

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eleventh Annual Report on the business of the Company and the Audited Statement of Accounts for the financial year ended 31st March, 2011.

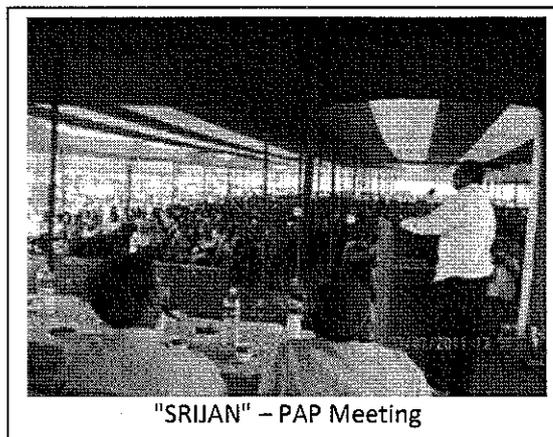
STATUS OF THE 1050 MW MAITHON RIGHT BANK PROJECT

Land

(i) Project Land

In accordance with the Shareholders' Agreement the Project land of 1115 acres comprising of Private or Raiyati Land (565 acres), Government Land (GM Land) (115 acres) and Forest land (436 acres) has been acquired by Damodar Valley Corporation (DVC). DVC has agreed to transfer the title in these lands in favour of the Company after obtaining necessary approval from the State Govt. of Jharkhand.

The title to the Private Land (565 acres) acquired for the project, is in the name of DVC. With the transfer of title pending, as stated above, the Company's Deed of Indenture of Lease (35 years + renewable 35 years) with DVC dated 5th December, 2008, remains valid. The Company has also created security over private land in favour of the Lenders, as per the terms of the Common Loan Agreement.



W.r.t GM land and Forest Land, DVC has acquired these lands from the State Govt. of Jharkhand (GOJ) with the right to use for the project. The Company has entered into License Agreement with DVC on 18th January 2008, pending transfer of title of these lands in favour of the Company, for use of these lands initially for a period of 5 years. Notwithstanding that, GOJ has in the month of January this year issued revised policy on land leasing and Sub leasing. With that, the Company will enter into sub-lease agreement with DVC subject to conditions as laid down in the policy.

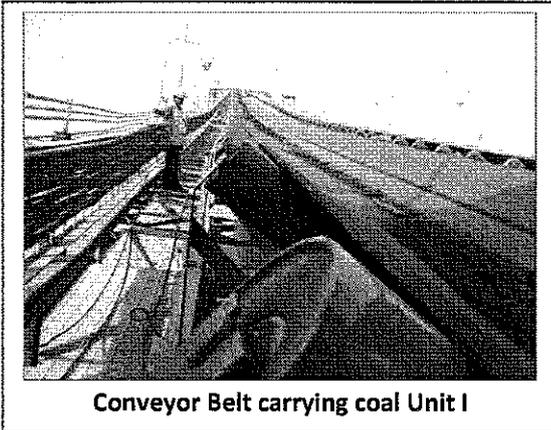
Railway Land

Land requirement of 85 Acres identified for the Railway Infrastructure project for Phase-I consists of 67 Acres Raiyati land, 13 Acres of GM land and 5 Acres of Krishi farm

land. While 63.72 Acres of Raiyati land has been acquired by DVC for the project, acquisition process for the rest is in progress and is likely to be completed during FY12.

Fuel Supply

Your Company has tied up with Bharat Coking Coal Ltd. for 1.6594 MTPA of coal (D grade) for its Unit#1 requirement and the related Fuel Supply Agreement (FSA) has been executed. FSA with Tata Steel for supply of 0.05 - 1.0 MTPA coal middlings has been executed on 1st November 2010



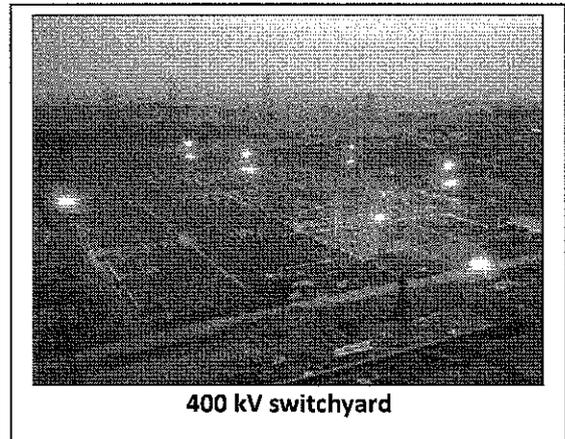
Conveyor Belt carrying coal Unit I

For Unit#2, the Letter of Assurance for supply of 1.975 MTPA "E" grade coal has been received on 26th June 2010. The MoU with CCL for the assured coal quantity is expected in 2nd quarter of FY 12

Power Sale and Evacuation

You are aware that your Company has signed long term Power Purchase Agreements (PPA), through Tata Power Trading Co. Ltd. (TPTCL), for sale of 150 MW power to West Bengal State Electricity Distribution Company Limited (WBSEDCL), 300 MW Power to North Delhi Power Limited (NDPL) and 300 MW Power to Punjab State Electricity Board (PSEB) for supply with effect from April 2012. The Company also has a long term PPA with Damodar Valley Corporation for sale of 300 MW Power w.e.f CoD. The Government of Jharkhand has insisted on a demand of 25% power from the project. DVC has agreed to allocate 150 MW from its share of 300 MW to the State of Jharkhand/JSEB subject to the company meeting the balance requirements of 100 MW to JSEB and making available to DVC 150 MW in addition to its proportionate share from the expansion of Maithon Project(Stage II).

Your Company has approached CERC for capital cost approval and also for determination of provisional Tariff.



400 kV switchyard

Power evacuation will be carried through 400 kV lines by Power Grid Corporation of India Ltd. (PGCIL) to benefit DVC Command area and the States of Jharkhand, West Bengal, Delhi & Punjab.

Mega Power Status

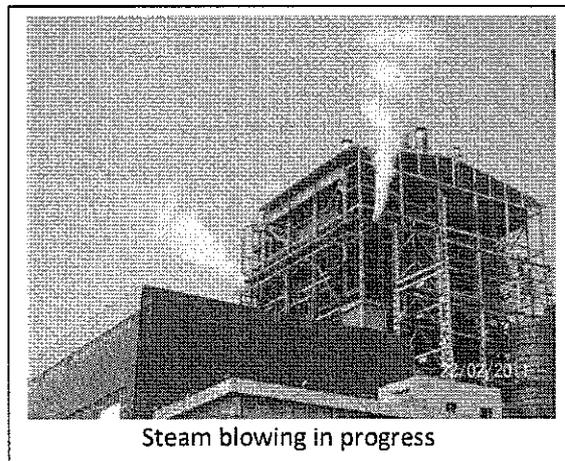
Your Company is pursuing with the Ministry of Power, Government of India for grant of Mega Power Status to the Company's Project. The proposal of the Company is under active consideration and the grant of Mega Power status is expected in due course. Pending the same, the Company remains liable to pay Excise & Customs duty on its receipts of goods and materials wherever applicable. However, the duties so paid are entitled to be refunded as Deemed Export Benefits under the Foreign Trade Policy of Government of India which the Company is pursuing consequent to the adopted ICB route for all its EPC Contracts. Your company was also successful in securing a refund of Rs.36 Crore from DGFT.

