

## DIRECTORS' REPORT

To,  
The Members,

The Directors are pleased to present the Fourth Annual Report of the Company together with the Statements of Account for the year ended March 31<sup>st</sup>, 2010.

### 1. FINANCIAL PERFORMANCE:

During the year, your Company continued the construction phase of the 4000 MW Ultra Mega Power Project at Mundra, Gujarat. We are pleased to report that the project is progressing well and is on course to begin commercial operations of the first unit during next financial year. Pending commencement of operations, as required under Indian Accounting Standards and norms, the Company has prepared a Profit & Loss account for the first time for the year ended 31<sup>st</sup> March, 2010. Consequently income and expenses upto 31<sup>st</sup> March, 2009 that were classified under "Incidental expenditure during construction period (pending allocation)" have been allocated to capital or revenue expenditure. There are no corresponding figures for the previous year.

### 2. CAPITAL EXPENDITURE:

The expenses towards fixed assets including land (net) were Rs. 257.90 Crores. Capital works in progress including capital advances and incidental expenses were Rs. 6927.48 Crores. The incidental expenses during construction period pending allocation to fixed assets were Rs. 397.96 Crores of which Rs. 373.71 Crores have been adjusted in capital work in progress and Rs. 24.25 Crores has been charged to profit and loss account.

### 3. PROFIT:

During the financial year 2009-10, your Company has not earned any profits as the Company is under construction period and has not started commercial operations.

### 4. DIVIDEND:

In the absence of profits, the Company has not declared any dividend for the Financial Year 2009-10.

### 5. SHARE CAPITAL:

The Authorised Share Capital of the Company is Rs. 4250 Crore. The paid up capital of the Company stands at Rs. 1734 Crores as on 31<sup>st</sup> March, 2010. During the year your Company issued equity shares on rights basis aggregating to Rs. 916 Crores to The Tata Power Company Ltd, the existing shareholders for cash at par.

### 6. OPERATIONAL HIGHLIGHTS:

The Mundra project being implemented by your Company is progressing well as per schedule. The cumulative progress till end of March 2010 was approximately 52% with total commitments of Rs. 14400 Crores, which is 85% of total project cost and a total actual expenditure of Rs. 7210 Crores.

Out of the total revised requirement of land for the project, possession of 97% area has been taken by the Company including possession of 100% of private land. The completion of required steps for additional requirements is under progress. The Company has already obtained necessary clearances from Ministry of Environment and Forests.

## Unit 1 & Common Facilities:

Civil, structural, mechanical, electrical and control & instrumentation work is in full swing with over 11000 direct and indirect workmen deployed at the site. Pre-commissioning and commissioning activities are in progress in Unit-1 and common facilities.

The Boiler hydro-test for Unit 1 was successfully completed on 31<sup>st</sup> March, 2010. Work on Electrostatic Precipitator(ESP), fuel oil system and auxiliary boiler is in advanced stages. Turbine generator and auxiliaries for 1 Unit have been delivered and erection is in progress with the generator stator already erected. Boiler Feed Pumps & Centrifuge Extraction Pumps have been erected and High Pressure & Low Pressure piping work is in progress. As regards Condensers, two out of four tube boxes have been installed. Electrical cabling and transformer erection is in progress. Chimney-1 shell is completed and flue cans erection is in progress. The cooling water system of this plant, first of its kind for a thermal plant in India, comprising of a 4.5 Kms dredged & constructed channel, connecting the plant to the sea to provide 630,000 cum /hr of cooling water has been completed.

The 220KV substation has been charged and construction power is being drawn. Water System MCC room has been commissioned. Cooling Water intake channel has been charged. Brackish Water Reverse Osmosis(RO) system is commissioned and Sea Water RO system commissioning is in progress. One air compressor has been commissioned. Work on coal handling system (external & internal) and ash handling system is in progress. Tower erection and stringing work is in progress at the 400 KV switch yard. Main Control Room Building construction is in advanced stage of completion. Electrical panels erection is in progress and panels are being charged progressively.

The first unit is expected to be commissioned well in time to meet the accelerated commitment of September 2011 given by the Company to Power Procurers .

Unit-2: Boiler pressure parts erection and tube welding along with ESP erection is in progress. Station building structural erection is almost complete and roofing work has commenced. TG deck has been cast and released to TG erection contractor for preparatory works.

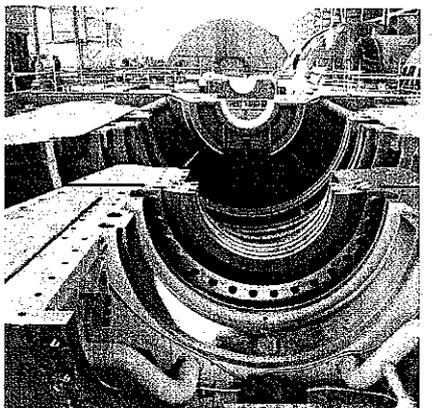
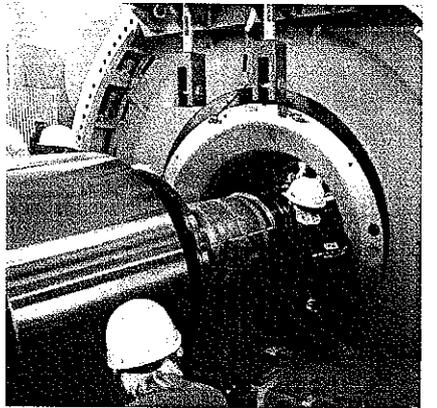
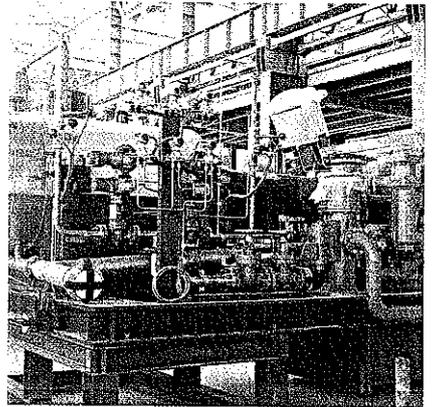
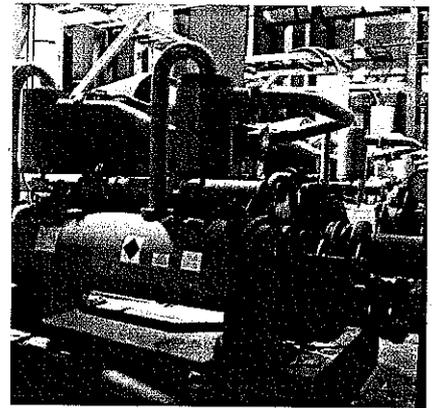
Unit-3, 4 & 5: Boiler structural erection work and station building civil and structural works are in different stages of completion. Chimney-2 shell has been completed. Flue cans fabrication is in progress.

