

DIRECTORS' REPORT

To,
The Members,

The Directors are pleased to present the Fifth Annual Report of the Company together with the Statements of Accounts for the year ended March 31, 2011.

1. FINANCIAL PERFORMANCE:

The expenses towards fixed assets including land (net) were Rs.265.54 crores. Capital works in progress (including capital advances and incidental expenses) were Rs. 12,577.42 crores. The expenditure (net of income) incurred during the year under administrative and general overhead were Rs.571.37 crores (Rs.397.96 crores for the year ended 31stMarch,2010) out of which Rs.568.24 crores (Rs.373.71 crores for the year ended 31stMarch,2010) have been adjusted in capital work in progress and Rs.3.13 crores (Rs. 24.25 crores for the year ended 31stMarch,2010) has been charged to profit and loss account.

2. PROFIT:

During the financial year 2010-11, the Company has not earned any profits as the Company's only activity was the Mundra project which is under construction period and has not started commercial operations.

3. DIVIDEND:

In the absence of profits, the Company has not declared any dividend for the Financial Year 2010-11.

4. SHARE CAPITAL:

The Authorised Share Capital of the Company is Rs.4,250 crores. The paid up capital of the Company stands at Rs.2,830.50 Crores as on 31stMarch,2011 (Rs.1,734 Crores as on 31stMarch,2010).

5. OPERATIONAL HIGHLIGHTS:

The Mundra UMPP project being implemented by the Company is progressing well as per schedule. The cumulative overall progress till end of March 2011 was approximately 77%. Capital expenditure of Rs.16,122 Crores has been committed, against which Rs.12,971.01 Crores have been spent so far. Over 11,500 workers are deployed at project site. Despite extremely challenging completion schedule, preparation for Unit 1 coal firing and synchronisation activities have been completed so as to achieve these key milestones by end of June 2011. However the transmission and evacuation facilities to be made available by the Procurers as per Power Purchase Agreement are critical in order to

achieve synchronisation. As per the Power Purchase Agreement with the Procurers, Power Grid Corporation of India Limited (PGCIL) was to commission the evacuation lines for the first unit by February 2011. As per the last indications, the evacuation facilities being built by PGCIL seems to be delayed due to problems on obtaining Right of Way in certain sections of the land required by them.

Unit 1- Turbine generator (TG) has been put on barring gear. Boiler feed pumps (BFPs) and condensate extraction pumps (CEPs) have been commissioned and auxiliaries commissioning is progressing as per schedule. Boiler light-up has already been completed and steam blowing of steam lines has commenced.

Unit 2 - Boiler hydro test has been completed. Equipment and piping erection is in progress. TG box-up has been completed on and TG lube oil flushing has commenced. HP piping welding and hydro-testing is in progress. Finishing works and electrical works at Unit Control Building (UCB) are underway.

Unit 3 – Boiler hydro test has been completed and balance equipment erection and testing is in progress. TG erection is in progress and generator rotor has been inserted. TG auxiliary equipments and HP piping work is in progress. UCB structural fabrication erection, floor slab casting and concrete block work is in progress.

Erection of boiler pressure parts for Units 4 and 5 is progressing. Unit 5 TG deck has been cast. Unit 4 and 5 TG buildings major structural erection is completed and sheeting works is in progress. Work on chimneys and 400 kv switchyard is proceeding as per schedule. Main Control Building (MCB) is operational. Technical building finishing work, electrical and other works are underway.

Cooling water (CW) forebay is charged and CW pumps commissioning is in progress. External coal handling system at M/s. Adani's West-Port is commissioned and CGPL's first coal shipment was unloaded in March 2011. Structural work, equipment erection and pre-commissioning work is simultaneously underway in internal and external coal handling and ash handling system.

Fuel Supply:

The project requires approximate 12 MMT p.a. of coal, of which 5.85 MMT (+/-20%) p.a. has already been contracted on a long-term basis to be sourced from KPC mines in Indonesia. As per the financing documents, the Company was required to tie up the balance coal on or before 30thSeptember,2010. During the year Company continued to evaluate various options for the balance coal requirements. Since the Company could not tie up the balance coal in the given timeline, the Project Lenders agreed to extend the time up to 30thJune,2012. During the extended waiver period, the Company is required to maintain Debt:Equity Ratio of 75:25 for meeting financial covenants and interim Debt to Equity Ratio of 70:30 for availing the disbursements, which is capped at 83.33% of all Senior Loans, till 30thJune,2012. Tata Power has assigned its existing Bumi coal contract of 3.5MMT (+/- 20%) to the Company as a standby arrangement till the balance coal is

tied up. The Company have tied up five ships for transportation of coal which will be sufficient to meet all initial requirements.

6. SUBSIDIARY COMPANY:

Energy Eastern Pte. Ltd a wholly owned subsidiary of the Company continues to work on completing the arrangements for transportation of Coal. The Company has invested USD 7,11,032 till 31stMarch,2011 to finance the shipping related expenditure for the Mundra Project. The Company has also made a profit of USD 2,37,659 during the year 2010-11.

7. FINANCE:

The Company has availed nearly 60% of its long term loans for the project. The Company has complied with pre-disbursement conditions as per the terms of financing and wherever required, necessary waivers have been obtained.

The Company has availed Rs.3,301 Crores of Rupee loan (including subordinated loans from Tata Power) and & USD 1,082 million of foreign exchange loans as on 31stMarch, 2011. CRISIL has assigned a "A+ with positive outlook" rating to the Company's long term rupee denominated Bank loans aggregating INR 5,850 Cr., which denotes outlook on the project.

8. HUMAN RESOURCES DEVELOPMENT:

As construction and commissioning activities were in full swing at CGPL, a series of HR initiatives were made to enhance employee competency, engagement and development. Function wise competency mapping, gap analysis and developmental plan were identified. A number of focused training programmes through Original Equipment Manufacturers (OEM) were organized to develop functional expertise. Managerial and Leadership skills were also given due attention through initiatives like LEAD, Assessment Centre and nomination to Tata Group Leadership development programmes. To ensure availability of critical talent and bench strength, succession planning and hi-pot identification and developmental plans were implemented.

Various measures were taken to incorporate culture of safety among employees and contract workmen. Health camps, special training for identified youth from the project affected villages, were carried out to maintain harmonious industrial relations with the neighbouring population.

