



24th June 2020
BJ/SH-L2/

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Bldg., P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001.
Scrip Code: 500400

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East),
Mumbai 400 051.
Symbol: TATAPOWER EQ

Dear Sirs,

Disclosure on Material Impact of COVID–19 pandemic on operations

Pursuant to SEBI Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, enclosed herewith is a disclosure on the material impact of COVID–19 pandemic on the Company under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the content of which is self-explanatory.

Yours faithfully,
The Tata Power Company Limited

Company Secretary

Encl.

TATA POWER

The Tata Power Company Limited

Registered Office Bombay House 24 Homi Mody Street Mumbai 400 001

Tel 91 22 6665 8282 Fax 91 22 6665 8801

Website : www.tatapower.com Email : tatapower@tatapower.com CIN : L28920MH1919PLC000567



IMPACT OF COVID 19 PANDEMIC - UPDATE

A. Impact on the business

The Tata Power Company Limited (the 'company') is an integrated power utility company and has a presence across the entire value chain of power business viz. generation of renewable as well as conventional power including hydro and thermal energy, transmission & distribution, trading and coal & freight logistics and providing Engineering, Procurement & Construction services ('EPC').

The Government of India (GOI) has categorized Power Sector under 'Essential Services' during the lockdown period and the Ministry of Power has instructed all utilities and government agencies to ensure that generation, transmission and distribution of power continue in an uninterrupted manner. Further, Ministry of New and Renewable Energy (MNRE) notified the renewable energy generating stations 'must run' status and payments to renewable energy generators must be ensured during the lockdown period.

The company mobilised its resources in order to provide uninterrupted power supply to its consumers across the country.

Due to the lockdown restriction imposed by the GOI, the Power sector witnessed a drastic fall in energy demand specifically in the industrial and commercial sectors. The Distribution business of the company witnessed a drop in demand by almost 30% compared to 2019. However, the company believes that the demand will pick up during the subsequent months once the restriction is relaxed. Though the fall in demand will impact the company's top-line, since almost all of the company's assets are under either regulated businesses or through fixed price long term contracts on take or pay basis, the impact on profitability is likely to be minimal.

As part of various measures announced by the GOI for mitigating the impact of lockdown for businesses, the GOI has extended the due date of payment of electricity bills for the consumers. This had impacted the collection in the month of April 2020, the first month of the lockdown; but the collection has improved subsequently in the month May 2020. In spite of this, the company has been able to effectively manage its cash flows to maintain smooth operation of business. The company believes that the collection will be normalised once the restrictions are relaxed and economic activity picks up.

The lockdown has impacted the construction work in some of the Renewable power projects under construction. However, through its circular dated 17th April 2020, MNRE notified that the lockdown on account of COVID-19 would be treated as force majeure and granted an extension of time for Renewable Energy (RE) projects to the extent of the period of lockdown and an additional 30 days for normalization after end of such lockdown. The company has already issued force majeure notices to its procurers for under-construction projects. Given the MNRE notification, the Company does not foresee any adverse impact due to delay in completion of its under-construction projects. As construction activities have re-started across the country, the company's project sites have also seen a revival in activity.

B. Ability to maintain operations including the factories/units/office spaces functioning and close down

As Power sector has been categorized as essential service, the company has operated its plants, transmission & distribution network with minimum employee strength during the lockdown period. The company implemented Rota system and Work from Home (WFH) policy across the organisation to ensure continued smooth functioning of all operations. Use of masks, thermal scanning at the gate entry point, sanitization and social distancing were ensured across work places.

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C. Schedule, if any, for restarting the operations and steps taken to ensure smooth functioning of operations

As Power sector has been categorized as essential service, the company has been operational during the lockdown period.

D. Estimation of the future impact of COVID 19 on its operations

It is difficult to project the future impact of COVID-19 on the company's operations. If the COVID-19 recovery happens in the next few months, there will be negligible impact on financials. However, if the economic recovery takes longer, power demand may not grow leading to industry wide increase losses at Discoms and could have ripple effect on all players. But at this point of time, there is not much evidence of situation worsening for a long time ahead.

E. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt, other financing arrangements, assets, internal financial reporting & control, Supply chain, demand for products/services

The company has adequate capital and financial resources to meet its operational cash flow requirements, meet its debt obligations and fund its ongoing projects. The liquidity position of the company is similar to that in ordinary course of the business and the company has the ability to raise additional debt to maintain smooth operations.

The company has been servicing its debt obligations through this lockdown period. It initially claimed but subsequently withdrew its request for availing moratorium from lenders under the RBI approved COVID 19 package as it did not foresee any liquidity challenges to the Company.

The company does not foresee any impact on the internal financial reporting and control since the company published its annual financial statement on 19th May 2020 within the scheduled timeline as per SEBI Listing Regulation requirement without any major issues.

F. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

Some of generating units of the company received notices primarily from state distribution companies (Discoms) invoking the provisions of force majeure provided in the Power Purchase Agreements (PPA) and notifying the event of lockdown as a force majeure event. Discoms have claimed that no cause of action for breach or liability should arise on account of impossible performance of PPA as a consequence of force majeure and also claimed that no Late Payment Surcharge for payments shall be levied. The company has replied to these notices rejecting the claims made by the Discoms relying upon the order of Central Electricity Regulatory Commission dated April 3, 2020, clarification issued by Ministry of Power dated April 6, 2020 and MNRE circular dated April 4, 2020. The company has not received any response to its replies from the Discoms. The company believes that there is no merit in the claims made by the Discoms and accordingly, there is no financial impact.

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