

MAITHON POWER LIMITED

DIRECTORS' REPORT

To The Members,

The Directors are pleased to present their Twelfth Annual Report on the business and operations of the Company and the Statements of Account for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

Figures in ₹ crores

		FY- 12	FY - 11
(a)	Net Sales / Income from Other Operations	369.69	-
(b)	Operating Expenditure	345.74	0.91
(c)	Operating Profit	23.95	(0.91)
(d)	Add: Other Income (including net gain on exchange)	0.44	-
(e)	Less: Interest and Finance Charges	121.89	-
(f)	Profit before Depreciation and Tax	(97.50)	(0.91)
(g)	Less: Depreciation / Amortisation / Impairment	76.65	-
(h)	Loss before Tax	(174.15)	(0.91)
(i)	Less: Provision for Taxes (including provision for Deferred Tax and Fringe Benefit Tax)	-	-
(j)	Net Loss after Tax	(174.15)	-
(k)	Less: Statutory Appropriations	-	-
(l)	Distributable Profits	-	-
(m)	Add: Balance Loss brought forward from the previous year	(8.06)	(7.15)
(n)	Add: Reserves acquired during the year	-	-
(o)	Balance which the Directors have appropriated as under to: (i) Proposed Dividend, if any (ii) Additional Income-tax on Dividend (v) General Reserve	-	-
(p)	TOTAL	-	-
(q)	Loss of to be carried forward	(182.21)	(8.06)

2. FINANCIAL HIGHLIGHTS

During the year, the Company's Net Sales was ₹ 36,969.31 lakhs. The Profit before Depreciation and Interest was at ₹ 2,394.99 lakhs. Loss After Tax for the financial year 2011-12 was ₹ 17,414.93 lakhs due to lower capacity utilization and underabsorption of fixed cost. Unit 1's operation has stabilized and is expected to show further improvement in performance in FY 13.

3. DIVIDEND

Since the Company is yet to stabilize its operations, it has not made Profits during the year under review. In the absence of profits, the Company has not declared any dividend for the year 2011-12.

4. OPERATIONAL HIGHLIGHTS

The Company's Unit 1 of 525 MW was commissioned on 1st Sept 2011. After initial operational problems, the unit performed well in the last quarter of FY12. Power from Unit 1 is being supplied to Damodar Valley Corporation (DVC), Tata Power Delhi Distribution Ltd. (erstwhile North Delhi Power Ltd.) and BSES Rajdhani Power Ltd. (BRPL) as per respective Power Purchase Agreements while the balance power is being sold in the merchant market.

Unit-1 had its share of teething troubles with the BHEL provided Boiler and Turbine with GT R Phase failing within few days of commissioning of the Unit, followed by boiler outages on account of frequent instances of ash leakage from boiler rear arch zone. Boiler tube leakage was another reason of unit outage. These problems led to a total outage of 56 days resulting in loss of generation.

Frequent damages to Coal Handling Equipment, mainly Ring Granulators (Crushers), Grizzly Feeders and take-up pulleys due to presence of large size stones in coal. The Coal Handling System has been erected by Tecpro. However, the Company has taken up the above issue with the coal transporters and BCCL.

Apart from the above, problems were faced during initial stage of commissioning in Ash Handling System (AHS) installed by Macawber Beekay and DM plant, installed by BGR Energy. In the AHS, ash build up happened due to conveying problem from ESP to Silo, Eco Ash Conveying System & Mill Reject System etc. In the DM plant, the unit faced problems to achieve desired DM water quality in terms of clarifier outlet turbidity, DM water silica and conductivity etc. The Unit witnessed number of tripping in the electrical system erected by Voltas due to commissioning problems in various relays in the Plant Water System.

4.1 Generation Details

Unit 1 of 525 MW of the Company was declared CoD in 1st Sep 2011. The generation details from Unit 1 for FY 12 is given as under.

Particulars	FY 12
Generation (MUs)	1224.86
PLF (%)	45.63
Online Availability (%)	64.65
Aux Power (%)	6.27

Unit 2 of 525 MW of the Company was successfully synchronized in March, 2012.

5. PROJECT LAND

5.1 Land for Main Plant

The Project land of approx 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, as per applicable laws.

Private Land has been leased to the Company by DVC for 35 years which can be renewed thereafter. DVC has acquired the GM and Forest Land from the State Govt. of Jharkhand (GOJ) along with the right to use for the Project. Pending transfer of title to these lands in favour of the Company, DVC has entered into License Agreement with the Company on 18th January 2008, for use of these lands initially for a period of 5 years. The Company is following with the GOJ for transfer of the GM land to the Company through a sub-lease agreement, which would facilitate creation of security in favour of the Company's lender. GOJ has recently issued a revised policy on leasing and sub-leasing of land. The Company will enter into sub-lease agreement with DVC subject to conditions in the said policy.

5.2 Land for Railway Infrastructure

The Company plans to acquire total 130.15 acres of land for the construction of Railway line in two stages. The land is being acquired through DVC, which has agreed to transfer the title in these lands in favour of the Company subject to necessary clearances as per applicable law. The process of land acquisition is progressing but is likely to be time consuming given the various steps involved.

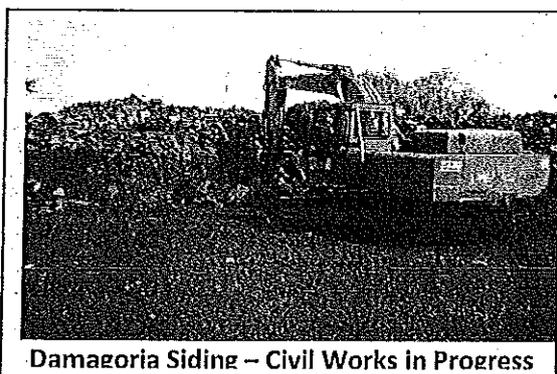
6. RAILWAY INFRASTRUCTURE

The Company is in advanced stages of completion of Railway Infrastructure inside the MGR Bulb, within the plant premises. However, required private land outside plant area is yet to be acquired pending conclusion of negotiation with concerned landowners. The Company is pursuing with Eastern Railway for making available its land and sidings to be used by the Company.

7. FUEL SUPPLY AND TRANSPORTATION

Fuel Supply is a critical part of the operations and therefore the Company continues to pursue all options in order to improve the availability of fuel and management of logistics and overall costs. Out of the total estimated requirement of 4.8 MTPA of coal, the Company has tied up 1.6594 MTPA with Bharat Coking Coal Ltd. and has entered into a Fuel Supply Agreement. The Company has obtained a Letter of Assurance (LOA) for 1.975 MTPA from Central Coalfields Ltd. (CCL). The Company has approached CCL for signing of FSA as per the terms of LOA. Similarly the Company has executed a fuel supply agreement with Tata Steel Ltd. up to 1 MTPA middlings from its West Bokaro mines. With the above arrangements the Company has secured the entire requirement of fuel by the station. While the above arrangements are taking effect, the Company has also planned to import coal from Indonesia in the interim to meet the temporary shortfall in the coal requirement during FY 13.

As an integral part of FSA with BCCL, the Company has executed a supplementary FSA with BCCL in March 2012 for Block II Underground Mines, for supply of 5.9 million tones of coal in next 13 years from these dedicated mines. With the use of continuous miner technology for mining, the Company expects minimum guaranteed production of 0.45 MTPA which will increase to 0.7 MTPA in 3-5 years.



Damagoria Siding – Civil Works in Progress

The Company has entered into a lease agreement with BCCL for Damagoria Railway Siding which is connected to the Indian Railways network. This will facilitate the transportation of coal from BCCL, CCL and Tata Steel's West Bokaro mines as well as from Paradip, Haldia, Dhamra Ports for imported coal. The coal from Damagoria will be transported to plant site by road. The civil construction work is in progress to develop the siding to unload coal rakes. It is expected to be ready and operational by June 2012.

As per the original long-term plan of the Company, coal is proposed to be transported to the Plant by Railway using BOXN wagons. However, until the Railway Infrastructure is complete, the Company has made interim arrangements for coal transportation by road. The Company

has tied up with transporters for end-to-end supervision and transportation facility. The Company is improving the road infrastructure and has introduced online monitoring of transportation to enhance the coal movement efficiency.

