less: Cash Discount		56.36	52.67
		7,818.66	6,122.61
Cost of Coal Purchased		Nil	76.74
Cost of Fuel		9,661.60	6,309.12
Coal Processing Charges		2,544.99	1,953.22
Royalty towards Coal Mining		1,111.14	1,101.12
Deferred Stripping Cost		Nil	659.44
Raw Material Consumed	24	386.74	358.87
Purchase of Goods for Resale		37.47	62.14
Increase in Stock-in-Trade and Work-in-Progress	24	(275.12)	(177.01)
Employee Benefits Expense	25	1,322.95	1,146.26
Finance Costs	26	2,635.53	1,527.09
Depreciation and Amortisation	13	2,051.69	1,334.64
Other Expenses	27	3,972.30	3,488.67
TOTAL EXPENSES		31,267.95	23,962.91
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		2,126.68	2,307.25
Exceptional Item:			
Provision for Impairment		(850.00)	(1,800.00)
PROFIT BEFORE TAX		1,276.68	507.25
TAX EXPENSE			
Current Tax Expense for Current Year		912.69	1,405.17
MAT Credit		(29.91)	(51.21)
Current Tax Expense relating to Prior Years		(12.07)	0.89
Net Current Tax Expense		870.71	1,354.85
Deferred Tax Expense		307.25	120.69
		1,177.96	1,475.54
PROFIT/(LOSS) AFTER TAX AND BEFORE SHARE OF PROFIT OF ASSOCIATES AND MINORITY INTEREST		98.72	(968.29)
Share of Profit of Associates for the Year		23.92	70.77
Minority Interest		(208.07)	(190.16)
LOSS FOR THE YEAR		(85.43)	(1,087.68)
EARNINGS PER SHARE (FACE VALUE ₹ 1/- PER SHARE)			
Basic (₹)		(1.23)	(4.98)
Diluted (₹)		(1.23)	(4.98)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA
Partner

H. M. MISTRY
Company Secretary

Mumbai, 30th May, 2013.

For and on behalf of the Board,

CYRUS P. MISTRY
Chairman

ANIL SARDANA
Managing Director

S. RAMAKRISHNAN
Executive Director

Mumbai, 30th May, 2013.

Consolidated Cash Flow Statement for the year ended 31st March, 2013

	For the Year ended 31st March, 2013 ₹ crore	For the Year ended 31st March, 2012 ₹ crore
A. Cash Flow from Operating Activities		
Net Profit before Taxes	1,276.68	507.25
Adjustments for:		
Depreciation/Amortisation.....	2,051.69	1,334.64
Finance Cost (Net of Capitalisation).....	2,635.53	1,527.09
Interest Income (Net of Interest Income Capitalised)	(245.71)	(165.61)
Dividend income (Net of Dividend Income Capitalised)	(11.93)	(12.14)
Provision for Doubtful Debts/Advances (Net)	49.09	33.78
Provision for Contingencies (Net).....	1.43	Nil
Provision for diminution in value of investments (Net).....	68.56	19.92
Deferred Stripping Expenditure charged off.....	Nil	659.44
Provision for future foreseeable losses etc.....	Nil	0.34
Provision for Warranties	14.07	8.80
Discount accrued on Bonds (Net).....	(0.14)	(1.76)
Provision for Impairment.....	850.00	1,800.00
Provision for Restoration and Rehabilitation	70.05	48.48
Grants/Consumer Contributions transferred	(26.04)	(23.72)
Loss on sale/retirement of assets (Net)	8.09	7.29
Provision for Obsolete Stock/Fixed Assets	1.46	Nil
Commission Earned.....	(6.18)	(4.43)
Profit on sale of Investments (Net).....	(73.61)	(52.95)
Share Issue Expenses	0.92	1.39
Exchange (Gain)/Loss on Investing/Financing Activity (Net)	(37.55)	29.91
Unrealised Exchange Loss (Net)	87.03	54.04
Bad Debts	0.61	0.92
	<u>5,437.37</u>	<u>5,265.43</u>
Operating Profit before Working Capital Changes.....	6,714.05	5,772.68
Adjustments for:		
Trade Receivable.....	(935.60)	(502.29)
Long-term Trade Receivable.....	(1,330.94)	(2,476.38)
Inventories	(246.03)	(518.29)
Loans and Advances.....	(544.86)	(777.24)
Other Current Assets.....	(483.59)	(185.87)
Trade Payables.....	562.25	639.37
Other Liabilities and Provisions.....	617.69	772.23
Purchase of Investments.....	(15.87)	(32.78)
Sale of Investments.....	34.31	57.79
Deposits given.....	(8.50)	(8.50)
Deposits refunded (including interest)	Nil	8.50
	<u>(2,351.14)</u>	<u>(3,023.46)</u>
Cash generated from Operations	4,362.91	2,749.22
Taxes Paid (Net)	(1,083.27)	(1,602.58)
Net Cash from Operating Activities	<u>3,279.64</u>	<u>1,146.64</u>
B. Cash flow from Investing Activities		
Capital Expenditure on Fixed Assets, including Capital Advances.....	(4,270.21)	(5,350.70)
Deferred Stripping Expenditure	(1.13)	135.80
Proceeds from Insurance on Assets Destroyed	52.76	Nil
Sale of Fixed Assets.....	77.15	58.18
Purchase consideration paid on aquisition of holding interest in Subsidiary and Joint Venture	(865.05)	Nil
Purchase of Investments	(23,068.52)	(20,346.13)
Sale of Investments.....	23,393.15	19,842.72
Interest Received	251.94	166.16
Inter-corporate Deposits (Net)	(287.75)	(103.46)
Commission Received.....	6.18	4.40
Dividend Received	23.32	12.14
Exchange Gain on Investing Activity.....	26.01	5.08
Bank Balance not considered as Cash and Cash Equivalents.....	375.90	(552.08)
Net Cash used in Investing Activities	<u>(4,286.25)</u>	<u>(6,127.89)</u>

Consolidated Cash Flow Statement for the year ended 31st March, 2013

	For the Year ended 31st March, 2013 ₹ crore	For the Year ended 31st March, 2012 ₹ crore
C. Cash Flow from Financing Activities		
Increase in Capital Contributions and Capital Grants	74.80	42.70
Proceeds from Issue of Shares to Minority Shareholders	285.84	78.81
Proceeds from Borrowings.....	8,570.20	11,886.82
Repayment of Borrowings	(5,692.32)	(4,394.73)
Exchange Loss on Financing Activity	(64.54)	(34.99)
Proceeds from Issue of Unsecured Perpetual Securities	Nil	1,500.00
Unsecured Perpetual Securities Issue Expenses	Nil	(17.73)
Distribution on Unsecured Perpetual Securities.....	(171.47)	(70.55)
Other Finance Cost paid	(57.34)	(74.65)
Derivative Premium Charges paid	(121.90)	(123.76)
Interest Paid.....	(2,991.21)	(2,592.58)
Debenture and share Issue Expenses.....	(18.68)	(2.71)
Dividend Paid.....	(344.62)	(341.23)
Additional Income-Tax on Dividend Paid	(55.43)	(57.24)
Net Cash (used in)/from Financing Activities	(586.67)	5,798.16
Net (Decrease)/Increase in Cash and Cash Equivalents.....	(1,593.28)	816.91
Cash and Cash Equivalents as at 1st April (Opening Balance)	3,122.34	2,141.02
Cash and Bank Balance acquired on aquisition of Subsidiary and Joint Ventures	167.15	Nil
Effect of Exchange Fluctuation on Cash and Cash Equivalents	93.42	164.41
Cash and Cash Equivalents as at 31st March (Closing Balance)	1,789.63	3,122.34

Notes:

1. Cash and Cash Equivalents include:

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(a) Cash on Hand	1.55	0.91
(b) Cheques on Hand.....	64.55	14.62
(c) Balance with Banks		
(i) In Current Accounts.....	710.32	790.14
(ii) In Deposit Accounts	1,013.21	2,316.67
	1,789.63	3,122.34

2. Previous year's figures have been regrouped, wherever necessary, to conform to this year's classification.

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA
Partner

Mumbai, 30th May, 2013.

For and on behalf of the Board,

CYRUS P. MISTRY
Chairman

ANIL SARDANA
Managing Director

S. RAMAKRISHNAN
Executive Director

H. M. MISTRY
Company Secretary

Mumbai, 30th May, 2013.

Notes forming part of the Consolidated Financial Statements

1. Background:

The Company, pioneered the generation of electricity in India nine decades ago. Prior to 1st April, 2000 the Tata Electric Companies comprised of the following three Companies -

- The Tata Hydro-Electric Power Supply Company Limited, established in 1910 (Tata Hydro).
- The Andhra Valley Power Supply Company Limited, established in 1916 (Andhra Valley).
- The Tata Power Company Limited, established in 1919 (Tata Power).

With effect from 1st April, 2000, Andhra Valley and Tata Hydro merged into Tata Power to result in one large unified entity. Today, Tata Power is India's largest integrated power utility with a significant international presence. It has an installed generation capacity of 8521 MW in India and a presence in all the segments of the power sector viz. Fuel and Logistics, Generation (thermal, hydro, solar and wind), Transmission, Distribution and Trading. It has successful public-private partnerships in Generation, Transmission and Distribution in India. It is one of the largest renewable energy players in India and has developed 4000 MW Ultra Mega Power Project at Mundra (Gujarat) based on super-critical technology which is fully commissioned now.

Its international presence includes strategic investments in Indonesia through a stake in coal mines and a geothermal project; in Singapore to securitise coal supply and the shipping of coal for its thermal power generation operations; in South Africa through a joint venture to develop projects in South Africa, Botswana and Namibia; in Australia through investments in enhanced geothermal and clean coal technologies and in Bhutan through a hydro project in partnership with The Royal Government of Bhutan.

2.1. Significant Accounting Policies:

(a) Basis for Preparation of Accounts:

The financial statements have been prepared on accrual basis under the historical cost convention. The accounts of The Tata Power Company Limited (the Parent Company), its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted by the Group in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management of the Group to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(c) Principles of Consolidation:

The Consolidated Financial Statements have been prepared in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), Accounting Standard 21 (AS-21) - "Consolidated Financial Statements", Accounting Standard 23 (AS-23) - "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS-27) - "Financial Reporting of Interests in Joint Ventures".

- (a) The financial statements of the subsidiaries, jointly controlled entities and associates used in consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended 31st March, 2013 and are audited except as stated in (c)(i)(b), (c)(ii) and (c)(iii)(b)(i) below.

The Consolidated financial statements have been prepared on the following basis:

- (i) The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses unless cost cannot be recovered.
- (ii) Share of profit/loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have

Notes forming part of the Consolidated Financial Statements

been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27 Financial Reporting of Interests in Joint Ventures. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.

- (iii) The Consolidated Financial Statements include the share of profit/loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to/deducted from the cost of investments.
 - (iv) The excess of cost to the Group of its investments in the subsidiary companies and jointly controlled entities, over its share of equity of the subsidiary companies and jointly controlled entities, at the date on which the investments are made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements and is tested for impairment. Alternatively, where the share of equity in the subsidiary and joint venture companies, as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
 - (v) Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies were and further movements in their share in the equity, subsequent to the dates of Investments.
- (b) Following Subsidiary Companies have been considered in the preparation of the Consolidated Financial Statements:

Name	Country of Incorporation	% voting power held as at 31st March, 2013	% voting power held as at 31st March, 2012
Af-Taab Investment Co. Ltd. (AICL)	India	100	100
Chemical Terminal Trombay Ltd. (CTTL)	India	100	100
Tata Power Trading Co. Ltd. (TPTCL)	India	100	100
Powerlinks Transmission Ltd. (PTL)	India	51	51
NELCO Ltd. (NELCO) *	India	50.04	50.04
Maithon Power Ltd. (MPL)	India	74	74
Industrial Energy Ltd. (IEL)	India	74	74
Tata Power Delhi Distribution Ltd. (TPDDL)	India	51	51
Coastal Gujarat Power Ltd. (CGPL)	India	100	100
Bhira Investments Ltd. (BIL)	Mauritius	100	100
Bhivpuri Investments Ltd. (BHIL)	Mauritius	100	100
Khopoli Investments Ltd. (KIL)	Mauritius	100	100
Trust Energy Resources Pte. Ltd. (TERL)	Singapore	100	100
Energy Eastern Pte. Ltd. (EEL)	Singapore	100	100
Industrial Power Utility Ltd. (IPUL)	India	100	100
Tatanet Services Ltd. (TNSL) (Consolidated with NELCO Ltd.) *	India	50.04	50.04
Tata Power Renewable Energy Ltd. (TPREL)	India	100	100
PT Sumber Energi Andalan Tbk. (SEA)	Indonesia	94.61	94.95
Tata Power Green Energy Ltd. (TPGEL)	India	100	100
NDPL Infra Ltd. (NDPLIL)	India	51	51
Dugar Hydro Power Ltd. (DHPL) *	India	50.001	50.001
Tata Power Solar Systems Ltd. (TPSSL) (from 28th June, 2012) (erstwhile Tata BP Solar India Ltd.)	India	100	Nil
Tata Power Jamshedpur Distribution Limited (TPJDL) (from 6th November, 2012)	India	100	Nil

* Based on Unaudited Financial Statements, certified by its Management for the year ended 31st March, 2013.

(ii) Interest in Joint Ventures:

The Group's interest in Jointly Controlled Entities are:

Name	Country of Incorporation	% of Ownership interest as at 31st March, 2013	% of Ownership interest as at 31st March, 2012
PT Arutmin Indonesia (PAI)	Indonesia	30	30
PT Kaltim Prima Coal (PKPC)	Indonesia	30	30
Indocoal Resources (Cayman) Ltd. (IRCL)	Cayman Island	30	30
PT Indocoal Kalsel Resources (PIKR) *	Indonesia	30	30
PT Indocoal Kaltim Resources (PIR) *	Indonesia	30	30
Tubed Coal Mines Ltd. (TCML)	India	40	40
Tata BP Solar India Ltd. (TBSIL) (Upto 27th June, 2012)	India	Nil	49
Mandakini Coal Company Ltd. (MCCL) *	India	33.33	33.33
Dagachhu Hydro Power Corporation Ltd. (DHPCL) *	Bhutan	26	26
Candice Investments Pte. Ltd. (CIL) *	Indonesia	30	30
OTP Geothermal Pte. Ltd. (OTPG) *	Singapore	50	50
PT Kalimantan Prima Power (PKPP) *	Indonesia	30	30
Cennergi Pty. Ltd. (CPL) *	South Africa	50	50
PT Mitratama Perkasa (PTMP) (from 16th August, 2012)	Indonesia	28.38	Nil
PT Baramulti Sukessarana Tbk. (BSSR) (from 9th November, 2012) *	Indonesia	26	Nil

* Based on Unaudited Financial Statements, certified by its Management for the year ended 31st March, 2013.

(iii) (a) Investment in Associates:

The Group's Associates are:

Name	Country of Incorporation	% of Ownership interest as at 31st March, 2013	% of Ownership interest as at 31st March, 2012
Yashmun Engineers Ltd.	India	27.27	27.27
Tata Ceramics Ltd.	India	30.68	30.68
Panatone Finvest Ltd.	India	39.98	39.98
Tata Projects Ltd.	India	47.78	47.78
ASL Advanced Systems Pvt. Ltd. #	India	37	37
The Associated Buildings Co. Ltd. #	India	33.14	33.14
Rujuvalika Investments Ltd. #	India	27.59	27.59
Hemisphere Properties India Ltd. #	India	50	50
Brihat Trading Private Ltd. #	India	33.50	33.50
Nelito Systems Ltd.	India	49.46	49.46

These associates have not been considered for consolidation being not material to the Group.

Notes forming part of the Consolidated Financial Statements

(b) (i) The break-up of Investment in Associates is as under:

₹ crore

	Nelito Systems Ltd.	Pantone Finvest Ltd.	Yashmun Engineers Ltd.	Tata Projects Ltd.	Tata Ceramics Ltd. @
Refer Note 14					
(i) Number of Equity Shares (Nos.)	10,20,000	59,08,82,000	19,200	9,67,500	2,99,39,802
	<i>10,20,000</i>	<i>59,08,82,000</i>	<i>9,600</i>	<i>9,67,500</i>	<i>2,99,39,802</i>
(ii) Percentage holding	49.46	39.98	27.27	47.78	30.68
	<i>49.46</i>	<i>39.98</i>	<i>27.27</i>	<i>47.78</i>	<i>30.68</i>
(iii) Cost of Investment (Equity Shares)	4.34	600.00	0.01	66.78	13.17
	<i>4.34</i>	<i>600.00</i>	<i>0.01</i>	<i>66.78</i>	<i>13.17</i>
(iv) Including Goodwill/(Capital Reserve)	Nil	1.51	(0.24)	23.30	10.24
	<i>Nil</i>	<i>1.51</i>	<i>(0.24)</i>	<i>23.30</i>	<i>10.24</i>
(v) Share in accumulated profits net of dividends received upto 31st March, 2012	14.70	51.12	1.40	241.40	Nil
	<i>14.06</i>	<i>47.16</i>	<i>0.68</i>	<i>184.37</i>	<i>Nil</i>
(vi) Share of profit/(loss) for the year	0.52	(0.43)	0.29	23.54	Nil
Less: Dividend received during the year	0.10	Nil	0.05	9.68	Nil
Add : Other adjustments	Nil	Nil	Nil	4.87	Nil
Share of profit/(loss) net of dividends received during the year/other adjustments	0.42	(0.43)	0.24	18.73	Nil
	<i>0.64</i>	<i>3.96</i>	<i>0.72</i>	<i>57.03</i>	<i>Nil</i>
(vii) Provision for diminution in value of investments (Equity Shares)	Nil	Nil	Nil	Nil	\$ (13.17)
	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>\$ (13.17)</i>
(viii) Carrying cost	19.46	650.69	1.65	326.91	Nil
	<i>19.04</i>	<i>651.12</i>	<i>1.41</i>	<i>308.18</i>	<i>Nil</i>

\$ Included in Note 14 under Provision for diminution in value of Investments.

@ Based on Unaudited Financial Statements certified by its Management for the year ended 31st March, 2013.

Note: Previous year's figures are in italics.

(ii) The Associates not considered for consolidation being not material to the Group have been stated at cost as under:

₹ crore

	Hemisphere Properties India Ltd.	Brihat Trading Private Ltd.	ASL Advanced Systems Pvt. Ltd.	The Associated Building Co. Ltd.	Rujuvalika Investments Ltd.
Refer Note 14					
(i) Number of Equity Shares (Nos.)	25,000	3,350	5,55,000	1,825	3,66,667
	<i>25,000</i>	<i>3,350</i>	<i>5,55,000</i>	<i>1,825</i>	<i>3,66,667</i>
(ii) Percentage holding	50.00	33.50	37.00	33.14	27.59
	<i>50.00</i>	<i>33.50</i>	<i>37.00</i>	<i>33.14</i>	<i>27.59</i>
(iii) Cost of Investment (Equity Shares)	0.03	0.01	0.56	0.17	0.60
	<i>0.03</i>	<i>0.01</i>	<i>0.56</i>	<i>0.17</i>	<i>0.60</i>
(iv) Provision for diminution in value of investments (Equity Shares)	Nil	Nil	\$ (0.56)	Nil	Nil
	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
(v) Carrying cost	0.03	0.01	Nil	0.17	0.60
	<i>0.03</i>	<i>0.01</i>	<i>0.56</i>	<i>0.17</i>	<i>0.60</i>

\$ Included in Note 14 under Provision for diminution in value of Investments.

Note: Previous year's figures are in italics.

Notes forming part of the Consolidated Financial Statements

(d) Cash and Cash Equivalents (for purposes of Cash Flow Statement):

The Group's Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(e) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

(f) Tangible / Intangible Fixed Assets:

(i) Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use. The Group has adopted the provisions of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates", accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(ii) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

(iii) Capital Work-in-Progress:

Projects under which tangible fixed assets are not ready for their intended use and other capital work-in-progress are carried at cost (net of impairment), comprising direct cost, related incidental expenses and attributable borrowing costs.

(iv) Intangible Assets under Development:

Expenditure on Research and Development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

(v) In the case of Coal Companies, when proven reserves are determined and development is sanctioned, exploration and evaluation assets are included in "Fixed Assets". All subsequent development costs relating to construction of infrastructure required to operate the mine is capitalised and classified as work-in-progress. Development costs are net of proceeds from the sale of coal or mineral extracted during the development phase. Once development is completed, all assets included in work-in-progress are reclassified as either mining properties or other component of fixed assets.

Mining properties include assets in production and in development, assets transferred from exploration and evaluation assets and deferred stripping performed in the development of the mine. Mining properties in development and acquired mineral resources are not depreciated until production commences.

(vi) In the case of OTPGL, exploration expenditures incurred in connection with the acquisition of exploration license, exploration and evaluation are capitalised when incurred. Such costs includes license acquisition, technical services and studies, seismic acquisition, geological and geophysical expenditure, exploration drilling and testing.

Exploration expenditure incurred is fully capitalised on an area of interest basis, provided that

- (i) the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) exploration activities in the area of interest has not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing, or where both conditions are met.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration asset may exceed its recoverable amount.

Notes forming part of the Consolidated Financial Statements

Pre-license exploration expenditures incurred prior to having obtained the legal rights to explore an area are recognised in the Statement of Profit and Loss as they are incurred.

(g) Depreciation/Amortisation:

Tangible Assets:

- (i) In the case of electricity business of the Group other than TPDDL, depreciation is provided at the rates as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (CERC) w.e.f. 1st April, 2009 and at the rates as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, wherever higher than those notified by CERC.

In other cases fixed assets are depreciated over the estimated useful lives as determined by the Management or over the lives determined based on rates of depreciation specified under various applicable local statutes/government approvals, whichever is shorter, on a straight line method except assets relating to the business other than electricity business of the Parent Company and CTTL, where depreciation is provided on written down value basis.

- (ii) Intangible assets are amortised over the useful economic life of the assets or 5 years, whichever is lower. In the case of TPDDL, Computer software has been amortised at the rate of 16.21%.
- (iii) License fees / Premium paid for acquisition of Leasehold Land is amortised over the period of the License/Lease.
- (iv) Expenditure to acquire Operating right to use intake channel is amortised on straight line basis over 25 years being the right to use the facilities.

(h) Impairment:

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units.

(i) Leases:

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

(j) Investments:

- (i) Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments determined on an individual basis. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.
- (ii) In the case of AICL, purchase of securities of Tata Group Companies are considered as long-term investments. Investments, other than above, are considered as stock-in-trade and are carried at the lower of cost and fair value.

(k) Inventories:

Inventories of raw materials, semi-finished products, product/tools under development, stores, spare parts, consumable supplies, shares, fuel and loose tools are valued at lower of cost (on weighted average basis) and net realisable value. Work-in-progress and property under development, developed properties and finished products are valued at lower of cost and net realisable value. Cost includes cost of land, material, labour and other appropriate overheads.

Notes forming part of the Consolidated Financial Statements

(l) Taxes on Income:

Current Income tax expense comprises taxes on income from operations in India and Foreign jurisdiction. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with the tax laws applicable in the countries where such operations are domiciled.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group and amounts can be measured reliably.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty supported by convincing evidences that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and Deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

(m) Research and Development Expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

(n) Warranty Expenses:

Anticipated product warranty costs for the period of warranty are provided for in the year of sale.

(o) Foreign Exchange Transactions:

Initial recognition:

Transactions in foreign currencies entered into by the Group and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items (other than derivative contracts) of the Group and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences:

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Group and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement/settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign exchange translation reserve" until disposal/recovery of the net investment.

The exchange differences arising on revaluation of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over the balance period of such long-term foreign currency monetary items. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation account" net of the tax effect thereon.

Notes forming part of the Consolidated Financial Statements

Accounting of forward contracts:

Premium/discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Refer Note 2.1(p) for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

(p) Derivative Contracts:

The Group enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations. All other derivative contracts are mark-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(q) Employee Benefits:

Employee benefits consist of Provident Fund, Pension, Superannuation Fund, Gratuity Scheme, Compensated Absences, Long Service Awards, Post Retirement Benefits and Directors Retirement Obligations.

Defined contribution plans:

Contributions paid/payable during the year to Provident Fund, Superannuation Fund and Employees State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, post retirement benefits and Director's pension scheme, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

(r) Revenue Recognition:

- (i) Revenue from Power Supply and Transmission Charges are accounted for on the basis of billings to consumers, state transmission utilities, state distribution utilities and includes unbilled revenues accrued upto the end of the accounting year.
- (ii) The Group determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations (i.e. Generation, Transmission and Distribution) based on the principles laid down under the relevant Tariff Regulations/ Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations have been made during the year. Further, any adjustments that may arise on annual performance review by under the aforesaid Tariff Regulations/Tariff Orders will be made after the completion of such review.

Notes forming part of the Consolidated Financial Statements

- (iii) Delayed payment charges and interest on delayed payments are recognised, on grounds of prudence, as and when recovered/confirmed by consumers.
- (iv) Interest income and guarantee commission is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.
- (v) Amounts received from consumers towards capital/service line contributions are accounted as a liability and are subsequently recognised as income over the life of the fixed assets.
- (vi) Revenue from infrastructure management services/infrastructure services is recognised as income as and when services are rendered and no significant uncertainty to the collectability exists.
- (vii) Income on contracts in respect of Strategic Engineering Business and Project Management Services are accounted on "Percentage of Completion" basis measured by the proportion that cost incurred upto the reporting date bear to the estimated total cost of the contract.
- (viii) The amount received from consumers on account of Service Line charges are treated as Income on installation of connection.
- (ix) Revenue from sale of goods is recognised on the transfer of title in the goods which occurs either on dispatch or delivery of goods to customer as per terms of contract. Service income is recognised as per terms of contract.
- (s) Advance against Depreciation:
In the case of PTL, Advance against depreciation forming part of tariff pertaining to subsequent years, to facilitate repayment of loans is reduced from transmission income and considered as deferred revenue to be included in transmission income in subsequent years.
- (t) Issue Expenses and Premium on Redemption of Bonds and Debentures:
 - (i) Expenses incurred in connection with the issue of Euro Notes, Foreign Currency Convertible Bonds, Unsecured Perpetual Securities, Global Depository Receipts and Debentures are adjusted against Securities Premium Account in the year of issue.
 - (ii) Discount on issue of Euro Notes is amortised over the tenure of the Notes.
 - (iii) Premium on Redemption of Bonds/Debentures, net of tax impact, are adjusted against the Securities Premium Account in the year of issue.
- (u) Estimated Liability for Restoration and Rehabilitation:
Estimated liability for restoration and rehabilitation costs are based principally on legal and regulatory requirements. Estimates are reassessed regularly and the effects of changes are recognised prospectively. Recognition of current portion of liability is based on the estimates by the Management.
- (v) Borrowing Costs:
Borrowing costs include interest, amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.
- (w) Segment Reporting:
The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/(loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under "unallocable revenue/expenses/assets/liabilities".

Notes forming part of the Consolidated Financial Statements

(x) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements and are disclosed in the Notes. A Contingent asset is neither recognised nor disclosed in the financial statements.

(y) Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

2.2 The Parent Company has been providing depreciation on assets at rates and methodology relating to the electricity business in accordance with the Central Government notification under the Electricity (Supply) Act, 1948 (repealed).

Vide its notification dated 31st May, 2011, the Ministry of Corporate Affairs (MCA) has clarified that companies engaged in the generation and supply of electricity can provide for depreciation at rates and methodology notified by Central Electricity Regulatory Commission (CERC). The CERC, under the provisions of The Electricity Act, 2003, notified the rates and methodology effective 1st April, 2009, under the Terms and Conditions of Tariff Regulations, 2009. These rates would be applicable for purposes of tariff determination and accounting in terms of the provisions of National Tariff Policy notified by Government of India.

Management had sought clarifications and guidance from the MCA on the applicability of the CERC rates as the Parent Company has both regulated and non-regulated generating capacity.

The Parent Company has, during the year ended 31st March, 2013, based on a legal opinion, provided for depreciation in respect of its electricity business following the rates and methodology notified by the CERC w.e.f. 1st April, 2009 and at the rates as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, if higher than those notified by CERC. Accordingly, depreciation of ₹ 219.80 crore for the years 2009-10 to 2011-12 has been written back during the year ended 31st March, 2013. Further, the depreciation charge for the year ended 31st March, 2013 is lower by ₹ 48.02 crore. As a result, the current tax for the year ended 31st March, 2013, is higher by ₹ 53.58 crore and the deferred tax charge for the year ended 31st March, 2013 is higher by ₹ 204.28 crore.

2.3 (a) During the previous year, in line with the Notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs (MCA), the Group had selected the option given in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the depreciated/amortised portion of net foreign exchange (gain)/loss on long-term foreign currency monetary items for the year ended 31st March, 2013 is ₹ 109.29 crore (31st March, 2012 - ₹39.65 crore). The unamortised portion carried forward as at 31st March, 2013 is ₹ 998.15 crore (31st March, 2012 - ₹1,128.18 crore).

(b) During the previous year, the Parent Company had changed its accounting policy pertaining to accounting for expenditure incurred on purchase/implementaion of application software which hitherto was being charged off in the year of accrual and is now being capitalised and amortised over the useful economic life or 5 years whichever is lower. This results in a more appropriate presentation. As a result of this change, the depreciation and amortisation for the previous year was lower by ₹ 10.07 crore and the profit before tax was higher by ₹ 10.07 crore.

(c) During the previous year, as per the notification of the Ministry of Corporate Affairs (MCA) dated 31st May, 2011, CGPL has with effect from 1st April, 2011 changed its accounting policy relating to charging depreciation on generating assets. Depreciation which was hitherto charged on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956 is now being charged at straight line method at the rates and methodology notified by Central Electricity Regulatory Commission (CERC).

Had CGPL continued with the earlier policy, the depreciation charge (Gross) for the previous year would have been higher by ₹ 41.80 crore, the depreciation capitalised would have been higher by ₹ 8.64 crore and accordingly, the depreciation charge (net of depreciation capitalised) for the previous year would have been higher by ₹ 39.31 crore, loss for the previous year would have been higher by ₹ 39.31 crore and capital work-in-progress would have been higher by ₹ 2.49 crore.

Notes forming part of the Consolidated Financial Statements

3. Shareholders' Funds - Share Capital

Authorised

Equity Shares of ₹ 1/- each.....
Cumulative Redeemable Preference Shares of ₹ 100/- each.....

Issued

Equity Shares (including 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order, 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay)

Subscribed and Paid-up

Equity Shares fully Paid-up (excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay) ..
Less: Calls in arrears [including ₹ 0.01 crore (31st March, 2012 - ₹ 0.01 crore) in respect of the erstwhile The Andhra Valley Power Supply Company Limited and the erstwhile The Tata Hydro-Electric Power Supply Company Limited].....

Add: Equity Shares forfeited - Amount paid

Total Issued, Subscribed and fully Paid-up Share Capital.....

Less: Equity Shares held by Chemical Terminal Trombay Ltd. which were acquired before it became a subsidiary

Total.....

	As at 31st March, 2013		As at 31st March, 2012	
	Number	₹ crore	Number	₹ crore
Equity Shares of ₹ 1/- each.....	300,00,00,000	300.00	300,00,00,000	300.00
Cumulative Redeemable Preference Shares of ₹ 100/- each.....	2,29,00,000	229.00	2,29,00,000	229.00
		<u>529.00</u>		<u>529.00</u>
Equity Shares (including 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order, 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay)	242,94,70,840	<u>242.95</u>	242,94,70,840	<u>242.95</u>
Equity Shares fully Paid-up (excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay) ..	237,30,72,360	237.31	237,30,72,360	237.31
Less: Calls in arrears [including ₹ 0.01 crore (31st March, 2012 - ₹ 0.01 crore) in respect of the erstwhile The Andhra Valley Power Supply Company Limited and the erstwhile The Tata Hydro-Electric Power Supply Company Limited].....		<u>0.04</u>		<u>0.04</u>
		<u>237.27</u>		<u>237.27</u>
Add: Equity Shares forfeited - Amount paid	16,52,300	<u>0.06</u>	16,52,300	<u>0.06</u>
Total Issued, Subscribed and fully Paid-up Share Capital.....		237.33		237.33
Less: Equity Shares held by Chemical Terminal Trombay Ltd. which were acquired before it became a subsidiary	4,00,580	<u>0.04</u>	4,00,580	<u>0.04</u>
Total.....		<u>237.29</u>		<u>237.29</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning and at the end of the year.....

	As at 31st March, 2013		As at 31st March, 2012	
	Number	₹ crore	Number	₹ crore
At the beginning and at the end of the year.....	237,43,24,080	237.29	237,43,24,080	237.29

(b) Terms/rights attached to Equity Shares

The Company has issued only one class of Equity Shares having a Par Value of ₹ 1/- per share. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.15 per share of Face Value of ₹ 1/- each (31st March 2012 - ₹ 1.25 per share of Face Value ₹ 1/- each).

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Equity Shares of ₹ 1/- each fully paid

Tata Sons Limited

Life Insurance Corporation of India

	As at 31st March, 2013		As at 31st March, 2012	
	Number	% Holding	Number	% Holding
Tata Sons Limited	70,75,11,570	29.81	70,75,11,570	29.81
Life Insurance Corporation of India	30,60,52,963	12.90	31,18,23,233	13.14

(d) In an earlier year, the Company issued 3,000 1.75% Foreign Currency Convertible Bonds (FCCB) with Face Value of USD 100,000 each aggregating to USD 300 million. The bondholders have an option to convert these Bonds into Equity Shares, at an initial conversion price of ₹ 145.6125 per share at a fixed rate of exchange on conversion of ₹ 46.81 = USD 1.00, at any time on and after 31st December, 2009, upto 11th November, 2014. The conversion price is subject to adjustment in certain circumstances. The FCCB may be redeemed, in whole but not in part, at the option of the Company at any time on or after 20th November, 2011 subject to satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCB fall due for redemption on 21st November, 2014 at 109.47 percent of their principal amount together with accrued and unpaid interest.

