



2nd May 2018

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

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai-400 051

Dear Sir/Madam,

Disclosures as per Regulation 52(4) of SEBI (LODR) Regulations, 2015 for year ended 31st March, 2018

1. Financial results as on March 31, 2018
2. Credit rating letters CRISIL and CARE and ICRA
 - a. "CRISIL AA-" rating from CRISIL Ratings for our Non-Convertible Debenture programme with "Stable" outlook (refer rating rationale of November 10, 2017 issued by CRISIL)
 - b. "CARE AA" rating from CARE Ratings for our Non-Convertible Debenture programme with "Stable" outlook (refer rating rationale dated October 12, 2017 by CARE Ratings)
 - c. "ICRA AA-" rating from ICRA for our Non-Convertible Debenture programme with "Stable" outlook (refer rating rationale of December 29, 2017 issued by ICRA)
3. All the debentures are unsecured in nature, Asset Cover is not applicable.
4. Debt Equity ratio as on March 31, 2018 is 1.14
5. Statement 'A' detailing the last due dates for payment of interest and principal and next due dates of payment of interest and principal in respect of the Company's outstanding Debentures
6. Debt Service Coverage ratio and Interest Service Coverage Ratio as on March 31, 2018

Particulars	with Exceptional Item	without Exceptional Item
Debt Service Coverage ratio	(0.37)	1.00
Interest Service Coverage ratio	(1.31)	1.77

7. Outstanding redeemable preference shares as on March 31, 2018 is Nil
8. Capital Redemption Reserve and Debenture Redemption Reserve as on March 31, 2018 are ₹1.85 crore and ₹1,000.61 crore respectively
9. Net worth (as defined in the Companies Act, 2013) as on March 31, 2018 is ₹12,766.12 crores
10. Net Profit/(Loss) after tax as on March 31, 2018 is ₹ (3,150.52) crores
11. Earnings per share for the year ended March 31, 2018

Particulars	Basic (₹)	Diluted (₹)
From Continuing operations excluding Regulatory Income/(Expense)	(11.21)	(11.21)
From Continuing operations including Regulatory Income/(Expense)	(11.79)	(11.79)
From Discontinued operations	(0.26)	(0.26)
From Total operations including Regulatory Income/(Expense)	(12.05)	(12.05)

12. Certificate from Debenture trustee that it has taken note of the contents is enclosed

Yours faithfully,
For The Tata Power Company Limited

Hanoz Mistry

Hanoz Mistry
Company Secretary
Encl: As above

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

TATA POWER

The Tata Power Company Limited
Bombay House, 24 Homi Mody Street, Mumbai 400 001
Website: www.tatapower.com
CIN : L28920MH1919PLC000567

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018

Particulars (Refer Notes Below)	Quarter ended		Year ended	
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-17
	(Refer Note 10)	(Unaudited)	(Refer Note 10) *	Audited
	(₹ in crore)			
1. Income				
i) Revenue from Operations	7,895.23	6,949.91	7,005.24	29,331.22
ii) Other Income	64.11	91.09	162.45	432.69
Total Income	7,959.34	7,041.00	7,167.69	29,763.91
2. Expenses				
i) Cost of power purchased	1,847.80	2,070.91	1,765.95	8,004.23
ii) Cost of fuel	2,863.65	2,491.24	2,515.37	10,009.86
iii) Raw material consumed	401.16	100.73	378.70	748.97
iv) Purchase of finished goods, spares and shares	156.72	16.65	9.61	181.68
v) Transmission charges	70.86	70.25	57.13	281.99
vi) Decrease/(Increase) in stock-in-trade and work-in-progress	2.96	94.68	3.35	(8.51)
vii) Employee benefits expense	347.25	338.62	372.28	1,381.92
viii) Finance costs	897.51	845.45	792.62	3,722.99
ix) Depreciation and Amortisation expenses	645.36	597.22	559.44	2,398.10
x) Other expenses	717.08	558.09	552.85	2,374.11
Total Expenses	7,950.35	7,183.84	7,007.30	29,095.34
3. Profit before Rate Regulated Activities, Exceptional Items, Tax and Share of Profit of Associates and Joint Ventures (1-2)	8.99	(142.84)	160.39	668.57
4. Add/(Less): Regulatory income/(expense) (net)	(42.49)	145.85	(128.76)	(409.85)
Add/(Less): Regulatory income (net) in respect of earlier years	-	-	-	-
5. Profit/(Loss) before Exceptional Items, Tax and Share of Profit of Associates and Joint Ventures (3+4)	(33.50)	3.01	31.63	258.72
6. Share of Profit of Associates and Joint Ventures accounted for using the Equity Method	282.22	457.05	332.44	1,553.91
7. Profit before Exceptional Items and Tax (5+6)	248.72	460.06	364.07	1,812.63
8. Add: Exceptional Items				
Reversal of Impairment of Mundra CGU (Net) (Refer Note 2)	1,886.72	-	-	1,886.72
Impairment for Investments in Joint Venture and Related Obligation [Refer Note 5(a)]	(527.54)	-	-	(527.54)
Impairment in respect of Other Property, Plant and Equipment and Goodwill [Refer Note 5(b)]	(113.94)	-	-	(149.57)
Damages towards contractual obligations [Refer Note 5(c)]	-	6.09	(651.45)	(107.08)
9. Profit/(Loss) before Tax (7+8)	1,493.96	466.15	(287.38)	2,915.16
10. Tax Expense				
Current Tax	156.74	153.05	110.94	663.69
Deferred Tax (Refer Note 8)	(683.75)	(272.83)	(310.09)	(837.89)
Deferred Tax (Recoverable) / Payable	430.56	(47.03)	150.19	338.51
11. Profit for the Quarter/Year from Continuing Operations (9-10)	1,590.41	632.96	(238.42)	2,750.85
Profit/(Loss) before tax from Discontinued Operations	(16.07)	(26.98)	62.06	(85.87)
Less: Tax Expense on Discontinued Operations	96.84	(42.87)	50.57	(14.13)
12. Profit/(Loss) for the Quarter/Year from Discontinued Operations (Refer Note 7)	(112.91)	15.89	11.49	(71.74)
13. Profit for the Quarter/Year (11+12)	1,477.50	648.85	(226.93)	2,679.11
14. Other Comprehensive Income/(Expenses)				
(i) Items that will not be reclassified to profit or loss	7.62	31.39	34.71	(266.12)
(ii) Tax relating to items that will not be reclassified to profit or loss	334.48	(21.09)	(1.37)	341.36
(iii) Share of Other Comprehensive Income/(Expense) that will not be reclassified to profit or loss of Associates and Joint Ventures accounted for using the Equity Method	(3.20)	(0.90)	(26.48)	(10.74)
(iv) Items that will be reclassified to profit and loss	45.67	(26.69)	(33.90)	29.08
(v) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
(vi) Share of Other Comprehensive Income/(Expense) that will be reclassified to profit or loss of Associates and Joint Ventures accounted for using the Equity Method	98.84	(125.79)	44.53	0.41
Other Comprehensive Income/(Expenses)	483.41	(143.08)	17.49	93.99
15. Total Comprehensive Income (13+14)	1,960.91	505.77	(209.44)	2,773.10
Profit/(Loss) for the Quarter/Year attributable to:				
Owners of the Company	1,403.73	611.50	(242.48)	2,476.56
Non-controlling Interests	73.77	37.35	15.55	202.55
Others Comprehensive Income/(Expenses) attributable to:				
Owners of the Company	482.11	(142.73)	18.10	94.00
Non-controlling Interests	1.30	(0.35)	(0.61)	(0.01)
Total Comprehensive Income attributable to:				
Owners of the Company	1,885.84	468.77	(224.38)	2,570.56
Non-controlling Interests	75.07	37.00	14.94	202.54
16. Paid-up equity share capital (Face Value: ₹ 1/- per share)	270.50	270.50	270.50	270.50
17. Total Reserves #				
18.i Earnings Per Equity Share from Continuing Operations (excluding Regulatory income/(expense) (net)) (of ₹ 1/- each) (not annualised for quarters)				
Basic and Diluted: (In ₹)	5.60	1.75	(0.73)	9.99
18.ii Earnings per Share from Continuing Operations (including Regulatory income/(expense) (net)) (of ₹ 1/- each) (not annualised for quarters)				
Basic and Diluted: (In ₹)	5.50	2.09	(1.04)	9.00
18.iii Earnings Per Equity Share (from Discontinued Operations) (of ₹ 1/- each) (not annualised for quarters)				
Basic and Diluted: (In ₹)	(0.42)	0.06	0.04	(0.26)
18.iv Earnings Per Equity Share (Total operations including Regulatory Income) (of ₹ 1/- each) (not annualised for quarters)				
Basic and Diluted: (In ₹)	5.08	2.15	(1.00)	8.74

* Restated

Includes fair value adjustment on adoption of Ind AS on transition date and thereafter.

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S R B C & CO LLP
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TATA POWER

The Tata Power Company Limited
Bombay House, 24 Homi Mody Street, Mumbai 400 001
Website: www.tatapower.com
CIN : L28920MH1919PLC000567

CONSOLIDATED SEGMENT INFORMATION

Particulars (Refer Notes Below)	Quarter ended			Year ended	
	31-Mar-18 (Refer Note 10)	31-Dec-17 (Unaudited)	31-Mar-17 (Refer Note 10) *	31-Mar-18 (Audited)	31-Mar-17 (Audited) *
Segment Revenue					
Power Business	7,260.29	6,684.64	6,146.31	27,373.60	25,425.42
Others	745.13	846.87	1,193.05	3,124.54	2,657.73
	8,005.42	7,531.51	7,339.36	30,498.14	28,083.15
Less: Inter Segment Revenue	152.68	435.75	462.88	1,576.77	797.00
Total Segment Revenue	7,852.74	7,095.76	6,876.48	28,921.37	27,286.15
Discontinued Operations (Refer Note 7)	75.68	71.22	278.31	286.74	548.15
Revenue/Income from Operations {including Regulatory Income/(Expenses)}	7,928.42	7,166.98	7,154.79	29,208.11	27,834.30
Segment Results					
Power Business	832.94	783.81	592.71	3,647.12	3,704.24
Others	34.37	101.37	137.92	175.32	256.70
Total Segment Results	867.31	885.18	730.63	3,822.44	3,960.94
Less: Finance Costs	(897.51)	(845.45)	(792.62)	(3,722.99)	(3,364.96)
Less: Exceptional Item - Power Business	(424.88)	-	-	(460.51)	-
Add/(Less): Exceptional Item - Unallocable income/(Expense)	1,670.12	6.09	(651.45)	1,563.04	(651.45)
Add/(Less): Unallocable Income / (Expenses) (Net)	(3.30)	(36.72)	93.62	159.27	276.73
Add/(Less): Share of Profit of Associates and Joint Ventures accounted for using the Equity Method	282.22	457.05	332.44	1,553.91	1,225.79
Profit before tax from Continuing Operations	1,493.96	466.15	(287.38)	2,915.16	1,447.05
(Loss) / Profit before tax from Discontinuing Operations	(16.07)	26.98	62.06	(85.87)	16.44
Segment Assets					
Power Business	62,865.90	63,875.06	63,128.51	62,865.90	63,128.51
Others	1,811.68	1,758.28	4,116.79	1,811.68	4,116.79
Unallocable	16,994.51	14,644.18	15,675.49	16,994.51	15,675.49
Assets classified as held for sale (Refer Note 7)	2,065.19	2,070.87	-	2,065.19	-
Total Assets	83,737.28	82,348.39	82,920.79	83,737.28	82,920.79
Segment Liabilities					
Power Business	11,787.24	11,953.29	11,970.88	11,787.24	11,970.88
Others	1,222.44	1,081.68	1,465.82	1,222.44	1,465.82
Unallocable	51,074.55	51,511.68	52,900.55	51,074.55	52,900.55
Liabilities classified as held for sale (Refer Note 7)	877.56	986.24	-	877.56	-
Total Liabilities	64,961.79	65,532.89	66,337.25	64,961.79	66,337.25

Types of products and services in each business segment:

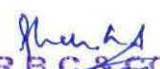
Power - Generation, Transmission, Distribution and Trading of Power and related activities.

Others - Solar Equipment, Project Contracts / Infrastructure Management Services, Investment and Property Development.