8. POWER SALE AND EVACUATION AND TARIFF APPROVAL BY CERC

The Company has signed long term Power Purchase Agreements (PPA), with Damodar Valley Corporation for sale of 300 MW and 750 MW through Tata Power Trading Co. Ltd. (TPTCL) which in turn has entered into PPAs for sale of power of 150 MW to West Bengal State Electricity Distribution Company Limited (WBSEDCL), 300 MW to Tata Power Delhi Distribution Ltd. (erstwhile North Delhi Power Ltd.) and 300 MW Power to Punjab State Power Corporation Ltd. (PSPCL) for supply commencing in April 2012. The power would be supplied to the long term beneficiaries through Tariff determined by the CERC.

Subsequent to the commissioning of Unit 1 in September 2011, power is being supplied to DVC as per long term PPA and to TPDDL and BRPL as per the medium term PPAs. Also, on various occasions, the remaining untied capacity of the Unit was sold through Collective Transactions through IEX (Power Exchange). During the financial year the Company has supplied 543 million units as per long term PPA under regulated tariff, 522 million units under the medium term PPAs and 123 million units through IEX from generation. The average tariff realisation in FY12 was Rs 3.04 per unit.

The Company has been advised by Tata Power Trading Company Limited that the PPA with PSPCL is yet to be approved by the State Regulatory Commission and will approach the Company for necessary alternatives in case PSPCL is unable to honour the terms of the PPA.

The Company had received provisional tariff order from Central Electricity Regulatory Commission (CERC) for sale of power to DVC from its Unit 1. CERC, in its tariff order had announced provisional tariff only for DVC. The Company has approached CERC for approval of the revised capital cost and determination of final tariff. The Company is also pursuing with other beneficiaries to get the tariff approved through their respective SERCs based on the CERC order. In the Interim till receipt of the final tariff order, the billing would be done based on the CERC provisional tariff order.

9. OPERATIONS AND MANAGEMENT

The Company has entered into an Operations & Maintenance Services Agreement (OMSA) with The Tata Power Company Limited (Tata Power) under which Tata Power undertakes the operations and maintenance of the plant using its own resources. The O&M team has been already mobilised at site in accordance with the OMSA.

10. ASH UTILIZATION

The Company estimates to generate approx 20 Lakhs MTPA of ash comprising of approx 16 Lacs MTPA of Dry Fly ash and 4 Lakhs MTPA of bottom ash out of its 2 units of 525MW each. For its long term ash evacuation and management plan, the Company has initiated discussions to enter into long term agreements with various parties for utilization of Fly Ash including use in cement, brick and paver manufacturing.. The Company is also exploring ways to dispose off the ash in nearby coal abandoned mines which have been made available to the Company by Eastern Coalfields Limited (ECL) for that purpose.

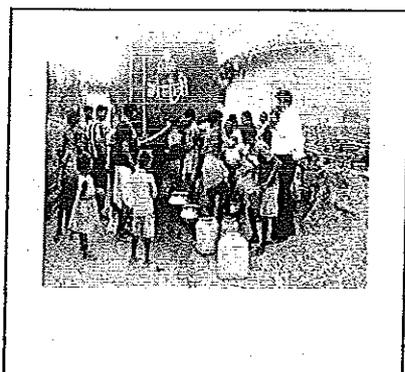
11. COMMUNITY RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY



The Company continues its partnership with National level NGOs like PRATHAM, Neilson Org and Centre for Community Development, Aide-et Action, BIT Baliapur, Jain Irrigation for attaining the CSR objectives. In line with the Company's Community Relations and Corporate Social Responsibility Policy, the Company continued with its focus areas of Community Health & Hygiene, Basic Education, Infrastructure Development and Livelihood & Self Employment. During the year under review, the following activities took place:

- About 359 Project Affected Families (PAF) were benefited through improved farming system of paddy, while 219 PAF benefited for vegetable cultivation and 113 Families covered through Self Help Groups where 93 members are trained for bamboo craft under the livelihood promotion intervention.

- About 13460 children from 262 villages of Nirsa block were covered under quality education initiative. This was done with the help of 763 local volunteers. About 200 volunteers were provided soft skill trainings under Education program. Sports and other activities in schools were organized for creating awareness. Initiated Science Familiarization program for middle class students of the surrounding area of the Plant.



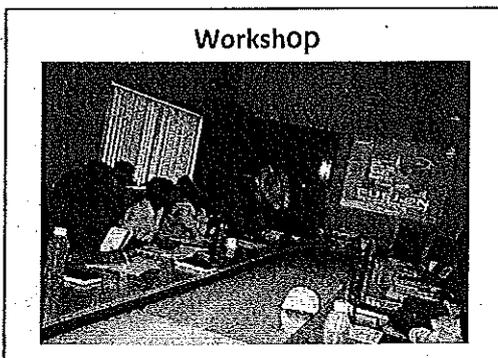
- Renovations of 6 water bodies, supply of potable drinking water in 24 villages at 52 points through tanks were done to provide clean water to the communities.

- 40000 saplings have been planted at plant site to improve the environment around the site besides providing employment opportunities to 73 PAPs.
- Local people and agencies have been engaged under the project through the contractors for providing employment.
- Community Information & Facilitation Centre (CIC) has been established which is dedicated to providing single window support to all kinds of community related issues.

12. HUMAN RESOURCE DEVELOPMENT

During the year under review, a number of HR initiatives were taken to supplement the Company's effort towards business sustainability and growth.:

- **Employee Engagement**



Workshop

For the first time, the Company conducted Employee Engagement and Satisfaction Survey and developed action plans based on it.

Training under 500MW Simulator

- **Trainings**

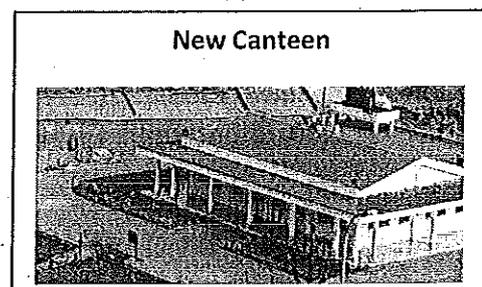
A number of training programmes were conducted to ensure development of the required competencies through '500MW Simulator'. Apart from project management training, first aid training, Breaker maintenance training with the help of NICMAR was organized with much number of participants. The Company also organized training called outbound training at Pegasus Camp, Deharadun for team building exercise.

- **Cultural programs**

During the year, the Company organized various cultural events as New Year celebration, Get together party celebration etc.

- **New initiatives**

The Company, apart from continuing with previous year initiatives, has undertaken following new initiatives at site:



New Canteen

a) Flow of Unique Skills & Intelligence from Old to New ("FUSION") –s To develop culture of continuous learning and sharing. At Maithon, with the identification of 3 mentors and 14 mentees under FUSION intervention, the mentees are encouraged to develop regular interaction with their respective mentors to share critical knowledge and skills with each other.

b) Learn, Apply, Share, Enjoy and Reflect ("LASER") –To focus on experiential learning. This was conducted by TAO Consulting Systems which had spearheaded a company-wide movement at Tata Chemicals which has now become a benchmark for employee involvement in the Tata Group.

As the LASER workshop unfolded, the energy level reached a peak that resounded in "NAMASKAR". Each member emerged as leader and came up with creative ideas and self-initiated action, thereby taking ownership of the improvement process. "Namaskar" has now become the new anthem that reflects the spirit-de-corps at Maithon.

c) Socialization Process

The Company continues to be conscious of the basic needs of its employees w.r.t accommodation, transportation and food. Besides other initiatives in this area, during the year under review, the Company has set up a new canteen for its employees. The Canteen is well equipped with state-of-the art gadgets.

Human Resources Information System' (HRIS) software was successfully implemented at the site for online attendance, pay roll, leave, travel, guest house and performance appraisal management. BSNL exchange service has also been launched to improve the communication system.

- **Industrial Relations**

During the year under review, industrial relations continued to be cordial and peaceful.

