



FORM A

**Format of covering letter of the annual audit report to be filed
with the stock exchanges**

1.	Name of the Company :	THE TATA POWER COMPANY LIMITED
2.	Consolidated financial statements for the year ended	31 st March 2013
3A.	Type of Audit observation-1	<p>Emphasis of Matter</p> <p>We draw attention to Note 35(e) to the financial statements which describes uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. Pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Note 35 (e) and (f)] for the years upto 31st March, 2013. The impact of the same on the results for the year ended 31st March, 2013 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.</p> <p>Our opinion is not qualified in respect of this matter</p> <p>Relevant note in the financial statement</p> <p>35(e). In respect of the Parent Company's Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal for Electricity (ATE), set aside the Maharashtra Electricity Regulatory Commission (MERC) Order dated 31st May, 2004 and directed the Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2013 the accumulated interest was ₹ 184.76 crore (31st March, 2012 – ₹ 173.56 crore) (₹ 11.20 crore for the year ended 31st March, 2013). On appeal, the Hon'ble Supreme Court vide its Interim Order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court.</p>

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TATA POWER

The Tata Power Company Limited

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		<p>Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006, of Standby Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted, wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Parent Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.</p> <p>The Parent Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Parent Company on the final outcome of the matter.</p> <p>35(f). MERC vide its Tariff Order dated 11th June, 2004, had directed the Parent Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative Debt Equity ratio of 70:30 to fund the Parent Company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% p.a. on the said normative debt. The change to the Clear Profit and Reasonable Return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in Note 35(e) above. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the Standby Charges dispute as mentioned in Note 35(e) above.</p>
4A.	Frequency of observation	Repetitive.
3B.	Type of Audit observation -2:	<p>Emphasis of Matter</p> <p>As stated in Note 32, which describes the key source of estimation uncertainties relating to the carrying amount of assets and compliance with debt covenants.</p> <p>Our opinion is not qualified in respect of this matter</p> <p>Relevant note in the financial statement</p> <p>32. Coastal Gujarat Power Limited (CGPL) has implemented the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP") and declared commercial operations for its all five units of 800 MW each at its plant in Mundra.</p>



	<p>In terms of the 25 year Power Purchase Agreement (PPA), CGPL is entitled to charge 45% of escalation of the cost of coal from the procurers of its power.</p> <p>As at 31st March, 2013, CGPL has in pursuance of Accounting Standard 28 (AS-28) – “Impairment of Assets”, reassessed the recoverability of the carrying amount of its assets at Mundra UMPP, having regard to the upward revision in the fuel prices, exchange rates and operating parameters. Based on assessment as at 31st March, 2012, CGPL had accounted an impairment loss of ₹ 1,800 crore in respect of its Mundra UMPP, which has been recognised as an exceptional item-Impairment loss in the Statement of Profit and Loss. Based on reassessment of recoverable amount as at 31st March, 2013, CGPL has accounted for an additional impairment of ₹ 850 crore. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in the current year is 10.61 percent per annum and the previous year is 10.57 percent per annum.</p> <p>For estimating the Mundra UMPP value in use it is necessary to project the future cash flow of Mundra UMPP over its estimated useful life. In making these projections, CGPL's Management has relied on external estimates of market participants for the future price of coal and foreign exchange rates and made certain assumptions relating to estimates of operating performance. However, if these assumptions change consequent to changes in future conditions, there could be further adverse or favourable effect on the recoverable amount of the asset. In view of the estimation uncertainties the assumptions will be monitored periodically by the CGPL's Management and adjustments will be made to the amount of impairment, if conditions relating to the assumptions indicate that such adjustments are appropriate.</p> <p>Consequent to the impairment loss in respect of Mundra UMPP, certain covenants governing the loans borrowed for construction of the project have not been met as at 31st March, 2013. No notice has been served by the lenders, declaring the loans taken as immediately due and payable. Meanwhile, CGPL has approached the lenders seeking waiver from compliance with the covenants.</p> <p>CGPL has subsequent to the year end, received waiver from compliance of the covenants upto 30th June, 2013.</p>
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		Further, CGPL has sought revision in certain terms of financing agreements and expect to execute such revision. Accordingly, loans aggregating to ₹ 11,512.55 crore are considered to be long term borrowings (including current maturities of long term borrowings of ₹ 686.32 crore).
4B.	Frequency of observation	Repetitive
3C.	Type of Audit observation-3:	<p>Emphasis of Matter</p> <p>As stated in Note 35 (a)(vi) and (vii) regarding recoverability of ₹ 6,834.20 crore (Group's share of ₹ 2,050.26 crore) of Value Added Tax balances and, other contingent claims from third parties, the outcome of which cannot be presently determined.</p> <p>Our opinion is not qualified in respect of this matter</p> <p>Relevant note in the financial statement</p> <p>35 (a)(vi). In the case of certain jointly controlled entities, demand for royalty payment is set-off against recoverable Value Added Tax (VAT) paid on inputs for coal production aggregating to ₹ 6,834.20 crore - Group's share ₹ 2,050.26 crore (31st March, 2012 - ₹ 5,674.87 crore - Group's share ₹ 1,702.46 crore). Under the Coal Contract of Work the Coal Companies would recover VAT from the Government within 60 days. As the Government had not refunded VAT within 60 days, the Coal Companies have set-off royalty against VAT recoverable, which has not been accepted by the Government. The Management of the Coal Companies, based on the various legal judgments, are of the view that the said amounts would be allowable as set-off.</p> <p>35 (a)(vii). In the case of certain jointly controlled entities in respect of other matters (viz. land dispute, illegal mining, mining service fees etc.) amount is not ascertainable.</p>
4C.	Frequency of observation	Repetitive
3D.	Type of Audit observation-4:	<p>Emphasis of Matter</p> <p>As stated in Note 35 (h), wherein no adjustment has been made by the Company in respect of income estimated at ₹ 145.72 crore as at 31st March, 2013. The impact of the above as at 31st March, 2013 cannot presently be determined pending ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion that the disallowance of expenses by Delhi Electricity Regulatory Commission (DERC) pertaining to the Riithala plant can be successfully challenged, no adjustment has been considered necessary.</p>



