

Certified True Copy
The Tata Power Company Limited

06 November 2015

The Board of Directors
The Tata Power Company Limited
Bombay House
24, Homi Mody Street
Mumbai - 400 001,
India

Thn Misty
Company Secretary

Re: Report on the NAV Valuation of 5 Renewable Energy Undertakings of The Tata Power Company Limited for the proposed transfer to Tata Power Renewable Energy Limited and its wholly owned subsidiaries

Dear Sir/Madam,

We refer our engagement letter dated 05 November 2015, wherein The Tata Power Company Limited (hereinafter referred to as "TPCL" or "Client" or "you" or "Transferor Company" or "Company") has requested S.R. Battliboi & Co. LLP (hereinafter referred to as "SRBC" or "we" or "us") to perform valuation of its 5 Renewable Energy Undertakings (hereinafter referred to as "Renewable Energy Undertakings" or "Renewable Business") as at 30 June 2015 for the proposed transfer to Tata Power Renewable Energy Limited and its wholly owned subsidiaries on a slump sale basis ("Purpose").

COMPANY BACKGROUND

The Tata Power Company Limited is engaged in the business of generation, transmission, distribution and trading of electricity in India. It generates electricity primarily through coal, gas, hydro, wind, solar and waste heat.

TPCL has its registered office in Mumbai and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Tata Power Renewable Energy Limited (hereinafter referred to as "TPREL" or "Transferee Company No. 1") is engaged in the business of generation and sale of power from renewable energy sources in India. TPREL is a wholly owned subsidiary of TPCL.



SCOPE AND PURPOSE OF THIS REPORT

The Transferor Company has certain power generation units in the state of Maharashtra, Gujarat, Karnataka, Tamil Nadu and West Bengal (i.e. Renewable Energy Undertakings which are proposed to be transferred to TPREL/TPREL's wholly owned subsidiaries). The details of the same are as below:

Project being transferred	Power plants covered under the project	Project Name	Power Plant type	Total capacity (In MW)
Renewable Energy Undertaking 1	Comprises of 7 wind and solar based power plants: I. 11.3 MW wind project in Brahmanvel, Maharashtra II. 50.4 MW wind project in Khandke, Maharashtra III. 17.5 MW wind project in Sadawaghapur, Maharashtra IV. 50.4 MW wind project in Gadag, Karnataka; V. 10 MW wind project in Visapur, Maharashtra VI. 49.5 MW wind project in Agaswadi, Maharashtra VII. 50.4 MW wind project in Samana, Gujarat VIII. 3 MW solar project in Mulshi, Maharashtra	Mulshi and Other Winds	Wind and Solar	242.5
Renewable Energy Undertaking 2	17 MW wind project in Supa, Maharashtra	Supa	Wind	17
Renewable Energy Undertaking 3	21 MW wind project in Nivede, Maharashtra	Nivede	Wind	21
Renewable Energy Undertaking 4	99 MW wind project in Poolavadi, Tamil Nadu	Poolavadi	Wind	99
Renewable Energy Undertaking 5	120 MW production - waste recovery project in Haldia, West Bengal	Haldia	Production waste	120

We understand that TPCL is proposing to transfer its above 5 Renewable Energy Undertakings to TPREL/TPREL's wholly owned subsidiaries under the Scheme of Arrangement pursuant to the provisions of Section 391 to 394 of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent notified) (hereinafter referred to as "the Transaction"). In this regard, the valuation report is required by TPCL to comply with the SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and other regulatory purpose.

Further, we understand that TPCL is proposing the above transfer at book values and hence, the valuation is required as per Net Asset Value method.



In order to comply with the regulatory requirements, management of TPCL ("Management") has appointed SRBC to perform the valuation of its 5 Renewable Energy Undertakings (as tabulated below). We understand that in exchange of the transfer, a lump sum consideration will be paid by the respective transferee companies to TPCL.