13. REHABILITATION & RESETTLEMENT

Under the Company's Rehabilitation & Resettlement (R&R) Plan prepared under the guidance from the District Administration and approval of Government of Jharkhand, all eligible PAPs are under process of employment with registered contractors working at project site with the Company acting as the principal employer. To enhance employability of the PAPs, short term and long term vocational training has been undertaken in partnership with technical institutes. In addition, other major schemes under R&R plans have been continued with total financial impact of around ₹ 32 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. As per the R&R plan, the company has given employment opportunity to 438 PAPs so far.

14. MEGA POWER PROJECT STATUS

Mega Power Status to the Company's 1050 MW Maithon Right Bank Thermal Power Project has still not been granted by the Ministry of Power on the ground that the Company's PPAs do not conform to the conditions of Mega Power Policy of Government of India (GOI). Pending receipt of the Mega Power certificate, the Company remains liable to pay Excise and Customs duty on its receipts of goods and materials wherever applicable. The Company has claimed 'drawback' of the duty so paid under deemed export benefit chapter of Foreign Trade Policy (FTP) of Government of India. The Company's claims are yet to be approved by the Director General of Foreign Trade (DGFT). Pending approval, the excise duty cost has been considered as part of the Project Cost.

15. EXPANSION OF PHASE-II OF 1320 MW SUPERCRITICAL CAPACITY

With sufficient land and water availability, the Company had approached its Promoters with the proposal of expanding the current capacity. The envisaged Phase –II project would consist of two units of 2x660 MW each and would be located at the Company's Right Bank Thermal power Plant at Maithon, Jharkhand. The Company is preparing a business plan for the same.

16. SAFETY

The Company has continued its efforts to minimize the accident to zero level and encourage safe working practice at 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 were organized during the year. Central and Sub Safety Committees have been functioning since Sept 2011. Safety Tagging and PTW system has been implemented in line with the policy of Tata Power. LOTO System has been completed for 400 KV Switchyard and Coal Handling System. Contractors' job specific safety training and Tool Box Talk are regularly conducted at site for all O&M contractors as per schedule. Safety Intervention Audit team (SIAT) has been made functional since January this year. Five Star Safety Audit has also been conducted by Corporate Safety through British Safety Council at site for a detailed and objective evaluation of the Safety System.

17. RISK MANAGEMENT

As part of the Risk Management Process (RMP), during the year, the Company reviewed its exposure to various risks and also took steps to finalize mitigation plans. The major risk areas identified by the Risk Management Committee were covered by the Internal Audit Plan which was also discussed at quarterly meetings of the Audit Committee of Directors.

The risks are reviewed and monitored periodically by the Risk Management Committee.

18. INCREASE IN PROJECT COST AND FINANCING

During the year under review, the Project Cost has increased primarily due to increased costs of general civil works, Land and R&R cost, Interest During Construction (IDC) costs due to time overrun, and the excise duty implication due to non receipt of Mega Power Status. The Company has approached the promoters and lenders for funding of the Cost increase in the Debt Equity ratio of 70:30.

The Company has got approval from consortium of 17 Banks (now 16 Banks) (SBI as Lead Banker) for Additional Rupee Term Loan Facility of ₹ 600 crores to part finance its additional project cost with door to door tenor of 10 years with 50% bullet payment. SBI (Lead Bank) has already sanctioned Additional Rupee Term Loan Facility of ₹ 135 crores. Sanction from other consortium members (Lenders) is in progress. The additional loan would rank parri pasu to the existing term loan of the project.

19. RIGHTS ISSUE OF SHARES

During the year under review, the Company has made Rights Issue of 24,60,00,000 Equity Shares of ₹10 each in the ratio of 74:26 to the existing shareholders (The Tata Power Co. Ltd. and DVC) for cash at par, aggregating to ₹ 246 crores.

20. DIRECTORS

Mr Amulya Charan, Mr B J Shroff and Mr Asutosh Chakrabarti resigned as Directors from the Board and Mr Anil Sardana and Mr S Ramakrishnan were appointed as Non Executive Director w.e.f 25th April 2011.

Mr B P Singh was appointed as a Director with effect from 21st July 2011 in the casual vacancy caused by the resignation of Mr A Chakraborti.

Mr M K Bandyopadhyay resigned as Director of the Company on 1st Oct 2011 consequent upon superannuating from Damodar Valley Corporation. Mr Banmali Agrawala and Dr Gobind Baghasingh resigned as Directors with effect from 1st December 2011 and 6th March 2012 respectively. The Board placed on record its appreciation of the valuable contribution made to the Company by the outgoing Directors.

Mr Arindam Baksi and Mr. S. Padmanabhan were appointed as Directors with effect from 6th February 2012 in the casual vacancy caused by the resignation of Mr M K Bandyopadhyay and

Mr Banmali Agrawala. In terms of Section 256 of the Companies Act, 1956, Mr Arindam Bakshi and Mr S Padmanabhan hold office upto the date of the forthcoming Annual General Meeting. Notices under Section 257 of the Act have been received from the members proposing their appointment as Directors.

Mr Chandan Roy was appointed as Additional Director with effect from 6th February 2012 and holds office upto the date of the forthcoming Annual General Meeting. Notice under Section 257 of the Act has been received from a member proposing his appointment as Director.

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

21. CEO AND MANAGER

Mr Praveen Chorghade relinquished the office of CEO and Manager with effect from 1st March 2012 and subsequent to such relinquishment, Mr Bhaskar Sarkar, Head-Commercial, Eastern Region in The Tata Power Company Ltd., has been appointed as Chief Executive Officer (CEO) of the Company w.e.f. 1st March, 2012 in his place and Manager under Companies Act, 1956 w.e.f. 2nd March 2012.

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

22.1 Conservation of Energy, Technology Absorption

The information relating to conservation of energy, research & development, technology absorption as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-I, forming part of this Report.

Foreign exchange earnings and outgo : Nil

23. DISCLOSURE OF PARTICULARS

None of the employees of the Company comes under the purview of Section 217(2A) of the Companies Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and amendment thereto .

24. STATUTORY 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 as auditors of

the Company for FY 2012-13. 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.

25. 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.

26. COST AUDITORS

M/s Sanjay Gupta & Associates, Cost Accountants, have been appointed the Cost Auditors of the Company for the Financial Years 2011-12 and 2012-13. The Cost Audit Report is due for filing within 6 months from the end of FY 2012 i.e. by 30th Sept 2012.

27. DEPOSITS

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

28. AUDIT COMMITTEE

The Company has an Audit Committee comprising of Mr S Ramakrishnan, Chairman of the Committee, Mr T K Gupta, Mr S Padmanabhan and Mr R N Subramanyam, members of the Committee.

29. REMUNERATION COMMITTEE

The Company has a Remuneration Committee comprising of Mr S Padmanabhan, Chairman of the Committee, Mr Anil Sardana and Mr Arindam Baksi as members of the Committee.

31. FITCH RATINGS

Fitch Ratings India Pvt. Ltd. has reaffirmed its credit ratings of 'A-(ind)/ Stable outlook' to the Company's existing long-term bank loans of ₹ 3115 Crores, the non fund based limits up to ₹ 215 Crores (LC limit of 40 Crores and BG limit of 175 Crores), Fund based limit of ₹150 Crores. Fitch Ratings has also given similar ratings to the Company's proposed additional term loans for an amount up to ₹ 600 Crores and non fund based limits for an amount upto ₹ 150 Crores.

32. 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.

33. ACKNOWLEDGEMENTS

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, Central Electricity Regulatory Commission, 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
Anil Sardana
Chairman

11th June, 2012
Kolkata

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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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;



**Deloitte
Haskins & Sells**

- 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, 2012;
 - ii. in the case of the Statement of Profit and Loss, 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, 2012, taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March, 2012, 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

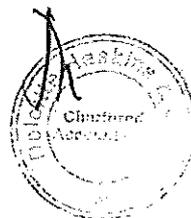
JITENDRA AGARWAL
Partner
Membership No. 87104

NEW DELHI, 04 May, 2012

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 program 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. In respect of inventories:
 - a. As explained to us, the inventory has been physically verified by the Management at reasonable intervals. In our opinion the frequency of verification is reasonable.
 - 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 explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 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, having regard to the explanations that Coal purchased is 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.
- 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.