		<p>Our opinion is not qualified in respect of this matter</p> <p>Relevant note in the financial statement</p> <p>35 (h). In the case of TPDDL, Delhi Electricity Regulatory Commission (DERC) has issued the Order on True up for FY 2010-11, Aggregate Revenue Requirement for FY 2012-13 to FY 2014-15 and Distribution Tariff (Wheeling & Retail Supply) for FY 2012-13 ('the Order') on 13th July, 2012. While approving the power purchase cost for the FY 2010-11, DERC had allowed the power purchase cost for generation of Rithala plant at the rate equivalent to the UI rates for units generated during the time when the Company was under-drawing from the grid instead of the actual cost of generation resulting in disallowance of ₹ 7.62 crore for the FY 2010-11. The Company has, however, not made any adjustments for disallowance based on the above mentioned principle stated in the Order. The Company has based on management estimates accounted for revenue of ₹ 7.62 crore, ₹ 88.42 crore and ₹ 49.68 crore for FY 2010-11, FY 2011-12 and for the period 1st April, 2012 to 30th September, 2012 respectively aggregating to ₹ 145.72 crore which amount is included in income recoverable from future tariff as at 31st March, 2013. With effect from 1st October, 2012, the scheduling of power generation at Rithala plant is being done at the instructions of State Load Dispatch Center.</p> <p>The Company has filed an appeal on 22nd August, 2012 before the Appellate Tribunal for Electricity and is of the view, supported by legal opinion that the Order can be successfully challenged and has accordingly not made any adjustments in the financial statements as at 31st March, 2013. The adjustments, if any will be recorded by the Company on the final outcome of the matter.</p>
4D.	Frequency of observation	Appeared first time
3E.	Type of Audit observation-5:	<p>Emphasis of Matter</p> <p>As stated in Note 38, regarding accrual of insurance claims receivable aggregating ₹ 18.24 crores (net) (Group's share of ₹ 13.50 crore) for the year ended 31st March, 2013, the final quantum of which is subject to determination by the insurance company.</p> <p>Our opinion is not qualified in respect of this matter</p> <p>Relevant note in the financial statement</p>



		38. In respect of Maithon Power Limited, the Company based on estimates/expert opinion has accrued insurance claims receivable, aggregating to ₹ 18.24 crore (net) for the year ended 31 st March, 2013 - Group's share ₹ 13.50 crore. Any difference between the claims receivable/ recorded and the amount that would finally be determined by the insurance companies will be accounted for on settlement of the claims by the insurance companies.
4E.	Frequency of observation	Appeared first time

Refer our Audit Report dated 30th May, 2013
on the consolidated financial statements of the Company

<p>For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 117366W)</p> <p><i>R.K. Banga</i></p> <p>R. A. Banga Partner Membership No.37915 Mumbai, 12th July 2013</p>	<p>For The Tata Power Company Limited</p> <p><i>Anil Sardana</i></p> <p>Anil Sardana Managing Director</p> <p><i>S. Ramakrishnan</i></p> <p>S. Ramakrishnan Executive Director</p> <p><i>H. S. Vachha</i></p> <p>H. S. Vachha Audit Committee Chairman Mumbai, 12th July 2013</p>
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Business Responsibility Report for FY 2012-13