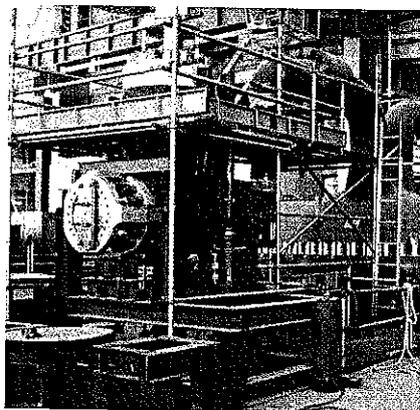
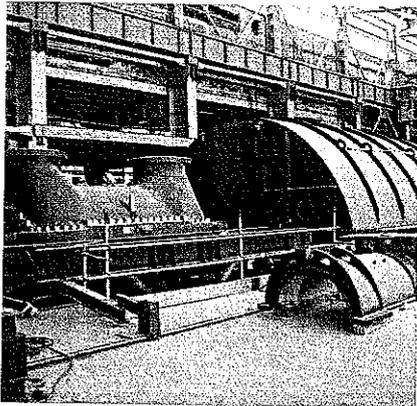
The construction activities for the critical linkages namely Port and Transmission being undertaken by Mundra Port and Special Economic Zone Ltd., and Power Grid Corporation of India Limited respectively, is also progressing on schedule as per information made available to the Company. Work is in progress for 400 KV transmission lines in the Mundra-Vadavi, Mundra-Jetpur, Mundra- Limbodi and Gandhar-Navsari sections and civil work is in progress for Bachau 400/220 KV substation.

Fuel Supply: The Company has tied up five ships for transportation of coal and is in the process of tying up the balance shipping requirements. The project requires approximately 12 MMT p.a of coal, of which approximate 7 MMT p.a. has already been contracted on a long-term basis to be sourced from KPC mines in Indonesia. Tata Power has committed to allocate balance coal for the project from its existing contract. Meanwhile the Company continues to evaluate better options for the balance coal requirements.

## **7. SUBSIDIARY COMPANY:**

Energy Eastern Pte. Ltd a wholly owned subsidiary of your Company continues





to work on completing the arrangements for transportation of Coal. The Company has invested USD 0.59 Million till 31<sup>st</sup> March, 2010 to finance the shipping related expenditure for the Mundra Project.

#### **8. FINANCE:**

The Company has drawn Rs. 1179.01 Crores of Rupee loans & USD 691.37 million of foreign exchange loans as on 31<sup>st</sup> March, 2010. This is approx. 31% of overall loans. CRISIL has assigned a "A+(stable)" rating to the Company's long term rupee denominated Bank loans aggregating INR 5850 Crores, which shows a "Stable" outlook on the project.

#### **9. HUMAN RESOURCE DEVELOPMENT:**

With activities peaking at site, a series of HR interventions were carried out to support the construction team like recruitment of right talent for creating a bench strength, focused programs for development of employees, workmen and neighbouring community. Leadership capacity building and succession planning were prioritized in line with future vision.

People initiatives like family day, celebrations of special personal and social occasions and awareness camps on TCOC were carried out regularly. Safety, health and wellbeing of the employees were adopted as focus areas and workshops to facilitate the actions in these areas were completed.

Initiatives to enhance employee engagement and performance were also undertaken during the year.

#### **10. SAFETY AT WORK:**

The Company continues to accord highest priority to safety standards during project implementation. In line with the group's philosophy, your Company continues to strive towards providing a safe and accident free working environment for all its workmen. The Company has an elaborate safety programme, which is being implemented with the help of globally well-known experts like E.I. Dupont India and others. The Company's external and internal experts conducted several safety training and awareness programmes during the year to enhance safety standards. Safety events e.g. safety march, rallies, safety weeks and day are organized regularly to sensitize workers. The Company has engaged local NGO's to support its initiatives. Given the large size of the project once and over 11000 workmen engaged in the project, your Company will continue to focus on deployment of the best available systems and practices in the area of safety management.

#### **11. DIRECTORS:**

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. P. R. Menon and Mr. S. Ramakrishnan, Directors retire by rotation and are eligible for re-appointment.

#### **12. COMMUNITY RELATIONS AND SUSTAINABILITY:**

In line with the Tata Group philosophy, your company has been adopting a multidimensional community development program, as part of the Community Relations strategy to help the people especially women, children and youth to get organized and be active partners in the development of a healthy, educated and self-reliant society. The major interventions are in the thematic areas of health, education, income generation and livelihood restoration, infrastructure development, energy conservation and natural resource management. Your company's vision is to create sustainable development with ownership by the

community, for which the company has partnered with reputed organizations and experts in this field like Aid et Action, ILFS-Ecosmart, Development Alternatives, Bombay Natural History Society, Water Solutions, to name a few.

The initiative of setting up Gaushala for mitigation of grazing land has been recognized by the state government as well as local community as a model in the state and has been advocated to other corporates to adopt/adapt the model.

Initiatives have been undertaken by the company for green and sustainable development. The company has partnered with INTACH to develop a green belt spread across 33% of the total project area focusing on preserving the local endangered flora and fauna and creating livelihood opportunities for the local community. Your Company is also participating in State Government's program of plantation and protection of Mangroves over an area of 1000 hectares in partnership with Gujarat Ecology Commission. The program is unique as it involves and engages local communities in plantation and other social developmental drives.

The company follows the environmental & social performance guidelines of Asian Development Bank and International Finance Corporation and has implemented the Environmental Management and Social Management Plan in consultation with the aforesaid institutions.

### **13. AUDITORS:**

M/s.Deloitte Haskins & Sells, Chartered Accountants, who are the Statutory Auditors of the Company, hold office in accordance with the provision of the Act upto conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s.Deloitte Haskins & Sells, Chartered Accountants, stating that their appointment as Auditors of the Company, if made, would be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

### **14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:**

The Mundra Ultra Mega Power project comprises of five units of 800MW generating 4000 MW using supercritical technology, first of its kind in India. The technology is known for providing higher efficiencies & lower greenhouse gas emissions. The Company has applied to the United Nations Framework Convention on Climate Change (UNFCCC) for registration of the Project under the Clean Development Mechanism (CDM) and is awaiting their approval.

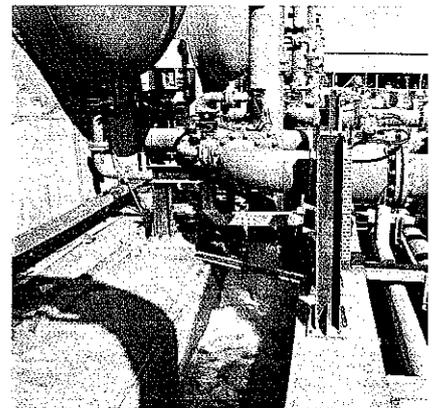
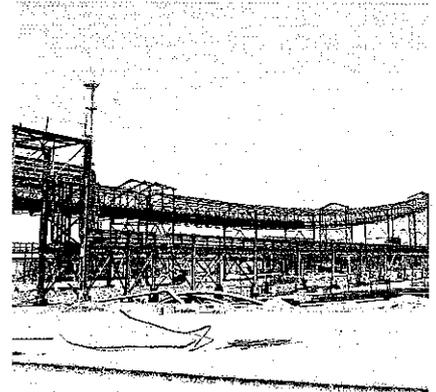
Since the project undertaken by the Company is in implementation stage, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

### **15. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As the project is in implementation stage, there are no foreign exchange earnings by the Company. The foreign exchange outflow during the year was Rs. 2839.79 Crores towards capital goods, Rs. 4.67 Crores towards professional and consultancy fees, Rs. 0.62 Crores towards foreign travel and Rs. 100.47 Crores towards interest and commitment charges.