Notes forming part of the Consolidated Financial Statements

4. Shareholders' Funds - Reserves and Surplus

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Special Reserve		
Opening Balance	Nil	13.00
Less : Amount transferred to Surplus in Statement of Profit and Loss as no longer required	Nil	13.00
Closing Balance.....	Nil	Nil
Capital Reserve	61.66	61.66
Capital Redemption Reserve		
Opening Balance	15.12	2.61
Add : Amount transferred from Surplus in Statement of Profit and Loss.....	0.64	12.26
Add : Amount transferred from General Reserve.....	Nil	0.25
Closing Balance.....	15.76	15.12
Capital Reserve on Consolidation		
Opening Balance	4.58	4.58
Add : On Acquisition of a Subsidiary Company.....	147.44	Nil
Closing Balance.....	152.02	4.58
Self Insurance Reserve		
Opening Balance	8.00	8.00
Add : Amount transferred from Surplus in Statement of Profit and Loss.....	0.58	Nil
Closing Balance.....	8.58	8.00
Securities Premium Account		
Opening Balance	3,674.85	3,692.58
Less : Issue Expenses pertaining to Unsecured Perpetual Securities.....	Nil	17.73
Less : Issue Expenses pertaining to Debentures.....	18.63	Nil
Closing Balance.....	3,656.22	3,674.85
Debenture Redemption Reserve		
Opening Balance	557.74	246.95
Add : Amount transferred from Surplus in Statement of Profit and Loss.....	157.27	310.79
Closing Balance.....	715.01	557.74
Special Reserve Fund (under Sec 45-IA of RBI Act, 1934)		
Opening Balance	61.00	59.98
Add : Amount transferred from Surplus in Statement of Profit and Loss.....	1.49	1.02
Closing Balance.....	62.49	61.00
Foreign Exchange Translation Reserves (Net)		
Opening Balance	179.07	(155.73)
Add/(Less) : Effect of foreign exchange rate variations during the year	119.81	334.80
Closing Balance.....	298.88	179.07
Foreign Currency Monetary Item Translation Account		
Opening Balance	(136.41)	Nil
Add : Effect of foreign exchange rate variations during the year.....	(85.49)	(170.82)
Less : Amortised during the year	74.41	34.41
Closing Balance.....	(147.49)	(136.41)
General Reserve		
Opening Balance	3,690.24	3,432.27
Add : Amount transferred from Surplus in Statement of Profit and Loss.....	124.37	258.22
Less : Amount transferred to Capital Redemption Reserve.....	Nil	0.25
Closing Balance.....	3,814.61	3,690.24

Notes forming part of the Consolidated Financial Statements

4. Shareholders' Funds - Reserves and Surplus (Contd.)

Surplus in Statement of Profit and Loss

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Opening Balance.....	2,759.15	4,876.63
Add : Transfer from Contingencies Reserve Fund (Net)	Nil	6.00
Transfer from Special Reserve (Net)	Nil	13.00
Less : Loss for the year.....	85.43	1,087.68
Distribution on Unsecured Perpetual Securities [net of tax ₹ Nil (31st March, 2012 - ₹ 28.42 crore)]	171.20	113.61
Income-tax reversal on distribution on Unsecured Perpetual Securities in respect of earlier year	28.42	Nil
Proposed Dividend [amount ₹ 1.15 per share (31st March, 2012 - ₹ 1.25 per share)]	273.17	296.92
Additional Income-tax on Dividend.....	46.13	55.98
Transfer to Self Insurance Reserve (Net).....	0.58	Nil
Transfer to Special Reserve Fund (under Sec 45-IA of RBI Act, 1934) ...	1.49	1.02
Transfer to Contingencies Reserve Fund (Net)	7.00	Nil
Transfer to Debenture Redemption Reserve	157.27	310.79
Transfer to Capital Redemption Reserve	0.64	12.26
Transfer to General Reserve	124.37	258.22
	(895.70)	(2,117.48)
Closing Balance.....	1,863.45	2,759.15
Total	10,501.19	10,875.00

5. Unsecured Perpetual Securities

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Opening Balance.....	1,500.00	Nil
Add : Issued during the year.....	Nil	1,500.00
Closing Balance	1,500.00	1,500.00

6. Statutory Consumer Reserves

[Under the repealed Electricity (Supply) Act, 1948 and Tariff Regulations]

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Tariffs and Dividends Control Reserve.....	22.43	22.43
Contingencies Reserve Fund		
Opening Balance.....	80.54	86.54
Add : Amount transferred from Surplus in Statement of Profit and Loss.....	7.00	Nil
Less : Amount transferred to Surplus in Statement of Profit and Loss as no longer required	Nil	6.00
Less : Adjustment against Tariff Recoverable	20.54	Nil
Closing Balance	67.00	80.54
Development Reserve.....	5.29	5.29
Deferred Taxation Liability Fund	279.76	279.76
Investment Allowance Reserve	121.18	121.18
Debt Redemption Reserve.....	51.94	51.94
Debenture Redemption Reserve	56.63	56.63
Total	604.23	617.77

Notes forming part of the Consolidated Financial Statements

7. Long-term Borrowings

	As at 31st March, 2013		As at 31st March, 2012	
	Non-current ₹ crore	Current ₹ crore	Non-current ₹ crore	Current ₹ crore
Secured				
Redeemable Non-Convertible Debentures	2,107.00	221.00	2,118.00	41.00
Term Loans				
From Banks	12,661.83	1,081.14	12,450.93	882.69
From Others.....	8,048.44	468.80	7,853.40	378.66
Finance Lease Obligations	382.89	161.27	157.63	153.63
	<u>23,200.16</u>	<u>1,932.21</u>	<u>22,579.96</u>	<u>1,455.98</u>
Unsecured				
Redeemable Non-Convertible Debentures	1,500.00	Nil	Nil	Nil
Convertible Debentures	2.89	Nil	Nil	Nil
Bonds				
8.50% Euro Notes	323.93	Nil	304.87	Nil
1.75% Foreign Currency Convertible Bonds.....	1,631.70	Nil	1,535.70	Nil
8.50% Subordinate Notes.....	2,447.10	Nil	2,303.55	Nil
Term Loans				
From Banks	2,242.76	682.06	2,814.03	294.24
From Others.....	173.20	113.97	109.87	189.28
Deferred Payment Liabilities - Sales Tax Deferral	77.60	7.53	85.13	0.47
	<u>8,399.18</u>	<u>803.56</u>	<u>7,153.15</u>	<u>483.99</u>
Total	<u>31,599.34</u>	<u>2,735.77</u>	<u>29,733.11</u>	<u>1,939.97</u>

Security

Redeemable Non-Convertible Debentures raised by the Parent Company are secured by a *pari passu* charge on specific immovable properties and a *pari passu* charge on specific movable fixed assets present and future.

Finance lease obligations are secured by hypothecation of specific assets taken on finance lease.

Term Loans availed by various entities of the Group from various Financial Institutions / Banks are secured by a *pari passu* charge on all present and future moveable and immovable assets, stores and spares, raw materials, work-in-progress, finished goods, receivables, intangibles and rights of the respective entities.

8. Deferred Tax Liability (Net)

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Deferred Tax Liability on account of:		
Relating to Fixed Assets	4,006.31	1,320.92
Balance in Deferred Tax Liability Fund	(279.76)	(279.76)
Lease Transactions.....	171.79	138.36
Exchange Losses on Loans to Subsidiaries	27.58	5.24
Deferred Tax Liability	<u>3,925.92</u>	<u>1,184.76</u>
Deferred Tax Asset on account of:		
Provision for Doubtful Debts and Advances	41.60	19.78
Provision for Tax, Duty, Cess, Fee etc.	17.00	21.50
Provision for Employee Benefits	137.95	122.96
Carry Forward Losses - Unabsorbed Depreciation	2,270.05	11.14
Carry Forward Business Losses.....	16.22	Nil
Exchange Losses on Loans to Subsidiaries	Nil	17.65
Others.....	8.99	6.24
Deferred Tax Asset	<u>2,491.81</u>	<u>199.27</u>
	<u>1,434.11</u>	<u>985.49</u>
Less : Tax to be recovered in Future Tariff Determination	433.58	346.75
Deferred Tax Liability (Net)	<u>1,000.53</u>	<u>638.74</u>

Notes forming part of the Consolidated Financial Statements

9. Other Long-term Liabilities

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Trade Payables	28.66	29.44
Payables on Purchase of Fixed Assets	16.21	305.19
Consumers' Benefit Account	21.94	21.94
Regulatory Liabilities	20.53	Nil
Security Deposits from Customers/Consumers	440.95	397.83
Advances from Customers	321.89	328.17
Advance against Depreciation	98.73	98.73
Interest accrued but not due on Borrowings	0.20	Nil
Total	949.11	1,181.30

10. Provisions

	Long-term		Short-term	
	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Provision for Employee Benefits	372.71	348.13	86.07	68.51
Provision - Others				
Provision for Warranties	17.22	10.51	24.75	13.17
Provision for Premium on Redemption of Foreign Currency				
Convertible Bonds	154.52	145.43	Nil	Nil
Provision for Premium on Redemption of Debentures	94.20	134.70	40.50	Nil
Provision for Contingencies	Nil	Nil	7.02	9.80
Provision for Future Forseeable Losses	2.41	2.70	0.41	1.61
Provision for Tax (Net)	4.65	2.28	273.40	399.72
Provision for Wealth Tax	Nil	Nil	2.39	1.97
Provision for Proposed Dividend	Nil	Nil	273.17	296.92
Provision for Additional Income-tax on Dividend	Nil	Nil	45.38	45.75
Provision for Restoration and Rehabilitation	518.88	394.77	25.32	50.56
Provisions - Others	Nil	4.98	Nil	Nil
Total	1,164.59	1,043.50	778.41	888.01

Notes forming part of the Consolidated Financial Statements

11. Short-term Borrowings

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Secured		
From Banks		
(a) Short-term Loans.....	343.79	179.38
(b) Buyers' Line of Credit	638.51	20.67
	<u>982.30</u>	<u>200.05</u>
Unsecured		
From Banks		
(c) Short-term Loans.....	1,037.32	926.05
(d) Buyers' Line of Credit	1,363.66	922.54
(e) Commercial Paper	Nil	100.00
From Others		
(f) Inter-corporate Deposit	163.90	38.10
	<u>2,564.88</u>	<u>1,986.69</u>
Total	<u>3,547.18</u>	<u>2,186.74</u>

Security

The Short-term loans and Buyers' Line of Credit availed by various entities of the Group are secured by hypothecation of all tangible movable assets, a charge on the fixed assets, receivables and stores and spares of the respective entities.

12. Other Current Liabilities

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(a) Payables towards Purchase of Fixed Assets.....	1,746.11	1,937.06
(b) Current Maturities of Long-term Debt (Refer Note 7).....	2,735.77	1,939.97
(c) Interest accrued but not due on Borrowings.....	490.04	392.82
(d) Interest accrued and due on Borrowings.....	26.22	23.61
(e) Investor Education and Protection Fund shall be credited by the following amounts namely:		
Unpaid Dividend	12.52	11.52
Unpaid Matured Deposits.....	0.03	0.04
Unpaid Matured Debentures	0.09	0.09
(f) Book Overdraft.....	34.99	10.77
(g) Other Payables		
Statutory Liabilities.....	259.70	196.25
Advance and Progress payments received from Customers /		
Public Utilities.....	457.57	398.38
Royalty.....	2,277.74	1,923.16
Security Deposits from Consumers	192.02	163.16
Security Deposits from Customers	66.39	72.27
Tender Deposits from Vendors	3.26	4.89
Regulatory Liabilities.....	334.36	188.36
Other Liabilities.....	139.32	114.25
Total	<u>8,776.13</u>	<u>7,376.60</u>

Notes forming part of the Consolidated Financial Statements

13. Fixed Assets

	GROSS BLOCK										DEPRECIATION AND IMPAIRMENT								NET BLOCK
	As at 1st April, 2012	Acquired during the year #	Additions	Re-classification	Borrowing cost capitalised	Effect of foreign currency exchange difference/ Translation Adjustments	Deductions	As at 31st March, 2013	As at 1st April, 2012	Acquired during the year #	For the year	Re-classification	Impairment losses recognised from Capital Work-in-Progress	Other adjustment @	Translation Adjustments	Deductions	As at 31st March, 2013		
(a) TANGIBLE ASSETS																			
(i) Owned Assets																			
Freehold Land	275.14	1.68	48.27	Nil	Nil	0.05	1.33	323.81	15.10	Nil	Nil	Nil	Nil	6.54	Nil	Nil	21.64	302.17	
Hydraulic Works	203.91	Nil	71.11	Nil	Nil	0.12	Nil	275.14	165.97	Nil	18.62	Nil	Nil	15.10	Nil	Nil	15.10	260.04	
Buildings - Plant	478.86	Nil	18.31	Nil	Nil	Nil	Nil	497.17	151.63	Nil	14.34	Nil	Nil	Nil	Nil	Nil	165.97	331.20	
Buildings - Others	1,553.17	Nil	308.03	14.13	5.86	2.61	12.70	1,871.10	392.85	Nil	74.09	4.13	15.07	18.47	(3.33)	0.45	3.97	1,373.34	
	1,055.33	Nil	463.47	Nil	33.72	0.65	Nil	1,553.17	313.14	Nil	55.41	Nil	Nil	23.99	Nil	0.31	Nil	392.85	
	268.25	Nil	190.00	Nil	2.15	0.57	(8.03)	469.00 \$	75.06	6.02	13.65	Nil	12.40	6.95	0.32	Nil	0.04	114.36	
	242.32	Nil	25.08	Nil	1.20	Nil	0.35	268.25 \$	65.02	Nil	7.78	Nil	Nil	2.30	Nil	0.04	75.06	193.19	
Coal Jetty.....	106.10	Nil	Nil	Nil	Nil	Nil	Nil	106.10	17.15	Nil	5.60	Nil	Nil	(0.36)	Nil	Nil	83.71	88.95	
	106.10	Nil	Nil	Nil	Nil	Nil	Nil	106.10	12.11	Nil	5.04	Nil	Nil	Nil	Nil	Nil	17.15	88.95	
Railway Sidings, Roads, Crossings, etc.	86.85	0.39	11.70	Nil	Nil	Nil	Nil	98.94	18.39	Nil	3.25	Nil	Nil	1.38	Nil	Nil	25.40	73.54	
Plant and Machinery	82.78	Nil	4.06	Nil	0.01	Nil	Nil	86.85	13.28	Nil	2.11	Nil	3.00	Nil	Nil	Nil	18.39	68.46	
	21,942.48	219.92	11,993.71	356.81	1,531.46	693.96	74.16	36,664.18	7,113.58	92.39	1,388.94	205.33	1,130.12	807.04	(200.20)	92.67	59.98	26,094.29	
	12,018.24	Nil	8,496.30	Nil	942.84	516.60	31.50	21,942.48	5,550.58	Nil	825.61	Nil	Nil	576.95	Nil	186.69	26.25	14,828.90	
Transmission Lines, Cable Network, etc.	4,595.71	Nil	415.08	Nil	1.52	Nil	1.83	5,010.48	1,633.93	Nil	204.15	Nil	Nil	0.02	(24.35)	Nil	0.83	3,197.56	
Furniture and Fixtures	4,183.98	Nil	410.82	Nil	1.35	Nil	0.44	4,595.71	1,448.17	Nil	185.85	Nil	Nil	0.04	Nil	Nil	0.13	1,633.93	
Office Equipment.....	76.62	3.81	18.55	Nil	Nil	(0.05)	1.79	97.14	38.02	1.62	7.70	Nil	Nil	0.25	(5.27)	(0.07)	1.74	40.51	
	62.29	Nil	14.77	Nil	Nil	0.15	0.59	76.62	32.14	Nil	5.95	Nil	Nil	0.35	Nil	0.11	0.53	38.60	
	108.60	6.71	11.55	Nil	Nil	0.20	3.87	123.19	53.06	5.72	10.24	Nil	Nil	0.25	(1.71)	0.03	2.85	64.74	
	92.98	Nil	16.32	Nil	0.01	0.20	0.91	108.60	44.25	Nil	8.98	Nil	Nil	0.39	Nil	0.01	0.57	55.54	
Motor Vehicles, Launches, Barges, etc.	98.66	3.01	16.59	Nil	Nil	0.01	15.55	102.72	53.79	1.27	9.94	Nil	Nil	0.96	(8.53)	0.04	10.67	55.92	
Ships	81.13	Nil	23.95	Nil	0.78	0.03	7.23	98.66	46.22	Nil	10.05	Nil	Nil	1.70	Nil	Nil	53.79	44.87	
Helicopters	991.64	Nil	Nil	Nil	Nil	61.81	Nil	1,053.45	34.73	Nil	44.58	Nil	Nil	Nil	Nil	2.11	Nil	81.42	
	Nil	Nil	928.86	Nil	Nil	62.78	Nil	991.64	Nil	Nil	32.53	Nil	Nil	Nil	Nil	2.20	Nil	972.03	
	36.73	Nil	0.13	Nil	Nil	Nil	Nil	36.86	11.34	Nil	3.19	Nil	Nil	Nil	Nil	Nil	14.53	956.91	
	36.73	Nil	36.73	Nil	Nil	Nil	Nil	36.73	8.08	Nil	3.26	Nil	Nil	Nil	Nil	Nil	11.34	25.39	
Mine Property	131.64	31.68	327.43	910.05	Nil	64.62	95.35	1,370.07	88.76	4.52	260.11	311.64	Nil	Nil	24.66	32.82	656.87	713.20	
Deferred Exploration Cost., Infrastructure Facilities	107.32	Nil	8.11	Nil	Nil	16.21	Nil	131.64	69.20	Nil	8.86	Nil	Nil	Nil	Nil	Nil	88.76	42.88	
	910.05	Nil	Nil	(910.05)	Nil	Nil	Nil	Nil	311.64	Nil	Nil	(311.64)	Nil	Nil	Nil	Nil	Nil	Nil	
	212.97	Nil	386.24	237.60	Nil	73.24	Nil	910.05	114.92	Nil	66.80	101.76	Nil	Nil	Nil	28.16	Nil	311.64	
Ports	370.86	0.92	491.93	Nil	Nil	21.76	Nil	885.47	235.73	0.41	30.69	Nil	Nil	Nil	Nil	14.49	0.61	280.71	
	309.47	Nil	15.19	Nil	Nil	46.20	Nil	370.86	189.88	Nil	16.98	Nil	Nil	Nil	Nil	28.87	Nil	135.13	
	Nil	159.18	19.48	Nil	Nil	(8.43)	Nil	170.23	Nil	25.58	5.72	Nil	Nil	Nil	(2.12)	Nil	29.18	141.05	
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(ii) Assets taken on lease																			
Leasehold Land.....	264.40	0.91	40.93	Nil	Nil	0.02	0.50	305.76	9.65	0.50	4.27	Nil	Nil	0.72	Nil	(0.03)	0.33	290.98	
Leased Plant and Machinery ..	128.14	Nil	136.21	Nil	0.01	0.04	Nil	264.40	5.03	Nil	3.10	Nil	Nil	1.49	Nil	0.03	Nil	9.65	
Leased Motor Vehicles.....	812.90	Nil	426.41	(370.94)	Nil	50.54	1.05	917.86	273.23	Nil	167.55	(209.46)	Nil	Nil	Nil	17.02	Nil	248.34	
	681.62	Nil	141.78	Nil	Nil	101.50	112.00	812.90	231.36	Nil	91.61	Nil	Nil	Nil	Nil	39.96	89.70	539.67	
	1.29	6.30	0.18	Nil	Nil	(0.01)	Nil	7.76	1.17	0.86	0.25	Nil	Nil	Nil	*	Nil	2.28	5.48	
	1.29	Nil	Nil	Nil	Nil	Nil	Nil	1.29	1.10	Nil	0.07	Nil	Nil	Nil	Nil	Nil	1.17	0.12	
TOTAL TANGIBLE ASSETS	33,128.26	434.51	14,354.32	Nil	1,540.99	887.66	200.10	50,145.64	10,543.15	138.89	2,252.54	Nil	1,157.59	842.58	(219.80)	149.25	113.84	35,395.28	
2011-2012	20,085.46	Nil	11,160.58	237.60	**	979.92	153.02	33,128.26	8,296.11	Nil	1,344.33	101.76	Nil	625.31	Nil	297.04	121.40	22,585.11	

Notes:

\$ Buildings include ₹ * being cost of ordinary shares in co-operative housing societies.

Consequent to acquisition of Subsidiary - Tata Power Solar Systems Limited and Joint Ventures - PT Mitratama Perkasa and PT Baramulti Suksesarana Tbk.

** On account of reclassification of stripping cost to deferred exploration cost.

@@ Pertains to depreciation written back in respect of earlier years. Refer Note 2.2.

* Denotes figures below ₹ 50,000/-.

13. Fixed Assets (Contd.)

₹ crore

	GROSS BLOCK						AMORTISATION AND IMPAIRMENT						NET BLOCK		
	As at 1st April, 2012	Acquired during the year #	Additions	Re-classification	Borrowing cost capitalised	Effect of foreign currency exchange difference/ Translation Adjustments	Deductions	As at 31st March, 2013	As at 1st April, 2012	Acquired during the year #	For the year	Impairment losses recognised	Translation Adjustments	Deductions	As at 31st March, 2013
(b) INTANGIBLE ASSETS															
Technical Know-How and Prototypes !.....	25.97	4.63	3.94	Nil	Nil	Nil	1.19	33.35	17.46	4.63	2.17	Nil	Nil	0.04	24.22
	16.24	Nil	9.73	Nil	Nil	Nil	Nil	25.97	16.24	Nil	1.22	Nil	Nil	Nil	17.46
Right to Use Assets	193.38	Nil	8.05	Nil	Nil	Nil	Nil	201.43	18.49	Nil	7.72	7.42	Nil	Nil	33.63
	Nil	Nil	177.74	Nil	15.30	0.34	Nil	193.38	Nil	Nil	1.39	17.10	Nil	Nil	174.89
Licences	1.16	Nil	Nil	Nil	Nil	Nil	Nil	1.16	0.50	Nil	0.05	Nil	Nil	Nil	0.55
	0.76	Nil	0.40	Nil	Nil	Nil	Nil	1.16	0.44	Nil	0.06	Nil	Nil	Nil	0.50
Computer Software	63.06	1.04	26.00	Nil	0.33	(0.01)	3.29	87.13	23.17	0.79	9.63	Nil	*	2.75	56.29
	36.35	Nil	26.59	Nil	0.12	Nil	Nil	63.06	16.72	Nil	6.45	Nil	Nil	Nil	39.89
TOTAL INTANGIBLE ASSETS	283.57	5.67	37.99	Nil	0.33	(0.01)	4.48	323.07	59.62	5.42	19.57	7.42	Nil	2.79	89.24
2011-2012	53.35	Nil	214.46	Nil	15.42	0.34	Nil	283.57	33.40	Nil	9.12	17.10	Nil	Nil	59.62

Notes:

- ! Internally generated intangible assets.
- # Consequent to acquisition of Subsidiary - Tata Power Solar Systems Limited and Joint Ventures - PT Mitratama Perkasa and PT Baramulti Suksessarana Tbk.
- * Denotes figures below ₹ 50,000/-.

Depreciation/Amortisation for the year:

Depreciation for the year before adjustments.....	As at 31st March, 2013	As at 31st March, 2012
Less: Adjustment - written back of previous years (Refer Note 2.2).....	₹ crore	₹ crore
Amortisation for the year.	2,252.54	1,344.33
Less: Depreciation charged off to Capital Work-in-Progress and Inventories	219.80	Nil
Total	19.57	9.12
	0.62	18.81
	2,051.69	1,334.64

Impairment for the year:

Impairment on Tangible Assets	As at 31st March, 2013	As at 31st March, 2012
Impairment on Intangible Assets.....	₹ crore	₹ crore
Add: Impairment accounted in Capital Work-in-Progress	842.58	625.31
Total	7.42	17.10
	Nil	1,157.59
	850.00	1,800.00

Notes forming part of the Consolidated Financial Statements

14. Non-current Investments

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
A. Trade Investments (valued at cost less diminution other than temporary, if any)		
Equity Shares fully Paid-up (unless otherwise stated)		
(i) Investment in Others (Quoted).....	194.42	183.01
(ii) Investment in Associates (Unquoted)	348.02	328.63
(iii) Investment in Others (Unquoted).....	55.82	52.64
	<u>598.26</u>	<u>564.28</u>
Less : Provision for diminution in value of Investments other than temporary	193.82	118.50
	<u>404.44</u>	<u>445.78</u>
B. Other Investments		
1. Statutory Investments		
a. Contingencies Reserve Fund Investments		
Government Securities (Unquoted).....	60.03	60.49
b. Deferred Taxation Liability Fund Investments		
Government Securities (Unquoted).....	269.83	220.43
	<u>329.86</u>	<u>280.92</u>
2. Other investments		
a. Equity Shares fully Paid-up (unless otherwise stated)		
(i) Investment in Others (Quoted).....	472.17	468.17
(ii) Investment in Others (Unquoted) #	786.52	785.84
	<u>1,258.69</u>	<u>1,254.01</u>
Less : Provision for diminution in value of Investments other than temporary	1.81	1.81
	<u>1,256.88</u>	<u>1,252.20</u>
(iii) Investment in Associates (Unquoted)	665.23	665.66
Less : Provision for diminution in value of Investments other than temporary	13.73	13.17
	<u>651.50</u>	<u>652.49</u>
b. Preference Shares fully Paid-up		
(i) Investment in Others (Quoted).....	Nil	4.00
(ii) Investment in Others (Unquoted).....	0.05	0.05
	<u>0.05</u>	<u>4.05</u>
Less : Provision for diminution in value of Investments other than temporary	0.05	0.05
	<u>Nil</u>	<u>4.00</u>
c. Government Securities (Unquoted)	<u>0.03</u>	<u>10.03</u>
	<u>1,908.41</u>	<u>1,918.72</u>
Total	<u>2,642.71</u>	<u>2,645.42</u>
Notes :		
1. Aggregate of Quoted Investments		
Cost	666.59	655.18
Less: Provision for diminution in value of Investments other than temporary	168.25	118.50
Aggregate amount of Quoted Investments - Net of provision for diminution in value of Investments other than temporary	498.34	536.68
Market Value.....	651.58	714.31
2. Aggregate of Unquoted Investments		
Cost	2,185.53	2,123.77
Less: Provision for diminution in value of Investments other than temporary	41.16	15.03
Aggregate amount of Unquoted Investments - Net of provision for diminution in value of Investments other than temporary	2,144.37	2,108.74

Refer Note 35(c)

Notes forming part of the Consolidated Financial Statements

15. Loans and Advances

	Long -term		Short-term	
	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(a) Capital Advances				
Unsecured, considered good.....	485.11	514.31	Nil	Nil
Doubtful	0.64	0.74	Nil	Nil
	485.75	515.05	Nil	Nil
Less: Provision for Doubtful Advances.....	0.64	0.74	Nil	Nil
	485.11	514.31	Nil	Nil
(b) Security Deposits				
Unsecured, considered good.....	558.00	375.98	26.75	35.43
Doubtful	15.15	9.26	2.25	1.34
	573.15	385.24	29.00	36.77
Less: Provision for Doubtful Deposits.....	15.15	9.26	2.25	1.34
	558.00	375.98	26.75	35.43
(c) Other Loans and Advances - Associates				
Unsecured, considered good.....	Nil	Nil	8.50	Nil
Doubtful	1.27	1.27	Nil	Nil
	1.27	1.27	8.50	Nil
Less: Provision for Doubtful Advances.....	1.27	1.27	Nil	Nil
	Nil	Nil	8.50	Nil
(d) Advance Income-tax (Net)				
Unsecured, considered good	113.72	116.64	0.02	Nil
(e) MAT Credit entitlement				
Unsecured, considered good.....	134.82	105.00	Nil	Nil
(f) Balance with Government Authorities				
Unsecured, considered good				
Advances	Nil	Nil	9.81	7.29
VAT / Sales Tax Receivable	35.89	Nil	2,155.07	1,802.21
	35.89	Nil	2,164.88	1,809.50
(g) Inter-corporate Deposits with HDFC Limited				
Unsecured, considered good.....	Nil	Nil	337.75	50.00
(h) Other Loans and Advances				
Unsecured, considered good				
Loans to Employees.....	18.11	17.54	7.53	7.10
Prepaid Expenses	3.51	1.91	113.99	84.94
Unamortised Option Premium.....	47.72	39.92	73.30	68.47
Advances to Vendors.....	206.97	183.74	185.62	119.79
Insurance Claim Receivable.....	Nil	Nil	13.92	21.97
Other Advances	Nil	Nil	367.65	224.47
Doubtful	2.11	0.74	7.04	4.03
	278.42	243.85	769.05	530.77
Less: Provision for Doubtful Advances.....	2.11	0.74	7.04	4.03
	276.31	243.11	762.01	526.74
Total	1,603.85	1,355.04	3,299.91	2,421.67

Notes forming part of the Consolidated Financial Statements

16. Other Non-current Assets

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(a) Long-term Trade Receivables - Unsecured, considered good		
Regulatory Assets	6,816.54	5,492.58
Trade Receivables from Contracts	7.54	7.50
Trade Receivables from Others	193.98	186.39
	<u>7,018.06</u>	<u>5,686.47</u>
(b) Others		
Ancillary Borrowing Cost.....	116.54	134.09
Deferred Stripping Costs.....	14.39	Nil
	<u>130.93</u>	<u>134.09</u>
Total	<u>7,148.99</u>	<u>5,820.56</u>

17. Current Investments

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
A. Current Portion of Long-term Investments		
Trade Investments (valued at cost less diminution other than temporary, if any)		
Debentures (Unquoted)		
Investment in Associates	Nil	9.37
Other Investments		
1. Statutory Investments		
(i) Contingencies Reserve Fund Investments		
Government Securities (Unquoted)	10.00	11.57
(ii) Deferred Taxation Liability Fund Investments		
a. Government Securities (Unquoted)	10.00	40.91
b. Other Securities - Bonds (Unquoted)	Nil	40.00
	<u>10.00</u>	<u>80.91</u>
2. Other Investments		
Government Securities (Unquoted)	Nil	9.09
Total - Current Portion of Long-term Investments	<u>20.00</u>	<u>110.94</u>
B. Other Current Investment (valued at lower of cost and fair value)		
Mutual Funds (Unquoted)	457.40	666.54
Total	<u>477.40</u>	<u>777.48</u>
Aggregate amount of Unquoted Investments.....	477.40	777.48

Reconciliation for disclosure as per Accounting Standard 13

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Long-term Investments		
Non-current Investments (Refer Note 14).....	2,642.71	2,645.42
Current Portion of Long-term Investments (Refer Note 17)	20.00	110.94
	<u>2,662.71</u>	<u>2,756.36</u>
Current Investments		
Other Current Investments (Refer Note 17).....	457.40	666.54
Total	<u>3,120.11</u>	<u>3,422.90</u>

Notes forming part of the Consolidated Financial Statements

18. Inventories (valued at lower of cost and net realisable value)

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Raw Materials	57.76	42.98
Work-in-Progress.....	3.33	8.34
Finished Goods.....	558.01	360.75
Stock-in-Trade - Shares	13.64	14.59
Stores and Spare Parts	431.04	302.64
Fuel - Stores.....	838.53	779.44
Fuel in Transit	87.70	142.16
Loose Tools.....	0.98	1.11
Property under Development.....	35.52	32.68
Total	<u>2,026.51</u>	<u>1,684.69</u>

19. Trade Receivables

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
Trade Receivables outstanding for period exceeding six months from the date they were due for payment		
Considered good.....	160.45	63.52
Considered doubtful.....	208.04	159.33
	368.49	222.85
Less: Provision for Doubtful Trade Receivables.....	208.04	159.33
	160.45	63.52
Other Trade Receivables		
Considered good.....	3,144.56	2,207.83
Considered doubtful.....	17.21	14.42
	3,161.77	2,222.25
Less: Provision for Doubtful Trade Receivables.....	17.21	14.42
	3,144.56	2,207.83
Total	<u>3,305.01</u>	<u>2,271.35</u>

20. Cash and Bank Balances

	As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
(A) Cash and Cash Equivalents:		
(i) Cash on Hand.....	1.55	0.91
(ii) Cheques on Hand.....	64.55	14.62
(iii) Balances with Banks:		
(a) In Current Accounts.....	710.32	790.14
(b) In Deposit Accounts (remaining maturity of three months or less)	1,013.21	2,316.67
Cash and Cash equivalents as per AS-3 Cash Flow Statements	<u>1,789.63</u>	<u>3,122.34</u>
(B) Other Balances with Banks:		
(i) In Unpaid Dividend Account.....	10.03	9.36
(ii) In Deposit Accounts (remaining maturity of more than three months but less than twelve months).....	23.26	496.33
(iii) In Deposit Accounts as security for guarantees' issued/loan availed	166.97	66.09
	200.26	571.78
Total	<u>1,989.89</u>	<u>3,694.12</u>

Notes forming part of the Consolidated Financial Statements

21. Other Current Assets

(a) Unbilled Revenue	
(b) Regulatory Assets	
(c) Accruals	
Interest accrued on Fixed Deposits	
Interest accrued on Investments	
(d) Others	
Receivable on sale of Current Investments	
Receivable on sale of Fixed Assets	
Assets held for disposal	
Ancillary Borrowing Cost	
Foreign Exchange Premium	
Mark-to-Market (MTM) Forward Contracts	
Insurance Claim Receivable	
Other Receivables	
Total	

As at 31st March, 2013 ₹ crore	As at 31st March, 2012 ₹ crore
416.37	480.61
548.16	7.90
25.88	29.35
6.29	9.53
Nil	9.00
0.62	Nil
2.55	Nil
17.29	18.78
Nil	10.81
3.36	2.94
30.88	33.97
Nil	17.89
1,051.40	620.78

22. Revenue from Operations

(a) Revenue from Power Supply and Transmission Charges	
Less : Cash Discount	
Add : Income to be recovered in future tariff determination (Net)	
Add : Income to be recovered in future tariff determination (Net) in respect of earlier years	
Less : Revenue Capitalised	
(b) Sale of Coal	
(c) Revenue from Contracts	
Project / Operation Management Services	
Solar Products	
Electronic Products	
(d) Other Operating Revenue	
Rental of Land, Buildings, Plant and Equipment, etc.	
Charter Hire	
Income in respect of Services Rendered	
Transfer from Capital Grants / Consumers Contribution	
Sale of REC Certificates	
Income from Storage and Terminalling	
Sale of Stock of Shares	
Dividend from Investments	
Interest on Inter-corporate Deposits	
Dividend from Shares treated as Stock-in-Trade	
Profit on sale of Current Investments	
Compensation (Net)	
Miscellaneous Revenue and Sundry Credits	
Sale of Fly Ash	
Delayed Payment Charges	
Sale of Carbon Credits	
Less: Revenue Capitalised	
Less : Excise Duty	
Total	

For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
21,260.25	13,580.45
110.60	83.57
1,856.05	2,519.06
104.72	38.83
23,110.42	16,054.77
87.77	67.92
23,022.65	15,986.85
8,636.37	8,937.75
23.15	18.30
459.59	346.27
371.50	356.29
854.24	720.86
10.79	14.73
113.27	45.43
153.16	142.49
26.04	23.72
9.13	Nil
12.95	12.46
0.15	0.15
4.51	3.31
0.68	0.52
0.39	0.34
2.17	4.42
24.72	Nil
140.84	87.67
6.03	3.94
31.72	26.19
Nil	8.98
536.55	374.35
7.71	Nil
528.84	374.35
33,042.10	26,019.81
16.67	18.41
33,025.43	26,001.40

Notes forming part of the Consolidated Financial Statements

23. Other Income

	For the year ended 31st March, 2013 ₹ crore	For the year ended 31st March, 2012 ₹ crore
(a) Interest Income		
Interest on Bank Deposits	104.89	109.93
Interest from Inter-corporate Deposits	49.50	29.00
Interest on Fuel Adjustment Charges Recoverable from Consumers ...	20.53	15.25
Interest on Overdue Trade Receivables	40.91	0.79
Interest on Income-tax Refund	5.75	0.92
Interest on Contingencies Reserve Fund Investments	6.76	3.48
Interest on Deferred Tax Liability Fund Investments	19.60	21.73
Interest on Non-current Trade Investments - Associates	0.16	0.58
Other Interest	10.32	4.34
	258.42	186.02
Less : Interest Income Capitalised	12.71	20.41
	245.71	165.61
(b) Dividend Income		
From Current Investments - Others	5.19	5.26
From Long-term Investments - Others	8.35	9.53
	13.54	14.79
Less: Dividend Income Capitalised	1.61	2.65
	11.93	12.14
(c) Profit on Sale of Investments		
Current Investments	69.29	48.53
Long-term Investments	2.15	Nil
	71.44	48.53
(d) Other Non-operating Income		
Discount amortised/accrued on Bonds (Net)	0.14	1.76
Miscellaneous Income	32.97	36.29
Commission Earned	6.18	4.43
Leave and License Fees	0.83	Nil
	40.12	42.48
Total	369.20	268.76

Notes forming part of the Consolidated Financial Statements

24. Raw Materials Consumed and (Increase)/Decrease in Work-in-Progress/Finished Goods/ Stock-in-Trade

Raw Materials Consumed

Opening Stock	42.98
Add : Purchases	363.36
Add : On acquisition of a subsidiary	38.16
	<u>444.50</u>
Less : Closing Stock	57.76
Total	<u>386.74</u>

**For the year ended
31st March, 2013
₹ crore**

**For the year ended
31st March, 2012
₹ crore**

(Increase)/Decrease in Work-in-Progress / Finished Goods / Stock-in-Trade Work-in-Progress

Inventory at the beginning of the year	8.34
Add: On acquisition of a subsidiary	1.49
	<u>9.83</u>
Less : Inventory at the end of the year	3.33
	<u>6.50</u>

Finished Goods

Inventory at the beginning of the year	360.75
Add: On acquisition of a subsidiary and joint venture	37.38
(Less)/Add : Exchange Fluctuation	<u>(122.69)</u>
	<u>275.44</u>
Less : Inventory at the end of the year	558.01
	<u>(282.57)</u>

Stock-in-Trade - Shares

Inventory at the beginning of the year	14.59
Less : Inventory at the end of the year	13.64
	<u>0.95</u>

Total

(275.12)

(177.01)

25. Employee Benefits Expense

Salaries and Wages	1,137.78
Contribution to Provident Fund	39.63
Contribution to Superannuation Fund	10.14
Retiring Gratuities	37.63
Leave Encashment Scheme	38.79
Pension Scheme	59.36
Staff Welfare Expenses	<u>150.47</u>
	<u>1,473.80</u>

Less :

Employee Cost Capitalised	136.56
Employee Cost Inventorised	<u>14.29</u>
	<u>150.85</u>

Total

1,322.95

**For the year ended
31st March, 2013
₹ crore**

**For the year ended
31st March, 2012
₹ crore**

1,137.78

996.45

39.63

32.28

10.14

11.02

37.63

42.85

38.79

29.06

59.36

67.79

150.47

128.25

1,473.80

1,307.70

136.56

149.88

14.29

11.56

150.85

161.44

1,322.95

1,146.26

Notes forming part of the Consolidated Financial Statements

26. Finance Costs

**(a) Interest Expense on:
Borrowings**

Interest on Debentures	291.09	191.55
Interest on - Euro Notes and FCCB	60.75	53.80
Interest on Fixed Period Loans - Others	2,646.61	2,186.49

Others

Interest on Consumer Security Deposits	42.18	28.37
Other Interest and Commitment Charges.....	57.40	41.08

3,098.03 2,501.29

Less : Interest Capitalised

586.30

2,511.73

(b) Other Borrowing Costs

Derivative Premium

109.27

123.76

Other Finance Costs.....