9. SAFETY AT WORK:

The Company has given utmost importance to safety to provide a safe and accident free working environment for all its workmen throughout the year. The company has engaged M/s. DuPont as a consultant to guide it on its journey to Safety Excellence. A number of initiatives have been taken to embed a culture of safety and safe working practices in the organisation. A Central Safety Committee, chaired by the Executive Director, reviews the

Company's safety performance every month and guides the implementation of detailed action plans through Central Safety Committee.

In order to increase Safety awareness amongst the employees, practice of Safety Pledge has been introduced by the Company. Safety Intervention Audit Team (SIAT), a cross functional audit team of 10 members led by a Senior Manager conducts daily area wise audits in order to identify and correct unsafe behaviour and unsafe acts. Daily Safety Observations of site is shared with all employees in an evening gathering called "Time out for Safety".

Specialized safety Trainings like Scaffold Erectors and Inspectors Training, Basic First Aid Training, Hazard & Operability study, Pre-Start Up Safety Review Awareness Training before startup of new equipment /systems, Safety Training Observation Programme, Incident Investigation, Construction Safety Training to line Managers were conducted. In addition to Specialized training regular Safety Induction Training to employees, GETs and Contract workers were also organized during the year.

A specialised software for tracking of Behaviour Based Safety Observation, Safety audits and incident reporting including near-miss has been deployed.

The Company has engaged an NGO "Akaar", to reinforce behavioural changes in contractor workforce through continuous training and education. Safety awareness programmes through cultural programme, safety movie show and Worker Development Programme, Safety Skit etc. were organised in Labour Colony.

10. DIRECTORS:

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr.Alok Kanagat and Mr.Amulya Charan, Directors retire by rotation and are eligible for re-appointment.

Mr.Nawshir Mirza was appointed as an Additional Director of the Company by the Board of Directors on 29thJanuary,2011. By virtue of Section 260 of the Companies Act, 1956, Mr. Mirza will hold office till the date of conclusion of ensuing Annual General Meeting and a notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr.Mirza's appointment as a Director.

Mr.Alok Kanagat was appointed as Executive Director of the Company for the period of three years with effect from 5thMay,2008. The re-appointment of Mr.Alok Kanagat as Executive Director and remuneration payable to him require the approval of the members at the ensuing Annual General Meeting.

11. COMMUNITY RELATIONS AND SUSTAINABILITY:

In line with of Tata Group philosophy, CGPL intends to become the "Neighbour of Choice" to its communities. Accordingly, CGPL have undertaken measure to improve the

lives of the community around the project site. The plan was executed with an objective of ensuring that, the benefits should percolate deeper and should have a long term benefits for the community as a whole.

The Company has been adopting a multidimensional community development program as part of the CSR 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 thematic areas of interventions include health, education, income generation & livelihood restoration, infrastructure development, energy conservation and natural resource management.

The Company is in the process of revitalizing the locally available natural resources with participation of communities. In this process, training and exposure visit for the local farmers for adopting modern agri practices and crop diversification, the study on conservation of natural water, camel vaccination camp for "KHARAI "camels (species of camel) that are declining in number. The company as part of educational initiatives provided educational kits, scholarship to the school children, started a bridge course for English tuition for the rural youth. Health programs were arranged where the Company partnered with a leading agency for organizing the cataract identification and treatment camps. With the support of Government; the Company had initiated the program of "Jalmani " for installation of RO (Reverse Osmosis Plant) in schools and construction of community RO plant in one of the nearby village with the partnership of WASMO, Bhuj. In order to help youth to be self-dependent, service oriented training to rural unemployed youths on Fire Technology and Dozer Operation was provided. Initiative for infrastructure developmental activities were undertaken in localities like construction of community hall, construction of garden in partnership with Govt. of Gujarat under 'Panchvati Yojana', construction of integrated sports complex, sanitation units in the village, cattle breeding centre, roads and culverts in villages, renovation works of the existing community halls.

The Company is committed to improve lives of the community and believes that sustained business growth can be achieved only when it becomes an accepted neighbour and initiates efforts to create a sustainable development model having ownership of the community.

12. AUDITORS:

Members are requested to consider and appoint the Statutory Auditors of the Company and authorise the Board of Directors to fix their remuneration.

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.

13. PROGRESS ON CLEAN DEVELOPMENT MECHANISM APPLICATION:

The Executive Board of United Nations Framework Convention on Climate Change (UNFCCC) has not registered the Company's Clean Development Mechanism (CDM) Application. The company believes that this is due to non-appreciation of the unique features of the open bidding process, which was followed prior to the award of the project. The Management is planning to submit the application for re-registration. PricewaterhouseCoopers Pvt. Limited and Bureau Veritas Certification India Private Limited (BVQI) have been appointed as Consultant and Validator respectively to help expediting the re-registration of the CDM application.

14. RISK MANAGEMENT:

- a) The Company's Risk Management policy aims to outline a systematic process of understanding, measuring, controlling and communicating a business risks to which the company is engaged while it achieves its objectives. The Management has identified key risk factors and risk mitigation strategies to protect project objectives from its adverse impact and to reduce the probability and/or consequence of an adverse risk event to an acceptable threshold. Regular review meetings are held to review and analyse the impact of various risk factors and steps initiated to mitigate the same.
- b) The Company has committed to charging no escalation on 55% of the cost of coal in its Power Purchase Agreement. This exposes the Company to any unfavourable movement in coal prices over the term of the PPA. Given the volatility in the Fuel prices and significant increases in the recent years, this may have a material adverse effect on the Company's revenues and results of operations.

During the year, the Company assessed the cash flows expected to be generated by the Company over the useful life of the assets of 40 years and concluded that there is no impairment. In estimating the future cash flows, the Management has, based on externally available information, made certain assumptions relating to future fuel prices, future revenues, operating parameters and the asset's useful life which the Management believes reasonably reflects the future expectation of these items. However, if these assumptions change adversely consequent to changes in future conditions that affect these, the Company may incur an impairment loss and consequently the Company may have to provide for diminution in the value of its assets. The assumptions will be monitored on periodic basis by the management and adjustments will be made if external conditions relating to the assumptions indicate that such adjustments are appropriate.

In view of the above the Management is continuously evaluating various options to mitigate the risks involved through long term and short term measures to enable the Company to meet its obligations to its stakeholders.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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.