RECONCILIATION OF REVENUE

Particulars	Quarter ended			Year ended	
	31-Mar-18 (Refer Note 10)	31-Dec-17 (Unaudited)	31-Mar-17 (Refer Note 10) *	31-Mar-18 (Audited)	31-Mar-17 (Audited) *
Revenue from Operations	7,895.23	6,949.91	7,005.24	29,331.22	27,587.59
Less: Regulatory income/(expense) (net)	(42.49)	145.85	(128.76)	(409.85)	(378.44)
Add: Regulatory income (net) in respect of earlier years	-	-	-	-	77.00
Total Segment Revenue	7,852.74	7,095.76	6,876.48	28,921.37	27,286.15
Discontinued Operations (Refer Note 7)	75.68	71.22	278.31	286.74	548.15
Total Segment Revenue as reported above	7,928.42	7,166.98	7,154.79	29,208.11	27,834.30

* Restated

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CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at		
	31-Mar-18 ₹ crore (Audited)	31-Mar-17 ₹ crore (Audited)	01-Apr-16 ₹ crore (Audited)
ASSETS			
1. Non-current Assets			
(a) Property, Plant and Equipment	43,256.67	43,232.93	36,323.53
(b) Capital Work-in-Progress	1,652.60	1,923.24	1,134.16
(c) Investment Property	-	2.49	2.57
(d) Goodwill	1,641.57	1,653.57	5.54
(e) Other Intangible Assets	1,583.08	1,705.80	307.34
(f) Intangible Assets under Development	-	254.68	210.75
(g) Investments accounted for using the Equity Method	11,111.66	9,496.09	9,604.40
(h) Financial Assets			
(i) Other Investments	881.11	1,279.14	1,758.43
(ii) Trade Receivables	190.05	187.92	190.00
(iii) Loans	76.48	77.16	390.37
(iv) Finance Lease Receivables	574.76	573.47	617.63
(v) Other Financial Assets	942.09	1,183.68	937.41
(i) Non-current Tax Assets (Net)	167.59	146.35	110.61
(j) Deferred Tax Assets (Net)	83.24	91.53	3.20
(k) Other Non-current Assets	901.33	1,287.24	1,531.28
Total Non-current Assets	63,062.23	63,095.29	53,127.22
2. Current Assets			
(a) Inventories	1,623.08	1,599.56	1,373.40
(b) Financial Assets			
(i) Investments	436.16	1,097.78	335.95
(ii) Trade Receivables	2,788.93	3,832.12	3,540.24
(iii) Unbilled Revenue	810.09	1,081.92	842.64
(iv) Cash and Cash Equivalents	1,061.16	835.22	613.15
(v) Bank Balances other than (iv) above	124.62	119.08	50.01
(vi) Loans	720.67	655.44	410.27
(vii) Finance Lease Receivables	34.27	39.16	48.80
(viii) Other Financial Assets	1,100.37	913.40	511.49
(c) Current Tax Assets (Net)	14.77	31.68	3.00
(d) Other Current Assets	877.67	582.97	933.02
Total Current Assets	9,591.79	10,788.33	8,661.97
Assets Classified as Held For Sale	4,778.70	1,919.47	1,122.24
Total Assets before Regulatory Deferral Account	77,432.72	75,803.09	62,911.43
Regulatory Deferral Account - Assets	6,304.56	7,117.70	7,921.28
TOTAL ASSETS	83,737.28	82,920.79	70,832.71
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	270.50	270.50	270.48
(b) Unsecured Perpetual Securities	1,500.00	1,500.00	1,500.00
(c) Other Equity	14,989.70	12,944.05	12,717.98
Equity attributable to Shareholders of the Company	16,760.20	14,714.55	14,488.46
Non-controlling Interests	2,015.29	1,868.99	1,749.81
Total Equity	18,775.49	16,583.54	16,238.27
Liabilities			
1. Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22,356.31	25,142.96	22,413.88
(ii) Trade Payables	21.00	35.57	33.12
(iii) Other Financial Liabilities	713.31	550.94	571.57
(b) Provisions	300.00	270.68	243.53
(c) Deferred Tax Liabilities (Net)	516.56	1,751.14	2,096.86
(d) Non-current Tax Liabilities (Net)	3.74	3.74	3.74
(e) Other Non-current Liabilities	3,090.04	3,078.65	3,042.88
Total Non-current Liabilities	27,000.96	30,833.68	28,405.58
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18,827.28	16,279.79	14,588.91
(ii) Trade Payables	5,609.82	5,529.00	4,401.36
(iii) Other Financial Liabilities	10,279.73	11,386.46	5,055.98
(b) Provisions	193.44	207.69	262.43
(c) Current Tax Liabilities (Net)	160.38	122.04	148.16
(d) Other Current Liabilities	1,501.40	1,316.24	1,051.64
Total Current Liabilities	36,572.05	34,841.22	25,508.48
Liabilities Classified as Held For Sale	903.78	-	-
Total Liabilities before Regulatory Deferral Account	64,476.79	65,674.90	53,914.06
Regulatory Deferral Account - Liability	485.00	662.35	680.38
TOTAL EQUITY AND LIABILITIES	83,737.28	82,920.79	70,832.71

* Restated

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NOTES TO THE CONSOLIDATED FINANCIAL RESULTS – FY18

1. The above Consolidated financial results of The Tata Power Company Limited (the Company) were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 2nd May, 2018.
2. During the current year, the Group has assessed impairment provision for its Mundra power plant and investment in coal mines in Indonesia and related infrastructure companies. Based on such assessment, there is a reversal of impairment amounting to ₹ 1,887 crore, which has been disclosed as an exceptional item in the financial results.
3. During the year ended 31st March, 2018, the Company has reviewed and reassessed the classification of certain old matters pertaining to its regulated business. Consequently, the Statutory Appropriation Reserve and investment allowance reserve created prior to the enactment of Maharashtra Electricity Regulatory Commission Tariff Regulations, 2003 amounting to ₹ 660 crore as at 1st April, 2016 and 31st March, 2017 have been reclassified from "other current liabilities" to "other equity". This change has no impact on the profit/(loss) for the year.
4. (a) In its regulated operations, the Parent Company is entitled to a fixed return on its investment, net of tax. Consequently, tax is a pass-through cost. The Parent Company followed a practice of not recognizing a regulatory asset for such pass-through cost until the previous year. The Company has reviewed this accounting treatment and recorded regulatory assets (recoverable in future from consumers) for deferred tax and for tax provisions as below:
 - Deferred tax as at 31st March, 2016 - ₹ 493 crore;
 - Deferred tax for the year ended 31st March, 2017 - ₹ 65 crore;
 - Income-tax provision as at 31st March, 2016 - ₹ 286 crore

Due to uncertainty as to the method of its recovery after expiry of its Power Purchase Agreement (PPA) as at 31st March, 2019, a similar deferred tax asset of ₹ 474 crore for Trombay generating station has not been recognized.
- (b) As per the clarifications issued by ICAI during the year, the Company reclassified income taxes paid on dividend received for which set off was allowed against the Dividend Distribution Tax (DDT) from "current tax" to "other equity". Accordingly, tax expense has decreased by ₹ 71 crore for the year ended 31st March, 2017.
- (c) The Group has recognized a deferred tax liability of ₹ 84 crore on the undistributed profits of an associate as at 1st April, 2016 and consequently the deferred tax liability as at 1st April, 2016 and 31st March, 2017 is restated. This change has no impact on the profit for the year.
5. (a) During the current quarter, the Group has recognized impairment in and commitment to an associate company setting up Hydro power plant amounting to ₹ 528 crore.
- (b) During the current quarter, the Group has recognized an impairment loss amounting to ₹ 100 crore for a unit of Trombay Thermal power plant and provision for impairment of goodwill relating to one of its solar power plant amounting to ₹ 12 crore.

Further, the Group has recognized an impairment amounting to ₹ 36 crore and ₹ 2 crore against carrying amount of its Rithala power plant for the quarter ended 30th September, 2017 and 31st March, 2018 respectively.
- (c) Damages towards contractual obligation represents mark to market loss on change in the value of put option on the equity shares of Tata Teleservices Limited (TTSL).
6. The Company, through its wholly owned subsidiaries, has entered into agreements for sale of shares in PT Arutmin Indonesia and its associated infrastructure and trading companies for a total deferred consideration of ₹ 2,614 crore (USD 401 million). Pending requisite consents and certain approvals, the above transaction has not been concluded. These investments are included under assets classified as held for sale.
7. During the year ended 31st March, 2018, the Company has approved sale of its Strategic Engineering Division (SED) to Tata Advanced Systems Limited (TASL) (a wholly owned subsidiary of Tata Sons Limited) as a going concern on slump sale basis, subject to regulatory and shareholders approvals. Accordingly, the assets and the liabilities of the division amounting to ₹ 2,065 crore and ₹ 878 crore respectively have been disclosed as held for sale and financial results of the division as Discontinued Operations.

Further, the Company has initiated the process of sale of certain investments amounting to ₹ 1,099 crore in subsidiary and associate companies, subject to requisite approvals. The Company expects to realize value from the sale in excess of the carrying value of these investments.
8. During the year ended 31st March, 2018, the Company has recognized deferred tax asset, on indexation benefit available under the Income Tax Act on certain investments that have been classified as asset held for sale, amounting to ₹ 338 crore in the statement of profit and loss and on investments held in TTSL amounting to ₹ 370 crore in Other Comprehensive Income.

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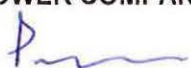
9. Financial Information of the standalone audited financial results of the Company are as follows:

₹ crore

Particulars	Quarter ended			Year ended	Year ended
	31-Mar-18	31-Dec-17	31-Mar-16	31-Mar-18	31-Mar-17
Continuing Operations					
Revenue from operations	1,841.59	1,963.37	1,732.92	7,536.59	6,924.16
Profit before rate regulated activities, exceptional items and tax	342.43	391.09	149.77	1,428.80	1,321.68
Profit before exceptional items and tax	336.43	274.09	97.77	1,192.80	1,166.68
Profit/(Loss) before tax from continuing operations	(3,993.89)	280.18	(553.68)	(3,244.60)	515.23
Profit/(Loss) after tax from continuing operations	(3,826.20)	503.38	(584.15)	(3,078.78)	394.50
Discontinued Operations					
Profit/(Loss) before tax from discontinued operations	(16.07)	(26.98)	62.06	(85.87)	16.44
Profit/(Loss) after tax from discontinued operations	(112.92)	15.91	11.49	(71.74)	3.04
Profit for the period	(3,939.12)	519.29	(572.66)	(3,150.52)	397.54
Other Comprehensive Income/(Expenses) net of tax	337.96	(4.12)	(32.59)	44.94	(121.48)
Total Comprehensive Income/ (Expense)	(3,601.16)	515.17	(605.25)	(3,105.58)	276.06
Paid-up equity share capital (Face Value: ₹ 1/- per share)	270.50	270.50	270.50	270.50	270.50
Total Reserves				12,718.03	16,321.47

10. Figures for the quarters ended 31st March, 2018 and 31st March, 2017 are the balancing figures between the audited figures in respect of the full years and the restated figures of nine months ended 31st December, 2017 and 31st December, 2016 respectively.
11. The Board of Directors at its meeting held on 2nd May, 2018, proposed a dividend of ₹ 1.30/- (Previous year ₹ 1.30/-) per equity share.
12. Figures for the previous periods/year are re-classified/re-arranged/re-grouped, wherever necessary.
13. The standalone audited financial results of the Company are available for Investors at www.tatapower.com, www.nseindia.com and www.bseindia.com.

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


PRAVEER SINHA
CEO & Managing Director

Date: 2nd May, 2018



Auditor's Report on Quarterly Consolidated Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

Board of Directors of The Tata Power Company Limited,

1. We have audited the accompanying statement of quarterly consolidated financial results of The Tata Power Company Limited ('the Company') and its subsidiaries (together, 'the Group'), its associates and joint ventures as listed in Annexure 1, for the quarter and year ended March 31, 2018 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The consolidated financial results for the quarter and year ended March 31, 2018 have been prepared on the basis of the consolidated financial results for the nine-month period ended December 31, 2017, the audited annual consolidated Ind AS financial statements as at and for the year ended March 31, 2018, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these consolidated financial results based on our review of the consolidated financial results for the nine-month period ended December 31, 2017 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind-AS 34) Interim Financial Reporting, specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual consolidated Ind AS financial statements as at and for the year ended March 31, 2018; and the relevant requirements of the Regulation and the Circular.
2. We conducted our audit 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 consolidated financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. 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 and based on the consideration of the reports of other auditors on separate financial statements and other financial information of subsidiaries/associates/joint ventures, these quarterly consolidated financial results as well as the year to date results:
 - i. includes the results of the entities mentioned in Annexure 1
 - ii. are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
 - iii. give a true and fair view of the consolidated total comprehensive income (comprising of Net Profit and other comprehensive income and other financial information for the quarter and year ended March 31, 2018.