77.11

81.24

186.38

205.00

Less : Other Borrowing Costs Capitalised

62.58

144.17

123.80

60.83

Total

2,635.53

1,527.09

27. Other Expenses

Stores, Oil, etc. consumed (excluding ₹ 88.93 crore on repairs and maintenance - Previous Year ₹ 75.21 crore)

134.26

127.82

Rental of Land, Buildings, Plant and Equipment, etc.

146.26

124.12

Repairs and Maintenance -

(i) To Buildings and Civil Works

91.69

74.31

(ii) To Machinery and Hydraulic Works.....

829.41

692.51

(iii) To Furniture, Vehicles, etc.

76.15

58.13

997.25

824.95

Rates and Taxes.....

76.73

39.03

Insurance.....

83.95

63.45

Travelling Expenses

62.03

49.25

Compensation (Net).....

Nil

7.67

Transmission Charges.....

286.50

105.23

Other Operation Expenses

385.28

423.33

Cost of Components Consumed

150.75

154.77

Freight and Handling Charges

59.40

201.00

Auditors' Remuneration

9.93

8.32

Cost of Services Procured.....

166.58

79.25

Warranty Charges.....

15.13

10.30

Ash Disposal Expenses

30.28

11.97

Agency Commission

Nil

1.26

Bad Debts

0.61

0.92

Provision for diminution in value of Investments (Net)

68.56

19.92

Provision for Doubtful Debts and Advances (Net)

49.09

33.78

Provision for Contingencies

1.43

Nil

Provision for Future Forseeable Losses

Nil

0.34

Loss on Sale/Retirement of Assets (Net)

8.09

7.29

Miscellaneous Expenses

315.15

216.74

Consultants' Fees

59.16

87.13

Donations

1.84

9.19

Loss on Foreign Currency Transaction and Translation (Net)

187.64

425.05

Legal Charges.....

33.79

17.49

Marketing Expenses.....

748.10

640.88

Transfer of Revenue Expenses to Capital.....

(105.49)

(201.78)

Total.....

3,972.30

3,488.67

Notes forming part of the Consolidated Financial Statements

- 28.** In the case of MPL, the Company had applied to the Ministry of Power, Government of India along with necessary documents for grant of Mega Power Status to the Company's 1050 MW Maithon Right Bank Thermal Power Plant. Pending receipt of the mega power certificate, the Company remains liable to pay Excise and Customs duty on its receipts of goods and materials wherever applicable. Accordingly, the Company had paid excise duty to its vendors aggregating to ₹ 106.70 crore (*31st March, 2012 - ₹ 104.75 crore*) upto 31st March, 2013. Out of total payment of excise duty to vendors ₹ 106.39 crore (net of receipts) had been capitalised and the balance amount of ₹ 0.31 crore is included in capital work-in-progress as at 31st March, 2013.
- 29.** In an earlier year, the Parent Company had commissioned its 120 MW thermal power unit at Jojobera, Jharkhand. Revenue in respect of this unit is recognised on the basis of a draft Power Purchase Agreement prepared jointly by the Parent Company and its customer which is pending finalisation.
- 30.** The Parent Company has been legally advised that the Parent Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Parent Company.
- 31. Coal Agreement:**
In the case of PAI and PKPC the Companies entered into a Coal Contract Work ("Coal Agreement") for the exploration and exploitation of coal. Under the term of the Coal Agreement, the Companies commenced its 30-year operating period on 1st October, 1989 and 1st January, 1992 respectively.
In the case of BSSR, the Company obtained Mining Authorisation of Coal Exploitation for 12 years, which is valid from 11th April, 2006 to 11th April, 2018. Thereafter the Company obtained approval for the change of its Mining Authorisation of Exploitation to become Mining Right ("Izin Usaha Pertambangan" or the "IUP") of Operation Production for 8 years, commencing from 13th April, 2010 upto 11th April, 2018.
- 32.** Coastal Gujarat Power Limited (CGPL) has implemented the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP") and declared commercial operations for its all five units of 800 MW each at its plant in Mundra.
In terms of the 25 year Power Purchase Agreement (PPA), CGPL is entitled to charge 45% of escalation of the cost of coal from the procurers of its power.
As at 31st March, 2013, CGPL has in pursuance of Accounting Standard 28 (AS-28) - "Impairment of Assets", reassessed the recoverability of the carrying amount of its assets at Mundra UMPP, having regard to the upward revision in the fuel prices and exchange rates and operating parameters. Based on assessment as at 31st March, 2012, CGPL had accounted an impairment loss of ₹ 1,800 crore in respect of its Mundra UMPP, which has been recognised as an exceptional item-impairment loss in the Statement of Profit and Loss. Based on reassessment of recoverable amount as at 31st March, 2013, CGPL has accounted for an additional impairment of ₹ 850 crore. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in the current year is 10.61 percent per annum and the previous year is 10.57 percent per annum.
For estimating the Mundra UMPP value in use it is necessary to project the future cash flow of Mundra UMPP over its estimated useful life. In making these projections, CGPL's Management has relied on external estimates of market participants for the future price of coal and foreign exchange rates and made certain assumptions relating to estimates of operating performance. However, if these assumptions change consequent to changes in future conditions, there could be further adverse or favorable effect on the recoverable amount of the asset. In view of the estimation uncertainties the assumptions will be monitored periodically by the CGPL's Management and adjustments will be made to the amount of impairment, if conditions relating to the assumptions indicate that such adjustments are appropriate.
Consequent to the impairment loss in respect of Mundra UMPP, certain covenants governing the loans borrowed for construction of the project have not been met as at 31st March, 2013. No notice has been served by the lenders, declaring the loans taken as immediately due and payable. Meanwhile, CGPL has approached the lenders seeking waiver from compliance with covenants. CGPL has subsequent to the year end, received waiver from compliance of the covenant upto 30th June, 2013. Further, CGPL has sought revision in certain terms of financing agreements and expect to execute such revision. Accordingly, loans aggregating to ₹ 11,512.55 crore are considered to be long-term borrowings (including current maturities of long-term borrowings of ₹ 686.32 crore).
- 33. (a)** The Group has an investment in Tata Teleservices Limited (TTSL) of ₹ 735.48 crore (*31st March, 2012 - ₹ 735.48 crore*). Based on the accounts as certified by the TTSL Management for the period ended 31st December, 2012, TTSL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long-term nature of the business, there is no diminution other than temporary, in the value of the investment also considering the Hon'ble Supreme Court judgement cancelling the three (3) CDMA licenses pertaining to Jammu & Kashmir, Assam and North East Circles of TTSL.

Notes forming part of the Consolidated Financial Statements

- (b) The Group has an investment in Haldia Petrochemicals Limited (HPL) of ₹ 22.50 crore (31st March, 2012 - ₹ 22.50 crore). Based on the accounts for the year ended 31st March, 2012, HPL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long-term nature of the business, there is no diminution other than temporary, in the value of the investment.
- (c) The Group has an investment in Taj Air Limited (TAL) of ₹ 4.20 crore (31st March, 2012 - ₹ 4.20 crore), TAL has accumulated losses as at 31st March, 2012, based on audited accounts for March, 2012, which has significantly eroded its net worth. In the opinion of the Management, having regard to the long-term nature of its business and proposed restructuring plan by Management of TAL, at this point of time there is no diminution other than temporary, in the value of the investment.

34. Commitments:

- (a) Capital commitments:
 - (i) Capital commitments not provided for are estimated at ₹ 2,799.31 crore (31st March, 2012 - ₹ 2,499.92 crore).
 - (ii) In the case of Associates, capital commitments not provided for are estimated at ₹ 0.33 crore (31st March, 2012 - ₹ 2.38 crore).
- (b) Uncalled liability on Shares and Other Investment partly paid:
 - (i) The uncalled liability on partly paid up shares - ₹ 13.42 crore (31st March, 2012 - ₹ 13.33 crore).
 - (ii) In case of TERL, commitment for purchase of investment ₹ 0.36 crore in Sunenergy Pty. Ltd (31st March, 2012 - ₹ 0.69 crore).
- (c) Other commitments:
 - (i) (a) In the case of Panatone Finvest Limited (PFL), an associate of the Group, upon the demerger of surplus land by Tata Communications Limited and the issue of shares by the Resulting Company, PFL is contractually obligated to transfer 45% of the share capital of the Resulting Company to Government of India and other Shareholders who had tendered their shares to PFL. Based on its shareholding in Tata Communications Limited as on 31st March, 2013, PFL would be entitled to be allotted 31.10% of the share capital of the Resulting Company. Additionally, PFL has arrangements for procuring 11.77% of the share capital of the Resulting Company and it would need to acquire further shares representing 2.13% of the share capital of the Resulting Company.
 - (b) In accordance with the terms of the Share Purchase Agreement and the Shareholder's Agreement entered into by Panatone Finvest Limited (PFL), an associate of the Parent Company, with the Government of India, PFL has contractually undertaken a "Surplus Land" obligation including agreeing to transfer 45% of the share capital of the Resulting Company, at Nil consideration, to the Government of India and other selling shareholders upon Demerger of the Surplus Land by Tata Communication Limited (TCL). The Parent Company has till date acquired 1,34,22,037 shares of TCL from PFL. The Parent Company would be entitled to be allotted 4.71% of the share capital of the Resulting Company based on its holding of 1,34,22,037 shares of TCL. The Parent Company has undertaken to PFL to bear the "Surplus Land" obligation pertaining to these shares.
 - (ii) The Parent Company has given an undertaking for non-disposal of shares to the lenders of Tata Power Delhi Distribution Limited amounting to ₹ 721.22 crore (31st March, 2012 - ₹ 931.28 crore).
 - (iii) In the case of CGPL, in terms of the Port Service Agreement valid upto 31st March, 2040, CGPL is required to pay fixed handling charges amounting to ₹ 138.00 crore per annum escalable as per CERC notification and variable port handling charges for handling a certain minimum tonnage of coal for its Mundra UMPP. In the event of a default which subsists for over one year, the Port Operator shall be entitled to suspend all its services under the agreement without terminating the agreement and all amount outstanding shall be payable by CGPL.
 - (iv) In the case of TPSSL, Vendor purchase commitments ₹ 97.71 crore (31st March, 2012 - ₹ 18.87 crore) and contracts pertaining to future post sale services ₹ 79.57 crore (31st March, 2012 - ₹ 39.27 crore).
 - (v) AICL has on behalf of Tata Ceramics Limited (TCL), given a letter of undertaking to the rating agency that in the event of TCL not having requisite cash flows to timely service its debt obligations, AICL will make all endeavors to repay the principal and interest falling due, from its own cash flows in such manner that all the banks of TCL are repaid on or before due dates. Outstanding debt (principal and interest due) of TCL as on 31st March, 2013 amounting to ₹ 17.06 crore (31st March, 2012 - ₹ 16.03 crore) against this letter of undertaking.

Notes forming part of the Consolidated Financial Statements

35. Contingent Liabilities (to the extent not provided for):

- (a) Claims against the Group not acknowledged as debts aggregating to ₹ 3,250.77 crore (31st March, 2012 - ₹ 2,047.68 crore) consist mainly of the following :
- (i) Octroi claims disputed by the Parent Company aggregating to ₹ 5.03 crore (31st March, 2012 - ₹ 5.03 crore), in respect of octroi exemption claimed by the Parent Company.
 - (ii) A Suit has been filed against the Parent Company claiming compensation of ₹ 20.51 crore (31st March, 2012 - ₹ 20.51 crore) by way of damages for alleged wrongful disconnection of power supply and interest accrued thereon ₹ 111.99 crore (31st March, 2012 - ₹ 107.68 crore).
 - (iii) (a) Rates and Taxes, Cess, Way Leave Fees, Property Tax and Duty claims disputed by the Group aggregating ₹ 261.45 crore (31st March, 2012 - ₹ 120.47 crore). In respect of certain dues as per the terms of an agreement, the Parent Company has the right to claim reimbursement from a third party.
 - (b) Custom duty claims of ₹ 209.13 crore disputed by the Group relating to issue of applicability and classification (Payment made by the Group under protest against these claims of ₹ 192.27 crore).
 - (c) In the case of the Group claims of power purchase vendors ₹ 408.38 crore (31st March, 2012 - ₹ Nil).
 - (d) Other claims against the Group, not acknowledged as debts ₹ 168.51 crore (31st March, 2012 - ₹ 66.32 crore).
 - (iv) In the case of the Group, amounts in respect of employee related claims/disputes, regulatory matters is not ascertainable.
 - (v) In the case of Associates, other claims not acknowledged as debts ₹ 15.51 crore (31st March, 2012 - ₹ 25.21 crore) and liquidated damages amounts is indeterminable.
 - (vi) In the case of certain jointly controlled entities, demand for royalty payment is set-off against recoverable Value Added Tax (VAT) paid on inputs for coal production aggregating to ₹ 6,834.20 crore - Group's share ₹ 2,050.26 (31st March, 2012 - ₹ 5,674.87 crore - Group's share ₹ 1,702.46 crore). Under the Coal Contract of Work the Coal Companies would recover VAT from the Government within 60 days. As the Government had not refunded VAT within 60 days, the Coal Companies have set-off royalty against VAT recoverable, which has not been accepted by the Government. The Managements of the Coal Companies, based on the various legal judgments, are of the view that the said amounts would be allowable as set-off.
 - (vii) In the case of certain jointly controlled entities, in respect of other matters (viz; land dispute, illegal mining, mining service fees etc.) amount is not ascertainable.

Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

(b) Other Contingent Liabilities:

Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Group and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 145.36 crore (including interest demanded ₹ 22.90 crore) [(31st March, 2012 - ₹ 228.01 crore (including interest demanded ₹ 34.72 crore)].

In the case of Associates, taxation matters for which liability, relating to issues of deductibility and taxability, is disputed and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 1.30 crore (31st March, 2012 - ₹ 2.10 crore).

Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

(c) Indirect exposures of the Group:

- (i) The Parent Company has pledged 18,27,08,138 shares (31st March, 2012 - 21,98,18,101 shares) of TTSL with the lenders for borrowings availed.
- (ii) The Parent Company's shares in Subsidiaries to the extent of 100% in PTL, 51% in CGPL, 51% in IEL, 51% in MCCL and 51% in TPREL have been pledged with the lenders for borrowings availed by the respective Subsidiaries.
- (d) In the case of TPDDL, the Company had introduced a Voluntary Separation Scheme (VSS) for its employees in December 2003, in response to which 1,798 employees were separated. As per the Scheme, the retiring employees were paid Ex-gratia separation amount by the Company. They were further entitled to Retiral Benefits (i.e. gratuity, leave encashment,

Notes forming part of the Consolidated Financial Statements

pension commutation, pension, medical and leave travel concession), the payment obligation of which became a matter of dispute between the Company and the DVB Employees Terminal Benefit Fund 2002 ('the Trust'). The Trust is, however, of the view that its liability to pay retiral benefits arises only on the employee attaining the age of superannuation or on death whichever is earlier. On 1st November, 2004, the Company entered into a Memorandum of Understanding with the Government of National Capital territory of Delhi (GNCTD) and a special Trust namely Special Voluntary Retirement Scheme Retirees Terminal Benefit Fund, 2004 Trust (SVRS RTBF, 2004 Trust) was created.

For resolution of the issue through the process of law, the Company had filed a Writ, before the Hon'ble Delhi High Court. The Hon'ble Court has pronounced its judgement on this issue on 2nd July, 2007 whereby it has provided two options to the Discoms for paying terminal benefits/residual pension to the Trust:

- (i) Terminal benefits due to the VSS optees and to be paid by Discoms which shall be reimbursed to Discoms by the Trust without interest on normal retirement/death (whichever is earlier) of such VSS optees. In addition, the Discoms shall pay the Retiral Pension to VSS optees till their respective dates of normal retirement, after which the Trust shall commence payment to such optees.
- (ii) The Trust to pay the terminal benefits and all dues of the VSS optees and Discoms to pay to the trust an 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal of Actuaries to be appointed within a stipulated period.

The Company considers the second option as more appropriate and also estimates that the liability under this option shall be lower than under the first option which is presently being followed. Pending computation of the liability by the Arbitral Tribunal of Actuaries due to delay in appointment of the same, no adjustment has been made in these financial statements.

While the writ petition was pending, the Company had already advanced ₹ 77.74 crore (31st March, 2012 - ₹ 77.74 crore) to the SVRS Trust for payment of retiral dues to separated employees. Against this, the Company had recovered ₹ 29.71 crore (31st March, 2012 - ₹ 29.71 crore) and adjusted an amount of ₹ 40.36 crore (31st March, 2012 - ₹ 28.37 crore) from pension, leave salary and other contribution totaling to ₹ 70.07 crore (31st March, 2012 - ₹ 58.08 crore), against a claim of ₹ 68.18 crore (31st March, 2012 - ₹ 64.42 crore) from the SVRS Trust in respect of retirees, who have expired or attained the age of superannuation till 31st March, 2013.

In addition to the payment of terminal benefits/residual pension to the Trust, the Hon'ble Delhi High Court in its above Order has held that the Discoms are liable to pay interest @ 8% per annum on the amount of terminal benefits for the period from the date of voluntary retirement to the date of disbursement. Consequently, the Company has paid ₹ 8.01 crore in FY 2008-09 as interest to VSS optees.

The Company is of the opinion that the total liability for payment of terminal benefits to the trust based on actuarial valuation including payment of interest to VSS optees, would be less than the amount of retiral pensions already paid to the VSS optees and charged to the Statement of Profit and Loss. Consequently, pending valuation of 'Additional Contribution' to be computed by an Arbitral Tribunal of Actuaries, the Company has shown interest of ₹ 8.01 crore (31st March, 2012 - ₹ 8.01 crore) paid to VSS optees, in addition to retiral dues of ₹ 7.67 crore (31st March, 2012 - ₹ 19.67 crore), as recoverable, net of pension contribution payable of ₹ 0.26 crore (31st March, 2012 - ₹ Nil) as on 31st March, 2013. Recoverable from SVRS trust as at 31st March, 2013 aggregate to ₹ 15.43 crore (31st March, 2012 - ₹ 27.68 crore) and includes current portion of ₹ 8.28 crore (31st March, 2012 - ₹ 16.29 crore).

Apart from this, the Company has also been paying the retiral pension to the VSS optees till their respective dates of normal retirement or death (whichever is earlier). DERC has approved the aforesaid retiral pension amount in its Aggregate Revenue Requirement (ARR) and the same has been charged to the Statement of Profit and Loss.

- (e) In respect of the Parent Company's Standby Charges dispute with Reliance Infrastructure Limited (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal of Electricity (ATE), set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2013 the accumulated interest was ₹ 184.76 crore (31st March, 2012 - ₹ 173.56 crore) (₹ 11.20 crore for the year ended 31st March, 2013). On appeal, the Hon'ble Supreme Court vide its Interim Order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006, of Standby

Notes forming part of the Consolidated Financial Statements

Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted, wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Parent Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Parent Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Parent Company on the final outcome of the matter.

- (f) MERC vide its Tariff Order dated 11th June, 2004, had directed the Parent Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative Debt Equity ratio of 70:30 to fund the Parent Company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% per annum on the said normative debt. The change to the Clear Profit and Reasonable Return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in Note 35(e) above. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the Standby Charges dispute as mentioned in Note 35(e) above.
- (g) During the year 2008-09, in terms of the agreements entered into between Tata Teleservices Limited ("TTSL"), Tata Sons Limited ("TSL") and NTT DoCoMo, Inc. of Japan (Strategic Partner - SP), TSL gave an option to the Parent Company to sell 2,72,82,177 equity shares in TTSL to the SP, as part of a secondary sale of 25,31,63,941 equity shares effected along with a primary issue of 84,38,79,801 shares by TTSL to the SP.

If certain performance parameters and other conditions are not met by TTSL by 31st March, 2014 and should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares, the Parent Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price in proportion of the number of shares sold by the Parent Company to the aggregate of the secondary shares sold to the SP, subject to compliance with applicable exchange control regulations, or should the SP decide to divest its entire shareholding in TTSL and TSL is unable to find a buyer for such shares and the SP divests the shares at a lower price, subject to compliance with applicable exchange control regulations, the Parent Company is obliged to pay a compensation representing the difference between such lower sale price and the price referred to above in proportion of the number of shares sold by the Parent Company to the aggregate of the secondary shares sold to the SP.

Under the above mentioned agreements with SP, TSL and TTSL have jointly and severally agreed to indemnify SP within the agreed limits against claims arising on account of any failure of certain warranties provided by TSL and TTSL to be true and correct in all respects (amount not determinable) and in respect of specified contingent liabilities (Parent Company's share ₹ 31.10 crore). The Parent Company is liable to reimburse TSL, on a pro-rata basis.

- (h) In the case of TPDDL, Delhi Electricity Regulatory Commission (DERC) has issued the Order on True up for FY 2010-11, Aggregate Revenue Requirement for FY 2012-13 to FY 2014-15 and Distribution Tariff (Wheeling & Retail Supply) for FY 2012-13 ('the Order') on 13th July, 2012. While approving the power purchase cost for the FY 2010-11, DERC had allowed the power purchase cost for generation of Rithala plant at the rate equivalent to the UI rates for units generated during the time when the Company was under-drawing from the grid instead of the actual cost of generation resulting in disallowance of ₹ 7.62 crore for the FY 2010-11. The Company has, however, not made any adjustments for disallowance based on the above mentioned principle stated in the Order. The Company has based on management estimates accounted for revenue of ₹ 7.62 crore, ₹ 88.42 crore and ₹ 49.68 crore for FY 2010-11, FY 2011-12 and for the period 1st April, 2012 to 30th September, 2012 respectively aggregating to ₹ 145.72 crore which amount is included in income recoverable from future tariff as at 31st March, 2013. With effect from 1st October, 2012, the scheduling of power generation at Rithala plant is being done at the instructions of State Load Dispatch Center.

The Company has filed an appeal on 22nd August, 2012 before the Appellate Tribunal for Electricity and is of the view, supported by legal opinion that the Order can be successfully challenged and has accordingly not made any adjustments in the financial statements as at 31st March, 2013. The adjustments, if any will be recorded by the Company on the final outcome of the matter.

36. In case of Parent Company:

- (a) In the previous year, the Company had provisionally determined the Statutory Appropriations and the adjustments to be made on Annual Performance Review as stipulated under the Multi Year Tariff Regulations, 2011 (MYT Regulation) for its operations in respect of the Mumbai Licensed Area. During the year ended 31st March, 2013, Maharashtra Electricity

Notes forming part of the Consolidated Financial Statements

Regulatory Commission (MERC) has approved the Multi Year Tariff Business Plan of the Company's Mumbai Licensed Area for the Second Control Period from FY 2012-13 to FY 2015-16 and directed the Company to submit its Annual Revenue Requirement (ARR) for FY 2011-12 as per old regulations i.e. MERC (Terms and Conditions of Tariff) Regulations, 2005.

In view of the above, during the year, the Company has reversed revenue amounting to ₹ 155.00 crore accrued in the previous year in respect of its Mumbai Licensed Area as per the MYT Regulation.

- (b) The Appellate Tribunal for Electricity (ATE) in its Order dated 31st August, 2012, has allowed the Company's claim regarding certain expenses/accounting principles which were disallowed/not recognised by MERC in earlier years in its true-up order. Accordingly, during the year, the Company has treated such expenses as recoverable and has recognised revenue of ₹ 142.00 crore.
- (c) During the year, pursuant to the favourable ATE Order dated 31st August, 2012, true-up order dated 15th February, 2012 and other favourable orders received by other regulated entities in the power sector within Maharashtra, the Company has recognised revenue of ₹ 172.00 crore in respect of earlier years towards carrying cost entitlement on the regulatory assets (net) carried in the books as at 31st March, 2013.
- (d) In the previous year, Jharkhand State Electricity Regulatory Commission (JSERC) had determined the Annual Revenue Requirement (ARR) for Units 2 and 3 at Jojobera for financial year 2011-12 by treating the entire capacity as regulated under JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2010. The Company, on the basis of legal opinions obtained, had appealed against the disallowances/deviations at the ATE.

The ATE in its Order dated 20th September, 2012, has disallowed the Company's claim. Accordingly, during the year, the Company has reversed revenue of ₹ 43.61 crore including ₹ 34.16 crore accrued upto 31st March, 2012.

- (e) During the previous year, the Maharashtra Electricity Regulatory Commission (MERC) had completed truing-up for the financial years 2009-10 and 2010-11 and issued Tariff Orders. In these Tariff Orders, it had disallowed certain claims made by the Company amounting to ₹ 86.00 crore and ₹ 55.00 crore respectively. The Company has filed an appeal to the Appellate Tribunal for Electricity (ATE) against these disallowances. Based on the earlier favourable ATE Order on similar matters, the Company is confident of ATE allowing its claims and accordingly, the above disallowances have not been recognised in the financial results.
- 37.** In the matter of claims raised by the Parent Company on R-Infra, towards (i) the difference in the energy charges for the period March 2001 to May 2004 and (ii) for minimum off-take charges of energy for the period 1998 to 2000, MERC has issued an Order dated 12th December, 2007 in favour of the Parent Company. The total amount payable by R-Infra, including interest, is estimated to be ₹ 323.87 crore as on 31st December, 2007. ATE in its Order dated 12th May, 2008 on appeal by R-Infra, has directed R-Infra to pay the difference in the energy charges amounting to ₹ 34.98 crore for the period March 2001 to May 2004. In respect of the minimum off-take charges of energy for the period 1998 to 2000 claimed by the Parent Company from R-Infra, ATE has directed MERC that the issue be examined afresh and after the decision of the Hon'ble Supreme Court in the Appeals relating to the distribution licence and rebates given by R-Infra. The Parent Company and R-Infra had filed appeals in the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its Order dated 14th December, 2009, has granted stay against ATE Order and has directed R-Infra to deposit with the Hon'ble Supreme Court, a sum of ₹ 25.00 crore and furnish bank guarantee of ₹ 9.98 crore. The Parent Company had withdrawn the above mentioned sum subject to an undertaking to refund the amount with interest, in the event the Appeal is decided against the Parent Company. On grounds of prudence, the Parent Company has not recognised any income arising from the above matters.
- 38.** In respect of Maithon Power Limited, the Company based on estimates/expert opinion has accrued insurance claims receivable, aggregating to ₹ 18.24 crore (net) for the year ended 31st March, 2013 - Group's share ₹ 13.50 crore. Any difference between the claims receivable/recorded and the amount that would finally be determined by the insurance companies will be accounted for on settlement of the claims by the insurance companies.
- 39.** During the previous year, PT Kaltim Prima Coal, an Indonesian Joint Venture Coal Company reported that in view of the uncertainty involved in estimating the average stripping ratio for the life of its mine, it had charged the entire deferred stripping costs accumulated in prior years to the Statement of Profit and Loss. This had resulted in a charge for the Group of ₹ 659.44 crore for the year ended 31st March, 2012.
- 40. Employee Benefits:**
- (a) The Group makes contribution towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees.
- As a result of the above, a sum of ₹ 49.77 crore (31st March, 2012 - ₹ 43.30 crore) has been charged to the Consolidated Statement of Profit and Loss.

Notes forming part of the Consolidated Financial Statements

- (b) The Group operates the following unfunded/funded defined benefit plans:
- Ex-Gratia Death Benefits
 - Retirement Gifts
 - Post Retirement Medical Benefits
 - Pension
 - Gratuity
- (c) The actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31st March, 2013. The following tables set out the amounts recognised in the financial statements as at 31st March, 2013 for the above mentioned defined benefit plans:
- Net employee benefits expense (recognised in employee cost) for the year ended 31st March, 2013:

	31st March, 2013 ₹ crore	31st March, 2013 ₹ crore	31st March, 2012 ₹ crore	31st March, 2012 ₹ crore
	(Funded)#	(Unfunded)	(Funded)#	(Unfunded)
Current Service Cost	29.78	5.58	20.33	4.49
Interest	29.36	5.81	23.21	5.26
Actuarial Loss/(Gain)	54.27	5.66	53.52	(4.96)
Past Service Cost	Nil	0.35	0.06	4.38
1/5th of Transitional Liability	Nil	Nil	(0.61)	1.82
Transfer to Incidental Expenditure during construction.....	Nil	Nil	Nil	(0.04)
Plan Amendment.....	1.05	0.94	Nil	Nil
Amount paid to Employees	Nil	Nil	Nil	(0.02)
Expected Return on Plan Assets.....	(14.23)	Nil	(6.12)	Nil
Total Expense	100.23	18.34	90.39	10.93

Post Retirement Gratuity funded in case of Parent Company, TPDDL, CCTL, PTL, TPSSL and PKPC.

- Change in the Defined Benefit Obligation/Commitments during the year ended 31st March, 2013:

	31st March, 2013 ₹ crore	31st March, 2013 ₹ crore	31st March, 2012 ₹ crore	31st March, 2012 ₹ crore
	(Funded)#	(Unfunded)	(Funded)#	(Unfunded)
Present value of Defined Benefit Obligation as at 1st April as per books.....	373.02	74.80	256.71	66.86
Increase in Present value of Defined Benefit Obligation on account of acquisition	2.92	2.71	Nil	Nil
Unrecognised Transitional Liability as at 1st April	Nil	Nil	(0.61)	1.82
Employee Benefit Expenses (Excluding Transitional Liability and Incidental Expenditure during Construction).....	115.08	17.40	108.49	9.17
Acquisition Costs	1.87	2.03	Nil	Nil
Actuarial Loss/(Gain) on Defined Benefit Obligation	Nil	Nil	(0.18)	Nil
Benefits Paid (Net)	(22.49)	(6.81)	(15.43)	(5.43)
Exchange (Gain)/Loss	(5.03)	(0.51)	24.04	2.08
Plan Amendment.....	Nil	0.94	Nil	Nil
Liabilities assumed on Acquisition.....	Nil	Nil	Nil	0.30
Present value of Defined Benefit Obligation as at 31st March...	465.37	90.56	373.02	74.80
Less: Fair Value of plan assets at the end of the year	228.52	Nil	150.27	Nil
Provision for Defined Benefit Obligation as at 31st March as per books	236.85	90.56	222.75	74.80

Post Retirement Gratuity funded in case of Parent Company, TPDDL, CCTL, PTL, TPSSL and PKPC.

Notes forming part of the Consolidated Financial Statements

(iii) Plan Assets:

	31st March, 2013	31st March, 2012
	₹ crore	₹ crore
Fair value of Plan Assets as on 1st April	150.27	70.50
Increase in fair value of plan assets on account of acquisition.....	0.52	Nil
Expected Return on Plan Assets	14.23	6.12
Contribution	69.30	56.87
Benefits Paid	(5.72)	(3.94)
Actuarial Gain	0.62	11.37
Exchange (Loss)/Gain	(0.70)	9.35
Closing balance as on 31st March.....	<u>228.52</u>	<u>150.27</u>

The Parent Company has paid ₹ 49.60 crore to Tata Power Grauity Fund (31st March, 2012 - ₹ 40.00 crore). Of the payment of ₹ 49.60 crore, ₹ 24.60 crore towards the current year liability (31st March, 2012 - ₹ 15.00 crore) and ₹ 25.00 crore towards the Opening Liability (31st March, 2012 - ₹ 25.00 crore). The balance of the Opening Liability to be funded over a period of 3 years.