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- vii. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year, 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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, Wealth Tax, Service Tax, Sales 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, 2012 for a period of more than six months from the date they became payable. We are informed that the Company's operations do not give rise to any Investor Education and Protection Fund, Employees' State Insurance, Customs Duty, and Excise Duty.
 - b. Details of dues of Income Tax which have not been deposited as on 31 March, 2012 on account of disputes which are given below:

Name of the statute	Nature of the dispute	Amount (Rs./lacs)	Financial year	Forum where dispute is pending
Income Tax Act, 1961	Income for claims received from Director General of Foreign Trade (DGFT)	556.51	2008-2009	Commissioner of Income Tax (Appeals)

There were no dues in respect of Wealth Tax, Service Tax, Sales Tax, Works Contract Tax and Cess which have not been deposited as on 31 March, 2012 on account of any disputes.

The Company's operations do not give rise to any Custom Duty 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



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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 other than current liabilities arising on 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 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
JITENDRA AGARWAL

Partner
Membership No. 87104

NEW DELHI, 04 May, 2012

MAITHON POWER LIMITED
Balance Sheet as at 31 March, 2012

	Notes	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	3	133,491.77	108,891.77
(b) Reserves and surplus	4	(18,220.87)	(805.94)
		<u>115,270.90</u>	<u>108,085.83</u>
2. Share application money pending allotment	31.1	-	7,400.00
3. Non-current liabilities			
(a) Long-term borrowings	5	273,028.08	227,521.80
(b) Other long-term liabilities	6	144.76	60.18
(c) Long-term provisions	7	20.24	9.41
		<u>273,193.08</u>	<u>227,591.39</u>
4. Current liabilities			
(a) Short-term borrowings	8	2,926.37	-
(b) Trade payables	9	7,597.80	3.79
(c) Current maturities of long term borrowings	10	15,575.00	13,962.36
(d) Other current liabilities	11	42,085.25	45,473.82
(e) Short-term provisions	12	2.38	4.40
		<u>68,186.80</u>	<u>59,444.37</u>
TOTAL		<u><u>456,650.78</u></u>	<u><u>402,521.59</u></u>
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	13	249,983.78	757.20
Intangible assets	14	3,752.49	-
Capital work-in-progress		141,317.55	305,444.94
Incidental expenditure pending capitalisation	15	33,256.11	50,596.23
		<u>428,309.93</u>	<u>356,798.37</u>
(b) Long-term loans and advances	16	12,150.31	26,045.06
		<u>440,460.24</u>	<u>382,843.43</u>
2. Current Assets			
(a) Inventories	17	3,875.54	-
(b) Trade receivables	18	688.35	-
(c) Cash and bank balances	19	1,770.22	8,723.39
(d) Short-term loans and advances	20	437.13	10,941.59
(e) Other current assets	21	9,419.30	13.18
		<u>16,190.54</u>	<u>19,678.16</u>
TOTAL		<u><u>456,650.78</u></u>	<u><u>402,521.59</u></u>

Summary of significant accounting policies 1,2

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Jitendra Agarwal
JITENDRA AGARWAL
Partner



For and on behalf of Board of directors

Anil Sardana
ANIL SARDANA
Chairman

Bhaskar Sarkar
BHASKAR SARKAR
Chief Executive Officer

Suranjit Mishra
SURANJIT MISHRA
Financial Controller

T.K. Gupta
T.K. GUPTA
Director

Monica Mehra
MONICA MEHRA
Company Secretary

Place: New Delhi
Date: 4 MAY 2012

Place: New Delhi
Date: 4 MAY 2012

MAITHON POWER LIMITED
Statement of Profit and Loss for the year ended 31 March, 2012

	Notes	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
1. Revenue from operations (Net)	22	36,969.31	-
2. Other income	23	43.66	-
3. Total revenue (1+2)		<u>37,012.97</u>	<u>-</u>
4. Expenses			
(a) Cost of fuel		21,967.48	-
(b) Cost of power purchased		3,405.15	-
(c) Employee benefits expenses	24	116.88	13.34
(d) Finance costs	25	12,188.74	-
(e) Depreciation and amortisation expenses	26	7,664.84	0.83
(f) Other expenses	27	9,084.81	77.32
Total expenses		<u>54,427.90</u>	<u>91.49</u>
5. Loss before tax (3-4)		<u>(17,414.93)</u>	<u>(91.49)</u>
6. Tax expenses			
Current tax		-	134.54
Less: Transfer to incidental expenditure		-	(134.54)
Total Tax expense		<u>-</u>	<u>-</u>
7. Loss after tax (5-6)		<u>(17,414.93)</u>	<u>(91.49)</u>
8. Earnings per equity share [nominal value of share ₹ 10 each] (31.03.2011; ₹ 10 each)	28		
Basic and Diluted		(1.38)	(0.01)

Summary of significant accounting policies 1,2

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Jitendra Agarwal
JITENDRA AGARWA
Partner



For and on behalf of Board of directors

Anil Sardana
ANIL SARDANA
Chairman

Bhaskar Sarkar
BHASKAR SARKAR
Chief Executive Officer

Suranjit Mishra
SURANJIT MISHRA
Financial Controller

T.K. Gupta
T.K. GUPTA
Director

Monica Mehra
MONICA MEHRA
Company Secretary

Place: *New Delhi*
Date: 4 MAY 2012

Place: *New Delhi*
Date: 4 MAY 2012

MAITHON POWER LIMITED
Cash Flow Statement for the year ended 31 March, 2012

	Year ended 31.03.2012 ₹ Lacs	Year ended 31.03.2011 ₹ Lacs
A. Cash flow from operating activities		
Net profit before taxes	(17,414.93)	(91.49)
Adjustments for:		
Depreciation/amortisation expenses	7,664.84	0.83
Interest expenses	12,121.06	-
Operating profit before working capital changes	2,370.97	(90.66)
Adjustments for:		
Trade receivables	(688.35)	-
Short term loans and advances	(437.13)	-
Other current assets	(9,419.30)	-
Inventories	(3,875.54)	-
Trade payables	7,594.00	-
Other current liabilities	136.07	-
Long-term provisions	10.83	-
Short-term provisions	(2.02)	-
Cash generated from operations	(4,310.47)	(90.66)
Income tax paid (net)	(653.96)	-
Net cash from operating activities	(4,964.43)	(90.66)
B. Cash flow from investing activities		
Capital expenditure on fixed assets	(35,949.02)	(99,314.32)
Income tax paid pertaining to capital work in progress	-	(435.47)
Interest received	882.12	412.94
Net cash used in Investing activities	(35,066.90)	(99,336.85)
C. Cash flow from financing activities		
Proceeds from equity share capital including share application money	17,200.00	42,900.00
Proceeds from long-term borrowings	61,081.25	84,105.00
Proceeds from short-term borrowings	29,676.09	-
Repayment of long-term borrowings	(13,962.34)	(2,280.84)
Repayment of short-term borrowings	(26,749.72)	-
Interest paid	(34,167.12)	(21,737.43)
Net cash from financing activities	33,078.16	102,986.73
D. Net (decrease) / increase in cash and cash equivalents (A+B+C)	(6,953.17)	3,559.22
E. Cash and cash equivalents at beginning of the year	8,723.39	5,164.17
F. Cash and cash equivalents at end of the year	1,770.22	8,723.39

In terms of our report attached

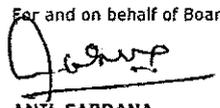
For DELOITTE HASKINS & SELLS
Chartered Accountants

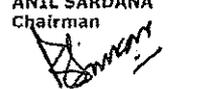

SITENDRA AGARWAL
Partner



Place: New Delhi
Date: 4 MAY 2012

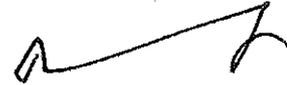
For and on behalf of Board of directors

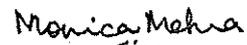

ANIL SARDANA
Chairman


BHASKAR SARKAR
Chief Executive Officer

Place: New Delhi
Date: 4 MAY 2012


SURANJIT MISHRA
Financial Controller


T.K.GUPTA
Director


MONICA MEHRA
Company Secretary

MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Corporate information

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 (comprising of two units of 525 MW each namely 'Unit I and Unit II') at Maithon, Jharkhand with a total capacity of 1050 MW. Unit I of the project is commissioned on 1 September, 2011 and Unit II is expected to be commissioned during the next financial year.