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L28920MH1919PLC000567
2. **Name of the Company:** The Tata Power Company Limited
3. **Registered address:** Bombay House, 24, Homi Mody Street, Mumbai – 400 001.
4. **Website:** www.tatapower.com
5. **E-mail id:** sustainability.reporting@tatapower.com
6. **Financial Year reported:** 2012-13
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

ITC Code	Description
NA	Power
NA	Electronic Products
NA	Technical Services

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

- (i) Generation, transmission and distribution of electricity
- (ii) Electronic Products
- (iii) Technical Services

9. **Total number of locations where business activity is undertaken by the Company**

- (i) **Number of International Locations (Provide details of major 5):**

Tata Power has operations in Singapore, Indonesia, South Africa and Bhutan.

- (ii) **Number of National Locations –**

Tata Power Group has its operations based in 35 locations in India. Given below is a table incorporating state-wise information:

Sl. No.	State	No of Project locations	Hydro	Wind	Solar	Thermal	Transmission	Distribution	Coal Mine
1	Maharashtra	16	3	7	1	3	1	1	
2	Jharkhand	6				4		1	1
3	Delhi	2					1	1	
4	Odisha	3				2			1
5	Gujarat	3		1	1	1			
6	Karnataka	2		1		1			
7	Tamil Nadu	1		1					
8	West Bengal	1				1			
9	Himachal Pradesh	1	1						
10	Rajasthan	1		1					
	Total	35	4	10	2	12	2	3	2

10. Markets served by the Company - Local/State/National/International

Following are the State Markets served by Tata Power Group:

1. Delhi Licensed Area
2. Gujarat
3. Haryana
4. Himachal Pradesh
5. Jharkhand (Jamshedpur Circle)
6. Karnataka
7. Maharashtra
8. Mumbai Licensed Area
9. Punjab
10. Rajasthan
11. Tamil Nadu
12. West Bengal
13. Odisha

Section B: Financial Details of the Company

1. **Paid up Capital (INR):** 237.33 crore
2. **Total Turnover (INR):** 9,567.28 crore
3. **Total profit after taxes (INR):** 1,024.69 crore
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**
The total CSR spend of Tata Power in FY13 is ₹ 7.88 crore (0.77%).
5. **List of activities in which expenditure in 4 above has been incurred:-**

Tata Power's 5 thrust areas for Corporate Social Responsibility are carried out through its Community Relations (CR) Department and Tata Power Community Development Trust (TPCDT). These thrust areas are:

- Augmenting Rural Primary Education System
- Building and Strengthening Healthcare Facilities
- Enhancing Programs on Livelihood for Rural Youth
- Building Social Capital and Infrastructure
- Nurturing Sustainability for Inclusive Growth

These thrust areas are also mapped with the activities suggested in the Companies Bill, 2012 and Millennium Development Goals (MDGs) of the United Nations.

Section C: Other Details

1. **Does the Company have any Subsidiary Company/Companies?**
Tata Power has 23 subsidiaries as on 31st March, 2013.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. The subsidiaries are guided by the Tata Code of Conduct (TCoC) to conduct their business in an ethical, transparent and accountable manner and address key issues like Quality and Customer value, Corruption and Bribery, Health & Safety, Environment, Human Rights and Employee well-being. Many of our key subsidiaries have developed their own Business Responsibility agenda and opportunities for mutual collaboration on these endeavours are explored.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No. Spectrum of Tata Power's Business partners is very wide, covering very large number of truly global to locally based companies. Some of these companies follow the same principles of BR initiatives. However, at present we do not have the mechanism of monitoring and capturing the data as regards their BR initiatives. We are working towards developing a proper mechanism for measuring the efficacy of such initiatives.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

- DIN Number: 00306299
- Name : Mr. S. Padmanabhan
- Designation : Executive Director

b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	05271382
2.	Name	Dr. Yogendra Saxena
3.	Designation	Chief Sustainability Officer
4.	Telephone number	+91 22 6717 1688
5.	e-mail id	yogendra.saxena@tatapower.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y The Policy conforms to the United Nations Global Compact and various national and laws.	Y The Policy conforms to the United Nations Global Compact and various national and international laws.	Y The Policy pertaining to employee wellbeing conforms to the ILO Fundamental Conventions	Y There are policies existing for various stakeholders like Corporate Policy, Community	Y The Human Rights Policy conforms to the ILO Fundamental conventions and abides by the United	Y The Policy is in accordance to the United Nations Global Compact Principles and abides the national laws	NA	Y The Policy abides by various national laws and is aligned to the MDGs. The policy is also in	Y The policy pertaining to the customers abides by the statutory and