(iv) Actuarial assumptions used for valuation of the present value of the defined benefit obligations of various benefits are as under:

	31st March, 2013	31st March, 2012
Discount Rate	6.09% to 8.25%	6.30% to 8.75%
Salary Growth Rate	6% to 12 % p.a.	6% to 12 % p.a.
Turnover Rate - Age 21 to 44 years	0.50% to 8% p.a.	0.50% to 8% p.a.
Turnover Rate - Age 45 years and above	0.50% to 2.50% p.a.	0.50% to 2.50% p.a.
Pension Increase Rate.....	3% p.a.	3% p.a.
Mortality Table (in case of Indian Companies)	LIC (1994-96) and Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96)
Expected Return on Scheme Assets	7% to 9.30% p.a.	7% to 9.30% p.a.
Annual Increase in Health Cost	6% p.a.	6% p.a.

- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.

(v) The contribution expected to be made by the Group during the financial year 2013-14 has not been ascertained.

41. In respect of the contracts pertaining to the Strategic Engineering Business and Project Management Services of the Group, disclosures required as per AS-7 (Revised) are as follows:

- (a) Contract revenue recognised as revenue during the year ₹ 298.66 crore (31st March, 2012 - ₹ 283.69 crore).
- (b) In respect of contracts in progress –
 - (i) The aggregate amount of costs incurred and recognised profits upto 31st March, 2013 - ₹ 279.73 crore (31st March, 2012 - ₹ 192.88 crore).
 - (ii) Advances and progress payments received as at 31st March, 2013 - ₹ 567.93 crore (31st March, 2012 - ₹ 313.01 crore).
 - (iii) Retention money included as at 31st March, 2013 in Sundry Debtors - ₹ 12.53 crore (31st March, 2012 - ₹ 4.96 crore).
- (c) (i) Gross amount due to customers for contract work as a liability as at 31st March, 2013 - ₹ 327.46 crore (31st March, 2012 - ₹ 219.45 crore).
- (ii) Gross amount due from customers for contract work as an asset as at 31st March, 2013 - ₹ 39.26 crore (31st March, 2012 - ₹ 99.32 crore).

Notes forming part of the Consolidated Financial Statements

42. Related Party Disclosures:

Disclosure as required by Accounting Standard 18 (AS-18) - "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

(a) (i) Associates (where transactions have taken place during the year)	1) Panatone Finvest Ltd. 2) Tata Projects Ltd. 3) Nelito Systems Ltd. 4) Yashmun Engineers Ltd. 5) Tata Ceramics Ltd. 6) Rujuvalika Investments Ltd.
(ii) Joint Ventures (where transactions have taken place during the year)	1) Indocoal Resources (Cayman) Ltd. 2) PT Arutmin Indonesia 3) OTP Geothermal Pte Ltd. 4) PT Kalimantan Prima Power 5) Cennergi Pty. Ltd.
(iii) Promoters holding together with its Subsidiary more than 20%	Tata Sons Ltd.
(b) Key Management Personnel	Anil Sardana S. Ramakrishnan S. Padmanabhan

(c) Details of Transactions:

	₹ crore			
Particulars	Associates	Joint Ventures	Key Management Personnel	Promoters
Purchase of goods	-	1,120.75	-	-
	-	314.52	-	-
Management fees paid	-	-	-	-
	-	0.66	-	-
Purchase of fixed assets (including capital advance) ...	126.23	-	-	-
	49.27	114.18	-	-
Rendering of services.....	0.10	30.13	-	0.11
	0.10	-	-	0.24
Receiving of services.....	12.57	-	-	0.50
	13.83	0.19	-	0.54
Brand equity contribution	-	-	-	25.80
	-	-	-	22.37
Remuneration paid.....	-	-	10.50	-
	-	-	11.98	-
Interest income	0.84	-	-	-
	1.11	-	-	-
Dividend received	9.85	-	-	5.34
	12.41	-	-	5.34
Dividend paid	-	-	-	88.44
	-	-	-	88.44
Inter corporate deposit given	8.50	-	-	-
	8.50	-	-	-
Security deposits given	-	-	-	-
	-	-	-	0.50
Equity contribution (including advance towards equity contribution)	-	-	-	-
	100.00	-	-	-
Redemption of preference shares/debentures	9.37	-	-	-
	109.38	-	-	-

Notes forming part of the Consolidated Financial Statements

42. Related Party Disclosures: (Contd.)

₹ crore

Particulars	Associates	Joint Ventures	Key Management Personnel	Promoters
Inter corporate deposit repaid	-	-	-	-
	8.50	-	-	-
Letter of undertaking.....	17.06	-	-	-
	16.02	-	-	-
Balances outstanding				
Inter corporate deposit given	8.50	-	-	-
	-	-	-	-
Security deposit given	-	-	-	0.50
	-	-	-	0.50
Other receivables (net of provisions)	108.27	16.12	-	-
	0.03	33.00	-	0.02
Loans given (including interest thereon).....	1.27	-	-	-
	11.09	-	-	-
Preference shares/debentures outstanding	-	-	-	-
	9.37	-	-	-
Loans provided for as doubtful advances	1.27	-	-	-
	1.27	-	-	-
Guarantees, collaterals etc. outstanding	-	-	-	31.10
	-	-	-	409.51
Letter of undertaking.....	17.06	-	-	-
	16.02	-	-	-
Other payables	31.44	95.58	-	26.26
	27.22	10.40	-	22.80

Note: Previous year's figures are in italics.

(d) Details of material related party transactions [included under (c)] above:

(a) Joint Ventures:

₹ crore

Particulars	PT Arutmin Indonesia	Indocoal Resources (Cayman) Ltd.	Tata Power Solar Systems Ltd.
Purchase of goods	-	1,120.75	-
	-	314.52	-
Purchase of fixed assets	-	-	-
	-	-	114.18
Receiving of services.....	-	-	-
	-	-	0.19
Rendering of services	23.25	-	-
	-	-	-

(b) Associates:

₹ crore

Particulars	Tata Ceramics Ltd.	Panatone Finvest Ltd.	Tata Projects Ltd.	Yashmun Engineers Ltd.	Rujuvalika Investments Ltd.
Purchase of fixed assets	-	-	126.23	-	-
	-	-	49.27	-	-
Equity contribution (including advance towards equity contribution)	-	-	-	-	-
	-	100.00	-	-	-
Rendering of services.....	-	-	-	0.10	-
	-	-	-	0.10	-
Receiving of services	-	-	-	12.57	-
	-	-	-	13.81	-
Interest income	0.68	-	0.16	-	-
	0.52	-	0.54	-	-
Dividend received	-	-	9.68	-	-
	-	-	9.68	-	2.62
Inter corporate deposit given	8.50	-	-	-	-
	8.50	-	-	-	-
Redemption of preference shares/ debentures	-	-	9.37	-	-
	-	100.00	9.38	-	-

Note: Previous year's figures are in italics.

Notes forming part of the Consolidated Financial Statements

43. Derivative Instruments and Unhedged foreign currency exposures:

(i) Derivative Instruments:

The following derivative positions are open as at 31st March, 2013. These transactions have been undertaken to act as economic hedges for the Group's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Note 2.1(o) and 2.1(p).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding swaps/forward/currency options contracts entered into by the Group as on 31st March, 2013:

	31st March, 2013		31st March, 2012	
	Foreign Currency (in Millions)	₹ crore	Foreign Currency (in Millions)	₹ crore
Forward Contracts.....	USD 386.65	2,080.00	USD 234.49	1,177.64
	EURO 3.68	25.61	EURO 1.83	12.54
	JPY 3,363.62	195.09	JPY 4,394.70	274.62
Currency Option Contracts.....	USD 642.88	3,496.63	USD 472.46	2,418.51
			JPY 1,856.25	116.00
Interest Rate Swaps	USD 1,650.52	8,977.18	USD 1,723.75	8,823.86
Unrecognised Gain in respect of above Forward Contracts and Currency Option Contracts	Nil	297.81	Nil	390.54

(ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	31st March, 2013		31st March, 2012	
	Foreign Currency (in Millions)	₹ crore	Foreign Currency (in Millions)	₹ crore
(a) Amounts receivable in foreign currency on account of the following:				
Export of goods	USD 4.40	23.83	USD 3.20	16.32
	EURO *	0.12	EURO *	0.06
(b) Amounts payable in foreign currency on account of the following:				
(i) Import of goods and services	USD 109.45	595.01	USD 76.42	391.23
	EURO 0.35	2.45	EURO 0.93	6.36
	GBP 0.28	2.33	GBP 0.36	2.93
	JPY 0.34	0.02	Nil	Nil
	NOK 0.07	0.06	Nil	Nil
(ii) Capital imports.....	EURO 0.98	7.07	EURO 7.58	51.85
	JPY 141.60	8.21	JPY 199.20	12.44
	USD 33.02	179.63	USD 7.20	36.90
	GBP 0.06	0.51	GBP 0.12	1.00
	CHF *	0.01	CHF 0.42	2.41
(iii) Interest payable.....	USD 3.72	20.23	USD 3.20	16.37
(iv) Loans payable	USD 1,085.03	5,901.46	USD 1,252.80	6,413.10
(v) Premium payable on borrowings.....	USD 28.41	154.52	USD 28.41	145.43
(c) Bank balances.....	SGD 0.98	4.32	SGD 0.07	0.28
	USD 1.05	5.73	USD 3.36	17.19
	TAKA 0.23	0.01	TAKA 0.25	0.01

Notes forming part of the Consolidated Financial Statements

- 44.** Disclosures as required by Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets" as at 31st March, 2013:

The Group has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	Opening Balance	Additions during the year	Acquisition made during the year *	Payments/ Adjustments made during the year	Reversal/ Regrouped during the year	Closing Balance
						₹ crore
Provision for Warranties and Contingencies ...	33.48	26.51	15.75	(2.62)	(31.15)	41.97
	<i>24.68</i>	<i>16.33</i>	-	<i>(2.17)</i>	<i>(5.36)</i>	<i>33.48</i>
Provision for Premium on Redemption of FCCB.....	145.43	9.09 @	-	-	-	154.52
	<i>126.94</i>	<i>18.49 @</i>	-	-	-	<i>145.43</i>
Provision on Premium on Redemption of Debentures	134.70	-	-	-	-	134.70
	<i>134.70</i>	-	-	-	-	<i>134.70</i>
Provision for Future foreseeable losses on Contracts etc.....	4.31	-	-	-	(1.49)	2.82
	-	4.31	-	-	-	4.31
Provision for Restoration and Rehabilitation ..	445.33	128.76	-	(29.89) #	-	544.21
	<i>343.44</i>	<i>124.63</i>	-	<i>(22.74) #</i>	-	<i>445.33</i>

@ On account of exchange loss/(gain).

includes exchange fluctuation.

* On account of TPSSL becoming a Subsidiary.

Note: Previous year's figures are in italics.

- 45.** Earnings per Share:

Basic

Net loss for the year (₹ crore)	(85.43)	(1,087.68)
(Less)/Add : Contingencies Reserve (provided)/writeback for the year (₹ crore)	(7.00)	6.00
Add : Special Reserve writeback for the year (₹ crore).....	Nil	13.00

Less : Distribution on Unsecured Perpetual Securities (₹ crore).....	(92.43)	(1,068.68)
Net loss for the year attributable to the equity shareholders (₹ crore).....	199.62	113.61
The weighted average number of Equity Shares for Basic Earning per share (Nos.) ...	(292.05)	(1,182.29)
Par value Per Share (in ₹) - Refer Note 3 (a)	237,49,74,860	237,49,74,860
Basic Earnings Per Share (in ₹)	1.00	1.00
	(1.23)	(4.98)

Diluted

Net loss for the year attributable to the equity shareholders (₹ crore).....	(292.05)	(1,182.29)
Add : Interest Expense and Exchange Fluctuation on FCCB (Net) (₹ crore)	77.73	47.30
Loss attributable to equity shareholders on dilution (₹ crore)	(214.32)	(1,134.99)

The weighted average number of Equity Shares for Basic Earning Per Share (Nos.) ...	237,49,74,860	237,49,74,860
Add : Effect of potential Equity Shares on Conversion of FCCB (Nos.)	9,64,40,896	9,64,40,896
The weighted average number of Equity Shares for Diluted Earning Per Share (Nos.) ..	247,14,15,756	247,14,15,756
Par value per share (in ₹)	1.00	1.00
Diluted Earnings Per Share (in ₹) - (Anti Dilutive).....	(0.87)	(4.59)
Diluted Earnings Per Share restricted to Basic Earnings Per Share (in ₹).....	(1.23)	(4.98)

31st March, 2013	31st March, 2012
(85.43)	(1,087.68)
(7.00)	6.00
Nil	13.00
(92.43)	(1,068.68)
199.62	113.61
(292.05)	(1,182.29)
237,49,74,860	237,49,74,860
1.00	1.00
(1.23)	(4.98)
(292.05)	(1,182.29)
77.73	47.30
(214.32)	(1,134.99)
237,49,74,860	237,49,74,860
9,64,40,896	9,64,40,896
247,14,15,756	247,14,15,756
1.00	1.00
(0.87)	(4.59)
(1.23)	(4.98)

Notes forming part of the Consolidated Financial Statements

46. Segment Accounting

(a) Primary Segment Information:

The Group has identified business segments as its primary segment. Business segments are as below:

	₹ crore				
	Power	Coal	Others	Eliminations	Total
REVENUE					
External Revenue.....	23,216.08	9,004.92	1,148.30	343.87	33,025.43
	<i>16,169.59</i>	<i>9,196.52</i>	<i>855.78</i>	<i>220.49</i>	26,001.40
RESULT					
Total Segment Results	3,608.66	1,029.44	(33.59)	-	4,604.51
	<i>2,159.75</i>	<i>1,988.05</i>	<i>(69.42)</i>	-	4,078.38
Finance Costs					(2,635.53)
					<i>(1,527.09)</i>
Exceptional Item	(850.00)	-	-	-	(850.00)
	<i>(1,800.00)</i>	-	-	-	<i>(1,800.00)</i>
Unallocable Income net of Unallocable Expense					157.70
					<i>(244.04)</i>
Income Taxes.....					(1,177.96)
					<i>(1,475.54)</i>
Profit/(Loss) after Tax and before Share of Profit of Associates and Minority Interest.....					98.72
					(968.29)
Share of Profit of Associates					23.92
					70.77
Minority Interest					(208.07)
					<i>(190.16)</i>
Loss for the year					(85.43)
					(1,087.68)
OTHER INFORMATION					
Segment Assets.....	46,291.86	13,060.40	2,601.52	-	61,953.78
	<i>41,620.23</i>	<i>10,728.14</i>	<i>2,297.46</i>	-	54,645.83
Unallocable Assets					5,327.63
					<i>6,966.26</i>
Total Assets					67,281.41
					61,612.09
Segment Liabilities	6,396.59	4,235.16	860.03	-	11,491.78
	<i>6,105.27</i>	<i>3,456.42</i>	<i>704.55</i>	-	10,266.24
Unallocable Liabilities.....					40,348.71
					<i>35,950.91</i>
Total Liabilities					51,840.49
					46,217.15
Capital Expenditure	2,920.11	1,297.91	52.19	-	4,270.21
	<i>3,588.77</i>	<i>1,327.85</i>	<i>434.08</i>	-	5,350.70
Non-cash Expenses other than Depreciation/Amortisation	40.64	76.84	87.18	-	204.66
	<i>16.67</i>	<i>54.45</i>	<i>40.20</i>	-	111.32
Depreciation/Amortisation (to the extent allocable to segment)	1,370.64	569.60	111.45	-	2,051.69
	<i>988.42</i>	<i>283.84</i>	<i>62.38</i>	-	1,334.64

Types of products and services in each business segment:

Power - Generation, Transmission, Distribution and Trading of Electricity.

Coal - Mining and Trading.

Others - Defence Engineering, Solar Equipment, Project Contracts/Infrastructure Management Services, Coal Bed Methane, Investment, Shipping and Property Development.

Note : Previous year's figures are in italics.

Notes forming part of the Consolidated Financial Statements

46. Segment Accounting (Contd.)

(b) Secondary Segment Information:

Particulars

Revenue from External Customers

Segment Assets.....

Capital Expenditure

₹ crore

Domestic	Overseas	Total
24,163.23	8,862.20	33,025.43
<i>16,980.28</i>	<i>9,021.12</i>	<i>26,001.40</i>
47,568.43	14,385.35	61,953.78
<i>42,684.21</i>	<i>11,961.62</i>	<i>54,645.83</i>
2,889.07	1,381.14	4,270.21
<i>3,546.62</i>	<i>1,804.08</i>	<i>5,350.70</i>

Note : Previous year's figures are in italics

47. Interest in Joint Ventures:

The Group's share of total assets, liabilities, income, expenses, contingent liabilities and capital commitments in jointly controlled entities considered in these consolidated financial statements are as under:

I. NON-CURRENT LIABILITIES

a) Long-term Borrowings	890.23	578.16
b) Deferred tax Liabilities.....	219.16	226.44
c) Other Long-term Liabilities.....	Nil	0.03
d) Long-term Provisions.....	684.22	530.35

(A)

1,793.61

1,334.98

II. CURRENT LIABILITIES

a) Short-term Borrowings	80.20	46.96
b) Trade Payables.....	1,166.43	886.91
c) Other Current Liabilities.....	2,582.55	2,231.80
d) Short-term Provisions	248.20	458.91

(B)

4,077.38

3,624.58

(A+B)

5,870.99

4,959.56

III. NON-CURRENT ASSETS

a) Fixed Assets	3,657.28	2,726.41
b) Long-term Loans and Advances	280.82	217.10
c) Other Non-current Assets	14.39	1.47
d) Deferred Tax Assets.....	17.86	Nil

(C)

3,970.35

2,944.98

IV. CURRENT ASSETS

a) Inventories	654.81	445.14
b) Trade Receivables	614.03	854.26
c) Cash and Bank Balances.....	538.00	589.33
d) Short-term Loans and Advances.....	2,298.75	1,981.86
e) Other Current Assets	0.92	44.79

(D)

4,106.51

3,915.38

(C+D)

8,076.86

6,860.36

Notes forming part of the Consolidated Financial Statements

47. Interest in Joint Ventures: (Contd.)

	31st March, 2013	31st March, 2012
	₹ crore	₹ crore
V. REVENUE		
a) Revenue from Operations	8,661.06	9,190.91
b) Other Income.....	7.08	6.79
	<u>8,668.14</u>	<u>9,197.70</u>
VI. EXPENSES		
a) Royalty towards Coal Mining	1,111.14	1,101.12
b) Cost of Fuel	1,460.00	1,232.28
c) Coal Processing Charges	2,544.99	1,953.22
d) Raw Material Consumed.....	Nil	347.37
e) Increase in Stock-in-trade and Work-in-progress.....	(270.27)	(170.57)
f) Employee Benefits Expense.....	362.48	302.53
g) Other Expenses	1,963.32	2,188.93
h) Depreciation/Amortisation.....	570.23	308.01
i) Finance Costs	59.01	41.82
j) Tax Expense	340.63	718.35
	<u>8,141.53</u>	<u>8,023.06</u>
VII. PROFIT AFTER TAX	<u>526.61</u>	<u>1,174.64</u>
VIII. OTHER MATTERS		
a) Contingent Liabilities.....	2,055.64	1,709.86
b) Capital Commitments.....	134.33	275.03
	<u>2,189.97</u>	<u>1,984.89</u>

48. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure. Figures below ₹ 50,000 are denoted by '₹'

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
THE TATA POWER COMPANY LIMITED**

1. We have audited the accompanying Statement of Standalone Financial Results of **THE TATA POWER COMPANY LIMITED** ("the Company") for the quarter/half-year ended 30th September, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement has been prepared on the basis of the related interim financial statements, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
 - (ii) gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Company for the quarter and half-year ended 30th September, 2013.
4. (a) We draw attention to Note 2 to the Statement which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at Rs. 519 crores accounted for as revenue in earlier periods and its consequential effects for the period upto 30th September, 2013. The impact of the same on the results for the quarter and half-year ended 30th September, 2013 cannot presently be determined

pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.

- (b) We draw attention to Note 3 to the Statement which describes the key source of estimation uncertainties as at 30th September, 2013 relating to the Company's assessment of the recoverability of the carrying amount of assets of Coastal Gujarat Power Limited (CGPL), a wholly owned subsidiary that could result in material adjustment to the carrying amount of the long-term investment in the said subsidiary. For the reasons explained in the said Note, no provision for diminution in value of investment is considered necessary.

Our report is not qualified in respect of these matters.

5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding, in terms of Clause 35 of the Listing Agreements and the particulars relating to the investor complaints disclosed in Part II - Select Information for the quarter/half-year ended 30th September, 2013 of the Statement, from the details furnished by the Registrars.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. BANGA
Partner
Membership Number: 37915

MUMBAI, 14th November, 2013

PART I

STANDALONE FINANCIAL RESULTS FOR THE QUARTER/HALF-YEAR ENDED 30TH SEPTEMBER, 2013

Particulars	Quarter ended			Half-year ended		Year ended
	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13
	MUs	MUs	MUs	MUs	MUs	MUs
(A)						
1. Generation	3,404	3,897	4,272	7,301	8,531	15,770
2. Sales	3,762	4,136	4,235	7,898	8,462	16,002
(Refer Notes Below)	(₹ in crore)					
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
(B)						
1. Income from operations						
a) Revenue from power supply and transmission charges	1,856.87	2,156.89	2,108.72	4,013.76	4,166.29	7,947.89
Add: Income to be recovered in future tariff determination (net)	218.00	213.00	297.57	431.00	585.02	1,028.72
Add/(Less): Income to be recovered in future tariff determination (net) in respect of earlier years	-	115.00	2.72	115.00	(152.28)	104.72
Net Revenue	2,074.87	2,484.89	2,409.01	4,559.76	4,599.03	9,081.33
b) Other operating income (net of excise duty)	124.65	122.62	110.79	247.27	204.87	485.95
Total income from operations (net)	2,199.52	2,607.51	2,519.80	4,807.03	4,803.90	9,567.28
2. Expenses						
a) Cost of power purchased	227.34	155.73	97.03	383.07	253.15	623.39
b) Cost of fuel	956.71	1,235.65	1,492.01	2,192.36	2,897.87	5,244.40
c) Transmission charges	116.99	117.00	65.02	233.99	103.29	233.43
d) Cost of components, materials and services in respect of contracts	30.64	44.73	36.12	75.37	63.63	150.75
e) Employee benefits expense	112.44	144.85	141.62	257.29	270.23	547.60
f) Depreciation and amortisation expense (Refer Note 5)	139.64	136.04	155.61	275.68	310.41	364.10
g) Other expenses	153.06	166.63	159.10	319.69	309.24	709.87
Total expenses	1,736.82	2,000.63	2,146.51	3,737.45	4,207.82	7,873.54
3. Profit from operations before other income, finance costs and tax (1-2)	462.70	606.88	373.29	1,069.58	596.08	1,693.74
4. Other Income						
a) (Loss)/Gain on exchange (net)	(83.56)	(65.71)	(9.28)	(149.27)	43.95	(27.62)
b) Others	129.87	245.59	205.54	375.46	497.90	721.67
5. Profit before finance costs and tax (3+4)	509.01	786.76	569.55	1,295.77	1,137.93	2,387.79
6. Finance costs	162.00	237.17	165.27	399.17	305.51	684.41
7. Profit before tax (5-6)	347.01	549.59	404.28	896.60	832.42	1,703.38
8. Tax expense	85.24	192.59	108.30	277.83	224.14	678.69
9. Net profit after tax (7-8)	261.77	357.00	295.98	618.77	608.28	1,024.69
10. Paid-up equity share capital (Face Value: ₹ 1/- per share)	237.33	237.33	237.33	237.33	237.33	237.33
11. Reserves excluding Statutory Reserves and Revaluation Reserves as per the Balance Sheet of previous accounting year						10,803.46
12. Basic Earnings per Share (not annualised for quarters) (In ₹)	0.91	1.32	0.90	2.23	2.07	3.44
13. Diluted Earnings per Share (not annualised for quarters) (In ₹)	0.91	1.32	0.90	2.23	2.07	3.44
14. Debt Service Coverage Ratio (no. of times)				2.48	2.54	2.62
15. Interest Service Coverage Ratio (no. of times)				3.34	3.71	3.53

PART II

SELECT INFORMATION FOR THE QUARTER/HALF-YEAR ENDED 30TH SEPTEMBER, 2013

Particulars	Quarter ended			Half-year ended		Year ended
	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13
(A) Particulars of shareholding						
1. Public shareholding						
No. of shares #	152,69,93,660	152,61,18,350	154,30,68,750	152,69,93,660	154,30,68,750	152,60,99,350
% of shareholding @	66.46	66.45	67.19	66.46	67.19	66.45
# Excludes no. of shares held by custodians of GDR						
@ Excludes % of shareholding held by custodians of GDR						
2. Promoters and Promoter Group shareholding						
a) Pledged/encumbered						
No. of shares	3,53,50,000	3,53,50,000	5,20,50,000	3,53,50,000	5,20,50,000	5,20,50,000
% of shares to total shareholding of promoter and promoter group	4.59	4.59	6.91	4.59	6.91	6.76
% of shares to total share capital of the Company	1.49	1.49	2.19	1.49	2.19	2.19
b) Non-encumbered						
No. of shares	73,51,87,290	73,51,87,290	70,14,87,290	73,51,87,290	70,14,87,290	71,84,87,290
% of shares to total shareholding of promoter and promoter group	95.41	95.41	93.09	95.41	93.09	93.24
% of shares to total share capital of the Company	30.98	30.98	29.56	30.98	29.56	30.28

Particulars	Quarter ended 30-Sep-13
(B) Investor complaints	
Pending at the beginning of the quarter	6
Received during the quarter	13
Disposed off during the quarter	10
Remaining unresolved at the end of the quarter (8 have since been closed)	9



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

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

Particulars (Refer Notes Below)	Quarter ended			Half-year ended		Year ended 31-Mar-13 (Audited)
	30-Sep-13 (Audited)	30-Jun-13 (Audited)	30-Sep-12 (Audited)	30-Sep-13 (Audited)	30-Sep-12 (Audited)	
Segment Revenue						
Power Business	2,092.83	2,507.65	2,423.55	4,600.48	4,629.93	9,157.96
Others	106.69	99.86	96.25	206.55	173.97	409.32
Total Segment Revenue	2,199.52	2,607.51	2,519.80	4,807.03	4,803.90	9,567.28
Less: Inter Segment Revenue	-	-	-	-	-	-
Revenue / Income from Operations (Net of Excise Duty)	2,199.52	2,607.51	2,519.80	4,807.03	4,803.90	9,567.28
Segment Results						
Power Business	434.98	604.62	400.73	1,039.60	606.20	1,684.68
Others	20.09	(0.17)	3.65	19.92	6.18	45.07
Total Segment Results	455.07	604.45	404.38	1,059.52	612.38	1,729.75
Less: Finance Costs	162.00	237.17	165.27	399.17	305.51	684.41
Add: Unallocable Income (Net)	53.94	182.31	165.17	236.25	525.55	658.04
Profit Before Tax	347.01	549.59	404.28	896.60	832.42	1,703.38
Capital Employed						
Power Business	12,570.44	11,906.29	10,728.19	12,570.44	10,728.19	11,464.55
Others	436.49	302.12	156.93	436.49	156.93	146.05
Unallocable	1,468.98	2,026.28	2,815.73	1,468.98	2,815.73	2,068.03
Capital Employed	14,475.91	14,234.69	13,700.85	14,475.91	13,700.85	13,678.63

Types of products and services in each business segment:
Power - Generation, Transmission and Distribution.
Others - Defence Electronics and Engineering, Project Contracts / Infrastructure Management Services, Coal Bed Methane and Property Development.

AUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at	
	30-Sep-13	31-Mar-13
	₹ crore	₹ crore
A EQUITY AND LIABILITIES		
1. SHAREHOLDERS' FUNDS		
a) Share Capital	237.33	237.33
b) Reserves and Surplus	11,596.74	10,803.46
Sub-total - Shareholders' Funds	11,834.07	11,040.79
2. UNSECURED PERPETUAL SECURITIES	1,500.00	1,500.00
3. STATUTORY CONSUMER RESERVES	608.23	604.23
4. SPECIAL APPROPRIATION TOWARDS PROJECT COST	533.61	533.61
5. SERVICE LINE CONTRIBUTIONS FROM CONSUMERS	90.05	82.22
6. NON-CURRENT LIABILITIES		
a) Long-term Borrowings	8,863.31	8,452.57
b) Deferred Tax Liabilities (Net)	812.59	805.49
c) Other Long-term Liabilities	86.74	99.81
d) Long-term Provisions	429.70	413.19
Sub-total - Non-current Liabilities	10,192.34	9,771.06
7. CURRENT LIABILITIES		
a) Short-term Borrowings	1,694.26	1,172.15
b) Trade Payables	1,055.86	923.55
c) Other Current Liabilities	2,449.41	2,027.64
d) Short-term Provisions	183.94	437.61
Sub-total - Current Liabilities	5,383.47	4,560.95
TOTAL - EQUITY AND LIABILITIES	30,141.77	28,092.86
B ASSETS		
1. NON-CURRENT ASSETS		
a) Fixed Assets	9,090.75	8,489.32
b) Non-current Investments	11,288.80	10,859.68
c) Long-term Loans and Advances	2,526.95	2,190.06
d) Other Non-current Assets	1,986.00	2,758.67
Sub-total - Non-current Assets	24,892.50	24,297.73
2. CURRENT ASSETS		
a) Current Investments	1.36	258.56
b) Inventories	855.04	761.09
c) Trade Receivables	1,920.72	1,300.06
d) Cash and Bank Balances	290.60	413.17
e) Short-term Loans and Advances	1,034.01	955.09
f) Other Current Assets	1,147.54	107.16
Sub-total - Current Assets	5,249.27	3,795.13
TOTAL - ASSETS	30,141.77	28,092.86

STANDALONE ACCOUNTS NOTES – Q2 FY 14

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th November, 2013.
2. In respect of the Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal for Electricity (ATE) set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra, as on 31st March, 2004, ₹ 354 crore (including interest of ₹ 15.14 crore) and pay interest at 10% p.a. thereafter. As at 30th September, 2013, the accumulated interest is ₹ 190.36 crore. On appeal, the Hon'ble Supreme Court has stayed the ATE Order and, as directed, the Company has furnished a bank guarantee of ₹ 227 crore and also deposited ₹ 227 crore with the Registrar General of the Court, which amount has been withdrawn by R-Infra on furnishing the required undertaking to the Court. Further, in terms of the ATE Order dated 20th December, 2006, no adjustment has been made for the reversal of Standby Charges credited in previous years, estimated at ₹ 519 crore. The aggregate of Standby Charges credited in previous years will be adjusted wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. However, since 1st April, 2004, the Company has accounted for Standby Charges on the basis determined by the respective MERC Tariff Orders.
3. The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged. Hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account, will be recorded by the Company based on the final outcome of the matter.

Coastal Gujarat Power Limited ("CGPL"), a wholly owned subsidiary, has implemented the 4000 MW Ultra Mega Power Project at Mundra ("the Project").

The Management has reviewed and reassessed the recoverability of the carrying amount of the assets at Mundra considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows and has concluded that no further provision for impairment loss for the half-year ended 30th September, 2013 in CGPL is necessary on this account (₹ 250 crore for the quarter and half-year ended 30th September, 2012 and ₹ 850 crore for the year ended 31st March, 2013). In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis by the Management and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate.

In order to provide protection to CGPL and to support its cash flows, the Company has committed to a future restructuring under which the Company will transfer at least 75% of its equity interests in the Indonesian Coal Companies including Infrastructure Companies to CGPL, subject to Regulatory and other approvals, which are being pursued and will continue to evaluate other alternative options. A valuation of the equity interests in the Indonesian Coal Companies including Infrastructure Companies has been carried out on the basis of certain assumptions, including legal interpretation that there is reasonable certainty that the mining leases would be extended without significant cost.

Having regard to the overall returns expected from the Company's investment in CGPL, including the valuation of investments in the Indonesian Coal Companies including Infrastructure Companies and the proposed future restructuring, no provision for diminution in value is considered necessary in respect of the Company's long-term investment in CGPL.
4. The Company has changed its accounting policy in respect of Tangible Assets at its Strategic Engineering Division. These Tangible Assets which were hitherto carried at cost have been revalued as at 1st April, 2013. The revaluation is based on a valuation made by an independent valuer using the Depreciated Replacement Cost Method. Accordingly the gross book value of such assets and the accumulated depreciation as at 1st April, 2013 have increased by ₹ 234.98 crore and ₹ 7.59 crore respectively, and ₹ 227.39 crore has been credited to the Revaluation Reserve.
- Consequent to the revaluation, the additional charge for depreciation for the half-year ended 30th September, 2013 amounting to ₹ 1.30 crore is withdrawn from Revaluation Reserve. The amounts for the quarters ended 30th September, 2013 and 30th June, 2013 are ₹ 1.08 crore and ₹ 0.22 crore respectively.
5. During the quarter ended 31st March, 2013, the Company had revised the rates and methodology of charging depreciation in respect of its electricity business as per the notification issued by the CERC w.e.f. 1st April, 2009 and on certain assets as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, if higher than those notified by CERC. Accordingly, depreciation of ₹ 219.80 crore for the years 2009-10 to 2011-12 had been written back during the quarter and year ended 31st March, 2013. As a result of this change, the depreciation charge for the half-year ended 30th September, 2013, for the quarter ended 30th September, 2013 and for the quarter ended 30th June, 2013 is lower by ₹ 24.01 crore, ₹ 12.01 crore and ₹ 12 crore respectively (31st March, 2013 - ₹ 48.02 crore).