Note 2: Significant accounting policies

a. Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c. Inventories

Inventories comprises fuel, stores and spares parts, consumable supplies and loose tools and are valued at cost, net of provision for diminution in their value, if any. Cost is determined on weighted average cost basis.

d. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f. Depreciation and amortisation

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 and methodology notified by the Central Electricity Regulatory Commission (CERC) Tariff Regulations,



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2009 except in case of the following assets where depreciation is provided based on estimated useful life;

Asset class	Rate (%)
Computer and accessories	16.21%
Motor vehicles	11.31%
Software	Over the economic useful life or five years, whichever is lower
Assets costing ₹ 5,000 or less individually and mobile hand sets	Fully depreciated in the year of acquisition

These rates are higher than those prescribed in CERC Tariff Regulation, 2009.

g. Revenue Recognition

Revenue from power supply is accounted for on the basis of billing to customers and includes unbilled revenues accrued upto the end of the period which is accounted on the basis of terms stated in the Power Purchase Agreements entered with the customers.

The Company determines surplus/deficit (i.e. excess/shortfall of/in tariff) for the year in respect of its long term Power purchase agreements based on the principles laid down under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation, 2009 notified by Central Electricity Regulatory Commission (CERC) and the basis of Tariff Order issued by it. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on final tariff approval by CERC under the aforesaid Tariff regulations are made after the completion of such tariff approval.

Revenue from sale of ash/cenophere is accounted for as and when sold.

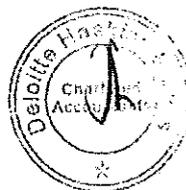
h. Other income

Interest income is accounted on accrual basis.

i. Tangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

j. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

k. Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in the carrying value of each investment. Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis. Cost of investments include acquisition charges such as brokerage, fees and fair value.

l. Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

Defined benefit plan:

The Company's gratuity plan is defined benefit plan. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- i. In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- ii. In case of non-accumulating compensated absences, when the absences occur.



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

m. Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

n. Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

o. Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

p. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

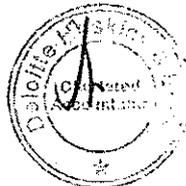
Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

q. Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

r. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 disclosed in the Notes.



MAITHON POWER LIMITED
Notes forming part of the financial statements

Note 3: Share capital

	As at 31.03.2012		As at 31.03.2011	
	Number	₹ Lacs	Number	₹ Lacs
i. Authorised				
Equity shares of ₹10 each with voting rights	2,000,000,000	200,000.00	1,500,000,000	150,000.00
ii. Issued, subscribed and fully paid-up shares				
Equity shares of ₹10 each fully paid with voting rights	1,334,917,729	133,491.77	1,088,917,729	108,891.77
	1,334,917,729	133,491.77	1,088,917,729	108,891.77
(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year				
At the beginning of the year	1,088,917,729	108,891.77	658,917,729	65,891.77
Issued during the year	246,000,000	24,600.00	430,000,000	43,000.00
Outstanding at the end of the year	1,334,917,729	133,491.77	1,088,917,729	108,891.77

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and is entitled for dividend approved in Annual General Meeting.

(c) Shares held by holding Company.

The Tata Power Company Limited, (the holding Company)

	As at 31.03.2012	As at 31.03.2011
Number	987,839,120	805,799,120

(d) Details of shares held by each shareholder holding more than 5% shares:

	As at 31.03.2012		As at 31.03.2011	
	Number	% holding	Number	% holding
Equity shares of ₹10 each fully paid with voting rights				
The Tata Power Company Limited, holding Company	987,839,120	74%	805,799,120	74%
Damodar Valley Corporation	347,078,609	26%	283,118,609	26%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Note 4: Reserves and surplus

Deficit in the statement of Profit and Loss
Opening balance
Loss for the year
Net deficit in the statement of Profit and Loss

	As at 31.03.2012	As at 31.03.2011
₹ Lacs		
(805.94)	(714.45)	
(17,414.93)	(91.49)	
(18,220.87)	(805.94)	



MAITHON POWER LIMITED

Notes forming part of the financial statements

Note 5: Long-term borrowings

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
i. Term Loans		
From banks - secured (see note I below)		
(a) Allahabad Bank	17,957.13	14,742.13
(b) Bank of Baroda	21,742.53	18,618.53
(c) Canara Bank	11,606.40	11,102.40
(d) Central Bank of India	21,744.53	18,618.53
(e) Dena Bank	12,806.82	9,657.82
(f) Indian Overseas Bank	12,973.40	11,102.40
(g) Jammu & Kashmir Bank	15,108.58	12,954.32
(h) Oriental Bank of Commerce	12,974.40	11,103.40
(i) Punjab & Sind Bank	17,371.13	14,743.13
(j) State Bank of Bikaner and Jaipur	8,606.55	7,375.54
(k) State Bank of Hyderabad	8,689.55	7,375.54
(l) State Bank of India	52,088.35	44,218.36
(m) State Bank of Mysore	8,606.55	7,375.54
(n) State Bank of Saurashtra	8,689.55	7,375.55
(o) Tamilnad Mercantile Bank Limited	13,467.82	10,960.82
(p) UCO Bank	10,786.97	9,235.97
(q) United Bank of India	12,807.82	10,961.82
	268,028.08	227,521.80
ii. Loan from Holding Company (see note 30 and II below) Unsecured	5,000.00	-
	273,028.08	227,521.80

I. Term loans from banks

(a) Security

The Company has entered into 'Common Loan Agreement' (CLA) with a consortium of 17 schedule commercial banks (referred to as Lenders), State Bank of India being the Lead banker. The total sanctioned amount as per CLA is ₹ 311,500.00 lacs out of which the Company has drawn ₹ 299,846.00 lacs (31 March, 2011: ₹ 243,765.00 lacs) and repaid Rs.16,242.92 lacs (31 March, 2011: ₹ 2,280.84 lacs) till 31 March, 2012; net amount outstanding as at year end is ₹ 283,603.08 lacs (31 March, 2011: ₹ 241,484.16 lacs)

In terms of clause 3.1 of CLA, the above terms loans drawn are required to be 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 movable assets, including movable plant and machinery, machinery spares, tools and accessories pertaining to the project, both present and future, provided however that the 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 favour of the 'Lenders' over all accounts, including without limitation, the trust and retention account, the Debts 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 authorised investment 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.

(b) Interest

Interest rate shall be calculated at a sum of the base rate of State Bank of India plus 375 basis points effective from 3 March, 2012 to 2 March 2013 (31 March 2011: 3 March, 2011 to 2 March, 2012).

(c) Repayment terms

The Company shall repay the loan in 40 quarterly installment of ₹ 2,281 lacs and ₹ 1,613 lacs from 1 April, 2011 and 1 July, 2011 for Unit 1 and Unit 2 respectively. At the end of 10.5 years from the Scheduled commercial operation declaration date of respective unit, bullet installment of ₹ 93,508 lacs and ₹ 64,513 lacs shall be made for Unit 1 and Unit 2 respectively.

II. Loan from Holding company

(a) Interest

Interest rate shall be calculated at a sum of the base rate of State Bank of India prevailing on 3 March every year plus 275 basis points.

(b) Repayment terms

Subject to the satisfaction of the restricted payment conditions under the Common Loan Agreement with banks, the Company shall repay the facility together with accrued interest and all other amount outstanding to the lender in six(6) quarterly installment starting on or prior to 31 October, 2013.