4. We did not audit the financial statements and other financial information, in respect of twelve subsidiaries, whose financial statements include total assets of Rs 10,102.51 crores as at March 31, 2018, and total revenues of Rs 1,762.13 crores and Rs 7,950.86 crores for the quarter and the year ended on that date respectively. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 255.48 crores and Rs 1,454.63 crores for the quarter and for the year ended March 31, 2018 respectively, as considered in the consolidated financial statements, in respect of eleven associates and joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries, joint ventures and associates is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.
5. The comparative Ind AS financial information of the Group including its associates and joint ventures for the quarter and for the year ended March 31, 2017, included in these consolidated Ind AS financial results, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 19, 2017 expressed modified opinion
6. The accompanying consolidated Ind AS financial results include unaudited financial statements and other unaudited financial information in respect of two subsidiaries, whose financial statements and other financial information reflect total assets of Rs 38.90 crores as at March 31, 2018, and total revenues of Rs Nil and Rs 35.98 crores for the quarter and the year ended on that date respectively. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 11.63 crores and Rs 14.28 crores for the quarter and for the year ended March 31, 2018 respectively, as considered in the consolidated Ind AS financial statements, in respect of eleven associates and joint ventures, whose financial statements and other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of these subsidiaries, joint ventures and associates, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group. Our opinion is not qualified in respect of this matter.
7. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2018 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2018 and the published year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation and the Circular.



SRBC & CO LLP

Chartered Accountants

The Tata Power Company Limited

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8. We audited the adjustments, as fully described in Note 3, Note 4(a), 4(b) and 4(c) to the Statement, which have been made to the comparative financial information presented for the quarter and year ended March 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per **Sudhir Soni**
Partner

Membership No.: 41870



Place: Mumbai

Date: May 2, 2018

Annexure – 1 to Audit Report

No	Name of Entities	Country of Incorporation
A	Subsidiaries (Direct)	
1	Chemical Terminal Trombay Limited	India
2	Af-Taab Investments Company Limited	India
3	Tata Power Solar Systems Limited	India
4	Tata Power Trading Company Limited	India
5	Nelco Limited	India
6	Maithon Power Limited	India
7	Tata Power Renewable Energy Limited	India
8	Industrial Power Utility Limited	India
9	Coastal Gujarat Power Limited	India
10	Bhira Investments Limited	Mauritius
11	Bhivpuri Investments Limited	Mauritius
12	Khopoli Investments Limited	Mauritius
13	Trust Energy Resources Pte. Limited	Singapore
14	Tata Power Delhi Distribution Limited	India
15	Tata Power Jamshedpur Distribution Limited	India
16	Tata Power International Pte. Limited	Singapore
17	Tata Ceramics Limited	India
18	TP Ajmer Distribution Limited	India
B	Subsidiaries (Indirect)	
1	NDPL Infra Limited	India
2	PT Sumber Energi Andalan	Indonesia
3	Energy Eastern Pte. Limited	Singapore
4	Tata Power Green Energy Limited	India
5	Tatanet Services Limited	India
6	Supa Windfarms Limited	India
7	Nivade Windfarms Limited	India
8	Poolavadi Windfarms Limited	India
9	Indo Rama Renewables Jath Limited	India
10	Walwhan Renewable Energy Ltd	India
11	Clean Sustainable Solar Energy Private Limited	India
12	Dreisatz Mysolar24 Private Limited	India
13	MI Mysolar24 Private Limited	India
14	Northwest Energy Private Limited	India
15	Solarsys Renewable Energy Private Limited	India
16	Walwhan Solar Energy GJ Limited	India
17	Walwhan Solar Raj Limited	India
18	Walwhan Solar BH Private Limited	India
19	Walwhan Solar MH Limited	India
20	Walwhan Wind RJ Limited	India
21	Walwhan Solar AP Private Limited	India
22	Walwhan Solar KA Limited	India



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The Tata Power Company Limited

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23	Walwhan Solar MP Limited	India
24	Walwhan Solar PB Limited	India
25	Walwhan Energy RJ Limited	India
26	Walwhan Solar TN Limited	India
27	Walwhan Solar RJ Limited	India
28	Walwhan Urja Anjar Limited	India
29	Chirasthayee Saurya Limited	India
30	Nelco Network Products Limited	India
31	Vagarai Windfarm Limited	India
32	Walwhan Urja India Limited	India

C Joint Ventures (Direct)

1	Tubed Coal Mines Limited	India
2	Mandakini Coal Company Limited	India
3	Itezhi Tezhi Power Corporation Limited	Zambia
4	Industrial Energy Limited	India
5	Powerlinks Transmission Limited	India
6	Dugar Hydro Power Limited	India

D Joint Ventures (Indirect)

1	Cennergi (Pty) Ltd.	South Africa
2	PT Mitratama Perkasa	Indonesia
3	PT Arutmin Indonesia	Indonesia
4	PT Kaltim Prima Coal	Indonesia
5	IndoCoal Resources (Cayman) Limited	Cayman Islands
6	PT Indocoal Kaltim Resources	Indonesia
7	PT Indocoal Kalsel Resources	Indonesia
8	Candice Investments Pte. Ltd.	Singapore
9	PT Nusa Tambang Pratama	Indonesia
10	PT Marvel Capital Indonesia	Indonesia
11	PT Dwikarya Prima Abadi	Indonesia
12	PT Kalimantan Prima Power	Indonesia
13	PT Baramulti Sukessarana Tbk	Indonesia
14	Adjaristsqali Netherlands B.V	Netherlands
15	Khoromkheti Netherlands B.V	Netherlands
16	IndoCoal KPC Resources (Cayman) Limited	Indonesia
17	Resurgent Power Ventures Pte Ltd.	Singapore
18	LTH Milcom Pvt. Ltd.	India

E Associates

1	Tata Projects Limited	India
2	Nelito Systems Limited	India
3	Panatone Finvest Limited	India
4	Dagachhu Hydro Power Corporation Limited	Bhutan
5	Tata Communications Limited	India



TATA POWER

The Tata Power Company Limited
Bombay House, 24 Homi Mody Street, Mumbai 400 001
Website: www.tatapower.com
CIN : L28920MH1919PLC000567

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018

Particulars	Quarter ended			Year ended	
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
	MUs	MUs	MUs	MUs	MUs
(A)					
1. Generation	2,891	2,771	3,043	12,237	12,227
2. Sales	2,826	2,782	3,084	12,258	12,544
	(₹ in crore)				
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	(Refer Note 11)	*	(Refer Note 11)	*	*
(B)					
1. Income					
i) Revenue from Operations [Refer Note 4(a)]	1,841.59	1,963.37	1,732.92	7,536.59	6,924.16
ii) Other Income	271.21	261.39	179.41	929.34	994.72
Total Income	2,112.80	2,224.76	1,912.33	8,465.93	7,918.88
2. Expenses					
i) Cost of Power Purchased	82.06	97.68	126.42	412.05	466.52
ii) Cost of Fuel	664.95	783.46	539.67	2,776.40	2,342.83
iii) Transmission Charges	69.80	70.02	55.51	279.88	221.30
iv) Employee Benefits Expense	144.23	153.65	182.82	596.69	631.02
v) Finance Costs	332.66	351.97	353.33	1,431.38	1,318.76
vi) Depreciation and Amortisation Expenses	188.74	162.35	152.29	663.21	605.00
vii) Other Expenses	287.93	214.54	352.52	877.52	1,011.77
Total Expenses	1,770.37	1,833.67	1,762.56	7,037.13	6,597.20
3. Profit Before Rate Regulated Activities, Exceptional Items and Tax (1-2)	342.43	391.09	149.77	1,428.80	1,321.68
4. Add / (Less): Regulatory income/(expense) (net) [Refer Note 4(a)]	(6.00)	(117.00)	(52.00)	(236.00)	(232.00)
Add / (Less): Regulatory income/(expense) (net) in respect of earlier years	-	-	-	-	77.00
5. Profit Before Exceptional Items and Tax (3+4)	336.43	274.09	97.77	1,192.80	1,166.68
6. Less: Exceptional Items					
Impairment Loss [Refer Note 5 (a)]	100.00	-	-	100.00	-
Impairment of Non-current Investments [Refer Note 5 (b)]	4,230.32	-	-	4,230.32	-
Damages Towards Contractual Obligation [Refer Note 5 (c)]	-	(6.09)	651.45	107.08	651.45
	4,330.32	(6.09)	651.45	4,437.40	651.45
7. Profit/(Loss) Before Tax (5-6)	(3,993.89)	280.18	(553.68)	(3,244.60)	515.23
8. Tax Expense					
Current Tax [Refer Note 4(b)]	3.45	89.46	56.77	224.26	264.19
Deferred Tax (Refer Note 9)	(652.29)	(286.80)	(10.05)	(844.37)	(78.46)
Deferred Tax (Recoverable)/Payable [Refer Note 4(a)]	481.15	(25.86)	(16.25)	454.29	(65.00)
9. Net profit for the period from Continuing Operations (7-8)	(3,826.20)	503.38	(584.15)	(3,078.78)	394.50
Profit/(Loss) before tax from Discontinued Operations	(16.07)	(26.98)	62.06	(85.87)	16.44
Tax Expense on Discontinued Operations	96.85	(42.89)	50.57	(14.13)	13.40
10. Profit/(Loss) for the Period from Discontinued Operations (Refer Note 8)	(112.92)	15.91	11.49	(71.74)	3.04
11. Profit for the Period (9+10)	(3,939.12)	519.29	(572.66)	(3,150.52)	397.54
12. Other Comprehensive Income/(Expense)					
(i) Items that will not be reclassified to profit or loss	(11.67)	16.97	(31.26)	(312.38)	(125.55)
(ii) Tax relating to items that will not be reclassified to profit or loss (Refer Note 9)	349.63	(21.09)	(1.33)	357.32	4.07
Other Comprehensive Income/(Expense)	337.96	(4.12)	(32.59)	44.94	(121.48)
13. Total Comprehensive Income/(Expense) (11+12)	(3,601.16)	515.17	(605.25)	(3,105.58)	276.06
14. Paid-up Equity Share Capital (Face Value: ₹ 1/- per share)	270.50	270.50	270.50	270.50	270.50
15. Total Reserves #				12,718.03	16,321.47
16.i. Earnings Per Equity Share from Continuing Operations (excluding Regulatory income/(expense) (net)) (of ₹ 1/- each) (not annualised for quarters)					
Basic and Diluted: (In ₹)	(14.22)	2.04	(2.13)	(11.21)	1.42
16.ii. Earnings Per Equity Share from Continuing Operations (including Regulatory income/(expense) (net)) (of ₹ 1/- each) (not annualised for quarters)					
Basic and Diluted: (In ₹)	(14.23)	1.75	(2.26)	(11.79)	1.05
16.iii. Earnings Per Equity Share (from Discontinued Operations) (of ₹ 1/- each) (not annualised for quarters)					
Basic and Diluted: (In ₹)	(0.42)	0.06	0.04	(0.26)	0.01
16.iv. Earnings Per Equity Share (Total operations including Regulatory Income) (of ₹ 1/- each) (not annualised for quarters)					
Basic and Diluted: (In ₹)	(14.65)	1.81	(2.22)	(12.05)	1.06
17. Debt Service Coverage Ratio (no. of times)					
With Exceptional Item				(0.37)	1.23
Without Exceptional Item				1.00	1.55
18. Interest Service Coverage Ratio (no. of times)					
With Exceptional Item				(1.31)	1.40
Without Exceptional Item				1.77	1.89

* Restated

Includes fair value adjustment on adoption of Ind AS on transition date and thereafter.