6. In an earlier year, in line with the Notification dated 29th December, 2011 issued by the MCA, the Company had selected the option given in paragraph 46A of the Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, the depreciated/amortised portion of net foreign exchange (gain)/loss on long-term foreign currency monetary items, for the half-year ended 30th September, 2013, 30th September, 2012 and for the year ended 31st March, 2013 is ₹ 86.03 crore, ₹ 41.30 crore and ₹ 83.84 crore respectively. The amounts for the quarters ended 30th September, 2013, 30th June, 2013 and 30th September, 2012 are ₹ 48.28 crore, ₹ 37.75 crore and ₹ 15.81 crore respectively. The unamortised portion carried forward as at 30th September, 2013 is ₹ 492.95 crore (31st March, 2013 - ₹ 253.86 crore).
7. In an earlier year, the Company had raised ₹ 1,500 crore through issue of Unsecured Perpetual Securities which are considered to be in the nature of equity instruments and the distribution on such securities amounting to ₹ 85.73 crore for the half-year ended 30th September, 2013, ₹ 85.93 crore for the half-year ended 30th September, 2012 and ₹ 171.20 crore for the year ended 31st March, 2013, have been adjusted in Surplus in Statement of Profit and Loss and is not considered under "Finance Cost". The amounts for the quarters ended 30th September, 2013, 30th June, 2013 and 30th September, 2012 are ₹ 43.10 crore, ₹ 42.63 crore and ₹ 43.10 crore respectively.
8. (a) Debt Service Coverage Ratio = (Profit before Tax + Interest on Long-term loans)/(Interest on Long-term loans + Repayment of Long-term loans) *
(b) Interest Service Coverage Ratio = (Profit before Tax + Interest on Long-term loans)/(Interest on Long-term loans) *
- * For the purpose of computation, loans having original maturity of more than 365 days are considered as Long-term loans. Repayment of Long-term loans during the half-year ended 30th September, 2013 does not include pre-payments.
9. The Company does not have any Exceptional or Extraordinary items to report for the above periods/year.
10. The Statutory Auditors have carried out an audit of above results stated in Part I (B).
11. Figures for the previous periods/year are re-classified/re-arranged/re-grouped, wherever necessary.

Date: 14th November, 2013.

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

CYRUS P. MISTRY
Chairman



**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
THE TATA POWER COMPANY LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **THE TATA POWER COMPANY LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") and its share of the profit of its associates for the quarter/half-year ended 30th September, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 7 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. We did not review the interim financial statements / information of 6 subsidiaries and 14 jointly controlled entities included in the consolidated financial results, whose interim financial statements / information reflect total assets of Rs. 25,959.25 crores as at 30th September, 2013, total revenues of Rs. 3,887.60 crores and Rs. 7,791.00 crores for the quarter and half-year ended 30th September, 2013, respectively and total loss after tax of Rs. 76.27 crores and Rs. 87.01 crores for the quarter and half-year ended 30th September, 2013, respectively, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of profit after tax of Rs. 8.99 crores and Rs. 7.61 crores for the quarter and half-year ended 30th September, 2013, respectively, as considered in the consolidated financial results, in respect of 2 associates, whose interim financial statements / information have not been reviewed by us. These interim financial statements / information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
4. Based on our review conducted as stated above and based on the consideration of the reports of the other auditors referred to in paragraph 3 above and based on the consideration of the unaudited interim financial information of the subsidiaries and jointly controlled entities which have been certified by the management referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th

September, 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to the following matters :

- (a) as stated in Note 2.1 to the Statement, which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at Rs. 519 crores accounted for as revenue in earlier periods and its consequential effects for the periods upto 30th September, 2013. The impact of the same on the results for the quarter and half-year ended 30th September, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision / adjustment has been considered necessary.
- (b) as stated in Note 4 to the Statement, which describes the key source of estimation uncertainties relating to the Company's assessment of the recoverability of the carrying amount of the assets of one of its subsidiary, its compliance with debt covenants.
- (c) in case of two jointly controlled entities of the Company, the component auditors have drawn attention to a matter as stated in Note 3 to the Statement, regarding recoverability of Rs. 7,236.12 crores (Group's share of Rs. 2,170.84 crores) of Value Added Tax and Vehicle fuel tax balances, and Group's share in other contingent claims from third parties on the said jointly controlled entities, the outcome of which cannot be presently determined.
- (d) in case of one of the subsidiary, the component auditor has drawn attention to a matter as stated in Note 6 to the Statement, wherein no adjustment has been made by the subsidiary in respect of income estimated at Rs. 175.98 crores as at 30th September, 2013 which includes carrying cost of Rs. 9.32 crores for the half-year ended 30th September, 2013 (Rs 4.75 crores for the quarter ended 30th September, 2013). The impact of the above as at 30th September, 2013 cannot presently be determined pending ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion that the disallowance of expenses by Delhi Electricity Regulatory Commission (DERC) pertaining to the Rithala plant can be successfully challenged, no adjustment has been considered necessary.

Our report is not qualified in respect of these matters.

6. The consolidated financial results includes the interim financial information of 4 subsidiaries and 13 jointly controlled entities which have not been reviewed by their auditors, whose interim financial information reflect total assets of Rs. 784.14 crores as at 30th September, 2013, total revenue of Rs. 5.85 crores for the quarter and half-year ended 30th September, 2013 respectively, and total profit after tax of Rs. 3.33 crores and Rs.0.28 crores for the quarter and half-year ended 30th September, 2013, respectively, as considered in the consolidated financial results. These interim financial information have

been certified by the Management and, our report on the Statement, in so far as it relates to the amounts included in respect of these entities, is based solely on such certified interim financial information.

Our report is not qualified in respect of this matter.

7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter and half-year ended 30th September, 2013 of the Statement, from the details furnished by the Registrar.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

R. A. BANGA
Partner
Membership Number: 37915

MUMBAI, 14th November, 2013

PART I							(₹ in crore)
CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/HALF-YEAR ENDED 30TH SEPTEMBER, 2013							
Particulars (Refer Notes Below)	Quarter ended			Half-year ended		Year ended	
	30-Sep-13 (Unaudited)	30-Jun-13 (Unaudited)	30-Sep-12 (Unaudited)	30-Sep-13 (Unaudited)	30-Sep-12 (Unaudited)	31-Mar-13 (Audited)	
1. Income from operations							
a) Revenue	8,551.47	8,941.87	7,398.66	17,493.34	14,112.78	30,875.28	
Add : Income to be recovered in future tariff determination (net)	165.64	234.90	248.11	400.54	886.56	1,856.05	
Add/(Less): Income to be recovered in future tariff determination (net) in respect of earlier years	-	115.00	2.72	115.00	(152.28)	104.72	
Net Revenue	8,717.11	9,291.77	7,649.49	18,008.88	14,847.06	32,836.05	
b) Other operating income (net of excise duty)	47.58	47.72	50.28	95.30	106.60	189.38	
Total Income from operations (net)	8,764.69	9,339.49	7,699.77	18,104.18	14,953.66	33,025.43	
2. Expenses							
a) Cost of power purchased	2,003.65	1,992.06	1,792.61	3,995.71	3,453.18	7,818.66	
b) Cost of fuel	2,469.99	2,789.87	2,432.75	5,259.86	4,543.42	9,661.60	
c) Raw materials consumed	123.09	116.02	74.73	239.11	119.39	386.74	
d) Purchase of goods / spares / stock for resale	9.70	14.56	9.26	24.26	21.03	37.47	
e) Transmission charges	126.23	126.04	78.78	252.27	125.36	286.50	
f) Cost of components, materials and services in respect of contracts	30.64	44.73	36.12	75.37	63.63	150.75	
g) (Increase)/decrease in stock-in-trade and work-in-progress	(129.44)	54.72	(252.37)	(74.72)	(252.55)	(275.12)	
h) Royalty towards coal mining	288.95	293.96	248.93	582.91	523.17	1,111.14	
i) Coal processing charges	607.78	677.33	631.73	1,285.11	1,225.25	2,544.99	
j) Employee benefits expense	307.40	330.16	345.32	637.56	655.11	1,322.95	
k) Depreciation and amortisation expense (Refer Note 2.4)	689.05	650.80	542.04	1,339.85	1,048.01	2,051.69	
l) Other expenses	896.01	832.30	791.57	1,728.31	1,551.77	3,341.25	
Total expenses	7,423.05	7,922.55	6,731.47	15,345.60	13,076.77	28,438.62	
3. Profit from operations before other income, finance costs, exceptional item and tax (1-2)	1,341.64	1,416.94	968.30	2,758.58	1,876.89	4,586.81	
4. Other income							
a) Loss on exchange (net)	(354.52)	(292.76)	(31.63)	(647.28)	(76.86)	(187.64)	
b) Others	61.61	64.84	100.08	126.45	207.89	369.20	
5. Profit before finance costs, exceptional item and tax (3+4)	1,048.73	1,189.02	1,036.75	2,237.75	2,007.92	4,768.37	
6. Finance costs	802.90	903.36	623.92	1,706.26	1,173.67	2,641.69	
7. Profit before exceptional item and tax (5-6)	245.83	285.66	412.83	531.49	834.25	2,126.68	
8. Exceptional item -							
Provision for impairment (Refer Note 2.2)	-	-	250.00	-	250.00	850.00	
9. Profit before tax (7-8)	245.83	285.66	162.83	531.49	584.25	1,276.68	
10. Tax expense	125.39	334.64	222.51	460.03	448.80	1,177.96	
11. Net Profit / (Loss) after tax (9-10)	120.44	(48.98)	(59.68)	71.46	135.45	98.72	
12. Share of profit of associates	12.97	3.36	5.34	16.33	6.60	23.92	
13. Less: Minority interest	58.44	69.08	29.46	127.52	79.92	208.07	
14. Net Profit / (Loss) after tax, minority interest and share of profit of associates (11+12-13)	74.97	(114.70)	(83.80)	(39.73)	62.13	(85.43)	
15. Paid-up equity share capital (Face Value: ₹ 1/- per share)	237.29	237.29	237.29	237.29	237.29	237.29	
16. Reserves excluding Statutory Reserves and Revaluation Reserves as per the Balance Sheet of previous accounting year						10,501.19	
17. Basic Earnings per Share (not annualised for quarters) (In ₹)	0.12	(0.67)	(0.70)	(0.55)	(0.23)	(1.23)	
18. Diluted Earnings per Share (not annualised for quarters) (In ₹)	0.12	(0.67)	(0.70)	(0.55)	(0.23)	(1.23)	

PART II						
SELECT INFORMATION FOR THE QUARTER/HALF-YEAR ENDED 30TH SEPTEMBER, 2013						
Particulars	Quarter ended			Half-year ended		Year ended
	30-Sep-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-12	31-Mar-13
(A) Particulars of shareholding						
1. Public shareholding						
No. of shares #	152,69,93,660	152,61,18,350	154,30,68,750	152,69,93,660	154,30,68,750	152,60,99,350
% of shareholding @	66.46	66.45	67.19	66.46	67.19	66.45
# Excludes no. of shares held by custodians of GDR						
@ Excludes % of shareholding held by custodians of GDR						
2. Promoters and Promoter Group shareholding						
a) Pledged/encumbered						
No. of shares	3,53,50,000	3,53,50,000	5,20,50,000	3,53,50,000	5,20,50,000	5,20,50,000
% of shares to total shareholding of promoter and promoter group	4.59	4.59	6.91	4.59	6.91	6.76
% of shares to total share capital of the Company	1.49	1.49	2.19	1.49	2.19	2.19
b) Non-encumbered						
No. of shares	73,51,87,290	73,51,87,290	70,14,87,290	73,51,87,290	70,14,87,290	71,84,87,290
% of shares to total shareholding of promoter and promoter group	95.41	95.41	93.09	95.41	93.09	93.24
% of shares to total share capital of the Company	30.98	30.98	29.56	30.98	29.56	30.28

Particulars	Quarter ended 30-Sep-13
(B) Investor complaints	
Pending at the beginning of the quarter	6
Received during the quarter	13
Disposed off during the quarter	10
Remaining unresolved at the end of the quarter (8 have since been closed)	9

TATA POWER

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

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

Particulars (Refer Notes Below)	Quarter ended				Half-Year ended		Year ended 31-Mar-13 (Audited)
	30-Sep-13 (Unaudited)	30-Jun-13 (Unaudited)	30-Sep-12 (Unaudited)	30-Sep-13 (Unaudited)	30-Sep-12 (Unaudited)	30-Sep-12 (Unaudited)	
Segment Revenue							
Power Business	6,392.93	6,929.56	5,530.46	13,322.49	10,388.49	23,382.73	
Coal Business	2,104.66	2,121.99	1,960.38	4,226.65	4,180.69	8,661.05	
Others	267.10	287.94	208.93	555.04	384.48	981.65	
Total Segment Revenue	8,764.69	9,339.49	7,699.77	18,104.18	14,953.66	33,025.43	
Less: Inter Segment Revenue	-	-	-	-	-	-	
Revenue / Income from Operations (Net of Excise Duty)	8,764.69	9,339.49	7,699.77	18,104.18	14,953.66	33,025.43	
Segment Results							
Power Business	1,129.72	1,307.21	735.16	2,436.93	1,315.65	3,660.34	
Coal Business	(3.74)	94.66	286.64	90.92	542.92	1,020.01	
Others	(17.46)	(16.76)	(30.20)	(34.22)	(27.16)	(72.11)	
Total Segment Results	1,108.52	1,385.11	991.60	2,493.63	1,831.41	4,608.24	
Less: Finance Costs	802.90	903.36	623.92	1,706.26	1,173.67	2,641.69	
Less: Exceptional Item - Power Business	-	-	250.00	-	250.00	850.00	
Add / (Less): Unallocable (Expense) / Income (Net)	(59.79)	(196.09)	45.15	(255.88)	176.51	160.13	
Profit Before Tax	245.83	285.66	162.83	531.49	584.25	1,276.68	
Capital Employed							
Power Business	43,625.16	42,915.22	39,233.18	43,625.16	39,233.18	40,868.55	
Coal Business	9,886.29	9,641.78	7,261.37	9,886.29	7,261.37	8,825.24	
Others	1,115.84	933.20	1,046.52	1,115.84	1,046.52	768.21	
Unallocable	(38,388.62)	(37,531.45)	(31,966.09)	(38,388.62)	(31,966.09)	(35,021.08)	
Total Capital Employed	16,238.67	15,958.75	15,574.98	16,238.67	15,574.98	15,440.92	

Types of products and services in each business segment:

Power - Generation, Transmission, Distribution, Trading of Power and related activities.
Coal Business - Mining and Trading of Coal.

Others - Defence Electronics, Solar Equipment, Project Contracts / Infrastructure Management Services, Coal Bed Methane, Investment and Property Development.

UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at	
	30-Sep-13	31-Mar-13
	₹ crore	₹ crore
A EQUITY AND LIABILITIES		
1. SHAREHOLDERS' FUNDS		
a) Share Capital	237.29	237.29
b) Reserves and Surplus	11,195.76	10,501.19
Sub-total - Shareholders' Funds	11,433.05	10,738.48
2. UNSECURED PERPETUAL SECURITIES	1,500.00	1,500.00
3. STATUTORY CONSUMER RESERVES	608.23	604.23
4. MINORITY INTEREST	2,163.78	2,064.60
5. SPECIAL APPROPRIATION TOWARDS PROJECT COST	533.61	533.61
6. CAPITAL GRANT	8.66	8.91
7. SERVICE LINE CONTRIBUTIONS FROM CONSUMERS	465.52	450.56
8. NON-CURRENT LIABILITIES		
a) Long-term Borrowings	32,842.24	31,599.34
b) Deferred Tax Liabilities (Net)	1,086.30	1,025.41
c) Other Long-term Liabilities	993.27	949.11
d) Long-term Provisions	1,273.11	1,164.59
Sub-total - Non-current Liabilities	36,194.92	34,738.45
9. CURRENT LIABILITIES		
a) Short-term Borrowings	5,204.92	3,547.18
b) Trade Payables	4,208.68	3,540.85
c) Other Current Liabilities	10,029.60	8,776.13
d) Short-term Provisions	415.36	778.41
Sub-total - Current Liabilities	19,858.56	16,642.57
TOTAL - EQUITY AND LIABILITIES	72,766.33	67,281.41
B ASSETS		
1. NON-CURRENT ASSETS		
a) Fixed Assets	40,051.89	37,986.72
b) Goodwill on Consolidation	6,605.38	5,724.14
c) Non-current Investments	2,810.98	2,642.71
d) Deferred Tax Assets (Net)	81.35	24.88
e) Long-term Loans and Advances	1,647.88	1,603.85
f) Other Non-current Assets	6,313.87	7,148.99
Sub-total - Non-current Assets	57,511.35	55,131.29
2. CURRENT ASSETS		
a) Current Investments	237.21	477.40
b) Inventories	2,637.37	2,026.51
c) Trade Receivables	4,452.78	3,305.01
d) Cash and Bank Balances	1,943.81	1,989.89
e) Short-term Loans and Advances	3,437.91	3,299.91
f) Other Current Assets	2,545.90	1,051.40
Sub-total - Current Assets	15,254.98	12,150.12
TOTAL - ASSETS	72,766.33	67,281.41

CONSOLIDATED ACCOUNTS NOTES – Q2 FY 14

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th November, 2013.

2. **In the case of the Parent Company :**

2.1 In respect of the Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the periods from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal for Electricity (ATE) set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra, as on 31st March, 2004, ₹ 354 crore (including interest of ₹ 15.14 crore) and pay interest at 10% p.a. thereafter. As at 30th September, 2013, the accumulated interest is ₹ 190.36 crore. On appeal, the Hon'ble Supreme Court has stayed the ATE Order and, as directed, the Company has furnished a bank guarantee of ₹ 227 crore and also deposited ₹ 227 crore with the Registrar General of the Court, which amount has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Further, in terms of the ATE Order dated 20th December, 2006, no adjustment has been made for the reversal of Standby Charges credited in previous years, estimated at ₹ 519 crore. The aggregate of Standby Charges credited in previous years will be adjusted wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. However, since 1st April, 2004, the Company has accounted for Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged. Hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account, will be recorded by the Company based on the final outcome of the matter.

2.2 Coastal Gujarat Power Limited ("CGPL"), a wholly owned subsidiary, has implemented the 4000 MW Ultra Mega Power Project at Mundra ("the Project").

The Management has reviewed and reassessed the recoverability of the carrying amount of the assets at Mundra considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows and has concluded that no further provision for impairment loss for the half-year ended 30th September, 2013 in CGPL is necessary on this account (₹ 250 crore for the quarter and half-year ended 30th September, 2012 and ₹ 850 crore for the year ended 31st March, 2013). In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis by the Management and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate.

In order to provide protection to CGPL and to support its cash flows, the Company has committed to a future restructuring under which the Company will transfer atleast 75% of its equity interests in the Indonesian Coal Companies including Infrastructure Companies to CGPL, subject to Regulatory and other approvals, which are being pursued and will continue to evaluate other alternative options. A valuation of the equity interests in the Indonesian Coal Companies including Infrastructure Companies has been carried out on the basis of certain assumptions, including legal interpretation that there is reasonable certainty that the mining leases would be extended without significant cost.

Having regard to the overall returns expected from the Company's investment in CGPL, including the valuation of investments in the Indonesian Coal Companies including Infrastructure Companies and the proposed future restructuring, no provision for diminution in value is considered necessary in respect of the Company's long-term investment in CGPL.

2.3 The Company has changed its accounting policy in respect of Tangible Assets at its Strategic Engineering Division. These Tangible Assets which were hitherto carried at cost have been revalued as at 1st April, 2013. The revaluation is based on a valuation made by an independent valuer using the Depreciated Replacement Cost Method. Accordingly the gross book value of such assets and the accumulated depreciation as at 1st April, 2013 have increased by ₹ 234.98 crore and ₹ 7.59 crore respectively, and ₹ 227.39 crore has been credited to the Revaluation Reserve.

Consequent to the revaluation, the additional charge for depreciation for the half-year ended 30th September, 2013 amounting to ₹ 1.30 crore is withdrawn from Revaluation Reserve. The amounts for the quarters ended 30th September, 2013 and 30th June, 2013 are ₹ 1.08 crore and ₹ 0.22 crore respectively.

- 2.4 During the quarter ended 31st March, 2013, the Company had revised the rates and methodology of charging depreciation in respect of its electricity business as per the notification issued by the CERC w.e.f. 1st April, 2009 and on certain assets as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, if higher than those notified by CERC. Accordingly, depreciation of ₹ 219.80 crore for the years 2009-10 to 2011-12 had been written back during the quarter and year ended 31st March, 2013. As a result of this change, the depreciation charge for the half-year ended 30th September, 2013, for the quarter ended 30th September, 2013 and for the quarter ended 30th June, 2013 is lower by ₹ 24.01 crore, ₹ 12.01 crore and ₹ 12 crore respectively (31st March, 2013 - ₹ 48.02 crore).
- 2.5 In an earlier year, the Company had raised ₹ 1,500 crore through issue of Unsecured Perpetual Securities which are considered to be in the nature of equity instruments and the distribution on such securities amounting to ₹ 85.73 crore for the half-year ended 30th September, 2013, ₹ 85.93 crore for the half-year ended 30th September, 2012 and ₹ 171.20 crore for the year ended 31st March, 2013, have been adjusted in Surplus in Statement of Profit and Loss and is not considered under "Finance Cost". The amounts for the quarters ended 30th September, 2013, 30th June, 2013 and 30th September, 2012 are ₹ 43.10 crore, ₹ 42.63 crore and ₹ 43.10 crore respectively.
3. As at 30th September, 2013, the overseas Joint Venture Coal Companies had receivables in respect of Value Added Tax (VAT) input and Vehicle Fuel Tax aggregating to ₹ 7,236.12 crore - Group's share ₹ 2,170.84 crore [31st March, 2013 - ₹ 7,188.58 crore - Group's share ₹ 2,156.57 crore]. The Coal Companies expect to recover the VAT amounts based on the provisions of the Coal Contract of Work (CCOW) and the April 2004 Indonesia Supreme Court advisory opinion stating that the VAT Regulation is inconsistent with Indonesian law. Accordingly, Management is of the view that no provision is considered necessary on this account.

Further, the Coal Companies are contingently liable for claims from third parties arising from the ordinary conduct of business, which are either pending or are being processed by the Courts, the outcome of which cannot be presently determined.
4. Coastal Gujarat Power Limited ("CGPL"), a wholly owned subsidiary, has implemented the 4000 MW Ultra Mega Power Project at Mundra ("the Project"). The Management has reviewed and reassessed the recoverability of the carrying amount of the assets at Mundra considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows and has concluded that no further provision for impairment loss for the half-year ended 30th September, 2013 in CGPL is necessary on this account (₹ 250 crore for the quarter and half-year ended 30th September, 2012 and ₹ 850 crore for the year ended 31st March, 2013). In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis by the Management and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate. Consequent to the impairment loss, certain financial covenants in respect of loans taken by CGPL had not been met and Management had received waiver in respect of such non-compliances upto 30th June, 2013. CGPL has requested to extend the existing waivers till such time the ensuing waiver documents and/or amendments to the financing documents are finalised. Accordingly, loans aggregating to ₹ 12,193.11 crore are considered to be long-term borrowings (including current maturities of long-term borrowings of ₹ 751.26 crore).
5. In an earlier year, in line with the Notification dated 29th December, 2011 issued by the MCA, the Company had selected the option given in paragraph 46A of the Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, the depreciated/amortised portion of net foreign exchange (gain)/loss on long-term foreign currency monetary items for the half-year ended 30th September, 2013, 30th September, 2012 and for the year ended 31st March, 2013 is ₹ 119.51 crore, ₹ 49.26 crore and ₹ 109.29 crore respectively. The amounts for the quarters ended 30th September, 2013, 30th June, 2013 and 30th September, 2012 are ₹ 66.73 crore, ₹ 52.78 crore and ₹ 18.86 crore respectively. The unamortised portion carried forward as at 30th September, 2013 is ₹ 2,198.90 crore (31st March, 2013 - ₹ 998.15 crore).
6. In respect of Tata Power Delhi Distribution Limited (TPDDL) [Group's share being 51%], Delhi Electricity Regulatory Commission (DERC) on 13th July, 2012, had issued Order on true-up for FY 2010-11. While approving the power purchase cost for FY 2010-11, DERC had allowed the power purchase cost for generation of Rithala Plant at the rate equivalent to the Unscheduled Interchange rates for units generated during the time when TPDDL was under-drawing from the grid instead of the actual cost of generation, resulting in disallowance of ₹ 7.62 crore for FY 2010-11. Following the same approach, DERC in its true-up Order for FY 2011-12 issued on 31st July, 2013 has disallowed ₹ 90.19 crore. TPDDL has, however, not made any adjustments for disallowance based on the above mentioned principle stated in the Order. Based on Management estimates, TPDDL had accounted for revenue of ₹ 7.62 crore, ₹ 88.42 crore and ₹ 49.68 crore for FY 2010-11, FY 2011-12 and for the period from 1st April, 2012 to 30th September, 2012 respectively, and carrying cost of ₹ 30.26 crore on the same [including ₹ 9.32 crore for the half-year ended 30th September, 2013 (₹ 4.75 crore for the quarter ended 30th September, 2013 and ₹ 4.57 crore for the quarter ended 30th June, 2013)] aggregating to ₹ 175.98 crore. With effect from 1st October, 2012, the scheduling of power generation at Rithala plant is being done at the instructions of State Load Dispatch Center.

TPDDL had filed an appeal on 22nd August, 2012 and 30th September, 2013 before the ATE and is of the view, supported by legal opinion that the Order can be successfully challenged and has accordingly not made any adjustments in the condensed financial statements as at 30th September, 2013. The adjustments, if any, will be recorded by TPDDL on the final outcome of the matter.

7. During the half-year ended 30th September, 2013, the Company has through its subsidiary acquired 40% equity shares of Adjaristsqali Netherlands B.V., as per joint venture agreement, and accordingly it has become a Joint Venture of the Group.
8. The Statutory Auditors of the Company have conducted a limited review of the aforesaid financial results.
9. Figures for the previous periods/year are re-classified/re-arranged/re-grouped, wherever necessary.

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

CYRUS P. MISTRY
Chairman

Date: 14th November, 2013.



MATERIAL DEVELOPMENTS

1. The December Audited Interim Unconsolidated Financial Results and the December Unaudited Consolidated Interim Financial Results are given below:

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**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
THE TATA POWER COMPANY LIMITED**

1. We have audited the accompanying Statement of Standalone Financial Results of **THE TATA POWER COMPANY LIMITED** ("the Company") for the quarter and nine months period ended 31st December, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement has been prepared on the basis of the related interim financial statements, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
 - (ii) gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Company for the quarter and nine months period ended 31st December, 2013.
4. (a) We draw attention to Note 2 to the Statement which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at Rs. 519 crores accounted for as revenue in earlier periods and its consequential effects for the period upto 31st December, 2013. The impact of the same on the results for the quarter and nine months period ended 31st December, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.

- (b) We draw attention to Note 4 to the Statement which describes the key source of estimation uncertainties as at 31st December, 2013 relating to the Company's assessment of the recoverability of the carrying amount of assets of Coastal Gujarat Power Limited (CGPL), a wholly owned subsidiary that could result in material adjustment to the carrying amount of the long-term investment in the said subsidiary. For the reasons explained in the said Note, no provision for diminution in value of investment is considered necessary.
- (c) We draw attention to Note 5 to the Statement regarding notices received by the jointly controlled entities in connection with delay in development of coal blocks and the consequent de-allocation of the same and the management's contention that these notices will be withdrawn considering the progress made by the said jointly controlled entities towards obtaining necessary clearances. For the reasons explained in the said Note, no provision for diminution in value of investments is considered necessary.

Our report is not qualified in respect of these matters.

- 5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding, in terms of Clause 35 of the Listing Agreements and the particulars relating to the investor complaints disclosed in Part II - Select Information for the quarter and nine months period ended 31st December, 2013 of the Statement, from the details furnished by the Registrars.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

R. A. BANGA
Partner
Membership Number: 37915

MUMBAI, 7th February, 2014

PART I						
STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013						
Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13
	MUs	MUs	MUs	MUs	MUs	MUs
(A)						
1. Generation	3,212	3,404	3,873	10,513	12,404	15,770
2. Sales	3,547	3,762	3,998	11,445	12,460	16,002
(Refer Notes Below)						
(B)						
1. Income from operations						
a) Revenue from power supply and transmission charges	1,749.92	1,856.87	2,039.69	5,763.68	6,205.98	7,947.89
Add: Income to be recovered in future tariff determination (net)	(42.00)	218.00	278.23	389.00	863.25	1,028.72
Add/(Less): Income to be recovered in future tariff determination (net) in respect of earlier years	185.00	-	130.00	300.00	(22.28)	104.72
Net Revenue	1,892.92	2,074.87	2,447.92	6,452.68	7,046.95	9,081.33
b) Other operating income (net of excise duty)	115.00	124.65	101.19	362.27	306.06	485.95
Total income from operations (net)	2,007.92	2,199.52	2,549.11	6,814.95	7,353.01	9,567.28
2. Expenses						
a) Cost of power purchased	173.58	227.34	197.09	556.65	450.24	623.39
b) Cost of fuel	648.46	956.71	1,377.88	2,840.82	4,275.75	5,244.40
c) Transmission charges	116.99	116.99	64.97	350.98	168.26	233.43
d) Cost of components, materials and services in respect of contracts	29.78	30.64	28.47	105.15	92.10	150.75
e) Employee benefits expense	136.38	112.44	142.85	393.67	413.08	547.60
f) Depreciation and amortisation expense	148.35	139.64	128.11	424.03	438.52	364.10
g) Other expenses	190.97	153.06	167.80	510.66	477.04	709.87
Total expenses	1,444.51	1,736.82	2,107.17	5,181.96	6,314.99	7,873.54
3. Profit from operations before other income, finance costs and tax (1-2)	563.41	462.70	441.94	1,632.99	1,038.02	1,693.74
4. Other Income						
a) (Loss)/Gain on exchange (net)	(64.64)	(83.56)	(42.08)	(213.91)	1.87	(27.62)
b) Others	55.31	129.87	73.90	430.77	571.80	721.67
5. Profit before finance costs and tax (3+4)	554.08	509.01	473.76	1,849.85	1,611.69	2,387.79
6. Finance costs	214.34	162.00	180.38	613.51	485.89	684.41
7. Profit before tax (5-6)	339.74	347.01	293.38	1,236.34	1,125.80	1,703.38
8. Tax expense	88.61	85.24	77.00	366.44	301.14	678.69
9. Net profit after tax (7-8)	251.13	261.77	216.38	869.90	824.66	1,024.69
10. Paid-up equity share capital (Face Value: ₹ 1/- per share)	237.33	237.33	237.33	237.33	237.33	237.33
11. Reserves excluding Statutory Reserves and Revaluation Reserves as per the Balance Sheet of previous accounting year						10,803.46
12. Basic Earnings per Share (not annualised for quarters) (In ₹)	0.98	0.91	0.71	3.21	2.78	3.44
13. Diluted Earnings per Share (not annualised for quarters) (In ₹)	0.98	0.91	0.71	3.21	2.78	3.44

PART II						
SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013						
Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13
(A) Particulars of shareholding						
1. Public shareholding						
No. of shares #	152,69,93,660	152,69,93,660	154,30,68,750	152,69,93,660	154,30,68,750	152,60,99,350
% of shareholding @	66.46	66.46	67.19	66.46	67.19	66.45
# Excludes no. of shares held by custodians of GDR						
@ Excludes % of shareholding held by custodians of GDR						
2. Promoters and Promoter Group shareholding						
a) Pledged/encumbered						
No. of shares	3,53,50,000	3,53,50,000	5,20,50,000	3,53,50,000	5,20,50,000	5,20,50,000
% of shares to total shareholding of promoter and promoter group	4.59	4.59	6.91	4.59	6.91	6.76
% of shares to total share capital of the Company	1.49	1.49	2.19	1.49	2.19	2.19
b) Non-encumbered						
No. of shares	73,51,87,290	73,51,87,290	70,14,87,290	73,51,87,290	70,14,87,290	71,84,87,290
% of shares to total shareholding of promoter and promoter group	95.41	95.41	93.09	95.41	93.09	93.24
% of shares to total share capital of the Company	30.98	30.98	29.56	30.98	29.56	30.28

Particulars	Quarter ended
	31-Dec-13
(B) Investor complaints	
Pending at the beginning of the quarter	9
Received during the quarter	22
Disposed off during the quarter	28
Remaining unresolved at the end of the quarter (1 has since been closed)	3



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

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

₹ crore

Particulars (Refer Notes Below)	Quarter ended			Nine months ended		Year ended
	31-Dec-13 (Audited)	30-Sep-13 (Audited)	31-Dec-12 (Audited)	31-Dec-13 (Audited)	31-Dec-12 (Audited)	31-Mar-13 (Audited)
Segment Revenue						
Power Business	1,922.23	2,092.83	2,473.23	6,522.71	7,103.16	9,157.96
Others	85.69	106.69	75.88	292.24	249.85	409.32
Total Segment Revenue	2,007.92	2,199.52	2,549.11	6,814.95	7,353.01	9,567.28
Less: Inter Segment Revenue	-	-	-	-	-	-
Revenue / Income from Operations (Net of Excise Duty)	2,007.92	2,199.52	2,549.11	6,814.95	7,353.01	9,567.28
Segment Results						
Power Business	579.50	434.98	442.94	1,619.10	1,049.14	1,684.68
Others	7.33	20.09	8.09	27.25	14.27	45.07
Total Segment Results	586.83	455.07	451.03	1,646.35	1,063.41	1,729.75
Less: Finance Costs	214.34	162.00	180.38	613.51	485.89	684.41
Add: Unallocable (Expense) / Income (Net)	(32.75)	53.94	22.73	203.50	548.28	658.04
Profit Before Tax	339.74	347.01	293.38	1,236.34	1,125.80	1,703.38
Capital Employed						
Power Business	11,739.96	12,570.44	10,973.20	11,739.96	10,973.20	11,464.55
Others	460.39	436.49	109.51	460.39	109.51	146.05
Unallocable	2,554.62	1,468.98	2,769.37	2,554.62	2,769.37	2,068.03
Capital Employed	14,754.97	14,475.91	13,852.08	14,754.97	13,852.08	13,678.63

Types of products and services in each business segment:

Power - Generation, Transmission and Distribution.

Others - Defence Electronics and Engineering, Project Contracts / Infrastructure Management Services, Coal Bed Methane and Property Development.

Previous period's/year's figures have been re-classified/re-arranged/re-grouped wherever necessary to conform with the current period's classification/disclosure.