MAITHON POWER LIMITED
Notes forming part of the financial statements

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
NOTE 6: Other long-term liabilities		
Retention money against capital expenditure	144.76	60.18
Note 7: Long - term provisions		
Provision for Employee Benefits		
i. Provision for compensated absences	8.45	4.36
ii. Provision for gratuity (net) (see note 29)	11.79	5.05
	<u>20.24</u>	<u>9.41</u>
Note 8: Short-term borrowings		
Cash credit from bank - Secured	2,926.37	-
Security		
The Company has entered into 'working Capital Facility Agreement' with the State Bank of India for availing Cash Credit facility which is secured by way of first pari-passu charge on movable and immovable assets of the Company present and future, with other Term Loan and working capital lenders.		
Note 9: Trade payables		
Trade Payables - other than acceptances (see note below)	7,597.80	3.79
Note:		
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 ₹ Nil (31 March, 2011: ₹ Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006. The information provided by the Company has been relied upon by the auditors.		
Note 10: Current maturities of long term borrowings		
From banks - secured (see note below)	15,575.00	13,962.36
Note:		
Details of Security for current maturities of long term borrowings is stated in clause I of note 5 - 'Long - term borrowings'.		
Note 11: Other current liabilities		
i. Interest accrued but not due on borrowings	4.72	-
ii. Interest accrued and due on borrowings	756.06	560.71
iii. Other payables		
(a) Statutory dues (including provident fund, withholding taxes, value added tax, service tax and electricity duty)	264.68	153.63
(b) Payables on purchase of fixed assets	5,648.15	12,766.01
(c) Retention money	35,369.51	31,993.47
(d) Advance from customers	1.52	-
(e) Rehabilitation and resettlement liability	40.61	-
	<u>42,085.25</u>	<u>45,473.82</u>
Note 12: Short-term provisions		
i. Provision for employee benefits		
(a) Provision for compensated absences	1.38	4.40
(b) Provision for gratuity (net) (see note 29)	1.00	-
	<u>2.38</u>	<u>4.40</u>



MAITHON POWER LIMITED
Notes forming part of the financial statements

Note 13: Tangible assets
(see note below)

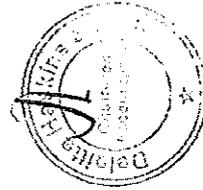
	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 01.04.2011	Additions	Borrowing cost capitalised	As at 31.03.2012	As at 01.04.2011	For the year*	As at 31.03.2012	As at 31.03.2011
1 Buildings - plant	-	14,109.01	2,174.64	16,283.65	-	317.10	15,966.55	-
2 Buildings - others	125.51	1,209.22	119.89	1,454.62	114.40	33.98	1,306.64	11.11
3 Plant and machinery								
- Computers	109.74	48.82	-	158.56	35.81	20.66	102.09	73.93
- Others	309.89	207,655.95	30,745.69	238,711.53	53.05	7,155.14	231,503.34	256.84
4 Furniture and fixtures	266.35	262.92	-	529.27	68.73	72.12	388.42	197.62
5 Vehicles	141.38	133.58	-	274.96	14.21	23.17	237.58	127.17
6 Office equipment	116.09	406.22	5.60	527.91	25.56	23.19	479.16	90.53
Total	1,088.96	223,835.72	33,045.82	257,940.50	311.76	7,644.96	249,983.78	757.20
31 March, 2011	730.51	338.45	-	1,068.96	202.94	108.82	757.20	527.57

Note:

* Includes ₹71.69 lacs (31 March, 2011: ₹ 107.98 lacs) transferred to Capital work in progress.

Note 14: Intangible assets
(see note below)

	GROSS BLOCK		AMORTISATION		NET BLOCK	
	As at 01.04.2011	Additions during the year	As at 01.04.2011	For the year	As at 31.03.2012	As at 31.03.2011
1 Licenses	-	30.53	-	2.70	2.70	27.83
2 Computer software	-	11.28	-	1.22	1.22	10.06
3 Land - Right to use	-	3,802.25	-	87.65	87.65	3,714.60
Total	-	3,844.06	-	91.57	91.57	3,752.49
31 March, 2011	-	-	-	-	-	-



MAITHON POWER LIMITED

Notes forming part of the financial statements

Note:

- (a) The Plant land of 1116 acres was identified and acquired by DVC exclusively for the Maithon Right Bank Thermal Power Project. The Company has already paid ₹ 4,134.68 lacs (31 March, 2011: ₹ 4,134.68 lacs) to DVC in terms of clause no. 6.4 of the Shareholders' Agreement being the cost of acquisition of land incurred by DVC. The land consists of Private land (565 acres), GM land (115 acres) and Forest land (436 acres).

The title to the Private land admeasuring 565 acres, acquired for the site, where the power generating station is set up, is in the name of DVC. Pending transfer of title as stated above, the Company had 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 Lenders for loan purposes and transfer these land to the Company at the cost at which it was required subject to approval of Government of Jharkhand. Subsequently, the Company had 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 ₹ 1 per annum.

DVC had also 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 a 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. In terms of Government of Jharkhand resolution No.241/R dated 22 January, 2011, DVC has agreed to sub-lease of GM land (115 acres) to the Company subject to the approval of Government of State of Jharkhand. GM Land and Forest Land has been capitalised in the books of account.

The expenditure in connection with private land including land compensation and Rehabilitation and Resettlement expenses has been accounted for as Capital Work in progress pending completion of legal formalities. The land is in the possession of the company.

- (b) The Company had paid ₹1,936.15 lacs (31 March, 2011 ₹ 538.94 lacs) toward land for first phase of Railway Corridor of 96 Acres to DVC, who are acquiring these lands exclusively for the Project in terms of clause no. 6.4 of the Shareholders' Agreement. The land consists of Private land (78 acres) and GM land (18 acres). DVC has agreed to transfer the title in these lands in favour of the Company after obtaining necessary clearances as per applicable law of State of Jharkhand.

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MAITHON POWER LIMITED

Notes forming part of the financial statements

	As at 31.03.2012 ₹ Lacs	Capitalised during the year ₹ Lacs	Addition during the year ₹ Lacs	As at 31.03.2011 ₹ Lacs
Note 15: Incidental expenditure pending capitalisation				
(a) Employee benefit expenses				
i. Salaries, wage, bonus and other benefits	424.06	597.30	209.24	812.12
ii. Staff welfare expenses	146.17	173.09	83.59	235.67
Sub Total	570.23	770.39	292.83	1,047.79
(b) Other expenses				
iii. Rent and hire charges	388.87	435.15	355.74	468.28
iv. Repairs and maintenance - others	69.79	134.83	32.76	171.86
v. Insurance	475.63	588.78	171.02	893.39
vi. Printing and stationery	27.42	49.45	16.22	60.65
vii. Communication expenses	13.43	26.06	4.32	35.17
viii. Power and fuel charges	11.76	27.57	5.74	33.59
ix. Travelling and conveyance	43.66	72.22	11.51	104.37
x. Bank charges	163.82	294.58	24.00	434.40
xi. Professional and consultancy charges	4,957.33	5,862.02	2,275.47	8,543.88
xii. Advertisement and Publicity	8.18	12.32	4.30	16.20
xiii. Rates and taxes	16.59	31.05	13.17	34.47
xiv. Miscellaneous expense	98.33	110.69	67.17	141.85
xv. Interest expense/Finance charges	27,321.96	34,121.63	22,246.14	39,197.45
xvi. Provision for taxation	98.83	354.45	-	453.28
Sub Total	33,695.60	42,120.80	25,227.56	50,588.84
(c) Depreciation				
	131.54	246.12	71.69	305.97
Grand Total - (a+b+c)	34,397.37	43,137.31	25,592.08	51,942.60
(d) Other Income				
xvii. Tender income (net of tender expenditure)	(8.38)	(15.02)	-	(23.40)
xviii. Miscellaneous Income	(0.69)	(1.11)	(0.21)	(1.59)
xix. Interest Income	(1,130.64)	(1,056.89)	(870.49)	(1,317.04)
xx. Dividend income from mutual fund	(1.55)	(2.79)	-	(4.34)
Grand Total - d	(1,141.26)	(1,075.81)	(870.70)	(1,346.37)
Net incidental expenditure [a+b+c-d]	33,256.11	42,061.50	24,721.38	50,596.23



MAITHON POWER LIMITED

Notes forming part of the financial statements

Note 16: Long-term loans and advances

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
i Capital advances		
(a) Secured, considered good	7,292.71	24,828.31
(b) Unsecured, considered good to related party (see note 30) to others	85.70 3,775.95	- 896.98
	<u>11,154.36</u>	<u>25,725.29</u>
ii Security deposit		
(a) Unsecured, considered good	2.22	-
iii Security deposit to related party (see note 30)		
(a) Unsecured, considered good	20.00	-
iv Other loans and advances (Unsecured, considered good)		
(a) Advance income-tax (net of provision for income tax ₹407.71 (31 March, 2011: ₹407.71) and fringe benefit tax ₹ Nil (31 March, 2011: ₹2.99))	973.73	319.77
	<u>12,150.31</u>	<u>26,045.06</u>