SIGNED FOR IDENTIFICATION BY

Shree K. S. R. B. C. & Co. LLP
S R B C & CO LLP
MUMBAI

TATA POWER

The Tata Power Company Limited
Bombay House, 24 Horni Mody Street, Mumbai 400 001
Website: www.tatapower.com
CIN: L28920MH1919PLC000567

STANDALONE SEGMENT INFORMATION

₹ crore

Particulars	Quarter ended			Year ended	
	31-Mar-18 (Audited)	31-Dec-17 (Audited)	31-Mar-17 (Audited)	31-Mar-18 (Audited)	31-Mar-17 (Audited)
	(Refer Note 11)	*	(Refer Note 11)		*
Segment Revenue					
Power Business	1,795.37	1,800.83	1,635.59	7,134.94	6,593.33
Others	40.22	45.54	45.33	165.65	175.83
	1,835.59	1,846.37	1,680.92	7,300.59	6,769.16
(Less): Inter Segment Revenue	-	-	-	-	-
Total Segment Revenue	1,835.59	1,846.37	1,680.92	7,300.59	6,769.16
Discontinued Operations (Refer Note 8)	75.68	71.22	278.31	286.74	548.15
Revenue / Income from Operations (including Regulatory Income/(Expense))	1,911.27	1,917.59	1,959.23	7,587.33	7,317.31
Segment Results					
Power Business	400.33	402.37	323.62	1,749.30	1,615.50
Others	11.61	9.92	5.86	48.28	49.52
Total Segment Results	411.94	412.29	329.48	1,797.58	1,665.02
(Less): Finance Costs	(332.66)	(351.97)	(353.33)	(1,431.38)	(1,318.76)
(Less): Exceptional Item - Power Business [Refer Note 5 (a)]	(100.00)	-	-	(100.00)	-
(Less): Exceptional Item - Unallocable [Refer Note 5 (b)]	(4,230.32)	-	-	(4,230.32)	-
(Less): Exceptional Item - Unallocable [Refer Note 5 (c)]	-	6.09	(651.45)	(107.08)	(651.45)
Add: Unallocable Income/(Expense) (Net)	257.15	213.77	121.62	826.60	820.42
Profit Before Tax from Continuing Operations	(3,993.89)	280.18	(553.68)	(3,244.60)	515.23
Profit/(Loss) Before Tax from Discontinued Operations	(16.07)	(26.98)	62.06	(85.87)	16.44
Segment Assets					
Power Business	13,992.00	14,467.95	15,109.67	13,992.00	15,109.67
Others	125.89	133.73	2,333.10	125.89	2,333.10
Unallocable	20,318.99	23,431.03	23,389.73	20,318.99	23,389.73
Assets classified as held for sale (Refer Note 8)	2,065.19	2,070.87	-	2,065.19	-
Total Assets	36,502.07	40,103.58	40,832.50	36,502.07	40,832.50
Segment Liabilities					
Power Business	3,543.35	3,447.72	3,678.17	3,543.35	3,678.17
Others	257.50	153.55	542.60	257.50	542.60
Unallocable	17,335.13	17,448.19	18,519.76	17,335.13	18,519.76
Liabilities classified as held for sale (Refer Note 8)	877.56	986.24	-	877.56	-
Total Liabilities	22,013.54	22,035.70	22,740.53	22,013.54	22,740.53

Types of products and services in each business segment:

Power - Generation, Transmission and Distribution and assets relating to Power Business given on Finance Lease.

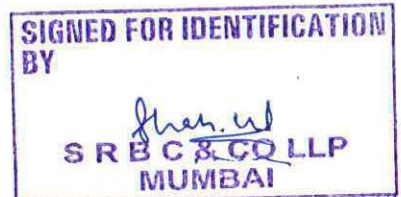
Others - Project Contracts / Infrastructure Management Services, Property Development and Oil Tankage

RECONCILIATION OF REVENUE

₹ crore

Particulars	Quarter ended			Year ended	
	31-Mar-18 (Audited)	31-Dec-17 (Audited)	31-Mar-17 (Audited)	31-Mar-18 (Audited)	31-Mar-17 (Audited)
		*	*		*
Revenue from Operations	1,841.59	1,963.37	1,732.92	7,536.59	6,924.16
Add/(Less): Regulatory income/(expense) (net)	(6.00)	(117.00)	(52.00)	(236.00)	(232.00)
Add/(Less): Regulatory income/(expense) (net) in respect of earlier years	-	-	-	-	77.00
Total Segment Revenue	1,835.59	1,846.37	1,680.92	7,300.59	6,769.16
Discontinued Operations (Refer Note 8)	75.68	71.22	278.31	286.74	548.15
Total Segment Revenue as reported above	1,911.27	1,917.59	1,959.23	7,587.33	7,317.31

* Restated



AUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

₹ crore

Particulars	As at 31-Mar-18 (Audited)	As at 31-Mar-17 (Audited) *	As at 01-Apr-16 (Audited) *
A ASSETS			
1. Non-current assets			
a) Property, plant and equipment	7,873.55	8,358.30	8,482.58
b) Capital Work-in-Progress	418.78	666.19	485.63
c) Investment Property	Nil	0.96	1.01
d) Intangible Assets	93.18	189.87	140.54
e) Intangible Assets under Development	Nil	254.68	209.70
f) Financial Assets			
(i) Investments	18,382.45	22,340.31	14,002.46
(ii) Trade Receivables	185.76	185.76	185.76
(iii) Loans	22.09	22.82	3,644.47
(iv) Finance Lease Receivables	574.76	573.47	617.63
(v) Other Financial Assets	722.79	1,132.40	1,277.56
g) Other Non-current Assets	559.72	884.83	921.27
Total - Non-current assets	28,833.08	34,609.59	29,968.61
2. Current assets			
a) Inventories	474.22	671.09	689.05
b) Financial Assets			
(i) Investments	10.00	130.08	35.94
(ii) Trade Receivables	972.05	1,234.82	1,058.08
(iii) Unbilled Revenue	53.75	560.98	299.96
(iv) Cash and cash Equivalents	42.94	141.88	33.87
(v) Bank Balances other than (iv) above	15.48	14.47	12.06
(vi) Loans	402.25	Nil	106.00
(vii) Finance lease receivables	34.27	39.16	48.80
(viii) Other financial assets	434.83	376.74	212.09
c) Other Current Assets	172.87	273.97	344.69
Total - Current assets	2,612.66	3,443.19	2,840.54
Assets Classified as Held For Sale (Refer Note 8)	3,261.14	235.72	Nil
Total Assets before Regulatory Deferral Account	34,706.88	38,288.50	32,809.15
Regulatory Deferral Account - Assets	1,795.19	2,544.00	2,680.09
TOTAL - ASSETS	36,502.07	40,832.50	35,489.24
B EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	270.50	270.50	270.48
b) Unsecured Perpetual Securities	1,500.00	1,500.00	1,500.00
c) Other Equity	12,718.03	16,321.47	16,538.57
Total Equity	14,488.53	18,091.97	18,309.05
Liabilities			
1. Non-current liabilities			
a) Financial Liabilities			
(i) Borrowings	8,123.84	8,847.86	8,983.62
(ii) Trade Payables	21.00	35.57	33.12
(iii) Other Financial Liabilities	110.74	40.03	33.59
b) Provisions	182.10	170.75	152.04
c) Deferred Tax Liabilities (Net)	235.99	1,468.88	1,541.26
d) Other Non-current liabilities	180.49	179.29	176.85
Total - Non-current liabilities	8,854.16	10,742.38	10,920.48
2. Current liabilities			
a) Financial Liabilities			
(i) Borrowings	4,326.46	2,391.98	1,507.09
(ii) Trade payables	1,105.68	1,346.23	1,264.43
(iii) Other financial liabilities	5,386.20	6,632.61	1,867.16
b) Provisions	15.44	52.95	73.84
c) Current Tax Liabilities (Net)	107.67	98.62	106.13
d) Other Current Liabilities	855.37	819.76	760.68
Total - Current liabilities	11,796.82	11,342.15	5,579.33
Liabilities Classified as Held For Sale (Refer Note 8)	877.56	Nil	Nil
Total Liabilities before Regulatory Deferral Account	21,528.54	22,084.53	16,499.81
Regulatory Deferral Account - Liability	485.00	656.00	680.38
TOTAL - EQUITY AND LIABILITIES	36,502.07	40,832.50	35,489.24
* Restated			

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BY

SRBC & COLLP
MUMBAI

NOTES TO STANDALONE FINANCIAL RESULTS – FY18

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 2nd May, 2018.
2. Coastal Gujarat Power Limited (CGPL), a subsidiary of the Company has been incurring significant losses. The lenders and the management of CGPL are in discussion with the buyers of power (DISCOMs) to arrive at alternative solutions to minimize the operating losses subject to grant of compensatory tariff to CGPL. During the current year, the Company has considered the investment in CGPL and Indonesian coal and its related infra companies as a single cash generating unit (CGU). Based on the review of the recoverability of the carrying amount of its combined investment in the aforesaid companies, it has provided ₹ 3,555 crore towards impairment of carrying value of its investment in CGPL.
3. During the year ended 31st March, 2018, the Company has reviewed and reassessed the classification of certain old matters pertaining to its regulated business. Consequently, the Statutory Appropriation Reserve and investment allowance reserve created prior to the enactment of Maharashtra Electricity Regulatory Commission Tariff Regulations, 2003 aggregating to ₹ 660 crore as at 1st April, 2016 and 31st March, 2017 have been reclassified from "other current liabilities" to "other equity". This change has no impact on the profit/(loss) for the year.
4. (a) In its regulated operations, the Company is entitled to a fixed return on its investment, net of tax. Consequently, tax is a pass-through cost. The Company followed a practice of not recognizing a regulatory asset for such pass-through cost until the previous year. The Company has reviewed this accounting treatment and recorded regulatory assets (recoverable in future from consumers) for deferred tax and for tax provisions as below:
 - Deferred tax as at 31st March, 2016 - ₹ 493 crore;
 - Deferred tax for the year ended 31st March, 2017 - ₹ 65 crore;
 - Income-tax provision as at 31st March, 2016 - ₹ 286 crore

Due to uncertainty as to the method of its recovery after expiry of its Power Purchase Agreement (PPA) as at 31st March, 2019, a similar deferred tax asset of ₹ 474 crore for Trombay generating station has not been recognized.
- (b) As per the clarifications issued by ICAI during the year, the Company reclassified income taxes paid on dividend received for which set off was allowed against the Dividend Distribution Tax (DDT) from "current tax" to "other equity". Accordingly, tax expense has decreased by ₹ 29 crore for the year ended 31st March, 2017.
5. (a) During the current quarter, the Company has recognized an impairment loss amounting to ₹ 100 crore for a unit of Trombay Thermal Power Plant.
- (b) Impairment of non-current investments includes:
 - (i) Impairment of investment in CGPL amounting to ₹ 3,555 crore (Refer Note 2 above);
 - (ii) Impairment of investment in and commitment to Tata Power International Pte. Ltd. (TPIPL), a wholly owned subsidiary which has invested in an associate company setting up a Hydro power plant aggregating to ₹ 675 crore.
- (c) Damages towards contractual obligation represents mark to market loss on change in the value of put option on the equity shares of Tata Teleservices Limited (TTSL).
6. The shareholders have approved schemes of arrangement for transfer of 499.5 MW clean energy assets of the Company to wholly owned subsidiaries, as a "going concern" on a slump sale basis. The necessary documents have been filed with the National Company Law Tribunal (NCLT) for its final order.

The effect of the schemes would be recognized on receipt of statutory approvals.
7. During the year ended 31st March, 2018, Chemical Terminal Trombay Limited (CTTL), the Company's wholly owned subsidiary merged with it pursuant to an order passed by the National Company Law Tribunal. Accordingly, the previous year figures have been restated to give impact of the said common control Business Combination with effect from 1st April, 2016.
8. During the year ended 31st March, 2018, the Company has approved sale of its Strategic Engineering Division (SED) to Tata Advanced Systems Limited (TASL) (a wholly owned subsidiary of Tata Sons Limited) as a going concern on slump sale basis, subject to regulatory and shareholders' approvals. Accordingly, the assets and the liabilities of the division amounting to ₹ 2,065 crore and ₹ 878 crore respectively have been disclosed as held for sale and financial results of the division as Discontinued Operations.

Further, the Company has initiated the process of sale of certain investments amounting to ₹ 1,099 crore in subsidiary and associate companies, subject to requisite approvals. The Company expects to realize value from the sale in excess of the carrying value of these investments.



9. During the year ended 31st March, 2018, the Company has recognized deferred tax asset, on indexation benefit available under the Income Tax Act on certain investments that have been classified as asset held for sale, amounting to ₹ 338 crore in the statement of profit and loss and on investments held in TTSL amounting to ₹ 370 crore in Other Comprehensive Income.
10. (a) Debt Service Coverage Ratio = (Profit before tax + interest expenses + depreciation and amortization expenses) / (interest expenses + scheduled principal repayment of long-term loans) *
(b) Interest Service Coverage Ratio = (Profit before tax + interest expenses) / Interest expenses
* For the purpose of computation, scheduled principal repayment of long-term loans does not include pre-payments including prepayment by exercise of call/put option.
11. Figures for the quarters ended 31st March, 2018 and 31st March, 2017 are the balancing figures between the audited figures in respect of the full years and the restated figures of nine months ended 31st December, 2017 and 31st December, 2016 respectively.
12. The Board of Directors at its meeting held on 2nd May, 2018, proposed a dividend of ₹ 1.30/- (Previous year ₹ 1.30/-) per equity share.
13. Figures for the previous periods/year are re-classified/re-arranged/re-grouped, wherever necessary.

