

TATA POWER TRADING COMPANY LIMITED

DIRECTORS' REPORT

To the Members,

The Directors are pleased to present their Ninth Annual Report on the business and operations of the Company and the statement of account for the year ended 31st March 2012.

1. FINANCIAL RESULTS

	FY 2012 (Rupees Crores)	FY 2011 (Rupees Crores)
Units Traded (Mus)	5583	4354
(a) Revenue from Power Supply	1922.66	1,931.28
(b) Income from Advisory Services/Consultancy	4.04	1.83
(b) Other Income	1.54	2.68
(c) Total Income	1928.24	1,935.79
(d) Cost of Power Purchased	1890.66	1901.45
(e) Operating, Administration and other finance charges	17.73	21.89
(f) Total Expenditure	1908.39	1,923.34
(g) Profit Before Taxes	19.85	12.45
(h) Provision for Taxation	5.80	3.30
(i) Net Profit After Tax	14.05	9.15
(j) Balance brought forward from the previous year	21.65	16.93
(k) Balance	35.70	26.08
which the Directors have appropriated as under to :		
(l) Proposed Equity Dividend	3.20	3.20
(m) Additional Income-tax on Dividend	0.52	0.53
(n) General Reserve	1.10	0.70
TOTAL	4.82	4.43
(s) Balance carried to Balance Sheet	30.88	21.65

2. FINANCIAL & OPERATIONAL RESULTS

During the year, the Company reported a Profit after Tax (PAT) of Rs. 14.05 crores, as against Rs. 9.15 crores for the previous year, a growth of 54% Y-O-Y. The Operating Revenue is marginally lower at Rs. 1926.70 crores, as against Rs. 1933.11 crores. The Operating Revenue is lower mainly on account of decrease in average price of traded electricity per unit and higher Mus traded for Banking Transactions. The Company has achieved a CAGR of 36 % in terms of power traded over the past 5 years.

In addition to power trading business the Company also provided consultancy services for Energy Management, Coal Supply Facilitation, Project Analysis and Clean Development Mechanism (CDM). The Company earned revenues of Rs. 4.04 crores from advisory services/consultancy business during the year compared to Rs 1.83 Crs for the previous year.

TATA POWER TRADING COMPANY LIMITED

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Earnings per share (EPS) has increased to Rs 8.78 as against Rs. 5.72 in the previous year.

The Company's short term credit facility from banks was rated as 'BBB+' by Fitch Rating Agency.

2. DIVIDEND

The Directors of your Company are pleased to recommend a dividend of 20% (Rs. 2 per share) on 1,60,00,000 Equity Shares of Rs 10/- each for the approval of shareholders (FY11 dividend of Rs. 2 per share)

3. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S Ramakrishnan and Mr S Padmanabhan retire by rotation. Mr. S Ramakrishnan and Mr S Padmanabhan being eligible offer themselves for re-appointment.

Mr. Sanjeev Mehra was appointed as additional director of the company by the Board of Directors on September 02, 2011. Mr. Ramesh Subramanyam and Mr. Arun Srivastava were appointed as additional directors of the company on May 07, 2012. By virtue of Section 260 of the Companies Act, 1956, they hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment. The Company has received notices under Section 257 of the Companies Act, 1956 alongwith requisite deposit from member of the Company proposing their candidature for the office of Director.

The Board has subject to approval of the members in the Annual General Meeting, appointed Mr. Sanjeev Mehra as Managing Director of the Company for a period of three years from 02nd September, 2011 to 01st September, 2014

Mr. Rajendra Mirji resigned as Manager with effect from 02nd September, 2011. Mr. Sunil Wadhwa had resigned from the Board with effective from 30th March, 2012 The Board placed on record its sincere appreciation of the valuable services rendered by them.

None of the Directors of the Company is disqualified under section 274 (1) (g) of the Companies Act, 1956.

4. AUDITORS

Members are requested to appoint Auditors for the current year and authorise the Board of Directors to fix their remuneration. M/s. Deloitte Haskins & Sells (DHS), the present Auditors who retire at the conclusion of the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to be re-appointed and have given a certificate to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Act.

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5. DISCLOSURE OF PARTICULARS

Particulars of Employees: Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is not applicable as all the managers, executives and officers are employees of The Tata Power Co. Ltd. and are deputed to the Company.