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
				and also abides by the United Nations Global Compact principles.	Relations Policy etc. These Policies conform to the ILO Fundamental Conventions, United Global Compact principles, aligned to Millennium Development Goals & various national and international standards.	Nations Global Compact principle.	and legislation.	NA	accordance to the Companies Bill, 2012. The company is a signatory to affirmative action.	regulatory standards and is also as per desired leading practice.
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner / CEO / appropriate Board Director? *	N It has been signed by the MD	N It has been signed by the MD	N It has been signed by the MD	N It has been signed by the MD	N It has been signed by the MD	N It has been signed by the MD	NA	N It has been signed by the MD	N It has been signed by the MD
5.	Does the company have a specified committee of the Board / Director/ Official to the implementation of the policy? **	N	N	N	N	N	N	NA	N	N
6.	Indicate the link for the policy to be viewed online?	http://www.tatapower.com/aboutus/code-of-conduct.aspx	http://www.tatapower.com/sustainability/policies.aspx	http://www.tatapower.com/aboutus/code-of-conduct.aspx	http://www.tatapower.com/sustainability/policies.aspx	N	http://www.tatapower.com/sustainability/policies.aspx	NA	http://www.tatapower.com/sustainability/policies.aspx	N
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit /evaluation of the working of this policy by an internal or external agency? ***	Y	Y	Y	Y	Y	Y	NA	Y	Y

- * These policies were developed during the last decade as per the need due to various voluntary initiatives such as ISO, Sustainability etc. and adopted for day to day working. These are signed by the senior most Executive of the Company i.e. Managing Director. The main policies were also a part of last Sustainability Report in 2010-11 and were shared with the stakeholders by posting on the Company's website.
- ** These policies were developed during the last decade and informed to Sustainability Advisory Council (SAC) members as well as many regulatory institutions and Industry Associations while presenting Tata Power's Environmental Management or Case Studies etc.
- *** Yes, these policies were developed through a rigorous internal process and commitment framework is developed in consultation with a cross functional team. These are circulated internally across Tata Power. The main policies are posted on the Company's website.

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within the next 6 Months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									
								Tata Power operates in the regulated sector in India. It engages with government bodies and regulatory authorities as well as with State Pollution Control Boards through dedicated teams in respective areas. All the personnel dealing with the industry associations etc. are sensitized to their work. The Company does not participate in any lobbying activity.		Not Applicable

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

A section on Sustainability forms part of the Managing Director's Report to the Board every quarter. Further, Tata Power has a SAC that comprises members from top management including Managing Director, Chief Sustainability Officer (CSO), an Independent Board Member and National and International expert from civil society with expertise in the field of Environmental Management, Biodiversity and Climate Change as well as Community Relations. Meetings of this Committee are chaired by the Managing Director and this Committee meets on quarterly basis.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?**

Tata Power has been publishing annual Sustainability Reports in accordance with globally renowned Global Reporting Initiative (GRI) G3.1 guidelines. The Company's Sustainability Reports can be viewed at : <http://www.tatapower.com/sustainability/sustainability-communications.aspx>

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/Others?

The Tata Group has chalked out the Tata values of integrity, understanding, excellence, unity and responsibility in the form of TCoC. The TCoC is a comprehensive document that forms an ethical road map for Tata employees and companies, and provides guidelines by which Tata companies conduct their businesses. Being a Tata company, Tata Power has adopted the TCoC and this enables it to embark on a path of ethical corporate and personal conduct and ensures the Company’s activities are aligned with the requirements of this manual.

TCoC is applicable to Tata Power’s subsidiaries, its employees, contract employees and also to all the third parties representing/ dealing with the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Stakeholder	Received in FY 2012-13	Satisfactorily resolved by the management (%)
Employees	87	98.85
Vendor	9	100.00
Society	1	100.00
Total	97	94.85

Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is in the business of generation, transmission and distribution of electricity. The Company has addressed social and environmental concerns including risks during generation, transmission and distribution.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Tata Power’s continuous endeavour is to reduce Auxiliary Power Consumption at all the generating stations through various initiatives. Tata Power is also conscious in conserving the water resources throughout its operations. Several conservation measures are ensured at generating stations. The Company has achieved significant reduction in water consumption from past financial years.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has been in the forefront of propagating energy conservation and efficiency in the country. It has launched various attractive Demand Side Management (DSM) schemes for its consumers and plans to launch several new schemes under its energy efficiency initiative ‘My Mumbai Green Mumbai’. Tata Power has also designed specific DSM programs and classified them according to the various consumer segments i.e. residential, commercial and industrial.