For and on behalf of the Board of



PRAVEER SINHA
CEO & Managing Director

Date: 2nd May, 2018.



Auditor's Report On Quarterly Financial Results and for the Year Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of
The Tata Power Company Limited,

1. We have audited the accompanying statement of quarterly standalone financial results of The Tata Power Company Limited ('the Company') for the quarter and year ended March 31, 2018 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The standalone financial results for the quarter and year ended March 31, 2018 have been prepared on the basis of the audited standalone financial results for the nine-month period ended December 31, 2017, the audited annual standalone Ind AS financial statements as at and for the year ended March 31, 2018, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial results for the nine-month period ended December 31, 2017 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual standalone Ind AS financial statements as at and for the year ended March 31, 2018; and the relevant requirements of the Regulation and the Circular.
2. We conducted our audit 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 financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. 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, these quarterly standalone financial results as well as the year to date results:
 - i. are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
 - ii. give a true and fair view of the total comprehensive income (comprising of net loss and other comprehensive income) and other financial information for the quarter and year ended March 31, 2018.
4. The comparative Ind AS financial information of the Company for the quarter and for the year ended March 31, 2017, included in these standalone Ind AS financial results, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 19, 2017 expressed a modified opinion.
5. We audited the adjustments, as fully described in Note 3, Note 4(a) and 4(b) to the Statement, which have been made to the comparative financial information presented for the periods prior to quarter and year ended March 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.



SRBC & CO LLP

Chartered Accountants

The Tata Power Company Limited

Page 2 of 2

6. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2018 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2018 and the audited year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, as required under the Regulation and the Circular.

For SRBC & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per Sudhir Soni
Partner

Membership No.: 41870

Place of Signature: Mumbai

Date: May 2, 2018



No.1102/ITSL/OPR/2018-19
May 2, 2018

To,
Mr. Arun Viswanathan
Group Head - Treasury
The Tata Power Company Limited
Corporate Center B, 34, Sant Tukaram Road,
Carnac Bunder, Mumbai - 400009.

Sub: Letter of Debenture Trustee pursuant to Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015)

Dear Sir,

This has reference to the privately placed Secured/Unsecured Redeemable, Non-Convertible Debentures issued by The Tata Power Company Limited ("Issuer") wherein IDBI Trusteeship Services Limited is acting as the Debenture Trustee and listed on the Bombay Stock Exchange (BSE)/ National Stock Exchange (NSE) ("Listed Debt Securities").

Pursuant to Regulation 52(4) read with Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Issuer is required to submit the documents required there along with its half yearly/annual financial results to the Stock Exchange, with a letter of the Debenture Trustee (IDBI Trusteeship Services Limited) that the Debenture Trustee has noted the contents furnished by the Issuer as per Regulation 52(4).

In pursuance thereof we hereby confirm that we have received the aforesaid information through your letter dated May 2, 2018 and we have noted the contents provided therein.

Thanking you,

Yours faithfully
For IDBI Trusteeship Services Limited


Authorised Signatory



The Tata Power Company Limited

Statement A

(Rs. Cr)

Sr. No.	ISIN No.	Debenture Series	Outstanding as on 31.03.2018	Last Due Date		Paid on or before due date	Next Principal Amount	Next Interest Amount	Next due date falling after 31.03.2018	
				Principal	Interest				Principal	Interest
1	INE245A08034	11.40% Unsecured, Subordinated, Perpetual Non Convertible Debentures	1500	NA	31-Oct-17	Yes	1500	86.20	N.A (See Note 1)	30-Apr-18
2	INE245A08042	10.75% Unsecured, Subordinated, Rated Non Convertible Debentures	1500	NA	31-Oct-17	Yes	1500	81.07	21-Aug-22 (See Note 2)	30-Apr-18
3	INE245A08059	9.32% Unsecured, Subordinated, Rated Non Convertible Debentures	0	17-Nov-17	17-Nov-17	Yes	NA	NA	NA	NA
4	INE245A08067	9.48% Unsecured, Subordinated, Rated Non Convertible Debentures	500	NA	17-Nov-17	Yes	500	47.40	17-Nov-19	17-Nov-18
5	INE245A08075	9.41% Unsecured, Subordinated, Rated Non Convertible Debentures	500	NA	12-Jan-18	NA	500	46.27	12-Jan-23	12-Jan-19
6	INE245A08083	7.7% Unsecured, Non cumulative, Rated, Non Convertible Debentures	1875	NA	4-Aug-17	NA	1875	144.38	2-Aug-19	2-Aug-19
7	INE245A08091	7.99% Unsecured, Non cumulative, Rated, Non Convertible Debentures	300	NA	NA	NA	300	23.97	16-Nov-20	16-Nov-18
8	INE245A08109	7.99% Unsecured, Non cumulative, Rated, Non Convertible Debentures	300	NA	NA	NA	300	23.97	16-Nov-21	16-Nov-18
9	INE245A08117	7.99% Unsecured, Non cumulative, Rated, Non Convertible Debentures	300	NA	NA	NA	300	23.97	16-Nov-22	16-Nov-18
10	INE245A08125	7.99% Unsecured, Non cumulative, Rated, Non Convertible Debentures	300	NA	NA	NA	300	23.97	16-Nov-23	16-Nov-18
11	INE245A08133	7.99% Unsecured, Non cumulative, Rated, Non Convertible Debentures	300	NA	NA	NA	300	23.97	15-Nov-24	16-Nov-18

Note:

1. As the debentures are Perpetual in nature, there is no repayment date of Principal. The first call option is on 2nd June, 2021
2. The first call option date is on 21st August, 2022

For the Tata Power Company Limited

Saundararajan Kasturi
Chief-Corporate Treasury & IR

May 2, 2018

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

CARE/HO/RR/2017-18/1826

Mr. Kasturi Soundararajan

Head - Corporation Finance & Treasury

The Tata Power Company Limited

Corporate Center B, 34 Sant Tukaram Road,
Carnac Bunder, Mumbai: 400 009.

October 12, 2017

Dear Sir,

Credit rating of Bank facilities and instruments of the Tata Power Company Limited

Please refer to our letters dated September 5, 2017 on the above subject.

The rationale for the rating(s) is attached as an **Annexure-I**.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



Pawan Matkari
(Senior Manager)

Encl.: As above

Rating Rationale
The Tata Power Company Limited

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Perpetual Bond	1,500	CARE AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Hybrid Bond	1,500	CARE AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Non-Convertible Debentures	2,210	CARE AA; Stable [Double A; Outlook: Stable]	Reaffirmed

Details of instruments/facilities in Annexure-1

Rating Rationale

The rating assigned to long-term debt instruments of The Tata Power Company Limited (TPCL) factors in the company's strong market position as an integrated power player, stable cash flows and high financial flexibility it enjoys by virtue of being a part of the Tata group. The rating strengths are, however, tempered by Tata Power's moderate financial risk profile as a result of high levels of consolidated debt, stress on financial risk profile on account of unfavourable verdict of the Hon. Supreme Court and the continuing losses at Coastal Gujarat Power Limited and delay in the realisation of funds from stake sale in PT Arutmin Indonesia coal mine.

The rating continues to derive strength from Tata Power's strong position as an integrated power company as reflected by its significant presence in the generation, transmission and distribution space. Its cash flows from core licensed operations are stable due to the regulated nature of the business. About 45% of Tata Power's generation capacity of 10,463 MW (as on March 31, 2017) is operated either under cost plus regime or on a captive basis with strong counterparties which translates in stable earnings visibility and limits the risk faced by the company due to volatility in fuel prices. A similar assured return on equity model exists in its transmission and distribution business lending stability to the company's cash flows. With the acquisition of Walwhan Renewable Energy Limited's (WREL) assets, the company has steady cash flows from the renewable assets which will add to the diversity of revenues of the company.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

The company has strong financial flexibility as reflected in its ability to raise funds through equity or asset sales. Furthermore, sale of investment in coal mines when crystallised is expected to be utilised to prepay debt. The company has investments in certain Tata Group companies that can be sold, if required, to enhance liquidity.

Tata Power's ownership interest in Indonesian coal entities provides partial hedge, to an extent, in case of adverse fuel price movement.

The commissioning of Mundra Ultra Mega Power Project (Mundra UMPP) [under Coastal Gujarat Power Limited (CGPL)], led to increased revenue contribution from the non-licensed operations wherein the fuel cost is partially pass-through. The changes in coal export regulations of Indonesia adversely impacted the economics of the project resulting in continued losses. The Honourable Supreme Court through its judgement passed in April 2017, set aside the previous favorable order of APTEL. Furthermore, the apex court has clarified that changes in the cost of fuel or the agreement becoming onerous to perform, are not treated as force majeure events under the PPA and thus disposed of the submission for relief under the force majeure clause. The order inhibits the company's ability to recover the past under recoveries as well as get a favourable compensatory tariff for the project exerting stress on the financial risk profile of the company.

The consolidated borrowings of Tata Power continued to be high owing to debt taken to fund its projects and support high level of regulatory assets. The total consolidated debt of the company stood at Rs.48,820 crore at the end of March 31, 2017 as against that of Rs. 40,121 crore as at March 31, 2016, resulting in increase in overall gearing ratio. The company intends to replace a portion of the acquisition related debt by equity in the near term thereby mitigating any adverse impact on the capital structure.

Raising of equity capital as envisaged for replacing a portion of the acquisition related debt, timely monetization of non-core assets, execution of the PT Arutmin stake sale process, time-bound liquidation of regulatory assets and any adverse impact on financial leverage remain the key rating sensitivities.



Background

Incorporated in 1919, TPCL is an integrated power utility company and one of the major companies of the Tata group. TPCL is one of the largest private integrated power companies in India with presence across the entire power value chain – covering power generation, transmission, distribution and trading and fuel and logistics. On a consolidated basis, as at March 31, 2017, the company had an installed generation capacity of 10,463 MW (up from 9,184 MW as at March 31, 2016) based on various fuel sources: thermal, hydroelectric power and other renewable energy. TPCL also has businesses of power transmission and power distribution in Mumbai and power distribution in Delhi {through Tata Power Delhi Distribution Company Limited (TPDDL, in which TPCL holds 51%)}

In addition, TPCL also has a strategic investment in coal assets through a 30% stake in Indonesian thermal coal companies – PT Kaltim Prima Coal and 26% stake in PT Baramulti Suksessarana Tbk. The investment is part of TPCL's strategy to ensure fuel security for its thermal power projects.

Credit Risk Assessment

Established parentage; strategic importance to the Tata Group

TPCL is a part of the Tata Group with Tata Sons Limited holding 31.05% stake in TPCL as on March 31, 2017. TPCL is one of the largest integrated power players in the country and also caters to captive power requirement of other companies within the Tata Group. The group comprises over 100 operating companies, in various key business sectors such as steel, auto, communications & information technology, engineering, materials, services, energy, consumer products and chemicals. The group has operations in more than 80 countries across six continents and exports products and services to 85 countries. The combined market capitalization of the listed entities of the group was about Rs.8,39,483 crore (USD 130.9 billion) as at August 14, 2017. TPCL was the fifth largest company in terms of market capitalization within the Tata Group with market capitalization of ~Rs.21,503 crore (USD 3.35 billion) as at August 14, 2017. By virtue of being part of the Tata Group, the company enjoys high level of financial flexibility.

Stable cash flows from the company's core licensed operations contributing a substantial part of its revenues

More than half of TPCL's total generation capacity is either under a cost plus regime or on a captive basis with strong counterparties that translates into stable earnings visibility and limits the risk faced by the company due to volatility in fuel prices. Nearly 59% of TPCL's revenue comes from Assured business (regulated returns). Assured businesses contribute 44% to the consolidated EBITDA (including all businesses), while the balance 56% is contributed by market linked returns businesses. However, any regulatory delay in receiving tariff orders, disallowance of immediate pass-through of expenses leading to creation of regulatory assets does call for stop gap funding arrangements.