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

The Company does not fall under any of the industries covered by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. Hence, the requirements of disclosure in relation to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo are not applicable.

During the year, the Company earned a Foreign Exchange of Rs. 44,99,836/- (FY11-Rs 28,96,763/-) from Coal Supply Facilitation business. The outgo during the year was Rs. 24,47,607/-(FY11-Rs. 21,68,996-) on account of implementation of Power Management System software platform .

7. CORPORATE GOVERNANCE

Board of Directors of the Company has constituted Audit and Remuneration committees.

The Company has an Audit Committee comprising of four Directors, viz. Mr. S. Padmanabhan, Mr. S Ramakrishnan, Mr. Ramesh Subramanyam and Mr. Arun Srivastava. Mr. S Padmanabhan is the Chairman of the Audit Committee.

The Company has a Remuneration Committee comprising of three Directors, viz. Mr. S Ramakrishnan Mr. S Padmanabhan, and Mr. Arun Srivastava. Mr. S Ramakrishnan is the Chairman of the Remuneration Committee.

The Company has a Finance Committee comprising of three Directors, viz. Mr. S Ramakrishnan, Mr. Ashok Sethi and Mr. Ramesh Subramanyam. Mr. S Ramakrishnan is the Chairman of the Finance Committee

8. SOCIAL RESPONSIBILITY

The Company is committed to discharging its responsibility as a good corporate citizen. As part of its social responsibility, the Company conducted following activities:

- a. A training workshop on safety was conducted for various organizations/institutes like BSES Hospital (Andheri), NCC cadets at JNPT (Uran), college girls, college lady lectures and professors, school girls and school teachers etc. Also workshops on Material Handling & Safety, Safety for Apprentices and Safety for Women were conducted by the Company jointly with Tata Power for various departments of Tata Power.
- b. The Company also conducted a workshop on security called 'Train the Trainer' for the employees of Rallis India (Turbhe).

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9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments 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 profit 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 Companies Act, 1956, 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;

10. ACKNOWLEDGEMENT

The Directors place on record their appreciation of our Shareholders, Clients, Business Associates and Bankers.

The Directors are thankful to the Ministry of Power, Government of India, CERC, the concerned state governments and all concerned statutory authorities, including regulatory authorities for their support, and look forward to their continued support in future.

The Directors place on record their appreciation of the contribution made by employees at all levels. The Company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

On behalf of the Board of Directors,

S. Ramakrishnan
Chairman

Mumbai, 14th May 2012

**AUDITORS' REPORT
TO THE MEMBERS OF
TATA POWER TRADING COMPANY LIMITED**

1. We have audited the attached Balance Sheet of TATA POWER TRADING COMPANY LIMITED ("the company") as at 31st 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
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;

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- (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit 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 the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st 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. 117366W)

R. K. Banga

R. A. BANGA
Partner
(Membership No. 37915)

MUMBAI, 14th May, 2012

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

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

Having regard to the nature of the company's business/activities, clauses (ii), (xiii), (xiv), and (xx) of CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) During the year no fixed assets were disposed off by the company.
- (ii) 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, and accordingly paragraph 4 (iii) of CARO is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of 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.
- (iv) According to the information and explanations given to us, the company has not entered into any contracts or arrangement with parties, which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (v) According to the information and explanations given to us, the company has not accepted any deposit from the public to which the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, or the Companies (Acceptance of Deposits) Rules, 1975 apply.

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- (vi) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the company and nature of its business.
- (vii) As informed to us by the management, the Central Government has not prescribed maintenance of cost records for any of the product of the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 under Section 209(1)(d) of the Companies Act, 1956.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The company has generally been regular in depositing undisputed dues, including Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than 6 months from the date they became payable.
- (c) Details of unpaid disputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess as at 31st March, 2012 are given below:

Name of the statute	Nature of the dues	Amount (In ₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	168,273	Financial Year -- 2007-08	Deputy Commissioner of Income Tax

- (ix) The company does not have accumulated losses as at 31st March, 2012 and has not incurred cash losses during the financial year ended as on that date or in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks, financial institutions, and debenture holders.