16. 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.3,676.42 Crores towards capital goods and coal imports, Rs.2.29 Crores towards professional and consultancy fees, Rs 0.09 Crores towards foreign travelling and Rs.226.91 Crores towards interest and commitment charges.

17. 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.

18. CORPORATE GOVERNANCE:

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

Audit Committee

Mr.Nawshir Mirza - Chairman
Mr.S.Ramakrishnan - Director
Mr.Amulya Charan - Director

Remuneration Committee	Mr.S.Ramakrishnan - Chairman Mr. Nawshir Mirza - Director Mr.Anil K.Sardana - Director
ProjectManagement Committee	Mr.S.Ramakrishnan - Chairman Mr.Anil K.Saradana - Director & Mr.Alok Kanagat - Executive Director along with other Heads of Departments

Mr.Nawshir Mirza was appointed as Chairman of the Audit Committee w.e.f. 29thJanuary,2011 and Mr.Anil Sardana ceased to be a Member of the Audit Committee w.e.f. 1stMarch,2011.

Mr.Nawshir Mirza was appointed as Member of the Remuneration Committee w.e.f. 6thMay,2011 in place of Mr.P.R.Menon who ceased to be a Member of the Remuneration Committee w.e.f. 28thJanuary,2011.

19. 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.

For and on behalf of the Board of Directors,

Anil Sardana
Chairman

Date: 17thMay, 2011
Place: Mumbai

Deloitte Haskins & Sells

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

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AUDITORS' REPORT TO THE MEMBERS OF COASTAL GUJARAT POWER LIMITED

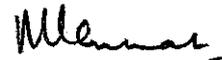
1. We have audited the attached Balance Sheet of COASTAL GUJARAT POWER LIMITED ("the Company"), as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the 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 misstatement. 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. Without qualifying our opinion, we draw attention to Note 10 of the Notes forming part of the financial statements, which describes the key source of estimation of uncertainty as at March 31, 2011 relating to the carrying amounts of asset under construction.
4. 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) 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;
 - (iv) 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;

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- (v) in our opinion and to the best of our information and according to the 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:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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 17, 2011

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, 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.
 - (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
 - (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
 - (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 special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such 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.
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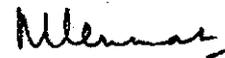
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants has been commensurate with the size of the Company and the nature of its business.
- (viii) The Company has not commenced commercial operations. Accordingly, as explain to us no cost records are maintained, as prescribed under paragraph (d) of sub section (1) of section 209 of the Act.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, Works Contract Tax and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, Works Contract Tax and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanation given to us, there are no unpaid disputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, work contract tax, custom duties and cess, as at March 31, 2011.
- (x) The Company has not commenced commercial operations. The accumulated losses of Company have not exceeded fifty percent of its net worth as at the end of the year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to information and explanations given to us, the Company is not a dealer or trader in securities.

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- (xv) According to information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvii) 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.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the Company has not issued debentures during the period covered by our Audit Report. Accordingly, the question of creation of any security does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no 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 17, 2011

**COASTAL GUJARAT POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2011**

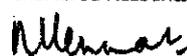
	<u>SCHEDULE</u>	<u>Rupees</u>	<u>As at March 31, 2010 Rupees</u>
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	28,305,000,000	17,340,000,000
ADVANCE TOWARDS EQUITY			
	B	3,420,000,000	520,000,000
LOAN FUNDS			
Secured Loans	C	76,843,751,573	43,010,605,995
Unsecured Loans	D	4,500,000,000	1,720,000,000
TOTAL FUNDS EMPLOYED		<u>113,068,751,573</u>	<u>62,590,605,995</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
a) Gross Block	E	2,869,278,709	2,657,166,674
Less : Depreciation		213,917,110	77,962,739
Net Block		<u>2,655,361,599</u>	<u>2,579,203,935</u>
b) Capital Work-in-progress (including advance against Capital Expenditure Rs. 1,811,095,756; March 31, 2010: Rs. 5,314,460,381)		125,774,187,929	69,274,781,985
		<u>128,429,549,528</u>	<u>71,853,985,920</u>
INVESTMENTS			
	F	114,049,811	28,436,073
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	1,006,817,298	-
Cash and Bank Balances		186,543,104	968,995,483
Loans and Advances		2,661,103,642	2,694,458,651
		<u>3,854,464,044</u>	<u>3,663,454,134</u>
<i>Less:</i>			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	H	19,521,698,996	13,148,415,827
Provisions		81,352,877	49,416,885
		<u>19,603,051,873</u>	<u>13,197,832,712</u>
NET CURRENT LIABILITIES		<u>(15,748,587,829)</u>	<u>(9,534,378,578)</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off)			
Preliminary Expenses		-	70,849
PROFIT AND LOSS ACCOUNT (Debit balance)		273,740,063	242,491,731
TOTAL APPLICATION OF FUNDS		<u>113,068,751,573</u>	<u>62,590,605,995</u>

Notes forming part of Accounts

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In terms of our report attached.

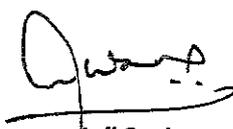
For DELOITTE HASKINS & SELLS
Chartered Accountants



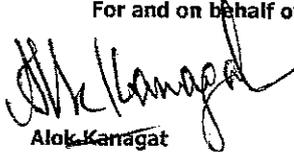
N. VENKATRAM
Partner

MUMBAI, May 17, 2011

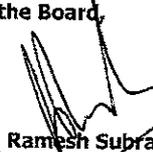
For and on behalf of the Board,



Anil Sardana
Chairman



Alok Kanagat
Executive Director



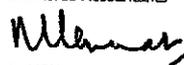
Ramesh Subramanyam
Chief Financial Officer & Secretary

COASTAL GUJARAT POWER LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

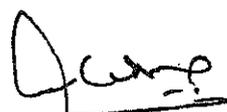
	SCHEDULE	Rupees		Year Ended March 31, 2010 Rupees
INCOME:				
1. Other Income	1	1,384,697,785		
Less: Other Income capitalised		<u>1,370,291,385</u>	14,406,400	3,688,594,589
				<u>3,688,594,589</u>
EXPENDITURE :				
2. Cost of Fuel		57,102,393		
Less: Cost of Fuel capitalised		<u>57,102,393</u>		-
3. Payments to and provision for employees	2A	559,262,739		
Less: Payments to and provision for employees capitalised		<u>549,670,778</u>	9,591,961	625,448,215
				<u>610,795,691</u>
4. Administration and other expenses	2B	1,109,490,273		
Less: Administration and other expenses capitalised		<u>1,074,114,270</u>	35,376,003	2,519,716,235
				<u>2,312,891,576</u>
5. Depreciation/Amortisation		137,586,800		
Less: Depreciation/Amortisation capitalised		<u>137,586,800</u>		78,905,211
				<u>78,905,211</u>
6. Interest and Finance Charges	3	5,234,371,256		
Less: Interest and Finance Charges capitalised		<u>5,234,263,379</u>		4,437,660,147
				<u>4,423,128,201</u>
7. Total Expenditure			<u>107,877</u>	<u>14,531,946</u>
LOSS BEFORE TAXES			<u>45,075,841</u>	<u>236,009,129</u>
8. Provision for Taxation			(30,669,441)	(236,009,129)
Fringe Benefit Tax (Net, during construction incurred in prior years)				
9. Provision for Wealth Tax (net)				5,861,000
LOSS AFTER TAX			<u>578,891</u>	<u>621,602</u>
LOSS BROUGHT FORWARD			<u>(31,248,332)</u>	<u>(242,491,731)</u>
LOSS CARRIED TO BALANCE SHEET			<u>(242,491,731)</u>	<u>-</u>
			<u>(273,740,063)</u>	<u>(242,491,731)</u>
10. EARNINGS PER SHARE (Rupees)				
Basic and Diluted Earning Per Share			(0.02)	(0.24)
(The face value per Equity Share is Rs. 10)				
(See Note 17 to Schedule 'I')				
11. Notes forming part of Accounts				

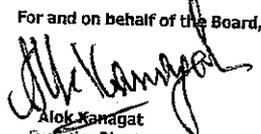
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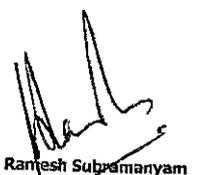
In terms of our report attached.
For DELOITTE HASKINS & SELLS
Chartered Accountants


N. VENKATRAM
Partner

MUMBAI, May 17, 2011


Anil Sardana
Chairman

For and on behalf of the Board,

Alok Kanagat
Executive Director


Ramesh Subramanyam
Chief Financial Officer & Secretary

COASTAL GUJARAT POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year Ended March 31, 2011	Year Ended March 31, 2010
	Rupees	Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before Taxes	(30,669,441)	(236,009,129)
Adjustments for:		
Interest Expenditure	70,138	14,348,208
Share Issue Expenses	10,965,000	9,160,000
Loss on sale/retirement of Assets (net)	625,179	374,788
Preliminary Exp w/off	70,849	185,722,585
	11,731,166	209,605,581
Operating Loss before Working Capital Changes	(18,938,275)	(26,403,548)
Adjustments for:		
Loans and Advances	35,414,191	(914,347,779)
Inventories	(1,006,817,298)	-
Current Liabilities and Provisions	-	(4,000,000)
	(971,403,107)	(918,347,779)
Cash generated used in Operations	(990,341,382)	(944,751,327)
Taxes paid, including Fringe Benefits Tax	(2,067,000)	(9,443,065)
Net Cash used in Operating Activities	(992,408,382)	(954,194,392)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work-in-Progress	(46,995,900,479)	(34,612,927,699)
Sale of Fixed Assets	7,270,970	2,581,931
Purchase of Other Investments	(35,553,741,211)	(5,052,878,459)
Sale of Other Investments	35,468,127,473	5,228,683,592
Dividend Received	56,061,648	3,166,406
Interest Received	8,863,184	11,294,135
Net Cash used in Investing Activities	(47,009,318,415)	(34,420,080,094)
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital/Advance towards equity	13,865,000,000	8,350,000,000
Share Issue Expenses	(10,965,000)	(9,160,000)
Proceeds from Borrowings	44,958,427,555	29,559,815,742
Repayment of Borrowings	(7,676,480,000)	-
Interest Paid	(3,977,374,184)	(1,663,467,035)
Net Cash generated from Financing Activities	47,158,608,371	36,237,188,707
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(843,118,426)	862,914,221
CASH AND CASH EQUIVALENTS AS AT APRIL 1, 2010 (OPENING BALANCE)	1,029,769,401	166,855,180
CASH AND CASH EQUIVALENTS AS AT MARCH 31, 2011 (CLOSING BALANCE)	186,650,975	1,029,769,401

Notes:

1. Cash and cash Equivalents include:

- (i) Cash on Hand
- (ii) Current Accounts with Scheduled Banks
- (iii) Term Deposits with Scheduled Banks

Add: Unrealised Exchange Loss included in Cash and Cash Equivalents

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

N. VENKATRAM
Partner

MUMBAI, May 17, 2011.

For and on behalf of the Board,

Anil Sardana
Chairman

Alok Kanagat
Executive Director

Ramesh Subramanyam
Chief Financial Officer & Secretary

COASTAL GUJARAT POWER LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	<u>As at March 31, 2011 Rupees</u>	<u>As at March 31, 2010 Rupees</u>
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
4,250,000,000 Equity Shares of Rs. 10 each (March 31, 2010: 4,250,000,000 Equity Shares of Rs. 10 each)	42,500,000,000	42,500,000,000
	<u>42,500,000,000</u>	<u>42,500,000,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP		
2,830,500,000 (March 31, 2010: 1,734,000,000) Equity Shares of Rs.10 each (The Company is a wholly-owned subsidiary of The Tata Power Company Limited, the Holding Company)	28,305,000,000	17,340,000,000
	<u>28,305,000,000</u>	<u>17,340,000,000</u>
SCHEDULE 'B'		
ADVANCE TOWARDS EQUITY		
From Holding Company	3,420,000,000	520,000,000
	<u>3,420,000,000</u>	<u>520,000,000</u>
SCHEDULE 'C'		
SECURED LOANS		
Term Loans from Banks #	17,324,700,000	7,154,800,000
Term Loans from Financial Institutions #	11,184,900,000	4,635,300,000
Term Loans from Foreign Banks @ #	27,080,142,713	17,561,748,328
Term Loans from Foreign Financial Institutions @ #	21,254,008,860	13,658,757,667
	<u>76,843,751,573</u>	<u>43,010,605,995</u>
SCHEDULE 'D'		
UNSECURED LOANS		
Short Term Borrowing from Banks **	2,500,000,000	-
Short Term Borrowing from Companies (From Holding Company)	2,000,000,000	1,720,000,000
	<u>4,500,000,000</u>	<u>1,720,000,000</u>

Secured against all present and future moveable and immovable properties, ranking pari passu (Refer Note 5 to Schedule 'I').
 @ Denominated in Foreign Currency.
 ** Guaranteed by the Holding Company.

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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		Rupees
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	
	Freehold Land	1,301,629,853	-	-	1,301,629,853	-	-	-	-	1,301,629,853	
Leasehold Land	150,280,571	-	-	150,280,571	3,506,547	6,011,223	-	9,517,770	140,762,801	146,774,024	
Buildings	345,698,781	74,066,611	-	419,765,392	20,174,012	21,625,029	-	41,799,041	377,966,351	325,524,769	
Roads	236,507,743	35,879,182	-	272,386,925	1,122,783	12,561,831	-	13,684,614	259,102,311	235,784,960	
Plant and Machinery	480,198,748	60,569,147	-	540,767,895	21,423,895	71,239,674	-	92,663,569	448,104,326	458,774,853	
Furniture, Fixtures and Office Equipment	78,252,472	9,053,283	-	87,305,765	20,883,013	9,290,296	-	30,173,309	57,132,456	57,369,459	
Transmission Lines, Street Lights, etc	4,346,913	-	-	4,346,913	1,212,168	438,044	-	1,648,212	2,698,791	3,134,745	
Motor Vehicles	99,851,593	42,072,380	9,528,578	92,395,995	9,640,321	16,422,703	1,632,429	24,430,595	67,964,800	90,211,272	
2010 - 2011	2,657,166,674	221,640,613	9,528,578	2,869,278,709	77,962,739	137,586,800	1,632,429	213,917,110	2,655,361,599	2,579,203,935	
2009 - 2010	815,839,128	1,845,140,430	3,812,884	2,657,166,674	21,847,088	56,071,816	856,165	77,962,739	2,579,203,935		

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COASTAL GUJARAT POWER LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'F' INVESTMENTS

	No. of Units				Face Value	As at	
	Opening Balance	Additions	Deductions	Closing Balance		March 31, 2011	March 31, 2010
					Per Unit/Share	Rupees	Rupees
1 Other Investments - Unquoted Current							
A. Kotak Liquid - Floater Short Term	-	138,093,311	130,183,158	7,910,153	10.1162	80,020,688	-
2 Investments in Subsidiary Company						80,020,688	-
A. Ordinary Shares - (Unquoted) fully paid up Energy Eastern Pte. Ltd.*	591,032	120,000	-	711,032	US \$ 711,032	34,029,123	28,436,073
Total						34,029,123	28,436,073
						114,049,811	28,436,073

Note:

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

	No. of Units	Purchase Cost Rupees
Birla Cash Plus (Liquid)	482,065,251	4,830,052,786
Birla Savings Plus (Liquid Plus)	7,395,557	74,005,864
Birla Ultra Short Term (Liquid Plus)	169,626,141	1,697,194,349
Birla Cash Manger (Liquid Plus)	112,732,124	1,127,659,434
ICICI Liquid Super IP (Liquid)	40,613,352	4,062,232,721
ICICI Flexible Income (Liquid Plus)	20,398,247	2,156,808,854
ICICI Ultra Short Term	171,159,265	1,716,186,997
Kotak Liquid Fund	216,549,544	2,647,989,480
Kotak Liquid Plus - Flexi	151,044,655	1,517,621,168
Kotak Liquid Plus - Floater	49,608,917	500,047,963
Kotak Liquid - Floater Short Term	130,183,158	1,316,958,863
Fortis Overnight (Liquid)	39,991,462	400,034,592
Fortis Money Plus (Liquid Plus)	39,991,062	400,034,592
DWS Insta Cash Plus (Liquid)	147,234,676	1,476,821,694
DWS Ultra Short Term (Liquid Plus)	147,256,182	1,475,197,710
SBI Premier (Liquid)	93,307,852	936,111,023
SBI SHF Ultra Short (Liquid Plus)	93,554,969	936,111,023
Templeton TMA (Liquid)	4,892,376	4,895,668,342
Templeton Ultra Short (Liquid Plus)	279,902,372	2,802,270,592
Tata Liquid Super (Liquid)	224,365	250,059,813
Tata Floater (Liquid Plus)	24,917,276	250,059,813
		35,468,127,473

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

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COASTAL GUJARAT POWER LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'G'	Rupees	As at March 31, 2011 Rupees	Rupees	As at March 31, 2010 Rupees
CURRENT ASSETS, LOANS AND ADVANCES				
A. CURRENT ASSETS				
INVENTORIES				
Fuel				
- Coal	815,651,377		-	-
- Oil	191,165,921	1,006,817,298	-	-
		<u>1,006,817,298</u>	-	-
CASH AND BANK BALANCES				
With Scheduled Banks				
- in Current Accounts #		186,458,978		968,290,892
- in Term Deposits				622,819
Cash on Hand		84,126		81,772
		<u>186,543,104</u>		<u>968,995,483</u>
B. LOANS AND ADVANCES				
(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				
Rs. 5,000,000; March 31, 2010: Rs. 5,000,000)		6,285,600		5,025,000
Excise Duty Receivable (Refer Note 16 to Schedule 'I')		-		327,977,566
Service Tax Receivable		28,310,559		28,310,559
Power Finance Corporation Limited		1,000,000		1,000,000
Deposits Paid		262,113,922		199,189,851
Other Advances ##		2,354,061,392		2,125,690,506
Advance Tax, including Fringe Benefit Tax (net)		9,332,169		7,265,169
		<u>2,661,103,642</u>		<u>2,694,458,651</u>
TOTAL		<u><u>3,854,464,044</u></u>		<u><u>3,663,454,134</u></u>

Notes:

- # Including Rs. 10,093,562 (March 31, 2010: Rs. 739,619,971) in foreign currency held with Scheduled Bank.
Other advances includes premium paid for outstanding currency option contracts Rs. 549,674,127 (March 31, 2010: Rs. 59,841,161).

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COASTAL GUJARAT POWER LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'H'	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
CURRENT LIABILITIES		
Sundry Creditors - Micro and Small Enterprises (Refer Note 18 to Schedule 'I')	-	-
Sundry Creditors - Others on Capital Account	18,666,623,989	12,774,632,798
Other Liabilities	55,364,598	68,258,390
Deposits received	500,000	500,000
Interest accrued but not due on Secured Loans	607,263,741	288,567,172
Interest accrued but not due on Unsecured Loans (Refer Note 4 to Schedule 'I')	191,946,668	16,457,467
	<u>19,521,698,996</u>	<u>13,148,415,827</u>
PROVISIONS		
Provision for Wealth Tax	1,200,493	621,602
Provision for Employee Benefits	80,152,384	48,795,283
	<u>81,352,877</u>	<u>49,416,885</u>
TOTAL	<u><u>19,603,051,873</u></u>	<u><u>13,197,832,712</u></u>

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

SCHEDULE ' 1 '	Year Ended March 31, 2011 Rupees	Year Ended March 31, 2010 Rupees
OTHER INCOME		
1. Interest on Deposits (Gross; tax deducted at source Rs. 888,485; Previous Year - Rs. 2,318,669)	8,855,366	19,825,305
2. Dividend from Current Investments	56,061,648	3,166,406
3. Miscellaneous Income	91,163,465	44,699,916
4. Gain on Exchange (net)*	<u>1,228,617,306</u>	<u>3,131,753,424</u>
5. Other Income during construction incurred in prior years	1,384,697,785	3,199,445,051
	<u>1,384,697,785</u>	<u>489,149,538</u>
		<u>3,688,594,589</u>

*Includes unrealised gain (net) Rs. 1,072,405,943; Previous Year - Rs. 3,291,991,069.

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

SCHEDULE '2A'	Year Ended March 31, 2011 Rupees	Year Ended March 31, 2010 Rupees
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
1. Salaries, Wages and Bonus	379,117,292	223,292,386
2. Company's contribution to Provident Fund	18,293,167	11,452,243
3. Retiring Gratuities	19,913,189	5,997,872
4. Welfare Expenses	136,503,865	96,726,818
5. Leave Encashment Scheme	<u>18,948,616</u>	<u>7,071,090</u>
	572,776,129	344,540,409
Less : Employee cost recovered	<u>13,513,390</u>	-
	559,262,739	344,540,409
6. Payment to and provisions for employees during construction incurred in prior years	-	<u>280,907,806</u>
	559,262,739	625,448,215
SCHEDULE '2B'		
ADMINISTRATION EXPENSES AND OTHER EXPENSES		
1. Power	196,679,849	63,147,078
2. Rental of Building, Plant and Equipment	9,581,666	9,815,220
3. Repairs and Maintenance - Buildings	6,905,948	3,904,180
4. Insurance Premium	137,529,839	137,213,160
5. Rates and Taxes	18,123,216	9,167,500
6. Consultancy Fees	367,357,219	389,833,426
7. Travelling and Hire Charges	134,833,384	73,587,779
8. Cost of Services Procured	121,772,562	64,805,961
9. Community Welfare Expenses	37,871,131	30,195,611
10. HRD and Recruitment Expenses	23,446,715	18,741,922
11. Software Expenses	8,730,451	3,613,300
12. Audit Fees	4,493,945	3,861,440
13. Loss on sale/retirement of Fixed Assets	625,179	374,788
14. Other Fees	393,327	16,627,260
15. Preliminary Expenses -written off	70,849	-
16. Miscellaneous Expenses	<u>41,074,993</u>	<u>32,232,468</u>
	1,109,490,273	857,121,093
17. Administrative expenses during construction incurred in prior years	-	<u>1,662,595,142</u>
	<u>1,109,490,273</u>	<u>2,519,716,235</u>
	<u>1,668,753,012</u>	<u>3,145,164,450</u>

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

SCHEDULE '3'	Year Ended March 31, 2011 Rupees	Year Ended March 31, 2010 Rupees
INTEREST AND FINANCE CHARGES		
INTEREST :		
1. Interest on Fixed Period Loans	4,053,383,425	1,871,933,650
2. Interest on Short Term Loans	<u>418,176,529</u>	<u>29,153,216</u>
3. Interest in respect of prior years	<u>4,471,559,954</u>	<u>1,901,086,866</u>
	4,471,559,954	2,613,407,706
FINANCE CHARGES :		
1. Other Finance Charges	762,811,302	1,213,286,376
2. Finance Charges during construction incurred in prior years	<u>-</u>	<u>610,966,065</u>
	<u>762,811,302</u>	1,824,252,441
	<u>5,234,371,256</u>	<u>4,437,660,147</u>

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COASTAL GUJARAT POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

SCHEDULE 'I'

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. Significant Accounting Policies:

(a) Basis of Preparation:

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and 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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities as at the date of these financial statements and the reported amounts of income and expenses for the period presented. Actual results could differ from these estimates. Material estimates in these financial statements that are susceptible to change as more information becomes available include provision for doubtful debts, provision for diminution in the value of investments, provision for income taxes, etc.

(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.

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.

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(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) Inventory:

Inventories of stores, spare parts, fuel and loose tools are valued at or below cost. Cost is ascertained on weighted average basis.

(h) 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 year-end are restated at rates prevailing on the balance sheet date. 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 year, 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.

(i) Employee 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 flows using a discount rate that is determined by reference to the market yields at the Balance Sheet date on

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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. Long Term Incentive Scheme

The Company's liability towards long-term incentive scheme expected to be paid on achievement of certain milestones is accrued on a pro-rata basis over the tenure of the Scheme.

iv. 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.

(j) 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 till such time the asset is ready for use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the profit and loss account in the period in which they are incurred.

(k) Impairment:

At each balance sheet date, the Company assesses whether there is any indication that the fixed assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) 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.

(m) Revenue recognition:

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

3. Details of Auditors' Remuneration:

	<u>2010-11</u>	Rupees <u>2009-10</u>
Audit Fees	3,300,000	3,300,000
Fees for taxation matters	500,000	-
Fees for other Services	243,000	157,500
Reimbursement of out-of-pocket expenses	31,292	43,352
Service Tax on above	419,653	360,588

Note: The remuneration disclosed above excludes fees of Rs. 755,555 inclusive of service tax, (March 31, 2010: Rs. 1,029,960) for attest and other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

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4. As per the Seventh Waiver and Fifth Amendment Agreement dated December 15, 2010 with the Senior Lenders, the period for compliance of Coal Supply and Transportation Agreement Completion Date has been extended up to June 30, 2012. In terms of the conditions of Waiver Agreement, the additional subordinated debt from Tata Power Company Limited (Rs. 200 crores) and from third party (Rs. 250 crores) has been infused in the Company as on March 31, 2011. The repayment of additional subordinated debts shall be subject to the provisions of Subordination and Hypothecation Agreements signed with the Security Trustee, as required under financing documents. During the extended waiver period the Company is required to maintain Debt to Equity Ratio of 75:25 for meeting financial covenants and Required Debt-to-Equity Ratio of 70:30 for availing the disbursements, which is capped at 83.33% of all Senior Loans, till June 30, 2012.

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.

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. 200 crores to the Company as on March 31, 2011 (March 31, 2010: Rs. 172 crores). The accrued interest on Additional Subordinated Loan of Rs. 191,227,490 as at March 31, 2011 (March 31, 2010: Rs. 16,457,467) shall be payable subject to fulfillment of conditions in Subordination Agreement and Coal Supply and Transportation Agreements Completion Date (CSTACD) agreement.

5. CGPL has created security on movable and immovable properties (including the major portion of the project land, as available from time to time) in favour of the Project Lenders on pari-passu basis. The security on the balance project land will be created, on transfer of title in respect of such land in favour of CGPL and on receipt of necessary permission from the local government authorities.

CGPL is availing hedging facilities from State Bank of India (SBI), ICICI Bank Limited (ICICI) and The Hongkong and Shanghai Banking Corporation Limited (HSBC) and BNP Paribas (BNP). As per the Hedging Agreements and Financing Documents, the Company is required to create security in favour of Hedge Providers on movable and immovable properties of the Company on pari-passu basis along with the Project Lenders. In accordance with the Amended and Restated Share Pledge Agreement, Tata Power Company Limited has already created share pledge to the extent of 51 percent of its shareholding in the Company, in favour of the State Bank of India, acting in its capacity as Security Trustee, for the benefit of Project Lenders and Hedge Providers.

As regards the creation of security on other movable and immovable properties, the necessary permission from the local Collector's Office for the creation of security on the project land, in favour of Hedge Providers (other than BNP) has been received subsequent to March 31, 2011 and the security will be created in favour of Hedge Providers on pari-passu basis in due course.

6. 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:

<u>Name of the related party</u>	<u>Nature of relationship</u>	<u>Country of origin</u>
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	

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(b) Details of Transactions:

	<u>Holding Company</u>	<u>Rupees Subsidiary</u>
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	3,255,172	-
	1,486,440	-
Receiving of Project related services and materials	-	-
	14,400,000	121,410,167
Reimbursement of Employee Cost Recovered	24,112,084	-
	15,784,518	-
Reimbursement of Employee Cost Received	-	-
	1,217,520	-
Interest Expenditure	-	-
	194,177,264	-
Loans Taken	16,457,467	-
	280,000,000	-
Guarantees and Collateral given on behalf of the Company	1,720,000,000	-
	2,500,000,000	-
Equity Contribution (including advance towards Equity Contribution)	15,122,362,500	-
	13,865,000,000	5,593,050
Guarantees and Collateral outstanding	8,350,000,000	-
	22,358,125,000	446,800,000
Balance advance towards Equity	18,122,362,500	451,575,000
	3,420,000,000	-
Balance outstanding at the year-end (Payable) /Receivable	520,000,000	-
	(2,099,138)	11,499,962
Loan (including accrued interest) outstanding at the year-end	(73,979)	-
	(2,189,571,331)	-
	(1,736,457,467)	-

Note: Previous year's figures are in italics.

(c) Details of transactions with Key Management Personnel:

	<u>2010-11</u>	<u>Rupees 2009-10</u>
Mr. Alok Kanagat	4,800,000*	4,800,000*

* included in Project related services.

7. **Employee Benefit :**

- 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.
- The Company operates unfunded Post Retirement Gratuity defined benefit plan, the liability in respect of which arises on retirement, withdrawal, resignation or death of an employee.
- The actuarial valuation of the present value of the defined benefit obligation has been carried out as at March 31, 2011. The following tables set out the amounts recognised in the financial statements as at March 31, 2011 for the above mentioned defined benefits plan.

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(i) Net employee benefit expense (recognised in employee cost) for the year ended March 31, 2011:

<u>Particulars</u>	<u>2010-11</u>	<u>Rupees</u> <u>2009-10</u>
Current Service Cost	3,385,705	2,341,498
Interest Cost	2,817,821	2,025,146
Losses/(Gains) on "Acquisition/divestiture"	-	1,475,221
Past Service Cost	14,066	-
Actuarial (Gains)/Losses	13,695,597	156,007
Total	19,913,189	5,997,872

(ii) Change in the Defined Benefit Obligation during the year ended March 31, 2011.

<u>Particulars</u>	<u>2010-11</u>	<u>Rupees</u> <u>2009-10</u>
Present value of Defined Benefit Obligation at the beginning of the year	30,856,122	17,219,868
Employee benefit expenses - per (i) above	19,913,189	5,997,872
Benefits Paid (net)	(4,481,459)	(1,082,903)
Unrecognized Past Service Cost	1,045,705	-
Liabilities assumed on Acquisition/(settled on divestiture)	225,382	8,721,285
Present value of Defined Benefit Obligation at the end of the year	47,558,939	30,856,122

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

<u>Particulars</u>	<u>2010-11</u>	<u>2009-10</u>
Discount Rate	8.20 %	8.25 %
Salary Growth Rate	6.00 %	6.00 %
Turnover Rate -		
Age 21-44 years	3.00 %	3.00 %
45 and 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 2011- 2012 has not been ascertained.

(v) Other disclosures:

<u>Benefits</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>Rupees</u> <u>2007-08</u>
Defined Benefit Obligation	47,558,939	30,856,122	17,219,868	585,072
Plan Assets	-	-	-	-
Surplus/(Deficit)	(47,558,939)	(30,856,122)	(17,219,868)	(585,072)
Experience Adjustments on Plan Liabilities	13,491,833	960,921	2,892,785	-
Experience Adjustments on Plan Assets	-	-	-	-

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(d) The Company has introduced Long Term Incentive Scheme ("Scheme") extending over four year with effect from July 15, 2009. The Scheme was amended on May 2, 2011. The Scheme covers all employees on rolls, including employees on secondment from the Tata Power Company Limited, from September 1, 2007 to February 28, 2013, provided certain eligibility criteria are met. The incentive is payable in instalments as mentioned in the Scheme subject to achievement of certain performance measures. Based on the management estimate, the Company has provided Rs. 18,400,000 towards this Scheme till March 31, 2011 (March 31, 2010: Rs. Nil).

8. The Company has entered into swaps/forward contracts (being a derivative instrument), which are not intended for trading or speculative purposes but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

The following are the outstanding Forward and Option Contracts and Interest Rate Swaps entered into by the Company, as at March 31, 2011:

Particulars	March 31, 2011		March 31, 2010	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Forward Contracts:				
No. of Contracts – 17 (Previous Year – 26)	EURO 15,286,414 JPY 1,728,640,000	966,712,825 933,465,600	EURO 26,596,973 US\$ 16,179,968 JPY 4,999,190,000	1,610,845,682 730,646,905 2,421,607,736
Unrecognised gain in respect of above forward contracts		76,608,028		-
Currency Option Contracts:				
No. of Contracts – 143 (Previous Year – 23)	US\$ 278,000,000 JPY 10,025,750,000	12,421,040,000 5,413,905,000	US\$ 32,100,000 JPY 14,006,250,000	1,449,555,750 6,840,652,500
Unrecognised gain in respect of above currency option contracts		824,134,217		243,173,441
Interest Rate Swap Contracts				
No. of Contracts – 15 (Previous Year – 10)	US\$ 1,125,000,000	54,733,000,000	US\$1,125,000,000	50,802,187,500

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

	2010-11		2009-10	
	Foreign Currency	Rupees	Foreign Currency	Rupees
(a) Amounts payable in foreign currency on account of the following:				
Capital Imports	US\$ 55,233,493* GBP 50,423	2,467,832,478 3,628,551	JPY 1,213,240,000	587,693,456
Debt servicing	US\$ 911,850,831	40,741,495,136	US\$ 691,369,229	31,220,505,995
(b) Bank balance	US\$ 225,908	10,093,562	US\$ 16,382,307	739,620,195

* Dollar loans yet to be drawn are US\$ 55 million for paying foreign liability for capital imports in USD.

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9. Contingent Liabilities:

	<u>2010-11</u>	Rupees <u>2009-10</u>
a) Corporate Guarantee issued on behalf of wholly owned subsidiary – Energy Eastern Pte. Ltd. of US\$ 10 million (Previous Year US\$ 10 million)	446,800,000	451,575,000
b) Appeal filed against Stamp duty demand for registration charges of mortgage deed of private land.	5,041,600	-

10. The Company is implementing the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP").

Management is of the view that at the end of the reporting period there are estimation uncertainties in assessing the recoverability of carrying amounts of asset under construction as described below.

The Company has agreed to charge no escalation on 55 percent of the cost of coal in terms of the 25 year power purchase agreement relating to the Mundra UMPP. During the year, as a result of the changes in the fuel prices, management has assessed the recoverability of the carrying amount of the asset under construction at Mundra as of March 31, 2011 of Rs. 12,842.95 crores and concluded that the cash flows expected to be generated (on completion of construction and commencement of commercial operations) over the useful life of the asset of 40 years would be sufficient to recover the carrying amount of such asset. In estimating the future cash flows, management has based on externally available information, made certain assumptions relating to the future fuel prices, future revenues, operating parameters and the asset's useful life which management believes reasonably reflects the future expectation of these items.

Having regard to the above, in the opinion of the management, no provision is considered necessary on this account as at March 31, 2011.

However, if these assumptions change consequent to change in future conditions, there could be an adverse effect on the recoverable amount of the asset.

The assumptions will be monitored on periodic basis by the management and adjustments will be made if external conditions relating to the assumptions indicate that such adjustments are appropriate.

11. Capital commitments not provided for (net of capital advance) are estimated at Rs. 21,967,554,816 (March 31, 2010: Rs. 62,932,657,578)

12. Managerial Remuneration:

<u>Particulars</u>	<u>2010-11</u>	Rupees <u>2009-10</u>
Remuneration paid to Whole Time Director	4,800,000*	4,800,000*

* 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.

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17. Earnings per share

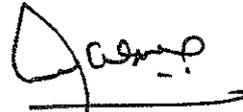
	<u>2010-11</u>	<u>2009-10</u>
a) Loss after tax attributable to Equity Shareholders (Rupees)	31,248,332	242,491,731
b) The weighted average number of Equity Shares for Basic EPS (Nos.)	2,018,306,849	1,003,276,712
c) The nominal value per Equity Shares (Rupees)	10	10
d) Basic Earnings per share (Rupees)	(0.02)	(0.24)
e) Distributable Loss for Diluted EPS (Rupees)	31,248,332	242,491,731
f) The weighted average number of Equity Shares for Diluted EPS (Nos.)	2,376,056,164	1,055,276,712
g) Diluted Earnings Per Share (Rupees)	(0.02)	(0.24)
h) Effect of potential Equity Shares (Rupees)	-	-

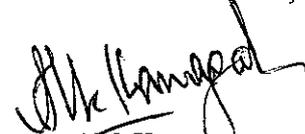
*Since the effects of potential Equity Shares is anti-dilutive these have not been considered for calculation of diluted earnings per shares.

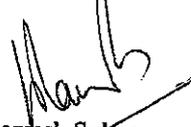
18. No Enterprises have been identified as "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid identification has been done on the basis of information, to the extent provided by the vendors to the Company. This has been relied upon by the Auditors.
19. Previous year's figures have been regrouped/restated, wherever necessary, to conform to current reporting years classification.

Signatures to Schedules 'A to H' and '1 to 3'

For and on behalf of the Board,


Anil Sardana
Chairman


Alok Kanagat
Executive Director


Ramesh Subramanyam
Chief Financial Officer & Secretary

MUMBAI, May 17, 2011