The Energy Audit Initiative is a successful energy efficiency drive from Tata Power and the Company is happy to offer such innovative and attractive schemes for all the customer segments. It is predicted that Tata Power’s demand side efforts will not only help consumers to significantly reduce their monthly bills but enable them to make Mumbai a greener city. A total of 71 Energy Audits have been completed in this financial year. This initiative has a potential of saving more than 5 MUs of electricity in Mumbai. Under this program, customer’s premise is audited by a certified Energy Audit Agency and recommendations are provided by this agency for achieving further reduction in energy consumption.

Tata Power also strives to reduce the indirect energy consumption through spreading awareness on energy conservation through Club Enerji. In line with its philosophy to curb wastage of energy and spread awareness about energy conservation, Club Enerji, Tata Power’s nationwide energy and resource conservation movement spearheaded by school children, has gained momentum across the nation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. Tata Power is committed to a cleaner environment through Green Supply Chain Management (GSCM) policy. This policy encourages all our Suppliers and Contractors to adopt green practices, environmental management systems, use natural light and bio-degradable products and packaging in most efficient manner to minimize environmental impact.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Tata Power is committed to widen and develop its supplier base from the locally available high quality suppliers to meet its business requirements. However, we have no formal policy of giving specific preference to the local based suppliers, but being based near the service locations, locally based suppliers become more economical and competitive. Keeping the principle of fairness and equity, all the suppliers are evaluated on the same factors and scale. In FY13, the local procurement among the top 10 suppliers was more than 60 % in rupee value.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The waste of the power generation is Fly Ash. The Fly Ash generated from thermal power plants is used in cement industry, ready mix concrete, mine filling etc. Tata Power's endeavour is to utilize 100% Fly Ash at all locations. The non-hazardous waste is segregated, used as well as sold. The hazardous waste (100%) is stored and disposed off to authorized vendors.

Principle 3

1. Please indicate the Total number of employees.

4,126 as at 31st March 2013.

2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.

305 as at 31st March 2013.

3. Please indicate the Number of permanent women employees.

290 as at 31st March 2013.

4. Please indicate the Number of permanent employees with disabilities.

9 as at 31st March 2013.

5. Do you have an employee association that is recognized by management?

The Company has employee unions recognised by the management.

6. What percentage of your permanent employees is members of this recognized employee association?

Around 30% of the total permanent employees of Tata Power are members of employee unions.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	2	0
3.	Discriminatory employment	6	0

8. What safety & skill up-gradation training was provided in the last year?

• **Permanent Employees (includes women employees and employees with disabilities)**

Safety Induction Training (Man Hours) = 955.15

Safety Capability Training (Man Hours) = 15,591

• **Casual/Temporary/Contractual Employees**

Safety Induction Training (Man Hours) = 9554

Safety Capability Training (Man Hours) = 15,954

Principle 4**1. Has the company mapped its internal and external stakeholders?**

The Company has mapped its internal and external stakeholders.

The list is as follows:

- Employees
- Customers
- Investors
- Suppliers
- Community
- Regulatory Institutions, etc.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes. Apart from the statutory requirement of conducting Social Impact Assessment, Tata Power undertakes detailed household level socio-economic surveys to collect baseline data concerning various social and economic indicators such as number of members in each family, age wise details, caste, gender, number of widows, old aged persons, infants, and the like. Several data sets concerning the education status, health related issues, income, livelihood, skills, etc. are also collected. These data provide us information concerning the status and challenges faced by the vulnerable groups such as socially /traditionally marginalized community groups, the Below Poverty Line families, old aged persons, widows, women headed households, pregnant women, infants, physically challenged and the like. The number of families that belong to scheduled castes and scheduled tribes, nomadic and Denotified and Nomadic Tribes are also identified.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

Tata Power engages with vulnerable and marginalized stakeholders through various on-going initiatives as illustrated here under:

- **Augmenting Rural Primary Education System**

Universal education is a prerequisite for the growth and development of a progressive and inclusive nation. Therefore, it is essential to empower and enable the underprivileged to participate in our democratic polity that identifies equality of opportunity as one of its cherished Constitutional goals.

In pursuance, Tata Power has taken up various activities to improve education status in rural areas. Access, Inclusion and Quality are the main thrust areas of our education programs. These include strengthening the capacities and capabilities of teachers; providing support in developing alternate pedagogy; organizing computer and spoken English classes for children; providing educational materials to marginalized students; scholarship to promote inclusiveness; strengthening educational infrastructure by building and repairing schools; toilets for children; drinking water facilities etc. In FY12-13 Tata Power reached out to 0.35 lakh children among whom 4.2% were SC and 4.0% were ST.

Major Highlights

- ✓ Quality education provided to over 20,000 students.
- ✓ Computer and English Coaching Classes reached out over 2,700 children and youth.
- ✓ Education materials provided to approx. 5,000 students.
- ✓ Scholarship provided to approx. 850 students for their higher studies.
- ✓ Approx. 30,000 people reached out through awareness programs.
- ✓ Various capacity building initiatives with teachers to enhance effectiveness of pedagogy.