Ownership interest in Indonesian coal mines acts as a partial hedge to an extent to counter adverse fuel price movement

Tata Power holds 30% equity interest in PT Kaltim Prima Coal (KPC) for coal mining operations in Indonesia which acts as a partial hedge against price volatility on coal. Tata Power also acquired 26% stake in the Indonesian coal mine PT Baramulti Sukses Sarana Tbk (BSSR) through its 100% subsidiary Khopoli Investments Limited in November 2012, thereby adding to its existing overseas coal assets. The equity interest in these companies provides partial hedge for the higher input prices for imported coal.

In FY17, the coal prices have shown an increasing trend. Though this has led to higher operating expenses for CGPL, the revenues of the coal companies increased substantially during FY17. Thus, incremental losses in CGPL due to coal price increases largely offset by gains in Coal SPVs. However, to support the cash flows, the company intends to sell a portion of its equity interest in the coal mines in the short - medium term. In January 2014, the company had signed an agreement to sell its 30% stake in coal mines held in subsidiary PT Arutmin Indonesia, subject to closing adjustments. Subsequent to the adjustments, the aggregate consideration to be received by Tata Power for its 30% stake is USD 247 million. The company is pursuing steps to complete the requisite conditions and expects to close the transaction in the medium term.

Acquisition of Walwhan Renewable Energy Limited (WREL) provides stability to revenues and profitability

In September 2016, TPCL completed the acquisition of 100% shareholding in WREL and its subsidiaries through its wholly owned subsidiary TPREL, its renewable energy arm. TPREL is now one of the largest renewable energy players in India having an operational capacity of 1958 MW; while another 326 MW is under execution. Of the total operational capacity, 379 MW of renewable capacity is in the process of being transferred to TPREL from TPCL; the matter is currently under National Company Law Tribunal (NCLT). The company has a balanced portfolio with renewable energy sources and presence across 11 states, thereby de-risking portfolio.

Partial fuel pass through in Mundra UMPP leading to losses; stress on the financial risk profile in the light of the Supreme Court verdict

Coastal Gujarat Power Ltd, (the subsidiary for Mundra UMPP) entered into PPA with 5 state utilities [Gujarat (1805 MW), Maharashtra (760 MW), Punjab (475 MW), Haryana (380 MW) and Rajasthan (380 MW)] for a period of 25 years for a levelised tariff of Rs.2.26 per KWh, with only a partial pass through (45%) of fuel cost thereby exposing the company to fuel price risk. To counter the same, CGPL had entered into fuel supply arrangements with Indonesian mines wherein the company has a 30% strategic investment. However, in September 2011, the coal export regulations in Indonesia changed and coal prices were aligned with international prices. Upward revision in fuel prices and unfavourable exchange rate led to losses for CGPL and in view of the same, CGPL approached Central Electricity Regulatory Commission (CERC) seeking relief and later the matter was referred to Appellate Tribunal for Electricity (ATPEL) and the Honourable Supreme Court of India.

The Honourable Supreme Court conveyed its judgment on the Compensatory Tariff Matter on the Mundra UMPP on April 11, 2017. The order set aside the previous favorable order of Appellate Tribunal for electricity which had allowed Compensatory Tariff on account of Force Majeure conditions in Indonesia. Furthermore, in the order, the apex court has clarified that changes in the cost of fuel or the agreement becoming onerous to perform, are not treated as force majeure events under the PPA and thus disposed of the submission for relief under the



force majeure clause. The Supreme Court also clarified that the change in Indonesian law which resulted in higher coal price for CGPL, would not qualify as a change in law under the guidelines read with the PPA. As Tata Power did not recognize revenue based on ATE's and CERC's earlier orders allowing for compensatory tariff, following a conservative accounting policy, the Supreme Court order would not lead to any restatement of historical financials. In the light of this order, the management conveyed that the company would continue to pursue all alternative options available with CGPL, including sourcing of competitive coal from other relevant geographies as also use low grade and blended coal options to contain the onslaught of under-recovery at Mundra UMPP.

High leverage position and heavy repayment obligations over the next three years; however, planned equity infusion and sale of coal investments expected to reduce the strain partially

The consolidated borrowings of TPCL stood at Rs. 48,815.44 crore in FY17 as against Rs.38,848.59 crore in FY16. The higher debt is mainly on account of acquisition of 100% stake in WREL. The consolidated debt of the company also includes the high cost WREL debt aggregating to Rs. 5500 crore. TPCL is currently in the process of refinancing the high cost debt with lower cost bonds which is likely to reduce the overall cost of funds. However, addition of debt pertaining to WREL acquisition has led to a deterioration in the capital structure of TPCL in the near term.

The overall gearing ratio increased to 3.29x at the end of March 31, 2017 compared to 2.67x at the end of March 31, 2016. With increase in the debt level of the company, interest coverage ratios viz. PBILDT interest coverage and PBIT interest coverage have deteriorated to 1.70x (PY: 1.91x) and 1.06x (PY: 1.40x) respectively.

In order to correct the capital structure, the company plans to monetize non-core assets. The company has also received shareholders' nod in its Annual General Meeting to raise Rs.7000 crore through the issuance of redeemable, non-convertible debentures on private placement basis. The said NCDs would be utilized for re-financing.



Financial Performance of TPCL

(Rs. Cr)

For the period ended / as at Mar.31,	2015 (12m, A)	2016 (12m, A)	2017 (12m, A)
<u>Working Results</u>			
Net Sales	33806.87	28819.44	27078.49
Total Operating income	34,674.79	30,168.28	28,373.27
PBILDT	7,253.78	6,176.39	5,287.33
Interest	3,843.90	3,274.22	3,177.72
Depreciation	2,174.21	1,648.73	1,988.59
PBT	1,531.98	1,466.70	902.74
PAT (after deferred tax)	457.20	786.39	948.56
Gross Cash Accruals	2,897.91	2,590.22	2,281.96
<u>Financial Position</u>			
Equity Capital	270.48	270.48	270.50
Networth	11,098.21	14,570.31	14,822.58
Total capital employed	60328.37	55825.44	65632.18
<u>Key Ratios</u>			
<i>Profitability</i>			
PBILDT/Total Op. income (%)	20.92	20.47	18.63
PAT (after deferred tax)/ Total income (%)	1.32	2.61	3.34
ROCE (%)	8.89	8.10	6.46
<i>Solvency</i>			
Long Term Debt Equity ratio (times)	3.27	1.67	2.20
Overall gearing ratio(times)	3.68	2.67	3.29
Interest coverage(times)	1.96	1.91	1.70
Term debt/Gross cash accruals(years)	12.51	9.37	14.26
<i>Liquidity</i>			
Current ratio(times)	0.70	0.64	0.53
Quick ratio(times)	0.62	0.59	0.49
<i>Turnover</i>			
Average collection period (days)	130.00	105.00	52.00
Average creditors (days)	65.00	73.00	78.00
Average inventory (days)	26.00	24.00	23.00
Operating cycle (days)	92.00	56.00	(3.00)

Note- Financials classified as per CARE standards

Details of instruments

A-1 Details of Rated Instruments

Particulars	Existing Instruments					
Type of Instrument	Perpetual Bond	Hybrid NCDs	NCDs	NCDs (Series – I)	NCDs (Series – II)	NCDs
Size of the issue	Rs.1,500 crore	Rs.1,500 crore	Rs.210 crore	Rs.1000 crore	Rs. 500 crore	Rs. 500 crore
Rate of Interest	11.5%	11.40% p.a. payable semi-annually	9.40%	9.32%	9.48%	SBI base rate + 11 bps
Redemption	-	60 years	10 years (December 28, 2022)	3 years (November 17, 2017)	5 years (November 17, 2019)	7 years (January 12, 2023)
Purpose	General business purposes	General business purposes	Refinance of high cost debt			Refinancing of existing debt
Security	-	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured
Mode of Issue	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
Amount o/s as on June 28, 2017	Rs. 1,500 crore	Rs. 1,500 crore	Rs. 210 crore	Rs.1000 crore	Rs. 500 crore	Rs. 500 crore
ISIN	INE245A08034	INE245A08042	INE245A07424	INE245A08059	INE245A08067	INE245A08075

Total long term instruments: Rs. 5210.00 crore

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.



Ratings

Rating Rationale

November 10, 2017 | Mumbai

The Tata Power Company Limited

Rated amount enhanced

Rating Action

Total Bank Loan Facilities Rated	Rs.13805.35 Crore
Long Term Rating	CRISIL AA-/Stable (Reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)

Rs.1500 Crore Subordinated Non-Convertible Debentures	CRISIL AA-/Stable (Reaffirmed)
Non Convertible Debentures Aggregating Rs.1564 Crore	CRISIL AA-/Stable (Reaffirmed)
Rs.1500 Crore Perpetual Non Convertible Debentures	CRISIL AA-/Stable (Reaffirmed)
Rs.3500 Crore Commercial Paper (Enhanced from Rs.3000 Crore)	CRISIL A1+ (Reaffirmed)
Rs.500 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL AA-/Stable/CRISIL A1+' ratings on the bank facilities and debt programmes of The Tata Power Company Ltd (Tata Power). In December 2016, Central Electricity Regulatory Commission (CERC), based on an Appellate Tribunal for Electricity (APTEL) order dated April 7, 2016, came up with a formula for the relief to be provided in the form of compensatory tariff based on force majeure conditions for Mundra Ultra Mega Power Project (UMPP) held through Coastal Gujarat Power Ltd (CGPL; 'CRISIL A-/CRISIL AA-(SO)/Stable/CRISIL A1+(SO)'), a subsidiary of Tata Power. However, in April 2017, the Supreme Court set aside the order, and hence, no relief is expected for CGPL. CRISIL has taken cognisance of the above outcome.

The ratings continue to reflect Tata Power's stable cash accrual from regulated businesses, which account for more than 40% of total capital employed; its strong management; and robust financial flexibility, further enhanced by being a part of the Tata group. The ratings also factor increased diversity post-acquisition of renewable assets of Walwhan Renewable Energy Pvt Ltd [earlier known as Welspun Renewables Energy Pvt Ltd (WREPL), rated 'CRISIL AA-/Stable'] through Tata Power's subsidiary, Tata Power Renewable Energy Ltd (TPREL; 'CRISIL AA-/Stable/CRISIL A1+/CRISIL A1+ (SO)'). These strengths are partially offset by continued losses in the Mundra UMPP held through CGPL, on account of unviable project economics; declining dividends from Indonesian coal investments; high gearing; and weak debt protection metrics.

Analytical Approach

CRISIL has combined the business and financial risk profiles of Tata Power; Tata Power's Delhi Distribution Company Ltd (TPDDL); CGPL; Maithon Power Ltd (MPL, 'CRISIL AA-/Stable/CRISIL A1+'), operating the 1050-megawatt (MW) thermal power plant at Maithon; TPREL, a company executing renewable projects for Tata Power; power trading arm Tata Power Trading Company Ltd; transmission subsidiary Powerlinks Transmission Ltd (PTL; 'CRISIL AAA/Stable/CRISIL A1+'); a joint venture with Power Grid Corporation of India Ltd [Power Grid, 'CRISIL AAA/Stable/CRISIL A1+']; Industrial Energy Ltd; Tata Power Solar Systems Ltd (TPSSL; 'CRISIL A+/Stable/CRISIL A1/CRISIL A1+ (SO)/Provisional CRISIL A1+(SO)'); and the SPVs formed for the acquisition of coal entities in Indonesia, including Bhira Investments, Bhivpuri Investments, and Khopoli Investments. CRISIL has also combined the business and financial risk profiles of Tata Power's coal operating entities in Indonesia on a proportionate basis. The company has an effective stake of 30% in PT Kaltim Prima Coal and of 26% in PT Baramulti Suksessarana Tbk, and both these companies are under a common management.

Key Rating Drivers & Detailed Description

Strengths

*** Stable cash accrual from regulated businesses:** Tata Power earns stable income from its regulated businesses such as power generation and distribution in Mumbai, distribution business in New Delhi, the 1050 MW capacity of Maithon Power, and its transmission businesses. These accounted for over 55% of consolidated EBITDA (earnings before interest, tax, depreciation, and amortisation) in fiscal 2017, and provide stable cash flow. CRISIL believes Tata Power's credit risk profile will continue to benefit from steady returns in regulated businesses which will provide stable cash accruals. Post-acquisition of WREPL assets, earnings before interest, depreciation, tax and amortisation (EBIDTA) from regulated business will account for 50% of consolidated EBITDA over the medium term. In case of power generation business for Mumbai, Power Purchase Agreement (PPA) for around 800 MW is due for renewal in March 2018. Any material decline in the proportion of cash accruals from the stable, regulated businesses will remain a rating sensitive factor.