Note 17: Inventories

(valued at lower of cost and net realisable value)

i Fuel		
(a) Fuel	3,717.50	-
(b) Goods in transit	109.33	-
	<u>3,826.83</u>	-
ii Stores and spares	48.23	-
iii Loose tools	0.48	-
	<u>3,875.54</u>	-



MAITHON POWER LIMITED

Notes forming part of the financial statements

Note 18: Trade receivables

	As at 31.03.2012 ₹ Lacs	As at 31.03.2011 ₹ Lacs
i. Outstanding for a period exceeding six months from the date they are due for payment	-	-
ii. Other trade receivables		
(a) Secured, considered good	34.81	-
(b) Unsecured, considered good	653.54	-
	<u>688.35</u>	<u>-</u>

Note 19: Cash and bank balances

i. Cash and cash equivalents		
(a) Cash on hand	0.07	0.12
(b) Balances with banks:		
In current accounts	789.94	624.71
In deposit accounts	980.21	8,098.56
	<u>1,770.22</u>	<u>8,723.39</u>

Note 20: Short-term loans and advances
Unsecured, considered good

i. Loan and advances to related parties (see note 30)	35.66	-
ii. Security deposit	31.42	9.14
iii. Loans and advances to employees	-	5.55
iv. Prepaid expenses	304.45	187.61
v. Deposit with government authorities	62.32	10,652.96
vi. Others	3.28	86.33
	<u>437.13</u>	<u>10,941.59</u>

Note 21: Other current assets

i. Unbilled revenue	7,164.25	-
ii. Unscheduled interchange revenue receivable	196.82	-
iii. Amount recoverable	417.75	0.12
iv. Short term open access charge receivable	663.11	-
v. Interest accrued on fixed deposits	1.43	13.06
vi. Tariff recoverable account	790.00	-
vii. Insurance claims receivable	185.94	-
	<u>9,419.30</u>	<u>13.18</u>



MAITHON POWER LIMITED
Notes forming part of the financial statements

Note 22: Revenue from operations

	Year ended 31.03.2012	Year ended 31.03.2011
	₹ Lacs	₹ Lacs
i. Power supply	36,740.96	-
Less: Cash discount	572.68	-
	<u>36,168.28</u>	-
ii. Income recoverable from future tariff (see note below)	790.00	-
iii. Other operating revenue		-
Sale of ash	11.03	-
	<u>36,969.31</u>	-

Notes:

The charges for electricity are based on tariff rates determined by the Central Electricity Regulatory Commission (CERC). The tariff rates consist of a capacity charge for recovery of fixed cost based on plant availability, energy charges for recovery of fuel costs and an unscheduled interchange charge for the deviation in generation with respect to schedule, payable (or receivable) at rates linked to frequency prescribed in the regulation to bring grid discipline. The Central Electricity Regulatory Commission (CERC) sets tariff rates for each unit for each stage of a plant in accordance with the tariff regulations/norms notified by them. The Central Electricity Regulatory Commission (CERC) issued provisional Tariff for DVC on the basis of which billing was done during the year for supply of electricity. Tariff petition has been filled on 30th April, 2012 to CERC for determination of final tariff in respect of DVC. Pending outcome of the same future tariff of ₹ 790.00 lacs (31 March, 2011: Rs. NIL) has been recognised during the year.

Note 23: Other Income

i. Interest on Income tax refund	18.66	-
ii. Miscellaneous income	25.00	-
	<u>43.66</u>	-



MAITHON POWER LIMITED
Notes forming part of the financial statements

Note 24: Employee benefit expenses

	Year ended 31.03.2012 ₹ Lacs	Year ended 31.03.2011 ₹ Lacs
i. Salaries and wages	76.45	11.82
ii. Contribution to provident and other funds	4.79	0.66
iii. Gratuity expense (see note 29)	4.52	-
iv. Staff welfare expenses	31.12	0.86
	<u>116.88</u>	<u>13.34</u>

Note 25: Finance costs

i. Interest on:		
(a) Cash credit	280.83	-
(b) Term loan	11,840.23	-
	<u>12,121.06</u>	<u>-</u>
ii. Bank charges	67.68	-
	<u>12,188.74</u>	<u>-</u>

Note 26: Depreciation and amortisation expenses

i. Depreciation of tangible assets	7,573.27	0.83
ii. Amortisation of intangible assets	91.57	-
	<u>7,664.84</u>	<u>0.83</u>

Note 27: Other expenses

i. Consumption of stores and spares	120.14	-
ii. Power and fuel	6.22	-
iii. Water charges	55.41	-
iv. Rent and hire charges	126.63	9.93
v. Repairs and maintenance		
Buildings	2.98	-
Plant and machinery	42.12	-
Others	113.75	-
vi. Insurance	252.93	-
vii. Rates and taxes	2.54	-
viii. Communication expenses	7.80	-
ix. Travelling and conveyance	15.05	4.30
x. Trading margin on power sale	51.27	-
xi. Payment to auditors (see Note 'I' below)	26.39	22.03
xii. Operation and maintenance charge	2,194.28	-
xiii. Transmission charges	458.81	-
xiv. Security and safety expenses	167.79	-
xv. Differential cost of power supply	5,078.84	-
xvi. Community welfare expenses	117.80	7.35
xvii. Miscellaneous expenses	244.06	33.71
	<u>9,084.81</u>	<u>77.32</u>

Note 'I'
Payment to auditors (exclusive of service tax)

i. Fees	18.00	18.00
ii. Taxation matters	2.72	-
iii. Certification fees	0.04	-
iv. Reimbursement of expenses	2.69	2.10
	<u>23.45</u>	<u>20.10</u>



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Earnings per share (EPS)

Particulars	Units	Year ended 31 March, 2012	Year ended 31 March, 2011
a. Net profit/(loss) after tax	₹ Lacs	(17,414.93)	(91.49)
b. Weighted average number of equity shares of ₹ 10 each	Nos.	1,259,584,396	913,273,893
c. Basic earnings/(loss) per share (a/b)	₹	(1.38)	(0.01)
d. Weighted average number of shares outstanding during the year for calculation of diluted earnings per share	Nos.	1,259,584,396	913,473,633
e. Diluted earnings/(loss) per share (a/d)*	₹	(1.38)	(0.01)
f. Effect of potential equity shares (c-e)	₹	-	-

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

Note 29: Employee benefits

i. 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 recognized ₹12.61 lacs (31 March, 2011: ₹10.82 lacs) for provident fund contributions in the statement of profit and loss/ incidental expenditure pending capitalisation. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

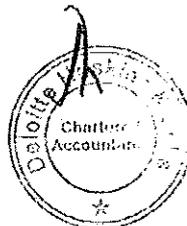
ii. Defined Benefit plan

a. Gratuity plan

The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum of ₹10 lacs. 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.

b. The following tables set out the funded status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2012.



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

i. Change in benefit obligations:

Particulars	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
Present value of obligations as on 01.04.2011	5.04	2.12
Current service cost	3.47	2.41
Interest Cost	0.44	0.17
Actuarial loss on obligation	7.27	0.34
Benefits paid	(3.43)	(-)
Present value of obligations as on 31.03.2012	12.79	5.04

ii. Net cost for the year ended 31 March, 2012

Particulars	Year ended 31.03.2012 ₹ lacs	Year ended 31.03.2011 ₹ lacs
Current Service cost	3.47	2.41
Interest cost	0.44	0.17
Expected return on plan assets	-	-
Actuarial loss recognised during the year	7.27	0.34
Transfer to incidental expenditure during construction	(4.18)	(-)
Received on transfer of employees	(2.48)	(-)
Net Cost	4.52	2.92

iii. Experience Adjustment:

Particulars	2012	2011
On Plan Liability	7.54	-
On Plan Assets	-	-

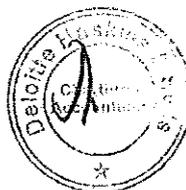
iv. Principal actuarial assumptions:

S. No.	Particulars	Refer Note below	Year ended 31.03.2012	Year ended 31.03.2011
i.	Discount rate (p.a.)	1	8.75% p.a.	8.25% p.a.
ii.	Expected rate of return on assets (p.a.)	2	-	-
iii.	Salary escalation rate (p.a.)	3	10.00% p.a.	10.00% p.a.