### **16. DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm that:



- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to all material departures;
- they have in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year;
- they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.

**17. CORPORATE GOVERNANCE:**

The Company has put in place adequate processes and mechanism to ensure Corporate Governance. The Board of Directors of your Company has constituted the following Committees:

<b>Audit Committee</b>	Mr. S. Ramakrishnan : Chairman Mr. Anil K. Sardana : Director Mr. Amulya Charan : Director
<b>Remuneration Committee</b>	Mr. S. Ramakrishnan : Chairman Mr. P. R. Menon : Director Mr. Anil K. Sardana : Director
<b>Project Management Committee</b>	Mr. S. Ramakrishnan : Chairman Mr. Anil K. Sardana : Director Mr. Alok Kanagat : Executive Director along with other Heads of Departments

**18. ACKNOWLEDGEMENT:**

The Directors place on record their gratitude to the Procurers, Central and State Governments and various Government Agencies without whose active support, the progress achieved during the year under review would not have been possible.

The Directors further wish to place on record their sincere thanks to the Lenders to the Project, Legal Counsels, Insurers, Insurance Advisors, Independent Engineers, Statutory and Internal Auditors for their continuing cooperation and support.

The Directors would also like to thank its employees, vendors and customers for their unwavering trust and support.

Place: Mumbai  
Date: 3<sup>rd</sup> May 2010

For and on behalf of the Board of Directors,

**P. R. Menon**  
Chairman

# Deloitte Haskins & Sells

Chartered Accountants  
12, Dr. Annie Besant Road  
Opp. Shiv Sagar Estate  
Worli, Mumbai - 400 018  
India

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Fax : + 91 (22) 6667 9025

## AUDITORS' REPORT TO THE MEMBERS OF COASTAL GUJARAT POWER LIMITED

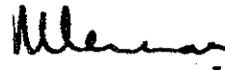
1. We have audited the attached Balance Sheet of **COASTAL GUJARAT POWER LIMITED** ("the Company") as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, We report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

*h*

# Deloitte Haskins & Sells

- (e) in our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date and
  - (ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration Number: 117366W)



**N. VENKATRAM**  
Partner  
(Membership Number: 71387)

Mumbai, May 3, 2010

# Deloitte Haskins & Sells

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Companies business/activities during the year is such that the clauses (ii), (vi), (viii), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix), and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (ii) In respect of fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation in most cases of such assets.
  - b. Physical verification of fixed assets was carried out during the year by the management, in accordance with the established system of periodical verification of fixed assets once in three years. In our opinion, the frequency of verification is reasonable, considering the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. In our opinion, the fixed assets disposed off during the year, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly provisions of Clause (iii)b, (iii)c, (iii)d, (iii)f and (iii)g of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of a special nature and their prices cannot be compared with alternative quotations, there is an adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of fixed assets. During the financial year, the Company did not undertake any activity of sale of service and purchase of inventory. According to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control system.
- (v) According to the information and explanations given to us, the Company has not entered into any contract or arrangement with other parties, which needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.



# Deloitte Haskins & Sells

- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management has been commensurate with the size of the Company and the nature of its business.
- (vii) a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including provident fund, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to the Company have been generally been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- b. As at 31<sup>st</sup> March, 2010 according to records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of income tax, service tax and cess matters that have not been deposited:

Name of the statute	Nature of the dues	Rupees	Period to which the amount relates	Forum where pending
Service Tax Laws	Service Tax	44,877,475	2007-08 to 2008-09	Directorate General of Central Excise Intelligence
Cess Laws	Cess	1,346,325	2007-08 to 2008-09	Directorate General of Central Excise Intelligence
Income Tax Act, 1961	Tax Deducted at Source	914,710	2009-10	Appellate Authority - upto Commissioner level

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution, banks or to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were obtained.



# Deloitte Haskins & Sells

- (x) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that other than current liabilities arising purchase of capital equipment that are expected to be financed by disbursement of long-term loans, the Company has not raised funds on short term basis for long term investment.
- (xi) According to the information and explanations given to us, no material fraud on by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration Number: 117366W)



**N. VENKATRAM**  
Partner  
(Membership Number: 71387)

Mumbai, May 3, 2010

**COASTAL GUJARAT POWER LIMITED  
BALANCE SHEET AS AT MARCH 31, 2010**

<u>SCHEDULE</u>	<u>AS AT March 31, 2010 Rupees</u>	<u>AS AT March 31, 2009 Rupees</u>	
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	17,340,000,000	8,180,000,000
<b>ADVANCE TOWARDS EQUITY</b>			
	B	520,000,000	1,330,000,000
<b>LOAN FUNDS</b>			
Secured Loans	C	43,010,605,995	17,328,346,166
Unsecured Loan	D	1,720,000,000	-
<b>TOTAL FUNDS EMPLOYED</b>		<b>62,590,605,995</b>	<b>26,838,346,166</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
a) Gross Block	E	2,657,166,674	815,839,128
Less : Depreciation		77,962,739	21,847,088
Net Block		2,579,203,935	793,992,040
b) Capital Work In Progress (including Capital Advances Rs. 5,314,460,381; March 31, 2009 Rs. 6,233,786,918)		69,274,781,985	26,656,506,487
c) Incidental Expenditure during Construction Period pending allocation	F	-	3,532,029,219
		71,853,985,920	30,982,527,746
<b>INVESTMENTS</b>			
	G	28,436,073	181,934,707
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	H	968,995,483	157,647,346
Loans and Advances		2,694,458,651	1,790,304,137
		3,663,454,134	1,947,951,483
Less:			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	I	13,148,415,827	6,246,880,776
Provisions		49,416,885	27,257,843
		13,197,832,712	6,274,138,619
<b>NET CURRENT LIABILITIES</b>			
		(9,534,378,578)	(4,326,187,136)
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off)			
Preliminary Expenses		70,849	70,849
<b>PROFIT AND LOSS ACCOUNT (Debit balance)</b>			
		242,491,731	-
<b>TOTAL APPLICATION OF FUNDS</b>		<b>62,590,605,995</b>	<b>26,838,346,166</b>

Notes forming part of Accounts

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In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