- **Building and Strengthening Healthcare Facilities**

Improving the health of the communities is a key priority of Tata Power, since communities in some of the regions where we are present are prone to preventable diseases. We have committed significant resources to support preventive, promotive and curative healthcare in the areas.

Acknowledging that prevention and promotion is the key to reducing the disease burden, Tata Power has integrated the elements of prevention and curative by implementing a Primary Healthcare Program at operations. The programs include:

- Mobile medical services taking healthcare to the doorstep of people.
- General and Specialised health camp where consultation and medicines are provided free to all.
- Awareness session on personal health and hygiene, HIV/AIDS and other common diseases.
- Provision of safe drinking water in the villages close to operations.

In FY12-13, Tata Power reached out to 1.34 lakh individuals among whom 7.7% are SC and 14.7 % are ST.

Major Highlights

- ✓ Mobile medical services taking healthcare to the doorstep of people.
- ✓ Medical services has supported more than 1 lakh community members.
- ✓ Organised several general and specialised health camps.
- ✓ Awareness on health, hygiene and HIV / AIDS covering over 1 lakh people.
- ✓ Approx. 500 units of blood collected from employees and business associates.
- ✓ Around 60 Bore wells and 17 Reverse Osmosis (RO) Plants installed for providing safe drinking water as a preventive measure against water borne diseases.

Enhancing Programs on Livelihood for Rural Youth

Tata Power has played a significant role in improving and strengthening the lives of rural and urban poor through its various initiatives under its livelihood development program.

The livelihood interventions are designed to include different sections of the society, including skill development centre for school/college dropout youth, creating employment through Rural BPO for educated youth, advanced agriculture program for farmers, and promoting entrepreneurship through Self-Help Groups for women members of the communities.

Tata Power firmly believes that economic empowerment of women is a major enabler for social change. Enhanced economic growth among women implies better healthcare, education and nutrition for their children. Hence, we have mobilized and organized women through Self Help Groups (SHGs) in and around our operations. These SHGs are a major platform for women to share their domestic concerns, identify solutions and take collective action to address them.

In FY12-13, Tata Power reached out to 1 lakh individuals through livelihood initiatives, among whom 5.2% are SC and 13.4 % are ST.

Major Highlights

- ✓ Established an Industrial Training Centre (ITC) to impart skill training for rural youth.
- ✓ Sponsoring modular skill development programs for school/college dropout youth benefitting approx. 3,500 persons.
- ✓ Over 600 youth got employment through Mannat BPO which is positively changing their lives.
- ✓ Livelihood support provided to over 2,100 farmers through improved seeds and technical know-how.
- ✓ Approx. 3,000 women formed 210 SHGs with savings of ₹ 48 lakh.

Building Social Capital and Infrastructure

Tata Power has installed several infrastructure facilities to improve the quality of life among the people. We have built asphalted village roads, constructed community halls, sanitation units, sports ground etc., to improve connectivity, health and recreation activities of the communities. Massive tree plantation programs have been initiated to increase green coverage. Biogas is promoted as an important localized solution to meet household energy requirements. The installation of biogas plants have provided access to cleaner fuel. The Company has increased access of community to renewable energy, by installing solar lights in households, boats, municipal schools, health centers and on streets, thereby realizing the goal of 'Lighting up Lives!' Several of these initiatives have been accomplished through public private partnership model thereby helping the households to access government subsidy as well.

• Nurturing Sustainability for Inclusive Growth

Tata Power has always set a standard in adopting sustainable practices in business. In fact, we have accepted sustainability challenge in a broader sense, wherein sustainability encompasses a much wider spectrum of our behavior and resilience towards environmental, social, societal and financial factors. According to us, Sustainability is not a skill but an attitude; and by maintaining that we can drive a positive change among our stakeholders. Tata Power's sustainability leadership has been responsive to changing scenario and conceptualized a model known as 'Leadership with Care'. The value of Leadership with Care has been ingrained in its actions and helped us, not only in rising to emerging challenges but also in translating them into opportunities. Sustainability has been strategically integrated in all business operations and decision-making processes and our workforce is sensitized and aligned to the cause. We are committed to strengthen our ongoing dialogue with our employees and stakeholders and create greater awareness among them on sustainability related issues. Our effort is to realize an optimistic change in the local community that resides around our facilities as well as the society in general.