Notes:

1. The discount rate is based on the prevailing market yields of India Government securities as at the balance sheet date for the estimated term of obligations.

2. The gratuity plan is unfunded.



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

1. Retirement age 60 years
2. Mortality Table Standard Table LIC (1994-96) Ultimate

c. Actuarial assumptions for long-term compensated absences

S. No.	Particulars	Refer Note below	Year ended 31.03.2012	Year ended 31.03.2011
i.	Discount rate (p.a.)	1	8.75% p.a.	8.25% p.a.
ii.	Expected rate of return on assets (p.a.)	2	-	-
iii.	Salary escalation rate (p.a.)	3	10.00% p.a.	10.00% p.a.

Notes:

1. The discount rate is based on the prevailing market yields of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The compensated absences plan is unfunded.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Note 30: Related party disclosures

Related Party Transactions

a. List of related parties

i. Controlling Entities

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

ii. Related parties where control/ significant influence exists:

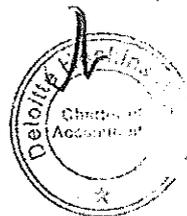
Damodar Valley Corporation (DVC)

iii. Fellow Subsidiary

Tata Power Delhi Distribution Company Limited (TPDDL) (formerly North Delhi Power Limited)
Tata Power Trading Company Limited (TPTCL)

iv. Key Management Personnel

Mr. Praveen Chorghade –CEO up to 1 March, 2012
Mr. Bhaskar Sarkar –CEO from 2 March, 2012



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b. Transactions/balances outstanding with related parties

Particulars	(All amounts in ₹ / lacs)				
	TPCL	DVC	TPDDL	TPTCL	Key Management Personnel
i. Transactions during the year					
Differential cost of power supply	- (-)	- (-)	- (-)	5,078.84 (-)	- (-)
Sale of power	- (-)	16,522.56 (-)	14,847.73 (-)	- (-)	- (-)
Trading margin in power sale	- (-)	- (-)	- (-)	51.27 (-)	- (-)
Receiving of services	4034.74 (1,349.17)	281.41 (182.59)	- (-)	- (-)	- (-)
Purchase of goods	5.92 (-)	- (-)	- (-)	- (-)	- (-)
Rendering of services	29.15 (3.18)	- (-)	- (-)	- (-)	- (-)
Reimbursement of expenses by Company	146.58 (210.98)	0.55 (0.78)	- (-)	- (-)	- (-)
Reimbursement of expenses to Company	- (-)	1,157.29 (-)	1560.10 (-)	- (-)	- (-)
Loan received	5,000.00 (-)	- (-)	- (-)	- (-)	- (-)
Equity contribution	18,204.00 (31,820.00)	6,396.00 (11,180.00)	- (-)	- (-)	- (-)
Managerial remuneration	- (-)	- (-)	- (-)	- (-)	62.67 (40.08)
Reimbursement of capital expenditure (paid)	- (-)	1,397.21 (-)	- (-)	- (-)	- (-)
Interest expenses	5.24 (-)	10.56 (-)	- (-)	- (-)	- (-)
Advances paid	- (-)	85.70 (-)	- (-)	- (-)	- (-)
ii. Balances outstanding as at 31 March, 2012					
Trade receivable	- (-)	34.81 (-)	- (-)	388.34 (-)	- (-)
Unbilled revenue	- (-)	3,922.55 (-)	3,241.70 (-)	- (-)	- (-)



MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(All amounts in ₹/ lacs)				
	TPCL	DVC	TPDDL	TPTCL	Key Management Personnel
Trade payables	2,278.66 (-)	- (-)	- (-)	- (-)	- (-)
Security deposits given	- (-)	20.00 (-)	- (-)	- (-)	- (-)
Amount recoverable	29.15 (3.18)	- (37.72)	- (-)	38.67 (-)	- (-)
Short term open access charges receivable	- (-)	535.00 (-)	128.11 (-)	- (-)	- (-)
Advance given including capital advance	- (-)	121.36 (-)	- (-)	- (-)	- (-)
Managerial remuneration payable	- (-)	- (-)	- (-)	- (-)	5.40 (-)
Loans received(including interest thereon)	5,004.72 (-)	- (-)	- (-)	- (-)	- (-)
Other current liabilities including retention	821.28 (678.67)	21.85 (0.17)	- (-)	- (-)	- (-)
Letter of credit received	- (-)	2,291.95 (-)	3,391.14 (-)	- (-)	- (-)
Bank guarantee issued	- (-)	- (-)	2,905.00 (2,905.00)	- (-)	- (-)

Note:

Figures in brackets pertain to 31 March, 2011.

Note 31: Additional information to the financial statements

31.1 Share application money pending allotment

As at 31 March, 2012, the Company has received an amount of ₹ nil towards share application money towards nil number of equity shares of the Company (As at 31 March, 2011: ₹ 7,400 lacs towards 74,000,000 equity shares) at par. The share application money was received pursuant to an invitation to offer of right shares and in terms of such invitation, the Company is required to complete the allotment formalities by none (as at 31 March, 2011: 30 June, 2011). The Company has sufficient authorised capital to cover the allotment of these shares.



MAITHON POWER LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****31.2 Contingent liabilities and commitments**

Particulars	As at 31.03.2012 ₹ lacs	As at 31.03.2011 ₹ lacs
a. Claims against the company not acknowledged as debts*		
• Disputed demands raised by Income tax authorities for which the Company has gone on appeal against the department.	556.51	
b. Guarantees issued by bankers against Company's counter guarantee	9,102.99	9,416.80

* No provision is considered necessary since the Company expects favorable decisions.

31.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹47,095.12 lacs (31 March, 2011: ₹ 75,312.00 lacs).

31.4 Segment Reporting

The Company is 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.

31.5 Capital Advances

Capital advances include an amount of ₹ 3,767.09 lacs (31 March, 2011: ₹ 4,673.62 lacs) paid to the various district authorities in Jharkhand for acquiring land required for the implementation of the project.

31.6 Mega power status

The Company had 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. Pending receipt of the mega power certificate, the Company remains liable to pay Excise and Customs duty on its receipts of goods and materials wherever applicable. Accordingly, the Company had paid Excise Duty to its vendors and amounts aggregating to ₹ 10,475.07 lacs (31 March, 2011: ₹ 10,467.48 lacs) are outstanding as at 31 March, 2012. Out of which ₹ 6,758.77 lacs (net of receipts) related to Unit 1 has been capitalised and the balance amount of ₹ 3,716.30 lacs is included in capital work in progress as at 31 March, 2012 pending approval from Director General of Foreign Trade (DGFT).

31.7 Differential cost of Power Supply

The Company had entered into 'Power Purchase Agreements' (PPAs) with Tata Power Delhi Distribution Limited (TPDDL) (formerly North Delhi Power Limited) and BSES Rajdhani Power Limited (BRPL) for supply of 154.50 MW of power to each beneficiary. The power supply to the above referred beneficiaries was scheduled to commence from October, 2010. The PPAs further provided that failure to provide power would result in Liquidated Damages to be paid to the beneficiaries with effect from 1 April, 2011. In order to honour the commitment under the PPAs and on approval from the beneficiaries, the Company had entered into an agreement with Tata Power Trading Company Limited (TPTCL) who had sourced and supplied power to TPDDL/BRPL from alternate sources. During the year ended 31 March, 2012, the Company had incurred/provided for a cost of ₹ 5,078.84 lacs being the differential of the price at which power was procured by TPTCL and the price contracted by the Company with TPDDL / BRPL as per the PPAs.



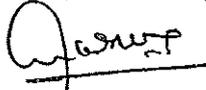
MAITHON POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31.8 Comparatives as at 31 March, 2011

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures as at 31 March, 2011 have been regrouped / reclassified wherever necessary to correspond with the classification/disclosure as at 31 March, 2012.

For and on behalf of Board of directors



ANIL SARDANA
Chairman



BHASKAR SARKAR
Chief Executive Officer

Place: *New Delhi*
Date: *4 MAY 2012*



T.K.GUPTA
Director



SURANJIT MISHRA
Financial Controller

Monica Mehra
MONICA MEHRA
Company Secretary