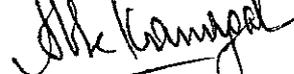


**N. VENKATRAM**  
Partner

For and on behalf of the Board



**Prasad.R.Menon**  
Chairman



**Alok Kanagat**  
Executive Director



**Ramesh Subramanyam**  
Chief Financial Officer & Secretary

Mumbai, May 3, 2010

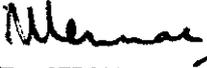


**COASTAL GUJARAT POWER LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

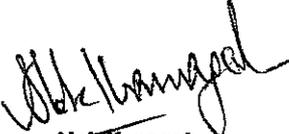
	<b>SCHEDULE</b>		<b>Rupees</b>
<b>INCOME:</b>			
1. Other Income	<b>1</b>	3,688,594,589	
Less: Other Income capitalised		<u>3,688,594,589</u>	-
<b>EXPENDITURE :</b>			
2. Payments to and provision for employees	<b>2A</b>	625,448,215	
Less: Payments to and provision for employees capitalised		<u>610,795,691</u>	14,652,524
3. Administration and other expenses	<b>2B</b>	2,519,716,235	
Less: Administration and other expenses capitalised		<u>2,312,891,576</u>	206,824,659
4. Depreciation/Amortisation		78,905,211	
Less: Depreciation/Amortisation capitalised		<u>78,905,211</u>	-
5. Interest and Finance Charges	<b>3</b>	4,437,660,147	
Less: Interest and Finance Charges capitalised		<u>4,423,128,201</u>	14,531,946
<b>6. Total Expenditure</b>			<u><b>236,009,129</b></u>
<b>LOSS BEFORE TAXES</b>			<b>(236,009,129)</b>
7. Provision for Taxation			
Fringe Benefit Tax (net, during construction incurred in prior years)			5,861,000
8. Provision for Wealth Tax (net)			<u>621,602</u>
<b>LOSS AFTER TAXES CARRIED TO BALANCE SHEET</b>			<u><b>(242,491,731)</b></u>
9. EARNINGS PER SHARE (Rupees)			(0.24)
Basic and Diluted Earning Per Share			
(The face value per Equity Share is Rs. 10)			
(See Note 15 to Schedule 'J')			

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

  
**I. VENKATRAM**  
Partner

  
**Prasad.R.Menon**  
Chairman

  
**Alok Kanagat**  
Executive Director

  
**Ramesh Subramanyam**  
Chief Financial Officer & Secretary

Mumbai, May 3, 2010



**COASTAL GUJARAT POWER LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	AS AT March 31, 2010 Rupees	AS AT March 31, 2009 Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before Taxes	(236,009,129)	-
Adjustments for:		
Interest Expenditure	14,348,208	-
Share Issue Expenses	9,160,000	-
Loss on sale/retirement of Assets (net)	374,788	-
Expenditure during construction incurred in prior years	185,722,585	-
	209,605,581	-
Operating Loss before Working Capital Changes	(26,403,548)	-
Adjustments for:		
Loans and Advances	(914,347,779)	(1,454,596,735)
Current Liabilities and Provisions	(4,000,000)	3,000,000
	(918,347,779)	(1,451,596,735)
Cash used in Operations	(944,751,327)	(1,451,596,735)
Taxes paid including Fringe Benefits Tax (net)	(9,443,065)	(5,442,985)
<b>Net Cash used in Operating Activities</b>	(954,194,392)	(1,457,039,720)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Capital Work-In-Progress	(34,612,927,699)	(17,877,403,896)
Sale of Fixed Assets	2,581,931	922,515
Purchase of Other Investments	(5,052,878,459)	(20,136,838,216)
Sale of Investments	5,228,683,592	19,934,155,249
Dividend Received	3,166,406	37,689,600
Interest Received	11,294,135	1,866,393
<b>Net Cash used in Investing Activities</b>	(34,420,080,094)	(18,039,608,355)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital	8,350,000,000	3,509,500,000
Share Issue Expenses	(9,160,000)	(4,180,000)
Proceeds from Borrowings	29,559,815,742	23,578,669,105
Repayment of Borrowings	-	(7,054,700,000)
Interest Paid	(1,663,467,035)	(633,745,316)
<b>Net Cash from Financing Activities</b>	36,237,188,707	19,395,543,789
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	862,914,221	(101,104,286)
<b>CASH AND CASH EQUIVALENTS AS AT APRIL 1, 2009 (OPENING BALANCE)</b>	166,855,180	267,959,466
<b>CASH AND CASH EQUIVALENTS AS AT MARCH 31, 2010 (CLOSING BALANCE)</b>	1,029,769,401	166,855,180

Notes:

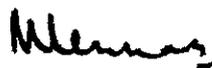
1. Cash and cash Equivalents include:

(i) Cash on Hand	81,772	96,239
(ii) Current Accounts with Scheduled Banks	968,290,892	157,536,107
(iii) Term Deposits with Scheduled Banks	622,819	15,000
	968,995,483	157,647,346
Add: Unrealised Exchange Loss included in Cash and Cash Equivalents	60,773,918	9,207,834
	1,029,769,401	166,855,180

2. Purchase of Investment includes purchase of shares in Subsidiary i.e. Energy Eastern Pte. Ltd. Rs. Nil (Previous Year - Rs. 22,306,500)  
3. Previous year's figures have been regrouped, whenever necessary, to conform to current year's classification.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

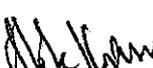


**N. VENKATRAM**  
Partner

Mumbai, May 3, 2010

For and on behalf of the Board

  
**Prasad R. Menon**  
Chairman

  
**Ajale Kanagat**  
Executive Director

  
**Ramesh Subramanyam**  
Chief Financial Officer & Secretary



**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	AS AT March 31, 2010 Rupees	AS AT March 31, 2009 Rupees
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
4,250,000,000 Equity Shares of Rs. 10 each (Previous year 4,250,000,000 Equity Shares of Rs. 10 each)	42,500,000,000	42,500,000,000
	<u><b>42,500,000,000</b></u>	<u><b>42,500,000,000</b></u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,734,000,000 (Previous year 818,000,000) Equity Shares of Rs.10 each	17,340,000,000	8,180,000,000
(The Company is a wholly - owned subsidiary of The Tata Power Company Limited, the Holding Company)	<u><b>17,340,000,000</b></u>	<u><b>8,180,000,000</b></u>
<b>SCHEDULE 'B'</b>		
<b>ADVANCE TOWARDS EQUITY</b>		
From Holding Company	520,000,000	1,330,000,000
	<u><b>520,000,000</b></u>	<u><b>1,330,000,000</b></u>
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS *</b>		
Term Loans from Banks	7,154,800,000	5,756,400,000
Term Loans from Financial Institutions	4,635,300,000	3,729,000,000
Term Loans from Foreign Banks **	17,561,748,328	4,405,717,622
Term Loans from Foreign Financial Institutions **	13,658,757,667	3,437,228,544
	<u><b>43,010,605,995</b></u>	<u><b>17,328,346,166</b></u>
<b>SCHEDULE 'D'</b>		
<b>UNSECURED LOANS</b>		
Short Term Borrowing from Companies (From Holding Company and repayable within one year) (Refer Note 5d to Schedule 'J')	1,720,000,000	-
	<u><b>1,720,000,000</b></u>	<u><b>-</b></u>

\* Secured against all present and future moveable and immovable properties.  
\*\* Denominated in Foreign Currency.