Major Highlights

- Adoption of Tata Power Sustainability Model - "Leadership With Care".
- Commitment to External Initiatives - UNGC, MDGs, GRI, CDP etc.
- Capacity building programs on Sustainability.
- Development of Green Manufacturing Index (GMI) for all, for aligning locations to the Company's strategy.
- Greenolution for promoting initiatives that we would undertake towards ensuring a greener and sustainable planet.
- Tata Power 'Club Enerji' for provides Energy Conservation information to school children.
- Conduct and arrange energy audits; identify projects on Water and Waste Conservation and horizontal deployment.
- Biodiversity consciousness has lead to some distinct initiatives like Mahasheer conservation.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Tata Power has a Human Rights policy to ensure conformance to fundamental labour principles including the prohibition of child labour, forced labour in all its forms, freedom of association and right to collective bargaining and protection from discrimination. The policy also ensures conformance to ILO fundamental conventions. The Human Rights Policy covers only the Company and does not extend to the group, joint ventures, suppliers etc.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints were received during the year.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Tata Power's Environment Policy clearly states the Commitment of Tata Power for a clean, safe and healthy Environment. It also suggests that Tata Power will operate its generating stations in an environmentally sensitive and responsible manner. This policy suggests that the Company shall engage with the stakeholders in creating awareness about Sustainability. The Environment Policy can be viewed at <http://www.tatapower.com/sustainability/environment-policy.aspx>. These policies are not extended to the Group Companies of Tata Power, however Joint Ventures, Subsidiary etc. have their own policies as per the Vision & Mission of Tata Power. The Company has also drafted Green Supply Chain Management (GSCM) Policy that will cover Company's Environmental, Social & Human Rights aspects as per Company's Vision & Mission to Supplier, Contractor, etc.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Yes, Tata Power has taken various initiatives to address global environmental issues. The Company had actively forayed in the Non-Carbon Emitting Sources (NCES) of energy generation like hydro, solar and wind, waste heat recovery, etc., since its inception. The Company has an aspiration to achieve 20-25% of its generation from NCES. Currently, the Company has 1.1 GW of NCES

capacity. Two generating units of Tata Power i.e. Power House No. 6 and Haldia are based on waste gas and waste heat recovery respectively. This not only helps in mitigating climate change but also helps to reduce energy requirement from fossil fuels. For more details visit the Company's [website www.tatapower.com](http://www.tatapower.com).

3. Does the company identify and assess potential environmental risks? Y/N

Yes, Tata Power has identified Risk Owner/Champion for each Risk area, who report to the Risk Management Sub-Committee (RMSC). The Risk Management Committee reports to the Audit Committee of Directors which approves the Annual Review of the Risk Matrix and the Risk Management Policy. The major risks have been classified based on residual value of the risk and environment is also one of the risks identified.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Yes, the details of the projects registered with UNFCCC on Clean Development Mechanism are given below:

- ✓ **Khandke Wind Farm, Maharashtra (50.4 MW):** This project was commissioned in 2008. The project is generating 95 MWh of energy. The reductions achieved are 83,000 tonnes of CO₂.
- ✓ **Solar Project, Mithapur (25 MW):** Tata Power's Mithapur project is one of the largest of its kind in the country and has crossed 43,000 MWh of generation from the plant since its commissioning in January 2012. This plant uses the modular, proven, and widely deployed Crystalline Silicon Photo-Voltaic Technology to maximize power generation. The project helps in reducing an annual average of 37,696 tonnes of CO₂, by producing 39,597 MWh per year (average) equivalent amount of clean energy.
- ✓ **Wind Project, Samana, Gujarat (50.4 MW):** This was commissioned in May 2009. This plant helps in reducing an annual average of 96,821 tonnes of CO₂ equivalent, by producing 1,04,970 MWh per year (average) equivalent amount of clean energy.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company has taken various initiatives in this direction.

Tata Power is committed to 'Responsible Growth'. The focus is on producing clean and green power to invest and implement eco-friendly technologies; reduce carbon footprint to join global initiatives to mitigate climate change.

The Company intends to generate 20-25% of total capacity from NCES like hydro, solar, wind, geothermal, and waste heat recovery etc. Presently, Tata Power has 1.1 GW capacity through NCES. Tata Power's continuous endeavour is to improve Heat rate and Auxiliary Power Consumption at all the generating stations through various initiatives, which is aligned to the strategic intent to generate 20-25% of total installed capacity from NCES.

Tata Power is also committed to reduce its indirect energy consumption. There are various initiatives taken by the Company and its employees to reduce these emissions e.g. Video Conferencing facility, Energy Conservation, Paper Conservation and Car Pooling etc. Tata Power also strives to reduce the indirect energy consumption through spreading awareness on energy conservation through 'Club Enerji'. In line with its philosophy to curb wastage of energy and spread awareness about energy conservation, Club Enerji, Tata Power's nationwide energy and resource conservation movement spearheaded by school children, has gained momentum across the nation.

The Company also follows various websites and forums to keep abreast of the Research and Development (R&D) updates on clean technologies. For more details, visit the Company's [website www.tatapower.com](http://www.tatapower.com).

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. The emissions/waste generated is well within the permissible limits given by Central Pollution Control Board (CPCB)/State Pollution Control Boards (SPCB). The details are given below:

Tata Power adheres to emission norms and has advanced monitoring systems in place at all generating stations. This keeps a check on various pollutants on a daily basis. The Company also maintains Particulate Matter (PM), SO₂ and NO_x well below the stipulated standards at all the locations. Hazardous waste is stored and disposed as per Hazardous Wastes (Management, Handling and Trans-boundary Movement) Rules, 2010.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

A show cause notice was issued by Jharkhand State Pollution Control Board to Maithon Power Limited, a subsidiary of the Company regarding certain improvements for better environmental management. A time bound action program was submitted for implementation.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is member of various trade and chamber associations.

The major ones are:

- Confederation of Indian Industries (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Association of Power Producers (APP)
- Wind Independent Power Producers Association (WIPPA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, others)

Tata Power, through various industry associations, participates in advocating matters pertaining to advancement of the industry and public good.

Broad Areas –

- Energy Security
- Governance and Administration
- Others - Enhancing competition and transparency in power sector, structural changes for facilitating capacity addition, overcoming coal related challenges, electricity distribution reforms and promotion of renewable energy.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Tata Power has adopted policies which demonstrate commitment to inclusive growth and equitable development. Sustainability Policy, Environment Policy and Community Relations Policy have been deployed through an integrated sustainability framework. From CR perspective, the fundamental guiding principles emanate from 5 Thrust areas. These thrust areas helped to take up community based programmes with 3 year perspective in the field of primary education, health, livelihood, social capital and infrastructure and inclusive growth for sustainability.

Access to Clean Energy in Off Grid Geography

Tata Power has been instrumental in sharing its core competencies in promoting renewable form of energy to enable community access clean power at doorstep. In this year, specific initiative have been designed and deployed involving stakeholders to provide energy solutions in off-grid villages in the vicinity of select locations.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

Tata Power has a dedicated CSR team across all locations comprising professional and grass root level functionaries. Tata Power has a registered Trust (Tata Power Community Development Trust) which is the implementation arm of the Company's CR initiatives. Tata Power Community Development Trust directly implements projects and programmes for the community. As a part of promoting collective social responsibility, Tata Power also engages with national academic institutions, civil societies and local government bodies in undertaking projects on Public Private Partnership Model which has helped enhance the outreach of services to target community.

3. Have you done any impact assessment of your initiative?

There is an integrated monitoring and evaluation framework in place which is aligned to the CSR Annual plans. Internally CSR Program Effective Index and Community Satisfaction Index are the tools deployed by engaging with external institutions to obtain independent assessment of CSR Programs. In FY13, impact assessment was carried out in select locations by Tata Institute of Social Sciences, Mumbai.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company's direct contribution to community development projects is ₹ 7.88 crore. The major activities undertaken were in 5 thrust areas and the details have been provided in earlier sections.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Tata Power's CSR initiatives, as mentioned earlier, seek to strengthen community based organizations by engaging with women, youth, men and children in activities that would improve their quality of life. Depending on the various stages of our projects/stations, we ensure the participation of local community in identifying their needs, developing plans to address them, engaging them in implementation and also seek their feedback for further planning.

Some examples of community adopting Company's CSR initiatives:

- In Maval, over 902 farmers have adopted new farming techniques and experimented with new seeds introduced in the past three cropping seasons. They have also created seed banks to continue the activities on their own.
- In Mundra, two Gashalhas have been registered as Trusts with local leaders/village representatives as Trustees, signifying their willingness to manage the activities of the Trusts in the long term.
- Over 1,100 women and men from neighbouring communities have formed Self-Help Groups across our sites/stations such as Naraj Marthapur, Tiruldih, Dehrand.

Village Development Committees have been formed in some locations constituting village leaders (men and women) to oversee program implementation and ownership subsequently.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year.

The percentage of the customer complaints/consumer cases that are pending with respect to the complaints received as on 31st March 2013 is 1.56%.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information).

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There is no case pending as on 31st March, 2013.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

In Tata Power, Customer Satisfaction Survey is conducted every quarter for Tata Power -Distribution (Mumbai Operations). Results of the past two surveys are appended below:

CSAT Summary - FY13		
Residential	East	North
Overall - Residential	85%	81%
Industrial	East	North
Overall - Industrial	74%	67%
Commercial	East	North
Overall - Commercial	66%	72%

Additionally, there are separate Customer Satisfaction Surveys conducted by Generation and Transmissions divisions on an annual basis.