Project being transferred	Transferor Company	Transferee Company	Transferee Company to be referred as
Renewable Energy Undertaking 1	The Tata Power Company Limited	Tata Power Renewable Energy Limited	Transferee Company No. 1
Renewable Energy Undertaking 2		[●] Limited *	Transferee Company No. 2
Renewable Energy Undertaking 3		[●] Limited *	Transferee Company No. 3
Renewable Energy Undertaking 4		[●] Limited *	Transferee Company No. 4
Renewable Energy Undertaking 5		[●] Limited *	Transferee Company No. 5

* to be incorporated/acquired wholly owned subsidiary of TPREL

The Appointed date for the proposed Transaction is 1 April 2016. Since this date is in the future, TPCL has requested us to provide an interim NAV valuation as at the valuation date of 30 June 2015.

This report is our deliverable for the aforementioned purpose.

This report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of complying with regulatory requirements and should not be used for any other purpose.

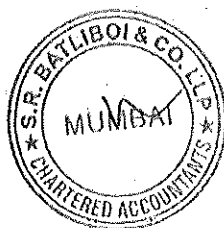
SOURCES OF INFORMATION

The sources of information, which have been furnished to us by TPCL, include:

- Statement of extract of account balances pertaining to Renewable Business as on 30 June 2015, which has been certified by the Chartered Accountant Firm. (Refer Appendix 1)
- Draft Scheme of Arrangement proposed for the Transaction between the transferor and transferee companies.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the representatives of the Management.

It may be mentioned that TPCL has been provided an opportunity to review the draft report for the current engagement as part of our standard practice to make sure that factual inaccuracies, omissions, etc. are avoided in our report.



STATEMENT OF LIMITING CONDITIONS

Affecting results

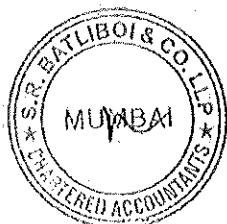
Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The value contained herein is not intended to represent the NAV of the 5 Renewable Energy Undertakings at any time other than 30 June 2015, as per the agreed scope of our engagement.

The valuation report was prepared for the purpose of complying with regulatory requirement. It may not be valid for any other purpose. This report, its contents and the results herein (i) are specific to the purpose of valuation agreed as per the terms of our Engagement Letter; (ii) are specific to the date of this report; and (iii) are based on the Statement of extract of account balances pertaining to Renewable Business as on 30 June 2015, which has been certified by the Chartered Accountant Firm. Events occurring after this date may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

We have relied on the Statement of extract of account balances pertaining to Renewable Business as on 30 June 2015, which has been certified by the Chartered Accountant Firm. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Company, we have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Company. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume that the information provided to us presents a fair image of TPCL's Renewable Business assets and liabilities being valued at the Valuation Date. Therefore, SRBC will accept no responsibility for any error or omission in the Report arising from incorrect information provided by the Management.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Company (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice; (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).



S.R. BATLIBOI & CO. LLP

Chartered Accountants

The report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated; and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to the following matters –

- Matters of a legal nature, including issues of legal title and compliance with local laws, and
- Litigation and other contingent liabilities that are not recorded in the Statement of extract of account balances pertaining to Renewable Business as on 30 June 2015.

The valuation exercise and result are governed by the concept of materiality.

No enquiry into the TPCL's claim to title of assets or property has been made for the purpose of this valuation. With regard to the TPCL's claim to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed the TPCL's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to us about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

We express no opinion or recommendation as to how the shareholders of TPCL/TPREL/TPREL's wholly owned subsidiaries should vote at any shareholders' meeting(s) to be held in connection with the proposed arrangement.

The fee for the report is not contingent upon the results reported.

We owe responsibility only to TPCL that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. This report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to High Court, other regulatory authorities and inspection by equity shareholders in connection with the Scheme of Arrangement, without our prior written consent. The report does not constitute a recommendation to any shareholder/creditor on how they should vote in any meetings. The report also does not evaluate fairness from creditors' perspective.



VALUATION SUMMARY

As discussed earlier, the Management of TPCL has proposed to transfer the Renewable Energy Undertakings to its direct/indirect wholly owned subsidiaries at book value. Hence, we have considered Net Asset Value (NAV) method to estimate the value of Renewable Energy Undertakings and have not considered any other valuation methods.