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

**SCHEDULE 'E'**  
**FIXED ASSETS**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2009	Additions During the Period	Deductions During the Period	AS AT 31.03.2010	AS AT 01.04.2009	Additions During the Period	Deductions During the Period	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
Freehold Land	522,295,152	779,334,701	-	1,301,629,853	-	-	-	1,301,629,853	522,295,152	
Leasehold Land	-	150,280,571	-	150,280,571	-	3,506,547	-	146,774,024	146,774,024	
Buildings	185,642,029	160,056,752	-	345,698,781	5,283,543	14,890,469	-	325,524,769	180,358,486	
Roads	1,692,453	235,215,290	-	236,907,743	28,208	1,094,575	-	235,784,960	1,664,245	
Plant and Machinery	36,102,237	444,146,434	49,923	480,198,748	6,296,264	15,159,848	32,217	458,774,853	29,805,973	
Furniture, Fixtures and Office Equipment	47,788,468	30,464,004	-	78,252,472	7,686,620	13,196,393	-	57,369,459	40,101,848	
Transmission Lines, Street Lights, etc	4,346,913	-	-	4,346,913	705,671	506,497	-	3,134,745	3,641,242	
Motor Vehicles	17,971,876	45,642,678	3,762,961	59,851,593	1,846,782	8,617,487	823,948	50,211,272	16,125,094	
<b>2009 - 2010</b>	<b>815,839,128</b>	<b>1,845,140,430</b>	<b>3,812,884</b>	<b>2,657,166,674</b>	<b>21,847,088</b>	<b>56,971,816</b>	<b>856,165</b>	<b>77,962,739</b>	<b>2,579,203,935</b>	<b>793,992,040</b>
<b>2008 - 2009</b>	<b>151,254,424</b>	<b>665,649,066</b>	<b>1,058,362</b>	<b>818,839,128</b>	<b>2,684,385</b>	<b>19,249,012</b>	<b>86,309</b>	<b>21,847,088</b>	<b>793,992,040</b>	<b>-</b>

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

<b>SCHEDULE 'F'</b>	<b>AS AT</b> <b>March 31, 2010</b> <b>Rupees</b>	<b>AS AT</b> <b>March 31, 2009</b> <b>Rupees</b>
<b>INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION</b>		
<b>A Payments to and Provisions for employees</b>		
1. Salaries, Wages and Bonus	-	206,057,978
2. Contribution to Provident Fund and Pension Scheme	-	8,941,659
3. Other Welfare expenses	-	49,768,803
4. Retirals	-	16,139,366
	<u>-</u>	<u>280,907,806</u>
<b>B Administration Expenses</b>		
1. Power and Fuel	-	23,834,487
2. Audit Fees	-	4,380,258
3. Community Welfare Expenses	-	18,622,847
4. Depreciation	-	21,933,397
5. HRD and Recruitment Expenses	-	20,021,145
6. Insurance Premium	-	136,404,375
7. Miscellaneous Expenses*	-	94,153,800
8. Software Expenses	-	7,995,791
9. Consultancy Fees	-	1,104,678,406
10. Cost of Services Procured	-	98,012,660
11. Rates & Taxes	-	31,135,767
12. Rental of Building, Plant and Equipment	-	13,863,553
13. Repairs and Maintenance - Buildings	-	554,574
14. Other Fees	-	21,478,324
15. Travelling and Hire Charges	-	87,409,617
16. Loss on Sale of Fixed Assets	-	49,538
	<u>-</u>	<u>1,684,528,539</u>
<b>C Interest and Finance Charges</b>		
1. Interest		
Fixed Period Loans	-	376,750,970
Short Term Loans	-	335,569,870
2. (Gain)/ Loss on Exchange	-	179,537,109
3. (Gain)/Loss on Cancellation of Forward and Option Contract	-	(629,130,654)
4. Other Finance Charges	-	1,337,560,572
	<u>-</u>	<u>1,600,287,867</u>
<b>D Provision for Tax</b>		
1. Fringe Benefit Tax	-	5,861,000
2. Wealth Tax	-	-
	<u>-</u>	<u>5,861,000</u>
<b>E Less :</b>		
<b>Income from Investments</b>		
1. Interest on Deposits (Gross, including tax deducted at source Nil; Previous year: Rs. 384,477)	-	1,866,393
2. Dividend from Other Investments	-	37,689,600
<b>Other Income</b>		
1. Interest earned on Deposits	-	-
2. Miscellaneous Income	-	-
	<u>-</u>	<u>39,555,993</u>
<b>Total</b>	<u>-</u>	<u>3,532,029,219</u>

\* Includes Rs. 47,091,639 paid to Power Finance Corporation against debit note raised by them for project related expense.

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

**SCHEDULE "G" INVESTMENTS**

**INVESTMENTS**

	Opening Balance	No. of Units		Closing Balance	Face Value Rupees	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
		Additions	Deductions				
<b>1 Other Investments - Unquoted Current</b>							
A Tata Floater Fund	16,475,095	14,579,879	31,054,974	-	-	-	165,337,464
B ICICI Prudential Flexible Income Plan	989,991	7,757,101	8,747,092	-	-	-	10,467,670
<b>2 Investments in Subsidiary Company</b>							<b>175,805,134</b>
A Ordinary Shares - (Unquoted) fully paid up Energy Eastern Pte. Ltd*	141,031	450,000	-	591,031	US \$ 591,032	28,436,073	6,129,573
<b>Total</b>						<b>28,436,073</b>	<b>181,934,707</b>

Notes:

1. During the year, the Company acquired and sold the following investments

	No. of Units	Purchase Cost Rupees
Tata Liquid Super High Investment Fund	130,654	145,616,320
ICICI Prudential Institutional Liquid Plan	7,755,237	77,556,248
Kotak Liquid IP	130,614,800	1,597,170,835
Kotak Floater Long Term	31,055,961	313,037,872
Kotak Flexi Debt Fund	104,464,182	1,049,603,869
Fortis Overnight IP	27,743,998	277,523,210
Fortis Money Plus	27,819,178	278,278,015
JM High Liquidity Super IP	58,409,884	593,736,466
JM High Liquidity Super IP	49,177,715	492,037,791
		<u>4,824,560,626</u>

\* All Shares have been pledged with Lenders of the Company.