STANDALONE ACCOUNTS NOTES - Q3 FY 14

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 7th February, 2014.
2. In respect of the Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal for Electricity (ATE) set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra, as on 31st March, 2004, ₹ 354 crore (including interest of ₹ 15.14 crore) and pay interest at 10% p.a. thereafter. As at 31st December, 2013, the accumulated interest is ₹ 193.16 crore. On appeal, the Hon'ble Supreme Court has stayed the ATE Order and, as directed, the Company has furnished a bank guarantee of ₹ 227 crore and also deposited ₹ 227 crore with the Registrar General of the Court, which amount has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Further, in terms of the ATE Order dated 20th December, 2006, no adjustment has been made for the reversal of Standby Charges credited in previous years, estimated at ₹ 519 crore. The aggregate of Standby Charges credited in previous years will be adjusted wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. However, since 1st April, 2004, the Company has accounted for Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged. Hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account, will be recorded by the Company based on the final outcome of the matter.
3. The Company, through its wholly owned subsidiaries, has entered into agreements on 30th January, 2014 for Sale of Shares in PT Arutmin Indonesia and its associated infrastructure and trading companies. As per the terms of the agreement, it is proposed to sell its stake in these companies, for a consideration of USD 510 million, subject to tax deductions and other closing adjustments. The completion of the sale transaction is conditional upon the satisfaction or waiver of certain conditions, obtaining requisite consents and certain restructuring actions. The buyer will pay the seller interest on the purchase price from 26th November, 2013 (the effective date) till the completion date.
4. Coastal Gujarat Power Limited ("CGPL"), a wholly owned subsidiary, has implemented the 4000 MW Ultra Mega Power Project at Mundra ("the Project"). The Management has reviewed and reassessed the recoverability of the carrying amount of the assets at Mundra considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows and has concluded that no further provision for impairment loss for the nine months ended 31st December, 2013 in CGPL is necessary on this account (provision made ₹ 600 crore and ₹ 850 crore for the quarter and nine months ended 31st December, 2012 respectively and ₹ 850 crore for the year ended 31st March, 2013). In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis by the Management and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate.

In order to provide protection to CGPL and to support its cash flows, the Company has committed to a future restructuring under which the Company will transfer at least 75% of its equity interests in the Indonesian Coal Companies including Infrastructure Companies to CGPL, subject to Regulatory and other approvals, which are being pursued and will continue to evaluate other alternative options. A valuation of the equity interests in the Indonesian Coal Companies including Infrastructure Companies has been carried out on the basis of certain assumptions, including legal interpretation that there is reasonable certainty that the mining leases would be extended without significant cost. The proposed sale of shares in PT Arutmin Indonesia referred to in note 3 above is consistent with the above intent.

Having regard to the overall returns expected from the Company's investment in CGPL, including the valuation of investments in the Indonesian Coal Companies including Infrastructure Companies and the proposed future restructuring, no provision for diminution in value is considered necessary in respect of the Company's long-term investment in CGPL.
5. The Company has invested ₹ 55.68 crore (31st March, 2013 - ₹ 51.28 crore) and issued corporate guarantees of ₹ 98.29 crore (31st March, 2013 - ₹ 98.29 crore) to certain jointly controlled entities ("Joint Venture entities") which had been allotted coal blocks by Government of India through Ministry of Coal.

The Company along with the other Joint Venture Partners has received notices from Ministry of Coal, seeking explanations for delay in development of the blocks and requesting for certain clarifications as regards various clearances and execution of mining lease, on the basis of which a decision for de-allocation of coal blocks will be taken. The Management is of the view that considering the progress made in land acquisition and obtaining various clearances for development of the coal blocks, there is a case for withdrawal of the notices.

Considering the above, in the opinion of the Management, as at 31st December, 2013, there is no diminution in the value of investments in the Joint Venture Entities and accordingly, no provision towards diminution in value of investments is considered necessary.

6. The Company has changed its accounting policy in respect of Tangible Assets at its Strategic Engineering Division. These Tangible Assets which were hitherto carried at cost have been revalued as at 1st April, 2013. The revaluation is based on a valuation made by an independent valuer using the Depreciated Replacement Cost Method. Accordingly, the gross book value of such assets and the accumulated depreciation as at 1st April, 2013 have increased by ₹ 234.98 crore and ₹ 7.59 crore respectively, and ₹ 227.39 crore has been credited to the Revaluation Reserve.

Consequent to the revaluation, the additional charge for depreciation for the nine months ended 31st December, 2013 amounting to ₹ 1.95 crore is withdrawn from Revaluation Reserve. The amounts for the quarters ended 31st December, 2013 and 30th September, 2013 are ₹ 0.65 crore and ₹ 1.08 crore respectively.
7. In an earlier year, the Company had provisionally determined Statutory Appropriations and adjustments to be made on Annual Performance Review as per Multi Year Tariff (MYT) Regulations, 2011 for Mumbai Licensed Area for financial year 2011-12. In view of deferment of implementation of MYT Tariffs to 1st April, 2012, as directed by MERC, revenue amounting to ₹ 155 crore was reversed during the nine months ended 31st December, 2012.

The Company had filed a petition at the Appellate Tribunal for Electricity (ATE). ATE in its Order dated 28th November, 2013 has ruled in favour of the Company for implementation of MYT tariffs effective 1st April, 2011. Accordingly, during the quarter and nine months ended 31st December, 2013, the Company has recognised revenues amounting to ₹ 185 crore for the financial year 2011-12.
8. During the quarter ended 31st March, 2013, the Company had revised the rates and methodology of charging depreciation in respect of its electricity business as per the notification issued by the CERC w.e.f. 1st April, 2009 and on certain assets as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, if higher than those notified by CERC. Accordingly, depreciation of ₹ 219.80 crore for the years 2009-10 to 2011-12 had been written back during the quarter and year ended 31st March, 2013. As a result of this change, the depreciation charge for the nine months ended 31st December, 2013, for the quarters ended 31st December, 2013 and 30th September, 2013 is lower by ₹ 36.01 crore, ₹ 12 crore and ₹ 12.01 crore respectively (31st March, 2013 - ₹ 48.02 crore).
9. In an earlier year, in line with the Notification dated 29th December, 2011 issued by the MCA, the Company had selected the option given in paragraph 46A of the Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, the depreciated/amortised portion of net foreign exchange (gain)/loss on long-term foreign currency monetary items, for the nine months ended 31st December, 2013, 31st December, 2012 and for the year ended 31st March, 2013 is ₹ 130.74 crore, ₹ 63.36 crore and ₹ 83.84 crore respectively. The amounts for the quarters ended 31st December, 2013, 30th September, 2013 and 31st December, 2012 are ₹ 44.71 crore, ₹ 48.28 crore and ₹ 22.06 crore respectively. The unamortised portion carried forward as at 31st December, 2013 is ₹ 410.60 crore (31st March, 2013 - ₹ 253.86 crore).
10. In an earlier year, the Company had raised ₹ 1,500 crore through issue of Unsecured Perpetual Securities which are considered to be in the nature of equity instruments and the distribution on such securities amounting to ₹ 128.84 crore for the nine months ended 31st December, 2013, ₹ 129.03 crore for the nine months ended 31st December, 2012 and ₹ 171.20 crore for the year ended 31st March, 2013, have been adjusted in Surplus in Statement of Profit and Loss and is not considered under "Finance Cost". The distribution for the quarters ended 31st December, 2013, 30th September, 2013 and 31st December, 2012 are ₹ 43.11 crore, ₹ 43.10 crore and ₹ 43.10 crore respectively.
11. The Company does not have any Exceptional or Extraordinary items to report for the above periods/year.
12. The Statutory Auditors have carried out an audit of above results stated in Part I (B).
13. Figures for the previous periods/year are re-classified/re-arranged/re-grouped, wherever necessary.

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

CYRUS P. MISTRY
Chairman

Date: 7th February, 2014.



**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
THE TATA POWER COMPANY LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **THE TATA POWER COMPANY LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") and its share of the profit of its associates for the quarter and nine months period ended 31st December, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 7 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. We did not review the interim financial statements / information of 6 subsidiaries and 16 jointly controlled entities included in the consolidated financial results, whose interim financial statements / information reflect total revenues of Rs. 4,157.38 crores and Rs. 11,948.38 crores for the quarter and nine months period ended 31st December, 2013, respectively and total loss after tax (net) of Rs. 82.22 crores and Rs. 169.23 crores for the quarter and nine months period ended 31st December, 2013, respectively, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of loss after tax (net) of Rs. 1.63 crores and profit after tax (net) of Rs. 5.98 crores for the quarter and nine months period ended 31st December, 2013, respectively, as considered in the consolidated financial results, in respect of 2 associates, whose interim financial statements / information have not been reviewed by us. These interim financial statements / information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
4. Based on our review conducted as stated above and based on the consideration of the reports of the other auditors referred to in paragraph 3 above and based on the consideration of the unaudited interim financial information of the subsidiaries and jointly controlled entities which have been certified by the management referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 (which continue to be applicable in respect of Section

133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to the following matters :

- (a) as stated in Note 2.1 to the Statement, which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at Rs. 519 crores accounted for as revenue in earlier periods and its consequential effects for the periods upto 31st December, 2013. The impact of the same on the results for the quarter and nine months period ended 31st December, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision / adjustment has been considered necessary.
- (b) as stated in Note 4 to the Statement, which describes the key source of estimation uncertainties relating to the Company's assessment of the recoverability of the carrying amount of the assets of one of its subsidiary, its compliance with debt covenants and classification of long-term borrowings.
- (c) in case of two jointly controlled entities of the Company, the component auditors have drawn attention to a matter as stated in Note 3 to the Statement, regarding recoverability of Rs. 6,841.99 crores (Group's share of Rs. 2,052.60 crores) of Value Added Tax and Vehicle fuel tax balances, and Group's share in other contingent claims from third parties on the said jointly controlled entities, the outcome of which cannot be presently determined.
- (d) in case of one of the subsidiary, the component auditor has drawn attention to a matter as stated in Note 7 to the Statement, wherein no adjustment has been made by the subsidiary in respect of income estimated at Rs. 180.49 crores as at 31st December, 2013 which includes carrying cost of Rs. 13.84 crores for the nine months period ended 31st December, 2013 (Rs 4.52 crores for the quarter ended 31st December, 2013). The impact of the above as at 31st December, 2013 cannot presently be determined pending ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion that the disallowance of expenses by Delhi Electricity Regulatory Commission (DERC) pertaining to the Rithala plant can be successfully challenged, no adjustment has been considered necessary.
- (e) in case of jointly controlled entities of the Company, the component auditor has drawn attention to a matter as stated in Note 5 to the Statement, regarding notices received in connection with delay in development of coal blocks and the consequent de-allocation of the same and the management's contention that these notices will be withdrawn considering the progress made by the said jointly controlled entities towards obtaining necessary clearances.

Our report is not qualified in respect of these matters.

6. The consolidated financial results includes the interim financial information of 4 subsidiaries and 13 jointly controlled entities which have not been reviewed by their auditors, whose interim financial information reflect total revenue of Rs. 8.40 crores and Rs. 14.25 crores for the quarter and nine months period ended 31st December, 2013 respectively, and total loss after tax (net) of Rs. 12.51 crores and Rs. 12.23 crores for the quarter and nine months period ended 31st December, 2013, respectively, as considered in the consolidated financial results. These interim financial information have been certified by the Management and, our report on the Statement, in so far as it relates to the amounts included in respect of these entities, is based solely on such certified interim financial information.

Our report is not qualified in respect of this matter.

7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter and nine months period ended 31st December, 2013 of the Statement, from the details furnished by the Registrar.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

R. A. BANGA
Partner
Membership Number: 37915

MUMBAI, 7th February, 2014

PART I						
CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013						
(₹ in crore)						
Particulars (Refer Notes Below)	Quarter ended			Nine months ended		Year ended
	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Income from operations						
a) Revenue	8,236.93	8,551.47	8,320.87	25,730.27	22,433.65	30,875.28
Add : Income to be recovered in future tariff determination (net)	234.18	165.64	540.81	634.72	1,427.37	1,856.05
Add/(Less): Income to be recovered in future tariff determination (net) in respect of earlier years	185.00	-	130.00	300.00	(22.28)	104.72
Net Revenue	8,656.11	8,717.11	8,991.68	26,664.99	23,838.74	32,836.05
b) Other operating income (net of excise duty)	43.91	47.58	47.63	139.21	154.23	189.38
Total Income from operations (net)	8,700.02	8,764.69	9,039.31	26,804.20	23,992.97	33,025.43
2. Expenses						
a) Cost of power purchased	1,635.39	2,003.65	2,199.78	5,631.10	5,652.96	7,818.66
b) Cost of fuel	2,306.86	2,469.99	2,695.75	7,566.72	7,239.17	9,661.60
c) Raw materials consumed	174.26	123.09	112.87	413.37	232.26	386.74
d) Purchase of goods / spares / stock for resale	10.17	9.70	7.15	34.43	28.18	37.47
e) Transmission charges	126.97	126.23	77.07	379.24	202.43	286.50
f) Cost of components, materials and services in respect of contracts	29.78	30.64	28.47	105.15	92.10	150.75
g) Decrease/(increase) in stock-in-trade and work-in-progress	136.87	(129.44)	(115.71)	62.15	(368.26)	(275.12)
h) Royalty towards coal mining	348.63	288.95	297.22	931.54	820.39	1,111.14
i) Coal processing charges	733.46	607.78	701.09	2,018.57	1,926.34	2,544.99
j) Employee benefits expense	323.03	307.40	333.66	960.59	988.77	1,322.95
k) Depreciation and amortisation expense	665.54	689.05	587.31	2,005.39	1,635.32	2,051.69
l) Other expenses	1,088.11	896.01	845.72	2,816.42	2,397.49	3,341.25
Total expenses	7,579.07	7,423.05	7,770.38	22,924.67	20,847.15	28,438.62
3. Profit from operations before other income, finance costs, exceptional item and tax (1-2)	1,120.95	1,341.64	1,268.93	3,879.53	3,145.82	4,586.81
4. Other income						
a) Loss on exchange (net)	(159.69)	(354.52)	(86.03)	(806.97)	(162.89)	(187.64)
b) Others	65.60	61.61	97.05	192.05	304.94	369.20
5. Profit before finance costs, exceptional item and tax (3+4)	1,026.86	1,048.73	1,279.95	3,264.61	3,287.87	4,768.37
6. Finance costs	875.03	802.90	741.80	2,581.29	1,915.47	2,641.69
7. Profit before exceptional item and tax (5-6)	151.83	245.83	538.15	683.32	1,372.40	2,126.68
8. Exceptional item -						
Provision for impairment	-	-	600.00	-	850.00	850.00
9. Profit/(Loss) before tax (7-8)	151.83	245.83	(61.85)	683.32	522.40	1,276.68
10. Tax expense	165.55	125.39	229.93	625.58	678.73	1,177.96
11. Net (Loss) / Profit after tax (9-10)	(13.72)	120.44	(291.78)	57.74	(156.33)	98.72
12. Share of profit of associates	9.43	12.97	12.19	25.76	18.79	23.92
13. Less: Minority interest	70.62	58.44	49.33	198.14	129.25	208.07
14. Net (Loss) / Profit after tax, minority interest and share of profit of associates (11+12-13)	(74.91)	74.97	(328.92)	(114.64)	(266.79)	(85.43)
15. Paid-up equity share capital (Face Value: ₹ 1/- per share)	237.29	237.29	237.29	237.29	237.29	237.29
16. Reserves excluding Statutory Reserves and Revaluation Reserves as per the Balance Sheet of previous accounting year						10,501.19
17. Basic Earnings per Share (not annualised for quarters) (In ₹)	(0.39)	0.12	(1.58)	(0.94)	(1.81)	(1.23)
18. Diluted Earnings per Share (not annualised for quarters) (In ₹)	(0.39)	0.12	(1.58)	(0.94)	(1.81)	(1.23)

PART II						
SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013						
Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-13	30-Sep-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Mar-13
(A) Particulars of shareholding						
1. Public shareholding						
No. of shares #	152,69,93,660	152,69,93,660	154,30,68,750	152,69,93,660	154,30,68,750	152,60,99,350
% of shareholding @	66.46	66.46	67.19	66.46	67.19	66.45
# Excludes no. of shares held by custodians of GDR						
@ Excludes % of shareholding held by custodians of GDR						
2. Promoters and Promoter Group shareholding						
a) Pledged/encumbered						
No. of shares	3,53,50,000	3,53,50,000	5,20,50,000	3,53,50,000	5,20,50,000	5,20,50,000
% of shares to total shareholding of promoter and promoter group	4.59	4.59	6.91	4.59	6.91	6.76
% of shares to total share capital of the Company	1.49	1.49	2.19	1.49	2.19	2.19
b) Non-encumbered						
No. of shares	73,51,87,290	73,51,87,290	70,14,87,290	73,51,87,290	70,14,87,290	71,84,87,290
% of shares to total shareholding of promoter and promoter group	95.41	95.41	93.09	95.41	93.09	93.24
% of shares to total share capital of the Company	30.98	30.98	29.56	30.98	29.56	30.28

Particulars	Quarter ended 31-Dec-13
(B) Investor complaints	
Pending at the beginning of the quarter	9
Received during the quarter	22
Disposed off during the quarter	28
Remaining unresolved at the end of the quarter (1 has since been closed)	3

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

₹ crore

Particulars (Refer Notes Below)	Quarter ended			Nine months ended		Year ended
	31-Dec-13 (Unaudited)	30-Sep-13 (Unaudited)	31-Dec-12 (Unaudited)	31-Dec-13 (Unaudited)	31-Dec-12 (Unaudited)	31-Mar-13 (Audited)
Segment Revenue						
Power Business	5,962.78	6,392.93	6,462.53	19,285.27	16,851.02	23,382.73
Coal Business	2,567.55	2,323.53	2,476.85	7,279.00	6,795.52	9,140.99
Others	496.14	315.40	253.24	1,116.59	685.21	1,074.47
Total Segment Revenue	9,026.47	9,031.86	9,192.62	27,680.86	24,331.75	33,598.19
Less: Inter Segment Revenue	326.45	267.17	153.31	876.66	338.78	572.76
Revenue / Income from Operations (Net of Excise Duty)	8,700.02	8,764.69	9,039.31	26,804.20	23,992.97	33,025.43
Segment Results						
Power Business	1,043.78	884.02	844.81	2,951.97	1,974.99	3,087.58
Coal Business	16.89	215.13	444.49	592.61	1,125.39	1,499.95
Others	28.46	9.37	(16.22)	38.18	4.11	20.71
Total Segment Results	1,089.13	1,108.52	1,273.08	3,582.76	3,104.49	4,608.24
Less: Finance Costs	875.03	802.90	741.80	2,581.29	1,915.47	2,641.69
Less: Exceptional Item - Power Business	-	-	600.00	-	850.00	850.00
Add / (Less): Unallocable (Expense) / Income (Net)	(62.27)	(59.79)	6.87	(318.15)	183.38	160.13
Profit Before Tax	151.83	245.83	(61.85)	683.32	522.40	1,276.68
Capital Employed						
Power Business	43,491.90	43,625.16	39,537.39	43,491.90	39,537.39	40,868.55
Coal Business	9,479.65	9,886.29	8,493.28	9,479.65	8,493.28	8,825.24
Others	1,136.72	1,115.84	1,039.82	1,136.72	1,039.82	768.21
Unallocable	(37,892.18)	(38,388.62)	(33,698.20)	(37,892.18)	(33,698.20)	(35,021.08)
Total Capital Employed	16,216.09	16,238.67	15,372.29	16,216.09	15,372.29	15,440.92

Types of products and services in each business segment:

Power - Generation, Transmission, Distribution and Trading of Power and related activities.

Coal Business - Mining and Trading of Coal.

Others - Defence Electronics, Solar Equipment, Project Contracts / Infrastructure Management Services, Coal Bed Methane, Investment and Property Development.

Previous period's/year's figures have been re-classified/re-arranged/re-grouped wherever necessary to conform with the current period's classification/disclosure.

CONSOLIDATED ACCOUNTS NOTES – Q3 FY 14

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 7th February, 2014.
2. **In the case of the Parent Company :**
 - 2.1 In respect of the Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the periods from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal for Electricity (ATE) set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra, as on 31st March, 2004, ₹ 354 crore (including interest of ₹ 15.14 crore) and pay interest at 10% p.a. thereafter. As at 31st December, 2013, the accumulated interest is ₹ 193.16 crore. On appeal, the Hon'ble Supreme Court has stayed the ATE Order and, as directed, the Company has furnished a bank guarantee of ₹ 227 crore and also deposited ₹ 227 crore with the Registrar General of the Court, which amount has been withdrawn by R-Infra on furnishing the required undertaking to the Court.

Further, in terms of the ATE Order dated 20th December, 2006, no adjustment has been made for the reversal of Standby Charges credited in previous years, estimated at ₹ 519 crore. The aggregate of Standby Charges credited in previous years will be adjusted wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. However, since 1st April, 2004, the Company has accounted for Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged. Hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account, will be recorded by the Company based on the final outcome of the matter.
 - 2.2 The Company, through its wholly owned subsidiaries, has entered into agreements on 30th January, 2014 for Sale of Shares in PT Arutmin Indonesia and its associated infrastructure and trading companies. As per the terms of the agreement, it is proposed to sell its stake in these companies, for a consideration of USD 510 million, subject to tax deductions and other closing adjustments. The completion of the sale transaction is conditional upon the satisfaction or waiver of certain conditions, obtaining requisite consents and certain restructuring actions. The buyer will pay the seller interest on the purchase price from 26th November, 2013 (the effective date) till the completion date.
 - 2.3 Coastal Gujarat Power Limited ("CGPL"), a wholly owned subsidiary, has implemented the 4000 MW Ultra Mega Power Project at Mundra ("the Project"). The Management has reviewed and reassessed the recoverability of the carrying amount of the assets at Mundra considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows and has concluded that no further provision for impairment loss for the nine months ended 31st December, 2013 in CGPL is necessary on this account (provision made ₹ 600 crore and ₹ 850 crore for the quarter and nine months ended 31st December, 2012 respectively and ₹ 850 crore for the year ended 31st March, 2013). In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis by the Management and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate.

In order to provide protection to CGPL and to support its cash flows, the Company has committed to a future restructuring under which the Company will transfer at least 75% of its equity interests in the Indonesian Coal Companies including Infrastructure Companies to CGPL, subject to Regulatory and other approvals, which are being pursued and will continue to evaluate other alternative options. A valuation of the equity interests in the Indonesian Coal Companies including Infrastructure Companies has been carried out on the basis of certain assumptions, including legal interpretation that there is reasonable certainty that the mining leases would be extended without significant cost. The proposed sale of shares in PT Arutmin Indonesia referred to in note 2.2 above is consistent with the above intent.

Having regard to the overall returns expected from the Company's investment in CGPL, including the valuation of investments in the Indonesian Coal Companies including Infrastructure Companies and the proposed future restructuring, no provision for diminution in value is considered necessary in respect of the Company's long-term investment in CGPL.
 - 2.4 The Company has invested ₹ 55.68 crore (31st March, 2013 - ₹ 51.28 crore) and issued corporate guarantees of ₹ 98.29 crore (31st March, 2013 - ₹ 98.29 crore) to certain jointly controlled entities ("Joint Venture entities") which had been allotted coal blocks by Government of India through Ministry of Coal.

The Company along with the other Joint Venture Partners has received notices from Ministry of Coal, seeking explanations for delay in development of the blocks and requesting for certain clarifications as regards various clearances and execution of mining lease, on the basis of which a decision for de-allocation of coal blocks will be taken. The Management is of the view that considering the progress made in land acquisition and obtaining various clearances for development of the coal blocks, there is a case for withdrawal of the notices.

- Considering the above, in the opinion of the Management, as at 31st December, 2013, there is no diminution in the value of investments in the Joint Venture Entities and accordingly, no provision towards diminution in value of investments is considered necessary.
- 2.5 The Company has changed its accounting policy in respect of Tangible Assets at its Strategic Engineering Division. These Tangible Assets which were hitherto carried at cost have been revalued as at 1st April, 2013. The revaluation is based on a valuation made by an independent valuer using the Depreciated Replacement Cost Method. Accordingly, the gross book value of such assets and the accumulated depreciation as at 1st April, 2013 have increased by ₹ 234.98 crore and ₹ 7.59 crore respectively, and ₹ 227.39 crore has been credited to the Revaluation Reserve.
- Consequent to the revaluation, the additional charge for depreciation for the nine months ended 31st December, 2013 amounting to ₹ 1.95 crore is withdrawn from Revaluation Reserve. The amounts for the quarters ended 31st December, 2013 and 30th September, 2013 are ₹ 0.65 crore and ₹ 1.08 crore respectively.
- 2.6 In an earlier year, the Company had provisionally determined Statutory Appropriations and adjustments to be made on Annual Performance Review as per Multi Year Tariff (MYT) Regulations, 2011 for Mumbai Licensed Area for financial year 2011-12. In view of deferment of implementation of MYT Tariffs to 1st April, 2012, as directed by MERC, revenue amounting to ₹ 155 crore was reversed during the nine months ended 31st December, 2012.
- The Company had filed a petition at the Appellate Tribunal for Electricity (ATE). ATE in its Order dated 28th November, 2013 has ruled in favour of the Company for implementation of MYT tariffs effective 1st April, 2011. Accordingly, during the quarter and nine months ended 31st December, 2013, the Company has recognised revenues amounting to ₹ 185 crore for the financial year 2011-12.
- 2.7 During the quarter ended 31st March, 2013, the Company had revised the rates and methodology of charging depreciation in respect of its electricity business as per the notification issued by the CERC w.e.f. 1st April, 2009 and on certain assets as per the Power Purchase Agreements (PPA) for capacities covered under PPAs, if higher than those notified by CERC. Accordingly, depreciation of ₹ 219.80 crore for the years 2009-10 to 2011-12 had been written back during the quarter and year ended 31st March, 2013. As a result of this change, the depreciation charge for the nine months ended 31st December, 2013, for the quarters ended 31st December, 2013 and 30th September, 2013 is lower by ₹ 36.01 crore, ₹ 12 crore and ₹ 12.01 crore respectively (31st March, 2013 - ₹ 48.02 crore).
- 2.8 In an earlier year, the Company had raised ₹ 1,500 crore through issue of Unsecured Perpetual Securities which are considered to be in the nature of equity instruments and the distribution on such securities amounting to ₹ 128.84 crore for the nine months ended 31st December, 2013, ₹ 129.03 crore for the nine months ended 31st December, 2012 and ₹ 171.20 crore for the year ended 31st March, 2013, have been adjusted in Surplus in Statement of Profit and Loss and is not considered under "Finance Cost". The distribution for the quarters ended 31st December, 2013, 30th September, 2013 and 31st December, 2012 are ₹ 43.11 crore, ₹ 43.10 crore and ₹ 43.10 crore respectively.
3. As at 31st December, 2013, the overseas Joint Venture Coal Companies had receivables in respect of Value Added Tax (VAT) input and Vehicle Fuel Tax aggregating to ₹ 6,841.99 crore - Group's share ₹ 2,052.60 crore [31st March, 2013 - ₹ 7,188.58 crore - Group's share ₹ 2,156.57 crore]. The Coal Companies expect to recover the VAT amounts based on the provisions of the Coal Contract of Work (CCOW) and the April 2004 Indonesia Supreme Court advisory opinion stating that the VAT Regulation is inconsistent with Indonesian law. Accordingly, Management is of the view that no provision is considered necessary on this account.
- Further, the Coal Companies are contingently liable for claims from third parties arising from the ordinary conduct of business, which are either pending or are being processed by the Courts, the outcome of which cannot be presently determined.
4. Coastal Gujarat Power Limited ("CGPL"), a wholly owned subsidiary, has implemented the 4000 MW Ultra Mega Power Project at Mundra ("the Project"). The Management has reviewed and reassessed the recoverability of the carrying amount of the assets at Mundra considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows and has concluded that no further provision for impairment loss for the nine months ended 31st December, 2013 in CGPL is necessary on this account (provision made ₹ 600 crore for the quarter and ₹ 850 crore for the nine months ended 31st December, 2012 and ₹ 850 crore for the year ended 31st March, 2013). In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis by the Management and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate. Consequent to the impairment loss, certain financial covenants in respect of loans taken by CGPL had not been met and Management had received waiver in respect of such non-compliances upto 30th June, 2013. CGPL has requested to extend the existing waivers till such time the ensuing waiver documents and/or amendments to the financing documents are finalised. Accordingly, loans aggregating to ₹ 12,040.98 crore are considered to be long-term borrowings (including current maturities of long-term borrowings of ₹ 741.47 crore).

5. In respect of certain jointly controlled entities ("Joint Venture entities"), the Company along with the other Joint Venture Partners has received notices from Ministry of Coal, seeking explanations for delay in development of the coal blocks and requesting for certain clarifications as regards various clearances and execution of mining lease, on the basis of which a decision for de-allocation of coal blocks will be taken. The Company is of the view that considering the progress made in land acquisition and obtaining various clearances for development of the coal blocks, there is a case for withdrawal of the notices.
6. In an earlier year, in line with the Notification dated 29th December, 2011 issued by the MCA, the Company had selected the option given in paragraph 46A of the Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, the depreciated/amortised portion of net foreign exchange (gain)/loss on long-term foreign currency monetary items for the nine months ended 31st December, 2013, 31st December, 2012 and for the year ended 31st March, 2013 is ₹ 179.43 crore, ₹ 84.52 crore and ₹ 109.29 crore respectively. The amounts for the quarters ended 31st December, 2013, 30th September, 2013 and 31st December, 2012 are ₹ 59.92 crore, ₹ 66.73 crore and ₹ 35.26 crore respectively. The unamortised portion carried forward as at 31st December, 2013 is ₹ 2,024.40 crore (31st March, 2013 - ₹ 998.15 crore).
7. In respect of Tata Power Delhi Distribution Limited (TPDDL) [Group's share being 51%], Delhi Electricity Regulatory Commission (DERC) on 13th July, 2012, had issued Order on true-up for FY 2010-11. While approving the power purchase cost for FY 2010-11, DERC had allowed the power purchase cost for generation of Rithala Plant at the rate equivalent to the Unscheduled Interchange rates for units generated during the time when TPDDL was under-drawing from the grid instead of the actual cost of generation, resulting in disallowance of ₹ 7.62 crore for FY 2010-11. TPDDL has, however, not made any adjustments for disallowance based on the above mentioned principle stated in the Order. Based on Management estimates, TPDDL had accounted for revenue of ₹ 7.62 crore, ₹ 88.42 crore and ₹ 49.68 crore for FY 2010-11, FY 2011-12 and for the period from 1st April, 2012 to 30th September, 2012 respectively, and carrying cost of ₹ 34.77 crore on the same [including ₹ 13.84 crore for the nine months ended 31st December, 2013 (₹ 4.52 crore for the quarter ended 31st December, 2013 and ₹ 4.75 crore for the quarter ended 30th September, 2013)] aggregating to ₹ 180.49 crore. With effect from 1st October, 2012, the scheduling of power generation at Rithala plant is being done at the instructions of State Load Dispatch Center.

TPDDL has filed appeals on 22nd August, 2012 and 30th September, 2013 before the ATE and is of the view, supported by legal opinion that the Order can be successfully challenged and has accordingly not made any adjustments as at 31st December, 2013. The adjustments, if any, will be recorded by TPDDL on the final outcome of the matter.
8. Other expenditure for the quarter and nine months ended 31st December, 2013, includes ₹ 29.38 crore being provision for diminution, other than temporary, in value of long term investments. The amount for the year ended 31st March, 2013 was ₹ 68.56 crore.
9. The Statutory Auditors of the Company have conducted a limited review of the aforesaid financial results.
10. Figures for the previous periods/year are re-classified/re-arranged/re-grouped, wherever necessary.

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

CYRUS P. MISTRY
Chairman

Date: 7th February, 2014.



2. The CERC has passed an order on February 21, 2014 with respect to our Mundra operations (“**CERC Order**”). By way of background, CGPL had filed a petition (Petition No. 159/MP/2012) before the CERC in July, 2012. CGPL had entered into certain power purchase arrangements to sell electricity generated to Gujarat, Maharashtra, Haryana, Punjab and Rajasthan (collectively, the “**Procurers**”). However certain unforeseen, uncontrollable and unprecedented escalation in the imported coal prices including on account of the Indonesian government’s directive that coal can only be sold at market rates, regardless of mutually negotiated or contracted rates has put the financial viability of the Mundra UMPP in jeopardy, due to which, CGPL filed the said petition with the CERC.

The CERC Order provides for relief to CGPL in the form of compensatory tariff, in addition to the tariff agreed to in the power purchase agreements, effective from April 01, 2013 till the hardship on account of Indonesian regulations persists. This compensatory tariff is to be billed on monthly basis using coal prices at the beginning of each year and to be reconciled quarterly. True up of the provisional compensatory tariff is to be done at the end of each financial year based on audited statements. The provisional lump sum compensation for FY 2013 will be payable to CGPL for an amount of ₹ 329.45 crores to be paid by the Procurers in 36 equal installments from the date of the CERC Order, i.e. February 21, 2014, with carrying cost for delay in payment.

As per the CERC Order, the technical parameters which are to be maintained by CGPL are: (i) station heat rate: 2,050 Kcal/kWh (without margin), (ii) auxiliary power consumption: 4.75% and (iii) transportation loss: 0.20%. Further, coal prices will be determined as per HPB marker prices adjusted for Gross Calorific Value.

The CERC Order further provides that any excess realisation towards third party sale of power above the target availability of 80% (after adjusting for energy charges and compensatory tariff) shall be shared in the ratio of 60:40 between the Procurers and CGPL, if the Procurers agree to this in writing.

The CERC Order provides, in addition, that the sharing of actual incremental profit from coal mining operations in Indonesia is to be calculated on total incremental revenue net of incremental mining cost, taxes and royalty, in proportion to the coal used for the generation of contracted power as per the power purchase agreements.

The CERC Order provides further that CGPL shall contribute 1% of the ROE, based on the equity investment of the contracted capacity, invested by CGPL into the UMPP as on the scheduled commercial operation dates, which will go towards reduction of the compensatory tariff. This position will be reviewed after three years from the date of the order, i.e. February 21, 2014.

The CERC Order suggests that CGPL explore the cost economics of blending of 80% of melawan coal and 20% of eco coal to see if this results in a reduced impact of compensatory tariff.

The CERC Order further provides that CGPL and the Procurers may jointly approach the RBI, Ministry of Power and Ministry of Finance for relief in interest rates and restructuring of loans to make the project viable and reduce hardship on capacity charges, and further that CGPL shall approach its lenders for reduction of the lending rate and extension of the moratorium period.

The CERC Order provides further that CGPL and the Procurers shall jointly pursue all possible options for reduction of taxes and duties to be passed on to consumers in reducing compensatory tariff; that the ceiling on compensatory tariff shall be mutually decided between CGPL and the Procurers; and that the compensatory tariff shall be reviewed after 3 years unless withdrawn earlier

3. On January 31, 2014, Tata Power announced that it signed an agreement for the sale of its 30% interest in Arutmin and associated companies in coal trading and infrastructure. The aggregate consideration for Tata Power's 30% interest is approximately U.S.\$510 million, subject to certain closing adjustments. The sale is subject to certain conditions and restructuring.
4. DERC through its order dated March 1, 2014 approved the schedule for liquidation of the revenue gap for TPDDL and other distribution companies, which distribute power in Delhi. DERC provisionally approved a revenue gap of ₹ 3,371.00 crore for TPDDL up to financial year 2011-12.