Recently DGFT has come up with amendment notifications and interpretation by Public Interpretation Committee whereby the drawback refund to the company has been withhold till further clarification. Your Company has taken legal opinion on the issue and has been advised that such amendment can't have a retrospective application. Your company is pursuing the matter with DGFT for early settlement of the pending cases.

PROJECT MANAGEMENT & CONSTRUCTION

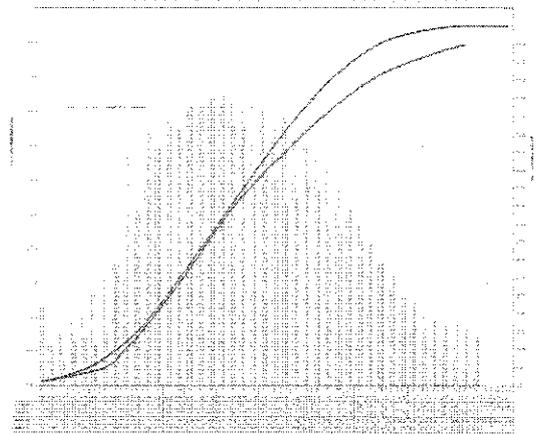
Safety

Safety and Safe Project Construction Practices are given utmost importance in line with Du-Pont standards. The Company has continued its efforts for a safer and cleaner Project site during the year under review. Various efforts and activities for creating Safety Awareness amongst the employees of the Company and the workers of Contractors and Sub-Contractors have been organized. These include Safety months, Safety trainings Safety March and Safety Quizzes with Awards and Penalty. Double earthing arrangement for electrical work has been made. Preventive measures viz., use of double rope full body safety harness, safety nets, walkie-talkie and binoculars etc have been made compulsory. Periodic Safety drills and audits are being conducted by Safety Stewards and the external Safety Auditors namely M/s Du Pont. The Severity Index is on a declining Trend and is at 2.65 against a benchmark of 2.20. Appropriate facilities for fire and emergency are available on site. These comprise Fire Tenders (2 nos.), Emergency Response Team, Ambulance and First aid Facilities round the clock. The Project construction activities are in full swing with a total manpower deployment of over 6600 personnel engaged in all areas of the plant.



Steam blowing in progress

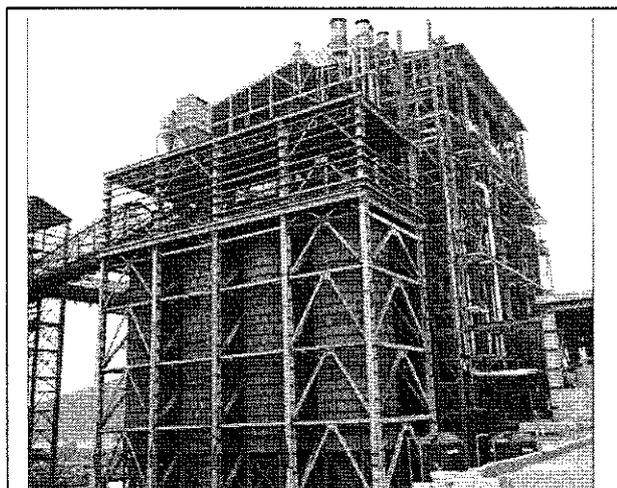
The Project activities are progressing well in all the plant areas and the overall project progress attained about 95% completion. The overall progress is 95% as shown in the chart below while the various aspects of Engineering, Procurement and Construction (EPC) monitored through S-Curves are at 99.75% for Engineering, 97.68% for Procurement



and 89.42% for Construction. For the Main Plant, Unit#1 synchronization with secondary fuel (LDO) has been successfully completed on 28th March, 2011. Commercial Operation of the Unit#1 is scheduled in the month of July 2011.

For Unit#2, Turbine erection was commenced in March 2011 while Condenser erection was commenced in Jan 2011. This Unit of 525 MW is scheduled for commercial operation in November 2011.

The work with respect to the common systems for Unit#1 and Unit#2 like Plant Water system, Switch Yard and plant Electricals, Coal Handling System, DM water system, Ash Handling Systems is complete and the various systems have been commissioned. The Construction Progress on Railway Infrastructure, which had been slow, has been expeditiously taken up by awarding the Balance works to another vendor and Phase I of the Railway Infrastructure Project is expected to be operational for coal transportation by December, 2011. Interim arrangements through Road Rail composite mode has been made for coal transportation from BCCL mines to the Company's coal stock yard.



Mill Bunker – Unit I

Operation & Maintenance

The Company is geared up for its Operations' Phase in terms of human resources, O&M systems and equipment. The O&M Services Agreement (OMSA) as mandated in the Shareholders' Agreement has been executed with the Tata Power Company Ltd. in Dec 2010. The O&M team mobilized on site in accordance with the OMSA are engaged in commissioning and operation activities of the plant.

Rehabilitation & Resettlement

Your company has an elaborate Rehabilitation & Resettlement (R&R) Plan which has been arrived at after deliberations, consensus among PAPs and guidance from the District Administration. Approval of Government of Jharkhand has also with been granted. During the year under review, an Agreement regarding employment opportunity has been reached between PAPs and the Company, under which all eligible PAPs will be provided with employment with registered contractors working at project site and your Company will act as the principal employer.

To enhance employability of the PAPs, short term and long term vocational trainings have been started in partnership technical institutes covering 362 PAPs. In addition, other major schemes under R&R plans have been continued

with total financial impact of around 28 crores. This included schemes such as Rehabilitation Package for losing land, monthly subsistence allowance for 24 months, Scheduled Tribe Additional Benefit, Payment for Trees Compensation for Gair-Abad Malik Land, Payment in lieu of Employment.



Handing over of cheque in Lieu of Employment to PAP's

Community Relations and Corporate Social Responsibility

Your Company has a formal Community Relations and Corporate Social Responsibility Policy which focuses primarily on (a) Community Health & Hygiene, (b) Basic Education, (c) Infrastructure Development, (d) Livelihood & Self Employment



Child Health Mela organized at Purni, Madandih and Dombhui village

etc. The Company, with the involvement of National level NGOs like

Pratham, Neilson Org and Centre for Community Development, has been able to achieve its CSR objectives to a great extent. During the year under

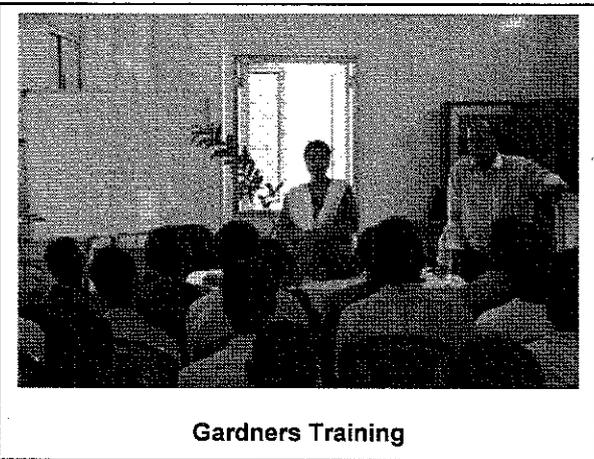


Children Education Project

review, about 200 project affected families have benefited through livelihood promotion intervention, about 13460 children from 262 villages of Nirsa block, were covered under quality education initiative, about 100 volunteers were provided soft skill trainings under education for education program. Celebration of National holidays and festivals, sports and other activities in schools were organized for creating awareness. Renovation of 6 water bodies, Supply of potable drinking water through tanks and installation of Bore wells were done to provide clean water to our communities. Local people and agencies are engaged under the project through the contractors for providing employment.

Initiatives on Human Resource Development

The year witnessed continuation of various HR activities initiated in the previous year in



Gardners Training

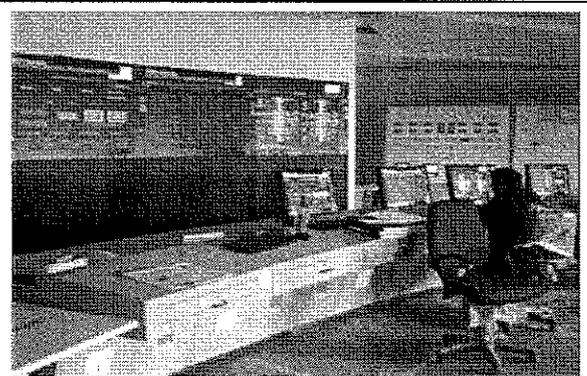
terms of accommodation, transportation, medical, sports and entertainment facilities to the employees. From provision of free or company leased accommodation, AC buses for transportation, tie-up with hospitals to the arrangements for children admissions in school, the Company has taken relentless measures for creating a positive and cohesive environment for the employees. 'Voices' and 'Mitra' are other platforms where employees are encouraged to voice their concerns, if any, leading to employee wellness.

Apart from this, various cultural events, outdoor picnics, and kids' summer camps have been organized during the year for an overall positive feeling of caring and sharing. Officers' Wives' Club, namely the Ladies' Club has also been formed that organizes special programmes for the wives of the employees.

In addition to these, several training programmes for employees have been conducted for the development of required competencies. The overall industrial relations remain cordial. The Company has implemented the Human Resources (HR) Module to facilitate online processing of employees' attendance, pay roll, performance appraisal, leave, travel and guest house management.

Internal Control System & Processes

The internal audit system of the Company provides for, inter alia, periodical review and evaluation of effectiveness of the existing processes. Finance modules of SAP and Material



Control Room

Management modules facilitate control over finance and overall project management. To further ensure compliances, the Company has implemented online Compliance System for ensuring requisite compliance under various statutes, namely Industrial, Labour, Environment, Corporate, Regulatory, Taxation, Operations and Safety during the year under review.

Increase in Project Cost

Your Directors in their meeting held on 25th April, 2011, have approved further increase in the Project Costs due to cost overrun in certain packages and duty implications due to amendment in provisions of the law. The increase is primarily in the areas of Railway package, Land and R&R cost, Interest during Construction (IDC) costs due to time overrun, increased costs of general civil works and the excise duty implication due to non receipt of the mega power status.

Consequent to the increase in project cost, additional debt and equity contribution in respective proportion will be required from the Lenders and Promoters of the Company. Your Company has approached its Lenders and Promoters for additional debt and equity contribution in the agreed Debt Equity Ratio respectively.

Lenders' Compliance and Security Creation

The Company has tied up its Working Capital Facilities from State Bank of India for its operations as the COD draws near.

In terms of the sanction accorded by Term Loan Lenders, the Company has successfully concluded Fuel Supply Agreement for Unit#1 and the pending Power Purchase Agreements. Creation of security of Private Land was done in previous financial year and for the Forest Land and township colony land, the condition has been waived of by the Lenders. Creation of security of GM land and acquisition of Railway Land are in progress. Security creation on Railway Land will be done thereafter.

Insurance

Your Company obtained adequate Insurance cover for Project Phase for various risks as stipulated in contracts with the vendors, including terrorism and sabotage either directly or through the respective vendors. The Company has also arranged for adequate Insurance coverage for its Operations' Phase.

Fitch Ratings

Fitch Ratings India Pvt. Ltd. has upgraded the Company's credit ratings to 'A-(ind)/ Stable outlook' to the long-term bank loans of Rs. 3115 Crores including LC limit of 60 Crores, and the non fund based limits up to Rs. 258.10 Crores. The agency has also upgraded the credit ratings to 'A-(ind)/Stable outlook' rating to the Company's proposed additional term loans for an amount up to Rs 270 Crores and, fund based working capital limits for an amount up to Rupees 200 Crores.

Dividend

Since the Company is yet to commence commercial activity and has not made profit, your Directors do not recommend payment of dividend for the year ended 31st March 2011.

Rights Issue of Shares

To keep pace with the progress of the Project in terms of fund requirements, besides availing loans from Lenders, the Company made Rights Issue of 45,50,00,000 Equity Shares of Rs. 10 each during the year in the ratio of 74:26 to the existing shareholders (The Tata Power Co. Ltd. and DVC) for cash at par, aggregating to Rs. 455 Crores.

Deposits

The Company has not accepted any deposits during the year under review.

Audit Committee

The Company has an Audit Committee comprising of Mr. S. Ramakrishnan-(Chairman of the Committee), Mr. T.K Gupta and Mr. R.N Subramanyam (members of the Committee). The Audit Committee met four times during the year viz May 4, 2010; July 22, 2010; October 27, 2010 and January 25, 2011.

Remuneration Committee

The Company has a Remuneration Committee comprising of Mr. Banmali Agrawala, (Chairman of the Committee), Mr. T.K Gupta, Dr. Gobind Baghasingh and Mr. M.K Bandyopadhyay.

Directors

Mr. Asutosh Chakrabarti resigned as Director of the Company on 31st March 2010 consequent upon superannuating from Damodar Valley Corporation. Mr. Amulya Charan and Mr. B.J. Shroff resigned as Directors with effect from 5th April 2011.

The Board placed on record its appreciation of the valuable contribution made to the Company by the outgoing Directors.

Mr. Anil Sardana was appointed as a Director of the Company with effect from 25th April 2011 in the casual vacancy caused by the resignation of Mr. Amulya Charan. Mr. Sardana retires at the forthcoming Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 (the Act) has been received from a member proposing appointment of Mr. Sardana as Director.

Mr. Sowmyan Ramakrishnan was appointed as a Director of the Company with effect from 25th April 2011 in the casual vacancy caused by the resignation of Mr. B.J. Shroff. Mr. Ramakrishnan retires at the forthcoming Annual General Meeting and a Notice under Section 257 of the Act has been received from a member proposing appointment of Mr. Ramakrishnan as Director.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. Praveer Sinha retires by rotation and being eligible, offers himself for re-appointment.

CEO and Manager

Mr. Praveen Chorghade is CEO and Manager of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy: The disclosures required in Form A of rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors Rules, 1988 pertaining to conservation of energy are not applicable to the Company.

Technology Absorption : Nil
Foreign exchange earnings and outgo : Nil

Particulars of Employees

During the year 2010-11, none of the employees were in receipt of gross remuneration in excess of Rs.60 lakhs per annum or Rs.5 lakhs per month and above, and hence no disclosure is required in terms of Section 217(2A) of the Act.

Auditors

Messrs. Deloitte Haskins & Sells (DHS), who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing AGM. It is proposed to re-appoint DHS to examine and audit the accounts of the Company for FY 2011-12. DHS has, under Section 224(1) of the Act, furnished a certificate of its eligibility for re-appointment. The Members will be requested to appoint Auditors and to authorize the Board of Directors to fix their remuneration.

Auditors' Report

The Notes to the Accounts referred to in the Auditors' Report of the Company are self-explanatory and, therefore, do not call for any further explanation under Section 217 (3) of the Act.

Directors' Responsibility Statement

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures therefrom;
- ii. 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 a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

- iii. 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;
- iv. They have prepared the annual accounts on a going concern basis.

Acknowledgement

The Board of Directors thank the Ministry of Power, Ministry of Environment and Forest, Ministry of Coal, Ministry of Civil Aviation (Airports Authority of India), Government of Jharkhand, Departments of Energy , Forest, Revenue and Land Reforms, District Administration, Dhanbad, Govt. of Jharkhand, Jharkhand State Pollution Control Board, Jharkhand State Electricity Board, Delhi Electricity Regulatory Commission, West Bengal State Electricity Regulatory Commission, Central Water Commission (Damodar River Regulatory Commission), State Bank of India, SBICAPs, State Bank of Mysore, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, Allahabad Bank, Bank of Baroda, Canara Bank, Dena Bank, Central Bank of India, Indian Overseas Bank, Tamilnad Mercantile Bank, Punjab and Sind Bank, Oriental Bank of Commerce, United Bank of India, UCO Bank, J&K Bank, Fitch Ratings and shareholders for their continued co-operation and support.

The Board of Directors take this opportunity to place on record their gratitude for the timely and valuable assistance and support received from officers and employees of Damodar Valley Corporation and The Tata Power Company Limited and each employee of Maithon Power Limited for the valuable contribution and co-operation in the implementation of the Project.

On behalf of the Board of Directors

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**Anil Sardana
Chairman**

AUDITORS' REPORT

TO THE MEMBERS OF MAITHON POWER LIMITED

1. We have audited the attached Balance Sheet of **Maithon Power Limited** ('the Company'), as at 31 March, 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 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 ('the Order') issued by the Central Government of India 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - 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 comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;



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- e. 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:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
 - ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii. 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 written representations received from the Directors, as on 31 March, 2011, taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 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 No. 015125N)



JITENDRA AGARWAL
Partner
Membership No. 87104

MUMBAI, 25 April, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

- i. Having regard to the nature of the Company's business/activities/result, clause 4(xiii) of the Order is not applicable.
- ii. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 Company has not disposed of any fixed assets during the year.
- iii. The Company's operation did not give rise to inventory during the current year. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
- iv. 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.
- v. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets. The Company's operations did not give rise to purchase of inventory and sale of goods and services during the current year. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- vii. According to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- viii. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- ix. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.



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- x. According to the information and explanations given to us and records of the Company examined by us:
 - a. The Company has generally deposited its statutory dues including Provident Fund, Income Tax, Works Contract Tax and Cess within the prescribed time with the appropriate authorities during the year. There are no undisputed amounts payable in respect of these dues which have been remained outstanding as at 31 March, 2011 for a period of more than six months from the date they became payable. We were informed that the Company's operations do not give rise to any Investor Education and Protection Fund, Employees' State Insurance, Customs Duty, Wealth Tax and Excise Duty.
 - b. There are no dues in respect of Income Tax, Works Contract Tax and Cess, which had not been deposited on account of any dispute. The Company's operations do not give rise to any Customs Duty, Wealth Tax and Excise Duty.
- xi. The Company does not have accumulated losses in excess of fifty percent of its net worth. The Company has incurred cash losses in the current financial year and also in the immediately preceding financial year.
- xii. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- xiii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee 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. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.



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- xviii. According to the 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 the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our audit report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. To the best of our knowledge and according to the information and explanations given to us, no 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 No. 015125N)



JITENDRA AGARWAL
Partner
Membership No. 87104

MUMBAI, 25 April, 2011

MAITHON POWER LIMITED
BALANCE SHEET AS AT 31 MARCH, 2011

	Schedule Reference	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
I SOURCES OF FUNDS			
1. SHAREHOLDER'S FUNDS			
a. Share Capital	1	10,889,177,290	6,589,177,290
b. Share Application money pending allotment		740,000,000	750,000,000
2. SECURED LOANS			
	2	24,204,486,829	15,997,446,766
		<u>35,833,664,119</u>	<u>23,336,624,056</u>
II APPLICATION OF FUNDS			
3. FIXED ASSETS (At Cost)			
a. Gross Block	3	106,895,390	73,051,315
b. Less: Accumulated Depreciation		31,176,069	20,294,330
c. Net Block		75,719,321	52,756,985
d. Capital Work In Progress (CWIP) (including advances against capital expenditure Rs. 1,934,193,775 Previous Year Rs. 3,304,285,277)		32,301,545,381	21,977,798,946
e. Incidental Expenditure Pending Allocation/ Capitalisation	4	5,236,766,771	2,698,487,411
		37,614,031,473	24,729,043,342
4. CURRENT ASSETS, LOANS AND ADVANCES			
a. Cash and Bank Balances	5	872,339,038	516,417,441
b. Loans and Advances		1,128,096,698	855,091,783
		2,000,435,736	1,371,509,224
5. Less: CURRENT LIABILITIES AND PROVISIONS			
a. Current Liabilities	6	3,860,016,112	2,834,607,747
b. Provisions		1,380,564	764,740
		3,861,396,676	2,835,372,487
6. NET CURRENT ASSETS			
		(1,860,960,940)	(1,463,863,263)
7. PROFIT AND LOSS ACCOUNT (DEBIT BALANCE)			
		80,593,586	71,443,977
		<u>35,833,664,119</u>	<u>23,336,624,056</u>

Notes forming part of the accounts

9

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

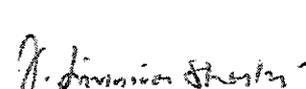
For **DELOITTE HASKINS & SELLS**
Chartered Accountants


JITENDRA AGARWAL
Partner

For and on behalf of the Board


ANIL SARDANA
Chairman


T. K. GUPTA
Director


J.S. SHASTRY
Chief Financial Officer


P. CHORGHADE
Chief Executive Officer

Place: Mumbai

Date: 25 APR 2011

Place: Mumbai

Date: 25-04-2011

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

	<u>Schedule Reference</u>	<u>Year ended 31.03.2011 (Rupees)</u>	<u>Year ended 31.03.2010 (Rupees)</u>
1. INCOME			
a. Revenue from operations		-	-
2. EXPENDITURE			
a. Payments to and provisions for employees	7	1,356,285	8,133,427
b. Administrative and other expenses	8	7,710,003	44,365,134
c. Depreciation			
- For the year		83,321	115,558
- Upto prior years		-	780,087
d. Miscellaneous expenditure written off		-	17,018,077
		<u>9,149,609</u>	<u>70,412,283</u>
3. LOSS BEFORE TAX			
		(9,149,609)	(70,412,283)
4. PROVISION FOR TAX			
Current tax		13,453,725	10,378,304
Less: Transferred to incidental expenditure	4	(13,453,725)	(10,378,304)
b. Fringe Benefit Tax (in respect of prior years)		-	1,031,694
		<u>(9,149,609)</u>	<u>(71,443,977)</u>
5. LOSS AFTER TAX			
Loss brought forward		(71,443,977)	
6. LOSS AFTER TAX CARRIED TO BALANCE SHEET			
		<u>(80,593,586)</u>	<u>(71,443,977)</u>
Earnings per equity share (See note 15) (Face value Rs. 10 per share)			
- Basic and diluted (Rupees)		(0.01)	(0.15)

Notes forming part of the accounts 9

The Schedules referred to above form an integral part of the Profit & Loss account

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

JITENDRA AGARWAL
Partner

For and on behalf of the Board

ANIL SARDANA
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Place: Mumbai
Date: 25 APR 2011

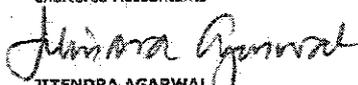
Place: Mumbai
25 APR 2011

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

	Schedule Reference	Year ended 31.03.2011 (Rupees)	Year ended 31.03.2010 (Rupees)
A. CASH FLOW FROM INVESTING ACTIVITIES:			
Adjustments for movement in working capital:			
(Increase)/Decrease in loans and advances		(245,982,971)	(503,919,940)
Increase/(Decrease) in trade and other payables		1,029,492,415	1,442,815,145
(Increase)/Decrease in CWIP		(10,323,746,435)	(12,928,531,819)
Purchase of fixed assets		(33,844,075)	(17,995,712)
Direct taxes paid		(43,546,881)	(9,943,822)
Interest received		41,294,465	26,416,116
Incidental expenditure during construction		(366,418,643)	(391,493,495)
Cash used in investing activities		(9,942,752,125)	(12,382,653,527)
B. CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from share application money		740,000,000	750,000,000
Issue of equity share capital		3,550,000,000	3,090,000,000
Proceeds from term loan from banks		8,410,500,000	9,938,600,000
Repayment of term loan to banks		(228,083,750)	-
Interest and finance charges paid		(2,173,742,528)	(1,184,396,260)
Net cash from financing activities		10,298,673,722	12,594,203,740
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	A+B	355,921,597	211,550,213
CASH AND CASH EQUIVALENTS AS AT 1 April, 2010		516,417,441	304,867,228
CASH AND CASH EQUIVALENTS AS AT 31 March, 2011	5	872,339,038	516,417,441

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

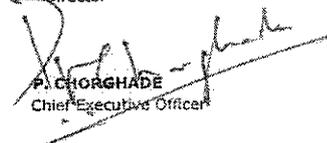

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Chief Financial Officer


P. CHORGHADE
Chief Executive Officer

Place: Mumbai
Date: 25 APR 2011

Place: Mumbai
Date: 25-04-2011

MAITHON POWER LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
<u>SCHEDULE 1</u>		
SHARE CAPITAL		
a. Authorised		
1,500,000,000 (Previous year 1,335,000,000) equity shares of Rs. 10 each	15,000,000,000	13,350,000,000
b. Issued Subscribed and Fully paid up		
1,088,917,729 (Previous year 658,917,729) equity shares of Rs. 10 each	10,889,177,290	6,589,177,290
Notes:		
1 Of 'b' above 805,799,120 (Previous year 487,599,120) shares are held by the Holding Company The Tata Power Company Limited and its nominees		
2 Of 'b' above 1,737,300 (Previous year 1,737,300) shares are issued for consideration other than cash		
<u>SCHEDULE 2</u>		
SECURED LOANS (See note 4)		
a. From banks (Term Loans)	24,148,416,250	15,966,000,000
b. Interest accrued and due	56,070,579	31,446,766
	24,204,486,829	15,997,446,766

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MAITHON POWER LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 3

FIXED ASSETS (At Cost)
(See note 2c and 2d)

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK (All amounts in Rupees)	
	As at 01.04.2010	As at 31.03.2011	As at 01.04.2010	For the Year 31.03.2011	As at 31.03.2011	As at 31.03.2010
a. Building (temporary structure)	10,786,268	12,550,947	9,650,888	1,789,246	1,110,813	1,135,380
b. Plant & machinery						
- Computers	6,771,643	10,973,726	2,167,305	1,413,623	7,392,798	4,604,338
- Office equipment	5,837,761	11,609,066	1,526,735	1,029,503	9,052,828	4,311,026
- Other plant & machinery	30,989,463	30,989,463	3,833,359	1,471,999	25,684,105	27,156,104
c. Furniture and fixtures	13,384,912	26,634,590	2,742,371	4,130,209	19,762,010	10,642,541
d. Vehicles	5,281,268	14,137,598	373,672	1,047,159	12,716,767	4,907,596
Total	73,051,315	106,895,390	20,294,330	10,881,739	75,719,321	52,756,985
Previous year	55,055,603	73,051,315	9,998,599	10,295,731	52,756,985	45,057,004

Note: Includes Rs. 10,798,418 (previous year Rs. 10,180,173) transferred to Incidental Expenditure Pending Allocation / Capitalisation

M

MAITHON POWER LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 (Rupees)	For the year (Rupees)	As at 31.03.2010 (Rupees)
SCHEDULE 4			
INCIDENTAL EXPENDITURE PENDING ALLOCATION / CAPITALISATION			
A. PAYMENTS TO AND PROVISION FOR EMPLOYEES			
a. Payments to and provisions for employees	81,141,306	28,785,677	52,355,629
b. Staff welfare expenses	23,567,159	13,997,430	9,569,729
Sub Total	104,708,465	42,783,107	61,925,358
B. ADMINISTRATIVE AND OTHER EXPENSES			
c. Rent and hire charges	46,827,797	16,590,718	30,237,079
d. Repairs and maintenance - others	17,185,740	6,114,048	11,071,692
e. Insurance	89,339,385	34,011,122	55,328,263
f. Printing and stationery	6,064,674	4,319,303	1,745,371
g. Communication expenses	3,516,761	2,072,821	1,443,940
h. Electricity charges	3,359,265	418,568	2,940,697
i. Travelling and conveyance	10,436,604	3,123,105	7,313,499
j. Bank charges	43,440,270	25,297,508	18,142,762
k. Professional and consultancy charges	854,458,498	210,937,905	643,520,593
l. Advertisement & Publicity	1,620,221	956,379	663,842
m. Rates and taxes	3,446,841	3,304,062	142,779
n. Miscellaneous expense	14,210,497	8,396,289	5,814,208
o. Interest expense	3,964,921,478	2,194,282,291	1,770,639,187
p. Financing charges	131,966,820	-	131,966,820
q. Provision for taxation	45,302,837	13,453,725	31,849,112
Sub Total	5,236,097,688	2,523,277,844	2,712,819,844
r. Depreciation	30,597,298	10,798,418	19,798,880
Grand Total - A+B	5,371,403,451	2,576,859,369	2,794,544,082
C. OTHER INCOME			
s. Tender income (Net of Tender expenditure)	(2,339,689)	(320,000)	(2,019,689)
t. Miscellaneous Income	(158,573)	(36,756)	(121,817)
u. Interest Income [Including Tax deducted at source Rs. 21,876,155 (Previous year Rs. 19,696,054)]	(131,704,444)	(38,223,253)	(93,481,191)
v. Dividend income from mutual fund	(433,974)	-	(433,974)
Grand Total - C	(134,636,680)	(38,580,009)	(96,056,671)
Net incidental expenditure [A+B-C]	5,236,766,771	2,538,279,360	2,698,487,411

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MAITHON POWER LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 (Rupees)	As at 31.03.2010 (Rupees)
SCHEDULE 5		
CURRENT ASSETS, LOANS AND ADVANCES		
a. CASH AND BANK BALANCES		
i. Cash in hand	12,187	11,793
ii. Balance with scheduled banks in:		
- Current accounts	62,471,224	33,345,648
- Fixed deposits	809,855,627	483,060,000
	<u>872,339,038</u>	<u>516,417,441</u>
b. LOANS AND ADVANCES (Unsecured, considered good)		
i. Advance recoverable in cash or in kind or for value to be received	27,259,825	56,724,079
ii. Balance with Government Authorities *	20,806,220	21,270,000
iii. Interest accrued on fixed deposits	1,306,152	4,377,364
iv. Excise duty recoverable	1,046,747,741	770,836,736
v. Advance Tax [Net of provision for income tax Rs.40,771,162 (Previous year Rs. 31,202,225) and fringe benefit tax Rs. 2,99,202 (Previous year Rs. 1,031,694)]	31,976,760	1,883,604
	<u>1,128,096,698</u>	<u>855,091,783</u>
* - Deposit with Jharkhand State Electricity Board	2,188,000	4,200,000
- Deposit with Sales Tax Authorities	18,618,220	17,070,000
SCHEDULE 6		
CURRENT LIABILITIES AND PROVISIONS		
a. CURRENT LIABILITIES		
i. Sundry creditors		
- Dues of Micro, small and medium enterprises (See Note 11)		
- Dues of other creditors	639,287,760	813,149,892
ii. Retention Money (See Note 12)	3,205,365,135	1,984,213,760
iii. Other liabilities	15,363,217	33,160,045
iv. Interest accrued but not due		4,084,050
	<u>3,860,016,112</u>	<u>2,834,607,747</u>
b. PROVISIONS		
i. Provision for gratuity (See Note 6)	504,160	212,290
ii. Provision for leave encashment	876,404	552,450
	<u>1,380,564</u>	<u>764,740</u>

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MAITHON POWER LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2011 (Rupees)	Year ended 31.03.2010 (Rupees)
SCHEDULE 7		
PAYMENTS TO AND PROVISION FOR EMPLOYEES		
a. Salaries, wages and bonus	1,214,187	637,867
b. Company's contribution to Provident Fund and other funds	54,353	31,452
c. Staff welfare expenses	87,745	30,141
	<u>1,356,285</u>	<u>699,460</u>
Payments to and provision for employees in respect of prior years	-	7,433,967
	<u>1,356,285</u>	<u>8,133,427</u>

SCHEDULE 8

ADMINISTRATIVE AND OTHER EXPENSES

a. Rent and hire charges	992,700	1,310,957
b. Printing and stationery	38,906	37,446
c. Communication expenses	-	191,967
d. Travelling and conveyance	407,850	68,524
e. Auditor's remuneration (See note 8)	2,203,227	1,653,334
f. Professional and consultancy charges	2,286,444	1,568,529
g. Corporate social responsibility	734,860	2,385,219
h. Rates and taxes	-	7,000
i. Miscellaneous expenses	1,046,016	644,344
	<u>7,710,003</u>	<u>7,867,320</u>
Administrative and other expenses in respect of prior years	-	36,497,814
	<u>7,710,003</u>	<u>44,365,134</u>

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MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 9

NOTES FORMING PART OF THE ACCOUNTS

1. Background

Maithon Power Limited (the Company), which is a Joint Venture of The Tata Power Company Limited (TPC) and Damodar Valley Corporation (DVC) with 74% and 26% shareholding respectively, has been set up to operate and maintain Electric power generating stations based on conventional / non-conventional resources, tie-lines, sub-stations and transmission lines connected therewith. The Company is setting up a thermal power generation plant at Maithon, Jharkhand with a total capacity of 1050 MW. The project is expected to be commissioned during the financial year 2011-12.

The Company had prepared the Profit and Loss account for the first time for the year ended 31 March, 2010.

Expenses not to be considered as incidental to be capitalised have been charged to the Profit and Loss account. The amounts incidental to capitalisation have been included under 'Incidental Expenditure Pending Allocation / Capitalisation' (Schedule 4).

2. Significant Accounting Policies

a. Basis of accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India to comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of Companies Act, 1956, as adopted consistently by the Company. Information required to be furnished by the Company in accordance with Part II of Schedule VI forming part of the Companies Act, 1956 has been disclosed in the schedules forming part of the financial statements.

b. Use of estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

c. Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised. Incidental expenditure pending capitalisation includes all expenses other than expenses not specifically attributable to construction of the project, such as employees' expenses, other administrative expenses and Interest and financial charges pending allocation on completion of the Project.

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MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

d. Depreciation

Depreciation on fixed assets is provided on pro rata basis from the month in which assets is available for use on Straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956.

Assets costing Rs. 5,000 or less individually and mobile hand set are fully depreciated in the year of acquisition.

e. Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of qualifying assets are capitalised as a part of that asset up to the date where such assets are ready for their intended use. Other borrowing costs are charged to revenue.

f. Leases

i. Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense on a straight-line basis over the lease term in Incidental Expenditure Pending Allocation / Capitalisation.

ii. Finance lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is recognised as an expense in Incidental Expenditure Pending Allocation / Capitalisation.

g. Employee Benefits

i. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries, wages, bonus, performance incentives and leave travel allowance.

Short term employee benefits are recognised as an expense at the undiscounted amount in the Incidental Expenditure Pending Allocation / Capitalisation or Profit and Loss account, as the case may be, in which the related service is rendered.

ii. Post-employment benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plan, is based on the market yields on government securities as at the balance sheet date.

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MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Benefits comprising compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end.

h. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per equity share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by the weighted average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

i. Provision for taxation

Income tax comprises current income tax and deferred tax. Current income tax is recognised in accordance with the provisions of Income tax Act. 1961.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an assets if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is considered as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted by the balance sheet date.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

j. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the Incidental Expenditure Pending Allocation / Capitalisation.

k. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.



MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

3. Contingent liabilities & Provisions

- a. Bank Guarantees issued Rs. 9,416.80 lacs (Previous year Rs. 8,854.55 lacs).
- b. Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances) Rs. 75,312.00 lacs (Previous year Rs. 1,64,034.00 lacs)

4. Term loans

The Company has entered into 'Common Loan Agreement' (CLA) with a consortium of 17 scheduled commercial banks (referred to as Lenders), State Bank of India being the Lead banker. The total sanctioned amount as per CLA is Rs. 311,500.00 lacs out of which the Company has drawn Rs. 243,765.00 lacs (Previous year Rs. 159,660.00 lacs) and repaid Rs. 2,280.84 lacs (Previous Year Rs. Nil) till 31 March, 2011. The details are:

(All amounts in Rs./lacs)						
S. No.	Bank Name	Sanctioned Loan Amount	Total Drawn Loan Amount	Loan Repayment	Interest accrued and due	Total outstanding as at 31 March, 2011
a.	Allahabad Bank	20,000.00	15,785.00	146.44	-	15,638.56
b.	Bank of Baroda	25,400.00	19,943.00	185.99	-	19,757.01
c.	Canara Bank	15,200.00	11,895.00	111.30	-	11,783.70
d.	Central Bank of India	25,400.00	19,943.00	185.99	-	19,757.01
e.	Dena Bank	15,000.00	10,440.00	109.84	-	10,330.16
f.	Indian Overseas Bank	15,200.00	11,895.00	111.30	-	11,783.70
g.	Jammu & Kashmir Bank	17,500.00	13,867.00	128.09	-	13,738.91
h.	Oriental Bank of Commerce	15,200.00	11,896.00	111.30	-	11,784.70
i.	Punjab & Sind Bank	20,000.00	15,786.00	146.44	-	15,639.56
j.	State Bank of Bikaner and Jaipur	10,000.00	7,897.00	73.22	-	7,823.78
k.	State Bank of Hyderabad	10,000.00	7,897.00	73.22	-	7,823.78
l.	State Bank of India	60,000.00	47,347.00	439.33	480.30	47,387.97
m.	State Bank of Mysore	10,000.00	7,897.00	73.22	-	7,823.78
n.	State Bank of Saurashtra	10,000.00	7,897.00	73.22	80.40	7904.18
o.	Tamilnad Mercantile Bank Ltd.	15,000.00	11,743.00	109.84	-	11,633.16
p.	UCO Bank	12,600.00	9,893.00	92.26	-	9,800.74
q.	United Bank of India	15,000.00	11,744.00	109.84	-	11,634.16
Total		311,500.00	243,765.00	2,280.84	560.70	242,044.86

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MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

In terms of clause 3.1 of CLA, the above terms loans drawn are secured by:

- i. first mortgage and charge over all the immovable properties pertaining to the project, both present and future;
- ii. first charge by way of hypothecation in favour of the 'Lenders' of all the Company's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories pertaining to the Project, both present and future, provided however that a pari passu charge on the Company's inventory of machinery spares, tools and accessories acquired from working capital facility and raw materials, both present and future may be created in favour of the working capital lenders for securing the Company's working capital facility in the ordinary course of business;
- iii. first charge on the receivables and on all intangibles of the Company including but not limited to goodwill, rights, undertakings and uncalled capital, present and future.
- iv. first charge in favor of the 'Lenders' over all accounts, including without limitation, the trust and retention account, the Debt Service Reserve Account, the retention accounts (or any account in substitution thereof) and such other bank accounts that may be opened in terms hereof and of project documents and over all funds from time to time deposited therein and over all authorized investments or other securities representing all amounts credited thereto; and
- v. first charge by way of an assignment or otherwise creation of security interest in:
 - all the right, title, interest, benefits, claims and demands whatsoever of the Company in the Project Documents (Documents), duly acknowledged and consented to by the relevant counter-parties to such documents to the extent not expressly provided in each such document, all as amended, varied or supplemented from time to time;
 - the right, title and interest of the Company into and under all the Government approvals;
 - all the right, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the documents.
 - all right, title and interest of the Borrower in, to and under all Insurance Contracts.
- vi. State Bank of India (Lead banker) and other lenders have approved waiver of mortgage over forest land (436 acres) and on land (14,000 sq.mt.) on the tenancy basis from DVC for construction of staff quarters.

5. Land

The entire land of 1116 acres was identified and acquired by DVC exclusively for the Maithon Right Bank Thermal Power Project. The land consists of Private land (565 acres), GM land (115 acres) and Forest land (436 acres). The Company has paid Rs. 4,673.62 lacs (Previous year Rs. 4,571.93 lacs) to DVC in terms of clause no. 6.4 of the Shareholders' Agreement being the cost of acquisition of land incurred by DVC. DVC has agreed to transfer the title in these Lands in favor of MPL after obtaining clearance from the State of Jharkhand.

The title to the Private land admeasuring 565 acres, acquired for the site, where the power generating station will be set up, is in the name of DVC. Pending transfer of title as stated above, the Company has entered into an Indenture Deed with DVC on 5 December, 2008, which provided inter-alia, lease of private land for a period of 35 years (and extendable for another 35 years at the option of the Company) and provision to create security in favour of



MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

Lenders for loan purposes. Subsequently, the Company has created security in favour of the Lenders on 20 December, 2008, as per the terms of the Common Loan Agreement and accordingly the Lease rent has been fixed at Re. 1 per annum. DVC has also agreed vide reference para 9.1 of Indenture deed referred above to transfer these lands at the cost at which it was acquired.

DVC has acquired GM land (115 acres) and Forest Land (436 acres) from State of Jharkhand with the right to use them for the project. The Company has entered into License Agreement with DVC on 18 January, 2008 for use of these lands initially for a period of 5 years, pending transfer of title/right to use in these lands in favour of the Company.

6. Disclosure pursuant to Accounting Standard 15 (revised 2005) on 'Employee benefits'

a. Defined contribution plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The Company recognised Rs.10.82 lacs (Previous year Rs. 6.69 lacs) for provident fund contributions in the Incidental Expenditure Pending Allocation / Capitalisation. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

b. Defined Benefit plan

Gratuity Plan

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service in excess of 6 months subject to a maximum of Rs. 10,00,000. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

c. The following tables set out the status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2011:

Particulars	31.03.2011 (Rs.)	31.03.2010 (Rs.)
i. Change in benefit obligations:		
Present value of obligations as on 01.04.2010	212,290	302,341
Current Service Cost	240,591	142,804
Interest Cost	17,466	21,164
Benefit Paid	-	(165,335)
Actuarial (gain)/loss on obligation	33,813	(88,684)
Present Value of obligation as on 31.03.2011	504,160	212,290

MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

ii. Expense recognized in the Profit and Loss Account and Incidental Expenditure Pending Allocation / Capitalisation

Current Service cost	240,591	142,804
Interest cost	17,466	21,164
Actuarial (gain)/ loss recognised during the year	33,813	(88,684)
Net charge	291,870	75,284

iii. Principal actuarial assumptions:

S. No.	Particulars	Refer Note below	Year ended 31.03.2011	Year ended 31.03.2010
i.	Discount Rate (per annum)	1	8.25 %	7.80%
ii.	Salary escalation rate (p.a.)	2	10.00%	10.00%

Notes:

- 1 The Discount Rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- 2 The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- 3 The gratuity plan is unfunded.

Demographic assumptions:

1. Retirement age 60 years
2. Mortality rate Published rates under LIC (1994-96) mortality rates
3. Withdrawal rate 15%

7. Related party transactions

a. List of related parties

i. Controlling Entities

The Tata Power Company Limited (TPC) (Holding Company)

ii. Related parties where control/ significant influence exists:

Damodar Valley Corporation (DVC)

iii. Fellow Subsidiary

North Delhi Power Limited (NDPL)

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MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

iv. Key Management Personnel

Mr. Praveen Chorghade -CEO

b. Transactions/balances outstanding with related parties

(All amounts in Rs. Lacs)

Particulars	TPC	DVC	NDPL	Key Management Personnel	Total
i. Transactions during the year					
Purchase of services	1,349.17 (1,695.83)	182.59 (5.88)	- (-)	- (-)	1,531.76 (1,701.71)
Reimbursement of expenses (Paid)	210.98 (216.31)	0.78 (16.72)	- (-)	- (-)	211.76 (233.03)
Equity contribution	31,820.00 (22,866.00)	11,180.00 (8,034.00)	- (-)	- (-)	43,000.00 (30,900.00)
Share Application Money	7,400.00 (5,550.00)	- (1,950.00)	- (-)	- (-)	7,400.00 (7,500.00)
Managerial Remuneration	- (-)	- (-)	- (-)	40.08 (7.42)	40.08 (7.42)
ii. Balances outstanding as at 31 March, 2011					
Amounts payable	0.33 (496.15)	0.17 (-)	- (-)	- (-)	0.50 (496.15)
Bank Guarantee issued	- (-)	- (-)	2,905.00 (2,905.00)	- (-)	2,905.00 (2,905.00)
Amounts Receivable	3.18 (-)	37.72 (-)	- (-)	- (-)	40.90 (-)
Retention money Payable	678.67 (489.24)	- (-)	- (-)	- (-)	678.67 (489.24)

8. Auditors' remuneration*

Particulars	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Statutory Audit (including quarterly audits)	1,800,000	1,350,000
Out of pocket expenses	210,982	150,751
Total	2,010,982	1,500,751

*(Exclusive of service tax)

MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

9. Segmental reporting

The Company will be engaged in the business of generation of power. As the Company will be operating in a single business and geographical segment, the reporting requirement for primary and secondary segment disclosure prescribed by paragraphs 39 to 51 of Accounting Standard 17 – Segment reporting have not been provided in these financial statements.

10. Capital advances

Capital advances include an amount of Rs. 4,673.62 lacs (Previous year Rs. 4,571.93 lacs) paid to the various district Authorities in the State of Jharkhand for acquiring land required for the implementation of the project.

11. Disclosures as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED)

Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Medium and Small Enterprises Development (MSMED) Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006.

12. Retention money

As per terms of the contract, the Company has deducted Rs. 32,053.65 lacs (Previous year Rs. 19,842.14 lacs) as retention money from various vendors, which is refundable after successful completion and handover of the respective packages.

13. Mega power status

The Company has applied to the Ministry of Power, Government of India along with necessary documents for grant of Mega Power Status to the Company's 1050 MW Maithon Right Bank Thermal Power Plant. The proposal of the Company is under active consideration and the grant of Mega Power status is expected in due course. Pending the same, the Company remains liable to pay Excise & Customs duty on its receipts of goods and materials wherever applicable. Accordingly, the Company has paid Excise Duty to its vendors and Rs. 10,467.48 lacs is outstanding as on 31 March, 2011 (Previous year Rs. 7,708.37 lacs). Of the above, the Company has lodged a claim of Rs. 8,698.28 (Previous year Rs. 6325.50 lacs) with the Director General of Foreign Trade (DGFT) under para 8.2(g) of the Foreign Trade Policy being the Deemed Export Benefits.

14. Managerial remuneration

Particulars	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
a. Managerial remuneration for Manager (excluding provision for encashable leave and gratuity as separate figures for Manger is not available).	4,007,991	741,586



MAITHON POWER LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

b. The above is inclusive of:

• Estimated expenditure on perquisites	95,160	21,200
• Contribution to provident fund	202,321	38,128

15. Earnings per share

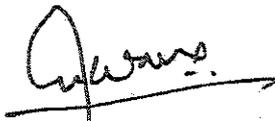
Particulars	Units	Year ended 31.03.2011	Year ended 31.03.2010
a. Net profit/(loss) after tax	Rupees	(9,149,609)	(71,443,977)
b. Weighted average number of equity shares of Rs. 10 each	Nos.	913,273,893	4,759,83,707
c. Basic earnings/(loss) per share (a/b)	Rupees	(0.01)	(0.15)
d. Weighted average number of shares outstanding during the year for calculation of diluted earnings per share	Nos.	913,476,633	481,987,817
e. Diluted earnings/(loss) per share (a/d)	Rupees	(0.01)*	(0.15) *
f. Effect of potential equity shares (c-e)	Rupees	-	-

*Since the effect of potential equity shares is anti dilutive these have not been considered for calculation of diluted earnings per share.

16. Previous year comparatives

Previous year's amounts have been regrouped / reclassified to conform to current year's presentation wherever required.

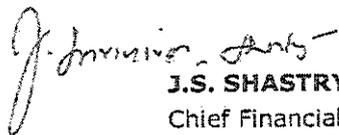
For and on behalf of the Board



ANIL SARDANA
Chairman



T. K. GUPTA
Director



J.S. SHASTRY
Chief Financial Officer



P. CHORGHADE
Chief Executive Officer

Place: Mumbai
Date: 25th April 2011