**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

<b>SCHEDULE ' H '</b>	<b>AS AT March 31, 2010 Rupees</b>	<b>AS AT March 31, 2009 Rupees</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>CASH AND BANK BALANCES</b>		
With Scheduled Banks		
- in Current Accounts #	968,290,892	157,536,107
- in Term Deposits	622,819	15,000
Cash on Hand	81,772	96,239
	<b>968,995,483</b>	<b>157,647,346</b>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Advances with public bodies (including balance with Customs)		
Customs Rs. 5,000,000; March 31, 2009 - Rs. 5,000,000)	5,025,000	10,025,000
Excise Duty Receivable (Refer Note 14 to Schedule 'J')	327,977,566	-
Service Tax Receivable	28,310,559	-
Power Finance Corporation Limited	1,000,000	48,645,507
Deposits Paid	199,189,851	203,438,526
Other Advances ##	2,125,690,506	1,502,205,500
Advance against equity paid to Energy Eastern Pte Limited (Subsidiary)	-	22,306,500
Advance Tax, including Fringe Benefit Tax (net)	7,265,169	3,683,104
	<b>2,694,458,651</b>	<b>1,790,304,137</b>
<b>TOTAL</b>	<b>3,663,454,134</b>	<b>1,947,951,483</b>

Notes:

# Including Rs. 739,619,971; March 31, 2009- Rs. 69,164,788 in foreign currency held with Scheduled Bank.

## Other advances includes premium paid for outstanding currency option contracts Rs. 59,841,161; March 31, 2009- Rs. 162,105,315.

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

<b>SCHEDULE ' I '</b>	<b>AS AT March 31, 2010 <u>Rupees</u></b>	<b>AS AT March 31, 2009 <u>Rupees</u></b>
<b>CURRENT LIABILITIES</b>		
Sundry Creditors - Micro and Small Enterprises (Refer Note 16 to Schedule 'J')	-	-
Sundry Creditors -Others	12,774,632,798	6,127,285,635
Other Liabilities	68,258,390	47,690,333
Deposits received	500,000	4,500,000
Interest accrued but not due on Secured Loans	288,567,172	67,404,808
Interest accrued but not due on Unsecured Loans (Refer Note 5d to Schedule 'J')	16,457,467	-
	<b><u>13,148,415,827</u></b>	<b><u>6,246,880,776</u></b>
<b>PROVISIONS</b>		
Provision for Wealth Tax	621,602	-
Provision for Gratuity	30,856,122	17,219,868
Provision for Compensated Absences	17,939,161	10,037,975
	<b><u>49,416,885</u></b>	<b><u>27,257,843</u></b>
<b>TOTAL</b>	<b><u>13,197,832,712</u></b>	<b><u>6,274,138,619</u></b>

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

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<b>SCHEDULE ' 1 '</b>	<u>Rupees</u>	<u>Rupees</u>
<b>OTHER INCOME</b>		
1. Interest on Deposits (Gross, including tax deducted at source Rs. 2,318,669)	19,825,305	
2. Dividend from Other Investments	3,166,406	
3. Miscellaneous Income	44,699,916	
4. Gain on Exchange (net)*	<u>3,131,753,424</u>	
	3,199,445,051	
5. Other Income during construction Incurred in prior years	<u>489,149,538</u>	
		3,688,594,589
		<u><u>3,688,594,589</u></u>

\* Includes unrealised gain (net) Rs. 3,291,991,069.

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	<b>Rupees</b>	<b>Rupees</b>
<b>SCHEDULE '2A'</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
1. Salaries, Wages and Bonus	223,292,386	
2. Company's contribution to Provident Fund	11,452,243	
3. Retiring Gratuities	5,997,872	
4. Welfare Expenses	96,726,818	
5. Leave Encashment Scheme	7,071,090	
	344,540,409	
6. Payments to and provisions for employees during construction incurred in prior years	280,907,806	
		<b>625,448,215</b>
<b>SCHEDULE '2B'</b>		
<b>ADMINISTRATION EXPENSES AND OTHER EXPENSES</b>		
1. Power and Fuel	63,147,078	
2. Audit Fees	3,861,440	
3. Community Welfare Expenses	30,195,611	
4. HRD and Recruitment Expenses	18,741,922	
5. Insurance Premium	137,213,160	
6. Miscellaneous Expenses	32,232,468	
7. Software Expenses	3,613,300	
8. Consultancy Fees	389,833,426	
9. Cost of Services Procured	64,805,961	
10. Rates & Taxes	9,167,500	
11. Rental of Building, Plant and Equipment	9,815,220	
12. Repairs and Maintenance - Buildings	3,904,180	
13. Other Fees	16,627,260	
14. Travelling and Hire Charges	73,587,779	
15. Loss on Sale of Fixed Assets	374,788	
	857,121,093	
16. Administrative expenses during construction incurred in prior years	1,662,595,142	
		<b>2,519,716,235</b>
		<b><u>3,145,164,450</u></b>

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**COASTAL GUJARAT POWER LIMITED**  
**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	<u>Rupees</u>	<u>Rupees</u>
<b>SCHEDULE '3'</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
<b>INTEREST :</b>		
1. Interest on Fixed Period Loans	1,871,933,650	
2. Interest on Short Term Loans	<u>29,153,216</u>	
	1,901,086,866	
3. Interest in respect of prior years	<u>712,320,840</u>	
	<u>2,613,407,706</u>	<b>2,613,407,706</b>
<b>FINANCE CHARGES :</b>		
1. Other Finance Charges	1,213,286,376	
2. Finance charges during construction incurred in prior years	<u>610,966,065</u>	
		<u><b>1,824,252,441</b></u>
		<u><b>4,437,660,147</b></u>

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## COASTAL GUJARAT POWER LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2010

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#### SCHEDULE 'J'

#### NOTES FORMING PART OF THE ACCOUNTS

**1. Background:**

Coastal Gujarat Power Limited (CGPL) was incorporated on February 10, 2006 as a wholly owned subsidiary of Power Finance Corporation Limited and was a special purpose vehicle formed to facilitate the acquisition of land and complete preliminary formalities including required statutory clearances for establishing the 4000 MW Ultra Mega Power Project (UMPP) at Mundra in the state of Gujarat which was awarded through the competitive bidding process.

Under the terms of the competitive bidding for the project the successful bidder was to acquire ownership of CGPL. The entire shareholding of Power Finance Corporation Limited was acquired by The Tata Power Company Limited on April 22, 2007 vide a share purchase agreement. Consequent to which CGPL become a wholly owned subsidiary of The Tata Power Company Limited. During the year the Company has continued the construction activities at its project site at Mundra. Commercial operations are expected to commence partially in financial year 2011-2012.

- 2.** The Company has prepared a profit and loss account for the first time for the year ended March 31, 2010. Consequently income and expenses earned/incurred up to March 31, 2009 that were credited/debited to "Incidental Expenditure during Construction Period (pending allocation)" have been allocated to capital or revenue expenditure. There are no corresponding figures for the previous year.

**3. Significant Accounting Policies:**

a) Basis of Preparation:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

(b) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/materialised. The management believes that estimates used in preparation of financial statements are prudent and reasonable. Any revision to accounting estimates is made prospectively in the current and future periods.

(c) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation, amortisation and impairment loss if any. Cost includes purchase price, borrowing costs and any directly attributable cost incurred to bring an item of fixed asset to its working condition for its intended use.

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The cost of a fixed asset may undergo changes subsequent to its acquisition or construction on account of exchange fluctuations, price adjustments, and changes in duties or similar factors.