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- (xi) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, no term loans have been availed by the company.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xv) 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.
- (xvi) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xvii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

R. A. Banga

R. A. BANGA
Partner
(Membership No. 37915)

MUMBAI, 14th May, 2012

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Tata Power Trading Company Limited
Balance Sheet as at 31st March, 2012

	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	160,000,000	160,000,000
Reserves and Surplus	4	556,248,060	452,907,054
		<u>716,248,060</u>	<u>612,907,054</u>
Current Liabilities			
Trade Payables (Refer Note 18)		490,209,032	1,083,071,602
Other Current Liabilities	5	121,259,330	62,316,874
Short-term Provisions	6	42,035,934	42,780,736
		<u>653,504,296</u>	<u>1,188,169,212</u>
TOTAL		<u>1,369,752,356</u>	<u>1,801,076,266</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	7	6,080,164	5,650,192
Intangible Assets	7	3,580,462	9,718,370
		<u>9,640,616</u>	<u>15,368,562</u>
Non-current Investments	8	25,000,000	25,000,000
Deferred Tax Assets (net)	9	48,685,200	39,369,000
Long-term Loans and Advances	10	5,558,561	2,663,621
		<u>88,884,377</u>	<u>82,401,183</u>
Current Assets			
Trade Receivables	11	825,834,379	998,706,453
Cash and Cash Equivalents	12	357,659,254	636,689,627
Short-term Loans and Advances	13	97,374,346	83,279,003
		<u>1,280,867,979</u>	<u>1,718,675,083</u>
TOTAL		<u>1,369,752,356</u>	<u>1,801,076,266</u>

The accompanying notes are an integral part of the financial statements.

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

R.K. Banga

R. A. BANGA
Partner

Mumbai, 14th May, 2012.

For and on behalf of the Board

S. Ramakrishnan

S. Ramakrishnan - Chairman

Sanjeev Mehra

Sanjeev Mehra - Managing Director

T. Ramakrishnan

T. Ramakrishnan - Secretary

Mumbai, 14th May, 2012.

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Tata Power Trading Company Limited
Statement of Profit and Loss for the year ended 31st March, 2012

	Notes	31st March 2012 ₹	31st March 2011 ₹
Revenue from Operations	14	19,287,016,269	19,320,549,052
Other Income	16	15,414,045	37,357,941
Total Revenue		19,282,430,314	19,357,906,993
Expenses			
Cost of power purchased		19,289,540,480	19,014,501,412
Less: cash discount earned		(281,187,298)	(275,039,048)
		18,908,569,895	18,908,569,895
Compensation Expenses / (Income) (Net)			
Compensation Incurred		72,959,980	236,276,804
Less: Compensation Earned		(72,959,980)	(223,705,604)
			12,571,200
Finance costs	16	9,981,246	847,112
Depreciation and amortization expense	7	7,215,873	7,209,124
Other expenses	17	160,125,283	198,454,442
Total Expenses		19,083,872,097	19,233,383,290
Profit Before Tax		198,558,217	124,523,703
Tax expenses			
Current tax expense for current year		70,000,000	63,000,000
Current tax expense relating to prior years		(2,057,789)	2,002,000
Net current tax expense		67,942,211	65,002,000
Deferred tax		(9,316,200)	(31,941,700)
Total Tax expense		58,626,011	33,060,300
Profit for the year		140,532,206	91,463,403
Basic and Diluted Earnings Per Share (in ₹) (Face value ₹ 10/- per share)		8.78	6.72

The accompanying notes are an integral part of the financial statements.

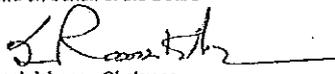
In terms of our report attached,
For DELOITTE HASKINS & SELLS
Chartered Accountants

R. A. BANGA

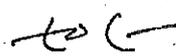
R. A. BANGA
Partner

Mumbai, 14th May, 2012.

For and on behalf of the Board


S. Ramakrishnan - Chairman

Sanjeev Mehra - Managing Director


T. Ramakrishnan - Secretary

Mumbai, 14th May, 2012.

