



4th July 2014
BJ/SH-L2/

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

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

Dear Sirs,

Tata Power Signs Option Agreements to Sell 5% Stake in KPC Coal Mine and 30% Stake in KPC Related Power Infrastructure Companies

Tata Power, facing under-recovery and cash flow challenges due to its Mundra UMPP operations has signed option Agreements to sell 5% stake in PT Kaltim Prima Coal ("KPC") to get additional cash flow as well as to reduce its consolidated debt. In addition, the entire 30% stake in KPC related Power Infrastructure Companies is also covered for sale in the above agreement.

Tata Power, however, would continue to hold 25% equity stake in PT Kaltim Prima Coal ("KPC") if the option is exercised. KPC will also continue to be a part of the supply chain for Tata Power Group's coal off-take requirements. The aggregate consideration for Tata Power's 5% stake is USD 250 million, subject to certain adjustments. Accordingly, Tata Power, through its wholly owned subsidiaries, has signed an option agreement which gives it the option to sell 5% equity stake in PT Kaltim Prima Coal ("KPC") and associated companies in coal trading, to a Bakrie Group entity.

Tata Power, through its wholly owned subsidiaries, has also signed an option agreement which gives it the option to sell its 30% equity stake in the Power Infrastructure Companies which are associated with KPC, to the same Bakrie Group entity.

The above options will vest based on certain conditions being fulfilled. The aggregate consideration will be determined once the option is exercised and will be based on the valuation methodology agreed with the buyer.

The Press Release issued by the Company is attached for your ready reference.

Yours faithfully,
For The Tata Power Company Limited

H. M. Mistry)
Company Secretary

Encl.

TATA POWER

The Tata Power Company Limited

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Tata Power Signs Option Agreements to Sell 5% Stake in KPC Coal Mine and 30% Stake in KPC Related Power Infrastructure Companies

National, 4th July, 2014: Tata Power, facing under-recovery and cash flow challenges due to its Mundra UMPP operations has signed option Agreements to sell 5% stake in PT Kaltim Prima Coal ("KPC") to get additional cash flow as well as to reduce its consolidated debt. In addition, the entire 30% stake in KPC related Power Infrastructure Companies is also covered for sale in the above agreement.

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The above options will vest based on certain conditions being fulfilled. The aggregate consideration will be determined once the option is exercised and will be based on the valuation methodology agreed with the buyer.

Mr. Anil Sardana, Managing Director- Tata Power stated, *"The option to partially sell KPC and its related power company has the potential to provide the company the flexibility to raise additional funds to meet the current challenges. If the option is exercised, there will be no impact on the coal supplies to our plants since we will stay invested in KPC mines to the extent of 25% and our coal supply agreement will continue as it is. There will also not be any dilution of our rights under the KPC SHA as a result of the 5% sale."*

Further, based on the current estimates, the Arutmin and PTMP sale are targeted to be completed within the current financial year on fulfillment of the conditions required for closing."

for immediate use

PRESS RELEASE**About Tata Power:**

Tata Power is India's largest integrated power company with a growing international presence. The Company together with its subsidiaries and jointly controlled entities has an installed gross generation capacity of [8585] MW in India and a presence in all the segments of the power sector viz. Fuel Security and Logistics, Generation (thermal, hydro, solar and wind), Transmission, Distribution and Trading. It has successful public-private partnerships in Generation, Transmission and Distribution in India namely "Tata Power Delhi Distribution Limited" with Delhi Vidyut Board for distribution in North Delhi, 'Powerlinks Transmission Ltd.' with Power Grid Corporation of India Ltd. for evacuation of Power from Tala hydro plant in Bhutan to Delhi and 'Maithon Power Ltd.' with Damodar Valley Corporation for a 1050 MW Mega Power Project at Jharkhand. Tata Power has developed the country's first 4000 MW Ultra Mega Power Project at Mundra (Gujarat) based on super-critical technology. It is also one of the largest renewable energy players in India. Its international presence includes strategic investments in Indonesia through a 30% stake in the leading coal company PT Kaltim Prima Coal (KPC), 26% stake in mines at PT Baramulti Suksessarana Tbk ("BSSR") and a geothermal project; in Singapore through Trust Energy Resources to securitise coal supply and the shipping of coal for its thermal power generation operations; in South Africa through a joint venture called 'Cennerg' to develop projects in South Africa, Botswana and Namibia; in Australia through investments in enhanced geothermal and clean coal technologies and in Bhutan through a hydro project in partnership with The Royal Government of Bhutan. With its track record of technology leadership, project execution excellence, world class safety processes, customer care and driving green initiatives, Tata Power is poised for a multi-fold growth and committed to 'lighting up lives' for generations to come. Visit us at: www.tatapower.com

For further information, please contact:

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