(d) Depreciation/Amortisation:

- (i) The depreciation has been provided for on written down value basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Assets costing less than Rs. 5,000/- are depreciated at the rate of 100%.
- (iii) Leasehold Land is amortised over the tenure of the project.

(e) Leases:

Assets taken on lease under which all risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis.

(f) Investments:

Long term investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such investments. Current investments are carried at lower of cost and fair value.

(g) Foreign Currency Transactions :

1. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the day of transaction.
2. All monetary assets and monetary liabilities denominated in foreign currencies at the period/year end are restated at balance sheet rates. In case of monetary items which are covered by forward exchange contracts and contracts which in substance are forward contracts, premium or discount on such forward exchange contracts are recognised in the profit and loss account over the period of the contract.
3. Non-monetary foreign currency items are carried at cost.
4. Consequent to the notification, issued by the Ministry of Corporate Affairs, amending the Accounting Standard (AS) 11 - The Effects of changes in Foreign Exchange Rates, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset.
5. Pursuant to the announcement on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting Standard 1, 'Disclosure of Accounting Policies' provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any net unrealised gains arising on such mark-to-market are not recognised as income.

(h) Employees' Benefits :

i. Defined Contribution Plan

Company's contribution paid/payable during the year to Provident Fund are recognised in the profit and loss account.

ii. Defined Benefit Plan/Long term compensated absences:

Company's liability towards gratuity and compensated absences are determined by independent actuaries, using the projected unit credit method.

Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the profit and loss account. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

iii. Short Term Benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.

(l) Borrowing Costs:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other costs are charged to revenue.

(j) Provision, Contingent Liabilities and Contingent Assets:

A Provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resource will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised in the financial statements. A Contingent Asset is neither recognised nor disclosed in the financial statements.

(k) Revenue recognition:

Interest Income is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.

4. Details of Auditors' Remuneration:

Particulars	Rupees	
	2009-10	2008-09
Audit Fees	2,100,000	1,080,000
Taxation Matters	-	16,000
Toward other Services	1,357,500	1,253,500
Out of Pocket Expenses	43,352	8,374
Service Tax on above	360,588	274,449
<b>Total</b>	<b>3,861,440</b>	<b>2,632,323</b>

The remuneration disclosed above excludes fees of Rs. 1,029,960, inclusive of service tax, (March 31, 2009 Rs. Nil) for attest and other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

5. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" are as follows:

(a) Names of the related parties and description of relationship:

Sr. No.	Name of the related party	Nature of relationship	Country of origin
1.	The Tata Power Company Ltd	Holding Company	India
2.	Energy Eastern Pte. Limited	Subsidiary	Singapore
3.	Mr. Alok Kanagat - Executive Director	Key Management Personnel	

(b) Details of Transactions:

In Rupees

Details of transactions	Holding Company	Subsidiary
Purchase of Fixed Assets	3,255,172 <i>212,615,441</i>	-
Receiving of Project related services and materials.	24,112,084 <i>23,601,052</i>	-
Interest Expenditure	16,457,467	-
Loan Taken	1,720,000,000	-
Guarantees and Collateral given on behalf of the Company	15,122,362,500	-
Equity Contribution received (including advance towards Equity Contribution)	8,350,000,000 <i>3,509,500,000</i>	-
Equity Contribution made (including advance towards Equity Contribution)	-	26,877,873
Guarantees and Collateral outstanding	18,122,362,500 <i>3,000,000,000</i>	451,575,000 <i>510,075,000</i>
Balance outstanding at the year-end (Payable) /Receivable	(73,979) <i>(6,569,376)</i>	-
Loan (including accrued Interest outstanding at the year-end (Payable) /Receivable	(1,736,457,467)	-

**Note:** Previous year's figures are in italics.

(c) Details of transactions with Key Management Personnel for the current year:

Key Management Personnel	March 31, 2010 Rupees	March 31, 2009 Rupees
Mr. Alok Kanagat*	4,800,000	4,348,000

\* included in Project related services.

- (d) As per the financing agreements, Tata Power Company Limited (the Holding Company) has entered into a Sponsor Support agreement with the lenders and the Company whereby it has undertaken to provide support by way of base Equity contribution to the extent of 25 percent of the project cost and additional equity or subordinated loans to be made or arranged for, if required as per the financing agreements to finance the project. The sponsor support also includes support by way of additional equity for any overrun in project costs and Debt Service Reserve Guarantee as provided under the financing agreements. The support will cease on the date of "financial completion" as defined under the financing agreements.

Further, the Company has entered into an Agreement with Tata Power Company Limited on March 29, 2010 (amended April 26, 2010) for Additional Subordinated Loan to the extent of US\$ 50 million (equivalent to Rs. 200 crores). In accordance with this agreement Tata Power Company Limited has provided an Additional Subordinated Loan of Rs. 172 crores to the Company as on March 31, 2010. The accrued interest on Additional Subordinated Loan (Rs. 16,457,467 as at March 31, 2010) shall be payable subject to fulfillment of conditions in Subordination Agreement and Coal Supply and Transportation Agreements Completion Date (CSTACD) agreement.

#### 6. Employee Benefit :

- (a) The Company's contribution to Provident Fund (Defined contribution retirement benefit plan) is deposited with the Employees Provident Fund Organisation (EPFO). The Company has no further obligations under the Provident Fund plan beyond its monthly contributions.
- (b) The Company operates unfunded Post Retirement Gratuity defined benefit plan, the liability in respect of which arises on retirement, withdrawal, resignation and death of an employee.
- (c) The actuarial valuation of the present value of the defined benefit obligation has been carried out as at March 31, 2010. The following tables set out the amounts recognised in the financial statements as at March 31, 2010 for the above mentioned defined benefits plan.
- (i) Net employee benefit expense (recognised in employee cost) for the year ended March 31, 2010:

Particulars	Rupees	
	2009-10	2008-09
Current Service Cost	2,341,498	934,407
Interest Cost	2,025,146	120,412
Losses/(Gains) on "Acquisition / divestiture"	1,475,221	3,632,069
Actuarial (Gains)/Losses	156,007	2,878,390
<b>Total</b>	<b>5,997,872</b>	<b>7,565,278</b>

- (ii) Change in the Defined Benefit Obligation during the year ended March 31, 2010.

Particulars	Rupees	
	2009-10	2008-09
Present value of Defined Benefit Obligation at the beginning of the year	17,219,868	585,072
Employee benefit expenses - per (i) above	5,997,872	7,565,278
Benefits Paid (net)	(1,820,903)	(110,622)
Liabilities assumed on Acquisition / settled on divestiture	8,721,285	9,180,140
Present value of Defined Benefit Obligation at the end of the year	<b>30,856,122</b>	<b>17,219,868</b>

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- (iii) Actuarial assumptions used for valuation of the present value of the Defined Benefit Obligations of various benefits are as under:

Particulars	2009-10	2008-09
Discount Rate	8.25 %	7.95 %
Salary Growth Rate	6.00 %	6.00 %
Turnover Rate -		
Age 21-44 years	3.00 %	3.00 %
45 & above	0.50 %	0.50 %
Mortality table	LIC (1994-96)	LIC (1994-96)

- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- The estimates of future salary increases, considered in Actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

- (iv) The contribution expected to be made by the Company during the financial year 2010-2011 has not been ascertained.