Tata Power Trading Company Limited

Cash Flow Statement for the year ended 31st March, 2012

	Year ended 31st March 2012 ₹	Year ended 31st March 2011 ₹
A. Cash flow from operating activities		
Profit before taxes	188,558,217	124,523,703
Adjustments for:		
Depreciation / Amortisation	7,215,673	7,209,124
Interest expenditure	9,981,248	647,112
Interest income	(15,444)	-
Dividend income	(15,398,601)	(26,760,887)
Provision for doubtful trade receivables and advances	27,770,819	96,389,609
Loss on fixed assets sold (net)	-	434,417
	<u>29,533,693</u>	<u>77,929,575</u>
Operating profit before working capital changes	228,091,910	202,453,278
Adjustments for:		
Trade receivables	150,733,705	67,130,748
Short-term loans and advances	(19,727,793)	(36,068,305)
Trade payables	(592,862,570)	(240,572,944)
Other current liabilities	58,942,458	25,798,440
	<u>(402,914,202)</u>	<u>(193,712,061)</u>
Cash (used in) / generated from operations	(174,822,292)	8,741,217
Taxes paid	(70,858,353)	(64,512,745)
Net cash used in operating activities	<u>(245,680,645)</u>	<u>(55,771,528)</u>
B. Cash flow from investing activities		
Purchase of fixed assets	(1,487,727)	(2,252,014)
Sale of fixed assets		325,111
Purchase of current investments	(12,424,957,321)	(17,614,114,986)
Sale of current investments	12,424,957,321	17,616,449,739
Interest received	15,444	-
Dividend received	15,398,601	26,750,687
	<u>13,926,318</u>	<u>26,158,537</u>
Net cash from investing activities	<u>13,926,318</u>	<u>26,158,537</u>
C. Cash flow from financing activities		
Proceeds from short-term borrowings	200,000,000	-
Repayment of short-term borrowings	(200,000,000)	-
Interest paid	(9,961,248)	(647,112)
Dividend paid	(32,000,000)	(4,000,000)
Additional income-tax on dividend paid	(5,314,800)	(2,516,260)
	<u>(47,276,048)</u>	<u>(7,182,372)</u>
Net cash used in financing activities	<u>(47,276,048)</u>	<u>(7,182,372)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(279,030,373)</u>	<u>(36,776,363)</u>
Cash and cash equivalents as at 1st April, 2011, 2010 (Opening Balance)	638,889,627	673,484,990
Cash and cash equivalents as at 31st March, 2012, 2011 (Closing Balance) (Refer Note 12)	<u>367,659,254</u>	<u>636,688,627</u>

In terms of our report attached.

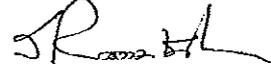
For DELOITTE HASKINS & SELLS
Chartered Accountants

R. K. Banga

R. A. BANGA
Partner

Mumbai, 14th May, 2012.

For and on behalf of the Board



S. Ramakrishnan - Chairman

Sanjeev Mehra - Managing Director



S. Ramakrishnan - Secretary

Mumbai, 14th May, 2012.

Tata Power Trading Company Limited

Notes forming part of the Financial Statements

1. Background:

Tata Power Trading Company Limited is a wholly owned subsidiary of The Tata Power Company Limited. The Company is engaged in the business of trading of electricity across the country. Central Electricity Regulatory Commission (CERC) has granted Category "F" certificate to the Company for purposes of power trading, which allows the Company to trade power units without any quantitative restrictions. The Company sources power from different public and private sectors utilities and supplies to various consumers being public and private sectors power utilities. Further, the Company also provides consultancy services relating to procurement/sale of power, coal and Clean Development Mechanism (CDM) advisory services.

2. Significant Accounting Policies :

a) Basis of Preparation of Financial Statements:

The financial statements are prepared on a going concern under historical cost convention on an accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialise.

c) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation, amortisation and impairment loss if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition.

d) Depreciation:

The Company is providing depreciation on fixed assets at the rate prescribed in the Schedule XIV of the Companies Act, 1956 on Straight Line Method (SLM) basis. Depreciation on addition/deduction of assets is provided on pro-rata basis. Assets costing less than ₹ 5,000 and mobile phones are depreciated at the rate of 100%.

Leasehold improvements are depreciated over period of four years on Straight Line Method.

Computer Software is amortised on Straight Line Method over the period of legal right to use.

e) Cash flow statement:

Cash flows are reported using the Indirect method, whereby profit / (loss) before 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.

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f) Investments:

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

g) Revenue Recognition:

- i. Revenue from sale of power is accounted for based on rates agreed with the Customers and is inclusive of trading margin.
- ii. For sale of power under Banking Arrangements only margin earned on the transactions is accounted for as Revenue.
- iii. Revenue in the nature of advisory services rendered towards finalization of power purchase agreements, CDM services, load management etc. is recognized when the fees are determined under the terms of respective agreements.
- iv. Delayed payment charges for power supply on grounds of prudence are recognized when recovery is virtually certain.
- v. Compensation recoverable from customers/suppliers for default in purchase/sale of power is accrued as determined under the terms of respective agreements and acknowledged by customers/suppliers.

h) Segment Reporting:

As the Company's business activity consists only of Power Trading and related consultancy activities, as such there are no separate reportable segments as per the requirements of Accounting Standard (AS-17) "Segment Reporting" as notified under the Companies (Accounting Standards) Rules, 2006.

i) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax, which is computed on the basis of enacted / substantively enacted rates, is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is reasonable certainty of realization of such assets. Other deferred tax assets are recognised only to the extent there is virtual certainty of realization in future.

j) Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in financial statements.

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Tata Power Trading Company Limited
Note 3 Share Capital

	31st March 2012 Nos.	31st March 2012 ₹	31st March 2011 Nos.	31st March 2011 ₹
Authorized				
Equity shares of ₹10/- each	20,000,000	200,000,000	20,000,000	200,000,000
6% Non cumulative Redeemable preference shares of ₹10/- each	18,000,000	180,000,000	18,000,000	180,000,000
	<u>38,000,000</u>	<u>380,000,000</u>	<u>38,000,000</u>	<u>380,000,000</u>
Issued, subscribed and fully paid-up				
Equity shares of ₹10/- each fully paid	16,000,000	160,000,000	16,000,000	160,000,000
Total issued, subscribed and fully paid-up share capital	<u>16,000,000</u>	<u>160,000,000</u>	<u>16,000,000</u>	<u>160,000,000</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31st March 2012		31st March 2011	
	Nos.	₹	Nos.	₹
At the beginning and at the end of the period	<u>16,000,000</u>	<u>160,000,000</u>	<u>16,000,000</u>	<u>160,000,000</u>

b. Terms/rights attached to equity shares

The company has issued 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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividend in Indian Rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31st March 2012, the amount of per share dividend recognized as distribution to equity shareholders was ₹ 2 (31st March 2011 : ₹ 2).

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its holding company are as below:

	31st March 2012 Nos.	31st March 2012 ₹	31st March 2011 Nos.	31st March 2011 ₹
The Tata Power Company Limited, the holding company	16,000,000	160,000,000	16,000,000	160,000,000

d. Details of shares held by each shareholders holding more than 5% shares

	31st March 2012		31st March 2011	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of ₹10 each fully paid	16,000,000	100%	16,000,000	100%

Note 4 Reserves and Surplus

	31st March 2012 ₹	31st March 2011 ₹
Securities Premium Account		
Opening and closing balance	208,950,000	208,950,000
General Reserve		
Opening balance	27,500,000	20,000,000
Add: Amount transferred from Surplus in Statement of Profit and Loss	11,000,000	7,000,000
Closing Balance	<u>38,500,000</u>	<u>27,000,000</u>
Surplus in Statement of Profit and Loss		
Opening balance	216,457,054	169,308,451
Add : Profit for the year	140,532,206	91,463,403
Less : Proposed Dividend (amount per share ₹ 2 (31st March 2011 - ₹ 2))	32,000,000	32,000,000
Additional Income-tax on proposed Dividend	5,191,200	5,314,800
Transfer to General Reserve	11,000,000	7,000,000
Closing Surplus in Statement of Profit and Loss	<u>308,798,060</u>	<u>216,457,054</u>
Total Reserves and Surplus	<u>656,248,060</u>	<u>452,907,054</u>

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Tata Power Trading Company Limited
Note 5 Other Current Liabilities

	31st March 2012 ₹	31st March 2011 ₹
Advances from customers	58,945,392	17,628,811
Security deposits from customers	35,941,140	3,935,000
Statutory Liabilities		
- Service Tax payable	56,542	478,950
- TDS payable	13,645,050	15,239,938
Security deposits from vendors	5,056,995	5,056,995
Other liabilities	7,614,211	19,977,180
	<u>121,269,330</u>	<u>62,316,874</u>

Note 6 Short-term Provisions

	31st March 2012 ₹	31st March 2011 ₹
Other Provisions		
Provision for Tax (net of advance tax ₹ 65,155,266/- (as at 31st March, 2011 - ₹ 97,334,065/-))	4,844,734	5,465,936
Proposed Equity Dividend	32,000,000	32,000,000
Provision for Tax on Proposed Equity Dividend	5,191,200	5,314,800
	<u>42,035,934</u>	<u>42,780,736</u>
	<u>42,035,934</u>	<u>42,780,736</u>

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TANGIBLE ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION				
	As at 01-04-2011	Additions	Deductions	As at 31-03-2012	As at 01-04-2011	For the year	Deductions	As at 31-03-2012	As at 31-03-2011
PLANT AND EQUIPMENT	3,022,817	520,653	-	3,543,470	1,054,136	519,529	-	1,573,665	1,968,681
FURNITURE AND FIXTURES	2,606,261	967,074	-	3,573,335	1,214,575	186,916	-	1,401,491	1,391,688
OFFICE EQUIPMENTS	1,019,534	-	-	1,019,534	39,445	226,208	-	265,853	980,089
VEHICLES	1,527,389	-	-	1,527,389	217,653	145,102	-	362,755	1,164,634
TOTAL - 2011-2012	8,176,001	1,487,727	-	9,663,728	2,525,809	1,077,755	-	3,603,564	5,060,164
- 2010-2011	7,289,408	2,252,014	1,364,421	8,176,001	2,059,496	1,071,206	604,893	2,525,809	5,650,192

INTANGIBLE ASSETS	GROSS BLOCK				ACCUMULATED AMORTISATION				NET BLOCK	
	As at 01-04-2011	Additions	Deductions	As at 31-03-2012	As at 01-04-2011	For the year	Deductions	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
COMPUTER SOFTWARE	20,459,726	-	-	20,459,726	10,741,356	6,137,918	-	16,879,274	3,580,452	9,718,370
TOTAL - 2011-2012	20,459,726	-	-	20,459,726	10,741,356	6,137,918	-	16,879,274	3,580,452	9,718,370
- 2010-2011	20,459,726	-	-	20,459,726	4,603,438	6,137,918	-	10,741,356	9,718,370	9,718,370

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Tata Power Trading Company Limited

Note 8 Non-Current Investments

	31st March 2012 ₹	31st March 2011 ₹
Trade investments (valued at cost less diminution, other than temporary, if any)		
Equity Shares (Unquoted)		
25,00,000 (31st March 2011 - 25,00,000) shares of ₹ 10 each fully paid-up in Power Exchange India Limited	25,000,000	25,000,000
	<u>25,000,000</u>	<u>25,000,000</u>

Note 9 Deferred Tax Assets (Net)

	31st March 2012 ₹	31st March 2011 ₹
Deferred Tax Liability		
Relating to fixed assets	1,066,500	2,335,400
Total	<u>1,066,500</u>	<u>2,335,400</u>
Deferred Tax Assets		
Provision for doubtful trade receivables and advances	49,741,700	41,704,400
Total	<u>49,741,700</u>	<u>41,704,400</u>
Deferred Tax Assets (Net)	<u>48,685,200</u>	<u>39,369,000</u>

Note 10 Long Term Loans and Advances

	31st March 2012 ₹	31st March 2011 ₹
Unsecured, considered good		
Advance Income-tax (net of provisions ₹ 134,893,083/- (as at 31st March, 2011 - ₹ 93,464,923/-))	5,558,561	2,663,621
	<u>5,558,561</u>	<u>2,663,621</u>

Note 11 Trade Receivables

	Current	
	31st March 2012 ₹	31st March 2011 ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	126,285,034	23,956,563
Doubtful	124,441,595	98,671,668
	250,726,629	122,628,231
Less : Provision for doubtful trade receivables	(124,441,595)	(98,671,668)
	<u>126,285,034</u>	<u>23,956,563</u>
Other Receivables		
Secured, considered good	9,517,542	-
Unsecured, considered good	690,031,803	974,749,890
Doubtful	17,126,554	20,758,112
	716,675,899	995,508,002
Less : Provision for doubtful trade receivables	(17,126,554)	(20,758,112)
	<u>699,549,345</u>	<u>974,749,890</u>
Total	<u>825,834,379</u>	<u>998,706,453</u>

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Tata Power Trading Company Limited

Note 12 Cash and Cash Equivalents

	31st March 2012 ₹	31st March 2011 ₹
Balances with banks : In Current Accounts	357,659,254	636,689,627
	<u>357,659,254</u>	<u>636,689,627</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	357,659,254	636,689,627

Note 13 Short-term Loans and Advances

	31st March 2012 ₹	31st March 2011 ₹
Security Deposits		
Unsecured, considered good	80,081,604	59,535,564
Doubtful	6,500,000	-
	<u>86,581,604</u>	<u>59,535,564</u>
Provision for doubtful deposits	(6,500,000)	-
	<u>80,081,604</u>	<u>59,535,564</u>
Other Loans and Advances		
Unsecured - Considered good	17,292,742	23,743,439
Doubtful	5,242,603	6,110,153
	<u>22,535,345</u>	<u>29,853,592</u>
Less: Provision for doubtful advances	(5,242,603)	(6,110,153)
	<u>17,292,742</u>	<u>23,743,439</u>
Total	<u>97,374,346</u>	<u>83,279,003</u>

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Tata Power Trading Company Limited
Note 14 Revenue from Operations

	31st March 2012 ₹	31st March 2011 ₹
Revenue from Operations		
Sale of products (traded goods)		
Revenue from Power Supply	19,440,344,201	19,512,696,138
Less : Cash discount allowed	233,615,521	214,349,080
	<u>19,206,728,680</u>	<u>19,298,347,058</u>
Sale of services		
Revenue from Power Banking Sale	19,916,552	3,903,271
Income from Advisory Services	38,201,257	18,298,723
Income from other services	2,169,780	-
	<u>60,287,589</u>	<u>22,201,994</u>
Total	<u><u>19,267,016,269</u></u>	<u><u>19,320,549,052</u></u>

Note 15 Other Income

	31st March 2012 ₹	31st March 2011 ₹
Interest Income on Income tax refund	15,444	-
Dividends from Current Investments	15,398,601	26,750,687
Liability written back	-	10,607,254
	<u>15,414,045</u>	<u>37,357,941</u>

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Tata Power Trading Company Limited
Note 16 Finance Costs

	31st March 2012 ₹	31st March 2011 ₹
Interest on Short Term Borrowings	9,132,026	123,010
Interest paid to supplier - Holding company	829,220	-
Interest on delayed payment of Advance Tax	-	524,102
	9,961,246	647,112

Note 17 Other Expenses

	31st March 2012 ₹	31st March 2011 ₹
Stores, Oil etc. consumed	122	10,602
Rent	9,428,284	7,161,997
Insurance	68,163	43,426
Repairs and maintenance		
Buildings	103,581	429,260
Others	181,076	206,557
Other Operation Expenses	21,940,084	20,118,386
Cost of Services	56,695,243	38,249,412
Tata Brand Equity	11,909,941	7,743,966
Payment to auditor (<i>Refer details below</i>)	2,192,115	1,870,688
Loss / (Gain) on foreign currency transactions and translation (Net)	9,104	(41,560)
Legal and professional charges	7,616,479	9,631,909
Consultants fees	16,486,572	13,057,464
Miscellaneous expenses	5,723,700	3,148,309
Provision for doubtful trade receivables and advances	27,770,819	96,389,609
Loss on fixed assets sold (net)	-	434,417
	160,125,283	198,454,442

Payment to the auditors comprises (inclusive of service tax):

	31 March 2012 ₹	31 March 2011 ₹
As auditors - statutory audit	1,348,320	1,103,000
For taxation matters	165,450	165,450
For other services	678,345	602,238
	2,192,115	1,870,688

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Tata Power Trading Company Limited

Notes forming part of the Financial Statements

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

19. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006 is as follows:

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

Sr. No.	Name of the related party	Country of origin
Holding Company:		
	The Tata Power Company Ltd. (TPCL)	India
Fellow Subsidiaries (where transactions have taken place):		
1.	Tata Power Delhi Distribution Limited (TPDDL)	India
2.	Trust Energy Resources Pte. Ltd. (TERPL)	Singapore
3.	Coastal Gujarat Power Limited (CGPL)	India
4.	Maithon Power Limited (MPL)	India
5.	Industrial Energy Limited (IEL)	India
Key Management Personnel		
	Amulya Charan (upto 31 st May,2011)	
	Sanjeev Mehra (w.e.f 1 st September,2011)	

(b) Details of Transactions/ Balances Outstanding:

Particulars	TPCL	TPDDL	TERPL	CGPL	MPL	IEL
Transactions during the year						
Purchase of Power	3,478,023,650	749,653,966	-	-	395,902,186	-
	6,142,133,595	-	-	-	-	-
Cash Discount Earned	59,595,258	14,993,079	-	-	-	-
	92,557,579	-	-	-	-	-
Sale of Power	1,069,311,006	2,190,067,498	-	-	189,296,595	-
	3,381,920,806	2,586,274,766	-	-	-	-
Cash Discount Given	20,471,057	40,460,550	-	-	-	-
	47,936,858	2,296,320	-	-	-	-

Sanjeev Mehra

Particulars	TPCL	TPDDL	TERPL	CGPL	MPL	IEL
Revenue from Power Banking Sale	-	-	-	-	-	-
	-	<i>265,555</i>	-	-	-	-
Revenue from Sale of Renewable energy certificates	266,136	-	-	-	-	-
	-	-	-	-	-	-
Rendering of Services	-	-	4,499,836	7,041,671	-	-
	<i>200,000</i>	-	<i>2,896,763</i>	-	-	-
Receiving of Services	43,200,000	-	-	-	-	-
	<i>31,200,000</i>	-	-	-	-	-
Compensation Paid (Net)	3,192,000	2,235,000	-	-	-	-
	<i>96,966,400</i>	-	-	-	-	-
Interest Expenditure	829,220	-	-	-	-	1,105,643
	-	-	-	-	-	-
Inter Corporate Deposit Accepted	-	-	-	-	-	200,000,000
	-	-	-	-	-	-
Inter Corporate Deposit Refunded	-	-	-	-	-	200,000,000
	-	-	-	-	-	-
Dividend paid	32,000,000	-	-	-	-	-
	<i>4,000,000</i>	-	-	-	-	-
Deposit Given	-	-	-	-	-	-
	-	<i>5,000,000</i>	-	-	-	-
Deposit Refunded	-	5,000,000	-	-	-	-
	-	-	-	-	-	-
Balance Outstanding						
Other Receivables	-	-	1,846,106	1,194,918	-	-
	-	<i>17,523,104</i>	-	-	-	-
Other Payables	203,440,669	2,988,293	-	-	43,471,789	-
	<i>392,493,488</i>	-	-	-	-	-

Note: Previous year's figures are in Italics

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20. Expenditure in foreign currency:	2011-12	2010-11
Professional and consultation fees	2,447,607	2,168,996

21. Earnings in foreign exchange:	2011-12	2010-11
Consultancy Income	4,499,836	2,896,763

22. The year-end foreign currency exposures of USD 36,405 (₹ 1,846,106) [(31st March, 2011 - USD. Nil (₹ Nil))] for amount receivable on account of rendering of services have not been hedged by a derivative instrument or otherwise.

23. Earnings Per Share:

Particulars	FY 2011-12	FY 2010-11
Profit Attributable to Equity Share Holders (₹) (A)	140,532,206	91,463,403
The weighted average number of Equity Shares (Nos.) (B)	16,000,000	16,000,000
The nominal value of Equity Shares (₹)	10	10
Basic and Diluted Earnings Per Share (₹) (A)/(B)	8.78	5.72

24. Contingent Liabilities and commitments :-

- (i) Other money for which the company is contingently liable (No cash outflow is expected in the near future) :-
- Power Banking Arrangement - ₹ 193,321,102 (31st March, 2011 - ₹ 355,624,500)
 - Taxation Matters - ₹ Nil (31st March, 2011 - ₹ 188,526)
- (ii) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ 17,480,474 (31st March, 2011 ₹ Nil).
25. Total number of units purchased and sold during the year - 4,722 MUs (31st March, 2011 - 4,238 MUs) excluding under banking arrangement - 861 MUs (31st March, 2011 - 116 MUs).

26. Previous Year's Figures:

The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

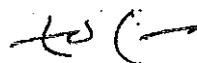
For and on behalf of the Board,



S. Ramakrishnan
Chairman



Sanjeev Mehra
Managing Director



T. N. Ramakrishnan
Secretary

Mumbai: 14th May, 2012