

TATA POWER

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

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
	(₹ in crore)					
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
(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

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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.

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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.



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PART I							(₹ in crore)
CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2013							
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)	
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
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# 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
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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.