The NAV method has been applied by us based on the Statement of extract of account balances pertaining to Renewable Business as on 30 June 2015 as certified by M/s R P Mehta and Associates, the Chartered Accountant Firm (Refer Appendix 1). Further, as informed by the Management that Head Office Account (Net) being the notional adjustment in divisional financial statements of the Renewable Energy Undertakings, which are not expected to be transferred by TPCL, have been excluded in NAV computation.

The valuation summary of Renewable Energy Undertakings is presented below:

Project being transferred	Power plants covered under the project	Project Name	Power Plant type	Total capacity (in MW)	NAV (in million)
Renewable Energy Undertaking 1	<u>Comprises of 7 wind and solar based power plants:</u> I. 11.3 MW wind project in Brahmanvel, Maharashtra II. 50.4 MW wind project in Khandke, Maharashtra III. 17.5 MW wind project in Sadawaghapur, Maharashtra IV. 50.4 MW wind project in Gadag, Kamataka V. 10 MW wind project in Visapur, Maharashtra VI. 49.5 MW wind project in Agaswadl, Maharashtra VII. 50.4 MW wind project in Samana, Gujarat VIII. 3 MW solar project in Mulshi, Maharashtra	Mulshi and Other Winds	Wind and Solar	242.5	0.0*
Renewable Energy Undertaking 2	17 MW wind project in Supa, Maharashtra	Supa	Wind	17	0.0*
Renewable Energy Undertaking 3	21 MW wind project in Nivede, Maharashtra	Nivede	Wind	21	219.6
Renewable Energy Undertaking 4	99 MW wind project in Poolavadi, Tamil Nadu	Poolawadi	Wind	99	199.6
Renewable Energy Undertaking 5	120 MW production - waste recovery project in Haldia, West Bengal	Haldia	Production waste	120	0.0*

* Rs. 100 is expressed in million terms.

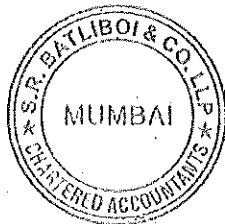
(Refer detail workings in Annexure A)

Respectfully submitted,

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 301003E



Ravi Bansal
Partner
Membership No.: 49365
Place: Mumbai
Date: 06 November 2015



Annexure A

NAV valuation of 5 Renewable Energy Undertakings as at 30 June 2015

	Renewable Energy Undertaking 1			Renewable Energy Undertaking 2	Renewable Energy Undertaking 3	Renewable Energy Undertaking 4	Renewable Energy Undertaking 5
	Mulshi	Other Winds	Total (Mulshi and Other Winds)	Supa	Nivede	Poolavadi	Haldia
<i>Currency: ₹ mn</i>							
Assets:							
Non Current Assets							
Fixed Assets							
Tangible Assets	298.9	7,651.5	7,950.4	333.0	302.5	4,351.4	4,138.0
Intangible Assets	-	1.5	1.5	-	-	-	-
Capital Work-in-Progress	0.3	1.7	1.9	-	0.3	0.3	15.8
Total fixed assets (a)	299.1	7,654.7	7,953.8	333.0	302.8	4,351.7	4,153.8
Long-term Loans and Advances (b)	-	-	-	-	-	-	11.1
Current assets							
Inventories	-	-	-	-	-	-	67.9
Trade Receivables	-	79.0	79.0	0.04	-	171.5	140.7
Cash and Bank Balances	-	-	-	-	-	-	0.00
Short-term Loans and Advances	-	-	-	0.03	-	0.2	19.1
Other Current Assets	-	30.7	30.7	-	-	48.4	-
Total current assets (c)	-	109.7	109.7	0.1	-	220.2	227.6
Total assets (a + b + c)	299.1	7,764.4	8,063.5	333.0	302.8	4,571.9	4,392.5
Liabilities:							
Non Current liabilities							
Long Term Borrowings	160.0	4,965.7	5,125.7	559.8	-	2,681.9	3,614.5
Deferred Tax Liability	35.5	2,249.7	2,285.2	101.7	72.9	1,237.6	428.2
Long-term Provisions	0.1	1.8	1.9	(0.01)	0.01	0.3	10.6
Total non current liabilities (d)	195.6	7,217.3	7,412.8	661.6	72.9	3,919.8	4,053.3
Current liabilities							
Trade Payables	2.0	64.4	66.3	8.2	9.4	89.9	189.3
Other Current Liabilities	9.9	887.1	896.9	112.4	0.8	362.5	200.8
Short-term Provisions	-	-	-	0.03	-	-	-
Total current liabilities (e)	11.8	951.4	963.3	120.6	10.3	452.4	390.1
Total liabilities (d + e)	207.4	8,168.7	8,376.1	782.2	83.2	4,372.3	4,443.3
NAV value as at 30 June 2015	91.7	(404.3)	(312.5)*	(449.1)*	219.6	199.6	(50.8)*