According to DERC, there may be reduction in the revenue gap based on the outcome of the on-going CAG audit of the distribution companies and final true-up of capitalization for first MYT control period FY 2007-08 and FY 2011-12. Accordingly, DERC has conservatively proposed liquidation of revenue gap of ₹2,359.00 crore for TPDDL during the next 8 years. The liquidation of this revenue gap is proposed to be in a scheduled manner through equal annual installments to avoid tariff burden to the consumers. The annual installment allowed to be liquidated is ₹478.00 crore for TPDDL and the liquidation schedule shall be applicable with effect from the new tariff order for FY2014-15. Additionally, a carrying cost of 12.20% is provisionally approved on the revenue gap for TPDDL.

5. Other Developments

Information as required as per sub-item B of item (X) of Part E of the SEBI (ICDR) Regulations and in accordance with the Ministry of Finance, GoI, Circular no.F.2/5/SE/76 dated February 5, 1977, amended on March, 1977.

Our unaudited working results, on a standalone basis for the period April 1, 2013 to January 31, 2014 are as under:

Sr. No	Particulars	Amount (₹ in crore)
A (i)	Sales / turnover	7,394.27
A (ii)	Other income	209.42
B	Estimated gross profit / loss (excluding depreciation and taxes)	779.15
C (i)	Provision for depreciation	473.14
C (ii)	Provision for Taxes	373.42
D	Estimated net profit / loss	878.87

For the Company's week-end prices for the last four weeks; current market price; and highest and lowest prices of Equity Shares during the relevant period, please refer to the section titled "*Stock Market Data for Equity Shares*" on page 170 of this Letter of Offer.

6. On February 28, 2014, the Company informed the BSE and the NSE that consequent upon his reaching the age of superannuation, Mr. S. Ramakrishnan, Executive Director (Finance) has ceased to be Director and Executive Director of the Company. The Company further informed the BSE and the NSE that Mr. S. Padmanabhan, Executive Director (Operations) will hold additional charge of the Finance function as Chief Financial Officer.

Confirmation from Board of Directors

In the opinion of the Board of Directors, there have not arisen, since the date of the last audited/limited review financial statements included in this Letter of Offer, any circumstance that materially and adversely affect or is likely to affect its business or profitability or financial position or the value of the assets or the ability to pay the Group's liabilities. There is no subsequent development after the date of the last Auditor's Report, except as stated in the section titled "*Risk Factors*" beginning on page 17 of this Letter of Offer, which Board of Directors believe is expected to have a material impact on reserves, profits, earning per share and book value of the

shares.

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STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares of our Company are listed on the BSE and NSE. We have received an “in-principle” approval for listing of the Rights Equity Shares from the BSE and an approval for the use of their name in this Letter of Offer from the NSE by letters, each dated March 11, 2014.

For the purpose of this section:

- Year is a calendar year
- Average price is the average of the daily closing prices of the Equity Shares of our Company for the year, or the month, as the case may be
- High price is the maximum of the daily high prices and Low price is the minimum of the daily low prices of the Equity Shares of our Company for the year, or the month, as the case may be
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares of our Company recorded on the BSE and the NSE during the preceding three years and the number of Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE							
Year	Date of High	High (₹ per Equity Share)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹ per Equity Share)	Volume on date of Low (No. of Equity Shares)	Average (₹ per Equity Share)
2013	January 3, 2013	112.50	1,98,322	August 6, 2013	68.25	26,24,235	89.00
2012	February 21, 2012	121.50	12,96,794	April 10, 2012	83.00	6,61,488	101.45
2011	January 6, 2011	1,413.00 ⁽¹⁾	53,139	December 20, 2011	80.65	3,60,241	115.93 ⁽²⁾

Source: www.bseindia.com

NSE							
Year	Date of High	High (₹ per Equity Share)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹ per Equity Share)	Volume on date of Low (No. of Equity Shares)	Average (₹ per Equity Share)
2013	January 3, 2013	112.55	16,07,008	August 6, 2013	68.10	1,51,48,881	89.03
2012	February 21, 2012	121.20	76,08,262	October 5, 2012	84.60	80,76,159	101.52
2011	January 6, 2011	1411.00 ⁽¹⁾	2,66,489	December 20, 2011	80.15	36,11,790	115.98 ⁽²⁾

Source: www.nseindia.com

Note 1: Equity shares of the company were subdivided from a face value of ₹ 10 each to a face value of ₹ 1 each vide a resolution of the Board of Directors of the Company dated May 19, 2011 and approved by the shareholders at the AGM dated August 24, 2011. The Equity Shares started to trade on a post split basis on the NSE and the BSE effective September 26, 2011

Note 2: The average price has been computed on a post split price

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE							
Month	Date of High	High (₹ per Equity Share)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹ per Equity Share)	Volume on date of Low (No. of Equity Shares)	Average (₹ per Equity Share)
February, 2014	February 24, 2014	84.50	18,34,046	February 4, 2014	71.50	2,48,634	76.60
January, 2014	January 1, 2014	91.80	10,35,813	January 30, 2014	71.45	2,84,763	78.55
December, 2013	December 9, 2013	92.45	7,46,249	December 3, 2013	79.10	3,96,773	87.38
November 2013	November 6, 2013	85.80	1,49,634	November 22, 2013	76.60	5,21,196	79.87
October 2013	October 9, 2013	86.00	5,32,553	October 1, 2013	77.60	4,18,124	81.13
September 2013	September 20, 2013	85.00	6,99,463	September 6, 2013	69.80	10,71,902	77.31

Source: www.bseindia.com

NSE							
Month	Date of High	High (₹ per Equity Share)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹ per Equity Share)	Volume on date of Low (No. of Equity Shares)	Average (₹ per Equity Share)
February, 2014	February 24, 2014	84.35	1,39,41,908	February 4, 2014	71.40	19,10,549	76.60
January, 2014	January 1, 2014	91.95	43,35,490	January 30, 2014	71.40	23,31,823	78.51
December, 2013	December 9, 2013	92.60	50,76,705	December 3, 2013	79.10	34,88,514	87.46
November 2013	November 6, 2013	85.80	36,15,640	November 22, 2013	76.55	20,22,506	79.85
October 2013	October 10, 2013	86.00	35,26,230	October 1, 2013	77.50	43,49,910	81.16
September 2013	September 20, 2013	85.00	49,50,652	September 6, 2013	69.70	96,65,114	77.28

Source: www.nseindia.com

Week end prices of Equity Shares of our Company along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE			
For the week ended on	Closing Price (₹ per Equity Share)	High (₹ per Equity Share)	Low (₹ per Equity Share)
March 14, 2014	83.15	85.60	77.80
March 7, 2014	79.15	80.65	77.15
February 28, 2014	78.85	84.50	78.20
February 21, 2014	78.70	79.90	74.40

Source: www.bseindia.com

NSE			
For the week ended on	Closing Price (₹ per Equity Share)	High (₹ per Equity Share)	Low (₹ per Equity Share)
March 14, 2014	83.35	85.60	77.85
March 7, 2014	79.45	80.75	77.10
February 28, 2014	78.80	84.35	78.05
February 21, 2014	78.80	80.10	74.40

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on the last trading day prior to the date of the Letter of Offer was ₹83.90 per Equity Share on both the BSE and the NSE.

The Issue Price of ₹60 has been arrived at in consultation between our Company and the Lead Managers.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following table presents certain accounting and other ratios derived from our Audited Consolidated Financial Statements, September Unaudited Consolidated Interim Financial Results, and Audited Standalone Financial Statements included in the section titled “Financial Information” beginning on page 151 of this Letter of Offer.

This table should be read in conjunction with the sections titled “Financial Information” and “Risk Factors” appearing on page 151 and 17, respectively in the Letter of Offer.

Particulars	Consolidated		Standalone	
	As at and for the year ended March 31, 2013 ⁽¹⁾	As at and for the half year ended September 30, 2013 ⁽²⁾⁽⁶⁾	As at and for the year ended March 31, 2013 ⁽³⁾	As at and for the half year ended September 30, 2013 ⁽⁴⁾⁽⁶⁾
Basic EPS (₹)	(1.23)	(0.55)	3.44	2.23
Diluted EPS (₹)	(1.23)	(0.55)	3.44	2.23
Return on Net Worth (%)	(0.69%)	(0.64%) ⁽⁵⁾	8.31%	9.65% ⁽⁵⁾
NAV per Equity Share (₹)	51.58	53.56	52.85	55.24

Note 1: Based on Audited Consolidated Financial Statements

Note 2: Based on September Unaudited Consolidated Interim Financial Results

Note 3: Based on Audited Standalone Financial Statements

Note 4: Based on September Audited Interim Unconsolidated Financial Resultss

Note 5: Annualised return on networth computed as (net profit after tax for the period / average networth for the period) x 2

Note 6: EPS for the period and not annualised

The ratios have been computed as below:

- a. Return on Net Worth (%):
$$\frac{\text{Net Profit / (Loss) after tax, minority interest, share of profit of associates}}{\text{Average Net Worth for the year/period}}$$
- b. Net asset value per share:
$$\frac{\text{Net Worth at the end of year/period}}{\text{Total number of fully paid-up Equity Shares at the end of the year/period}}$$
- c. Net worth = Paid-up Equity share capital + all Reserves.(excl. Revaluation Reserves) + Unsecured Perpetual Securities

Capitalisation Statement

Particulars	Standalone	
	As at December 31, 2013	
	Pre-Issue (in ₹ crore)	Post-Issue* (in ₹ crore)
Loan Funds:		
Long Term Debt (A1)	6,786.16	6,786.16
Short Term Debt and Current Maturity of Long Term Debt	4,051.75	4,051.75
Total debt (A)	10,837.91	10,837.91

Particulars	Standalone	
	As at December 31, 2013	
	Pre-Issue (in ₹ crore)	Post-Issue* (in ₹ crore)
Shareholders' funds:		
Share capital	237.33	270.55
Securities premium	3,643.41	5,603.57
Other reserves and surplus	8,230.39	8,230.39
Total Shareholders' funds/Equity (B)	12,111.13	14,104.51
Unsecured Perpetual Securities (C)	1,500.00	1,500.00
Total Capitalisation (A+B+C)	24,449.04	26,442.42
Long term Debt/Equity (A1/ (B+C))	0.50	0.43

*Assuming full subscription to the extent of 33,22,30,130 Rights Equity Shares at the Issue Price of ₹60.

Long term Debt to Equity = Long term Debt / (Total Shareholders' funds + Unsecured Perpetual Securities)

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION& DEFAULTS

Except as stated below our Company and our Subsidiaries are not aware of any outstanding litigation including suits, criminal or civil prosecutions and taxation related proceedings against our Company and / or our Subsidiaries that would have a material adverse effect on our business. Furthermore, there are no defaults, non-payment of statutory dues including, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against us as of the date of this Letter of Offer. In this regard, please note the following:

1. *in determining wheter any outstanding litigation against our Company and/ or our Subsidiaries other than litigation involving moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences would have a material adverse effect on our business, the materiality threshold has been determined as per Clause XII sub-clause C in Part E of Schedule VIII of the SEBI (ICDR) Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount involved in such individual litigation is likely to exceed 1% of the total revenue of our Company or 1% of the networth of our Company, as per the last completed financial year; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in single case individually may not exceed 1% of the total revenue of our Company or 1% of the networth of our Company, as per the last completed financial year; or (c) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed 1% of the total revenue of our Company or 1% of the networth of our Company, as per the last completed financial year, if similar cases put together collectively exceed such treshold; and*
2. *except as stated below, neither our Company nor our Subsidiaries are aware of any litigation involving moral turpitude or criminal liability, material violations of statutory regulations or proceedings relating to economic offences, which have arisen in the last ten years.*

In addition to the cases set out below, our Company and our Subsidiaries, from time to time, have been and continue to be involved in legal proceedings, arising in the ordinary course of their respective businesses. None of these legal proceedings filed against our Company or our Subsidiaries (excluding the cases set out below) are in the nature of criminal proceedings and we believe that the number of proceedings in which our Company and our Subsidiaries are/ were involved is not unusual for a company of our size doing business in India.

I. Civil Cases

1. In respect of a standby charges dispute with Reliance Infrastructure Limited (“**R-Infra**”) for the period from April 1, 1999 to March 31, 2004, the Appellate Tribunal of Electricity (“**ATE**”), set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated May 31, 2004 and directed the Company to refund to R-Infra as on March 31, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at March 31, 2013 the accumulated interest was ₹ 184.76 crore. On appeal filed by the Company, the Supreme Court vide its interim order dated February 07, 2007, has stayed the ATE order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court. R-Infra has subsequently filed an appeal before the Supreme Court challenging the ATE order. Both the appeals have been admitted.

II. Criminal Cases

1. One Ms. Gyanwanti Dhakad a shareholder of the Company has filed a criminal case against the Company and Mr. R. N. Tata, Mr. A. J. Engineer & Mr. A. M. Sahani (“**ex-Directors**”) in the court of the Judicial Magistrate, Jaipur. The complainant has alleged non transfer of 80 shares held

by her in the Company. The court has taken cognisance of the offences alleged and issued summons to the Company and the ex-Directors under Section 409 and 420 read with section 120-B of the Indian Penal Code. Pending disposal of a petition for quashing of the case filed by the accused, the Jaipur Bench of the Rajasthan High Court has stayed the proceedings before the Judicial Magistrate, Jaipur.

2. The Inspector of Factories (“**FactoriesInspector**”) Jamshedpur, on December 16, 2012 submitted a report noting violations of Sections 52, 54, 59 and 41(C) of the Factories Act, 1948 at the Company’s Jojobera power plant. The report was taken on record by the Additional Chief Judicial Magistrate, Jamshedpur (“**ACJM**”) on March 19, 2013. The ACJM took cognisance of the offence and issued summons to Mr. S. Padmanabhan, (“**Occupier**” of the plant) and Mr. P. Sankaranarayanan (“**Manager**” of the plant). In a writ petition filed in the High Court of Jharkhand (“**Court**”) by the Manager and Occupier the Court has on January 31, 2014 ordered no coercive steps to be taken against the petitioners until the next date of listing.

III. Tax Matters

1. The Deputy Commissioner of Sales Tax issued a demand notice dated July 18, 2013, under Rule 8 of the Maharashtra Tax on the Entry of goods into Local Areas Rules, 2002 for an amount of ₹ 326,39,94,028 for entry tax to be paid by the Company for the financial year 2005-2006. The Company submitted an appeal and the Joint Commissioner of Sales Tax (Appeals) III, Mumbai has granted ad-interim stay up to August 31, 2013. There has been no further hearing in this case.
2. The Deputy Commissioner of Sales Tax issued a demand notice dated March 30, 2013, under Rule 8 of the Maharashtra Tax on the Entry of goods into Local Areas Rules, 2002 for an amount of ₹ 458,96,44,004 for entry tax to be paid by the Company for the financial year 2008-2009. The Company submitted an appeal and the Joint Commissioner of Sales Tax (Appeals) III, Mumbai has granted ad-interim stay up to August 31, 2013. There has been no further hearing in this case.

GOVERNMENT APPROVALS

We are required to obtain certain approvals from the concerned Central / State government departments and other authorities for setting up our projects and operating the same. These include:

- approvals from various departments of the Government of India depending on the nature of the project. For example, approval from the Ministry of Coal related to development of captive coal block, environmental approvals from the Ministry of Environment and Forests, and chimney height approvals from the Airports Authority of India, Ministry of Defence and Ministry of Civil Aviation;
- approvals such as consents to establish and operate a project, environmental clearances and authorisations to draw water, from concerned departments of state governments;
- approvals from the Ministry of Power to obtain benefits associated with mega power project status, depending upon the nature and size of the project;
- Techno Economic Clearances from CEA for our hydroelectric projects; and
- any other approvals that may be required by local authorities on a case to case basis.

We apply for approvals, licenses and registrations at the appropriate stage of development of each of our projects and typically obtain the necessary consents, licenses, permissions and approvals that are required for our present business and, except as mentioned below, no material approvals required by our Company, TPDDL, TPTCL, Maithon and CGPL for carrying on their respective present activities are pending application / renewal.

Some of the approvals and licenses that we require for our current business operations may expire in the ordinary course of business and we will apply for their renewal from time to time. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business. Furthermore, we may require further approvals from various agencies once certain of our projects under development become operational or reach the implementation stage. Applications for such approvals shall be made by us at the appropriate time.

Any failure to obtain and / or renew any of our approvals, licenses, registrations and / or permissions could result in delays or prevent a project from being commissioned, which could adversely affect our operations. For further details, please refer to risk factor 48 in relation to “*Failure to obtain and retain approvals and licences, or changes in applicable regulations or their implementation, may adversely affect our operations.*” in the section titled “*Risk Factors*” on page 39 of this Letter of Offer.

The following table sets forth the details of the applications made for obtaining / renewal of pending material approvals in relation to the business activities of our Company, TPDDL, TPTCL, Maithon and CGPL, as applicable:

Sr. No.	Particulars of application	Date of application	Authority to which application made
Maithon			
1.	Application for renewal of NOC dated May 17, 2010 for construction of its 1,050MW thermal power plant	February 13, 2014	Airports Authority of India
2.	Application for renewal of factory license no. 70916/DNB for calendar year 2014 for its unit at Dhanbad, Jharkhand	December 18, 2013	Factory Inspection Department, Government of Jharkhand

The following table sets forth the details of the material approvals which are pending renewal and for which no

applications have been made in relation to the business activities of our Company, TPDDL, TPTCL, Maithon and CGPL, as applicable:

Sr. No.	Particulars of approval	Date of expiry	Sanctioning Authority
Maithon			
1.	Consent to operate under Water (Prevention & Control of Pollution), 1974 and Air (Prevention & Control of Pollution) Act, 1981	December 31, 2012	Jharkhand State Pollution Control Board

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Rights Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board of Directors under Sections 81(1), and other provisions of the Companies Act on February 27, 2014. The Committee for Rights Issue in its meeting held on March 8, 2014 has determined the Issue Price as ₹60 per Rights Equity Shares and the Rights Entitlement as 7 Right Equity Shares for every 50 Equity Shares held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Managers.

Prohibition by SEBI or RBI

Our Company, our Promoter, our Promoter Group, our Directors or person(s) in control of our Company have not been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Promoter, our Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

We are an existing company registered under the Companies Act and our Equity Shares are listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter IV of the SEBI (ICDR) Regulations.

Our Company has complied with the provisions of Regulation 4 of the SEBI (ICDR) Regulations in connection with the general eligibility requirements for the Issue and confirms that:

- a) Our Company, our Promoter, our Promoter Group, our Directors or person(s) in control of our Company have not been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
- b) None of our Promoter, our Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
- c) Our Company is an existing company incorporated under the Indian Companies Act, VII of 1913, whose Equity Shares are listed on the Stock Exchanges, namely BSE and NSE and we have received an “in-principle” approval for listing of the Rights Equity Shares from the BSE and an approval for the use of their name in this Letter of Offer from the NSE by letters, each dated March 11, 2014, and have chosen the BSE Limited to be the Designated Stock Exchange for the purposes of this Issue. Our Company will make applications to the Stock Exchanges for listing and trading permissions in respect of the Rights Equity Shares being offered in terms of this Letter of Offer.
- d) Our Company has entered into a tripartite agreement with NSDL and the Share Transfer Agent and a tripartite agreement with CDSL and Share Transfer Agent, for dematerialisation of our Equity Shares.
- e) All existing Equity Shares of our Company have either been fully paid up or forfeited.
- f) With respect to part funding of capital expenditure proposed to be incurred by our Company towards

generation, transmission and distribution of electricity in the Mumbai License Area, firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue, have been made.

Our Company is eligible to make this Issue by way of a ‘fast track issue’ as it satisfies the following criteria set out in Regulation 10 of the SEBI (ICDR) Regulations:

- a) the Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of this Letter of Offer;
- b) the average market capitalisation of the public shareholding of our Company is at least ₹ 3,000 crores;
- c) the annualised trading turnover of the Equity Shares of our Company during the six calendar months immediately preceding the month of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares available as free float during such six months’ period;
- d) as of the date of this Letter of Offer, our Company has redressed all the complaints received from the investors till the end of the quarter immediately preceding the month of the date of this Letter of Offer;
- e) our Company has been in compliance with the Listing Agreement for a period of at least three years immediately preceding the date of this Letter of Offer;
- f) there are no audit qualifications on the audited financial statements included together with the respective audit reports in this Letter of Offer;
- g) no show-cause notices have been issued or prosecution proceedings initiated by the SEBI or pending against our Company or its Promoter (Tata Sons Limited) or whole time directors as of the date of this Letter of Offer;
- h) and the entire shareholding of the promoter group of our Company is held in dematerialised form as on the date of this Letter of Offer.

Furthermore, we are eligible to make disclosures in this Letter of Offer as per clause 5 under Part E of Schedule VIII of the SEBI (ICDR) Regulations as we are in compliance with the following:

- a) We have been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
- b) The reports, statements and information referred to in paragraph (a) above are available on the websites of BSE and NSE, which are recognised stock exchange with nationwide trading terminals;
- c) We have an investor grievance-handling mechanism, which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer to the Stakeholders Relationship Committee and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS

BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGERS, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, BNP PARIBAS, HSBC SECURITIES & CAPITAL MARKETS (INDIA) PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, BNP PARIBAS, HSBC SECURITIES & CAPITAL MARKETS (INDIA) PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 19, 2014 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE ISSUE;
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - (a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013 (TO THE EXTENT APPLICABLE), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS

- (3) **WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.**

Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of its registration.

Kotak Mahindra Capital Company Limited has made an application dated October 31, 2013 to SEBI for grant of renewal of its registration.

For further details in this regard, please refer to the section titled "General Information" beginning on page 57 of this Letter of Offer.

- (4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – COMPLIED WITH**
- (5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS/ RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/ RED HERRING PROSPECTUS – NOT APPLICABLE**
- (6) **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS / RED HERRING PROSPECTUS – NOT APPLICABLE**
- (7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE**
- (8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE OBJECTS LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES**

WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE ESCROW COLLECTION BANKS AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI (ICDR) REGULATIONS
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
 - (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.– NOTED FOR COMPLIANCE
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR. - NOT APPLICABLE FOR A RIGHTS ISSUE.
- (17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH AS18 FOR THE YEAR ENDED MARCH 31, 2013.
- (18) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (19) WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER.
- (20) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE, UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. - COMPLIED WITH AND NOTED FOR COMPLIANCE
- (21) WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. - COMPLIED WITH
- (22) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY.
- (23) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER. - NOT APPLICABLE.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Managers

We and the Lead Managers, JM Financial Institutional Securities Limited, BNP Paribas, HSBC Securities & Capital Markets (India) Private Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

We and the Lead Managers shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports, etc. after filing of this Letter of Offer with the Stock Exchanges and SEBI.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us and Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue. Investors who invest in the Issue, shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares. Our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Investor on whether such Investor is eligible to acquire any Rights Equity Shares.

The Lead Managers and their affiliates may engage in transactions with, and perform services for, our Company or the Promoter and Promoter Group or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or the Promoter and Promoter Group or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be BSE.

Disclaimer Clause of BSE

BSE Limited (the “Exchange”) has given vide its letter bearing Ref. No.DCS/PREF/RD/IP-RT/676/13-14 dated March 11, 2014 permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinised this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management, or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Letter of Offer has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any reason whatsoever.

Disclaimer Clause of NSE

National Stock Exchange of India Limited has given vide its letter Ref. No. NSE/LSIT/232813-Y dated March 11, 2014 permission to the Issuer to use the exchange's name in this Letter of Offer as one of the stock exchanges on which the Issuer's securities are listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management, or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Securities Market

Except as stated below, none of our Directors are associated with the securities market in any manner.

Ms. Vishakha Mulye, a Director on the Board of Directors of the Company, is currently on the board of directors of Karvy Stock Broking Limited ("**Karvy DP**"), ICICI Venture Funds Management Company Limited, 3i Infotech Limited and ICICI Securities Primary Dealership Limited. Of these abovementioned entities, there has been no proceedings / enquiry / investigation instituted by SEBI against these entities or Ms. Vishakha Mulye in the past 5 years except as stated below:

SEBI had conducted a preliminary examination, upon noticing certain irregularities with respect to Initial Public Offerings ("**IPOs**") of different companies. A few individuals/ entities (referred to as 'the key operators') had opened various demat accounts (referred to as 'affiliated accounts') in fictitious/ benami names and cornered/ acquired the shares of IPOs in the category of retail investors using these accounts. Pursuant to the allotment, the shares were transferred to the demat account of these key operators and from thereon to ultimate beneficiaries, who were the financiers in the process. It was observed that the Karvy DP had opened various demat accounts in the fictitious/ benami names and aided and abetted various key operators to corner the shares in the IPO.

SEBI, on January 28, 2014, had passed an order in the matter of irregularities in IPOs in respect of Karvy, prohibiting it from taking up any new assignment (i.e. not to take up any new clients) for a period of eighteen (18) months. However, it was observed that Karvy DP had already undergone such prohibition for 18 months and 26 days. In view of the above, no further penalty was levied.

Further, SEBI has on March 14, 2014 passed an order which prohibits Karvy Stock Broking Limited, from taking up any new assignment or contract or launch a new scheme (i.e., not to take new clients/customers) for a period of six months in respect of its business as a stock broker.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Lead Manager has not made and will not make an offer of the Rights Equity Shares to the public in that Relevant Member State except that it may, with effect from and including the date on which the Prospectus Directive is implemented in the Relevant Manner (the “**Relevant Implementation Date**”), make an offer of Rights Equity Shares to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rights Equity Shares referred to in (i) to (iii) above shall require the Company or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Rights Equity Shares to the public in relation to any Rights Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Rights Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each Lead Manager:

- (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the offer or sale of the Rights Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Rights Equity Shares in, from or otherwise involving the United Kingdom.

HongKong

Each Lead Manager:

- (i) has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Rights Equity Shares other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This Letter of Offer has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”). Accordingly, the Rights Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Letter of Offer or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Rights Equity Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act who has subscribed for or purchased shares, namely a person who is:

1. a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 of the Securities and Futures Act except:

- a. to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- b. where no consideration is given for the transfer; or
- c. by operation of law.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Lead Manager has not and will not offer, sell or publicly promote or advertise the Rights Equity Shares in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Lead Manager has not offered and will not offer the Capital Securities to any person in the Dubai International Financial Centre unless such offer is: (a) an “Exempt Offer” in accordance with the Markets Rules 2012 of the DFSA; and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

General

The distribution of this Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Rights Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares or rights, distribute or send the same in or into the United States of America or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the rights referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Rights Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Equity Shares by such

persons following the Issue.

This Issue and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States of America and, unless so registered, may not be offered or sold within the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

This Issue and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Eligible Investors

The Rights Entitlements or Rights Equity Shares are being offered and sold only to persons who are outside the United States of America in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the Rights Entitlements or Rights Equity Shares are deemed to have made the representations set forth immediately below.

Rights Equity Shares and Rights Entitlements Offered and Sold in this Issue

Each purchaser acquiring the Rights Entitlements or Rights Equity Shares, by its acceptance of this Letter of Offer and of the Rights Entitlements or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Managers that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the Rights Entitlements or Rights Equity Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the rights and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States of America and, accordingly, may not be offered or sold within the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (3) the purchaser is purchasing the Rights Entitlements or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Rights Entitlements or Rights Equity Shares, was located outside the United States of America at each time (i) the offer was made to it and (ii) when the buy order for such Rights Entitlements or Rights Equity Shares was originated, and continues to be located outside the United States of America and has not purchased such Rights Entitlements or Rights Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Rights Entitlements or Rights Equity Shares or any economic interest therein to any person in the United States of America;
- (5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Rights Entitlements or Rights Equity Shares, or any economic interest therein, such Rights Entitlements or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States of America in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States of America. The

purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Rights Entitlements or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

- (7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States of America with respect to the Rights Entitlements or the Rights Equity Shares;
- (8) the purchaser understands that such Rights Entitlements or Rights Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE RIGHTS EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OF AMERICA AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OF AMERICA.

- (9) the purchaser agrees, upon a proposed transfer of the Rights Entitlements or the Rights Equity Shares, to notify any purchaser of such Rights Entitlements or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Entitlements or Rights Equity Shares being sold;
- (10) the Company will not recognise any offer, sale, pledge or other transfer of such Rights Entitlements or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- (11) the purchaser acknowledges that the Company, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Rights Entitlements or Rights Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Rights Entitlements or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) who receives any communication in respect of, or who acquires any Rights Entitlements or Rights Equity Shares under, the offers contemplated in this Letter of Offer will be deemed to have represented, warranted and agreed to and with each Lead Manager and the Company that in the case of any Rights Entitlements or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

- (a) the Rights Entitlements or Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Managers has been given to the offer or resale; or

- (b) where Rights Entitlements or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Rights Entitlements or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Rights Equity Shares to the public” in relation to any of the Rights Entitlements or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Entitlements or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlements or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

If the listing and trading approvals for the Rights Equity Shares to be issued pursuant to this Issue is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from Applicants in pursuance of the Letter of Offer.

If such money is not repaid within eight days from the day we become liable to repay it, we and every Director of the Company who is an officer in default shall, on and from expiry of the eighth day, be jointly and severally liable to repay that money with interest as prescribed under applicable law.

We will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the Allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

Consents

Consents in writing of the Directors, the Auditor, the Lead Managers, the Legal Advisors to the Issue, the International Legal Advisors to the Lead Managers, the Registrar to the Issue, Compliance Officer, Chartered Accountants, Escrow Collection Banks and the Monitoring Agency have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Experts to our Company for the Issue

Deloitte Haskins & Sells LLP have provided their written consents to be named as experts in relation to the inclusion of their audit and review reports contained, and the statement of tax benefits, in the form and context in which they appear, in this Letter of Offer, and such consent has not been and will not be withdrawn up to the time of delivery of this Letter of Offer to the Designated Stock Exchange. It is clarified that the reference to Deloitte Haskins & Sells LLP as “Experts” is in accordance with Section 58 of the Indian Companies Act, 1956 only.

Issue Related Expenses

The estimated issue related expenses are:

Activity	Amount (₹ in crore)	As a % of total expenses	As a % of Issue Size
Fees payable to intermediaries (including the Lead Managers, Legal Counsels, Auditors, Registrar, Escrow Collection Banks, Underwriters and the Monitoring Agency)	19.47	87.0%	1.0%
Printing and stationery, distribution, postage etc.	1.80	8.0%	0.1%
Advertising and marketing expenses	0.20	0.9%	0.0%

Activity	Amount (₹ in crore)	As a % of total expenses	As a % of Issue Size
Fees paid / payable to regulatory / statutory agencies	0.65	2.9%	0.0%
Other and miscellaneous expenses	0.26	1.2%	0.0%
Total	22.37	100.00%	1.12%

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Additionally, we have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011, under which all investor complaints pertaining to our Company are electronically sent through SEBI Complaints Redress System (SCORES) at <http://scores.gov.in/Admin>. All investor grievances received by us have been handled by the Share Transfer Agent in consultation with the compliance officer.

Our Board has constituted the Stakeholders Relationship Committee by way of a resolution dated September 30, 2013. The Stakeholders Relationship Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of Share Certificates, transfer of Equity Shares and issue of duplicate Share Certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.; and
- Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

Time normally taken for disposal of various types of investor complaints: Not more than one month.

Investor Grievances arising out of the Issue

The Investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

The agreement between us and the Registrar provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Investors giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first Investor, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The Company is registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The average time taken by the Registrar for attending to routine grievances will be within 15 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Tel: +91 9167779196/97/98

Fax: +91 22 2596 0329

Email: tatapower.rights@linkintime.co.in

Investor Grievance Email: tatapower.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr Pravin Kasare

SEBI Registration No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited will expire on May 5, 2014. Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993, as amended. The renewal of the registration from SEBI is currently awaited.*

Investors may contact the Company Secretary and Compliance Officer and/or Registrar to the Issue in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ share certificates/ demat credit/ refund orders etc. The contact details of the Compliance Officer are as follows:

Compliance Officer for the Issue

Mr. H.M. Mistry

Company Secretary

Bombay House,

24, Homi Mody Street,

Mumbai 400 001,

Maharashtra

India

Tel: +91 22 6665 7515

Fax: +91 22 67171004

E-mail: investorcomplaints@tatapower.com

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including the devolvement obligation of the Underwriters, our Company shall refund the entire application money received pursuant to the Issue, within 15 days of the Issue Closing Date. In the event of any failure to refund the application money within the applicable period, our Company and its officer(s) in default shall be liable for each such default as prescribed under the Companies Act, 2013.

SECTION IX – OFFERING INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, including the CAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act and FEMA, applicable guidelines and regulations issued by SEBI and RBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by our Company, the terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute under and including any court proceedings and / or currently under transmission or are held in a demat suspense account pursuant to clause 5A of the Listing Agreement and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute / completion of the transmission or pending the release of Rights Equity Shares from demat suspense account. On submission of such documents/records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases on or prior to the closure of the Issue, to the satisfaction of the Issuer, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Shares during the Issue Period with respect to these Rights Entitlement at the Issue Price of ₹60 per Rights Equity Share.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. Please note that an ASBA Investor is an Eligible Equity Shareholder who (i) is holding our Equity Shares in dematerialised form as on the Record Date and has applied for Rights Entitlements and/ or additional Rights Equity Shares in dematerialised form; (ii) has not renounced Rights Entitlements in full or in part; (iii) is not a Renouncee; and (iv) who is applying through blocking of funds in a bank account maintained with SCSBs.

All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs. Neither the Company nor any of the Lead Managers shall in any way be responsible for compliance by the SCSBs with the provisions of the above circulars and all responsibilities in this regard shall vest solely with the relevant SCSBs.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to “*Procedure for Application through the Applications Supported by Blocked Amount Process*” on page 211 of this Letter of Offer.

Except for any renunciation in favour of FIIs, in terms of A.P. (DIR Series) Circular No. 53, issued by the RBI on December 17, 2003, any renunciation (i) from resident Indian Eligible Equity Shareholder(s) to NR(s); (ii) from NR Eligible Equity Shareholder(s) to resident Indian(s); or (iii) from a NR Eligible Equity Shareholder(s) to other NR(s), is subject to the renouncer(s)/renounee(s) obtaining any necessary regulatory approvals from the RBI. The renouncer(s)/renounee(s) is/are required to obtain any such approval and attach the same to the CAF, along with any other approval that may be required by such renouncer(s)/renounee(s). All such renunciations shall be subject to any conditions that may be specified in such RBI approval. Applications not complying with conditions of the approval/not accompanied by such approvals are liable to be rejected.

Any renunciation by or in favour of an NR other than as stated above is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/or permission of the RBI under FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those Equity Shareholders whose names appear as beneficial owners as per the list furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. March 20, 2014.

Rights Entitlement

The Eligible Equity Shareholders shall be entitled to apply for 7Rights Equity Shares for every 50 Equity Shares held on the Record Date. As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., March 20, 2014, you are entitled to the number of Rights Equity Shares as set out in Part A of the CAF.