*** Strong management, and robust financial flexibility:** Tata Power's financial flexibility is robust, marked by stable cash accrual from existing businesses and adequate liquidity with cash balance of Rs 1250 crore on a consolidated basis as on September 30, 2017.

Financial flexibility is also enhanced by being a part of the Tata group, which enhances access to the capital market and the banking system. Also, Tata Power's financial flexibility is supported by its investment in various Tata group entities such as Tata Communications Ltd ('CRISIL A1+'), which can be liquidated if required.

*** Acquisition of renewable assets leading to increased diversity:** The acquisition of WREPL assets has strengthened Tata Power's presence in the renewable space, with increase in capacity to about 2.3 gigawatt (GW) from 1.2 GW as on March 31, 2017, and wider geographical reach with presence in 10 states. It translates to more than 20% of generation capacity from renewables, and will contribute 15-18% to consolidated EBITDA over the medium term. Although the business risk profile of the newly acquired assets is relatively weaker than that of the regulatory assets, a significant proportion of the newly acquired assets are operational, lending diversity and partially offsetting high risks in the Mundra UMPP.

Weakness

*** Unviable project economics of CGPL, and reducing dividend from coal companies:** Nearly 25% of Tata Power's total capital employed is invested in CGPL, which continues to make losses on account of unviable project economics, adversely impacting Tata Power's credit risk profile. CGPL's unfavourable project economics are primarily on account of the 55% non-escalable variable charges component in the tariff. As the variable component is primarily linked to coal price, the change in coal pricing regulations by the Indonesian government resulted in increase in fuel costs and substantial loss for CGPL. Tata Power's management has reiterated its stance of providing incremental support to CGPL's debt, most likely in the form of corporate guarantee which shall constrain the financial risk profile. Also, the company will try to improve operating efficiencies and minimise under recoveries through procurement of coal from various sources. Moreover, the coal mines in Indonesia are likely to continue to provide a natural hedge to CGPL's operations partially, however, the quantum of dividends are lower than CGPL's support requirements including debt repayments and has to rely on support from Tata Power. Tata Power has signed a definitive agreement to sell PT Arutmin Indonesia to the erstwhile owners, the Bakrie family of Indonesia, which will be a rating monitorable over the medium term.

*** High leverage, albeit correction expected over the medium term:** Tata Power has a leveraged capital structure, with consolidated adjusted gearing of around 3 times, primarily due to large debt of Rs 48,982 crore, as on September 30, 2017 and thereby weakening the company's financial risk profile. WREPL renewables asset acquisition, at an enterprise value of Rs 9,250 crore, was funded through project-related debt of Rs 5,500 crore, medium-term debt of Rs 3,500 crore, and internal accrual. The medium-term debt is expected to be replaced by equity or repaid through sale of non-core investments. Hence, the debt/EBITDA ratio and adjusted gearing are expected to improve to 5 times and 2.5 times, respectively, as on March 31, 2018. The sale of non-core investments or equity infusion is expected over the next 6 months. Any significant delay in correction in debt/EBITDA ratio and gearing will remain a key rating sensitivity factor. Also, project debt of Rs 5,500 crore is expected to be refinanced through longer tenor debt at a lower interest rate, which will help improve debt coverage parameters.

Outlook: Stable

CRISIL believes Tata Power's business risk profile will continue to be supported by stable cash accrual from regulated businesses, over the medium term. Furthermore, robust financial flexibility, because of investments and benefits of being a part of the Tata group, is likely to enable it to reduce debt by Rs 3,500 crore through equity or sale of non-core assets in the near term.

Upside scenario

* Substantial improvement in the operating profitability or higher-than-expected reduction in the debt leading to higher-than-expected improvement in debt/EBITDA

Downside scenario

* Material delay in equity infusion or sale of non-core investments to reduce debt by around Rs 3500 crore

* Larger-than-expected, debt-funded capital expenditure or acquisition, or significant delay in improvement in operating profitability, leading to delay in improvement in gearing and debt/EBITDA ratio

About the Company

Tata Power is India's largest integrated private power utility, with installed generation capacity of 10,577 MW (as on March 31, 2017). The company is present across the entire power business spectrum, from generation (thermal, hydro, solar, and wind) to transmission and distribution.

CGPL was formed to implement the Mundra UMPP, which has five units of 800-MW each. MPL, Tata Power's 74% joint venture with Damodar Valley Corporation, operates the Maithon project, which has two units of 525-MW each. PTL operates a 400-kilovolt transmission line from Bhutan to Delhi.

Tata Power has 30% stake in Indonesian coal mining companies PT Kaltim Prima Coal and PT Arutmin Indonesia (Arutmin), and 26% stake in PT Baramulti Suksessarana Tbk. It has signed a definitive agreement to sell 30% stake in Arutmin to the Bakrie family.

In September 2016, Tata Power and ICICI Venture partnered to launch Power Platform along with global investors. The platform will target operating and near operating thermal/hydro/transmission assets, and has a joint commitment of up to USD 850 million by Tata Power, ICICI Bank, Caisse de d'investissement et placement du Québec, Canada, Kuwait Investment Authority, Kuwait and State General Reserve Fund of the Sultanate of Oman.

For first six months of fiscal 2018, Tata Power, on a consolidated basis, had a net profit of Rs 553 crore on total income of Rs 14,903 crore, against a net profit of Rs 627 crore on total income of Rs 14,340 crore over the corresponding period of the previous fiscal.

Key Financial Indicators - Tata Power Consolidated

Particulars	Unit	2017 [^]	2016 [^]
Revenue	Rs cr	28,099	29,592
Profit After Tax	Rs cr	949	786

PAT margin	%	3.38	2.66
Adjusted debt/Adjusted networkth	Times	3.22	2.61
Interest coverage	Times	2.11	1.98

^Reported as per Ind-AS

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Type of instrument	Date of allotment	Coupon	Maturity date	Issue Size (Rs cr)	Rating Assigned with Outlook
INE245A08034	Perpetual NCD	2-Jun-11	11.40%	Perpetual	1500	CRISIL AA-/Stable
INE245A08042	Subordinate NCD	21-Aug-12	10.75%	21-Aug-72	1500	CRISIL AA-/Stable
INE245A07184	NCD*	23-Jul-14	9.15%	23-Jul-17	25	CRISIL AA-/Stable
INE245A07192	NCD	23-Jul-14	9.15%	23-Jul-18	25	CRISIL AA-/Stable
INE245A07200	NCD	23-Jul-14	9.15%	23-Jul-19	25	CRISIL AA-/Stable
INE245A07218	NCD	23-Jul-14	9.15%	23-Jul-20	25	CRISIL AA-/Stable
INE245A07226	NCD	23-Jul-14	9.15%	23-Jul-21	20	CRISIL AA-/Stable
INE245A07234	NCD	23-Jul-14	9.15%	23-Jul-22	20	CRISIL AA-/Stable
INE245A07242	NCD	23-Jul-14	9.15%	23-Jul-23	20	CRISIL AA-/Stable
INE245A07259	NCD	23-Jul-14	9.15%	23-Jul-24	20	CRISIL AA-/Stable
INE245A07267	NCD	23-Jul-14	9.15%	23-Jul-25	20	CRISIL AA-/Stable
INE245A07333	NCD*	17-Sep-14	9.15%	17-Sep-17	16	CRISIL AA-/Stable
INE245A07341	NCD	17-Sep-14	9.15%	17-Sep-18	16	CRISIL AA-/Stable
INE245A07358	NCD	17-Sep-14	9.15%	17-Sep-19	16	CRISIL AA-/Stable
INE245A07366	NCD	17-Sep-14	9.15%	17-Sep-20	16	CRISIL AA-/Stable
INE245A07374	NCD	17-Sep-14	9.15%	17-Sep-21	16	CRISIL AA-/Stable
INE245A07382	NCD	17-Sep-14	9.15%	17-Sep-22	16	CRISIL AA-/Stable
INE245A07390	NCD	17-Sep-14	9.15%	17-Sep-23	16	CRISIL AA-/Stable
INE245A07408	NCD	17-Sep-14	9.15%	17-Sep-24	16	CRISIL AA-/Stable
INE245A07416	NCD	17-Sep-14	9.15%	17-Sep-25	26	CRISIL AA-/Stable
INE245A07101	NCD	25-Apr-08	10.10%	25-Apr-18	500	CRISIL AA-/Stable
INE245A07119	NCD	20-Jun-08	10.40%	20-Jun-18	500	CRISIL AA-/Stable
INE245A07424	NCD	28-Dec-12	9.40%	28-Dec-22	210	CRISIL AA-/Stable
NA	Commercial Paper Program	NA	NA	7-365 days	4000	CRISIL A1+
NA	Cash credit and working capital demand loan	NA	NA	NA	2,240	CRISIL AA-/Stable
NA	Letter of credit and bank guarantee	NA	NA	NA	4,370	CRISIL A1+
NA	Term loan-1	NA	NA	15-Jun-20	38.01	CRISIL AA-/Stable
NA	Term loan-2	NA	NA	16-Feb-29	1,211.25	CRISIL AA-/Stable
NA	Term loan-3	NA	NA	30-Sept-25	280	CRISIL AA-/Stable
NA	Term loan-4	NA	NA	Jan-23	109	CRISIL AA-/Stable
NA	Term loan-5	NA	NA	30-Mar-28	500.94	CRISIL AA-/Stable
NA	Term loan-6	NA	NA	30-Mar-26	2,000	CRISIL AA-/Stable
NA	Term loan-7	NA	NA	8-Aug-18	605	CRISIL AA-/Stable
NA	Rupee term loan-1	NA	NA	31-Dec-24	17.61	CRISIL AA-/Stable
NA	Rupee term loan-2	NA	NA	18-Feb-29	1,172.95	CRISIL AA-/Stable
NA	Proposed cash credit	NA	NA	NA	1,260.59	CRISIL AA-/Stable

*CRISIL is awaiting independent confirmation of redemption before withdrawing ratings on these instruments

Annexure - Rating History for last 3 Years

Current	2017 (History)	2016	2015	2014	Start of 2014
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Instrument	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	4000	CRISIL A1+		No Rating Change	18-07-16	CRISIL A1+		No Rating Change		No Rating Change	CRISIL A1+
						28-06-16	CRISIL A1+/Watch Developing					
Non Convertible Debentures	LT	1564	CRISIL AA-/Stable		No Rating Change	18-07-16	CRISIL AA-/Stable		No Rating Change	31-03-14	CRISIL AA-/Stable	CRISIL AA-/Negative
						15-06-16	CRISIL AA-/Watch Developing					
Perpetual Non Convertible Debentures	LT	1500	CRISIL AA-/Stable		No Rating Change	18-07-16	CRISIL AA-/Stable		No Rating Change	31-03-14	CRISIL AA-/Stable	CRISIL AA-/Negative
						15-06-16	CRISIL AA-/Watch Developing					
Subordinated Non-Convertible Debentures	LT	1500	CRISIL AA-/Stable		No Rating Change	18-07-16	CRISIL AA-/Stable		No Rating Change	31-03-14	CRISIL AA-/Stable	CRISIL AA-/Negative
						15-06-16	CRISIL AA-/Watch Developing					
Fund-based Bank Facilities	LT/ST	9435.35	CRISIL AA-/Stable		No Rating Change	18-07-16	CRISIL AA-/Stable		No Rating Change	31-03-14	CRISIL AA-/Stable	CRISIL AA-/Negative
						15-06-16	CRISIL AA-/Watch Developing					
Non Fund-based Bank Facilities	LT/ST	4370	CRISIL A1+		No Rating Change	18-07-16	CRISIL A1+		No Rating Change		No Rating Change	CRISIL A1+
						28-06-16	CRISIL A1+/Watch Developing					

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit & Working Capital demand loan	2240	CRISIL AA-/Stable	Cash Credit & Working Capital demand loan	2240	CRISIL AA-/Stable
Letter of credit & Bank Guarantee	4370	CRISIL A1+	Letter of credit & Bank Guarantee	4370	CRISIL A1+
Proposed Cash Credit Limit	1260.59	CRISIL AA-/Stable	Proposed Cash Credit Limit	1260.59	CRISIL AA-/Stable
Rupee Term Loan	1190.56	CRISIL AA-/Stable	Rupee Term Loan	1190.56	CRISIL AA-/Stable
Term Loan	4744.2	CRISIL AA-/Stable	Term Loan	4744.2	CRISIL AA-/Stable
Total	13805.35	--	Total	13805.35	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Power Distribution Utilities](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Criteria for Consolidation](#)

[CRISILs Criteria for rating short term debt](#)

[CRISILs criteria for rating and capital treatment of corporate sector hybrid instruments](#)

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Last updated: April 2016

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The Tata Power Company Limited

December 29, 2017

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debenture	6,063	5,063	[ICRA]AA- (Stable); Reaffirmed
Commercial Paper Programme	3,500	4,000	[ICRA]A1+; Assigned/Outstanding
Total	9,563	9,063	

Rating action

ICRA has reaffirmed the long-term rating of [ICRA]AA- (pronounced ICRA double A minus) outstanding on the Rs. 5,063 crore¹ (reduced from Rs. 6,063 crore) and assigned the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) on the Rs. 4,000 crore (enhanced from Rs. 3,500 crore) commercial paper programme of The Tata Power Company Limited (Tata Power)². The outlook on the long-term rating is Stable.