*The Net Asset value of Renewable Energy Undertaking 1 (Mulshi and Other Winds), Renewable Energy Undertaking 2 (Supa) and Renewable Energy Undertaking 5 (Haldia) as at 30 June 2015 estimated as per NAV method is negative. However, we understand from the Draft Scheme of Arrangement, in such a case, the nominal consideration for transfer of such Renewable Energy Undertakings would be mutually agreed by the Board of Directors or committee(s) thereof of the Transferor and Transferee Company. The Management has informed us that this nominal consideration for Renewable Energy Undertaking 1, 2 and 5 shall be considered to be Rs.100 each. Accordingly, we have considered Rs.100 as a consideration for each of such undertakings.



Appendix 1: Chartered Accountant's certificate



R P MEHTA & ASSOCIATES
CHARTERED ACCOUNTANTS

B/204, SONAL CLASSIC, DIWARDA WADI ROAD, OFF J. P. ROAD, ANDHERI (WEST), MUMBAI - 400 058.
TEL.: 022-26774315 • TELEFAX : 022-26774316 • E-MAIL : rpmehtaassociates@yahoo.com

REF: TTPCL/10/2014-15

CHARTERED ACCOUNTANT'S CERTIFICATE

1. We, R.P. Mehta & Associates, Chartered Accountants (Firm Registration No: 13304BW), have examined, for the purpose of issuing this certificate, the audited books of account and other relevant records and documents of the The Tata Power Company Limited ("the Company"), for the quarter ended and as at 30th June, 2015 which have been audited by M/s Deloitte Haskins & Sells LLP.

2. We have been requested by the management of the Company to provide a certificate on the attached Statement (Annexure 1) containing extract of account balances pertaining to renewable business of the Company as at 30th June 2015 for submission to S.R. Batliboi & Co LLP duly stamped and initialed for verification, which has been prepared by the Company based on the audited books of account and other relevant records and documents maintained of the Company of renewable divisions for the quarter ended and as at 30th June 2015.

3. The management of the Company is responsible for ensuring compliance with the requirements of the applicable laws. This includes collecting, collating and validating data and presentation thereof in the said Annexure and the design, implementation and maintenance of internal control suitable for ensuring compliance with the Directions.

4. Our responsibility, for the purpose of this certificate, is limited to certifying the particulars contained in Annexure 1, which have been correctly extracted from the audited books of account maintained by the Company for the quarter ended and as at 30th June 2015.

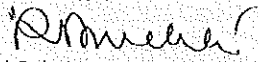
5. On the basis of our examination of the audited books of account and other relevant records maintained by the Company for the quarter ended and as at 30th June, 2015 and according to the information and explanations provided to us, we certify that the information contained in the Annexure 1 "Statement of extract of account balances pertaining to renewable business as at 30th June 2015" read with the notes to the Annexure have been correctly extracted from the audited books of account and other relevant records of the Company for the quarter ended and as at 30th June 2015.

R P Mehta



6. This certificate is being issued at the request of the Company to be submitted to S.R.Ballibol & Co. LLP. and should not be used for any other purpose without our prior written consent.

For R P Mehla & Associates
Chartered Accountants
FRN. 133048W



CA Rajesh P Mehla
Partner (M No 037540)
MUMBAI, 5th October, 2015