- (v) Other disclosures:

Benefits	2009-10	2008-09	2007-08
Defined Benefit Obligation	30,856,122	17,219,868	585,072
Plan Assets	-	-	-
Surplus/(Deficit)	(30,856,122)	(17,219,868)	(585,072)
Experience Adjustments on Plan Liabilities	960,921	2,892,785	-
Experience Adjustments on Plan Assets	-	-	-

7. The following are the outstanding Forward, Option and Interest Rate Swaps contracts entered into by the Company, as at March 31, 2010:

Particulars	March 31, 2010		March 31, 2009	
	Foreign Currency	Amount in Rupees	Foreign Currency	Amount in Rupees
<b>Forward Contracts :-</b>				
No. of Contracts – 26	EURO 26,596,973	1,610,845,682	EURO 3,500,000	236,404,460
(Previous Year – 3)	USD 16,179,968	730,646,905		
	JPY 4,999,190,000	2,421,607,736		
Unrecognised gain in respect of above forward contracts		-		7,478,108
<b>Currency Option Contracts :</b>				
No. of Contracts – 23	USD 32,100,000	1,449,555,750		
(Previous Year – 20)	JPY 14,006,250,000	6,840,652,500	JPY 16,031,250,000	8,349,075,000
Unrecognised gain in respect of above currency option contracts		243,173,441		203,235,393

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## Interest Rate Swap

**Contracts** USD 1,125,000,000 50,802,187,500

No. of Contracts – 10

Previous Year – NIL

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	Foreign Currency	2009-10 Amount in Rupees	Foreign Currency	2008-09 Amount in Rupees
(a) Amounts payable in foreign currency on account of the following:				
Capital Imports			USD 97,570,551	4,976,829,859
	JPY 1,213,240,000	587,693,456	JPY 55,500,000	28,904,400
Loans payable	USD 691,369,229	31,220,505,995	USD 153,760,647	7,842,946,202
Accrued Interest & Loan commitment charges payable	-	-	USD 1,984,966	101,248,153
(b) Bank balance	USD 16,382,307	739,620,195	USD 1,356,239	69,164,788
			<b>March 31, 2010 Rupees</b>	<b>March 31, 2009 Rupees</b>

### 8. Contingent Liabilities:

- |  |             |             |
|--|-------------|-------------|
| a) Corporate Guarantee issued on behalf of wholly owned subsidiary – Energy Eastern Pte. Ltd. of USD 10 million (Previous Year USD 10 million)   | 451,575,000 | 510,075,000 |
| b) Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Company and provision is not made (Computed on the basis of assessment which have been re-opened and assessments remaining to be completed): |             |             |
| (i) Service Tax matters in respect of which immunities and privileges are provided to the IFC and ADB by the Government of India not accepted by the tax authorities   | 46,223,800  | -           |
| (ii) Interest and penalty demanded on Income Tax matters in respect of Tax Deducted as Source  | 914,710     | -           |

### 9. Capital Commitments

62,932,657,578      86,310,682,967

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**10. Managerial Remuneration:**

Particulars	Rupees	
	2009-10	2008-09
Remuneration paid to Whole Time Director*	4,800,000	4,348,000

\* Represents amounts charged by the Holding Company.

**Notes:**

1. Remuneration paid is within the limits prescribed under section 269, read with schedule XIII of the Companies Act, 1956.
2. Computation under section 309, of the Companies Act, 1956 has not been made as no commission is payable to whole time director.

**11. Disclosure as required by Accounting Standards 19 (AS-19) are as follows:**

a) Operating Leases:

The Company's significant leasing arrangements are in respect of residential flats and office premises taken on lease. The arrangements range between 11 months and 3 years generally and are usually renewable by mutual consent or mutually agreeable terms. Under these arrangements, refundable interest free deposits have been given.

b) Finance Leases:

The Company has not entered into any material financial lease.

**12. On commencement of commercial operation the Company will be engaged in generation and sale of power to distribution companies in India. This, in context of Accounting Standard 17 on Segment Reporting, is considered to constitute a single primary segment. Further, there is no reportable secondary segment.**

**13. CIF Value of Imports and Expenditure in foreign currency (on accrual basis):**

Particulars	Rupees	
	2009-10	2008-09
<b>C.I.F Value of imports :</b>		
Capital goods	28,397,968,077	13,111,733,801
<b>Expenditure in foreign currency :</b>		
Professional and consultation fees#	46,749,779	155,383,216
Interest and Commitment Charges#	1,004,722,529	2,212,343,163
Travelling Expenses#	6,241,865	-
Capital account	28,397,968,077	13,111,733,801
# Charge in profit and loss account.		

**14. In order to promote the setting up of the Ultra Mega Power Projects, the Government of India provides for grant of exemption from Customs and Excise duties on import of goods into India as well as on the domestic manufacture of such goods vide notification 21/2002-Customs and 46/2008- Excise as amended from time to time.**

Based on above provisions, the Company has applied to the Director General of Foreign Trade, New Delhi for refund of terminal excise duty amounting to Rs. 327,977,566 paid on purchase of steel/ cement up to March, 2009 under the deemed export benefit.

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**15. Earnings per share**

	<b>2009-10</b>
a) Distributable Loss (Rupees)	(242,491,731)
b) The weighted average number of Equity Shares for Basic EPS (Nos.)	1,003,276,712
c) The nominal value per Equity Shares (Rupees)	10
d) Basic Earnings per share (Rupees)	(0.24)
e) The weighted average number of Equity Shares for Diluted EPS (Nos.)	1,005,928,767
f) Diluted Earnings Per Share (Rupees)	(0.24)
g) Effect of potential Equity Shares (Rupees)	-

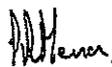
\* Since the effects of potential Equity Shares is anti dilutive these have not been considered for calculation of diluted earnings per shares.

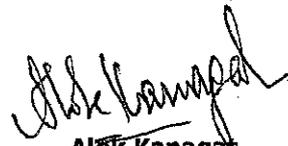
**16.** No Enterprises have been identified as "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid identification has been done on the basis of information, to the extent provided by the vendors to the Company. This has been relied upon by the Auditors.

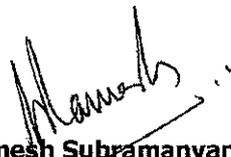
**17.** Previous year's figures have been regrouped/restated, wherever necessary, to conform to current reporting years classification.

**Signatures to Schedules 'A to I' and '1 to 3'**

**For and on behalf of the Board,**

  
**Prasad.R.Menon**  
(Chairman)

  
**Alok Kanagat**  
(Executive Director)

  
**Ramesh Subramanyam**  
Chief Financial Officer & Secretary

Mumbai, May 3, 2010