Rationale

The ratings take into account the favourable financial profile of Tata Power on a standalone basis, which is aided by the stable cash flows generated from the company's operations in the Mumbai License Area arising from the cost-plus rate of return model and superior operational efficiency. The ratings also factor in the strong financial flexibility arising from the company's association with the Tata Group. ICRA further considers the comfortable liquidity profile of the company, characterised by largely unutilised working capital fund-based limits and its ability to raise adequate funds in a timely manner through equity and debt instruments as seen in the past.

The ratings are, however, constrained by the sizeable financial support extended by Tata Power to Mundra UMPP beyond its equity commitment owing to the loss-making operations of the project due to the under-recovery in fuel costs. ICRA notes that the financial support required by Mundra UMPP from Tata Power remains sizeable at the current coal price levels, which would be partly met by the cash flows available to Tata Power from its 30% stake in the Indonesian mining assets. Mundra UMPP also remains exposed to the risk of shortfall in recovery of fixed costs given the large portion of foreign currency debt which has been impacted by the sharp depreciation of Indian Rupee from bid assumption levels; the company, however, currently hedges its forex obligations for a five-year period to mitigate any further forex risks. The ratings also factor in the delays in the receipt of proceeds pertaining to the sale of stake in one of the Indonesian mining companies - PT Arutmin. The refinancing requirements of Tata Power remain high over the medium term, given the sizeable debt obligations on standalone basis and of its Coal SPVs (entirely backed by a corporate guarantee from Tata Power), although ICRA takes comfort from the past track record of the company in meeting its refinancing needs.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer ICRA's website (www.icra.in) or other ICRA Rating Publications

The company's standalone borrowing levels had increased following the acquisition of Welspun Renewable Energy Private Limited (WREPL) in September 2016 for which it raised Rs. 3,500 crore NCDs. The company, however, plans to improve its financial leverage by selling its non-core assets, primarily its 4.5% equity stake in Tata Communications Limited (valued at ~Rs. 940 crore) as well as the additional 13% stake held by its wholly-owned subsidiary in the near term. ICRA notes that the timely sale of the non-core assets and subsequent reduction in debt levels and improvement in the company's gearing levels would be a rating sensitivity.

Key rating drivers

Credit strengths

Stable cash flows from license business: The cash flows of Tata Power from the License Area continue to remain stable owing to the cost-plus nature of the business model that allows the company to avail fixed Return on Equity (RoE) subject to keeping its costs within the allowed levels. In addition to the regulated returns, the company also earns efficiency gains for operating the stations at better than normative operating parameters and PLF-linked incentives for generation above normative levels. It is also able to recover increase in fuel costs through Fuel Adjustment Charge (FAC) filings.

Healthy scale of operations with regular capacity expansions: The company's scale of operations significantly increased with the successful commissioning of its two large projects - the 4,000 MW Mundra UMPP (COD³ of March 2013) and the 1,050 MW Maithon Project (COD of July 2012). The operations of both remain healthy with availability maintained close to the normative requirement of 80% for Mundra UMPP and above the normative requirement for the Maithon Project. In September 2016, Tata Power completed the acquisition of WREPL making it one of the leading domestic companies in the renewable energy space. It continues to further enhance its renewable asset portfolio through capacity expansions.

Limited fuel supply risks: Tata Power has in-place Fuel Supply Agreements (FSA) with subsidiaries of Coal India Limited which mitigates the fuel supply risks. It also acquired 30% stake in coal mining companies (KPC and Arutmin, based in Indonesia) in March 2007, and a 26% stake in PT Baramulti Suksessarana Tbk, Indonesia, in November 2012, through offshore SPVs.

Favourable financial profile on a standalone basis: On a standalone basis, Tata Power's financial profile remains robust supported by the cost-plus-based PPA structures for about 80% of its generating capacity allowing it to earn the regulated Return on Equity. The company's net profits are further supported by high non-operating income, mainly in the form of dividend earnings. The company's term loans from banks largely have long maturity periods, with repayment periods extending from 10 to 13 years, which is a positive from a credit perspective. While the borrowing levels increased following the acquisition of WREPL, Tata Power plans to improve its financial leverage in the near term by sale of its 13.5% stake held in Tata communications Limited (held on its own books and through a wholly-owned subsidiary). The continued support to Mundra UMPP has, however, deteriorated the company's return indicators.

Strong financial flexibility arising from being a part of the Tata Group: Tata Power has demonstrated its ability to raise sizeable funds in the debt and equity markets in the past to support its growth which is a credit positive.

³ COD: Commercial Operation Date

Credit challenges

Continued support to Mundra UMPP – Mundra UMPP's profitability is exposed to the market price risks for 55% of its coal requirements. Owing to the high international coal prices compared to the prices prevalent at the time of the bid, Mundra UMPP has been loss-making, post commissioning, and has received funding support from Tata Power to meet its cash shortfalls. Tata Power has also provided a Debt Service Reserve Guarantee for the loan facility of Mundra UMPP. Tata Power is currently exploring various measures to reduce the under-recovery in the operations of Mundra UMPP, though would continue to support the UMPP which has impacted its standalone return indicators.

Exposure of Mundra UMPP to risk of shortfall in recovery of fixed costs: The returns earned from Mundra UMPP are further subdued by the sharp depreciation of the Indian Rupee from the bid assumption levels, since the foreign exchange rate variations on loans is not a pass-through. CGPL has, however, currently hedged its forex exposure for a five-year period to reduce the impact of any further Rupee depreciation. CGPL has fully hedged its interest rate risk through interest rate swaps over the long-term.

Consolidated profitability exposed to movement in coal prices – On account of its 30% equity stake in the Indonesian mining assets, Tata Power's consolidated profits and cash accruals remain exposed to the movement in the international coal prices. The increase in coal prices over the last one year has, however, led to healthy profitability in the coal business which should get translated into higher quantum of dividend income for Tata Power. The company has sold its 30% stake in one of the coal mining companies, viz. PT Arutmin, but is yet receive the sale proceeds from the buyer.

Large refinancing requirements - Given the sizeable debt repayments falling due for Tata Power (including the debt raised for the acquisition of WREPL) and Coal SPVs (guaranteed by Tata Power) over the near to medium term, the refinancing requirements remain high. Nonetheless, ICRA takes comfort from the company's past track record of successfully refinancing its loans in a timely manner.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Thermal Power Producers](#)

[Power Distribution Utilities](#)

About the company:

The Tata Power Company Limited (Tata Power), a Tata Group company, is involved in the generation, distribution and transmission of power. It has a license for bulk supply of electricity in the city of Mumbai. Tata Power Group currently has a total generation capacity of 10,649 MW on its own books as well as its subsidiaries. Of the same, 2,027 MW capacity is utilised to meet the power demands of the License Area in Mumbai. The company supplies power to Bombay Electric Supply & Transport Undertaking (BEST). Besides, it also supplies to the Railways and other industrial and High-Tension (HT) consumers in Mumbai, apart from direct sales to retail consumers in the License Area.

Tata Power operates the 4,000 MW capacity as part of its Ultra Mega Power Project (UMPP) at Mundra (project commissioned in March 2013), and the 1,050 MW capacity in Maithon (project commissioned in July 2012) through Special Purpose Vehicles (SPVs). The company also acquired 30% stake in coal mining companies (KPC and Arutmin, based in Indonesia) in March 2007, and a 26% stake in PT Baramulti Suksessarana Tbk (BSSR), Indonesia, in November 2012, through offshore SPVs ("Coal SPVs"). In January 2014, the company announced it had signed an agreement for sale of its stake in PT Arutmin Indonesia. Tata Power has been enhancing its clean energy portfolio (comprising of hydro,

waste gas, solar and wind), which currently stands at 3,310 MW, following the acquisition of Welspun Renewables Energy Private Limited (WREPL) in September 2016. Tata Power Group is also involved in power distribution in Mumbai and Delhi. It has recently entered into a distribution franchisee agreement for electricity distribution in Ajmer. Furthermore, the company has a presence in power transmission in Mumbai with over 1,110 Ckm (circuit km) of transmission lines. It is also involved in power transmission in other regions through a subsidiary, Powerlinks Transmission Limited, which commenced operations from September 2006.

Key financial indicators (audited)

	FY 2016	FY 2017	H1 FY2018 (P)
Operating Income (Rs. crore)	8,690	7,202	3,750
PAT (Rs. crore)	1,355	283	267
OPBDIT/ OI (%)	34.1%	29.3%	32.6%
RoCE (%)	10.0%	5.7%	
Total Debt/ TNW (times)	0.7	1.1	1.1
Total Debt/ OPBDIT (times)	4.1	8.2	7.3
Interest coverage (times)	2.6	1.6	1.6
NWC/ OI (%)	36%	44%	

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital; Note: 50% equity credit has been assigned to perpetual debentures of Rs. 1,500 crore raised by Tata Power

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2018)						Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating		Date & Rating in FY2017 May 2016	Date & Rating in FY2016 April 2015	Date & Rating in FY2015 April 2014	
Instrument	Type			Dec 2017	June 2017				
1	Non-Convertible Debenture	Long term	5,053	5,053	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)
2	Commercial Paper	Short term	4,000		[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
3	Term Loans	Long term	Nil		--	[ICRA]AA-(Stable)/Withdrawn	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE245A07101	NCD	25-Apr-08	10.10%	25-Apr-18	500	[ICRA]AA-(Stable)
INE245A07119	NCD	20-Jun-08	10.40%	20-Jun-18	500	[ICRA]AA-(Stable)
INE245A07192	NCD	23-Jul-10	9.15%	23-Jul-18	175	[ICRA]AA-(Stable)
INE245A07200	NCD	23-Jul-10	9.15%	23-Jul-19		[ICRA]AA-(Stable)
INE245A07218	NCD	23-Jul-10	9.15%	23-Jul-20		[ICRA]AA-(Stable)
INE245A07226	NCD	23-Jul-10	9.15%	23-Jul-21		[ICRA]AA-(Stable)
INE245A07234	NCD	23-Jul-10	9.15%	23-Jul-22		[ICRA]AA-(Stable)
INE245A07242	NCD	23-Jul-10	9.15%	23-Jul-23		[ICRA]AA-(Stable)
INE245A07259	NCD	23-Jul-10	9.15%	23-Jul-24		[ICRA]AA-(Stable)
INE245A07267	NCD	23-Jul-10	9.15%	23-Jul-25		[ICRA]AA-(Stable)
INE245A07341	NCD	17-Sep-10	9.15%	17-Sep-18	138	[ICRA]AA-(Stable)
INE245A07358	NCD	17-Sep-10	9.15%	17-Sep-19		[ICRA]AA-(Stable)
INE245A07366	NCD	17-Sep-10	9.15%	17-Sep-20		[ICRA]AA-(Stable)
INE245A07374	NCD	17-Sep-10	9.15%	17-Sep-21		[ICRA]AA-(Stable)
INE245A07382	NCD	17-Sep-10	9.15%	17-Sep-22		[ICRA]AA-(Stable)
INE245A07390	NCD	17-Sep-10	9.15%	17-Sep-23		[ICRA]AA-

						(Stable)
INE245A07408	NCD	17-Sep-10	9.15%	17-Sep-24		[ICRA]AA-(Stable)
INE245A07416	NCD	17-Sep-10	9.15%	17-Sep-25		[ICRA]AA-(Stable)
INE245A08067	NCD	17-Nov-14	9.48%	17-Nov-19	500	[ICRA]AA-(Stable)
INE245A08083	NCD	2-Aug-16	7.70%	2-Aug-19	3,250	[ICRA]AA-(Stable)
--	Commercial Paper			7-365 days	4,000	[ICRA]A1+

Source: The Tata Power Company Limited

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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