The distribution of the Letter of Offer/ Abridged Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer/ Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer and CAFs to such shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America and in other restricted jurisdictions.

Principal Terms of the Rights Equity Shares issued under this Issue

Face Value

Each Rights Equity Share will have the face value of ₹ 1.

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of ₹60 for cash at par per Rights Equity Share. The Issue Price has been arrived at by our Company in consultation with the Lead Managers.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 7Rights Equity Shares for every 50Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹60 per Rights Equity Share is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 7 Rights Equity Shares for every 50 Equity Shares held as on the Record Date. For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 50 Equity Shares or is not a multiple of 50, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement and they will be given preference in the allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement.

Those Eligible Equity Shareholders holding less than 8 Equity Shares, i.e. holding up to 7 Equity Shares, and therefore entitled to zero Rights Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares, and will be given preference in the allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable/ non-renounceable.

It is clarified that the additional Rights Equity Shares, required in connection with the aforementioned allotments would be adjusted from the unsubscribed portion of the Issue, if any.)

An illustration stating the number of Rights Equity Shares for number of Equity Shares is set out below:

No. of Equity Shares	Rights Equity Shares
50	7
200	28
3,000	420

Ranking

The Rights Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Rights Equity Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend to Equity Shareholders as per the provisions of the Companies Act or the Companies Act 2013 and the provisions of our Articles of Association.

Listing and trading of Rights Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 500400 under the ISIN - INE245A01021) and NSE (Symbol: TATAPOWER under the ISIN - INE245A01021).

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Rights Equity Shares shall be traded on Stock Exchanges in the demat segment only.

We have received an “in-principle” approval for listing of the Rights Equity Shares from the BSE and an approval for the use of their name in this Letter of Offer from the NSE by letters, each dated March 11, 2014. We will apply to BSE and NSE for final approvals for the listing and trading of the Rights Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be Allotted pursuant to the Issue shall be taken as per the regulatory requirement. The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE under the existing ISIN for Equity Shares.

Rights of the Allottees

Subject to applicable laws, the Allottees shall have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote in person or by proxy;
4. Right to receive offers for rights shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation;
6. Right to free transferability of Equity Shares; and
7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Companies Act 2013, and Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Eligible Equity Shareholder holds Equity Shares in physical form, we would issue to the Allottees one certificate for the Rights Equity Shares Allotted to each folio (“**Consolidated Certificate**”) and in case an Eligible Equity Shareholder seeks allotment in demat form (whether existing Equity Shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Eligible Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week’s time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Rights Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF. Interm of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other money payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Rights Equity Shares that may be Allotted in this Issue under the same folio.

In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform their respective DP.

Notices

All notices in relation to the Issue, required to be given by us, shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation, one regional language daily newspaper with wide circulation in the state/ union territory within which the Company's registered office is located and/ or will be sent by registered post / speed post to the registered addresses of the Eligible Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders, from time to time.

Subscription by our Promoters and Promoter Group

Our Promoter, Tata Sons Limited, has vide its letter dated March 19, 2014 undertaken to subscribe, on its own account, to

- (a) the full extent of its Rights Entitlement in respect of the Issue, pursuant to and in accordance with Regulation 10(4)(a) of the SEBI (SAST) Regulations;
- (b) the full extent of any Rights Entitlements that shall be renounced in its favour by (i) Chemical Terminal Trombay Limited; and (ii) the Tata Trusts; and

- (c) subject to the approval of SEBI, any unsubscribed portion in the Issue, post the Issue Closing Date, such that its total subscription in the Issue (including (a) and (b) above) does not exceed 50% of the total Issue size.

Tata Sons Limited has vide its letters dated March 7, 2014 and March 12, 2014 applied to SEBI under Regulation 11 of the SEBI (SAST) Regulations seeking exemption from the strict application of the conditions specified under Regulation 10(4)(b) of the SEBI (SAST) Regulations for the purpose of subscription by Tata Sons Limited to Rights Equity Shares in excess of its Rights Entitlement in the Issue, pursuant to the renunciation of Rights Entitlement by CTTL and the Tata Trusts to Tata Sons Limited.

Such acquisition of additional Rights Equity Shares by our Promoter, Tata Sons Limited, shall not result in a change of control of the management of our Company.

Chemical Terminal Trombay Limited, and each of the Tata Trusts, currently forming part of our Promoter Group have each, vide their letters dated March 19, 2014, respectively, undertaken to renounce all their respective Rights Entitlements in favour of our Promoter, Tata Sons Limited. The renunciation of the Rights Entitlement to Tata Sons Limited is on account of the inability of these entities to subscribe to their Rights Entitlement in the Issue. CTTL, being a subsidiary of Tata Power is restricted under the provisions of Section 19 of the Companies Act, 2013 to subscribe to the Rights Equity Shares and the Tata Trusts, being governed by the provisions of the Bombay Public Trusts Act, 1950 and the rules framed thereunder, are not permitted to utilize their respective surplus trust property towards, amongst other things, investment in equity shares as equity shares are not considered as 'eligible' securities under the Bombay Public Trusts Act, 1950 and the rules.

Tata Steel Limited, Tata Investment Corporation Limited, Tata Industries Limited, Sheba Properties Limited and Ewart Investments Limited being the members of the Promoter Group have vide their letters each dated March 19, 2014 undertaken to subscribe to the full extent of their Rights Entitlement in respect of the Issue, pursuant to and in accordance with Regulation 10(4)(a) of the SEBI (SAST) Regulations.

Pursuant to the Issue, the Company shall continue to be in compliance with the minimum public shareholding requirement of 25% for continuous listing under Rule 19A of the SCRR.

Underwriting

The Company has entered into an Underwriting Agreement dated March 19, 2014 with JM Financial Institutional Securities Limited, BNP Paribas, HSBC Securities and Capital Markets (India) Private Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited. JM Financial, BNP Paribas, HSCI, Kotak and SBICAP are collectively termed as Underwriters. In terms of the Underwriting Agreement, the Underwriters at the request of the Company have agreed to underwrite the Rights Equity Shares offered through this Issue up to a maximum number of 12,51,25,001 Rights Equity Shares aggregating up to ₹ 750.75 crore as given in the table below. In terms of the Underwriting Agreement, the Underwriters, shall and subject to the Assured Subscription being brought in by the Promoter and Promoter Group, be responsible for bringing in any shortfalls at the Issue Price to ensure that the Minimum Subscription in the Issue is met.

Name and Address of the Underwriters	Maximum number of Rights Equity Shares underwritten	Amount underwritten in ₹ crore
JM Financial Institutional Securities Limited 7 th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025 Tel: +91 22 6630 3030	6,25,00,000	375.00
BNP Paribas	41,667	0.25

BNP PARIBAS House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East) Mumbai 400051 Tel: +91 22 3370 4000		
HSBC Securities & Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort, Mumbai – 400 001 Tel: +91 22 2268 5555	41,667	0.25
Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C – 27, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 4336 0000	41,667	0.25
SBI Capital Markets Limited 202, Maker Tower “E” Cuffe Parade Mumbai 400 005 Tel: +91 22 2217 8300	6,25,00,000	375.00

Note: The obligations of each Underwriter mentioned above are several and not joint.

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their underwriting obligations in full.

Procedure for Application

Application supported by block amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details please refer to the section on ASBA on page 211 of this Letter of Offer below.

In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with the DP / Depositories or available in Company records for Equity Shares held in physical form on the Record Date, the application is liable to be rejected.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail

Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Please also note that by virtue of Circular No. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Eligible Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

The CAF consists of four parts:

Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;

Part B: Form for renunciation of Rights Equity Shares;

Part C: Form for application for renunciation of Rights Equity Shares by Renouncee(s);

Part D: Form for request for Split Application forms.

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in the Rights Equity Shares offered as a part of this Issue, then he can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares (by requesting for split forms);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the CAF and submit the same along with the application money payable to the collection branches of the Escrow Collection Banks as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date. Investors at centres not covered by the branches of Escrow Collection Banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/ demand draft payable at Mumbai to the Registrar to the Issue by registered post/ speed post so as to reach the Registrar to the Issue before close of banking hours on or before the Issue Closing Date. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please refer to “Mode of Payment for Resident Eligible Equity Shareholders/ Investors” and “Mode of Payment for Non-Resident Eligible Equity Shareholders/ Investors” on page 208 of this Letter of Offer.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to

sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue - Basis of Allotment*” on page 220 of this Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Please note that the Rights Entitlements can be traded on the floor of the BSE. Your attention is drawn to the fact that we shall not Allot and/ or register and Rights Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, Eligible Equity Shareholders may not renounce in favour of persons or entities in the United States of America, or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Renunciation by non-resident Eligible Equity Shareholders

Except for any renunciation in favour of FIIs, in terms of A.P. (DIR Series) Circular No. 53, issued by the RBI on December 17, 2003, any renunciation (i) from resident Indian Eligible Equity Shareholder(s) to NR(s); (ii) from NR Eligible Equity Shareholder(s) to resident Indian(s); or (iii) from a NR Eligible Equity Shareholder(s) to other NR(s), is subject to the renouncer(s)/renounee(s) obtaining any necessary regulatory approvals from the RBI. The renouncer(s)/renounee(s) is/are required to obtain any such approval and attach the same to the CAF, along with any other approval that may be required by such renouncer(s)/renounee(s). All such renunciations shall be subject to any conditions that may be specified in such RBI approval. Applications not complying with conditions of the approval/not accompanied by such approvals are liable to be rejected.

Any renunciation by or in favour of an NR other than as stated above is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/or permission of the RBI under FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

Renunciation by OCBs

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognised as an eligible class of investors, and the RBI has subsequently issued the Foreign Exchange Management (withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, the Eligible Equity Shareholders who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same cannot renounce (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under the Consolidated FDI Policy with the prior approval of the Government, if the investment is through Government Route, and with the prior approval of the RBI, if the investment is through the Automatic Route on case by case basis. Eligible Equity Shareholders renouncing their Rights Entitlements in favour of OCBs may do so provided such

Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders. If used, this will render the application invalid. Submission of the CAF to the Escrow Collection Banks at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholders in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with the DP / Depositories or available in the records of the Company for Equity Shares held in physical form on the Record Date, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Escrow Collection Banks or to any of the collection branches of the Escrow Collection Banks as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/ or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign</i>)
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Rights Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>)
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C in the desired sequence.

In case of Equity Shares held in physical form, Investors must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer /Abridged Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof.
- Request by the Eligible Equity Shareholder for the SAFs should reach the Registrar on or before April 8, 2014.
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Eligible Equity Shareholder(s) by post at the Applicant's risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States of America or to or for the account or benefit of a "U.S.

Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for the Rights Equity Shares or the Rights Entitlement under applicable securities laws.

- Submission of the CAF to the Escrow Collection Banks at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- *Non-resident Eligible Equity Shareholders:* Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares Allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, *etc.* In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency, specifically thrice a week, on Mondays, Wednesdays and Fridays of every week till April 30, 2014. This would have an impact on timelines for the issuance of final certificates.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shares holders, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of both the applications.

Neither the Registrar nor the Lead Managers or us, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper- non-ASBA

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with cheque/ demand draft payable at Mumbai which should be drawn in favour of “**The Tata Power Company Limited – Rights Issue - R**” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “**The Tata Power Company Limited – Rights issue - NR**” in case of non-resident shareholders applying on repatriable basis and send the same by registered / speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

Furthermore, Eligible Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. www.linkintime.co.in, by providing his/ her folio. no. / DP ID/ Client ID in order to enable the Eligible Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “**The Tata Power Company Limited - Rights Issue - R**” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and “**The Tata Power Company Limited – Rights Issue - NR**” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen signature recorded with the DP / Depositories or available in the records of the Company for Equity Shares held in physical form as on the Record Date, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being The Tata Power Company Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹60 per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Rights Equity Shares Allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN of the Investor and for each Investor, in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories' records
- In case of Non Resident Eligible Equity Shareholders, NRE/ FCNR/ NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States of America or to the territories or possessions thereof (the "United States of America"). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States of America. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States of America, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States of America. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States of America at any time.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S under the Securities Act (“Regulation S”), or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the United States of America, and (ii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their Rights Entitlement and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor.

Last date for Application

The last date for submission of the duly filled in CAF is April 15, 2014.

If the CAF together with the amount payable is not received by any of the Escrow Collection Banks/ Registrar to the Issue on or before the close of banking hours on the Issue Closing Date, the invitation to offer contained in the Letter of Offer/ Abridged Letter of Offer shall be deemed to have been declined and the Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the chapter “Terms of the Issue – Basis of Allotment” on page 220 of this Letter of Offer.

Mode of payment for Resident Eligible Equity Shareholders / Investors

- a. All cheques/ drafts accompanying the CAF should be drawn in favour of the Escrow Collection Bank (specified on the reverse of the CAF), crossed ‘A/c Payee only’ and marked “The Tata Power Company Limited – Rights Issue - R”;

Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, favouring the Escrow Collection Bank, crossed ‘A/c Payee only’ and marked “The Tata Power Company Limited – Rights Issue - NR” payable at Mumbai directly to the Registrar to the Issue by registered post / speed post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers or the Registrar. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Eligible Equity Shareholders / Investors

As regards the application by non-resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

- a. Individual non-resident Indian applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can also obtain application forms from the following address:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078

Note: the Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided

- b. Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- c. All non-resident Investors should draw the cheques/ demand drafts in favour of “**The Tata Power Company Limited – Rights Issue – NR**”, crossed “A/c Payee only” for the full application amount, and which should be submitted along with the CAF to the Escrow Collection Bank / collection centres or to the Registrar to the Issue.
- d. Non-resident Investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, drawn in favour of Escrow Collection Bank, crossed “A/c Payee only” and marked “**The Tata Power Company Limited – Rights Issue – NR**” payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- e. Payment by non-residents must be made by demand draft payable at Mumbai/ cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

1. By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
2. By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorised to deal in foreign currency in India, along with documentary evidence in support of remittance;
3. By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai;
4. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or
5. Non-resident Investors applying with repatriation benefits should draw cheques/ drafts in favour of “**The Tata Power Company Limited – Rights Issue – NR**” and must be crossed ‘account payee only’ for the full application amount.
6. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has

been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

7. In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers.
8. Payments through NRO accounts will not be permitted.

Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- (a) As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Rights Equity Shares will be on non-repatriation basis.
- (b) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'The Tata Power Company Limited – Rights Issue - R' and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Escrow Collection Banks indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (c) Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- (d) New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

- (a) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.
- (b) In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

- (c) The CAF duly completed together with the amount payable on application must be deposited with the Escrow Collection Banks indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (d) In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. The Lead Managers and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Managers, our Company, our directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009 must mandatorily invest through the ASBA process.

Please note that an ASBA Investor is an Eligible Equity Shareholder who (i) is holding our Equity Shares in dematerialised form as on the Record Date and has applied for Rights Entitlements and/ or additional Rights Equity Shares in dematerialised form; (ii) has not renounced Rights Entitlements in full or in part; (iii) is not a Renouncee; and (iv) who is applying through blocking of funds in a bank account maintained with SCSBs.

All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.

The list of banks, which have been notified by SEBI to act as SCSBs for the ASBA process, is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above-mentioned SEBI link.

In terms of SEBI circular dated September 13, 2012, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Eligible Equity Shareholders who are eligible to apply under the ASBA process

The option of applying for Rights Equity Shares through the ASBA process is available only to the Eligible Equity Shareholders who are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

To qualify as ASBA Investors, Eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialised form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialised form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF(unless all the SAFs are used by the original shareholder);
- should not be Renouncees; and
- should apply through blocking of funds in bank accounts maintained with SCSBs.

CAF

The Registrar will dispatch the CAF through registered post / speed post to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process will have to select the ASBA mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA mechanism in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date.

Mode of payment

The Eligible Equity Shareholder applying under the ASBA process agrees to block the entire amount payable on application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI (ICDR) Regulations, into the separate bank account maintained by us, other than the bank account referred to sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount, if any, remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account with the SCSB details of which have been provided by the Eligible Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

In terms of SEBI circular dated September 13, 2012, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Options available to the Eligible Equity Shareholders applying under the ASBA process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign</i>)

The Eligible Equity Shareholders applying under the ASBA process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 220 of this Letter of Offer.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Renunciation under the ASBA process

Renouncees are not eligible to participate in this Issue through the ASBA process.

Application on Plain Paper- ASBA

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA process may make an application to subscribe to the Issue on plain paper.

Furthermore, Eligible Equity Shareholders have an option to print application on plain paper from the website of the Registrar to the Issue, i.e. www.linkintime.co.in, by providing his/ her folio.no. / DP ID/ Client ID in order to enable the Eligible Equity Shareholder to apply for the Issue. Further, they also can make an application on plain paper giving necessary details as given below.

The envelope should be superscribed “**Tata Power – Rights Issue**”. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being The Tata Power Company Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be blocked at the rate of ₹60 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; and
- Signature of the Eligible Equity Shareholder to appear in the same sequence and order as they appear in our records or the Depositories records.
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the U.S. Securities Act of 1933 (the “Securities Act”) or any United States of America state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States of America or to the territories or possessions thereof (the “United States of America”. I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States of America. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States of America, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States of America.

Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States of America at any time.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S under the Securities Act ("Regulation S"), or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the United States of America, and (ii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in "an offshore transaction" meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Rights Equity Shares in Dematerialised Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN, WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA INVESTOR ON THE RECORD DATE.

Issuance of Intimation Letters

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by the Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

General instructions for Eligible Equity Shareholders applying under the ASBA process

- 1) Please read the instructions printed on the CAF carefully.
- 2) Application should be made on the printed CAF and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- 3) The CAF in the ASBA process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Escrow Collection Banks

(assuming that such Escrow Collection Bank is not a SCSB), to us or Registrar or Lead Managers to the Issue.

- 4) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN number allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**
- 5) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 6) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or the Depositories.
- 7) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- 8) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholder should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number.
- 9) Only the person or persons to whom the Rights Equity Shares have been offered shall be eligible to participate under the ASBA process.
- 10) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- 11) Only the Eligible Equity Shareholders holding Equity Shares in demat are eligible to participate through ASBA process.
- 12) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- 13) Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

- 14) All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- 15) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper - ASBA*” on page 214 of this Letter of Offer.
- 16) **In terms of SEBI circular dated September 13, 2012, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

Do's:

- Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be Allotted in the dematerialised form only.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Rights Equity Shares applied for} X {Issue Price of Rights Equity Shares}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I T Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Apply under the ASBA process only if you comply with the definition of an ASBA investor

Don'ts:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- Do not send your physical CAFs to the Lead Managers to Issue/ Registrar/ Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA process.

Grounds for Technical Rejection under the ASBA process

In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 229 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on a SAF (unless all the SAFs are used by the original shareholder).
- Application for allotment of Rights Entitlements or additional shares, which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager/ Registrar/ Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States of America or other restricted jurisdictions and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.

- CAFs, which have evidence of being, executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a “U.S. Person” (as defined in Regulation S).
- Renouncees applying under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- The Application by an Eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 each and has not done so through the ASBA process.
- Applications by SCSBs not complying with the SEBI circular dated September 13, , whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Eligible Equity Shareholders applying under the ASBA process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant’s name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation (“Demographic Details”). Hence, Eligible Equity Shareholders applying under the ASBA process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic

Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Eligible Equity Shareholder applying under the ASBA process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent equity shares are not Allotted to such Eligible Equity Shareholders. Eligible Equity Shareholders applying under the ASBA process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholders in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA process and none of us, the SCSBs or the Lead Managers shall be liable to compensate the Eligible Equity Shareholders applying under the ASBA process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	March 31, 2014
Last date for receiving requests for SAFs:	April 8, 2014
Issue Closing Date:	April 15, 2014
Date of Allotment (on or about)	April 26, 2014
Date of credit (on or about)	April 29, 2014
Date of listing (on or about)	April 30, 2014

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and full allotment to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholder (s) whose fractional entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for allotment under this head are more than number of Rights Equity Shares available after allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

- (c) Allotment to the Eligible Equity Shareholder (s) who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Rights Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (e) Allotment to any other person that the Board of Directors, or the Committee for Rights Issue, may deem fit, provided there is surplus available after making Allotment under (a) to (d) above, in accordance with the provisions of 81(1)(d) of the Companies Act.

Promoter Subscription

Our Promoter, Tata Sons Limited, has vide its letter dated March 19, 2014 undertaken to subscribe, on its own account, to

- (a) the full extent of its Rights Entitlement in respect of the Issue, pursuant to and in accordance with Regulation 10(4)(a) of the SEBI (SAST) Regulations;
- (b) the full extent of any Rights Entitlements that shall be renounced in its favour by (i) Chemical Terminal Trombay Limited; and (ii) the Tata Trusts; and
- (c) subject to the approval of SEBI, any unsubscribed portion in the Issue, post the Issue Closing Date, such that its total subscription in the Issue (including (a) and (b) above) does not exceed 50% of the total Issue size.

Tata Sons Limited has vide its letters dated March 7, 2014 and March 12, 2014 applied to SEBI under Regulation 11 of the SEBI (SAST) Regulations seeking exemption from the strict application of the conditions specified under Regulation 10(4)(b) of the SEBI (SAST) Regulations for the purpose of subscription by Tata Sons Limited to Rights Equity Shares in excess of its Rights Entitlement in the Issue, pursuant to the renunciation of Rights Entitlement by CTTL and the Tata Trusts to Tata Sons Limited.

Such acquisition of additional Rights Equity Shares by our Promoter, Tata Sons Limited, shall not result in a change of control of the management of our Company.

Chemical Terminal Trombay Limited, and each of the Tata Trusts, currently forming part of our Promoter Group have each, vide their letters dated March 19, 2014, respectively, undertaken to renounce all their respective Rights Entitlements in favour of our Promoter, Tata Sons Limited. The renunciation of the Rights Entitlement to Tata Sons Limited is on account of the inability of these entities to subscribe to their Rights Entitlement in the Issue. CTTL, being a subsidiary of Tata Power is restricted under the provisions of Section 19 of the Companies Act, 2013 to subscribe to the Rights Equity Shares and the Tata Trusts, being governed by the provisions of the Bombay Public Trusts Act, 1950 and the rules framed thereunder, are not permitted to utilize their respective surplus trust property towards, amongst other things, investment in equity shares as equity shares are not considered as 'eligible' securities under the Bombay Public Trusts Act, 1950 and the rules.

Tata Steel Limited, Tata Investment Corporation Limited, Tata Industries Limited, ShebaProperties Limited and Ewart Investments Limited being the members of the Promoter Group have vide their letters each dated March 19, 2014 undertaken to subscribe to the full extent of their Rights Entitlement in respect of the Issue, pursuant to and in accordance with Regulation 10(4)(a) of the SEBI (SAST) Regulations.

Pursuant to the Issue, the Company shall continue to be in compliance with the minimum public shareholding requirement of 25% for continuous listing under Rule 19A of the SCRR.

Underwriting

The Company has entered into an Underwriting Agreement dated March 19, 2014 with JM Financial Institutional Securities Limited, BNP Paribas, HSBC Securities and Capital Markets (India) Private Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited. JM Financial, BNP Paribas, HSCI, Kotak and SBICAP are collectively termed as Underwriters. In terms of the Underwriting Agreement, the Underwriters at the request of the Company have agreed to underwrite the Rights Equity Shares offered through this Issue up to a maximum number of 12,50,00,000 Rights Equity Shares aggregating up to ₹ 750.00 crore as given in the table below. In terms of the Underwriting Agreement, the Underwriters, shall and subject to the Assured Subscription being brought in by the Promoter and Promoter Group, be responsible for bringing in any shortfalls at the Issue Price to ensure that the Minimum Subscription in the Issue is met.

Name and Address of the Underwriters	Maximum number of Rights Equity Shares underwritten	Amount underwritten in ₹ crore
JM Financial Institutional Securities Limited 7 th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025 Tel: +91 22 6630 3030	6,25,00,000	375.00
BNP Paribas BNP PARIBAS House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East) Mumbai 400051 Tel: +91 22 3370 4000	41,667	0.25
HSBC Securities & Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort, Mumbai – 400 001 Tel: +91 22 2268 5555	41,667	0.25
Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C – 27, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: +91 22 4336 0000	41,667	0.25

SBI Capital Markets Limited	6,25,00,000	375.00
202, Maker Tower “E” Cuffe Parade Mumbai 400 005 Tel: +91 22 2217 8300		

Note: The obligations of each Underwriter mentioned above are several and not joint.

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their underwriting obligations in full.

Allotment Advices/ Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the Allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service (“NECS”) except where Investors have not provided the details required to send electronic refunds or where the Investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement (“RTGS”).

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please refer to the section titled “*Terms of the Issue*” beginning on page 195 of this Letter of Offer.

The letter of allotment/ refund order would be sent by registered / speed post to the sole/ first Investor’s registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes in case of applicants residing in any of the centers specified by SEBI:

- NECS – Payment of refund would be done through NECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition code (the “MICR”) as appearing on a cheque leaf, from the Depositories/the records of the Registrar to the Issue. The

payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

- b) NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- c) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- d) Direct Credit – Investors having bank accounts with the Escrow Collection Banks shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- e) For all other Investors, including such Investors that have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post/registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- f) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor’s bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants, which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/ Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demats credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue

Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates. In case our Company issues allotment advice, the relative share certificates will be dispatched within one month from the date of Allotment.

Option to receive Rights Equity Shares in Dematerialised Form

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Share Transfer Agent, which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Share Transfer Agent, which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/ or dematerialised form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

- (a) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- (b) For Eligible Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in our records.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete/ incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.

The Rights Equity Shares Allotted to applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.

Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

1. Please read the instructions printed on the CAF carefully.
2. Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper – non-ASBA" on page 207 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's/ husband's name must be filled in block letters.

The CAF together with the cheque/ demand draft should be sent to the Escrow Collection Banks or to the Registrar to the Issue and not to us or Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Escrow Collection Banks have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of the full application amount and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected.

Applications where separate cheques/ demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected.

3. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN number allotted under the I.T. Act, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
4. Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/ current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

5. All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
6. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ or the Depositories.
7. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above-referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Escrow Collection Banks.
8. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
9. Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/ NRIs in the United States of America or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
10. All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialised form.
11. SAFs cannot be re-split.
12. Only the Eligible Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
13. Investors must write their CAF number at the back of the cheque/ demand draft.
14. Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or

a sub member of an Escrow Collection Banks' clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

15. A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
16. No receipt will be issued for application money received. The Escrow Collection Banks/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
17. The distribution of the Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only;
- Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Rights Equity Shares applied for) X (Issue Price of Rights Equity Shares before submission of the CAF. Investors residing at places other than cities where the branches of the Escrow Collection Banks have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of the full application amount;
- Ensure that you receive an acknowledgement from the collection branch of an Escrow Collection Bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of an Escrow Collection Bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors.

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Eligible Equity Shareholders does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with the DP / Depositories or records available with the Company for Equity Shares held in physical form as on the Record Date;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise

located) in the United States of America or other restricted jurisdictions and is authorised to acquire the Rights Entitlements and Rights Equity Shares in compliance with all applicable laws and regulations;

- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- QIBs Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, applying through the non-ASBA process.
- The application by an Eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of our post-Issue paid-up share capital. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of our Company's total paid-up equity share capital. The limit for investment by FIIs in our Company is currently capped at 35% of our Company's total paid-up equity share capital.

Applications will not be accepted from FIIs in restricted jurisdictions.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centers where such AIFs are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than 5% of the paid up equity capital of our Company at any point of time. Further, the aggregate shareholding of all QFIs shall not exceed 10% of the paid up equity capital of the Company at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Escrow Collection Bank/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date.

If there is a delay in the refund of subscription by more than eight days after our Company becomes liable to pay the subscription amount, our Company and every Director of our Company who is an officer in default will be liable to pay interest for the delayed period, as per the provisions of the Companies Act, 2013.

For further instructions, please read the CAF carefully.

Utilisation of Gross Proceeds

The Board of Directors declares that:

- (i) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 40 of the Companies Act, 2013;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised till the time any of the Gross Proceeds remained unutilised;
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested; and
- (iv) Our Company may utilise the funds collected in the Issue only after finalisation of the Basis of Allotment.

Undertakings by us

We undertake the following:

- (1) The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
- (2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within seven Working Days of finalisation of basis of Allotment and, in any event, within 12 Working Days from the Issue Closing Date.
- (3) The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us.
- (4) We undertake that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (5) Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
- (6) The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
- (7) No further issue of securities affecting our equity capital shall be made till the securities issued/ offered through the Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription, etc.
- (8) At any given time there shall be only one denomination of our Equity Shares.
- (9) We accept full responsibility for the accuracy of information given in the Letter of Offer and confirm that to the best of our knowledge and belief, there are no other facts, the omission of which make any statement made in the Letter of Offer misleading and further confirm that we have made all reasonable enquiries to ascertain such facts.
- (10) All information shall be made available by the Lead Managers and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

- (11) We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including the devolvement obligation of the Underwriters, our Company shall refund the entire application money received pursuant to the Issue, within 15 days of the Issue Closing Date. In the event of any failure to refund the application money within the applicable period, our Company and its officer(s) in default shall be liable for each such default as prescribed under the Companies Act, 2013.

Important

- A. Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.
- B. All enquiries in connection with the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholders as mentioned on the CAF and superscribed '**Tata Power - Rights Issue**' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Tel: +91 91 67779196 / 97 / 98

Fax: +91 22 2596 0329

Email: tatapower.rights@linkintime.co.in

Investor Grievance Email: tatapower.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Pravin Kasare

- C. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in the section titled "*Risk Factors*" beginning on page 17 of this Letter of Offer.

The Issue will remain open for a minimum 15 days, provided that the Committee for Rights Issue, in consultation with the Lead Managers, may extend the Issue period for such further period as may be deemed fit, provided, however, that in no event would the Issue remain open for a period exceeding 30 days.

SECTION X – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried out by our Company or entered into more than two years prior to the date of this Letter of Offer), which may or may be deemed material have been entered or are to be entered into by our Company. These contracts together with the documents referred in para (B) below may be inspected at the registered office of our Company situated at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India from 10 AM to 5 PM from the date of the Letter of Offer until the date of closure of the Issue, on Working Days.

A. Material Contracts

1. Issue agreement dated March 19, 2014 amongst the Company and the Lead Managers.
2. Registrar Agreement dated March 19, 2014 between the Company and the Registrar to the Issue.
3. Tripartite agreement amongst the Company, CDSL and the Share Transfer Agent.
4. Tripartite agreement amongst the Company, NSDL and the Share Transfer Agent.
5. Agreement between the Company and the Monitoring Agency dated March 19, 2014.
6. Agreement between Escrow Collection Banks, Lead Managers, the Company and the Registrar to the Issue dated March 19, 2014.
7. Underwriting Agreement dated March 19, 2014, amongst the Company and the Underwriters.

B. Material Documents for Inspection

1. Certificate of Incorporation of our Company dated September 18, 1919
2. Memorandum of Association and Articles of Association of our Company.
3. Resolution of the Board of Directors under section 81(1) of Companies Act dated February 27, 2014, authorising the Issue and related matters.
4. Resolution of the Committee for Rights Issue dated March 8, 2014, determining the terms of the Issue.
5. Consents of the Directors, Auditor, Lead Managers, Legal Advisors to the Issue, International Legal Advisors to the Lead Managers, Company Secretary and Compliance Officer, Escrow Collection Banks, Monitoring Agency, Registrar to the Issue, Expert(s) and Underwriters to include their names in this Letter of Offer and to act in their respective capacities.
6. Statement of tax benefits dated March 19, 2014 received from Deloitte Haskins & Sells LLP, Chartered Accountants, as disclosed in this Letter of Offer.
7. Annual reports of the Company for the last five years ended March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013.

8. Auditors' report on the standalone financial statements dated May 30, 2013, by Deloitte Haskins & Sells LLP, Chartered Accountants, our statutory auditors for the financial year ended March 31, 2013.
9. Auditors' report on the consolidated financial statements dated May 30, 2013, by Deloitte Haskins & Sells LLP, Chartered Accountants, our statutory auditors for the financial year ended March 31, 2013.
10. September Audited Interim Unconsolidated Financial Results and the associated audit report as at and for the period ended September 30, 2013, issued by Deloitte Haskins & Sells LLP, Chartered Accountants, our statutory auditors dated November 14, 2013.
11. September Unaudited Consolidated Interim Financial Results and the associated limited review report as at and for the period ended September 30, 2013, issued by Deloitte Haskins & Sells LLP, Chartered Accountants, our statutory auditors dated November 14, 2013.
12. December Audited Interim Unconsolidated Financial Results and the associated audit report as at and for the period ended December 31, 2013, issued by Deloitte Haskins & Sells LLP, Chartered Accountants, our statutory auditors dated February 7, 2014.
13. December Unaudited Consolidated Interim Financial Results and the associated limited review report as at and for the period ended December 31, 2013, issued by Deloitte Haskins & Sells LLP, Chartered Accountants, our statutory auditors dated November 14, 2013.
14. Certificate dated March 19, 2014, from the Company as regards compliance with conditions enumerated in Para 1 of Part E under Schedule VIII of the SEBI (ICDR) Regulations.
15. Due Diligence certificate dated March 19, 2014 by JM Financial Institutional Securities Limited, BNP Paribas HSBC Securities & Capital Markets (India) Private Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited.
16. An "in-principle" approval for listing of the Rights Equity Shares from the BSE and an approval for the use of their name in this Letter of Offer from the NSE by letters, each dated March 11, 2014.
17. Application by Tata Power - G dated January 15, 2013, in terms of the order of the MERC dated August 9, 2012, for the second Control Period from FY 2012-13 to FY 2015-16.
18. Application by Tata Power - T dated October 10, 2012, in terms of the order of the MERC dated June 28, 2012, for the second Control Period from FY 2012-13 to FY 2015-16.
19. Application by Tata Power - D dated November 27, 2012, in terms of the order of the MERC dated August 26, 2012, for the second Control Period from FY 2012-13 to FY 2015-16.
20. Order dated June 5, 2013 with respect to the application made by Tata Power - G.
21. Order dated March 30, 2013 with respect to the application made by Tata Power - T.
22. Order dated June 28, 2013 with respect to the application made by Tata Power - D.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act and the Companies Act, 2013 (to the extent notified) and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, *etc.*, issued by Securities and Exchange Board of India, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

Mr. Cyrus P. Mistry Non-Executive Chairman	
Mr. R. Gopalakrishnan Non-Executive Director	
Dr. Homiar S. Vachha Independent Director	
Mr. Nawshir H. Mishra Independent Director	
Mr. Deepak M. Satwalekar Independent Director	
Mr. Piyush G. Mankad Independent Director	
Mr. Ashok K. Basu Independent Director	
Mr. Thomas Mathew T. Independent Director	
Ms. Vishakha Mulye Independent Director	
Mr. Anil Sardana Managing Director	
Mr. S. Padmanabhan Executive Director	

Place: Mumbai

Date: