

**COASTAL GUJARAT POWER LIMITED**

### DIRECTORS' REPORT

To,  
The Members,

The Directors are pleased to present the Seventh Annual Report of the Company together with the Statements of Account for the year ended 31<sup>st</sup> March, 2013.

#### 1. Financial performance

##### a. Financial Results

Particulars	(₹ crore)	
	FY13	FY12
Net Sales	2,795.52	8.05
Operating Expenditure	2,476.75	323.63
<b>Operating Profit</b>	<b>318.77</b>	<b>(315.58)</b>
Add: other income	15.69	2.07
Less Interest and Finance Charges	616.45	41.02
<b>Profit before Depreciation and Tax</b>	<b>(281.99)</b>	<b>(354.53)</b>
Less: Depreciation/amortization	470.03	26.01
Provision for Impairment	850.00	1,800.00
<b>Profit before Tax</b>	<b>(1,602.02)</b>	<b>(2,180.54)</b>
Less: Provision for Taxes	-	-
<b>Net Profit after Tax</b>	<b>(1,602.02)</b>	<b>(2,180.54)</b>
Distributable profits/(Losses)	(1,602.02)	(2,180.54)
Add: Balance brought forward from the previous year	(2,207.91)	(27.37)
Add: Reserves acquired during the year	-	-
<b>Leaving a balance to be carried forward</b>	<b>(3,809.92)</b>	<b>(2,207.91)</b>

During the year, your company achieved a total sales turnover of ₹2,795.32 crore with an operating profit of ₹318.77 crore. The Company reported a loss before tax of ₹1,602.02 crore for the financial year ended 31st March 2013, as against ₹2,180.54 crore for the previous year.

##### b. Provision for Impairment

During the year, the Company made an impairment provision of ₹ 850 crore as against ₹ 1,800 crore for the previous year. Hence, the provision as on 31st March, 2013 stood at ₹ 2,650 crore (₹ 1,800 crore as on 31st March, 2012).

The coal price assumptions factored in at the time of bid were based on the industry outlook existing at that time. The Company had factored in the availability of discounts and stable pricing for long term coal contracts which were prevalent at that time. Accordingly, the Company had quoted 45% of the coal cost in the escalable component in its bid. However due to changes in Indonesian regulation, the Company is exposed to under-recovery of coal costs.

During the year, the Company assessed the cash flows expected to be generated over the useful life of the assets of 40 years. In estimating the future cash flows, the management has, based on information from independent third parties/institutions, made certain assumptions on a consistent manner, relating to fuel prices, foreign exchange, future revenues, operating parameters and the asset's useful life. The management believes that these reasonably reflect the future expectation of these items. These assumptions are monitored on a periodic basis by the management and adjustments made if external conditions relating to the assumptions indicate that such adjustments are appropriate.

## 2. Dividend

In the absence of profits, the Company has not declared any dividend for the financial year ended 31<sup>st</sup> March 2013.

## 3. Subsidiary company

Energy Eastern Pte Ltd, a wholly owned subsidiary of the Company, is engaged in arranging shipping of coal required for the Project. The Company has infused equity funding of \$ 7,11,032 till 31<sup>st</sup> March, 2013 to finance the shipping related expenditure for the Mundra Project. The Company made a profit of \$ 13, 84,252 during the financial year ended 31<sup>st</sup> March 2013, as against the loss of \$ 2, 65,050 in the previous financial year.

## 4. Projects

Till 31<sup>st</sup> March 2013, your company has been able to implement and commission 4,000 MW (800 x 5 units) UMPP at Mundra in Gujarat. Last of the five Units of Mundra UMPP got commissioned on 22<sup>nd</sup> March, 2013, which has set the record of commissioning 3,200 MW in single financial year.

Till March 2013, your Company has committed Capital expenditure of Rs. 18,235.34 crore against which Rs. 17,955.63 crore have been spent so far as at 31<sup>st</sup> March, 2013. Capital work-in-progress (including capital advances) addition by the company during the financial year ended 31<sup>st</sup> March 2013 was Rs. 1,536.93 crore as against Rs. 3,554.35 crore for the year ended 31<sup>st</sup> March, 2012. This includes expenditure (net of income) towards Interest and Finance charges, impact of Foreign Currency translation, Fuel and General Overheads. Out of the total Capital work-in-progress of Rs 12086.31 crore, Fixed assets capitalised during the year was Rs. 11,940.94 crore resulting into the total Fixed assets Capitalised of Rs. 17810.26 crore

*Table 1: COD dates of all 5 units in comparison to original PPA dates*

Unit	COD as per Original PPA	Actual COD
Unit 1	22-Aug-12	07-Mar-12
Unit 2	22-Feb-13	30-Jul-12
Unit 3	22-Aug-13	27-Oct-12
Unit 4	22-Feb-14	21-Jan-13
Unit 5	22-Aug-14	22-Mar-13

## 5. Project Finance

The Company has drawn ₹ 10,321 crore out of ₹ 12,757 crore of its long term loans for the project. The Company has complied with pre-disbursement conditions as per the terms of financing and, wherever required, necessary waivers have been requested / obtained. The key waivers that have been obtained till 30<sup>th</sup> June, 2013 by the Company relate to the inclusion of provision for impairment, current foreign exchange rates and mark-to-market valuations in calculating financial ratios. The disbursements are capped at 83.33% of all project loans till 30<sup>th</sup> June, 2013 under the financing documents.

Pending finalisation of Debt: Equity ratio and other waivers, the Company has requested the Project Lenders to extend the date of compliance of tying up the balance coal and shipping requirements and other covenants of financing documents. The Project Lenders have in principle agreed to extend the time for compliance of conditions.

The Company has availed ₹ 5,724 crore of Rupee loan and \$ 1,361.54 million of foreign exchange loans as on 31<sup>st</sup> March, 2013.

## 6. Credit Rating

CRISIL has assigned an "A+/Negative (outlook revised from "Stable" and rating reaffirmed) rating to the Company's long term Rupee denominated Bank loans aggregating ₹ 5,850 crore.

The rating on CGPL's long-term loan continues to reflect the strong operational, management, and financial support which CGPL receives from Tata Power; Tata Power's sponsorship agreement with CGPL's lenders requires Tata Power to provide support by way of deficit funding. To meet its debt obligations, Tata Power has offered to transfer 75% of the dividend flow of coal SPV (which holds the ownership of 30% equity investment in two coal mines in Indonesia) to CGPL.

## 7. Operational Performance

During the year, the Company's four Power Generating Units of 800 MW each have achieved commercial operation resulting into total power generating capacity to 4,000 MW.

Your company generated 12,440 MUs during FY13 and has planned generation of approx. 28,000 MUs in FY14. The operational performance of the thermal power generating units during FY13 is as follows:

Table 2: Details of thermal power generation during FY13

Site	Generation (MUs)		Generation Availability (%)		Plant Load Factor (PLF) (%)	
	FY13	FY12	FY13	FY12	FY13	FY12
Unit 1	5,195	38.83	80%	10.6%	71%	7.8%
Unit 2	3,688	-	87%	-	76%	-
Unit 3	2,274	-	82%	-	73%	-
Unit 4	1,120	-	93%	-	80%	-
Unit 5	163	-	100%	-	82%	-
<b>Total</b>	<b>12,440</b>	<b>38.83</b>	<b>84%</b>	<b>10.6%</b>	<b>74%</b>	<b>7.8%</b>

## 8. Fuel & fuel transportation

The estimated coal requirement of Mundra UMPP is approximately 12 MMT per annum. Of this, 5.85 MMT per annum (with a maximum deviation of 20%) is to be sourced from KPC mines in Indonesia through a long term coal supply contract. As per the Financing Documents, the Company was required to tie up the balance coal on or before 30<sup>th</sup> June, 2013. In the absence of a fresh tie-up, Tata Power has assigned its existing Coal supply contract meant for its other projects for 3.5 MMT (+/- 20%) p.a. to the Company as a standby arrangement till an alternate source is tied up. These two sources (exercising the option to procure 20% higher supplies) result in tied up fuel to the tune of 11.2 MMT, thus ensuring that fuel supply for the Project is effectively secured. The Company has tied up five vessels (2 own and 3 on charter) for transportation of coal, which will be sufficient to meet 10 mtpa.

## 9. Compensatory Tariff

The Government of Indonesia introduced legislation with effect from 23<sup>rd</sup> September, 2011, which mandates export of coal from Indonesia at prices notified by the Government of Indonesia which are linked to International Coal Prices. Further all existing contracts are required to be aligned with the new law resulting in steep increase in coal prices for the company as compared to the negotiated prices under existing contracts.

As you are aware that there is only a partial pass through of coal cost through the fuel tariff under the existing Power Purchase Agreement (PPA), but coal prices have gone up considerably due to changes in Indonesian Regulations. This has led to huge under-recovery of fuel cost against the fuel tariff resulting in additional financial burden to the Company. Your Company is of the view that this is an industry wide issue and all the plants importing coal from Indonesia will be severely affected by the same.

The issue had been represented to the government of the procuring states and the Central Government in different forums and through different industry associations. As there was no positive/favourable outcome, the company decided to file a petition to CERC seeking establishment of appropriate mechanism to offset in tariff the adverse impact caused by the steep hike in coal prices due to change in Indonesian coal price regulations.

After several hearings and arguments, CERC in its order dated 15<sup>th</sup> April 2013 gave the directive awarding a compensatory tariff (over and above the tariff decided under the Power Purchase Agreement) to the company for limited period till the event which occasioned such compensation exists.

The CERC asked the parties concerned to constitute a committee consisting of the representatives of the Principal Secretary (Power)/ Managing Directors of the Distribution Companies of the procurer States, Chairman of The Tata Power Limited or his nominee, an independent financial analyst of repute and an eminent banker dealing and conversant with infrastructure sector. The Committee shall keep in view inter-alia the following considerations while working out and recommending the compensatory tariff applicable up to a certain period:

- The net profit less Govt. taxes and cuss etc. earned by the petitioner's company from the coal mines in Indonesia on account of the bench mark price due to Indonesian Regulation corresponding to the quantity of the coal being supplied to the Mundra UMPP should be factored in full to pass on the same to the beneficiaries in the compensatory tariff.
- The possibility of sharing the revenue due to sale of power beyond the target availability of Mundra UMPP to the third parties may be explored
- The possibility of using coal with a low gross calorific value for generation of electricity for supply to the respondents without affecting the operational efficiency of the generating stations.

As per the above CERC directives, all parties have made their nominations to the Committee and first meeting of the committee was held on 11<sup>th</sup> May 2013 at Mumbai and company is hopeful that the issue shall be resolved in near future. Given the circumstances, as a part of its sponsor support obligation, Tata Power has offered to transfer 75% of the dividend flow of coal SPV (which holds the ownership of 30% equity investment in two coal mines in Indonesia) to CGPL or any other alternate structure / method to support the debt service. Your Company is in discussions with lenders to formalize a suitable structure as part of sponsor support obligation.

## 10. Sustainability

### a. Care for Our People

The Management continues to impart highest importance to safety and care for its employees, treating it as an integral part of all its activities. The key to the success of the safety initiatives is the rigorous participation of the line management along with contract workmen force and contractor employees in all initiatives rolled out from time to time.

Highlights of efforts in the area of Safety are as follows:

- Proactive safety initiatives like Hazard Identification and Risk Assessment (HIRA), Daily Activity List (DAL), Safety Corrective Action Request (SCAR), Safety Intervention Audit Team (SIAT), Pre Startup Safety Review (PSUSR) etc. are being rigorously followed.
- Each day on the project site begins with a safety pledge and ends with safety time out session reinforcing the core belief in ensuring a safe working environment at the site.
- A major behavioral change initiative, carried out with the external agency named 'AAKAR', to sensitize the large contract workforce, has shown its beneficial result effectively. Its effectiveness is reinforced by the fact that the Project has already clocked 10 million safe man hours thrice till date.

We deeply regret to report a fatal accident that took place at CGPL (Mundra) involving a contract worker. Although it is impossible to indemnify the loss of human life, the family of the deceased person has been given financial assistance to reduce the impact of financial distress. A detailed Root Cause Analysis has been conducted to avoid recurrence of such incidents at our sites.

Specific safety parameters with leading and lagging indicators are monitored against targets. A summary of safety results achieved (both employees and contract workforce) is shown in Table 3:

*Table 3: Summary of Safety results*

Sr. No	Parameters	FY-13	FY-12
1	Fatality (Number)	1	0
2	LTIFR (Lost time injuries frequency rate per million man hours)	0.38	0.13
3	Total Injuries Frequency Rate (TIFR) (Number of Injuries per million man hours)	0.50	0.41
4	First Aid Cases (Number)	584	1,134
5	Man-days Lost	6,133	137
6	Man-days Worked	13,70,758	32,91,338

**b. Care for our Community and Environment**

Coastal Gujarat Power Limited has been engaging with the neighboring communities to address their developmental needs and issues. A systematic strategy has been followed for the identification and grouping of stakeholders based on their influence, leading to positive stakeholder dialogue. It includes exploring and engaging, building and formalizing, implementing actions and then continuously evaluating in a manner that institutionalizes relationship with communities.

The programs and their outcomes are aligned to achieve high level of impact and level of sustenance. The above strategy has taken the company to a journey that spans the themes Augmenting Rural Primary Education System, Building and Strengthening Healthcare facilities, Enhancing Programs on Livelihood and Employability, Building Social Capital, Infrastructure and Nurturing Sustainability for inclusive Growth.

The Company has been actively involved with the communities living in and around the project area. The benchmarking projects launched in the vicinity include:

- **Uttkarsh-** Project for holistic Development of the community of Mandvi Taluka
- **Jalmani-** Installation of RO systems in the schools
- **Shiksha Saarthi-** Educational up-liftment of the children's of Primary school and capacity building of the teachers
- **Akshay Urja-** Installation of Boat light system for fishermen
- **Annapurna-** Household Biogas installation
- **KALP-** Kanthi Area Livelihood Program- an initiative emerged from grazing land mitigation and presently providing fodder to 3500 cattle's round the year with proper infrastructure facility
- **Swachh Jal-** Providing water project for the coastal community by establishing RO plants
- **Vartika-** Livelihood Promotion activities through promotion of local handicraft items and artisans, Social Capital building by formation of women SHG in availing microfinance and Government Support, formation of Village Development and Advisory Committee
- **Suryaprakash-** Project on rural energy by installation of Solar lights



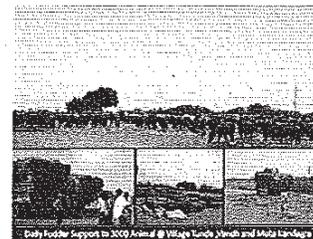
Solar Light In Boat @ Modhra



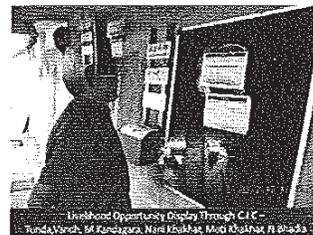
Project Vartika (Handicraft) - Working women @Vandri



Children Library under Shiksha Saarthi Programme @ 25 village

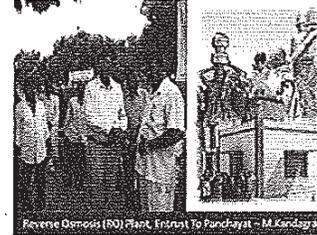


Daily Fodder Support to 3500 Animal @ Village Lunda, Vandi and Mula landrags



Handicraft Opportunity Display Through C.I.C - Lunda,Vandi, M Khandyara, Mand Khakhar, Mod Khakhar, N Shikha

- **Sagarbandhu-** Project for holistic development and value chain analysis of the fishermen community
- **Samvad-** A Stakeholder Engagement programme and establishment of Community Information Centre
- **Nirman-** Development of Social Infrastructure project
- **Varsha-** Water Conservation projects viz. construction of Check dams, pond deepening, and Natural resource management programmes such as environment protection, mangrove cultivation, cage fish culture etc.

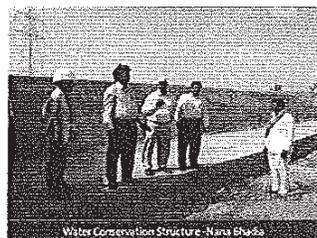


Preservation of cultural art and craft, conservation of endangered species, are amongst the important aspects through which your company will tread the path of sustainability.

Our experience shows that consultative engagement process with representatives of the community is essential to discover deeper social, economic and environmental challenges and opportunities. A structured process of engagement adopted by the company's leadership is an important strategy to assimilate diverse viewpoints that emerge from within the community. Such engagement is the key to develop an agreed vision and value among the stakeholders.



The Company continues to converge with various local partners/institutes, government agencies to work for the sustainable development of the community and simultaneously mapped the same with various social tools like (CSI) Community Satisfaction Index, Sustainability Protocol Index, community relations effectiveness index etc. As an outcome of these, some institutional arrangements in the villages were observed as one of the major drivers for bringing change in the developmental approach and hence the Company, in its project affected villages, have started forming VDAC (Village Development Advisory Committee) to review and monitor the implementation of the developmental programmes, mitigation of probable risks, GRM (Grievance Redressal Mechanism) to deal with the issues and risks identified by the VDAC and Community Information Centre (CIC). This acts as a catalyst between the Company and the community, disseminating the information and strengthening the engagement with the community. Suggestion Box has been kept at strategic locations in the villages.



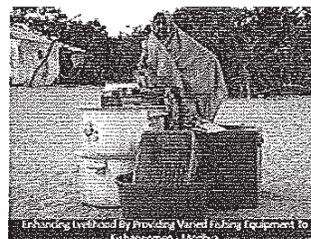
These direct interactions with the local stakeholders help us to monitor the impact of various company initiatives for the community, and understand its level of satisfaction with them. The company has also set up Divisional Sustainability Committee with a focus to monitor social and environmental performance along with meeting the lenders requirements.



The Company is committed to improve the lives of the community and believes that sustained business growth can be achieved only when it becomes an accepted neighbor and has accordingly initiated efforts to create a sustainable development model

having co-ownership of the community.

The Company has prepared an Environment Management Plan to primarily focus on the environment issues related to the operation activity and its mitigation measures. Company has provided state of the art dry fog system in all coal transfer points, water spray points on coal conveyor and coal stock pile and erected 9 meter high wind barrier wall to control the fugitive coal dust from coal stock yard and conveyor belt. The Project has many environment friendly features like use of super critical technology boiler for higher efficiency, low NOx burners for controlling the NOx emission, high efficiency ESP to control particulate emission from the stacks.



An initiative has been taken for developing green cover on 33% of the Project area including 100m wide green belt. Till March 2013, green belt development on approx. 116 Ha land has already been completed. The Company has also taken up mangrove plantation on 1000 Ha land in consultation with Gujarat Ecology Commission out of which plantation on 800 Ha has already been completed. The Company has constructed 7 kms (approx) long outfall channel to minimize the discharge water temperature and the negative effect on the marine ecology. Ash pond and guard pond of ETP are lined with impervious lining of HDPE to control ground water pollution.

#### c. Progress on clean development mechanism application:

##### Background:

UMPP Mundra project has received host country approval on 15<sup>th</sup> February 2008 and submitted PDD on 4<sup>th</sup> January 2010 for registration as per ACM 0013 Version 3. However UNFCCC has decided not to register project during CDM-EB-55 on 30<sup>th</sup> July 2010. CGPL submitted application to EB/UNFCCC requesting them to reconsider the decision, and EB also advised CGPL to resubmit the documents for registration. However ACM 0013 was put on hold from November 2011 till 13<sup>th</sup> September 2012 and new version 5.0.0 was introduced with changes. CGPL had examined the requirements of latest methodology ACM0013 version 5.0.0 and submitted deviation request on 5<sup>th</sup> March 2013.

**Deviation request to UNFCCC:**

In consultation with BVQI the company has put in a request for a Deviation to UNFCCC for waiving off for:

- The requirement for the availability of data on fuel consumption, electricity generation and net calorific value of fuel of power plant units
- Waiving of the requirement of calculating efficiency as per procedure. The default value of this parameter shall be assumed as 38.7% conservatively.
- Assuming original web hosting date for PDD for global stake holders comments

**Completeness check by UNFCCC:**

UNFCCC will carry out a completeness check on the submission before accepting the request. After its acceptance, this will be considered in the methodology panel meeting (next meeting scheduled on 22<sup>nd</sup> Aug 2013). In case the request is accepted, the company will proceed with the submission of the project design document to BVQI for completion of validation.

**Revised PDD, Validation Process & submission to UNFCCC:**

Based on the positive feedback from UNFCCC for the above deviation, company shall revise the PDD and complete the validation process on or before 30<sup>th</sup> Nov 2013.

**11. Human resources development**

The Human Resource strategy at CGPL aims at fulfilling both Business and People needs by developing and adopting best in class people management policies, systems, processes and ensuring their impeccable deployment and execution. It helps the organization proactively pursue performance orientation, meritocracy and high employee engagement.

During FY13, the net addition to manpower was 23 employees, primarily in the Operations & Maintenance area, taking the total manpower to 417. During the year under review, a number of HR initiatives were taken to supplement the Company's effort towards business sustainability and growth.

- Competency Mapping and Gap Analysis were carried out to arrive at Human Competency Readiness Index (HCRI) for the Company
- Training and other developmental measures like Assessment Centre and Management Development Programmes were carried out to enhance managerial and leadership skills
- Executive Coaching was introduced to enhance leadership skills of Senior Executives
- Employee engagement initiatives were implemented rigorously leading to substantial improvement in satisfaction and engagement scores of the Company.
- With the completion of the Project phase, the manpower from Projects was moved to other Project/offices of Tata Power within the country and also overseas thereby helping the company in utilizing the potential of these professional by providing them opportunities to spread their learning from the UMPP. A total of 52 personnel were transferred during the financial year.

- **CGPL Township:** CGPL Township is developed on a 49.9 Hectare plot. It is being developed with a self sustained dwelling for CGPL family with 320 houses. 160 houses have been allotted to families and 40 to bachelors for accommodation in FY13. The township has a number of facilities in operation like guest house, medical centre, gymnasium, indoor games, volleyball ground, club house and shopping centre etc and many more are lined up for the near future. Special care has been taken to preserve and enhance the greenery to create a pollution free environment at the township. 40,000 sq. mtr of landscape has been developed and recycled water is being used for the gardening purpose. Also, all functions and festivals are now being celebrated at Township providing zeal to the residents.

## 12. Risk management

Your Company is faced with risks of different varieties all of which need different approaches for mitigation. The top high value strategic risks and concerns specific to Your Company are as follows:

- Risk of not getting a tariff hike resulting in inability to honour the PPA terms:

The fuel energy components of the PPA tariff is 45% escalable & 55% non escalable. Further, the escalation is based on the CERC escalation Index which is again linked to the escalation in market prices of imported coal. The change in Indonesian Regulations has resulted in substantial increase in export price of Indonesian coal which in turn has resulted in huge under recovery of fuel costs.

- Threat to Mundra site from terrorism, Sabotage or swarming:

Due to the proximity of another Major Power plants i.e. Adani Power and close proximity from the border, Mundra UMPP is a prime target for the terrorists

- Fluctuation in floating interest rate borrowings (Domestic):

This is the risk arising due to increase in rate of Interest on Domestic Project Loan which gets reset every year at December.

The increase in interest rate by 1% on the current rupee Loan o/s of Rs. 5,500 Cr translates into additional interest Cost burden of Rs. 241 Cr for next years' period.

- Fire in Coal handling Plant

This risk could affect generation of all the units if an important gallery along the coal handling plant is gutted resulting in damage to structure and belt

- Impact of change in Fx rates

These result in 3 types of exposures:

### Translation Exposure

Change in reported Owner's Equity in Consolidated Financial Statements caused by a change in exchange rate of EEPL

### Transaction Exposure

Impact of settling outstanding obligations entered into before change in exchange rates but to be settled after change in exchange rates

### Operating exposure

Changes in Expected future cash flows arising from an unexpected change in exchange rates

vi. Impact of Non Compliance of Lender Covenants:

This is a risk that lenders may impose penalty/ Interest for non- compliance of covenants cover as per Loan agreement. CGPL has at present borrowed fund of around 12000 Cr. There are various covenants/ Conditions in the agreement with different lenders to be fulfilled by CGPL and in case CGPL fails to comply those covenants than it may have to pay penal interest or other penalty.

The Management has identified key risk factors and risk mitigation strategies to protect its objectives from its adverse impact and to reduce the probability and/or consequence of an adverse risk event to an acceptable threshold. Regular review meetings are held to review and analyse the impact of various risk factors and steps initiated to mitigate the same. For FY-13, compliance to risk review register is around 54%.

### 13. Opportunities and Outlook

The growth in the domestic market is currently constrained given the uncertainties in the power sector. However, it is expected to look up with the implementation of reforms which are inevitable as the power sector is a key driver supporting the growth of the nation at large. The opportunities and outlook that exist for your Company are as follows:

- The Company can expand its generating capacity by installing two additional generation units of 800 MW each thereby upgrading the total generation capacity to 5,600 MW. EIA report for expansion by two additional units of 800 MW has been submitted to Gujarat Pollution Control Board (GPCB) on 20<sup>th</sup> April 2013. Public Hearing is scheduled on 27<sup>th</sup> August 2013.

### 14. Conservation of energy, technology absorption

Particulars required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the prescribed format as Annexure I to the Directors' Report.

### 15. Foreign exchange earnings and outgo

As the project was in the implementation stage, no foreign exchange income was earned by the Company during the financial year ended 31<sup>st</sup> March 2013. The foreign exchange expenditure during the year was as follows:

Table 4: Foreign exchange expenditure for FY13

Particulars	₹ crore
Capital Goods and Coal Imports	840.56
Professional and Consultancy Fees	1.92
Interest and Commitment Charges	346.70
Compensation for Ship deferment	81.56

### 16. Disclosure of Particulars

Particulars required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the prescribed format as Annexure I to the Directors' Report.

Particulars of Employees: In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 (the Act), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219 (1) (b) (IV) of the Act, the Annual Report is being sent to all Members of the Company excluding the aforesaid information. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of your Company or from <ramki@tatapower.com>

#### **17. Directors**

In accordance with the requirements of the Companies Act, 1956 (Act) and the Articles of Association of the Company, Mr. N H Mirza retires by rotation and is eligible for re-appointment.

Mr. Chandan Roy was appointed as an Additional Director of the Company by the Board of Directors on 14<sup>th</sup> September, 2012. By virtue of Section 260 of the Act, Mr. Chandan Roy will hold office till the date of conclusion of ensuing Annual General Meeting and a notice under Section 257 of the Act has been received from a Member signifying its intention to propose Mr. Roy's appointment as a Director.

Mr. K K Sharma was appointed as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> October, 2012. By virtue of Section 260 of the Act, Mr. Sharma will hold office till the date of conclusion of ensuing Annual General Meeting and a notice under Section 257 of the Act has been received from a Member signifying its intention to propose Mr. Sharma's appointment as a Director.

Mr K K Sharma has been appointed as Executive Director and CEO of the Company with effect from 1st October, 2012. Mr. Sharma is a Bachelor in Electrical Engineering from University of Pantnagar and MBA (Finance) from IGNOU, New Delhi and brings with him an overall experience of 36 years. His last employment was with NTPC-Farakka as Station Head.

#### **18. Auditors**

Messrs Deloitte Haskins & Sells (DHS), Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to appoint DHS to examine and audit the accounts of the Company for FY14. DHS has under Section 224(1) of the Companies Act, 1956, furnished a certificate of its eligibility for re-appointment. The Members will be requested to appoint Auditors and to authorise the Board of Directors to fix their remuneration. In this connection, the attention of the Members is invited to Item No. 4 of the Notice.

Subject to the approval of the Central Government, the Company is proposing to appoint Sanjay Gupta and Associates, Cost Accountants (SGA) to audit the cost accounts relating to Electricity for FY13.

#### **19. Auditor's Report**

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

The consolidated financial statements of the Company have been prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements issued by the Council of The Institute of Chartered Accountants of India.

## 20. Cost Auditor and Cost Audit Report

The Company has appointed Sanjay Gupta and Associates, Cost Accountants (SGA) to audit the cost accounts relating to electricity for FY13.

In accordance with the requirement of the Central Government and pursuant to Section 233B of the Act, the Company carries out an audit of cost accounts relating to electricity every year. The Cost Audit Report and the Compliance Report of the Company for the Financial Year ended 31<sup>st</sup> March 2012, by M/s Sanjay Gupta and Associates, Cost Accountants (SGA), which was due for filing with the Ministry of Corporate Affairs by 31<sup>st</sup> January 2013, was filed on 23<sup>rd</sup> January 2013.

## 21. Corporate governance

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

Audit Committee	Mr. N H Mirza - Chairman Mr. Anil Sardana - Director Mr. S. Ramakrishnan - Director
Remuneration Committee	Mr. N H Mirza - Chairman Mr. Anil Sardana - Director Mr. S. Ramakrishnan - Director
Project Management Committee	Mr. S. Ramakrishnan - Chairman Mr. Anil Sardana - Director along with other Heads of Departments
Executive Committee of Board	Mr. Anil Sardana - Chairman Mr. S. Ramakrishnan - Director Mr. K. K. Sharma - Director

## 22. 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 along with proper explanations relating to all material departures;
- 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 true and fair view of the state of affairs of the Company at the end of the financial year;
- 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.

## 23. Acknowledgement

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

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

The Directors would also like to appreciate and value the contributions made by all our employees and their families for making the Company what it is.

On behalf of the Board of Directors,

Anil Sardana  
Chairman

Date: 15<sup>th</sup> May, 2013  
Place: Mumbai

## Annexure I to the Director's Report

## Form B

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

1	Specific areas in which R&D carried out by the Company.	None
2	Benefits derived as a result of the above R&D	None
3	Future plan of action	None
4	Expenditure on R&D: Capital Recurring Total Total R&D expenditure as a percentage of total turnover	Nil

## Technology, absorption, adaptation and innovation

1	Efforts, in brief, made towards technology absorption, adaptation and innovation	Trial has been completed successfully for use of Eco coal to the extent of 70% in blend
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Fuel Cost Reduction.
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: Technology imported. Year of import. Has technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Nil

# Deloitte Haskins & Sells

Chartered Accountants  
Tower 3, 27th - 32nd Floor  
Indiabulls Finance Centre  
Elphinstone Mill Compound  
Senapati Bapat Marg  
Elphinstone (W), Mumbai - 400 013  
India

Tel: +91 (22) 6185 4000  
Fax: +91 (22) 6185 4501/4601

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

### Report on the Financial Statements

We have audited the accompanying financial statements of **COASTAL GUJARAT POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Deloitte Haskins & Sells

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Emphasis of Matters

- (a) We draw attention to Note 23.4 (a) to the financial statements, which describes the key source of estimation uncertainties as at 31st March, 2013 relating to the carrying amount of assets and debt covenants.
- (b) As stated in Note 23.4 (a) and (b) to the financial statements, the accumulated losses (including the impairment loss of Rs. 2,650 crores) as at 31st March, 2013 has substantially eroded the Company's net worth and there are estimation uncertainties as referred to in (a) above. Notwithstanding this, the financial statements have been prepared on a going concern basis considering the support of the holding company.

Our opinion is not qualified with regard to these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

# Deloitte Haskins & Sells

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

*R.A. Banga*

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

MUMBAI, 15th May, 2013

# Deloitte Haskins & Sells

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Physical verification of fixed assets was carried out during the year by the management, the frequency of which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
- (ii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
- (iv) According to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for purchase of inventory, fixed assets and sale of goods and services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control system.
- (v) 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 Act.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provision of Section 58A, 58AA or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 1975 and rules framed there under.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management has been commensurate with the size of the company and nature of its business.

# Deloitte Haskins & Sells

(viii) We have broadly reviewed the cost records of account maintained by the Company pursuant to the Companies Cost Accounting Records (Electricity Industry) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that *prima facie* the prescribed accounts and records have been maintained and are being made up. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including provident fund, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, work contract tax and any other material statutory dues applicable to it with the appropriate authorities during the year.

(b) There were no undisputed amounts payable in respect of provident fund, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, works contract tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of the statute	Nature of the dues	Rupees crores	Period to which the amount relates	Forum where pending
Service Tax Laws	Service Tax	13.71	2007-08 to 2011-12	Directorate General of Central Excise Intelligence
Income Tax Act, 1961	Tax Deducted at Source	0.45	AY 2009-10 and AY 2010-11	Appellate Authority - upto Commissioner level
Customs Laws	Customs Duty	16.86*	2011-12 to 2012-13	Directorate of Revenue Excise Intelligence

\* net of amount paid under protest of Rs. 56.75 crores.

(x) In our opinion the accumulated losses of Company have exceeded fifty percent of its net worth as at the end of the year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institutions.

(xii) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.

(xiv) In our opinion and according to information and explanations given to us, the Company is not a dealer or trader in securities.

(xv) In our opinion and 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.

# Deloitte Haskins & Sells

- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis as at 31st March, 2013 amounting to Rs. 2,187 crores have been used for long-term investments in fixed assets.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.
- (xix) According to information and explanations given to us, the Company has not issued debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

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

*R. A. Banga*

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

MUMBAI, 15th May, 2013

Coastal Gujarat Power Limited

Balance Sheet as at 31st March, 2013

	Notes	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	4,886.61	3,970.50
Reserves and surplus	4	(3,809.91)	(2,207.91)
		<u>1,076.70</u>	<u>1,762.59</u>
Share application money pending allotment (Refer Note no. 23.3)		217.00	141.58
<b>Non-current liabilities</b>			
Long-term borrowings	5	10,826.22	10,595.56
Other long-term liabilities	6	-	292.94
Long-term provisions	7	12.24	12.19
		<u>10,838.46</u>	<u>10,900.69</u>
<b>Current liabilities</b>			
Short-term borrowings	8	1,683.61	1,052.53
Trade payables		662.38	148.55
Other current liabilities	9	1,900.56	1,932.43
Short-term provisions	7	1.41	0.75
		<u>4,247.96</u>	<u>3,134.26</u>
<b>TOTAL</b>		<u><b>16,380.12</b></u>	<u><b>15,939.12</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	14,507.36	5,036.97
Intangible assets	10	132.15	137.74
Capital work-in-progress	10	134.21	9,309.63
		<u>14,773.72</u>	<u>14,484.34</u>
Non-current investments	11	3.40	3.40
Long-term loans and advances	12	111.37	128.72
Other non-current assets	13	116.54	133.25
		<u>15,005.03</u>	<u>14,749.71</u>
<b>Current assets</b>			
Current investments	14	-	4.52
Inventories	15	372.11	340.80
Trade receivables	16	687.44	55.26
Cash and bank balances	17	200.80	668.06
Short-term loans and advances	12	96.86	95.94
Other current assets	13	17.88	24.83
		<u>1,375.09</u>	<u>1,189.41</u>
<b>TOTAL</b>		<u><b>16,380.12</b></u>	<u><b>15,939.12</b></u>

See accompanying Notes forming part of the financial statements

In terms of our report attached,  
For Deloitte Haskins & Sells  
Chartered Accountants

*R. K. Banga*

R. A. Banga  
Partner

For and on behalf of the Board,

*Anil Sardana*

Anil Sardana  
Chairman

*T N Ramakrishnan*

T N Ramakrishnan  
Head Finance and Company Secretary

*Krishna Kumar Sharma*

Krishna Kumar Sharma  
Executive Director and  
Chief Executive Officer

Place : Mumbai  
Date: 15th May, 2013

Place : Mumbai  
Date : 15th May, 2013

Coastal Gujarat Power Limited

Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	For the year ended 31st March, 2013 Rupees Crores	For the year ended 31st March, 2012 Rupees Crores
<b>Revenue from operations</b>			
Revenue from operations (Gross)	18	2,795.52	8.05
Less: Excise duty	18	*	*
Revenue from operations (net)		2,795.52	8.05
Other income	19	15.69	2.07
<b>Total revenue</b>		<b>2,811.21</b>	<b>10.12</b>
<b>Expenses</b>			
Cost of fuel (net of cost of fuel capitalised Rs. 201.71 crores; Previous year Rs. 144.27 crores)		2,169.46	17.03
Employee benefits expense	20	25.44	1.21
Finance costs	21	616.45	41.02
Depreciation and amortisation	10	470.03	26.02
Other expenses	22	281.83	305.38
<b>Total expenses</b>		<b>3,563.21</b>	<b>390.66</b>
<b>Loss before exceptional items and tax</b>		<b>(752.00)</b>	<b>(380.54)</b>
Exceptional items- Impairment Loss	10	850.00	1,800.00
<b>Loss before tax</b>		<b>(1,602.00)</b>	<b>(2,180.54)</b>
<b>Tax expense:</b>		-	-
<b>Loss after tax</b>		<b>(1,602.00)</b>	<b>(2,180.54)</b>
<b>Earnings per share Face Value of Rs. 10/- each:</b>			
Basic and Diluted	23.12	(3.38)	(6.68)

\* Figures below Rs. 50,000 are denoted by "\*\*".

See accompanying Notes forming part of the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

*R. A. Banga*  
R. A. Banga  
Partner

For and on behalf of the Board,

*Anil Sardana*  
Anil Sardana  
Chairman

*Krishna Kumar Sharma*  
Krishna Kumar Sharma  
Executive Director and  
Chief Executive Officer

*T N Ramakrishnan*  
T N Ramakrishnan  
Head Finance and Company Secretary

Place : Mumbai  
Date : 15th May, 2013

Place : Mumbai  
Date : 15th May, 2013

Coastal Gujarat Power Limited  
Cash Flow Statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
<b>A. Cash flow from operating activities</b>				
Loss before tax		(1,602.00)		(2,180.54)
Adjustments for:				
Depreciation and amortisation	470.03		26.02	
Provision for Impairment of fixed assets and intangibles	850.00		1,800.00	
Loss on sale of assets (net)	0.08		0.11	
Share issue expenses	0.92		1.14	
Finance costs	616.45		41.02	
Interest income	(13.34)		(1.92)	
Dividend income from current Investments	(2.21)		(0.15)	
Net unrealised exchange (gain)/ loss	(1.00)		1.92	
		1,920.93		1,868.14
Operating gain/(loss) before working capital changes		318.93		(312.40)
Adjustments for increase / (decrease) in operating assets:				
Inventories	(31.31)		(240.12)	
Trade receivables	(632.18)		(55.26)	
Short-term loans and advances	(17.76)		(12.33)	
Long-term loans and advances	(56.30)		18.08	
		(737.55)		(289.63)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	512.91		140.25	
Other current liabilities	21.77		3.71	
Short-term provisions	0.66		(1.22)	
Long-term provisions	0.05		6.02	
		535.39		148.76
Cash flow from/(used in) operations		116.77		(453.27)
Net income tax paid		(3.37)		(1.09)
Net cash flow from/ (used in) operating activities (A)		113.40		(454.36)
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(1,097.01)		(2,197.15)	
Proceeds from sale of fixed assets	0.52		0.35	
Purchase of Current Investments	(1,793.04)		(1,478.50)	
Proceeds from sale of Current Investments	1,797.55		1,481.98	
Interest received on deposits with bank and others	30.58		8.25	
Dividend received	3.82		2.81	
		(1,057.58)		(2,182.26)
Net cash flow used in investing activities (B)		(1,057.58)		(2,182.26)
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares/share application money (Refer Note 1 below)	991.53		939.58	
Share Issue Expenses			(1.14)	
Proceeds from long-term borrowings	536.04		2,724.57	
Repayment of long-term borrowings	(614.84)		(43.57)	
Proceeds from other short-term borrowings	2,249.30		837.81	
Repayment of other short-term borrowings (Refer Note 1 below)	(1,617.41)		(237.20)	
Finance costs	(1,067.50)		(934.29)	
		477.12		3,285.76
Net cash flow from financing activities (C)		477.12		3,285.76
Net (decrease) / increase in Cash and cash equivalents (A+B+C)		(467.06)		649.14
Cash and cash equivalents at the beginning of the year		668.06		18.65
Add: Unrealised exchange (loss)/gain included in Cash and Cash Equivalents		(0.20)		0.27
Cash and cash equivalents at the end of the year # (Refer Note 17)		200.80		668.06
# Comprises				
(a) Cash on hand				0.01
(b) Balances with banks				
In current accounts		73.30		30.82
In deposit accounts with original maturity of less than 3 months		127.50		637.23
		200.80		668.06

Notes:

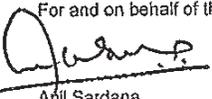
- (i) During the year, loans from the holding company amounting to Rs. 767.41 crores has been converted into equity share capital (Previous year - Rs Nil).  
(ii) Previous year's figures have been regrouped, whenever necessary, to conform to current year's classification.

\* Figures below Rs. 50,000 are denoted by "₹".

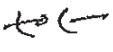
See accompanying notes forming part of the financial statements

In terms of our report attached,  
For Deloitte Haskins & Sells  
Chartered Accountants

R. A. Banga  
Partner

For and on behalf of the Board,  
  
Anil Sardana  
Chairman

  
Krishna Kumar Sharma  
Executive Director and  
Chief Executive Officer

  
T N Ramakrishnan  
Head Finance and  
Company Secretary

Place : Mumbai  
Date : 15th May, 2013

Place : Mumbai  
Date : 15th May, 2013

## **Coastal Gujarat Power Limited**

### **Notes forming part of the financial statements**

#### **Note 1 Corporate information:**

Coastal Gujarat Power Limited (the "Company") was incorporated on 10th February, 2006 as a wholly owned subsidiary of Power Finance Corporation Limited and was a special purpose vehicle formed to acquire project land and complete preliminary formalities and seeking initial consents for establishing the 4000 MW Ultra Mega Power Project (UMPP) at Mundra in the State of Gujarat which was awarded through the competitive bidding process. However, certain parts of land required for the project at the time of transfer of shareholding of the Company's project could not be acquired by Power Finance Corporation Limited. This had to be subsequently acquired by the Company.

Under the terms of the competitive bidding, the successful bidder was to acquire ownership of the Company. In terms of Share Purchase Agreement dated 22nd April, 2007, the entire shareholding of Power Finance Corporation Limited in the Company was acquired by The Tata Power Company Limited. Consequently, the Company becomes a wholly owned subsidiary of The Tata Power Company Limited. During the year, the Company's four Power Generating Units of 800 MW each (Previous Year – one Power Generating Unit of 800 MW commenced on 7th March, 2012) commenced commercial operations on 30th July, 2012, 27th October, 2012, 19th January, 2013 and 22nd March, 2013, resulting in total power generating capacity of 4,000 MW. Accordingly, the results for the current year ended 31st March, 2013 are not comparable with those for the previous year.

#### **Note 2 Significant Accounting Policies:**

##### **(a) Basis of Preparation:**

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

##### **(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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Difference between actual outcome and such estimates are recognized in the period in which the results are known/materialize.

##### **(c) Inventory:**

Inventories of stores, spare parts and fuel are valued at cost or net realisable value whichever is lower. Cost is ascertained on weighted average basis.

(d) 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.

(e) Revenue Recognition:

- (i) Revenue from Power Supply is accounted for on the basis of sales to State Distribution Companies in terms of the Power Purchase Agreement (PPA).
- (ii) Delayed payment charges and interest on delayed payments are recognized, on grounds of prudence, as and when recovered.
- (iii) Interest Income is accounted for on an accrual basis. Dividend income is accounted for when the right to receive income is established.

(f) Fixed Assets

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

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

(g) Intangible Assets:

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

(h) Depreciation/Amortization:

- (i) Depreciation in respect of assets (cost less impairment) relating to the electricity business of the Company is provided at rates and methodology as provided in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (CERC) as mentioned below, which are different from Schedule XIV of the Companies Act, 1956.

Depreciation rates used for various classes of assets are:

- Buildings plant and others – 3.34%
- Plant and Machinery – 5.28%
- Transmission Lines, Street Lights, etc.- 5.28%

(ii) Depreciation on the following assets is provided on a straight line method based on at the following rates:

Office Equipment	9.50%
Furniture and Fixtures	9.50%
Computer Equipment	33.33%
Motor Cars	25.00%

(iii) Temporary erections are depreciated fully in the year of acquisition/capitalization.

(iv) Leasehold Land is amortized over a period of 25 years from the year of acquisition/capitalization.

(v) Assets costing less than Rs. 5,000/- are depreciated at the rate of 100%.

(vi) Intangible Assets - Operating right to use sea water intake channel is amortised on straight line method over 25 years.

(i) Impairment:

The aggregate carrying value of assets is reviewed at each Balance Sheet date for impairment. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of individual assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the greater of the net selling price and 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 recognized for an asset or cash-generating unit in earlier accounting periods no longer exist or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

(j) Foreign Currency Transactions:

(i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the day of each transaction.

(ii) All monetary assets and monetary liabilities denominated in foreign currencies at period end are restated at rates prevailing on the balance sheet date. In case monetary items are covered by forward exchange contracts and contracts which, in substance, are forward contracts, premium or discount on such forward exchange contracts is recognized in the Statement of Profit and Loss over the period of the contract.

(iii) Non-monetary foreign currency items are carried at cost.

(iv) Consequent to the notifications issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 - The Effects of changes in Foreign Exchange Rates, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and for others are recognized in the Statement of Profit and Loss.

(v) Pursuant to the announcement on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting Standard 1, 'Disclosure of Accounting Policies' provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any net unrealized gains arising on such mark-to-market are not recognized as income.

(k) Investments:

Long term investments are carried at cost, less provision for diminution which is other than temporary. Current investments are carried at lower of cost and fair value.

(l) Employee Benefits:

(i) Defined Contribution Plan:

The Company's contribution paid/payable during the period to Provident Fund is recognised in the Statement of Profit and Loss. The shortfall, if any, between the return guaranteed by the statute and actual earning of the fund is provided for by the Company and contributed to the fund.

(ii) Defined Benefit Plan:

The Company's liability towards gratuity is determined by an independent actuary, using the projected unit credit method.

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

(iii) Short-term Employee Benefits:

Short-term employee benefits are recognized as an undiscounted expense in the Statement of Profit and Loss of the year in which the related services are rendered. These benefits include performance bonus to be paid and compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related service.

4

(iv) 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 recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

(v) Long Term Incentive Scheme:

The Company's liability towards its long-term incentive scheme expected to be paid on achievement of certain milestones is accrued on a pro-rata basis over the tenure of the Scheme, unless there is a clear indication that the milestones will not be achieved.

(m) Borrowing Costs:

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of such assets till such time the assets are ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred, except for upfront-fees, loan processing fees and other ancillary borrowing costs which are amortized over the period of the loan agreements.

(n) Leases:

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

(o) Taxes on Income:

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

Minimum Alternative 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 in future. Accordingly, MAT is recognized as an asset in the Balance Sheet date when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax, which is computed on the basis of enacted/substantively enacted rates, is recognized, on timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

h  
d

(p) Provisions, Contingent Liabilities and Contingent Assets:

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 values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements and are disclosed in the Notes. Contingent asset is neither recognised nor disclosed in the financial statements.

(q) Derivative contracts:

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options and forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated under Note no. 2 (j) (v).

Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 3 Share Capital

(a) Authorised

Equity Shares of Rs. 10 each

As at 31st March, 2013		As at 31st March, 2012	
Number of shares	Rupees Crores	Number of shares	Rupees Crores
6,000,000,000	6,000.00	4,250,000,000	4,250.00
6,000,000,000	6,000.00	4,250,000,000	4,250.00

(b) Issued, subscribed and fully paid up

Equity Shares of Rs. 10 each

(The Company is a wholly-owned subsidiary of The Tata Power Company Limited, the Holding Company)

4,886,610,000	4,886.61	3,970,500,000	3,970.50
4,886,610,000	4,886.61	3,970,500,000	3,970.50

Note:

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

Equity Shares

At the beginning of the year

Add: Issued during the year

Outstanding at the end of the year

As at 31st March, 2013		As at 31st March, 2012	
Number of shares	Rupees Crores	Number of shares	Rupees Crores
3,970,500,000	3,970.50	2,830,500,000	2,830.50
916,110,000	916.11	1,140,000,000	1,140.00
4,886,610,000	4,886.61	3,970,500,000	3,970.50

Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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. Clause 20.3 (h) of the Trust and Retention Agreement (TRA) entered by the Company with the Security Trustee requires the setting aside and maintaining minimum funds balance in the bank accounts for making payments in the nature of statutory dues, operation and maintenance cost, financing fees, debt servicing, any major maintenance expenditure due and disputed dues before declaring dividend to the equity shareholders.

iii) 4,886,610,000 shares (31st March, 2012 - 3,970,500,000 shares) being the entire share capital is held by The Tata Power Company Limited.

iv) Details of shares held by each shareholder holding more than 5% shares

Class of Shares / Name of Shareholders

Equity shares of Rs.10/- each fully paid  
The Tata Power Company Limited

As at 31st March, 2013		As at 31st March, 2012	
Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
4,886,610,000	100%	3,970,500,000	100%

Coastal Gujarat Power Limited  
Notes forming part of the financial statements

Note 4 Reserves and surplus

Deficit in Statement of Profit and Loss #

Opening balance

Add: Loss for the year

Closing balance

# Includes provision for Impairment of Rs. 2,650 crores (Previous Year Rs. 1,800 crores).

	As at 31st March, 2013	As at 31st March, 2012
	Rupees Crores	Rupees Crores
Opening balance	(2,207.91)	(27.37)
Add: Loss for the year	(1,602.00)	(2,180.54)
Closing balance	(3,809.91)	(2,207.91)

Note 5 Long-term borrowings

Term loans

From banks

Indian rupee loans (Secured) (Refer Note no. 9 and 23.4)

Foreign currency loans (Secured) (Refer Note no. 9 and 23.4)

From other parties

Indian rupee loans (Secured) (Refer Note no. 9 and 23.4)

Foreign currency loans (Secured) (Refer Note no. 9 and 23.4)

Total

	As at 31st March, 2013		As at 31st March, 2012	
	Rupees Crores		Rupees Crores	
	Non current	Current	Non current	Current
Indian rupee loans (Secured) (Refer Note no. 9 and 23.4)	2,556.66	134.56	2,412.16	112.25
Foreign currency loans (Secured) (Refer Note no. 9 and 23.4)	3,092.61	257.72	3,153.21	242.55
Indian rupee loans (Secured) (Refer Note no. 9 and 23.4)	1,718.81	90.46	1,593.81	74.17
Foreign currency loans (Secured) (Refer Note no. 9 and 23.4)	3,458.14	203.67	3,436.38	137.59
Total	10,826.22	686.31	10,595.56	566.56

Notes:

(a) The term loans from banks and other parties have been secured by a *pari passu* charge on all present and future movable and immovable properties (including a major portion of the project land) in favour of the project lenders.

(b) The Company has created security on movable and immovable properties (including a major portion of the project land) in favour of the Project Lenders on *pari-passu* basis.

(c) In addition the Company has hedging facilities from State Bank of India (SBI), ICICI Bank Limited (ICICI), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and BNP Paribas (BNP). As per the Hedging Agreements and Financing Documents, the Company has created security in favour of Hedge Providers, on movable and immovable properties of the Company on *pari-passu* basis along with the Project Lenders.

(d) Further, the security on the balance project land had to be created by 30th June, 2011 as per section 4 of the Seventh Waiver Agreement. However, the same could not be created for 1) pending transfer of title in respect of such land in favour of CGPL and 2) necessary permission from the local government authorities. Therefore, CGPL had requested Project Lenders to extend the time for creation of security on the balance project land. In accordance with the 9th Waiver Agreement executed, the Project Lenders have agreed to waive the security creation on the balance project land up to 30th June, 2013. As at 31st March, 2013 the Company has created security on land of 1,029 hectare (720 hectare of Govt. land + 179 hectare of Private land + 130 hectare of forest land) being 76.5 percent of total Project land of 1,345 hectare.

Coastal Gujarat Power Limited  
Notes forming part of the financial statements

Notes 5 (contd.):

(iii) Details of terms of repayment for the long-term borrowings:

a) Repayment of Indian rupee loans from Banks and from other parties (Secured) for	Rupees crores	Rupees crores	Rupees crores	Rupees crores
	Total loans disbursed as at 31st March, 2013	Tranche 1	Tranche 2	Tranche 3
		39 quarterly installments of 1.25%	A bulk installment of 51.25%	
Unit 1 beginning from 15th July, 2011	954.40	465.27	489.13	-
Unit 2 beginning from 15th October, 2011	954.40	465.27	489.13	-
Unit 3 beginning from 15th April, 2012	954.40	465.27	489.13	-
Unit 5 beginning from 15th October, 2012	954.40	465.27	489.13	-
<b>Total</b>	<b>3,817.60</b>	<b>1,861.08</b>	<b>1,956.52</b>	<b>-</b>
		40 quarterly installments of 1.25%	A bulk installment of 50.00%	
Unit 4 beginning from 15th April, 2012	954.40	477.20	477.20	-
<b>Total</b>	<b>954.40</b>	<b>477.20</b>	<b>477.20</b>	<b>-</b>
b) Repayment of Foreign currency loans from The Export Import Bank of Korea (KEXIM) and BNP Paribas (Secured) beginning from 15th July, 2012	Total loans disbursed as at 31st March, 2013	Tranche 1	Tranche 2	Tranche 3
		28 half-yearly installments		
	US\$ 663,365,467 (Equivalent to Rs. 3,608.04 crores)	US\$ 663,365,467 (Equivalent to Rs. 3,608.04 crores)	-	-
<b>Total</b>	<b>US\$ 663,365,467</b>	<b>US\$ 663,365,467</b>	<b>-</b>	<b>-</b>
c) Repayment of Foreign currency loans from International Finance Corporation (IFC) (Secured)	Total loans disbursed as at 31st March, 2013	Tranche 1	Tranche 2	Tranche 3
		23 half-yearly installments of 4.17%	24th installment of 4.09%	
Unit 1 beginning from 15th July, 2012	US\$ 69,400,000 (Equivalent to Rs. 377.47 crores)	US\$ 66,561,540 (Equivalent to Rs. 362.03 crores)	US\$ 2,838,460 (Equivalent to Rs. 15.44 crores)	-
<b>Total</b>	<b>US\$ 69,400,000</b>	<b>US\$ 66,561,540</b>	<b>US\$ 2,838,460</b>	<b>-</b>
		2 half-yearly installments of 2.00%	4 half-yearly installments of 3.00%	Balance 24 half-yearly installments of 3.50%
Unit 2 beginning from 15th January, 2013	US\$ 69,400,000 (Equivalent to Rs. 377.45 crores)	US\$ 2,776,000 (Equivalent to Rs. 15.09 crores)	US\$ 8,328,000 (Equivalent to Rs. 45.29 crores)	US\$ 58,296,000 (Equivalent to Rs. 317.07 crores)
Unit 3, 4 and 5 beginning from 15th July, 2013	US\$ 208,200,000 (Equivalent to Rs. 1,132.38 crores)	US\$ 8,328,000 (Equivalent to Rs. 45.29 crores)	US\$ 24,984,000 (Equivalent to Rs. 135.88 crores)	US\$ 174,888,000 (Equivalent to Rs. 951.21 crores)
<b>Total</b>	<b>US\$ 277,600,000</b>	<b>US\$ 11,104,000</b>	<b>US\$ 33,312,000</b>	<b>US\$ 233,184,000</b>
d) Repayment of Foreign currency loans from Asian Development Bank (ADB) -Tranche 1 (Secured) beginning from 15th July, 2012	Total loans disbursed as at 31st March, 2013	Tranche 1	Tranche 2	Tranche 3
		One installment of US\$ 3,333,334	One installment of US\$ 5,000,001	Balance 29 installments of US\$ 8,333,335
	US\$ 192,000,000 (Equivalent to Rs. 1,044.28 crores)	US\$ 3,333,334 (Equivalent to Rs. 18.13 crores)	US\$ 5,000,001 (Equivalent to Rs. 27.19 crores)	US\$ 183,666,666 (Equivalent to Rs. 998.96 crores)
<b>Total</b>	<b>US\$ 192,000,000</b>	<b>US\$ 3,333,334</b>	<b>US\$ 5,000,001</b>	<b>US\$ 183,666,666</b>
e) Repayment of Foreign currency loans from Asian Development Bank (ADB) -Tranche 2 (Secured) beginning from 15th July, 2012	Total loans disbursed as at 31st March, 2013	Tranche 1	Tranche 2	Tranche 3
		28 half-yearly installments		
	US\$ 159,177,601 (Equivalent to Rs. 865.76 crores)	US\$ 159,177,601 (Equivalent to Rs. 865.76 crores)	-	-
<b>Total</b>	<b>US\$ 159,177,601</b>	<b>US\$ 159,177,601</b>	<b>-</b>	<b>-</b>

Coastal Gujarat Power Limited  
Notes forming part of the financial statements

Note 6 Other long-term liabilities

Others:

Payables for purchase of fixed assets

	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
	-	292.94
<b>Total</b>	-	<b>292.94</b>

Note 7 Provisions

Provisions for employee benefits:

Provision for compensated absences

Provision for gratuity

Provision - Others:

Provision for Wealth Tax (net)

	As at 31st March, 2013 Rupees Crores		As at 31st March, 2012 Rupees Crores	
	Non current	Current	Non current	Current
	5.30	0.55	4.97	0.50
	6.94	0.39	7.22	0.08
	-	0.47	-	0.17
<b>Total</b>	<b>12.24</b>	<b>1.41</b>	<b>12.19</b>	<b>0.75</b>

Note 8 Short-term borrowings

Loans and advances from related parties (Refer Note 23.11)

Unsecured loans from Holding Company

Other loans and advances (Guaranteed by the Holding Company)

Unsecured loans from banks

Buyer's Credit

	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
	400.00	212.31
	450.00	650.00
	833.61	190.22
<b>Total</b>	<b>1,683.61</b>	<b>1,052.53</b>

Note:

Waiver Agreement with Senior Lenders:

As per the Ninth Waiver and Sixth Amendment Agreement dated 12th April 2013 with the Senior Lenders, the period for compliance of Coal Supply and Transportation Agreement Completion Date (CSTACD), the compliance of the financial covenants with respect to maintenance of certain ratios and CSTACD conditions was extended up to 30th June, 2013.

In terms of the conditions of the above Waiver Agreement, as on 31st March 2013 a sum of Rs 1,167.41 crores (of which Rs. 767.41 crores has been converted into equity) by way of subordinated Loan from the Holding Company and Rs 450 crores from a bank has been infused in the Company. The repayment of additional subordinated loans shall be subject to the provisions of Subordination and Hypothecation Agreements signed with the Security Trustee, as required under financing agreements. During the extended waiver period, the Company is required to maintain Debt to Equity Ratio of 75:25 for meeting financial covenants and Required Debt-to-Equity Ratio of 70:30 for availing the disbursements, which is capped at 83.33 percent of all Senior Loans, till 30th June 2013. The said cap shall be removed subject to agreement upon a term sheet in form and substance satisfactory to the Senior Lender, Debt Service Reserve Guarantee is funded in the amount and in the form satisfactory to the Senior Lender and all other relevant financing documents are revised and signed.

As per the financing agreements, the Holding Company has entered into a Sponsor Support Agreement with the lenders and the Company whereby it has undertaken to provide support by way of base equity contribution to the extent of 25 percent of the project cost and additional equity or subordinated loans to be made or arranged for, if required, as per the financing agreements to finance the project. The Sponsor Support Agreement also includes support by way of additional equity for any overrun in project costs and Debt Service Reserve Guarantee as provided under the financing agreements. The support will cease on the date of "Project Financial Completion Date" as defined under the financing agreements.

The total accrued interest on loans from the Holding Company shown under "Note 9-Other Current Liabilities" as on 31st March, 2013 Rs 36.57 crores (31st March, 2012: Rs. 36.57 crore) shall be payable subject to fulfilment of conditions of Subordination Agreement and CSTACD conditions. The Holding Company has waived charging interest on these loans from 1st April, 2012.

Note 9 Other current liabilities

Current maturities of long-term debt (Refer Note no. 5)

Interest accrued but not due on borrowings

Interest accrued and due on borrowings

Other payables

Statutory liabilities

Tariff adjustment account

Payables for purchase of fixed assets

Security deposit

	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
	686.31	566.56
	111.92	114.18
	16.77	16.05
	5.44	3.66
	20.00	-
	1,080.07	1,231.93
	0.05	0.05
<b>Total</b>	<b>1,900.56</b>	<b>1,932.43</b>

Note: Interest accrued and due on borrowings is on account of interest payable to State Bank of India (SBI) which is accrued and due for payment on the last day of the month but payment of which is processed by way of direct debit to Company's bank account on 1st day of subsequent month.

Coastal Outlets Power Limited  
Notes forming part of the financial statements  
Notes to Financial Statements

A	Tangible assets	Gross book					Other expenses (net) capitalised	Balance as at 31st March, 2013
		Balance as at 1st April, 2012	Additions	Depreciate	Effect of foreign currency exchange difference	Borrowing cost capitalised		
		Rupiah Crores	Rupiah Crores	Rupiah Crores	Rupiah Crores	Rupiah Crores	Rupiah Crores	
(i)	Owned assets							
	Freehold Land	136.73 (130.16)	0.00 (0.57)	-	-	-	145.73 (130.73)	
	Buildings-Plant	210.80 (18.28)	479.39 (178.53)	-	1.52 (0.23)	3.77 (11.20)	395.53 (210.80)	
	Buildings-Others	31.01 (23.70)	107.78 (7.40)	-	0.57 (0.01)	1.42 (0.48)	145.59 (31.51)	
	Roads	28.90 (27.26)	11.21 (4.71)	-	-	-	40.20 (29.99)	
	Plant and Equipment	5,259.73 (64.09)	8,627.10 (4,071.13)	-	574.60 (183.08)	1,244.33 (671.05)	16,974.51 (9,256.79)	
	Furniture and Fixtures	4.62 (3.01)	0.62 (0.61)	-	-	-	5.24 (4.62)	
	Vehicles	20.40 (9.24)	0.04 (10.72)	2.08 (0.90)	-	(0.78)	10.36 (20.46)	
	Office equipment	5.23 (4.02)	(0.31)	-	-	-	5.23 (5.23)	
	Transmission Lines, Street Lights, etc.	0.43 (0.43)	-	-	-	-	0.43 (0.43)	
(ii)	Assets taken on lease; Leasehold Land	15.00 (15.00)	-	-	-	-	15.00 (15.00)	
	<b>Total</b>	<b>5,743.86 (260.31)</b>	<b>8,038.04 (4,772.19)</b>	<b>2.08 (0.90)</b>	<b>576.80 (183.39)</b>	<b>1,240.32 (624.11)</b>	<b>14,172.71 (538.19)</b>	

A	Tangible assets	Accumulated depreciation and impairment					Balance as at 31st March, 2013
		Balance as at 1st April, 2012	Depreciation/ amortisation expense for the year	Disposals	Transfer from CWP	Impairment losses	
		Rupiah Crores	Rupiah Crores	Rupiah Crores	Rupiah Crores	Rupiah Crores	Rupiah Crores
(i)	Owned assets						
	Freehold Land	15.10	-	-	-	6.24 (15.10)	124.00 (121.03)
	Buildings-Plant	25.80 (2.14)	10.09 (0.33)	-	15.07	18.47 (23.03)	326.10 (185.00)
	Buildings-Others	5.18 (2.04)	3.83 (0.82)	-	12.40	6.05 (2.30)	117.25 (26.75)
	Roads	4.70 (1.37)	1.01 (0.42)	-	-	1.98 (3.00)	38.02 (24.20)
	Plant and Equipment	612.20 (0.27)	443.64 (26.09)	-	1,100.12	807.04 (570.94)	2,993.10 (812.39)
	Furniture and Fixtures	1.82 (1.80)	0.50 (0.13)	-	-	0.25 (0.35)	2.67 (2.90)
	Vehicles	6.78 (2.44)	3.72 (2.97)	1.46 (0.34)	-	0.96 (1.71)	9.98 (13.71)
	Office equipment	2.06 (1.41)	0.40 (0.25)	-	-	2.71 (2.05)	2.62 (3.17)
	Transmission Lines, Street Lights, etc.	0.15 (0.16)	0.02 (0.07)	-	-	0.02 (0.04)	0.26 (0.30)
(ii)	Assets taken on lease; Leasehold Land	3.05 (0.85)	0.60 (0.82)	-	-	0.72 (1.48)	10.66 (11.59)
	<b>Total</b>	<b>676.90 (21.39)</b>	<b>463.81 (30.94)</b>	<b>1.46 (0.34)</b>	<b>1,157.28</b>	<b>842.58 (625.31)</b>	<b>3,139.48 (876.90)</b>

15

Comcast Outlook Power Limited  
Notes form part of the financial statements  
Notes 13 Profit assets (contd.)

Intangible assets	Gross book		Other expenses (net)		Balance as at	
	Balance as at 1st April, 2012	Disposals	Effect of foreign currency exchange differences	Disposals	31st March, 2013	31st March, 2013
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Operating rights - radio channel	155.38	8.05	(0.24)	(16.31)	(10.31)	140.41 (155.38)
Total	155.38	8.05	(0.24)	(16.31)	(10.31)	140.41 (155.38)
Previous year		(120.49)				

Intangible assets	Accumulated depreciation and impairment		Net book		Balance as at	
	Balance as at 1st April, 2012	Disposals	Effect of foreign currency exchange differences	Balance as at 31st March, 2013	31st March, 2013	31st March, 2013
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Operating rights - radio channel	17.92	8.22	7.42	31.20	133.15	(137.74)
Total	17.92	8.22	7.42	31.20	133.15	(137.74)
Previous year		(6.53)		(17.62)		

Capital Work-in-progress	Gross book		Other adjustments		Balance as at	
	Balance as at 1st April, 2012	Effect of foreign currency exchange differences	Effect of foreign currency exchange differences	Balance as at 31st March, 2013	31st March, 2013	31st March, 2013
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Total					154.71	154.71
Previous year					154.71	154.71

Capital Work-in-progress	Accumulated depreciation and impairment		Net book		Balance as at	
	Balance as at 1st April, 2012	Disposals	Effect of foreign currency exchange differences	Balance as at 31st March, 2013	31st March, 2013	31st March, 2013
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Total					154.71	154.71
Previous year					154.71	154.71

Capital Work-in-progress	Gross book		Other adjustments		Balance as at	
	Balance as at 1st April, 2012	Effect of foreign currency exchange differences	Effect of foreign currency exchange differences	Balance as at 31st March, 2013	31st March, 2013	31st March, 2013
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Total					154.71	154.71
Previous year					154.71	154.71

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees Crores	Rupees Crores	Rupees Crores	Rupees Crores
Depreciation for the year on intangible assets as per Note 10 A	483.87	0.52	483.87	0.52
Depreciation for the year on tangible assets as per Note 10 B	470.03	6.14	470.03	6.14
Less: Depreciation capitalised				
Depreciation charge to P&L Statement of Profit and Loss	470.03	25.02	470.03	25.02
Impairment losses for the year on intangible assets as per Note 10 A	842.58	655.31	842.58	655.31
Impairment losses for the year on tangible assets as per Note 10 B	7.42	17.10	7.42	17.10
Impairment losses for the year on CPE as per Note 10 C				
Impairment losses recognised to the Statement of Profit and Loss	850.00	1,157.50	850.00	1,157.50
		1,200.00		1,200.00

# Figures in brackets relates to the previous year.

16

Coastal Gujarat Power Limited  
Notes forming part of the financial statements

Note 11 Non-current investments

	Face value	Quantity	As at 31st March, 2013		As at 31st March, 2012	
			Rupees Crores		Rupees Crores	
Trade (unquoted) Investment in subsidiary Equity shares in Energy Eastern Plc. Ltd. fully paid up *	US\$1	711,032	3.40	711,032	3.40	3.40
<b>Total</b>			<b>3.40</b>		<b>3.40</b>	

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

Note 12 Loans and advances

	As at 31st March, 2013		As at 31st March, 2012	
	Rupees Crores		Rupees Crores	
	Non current	Current	Non current	Current
Capital advances	11.17	-	82.16	-
Security deposits	1.21	0.76	1.65	2.11
Advances given to the holding Company (Refer Note 23.11)	-	1.01	-	1.68
Advance income tax (net)	5.39	-	2.03	-
Balance with Government authorities				
Advances	58.88	-	0.13	-
Service tax refund receivable	2.83	-	2.83	-
Premium on Option Contracts	33.89	51.63	39.92	68.47
Prepaid expenses	-	41.30	-	23.27
Other advances	-	2.16	-	0.41
<b>Total</b>	<b>111.37</b>	<b>96.86</b>	<b>128.72</b>	<b>95.94</b>

Note 13 Other assets

	As at 31st March, 2013		As at 31st March, 2012	
	Rupees Crores		Rupees Crores	
	Non current	Current	Non current	Current
Unamortised expenses				
Ancillary borrowing costs	116.54	17.29	133.25	18.78
Interest receivable on deposit with banks and security deposits	-	0.59	-	6.05
<b>Total</b>	<b>116.54</b>	<b>17.88</b>	<b>133.25</b>	<b>24.83</b>

Note 14 Other Current investments

	Face value	Quantity	Cost as at	
			31st March, 2013	31st March, 2012
			Rupees Crores	
Investments in Mutual Funds -unquoted Kotak Liquid - Floater Short Term Fund-Growth	10.00	-	-	2,573,941
<b>Total</b>				<b>4.52</b>

Note:

	Cost as at		Cost as at	
	31.03.13		31.03.2012	
	Rupees Crores		Rupees	
Reconciliation for disclosure as per Accounting Standard 13				
Long term investments				
Non Current Investments (Refer Note no. 11 above)	3.40		3.40	
Current Investments				4.52
Other current investments - (Refer Note no. 14 above)				7.92
<b>Total</b>	<b>3.40</b>			<b>7.92</b>

Coastal Gujarat Power Limited  
Notes forming part of the financial statements

Note 15 Inventories

	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
Stores and spares parts	1.84	-
Fuel		
Coal (including coal-in-transit: Rs. 217.56 crores; 31st March, 2012: Nil)	343.45	314.18
Oil	26.82	26.62
<b>Total</b>	<b>372.11</b>	<b>340.80</b>

Note 16 Trade receivables

	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	32.41	-
Other Trade receivables-Unsecured, considered good	655.03	55.26
<b>Total</b>	<b>687.44</b>	<b>55.26</b>

Note 17 Cash and bank balances

	As at 31st March, 2013 Rupees Crores	As at 31st March, 2012 Rupees Crores
Cash on hand	*	0.01
Balances with banks		
(i) In current accounts (Refer Note (1) below)	73.30	30.82
(ii) In deposit accounts (Refer note (2) below)	127.50	637.23
Cash and cash equivalents as per AS 3 Cash Flow Statements	<b>200.80</b>	<b>668.06</b>

\* Figures below Rs. 50,000 are denoted by "\*" .

Notes:

- (1) Including Rs. 1.20 crores (31st March, 2012: Rs. 2.95 crores) in foreign currency.  
(2) Balances in deposit accounts have an original maturity of less than 3 months.

Coastal Gujarat Power Limited

Notes forming part of the financial statements

Note 18 Revenue from operations

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees Crores	Rupees Crores
Revenue from Operations	2,883.13	67.43
Other operating revenues	6.77	6.13
	<b>2,889.90</b>	<b>73.56</b>
Less: Revenue capitalised	94.38	65.51
	2,795.52	8.05
Less: Excise duty on sale of fly ash	*	*
<b>Total</b>	<b>2,795.52</b>	<b>8.05</b>

Notes:

Revenue from Operations comprises of:  
 Revenue from power supply  
 Revenue from Infirm power supply (during trial runs)  
 Less: Cash discount  
 Less: Impact of change in law to be adjusted in future tariff

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees Crores	Rupees Crores
Revenue from power supply	2,847.56	8.07
Revenue from Infirm power supply (during trial runs)	87.77	59.38
Less: Cash discount	(32.20)	(0.02)
Less: Impact of change in law to be adjusted in future tariff	(20.00)	-
<b>Total</b>	<b>2,883.13</b>	<b>67.43</b>

Other operating revenues comprise:

Sale of scrap  
 Sale of fly ash

Sale of scrap	6.61	6.12
Sale of fly ash	0.16	0.01
<b>Total</b>	<b>6.77</b>	<b>6.13</b>

Revenue capitalised comprises of:

Revenue from Infirm power supply (during trial runs)  
 Sale of scrap

Revenue from Infirm power supply (during trial runs)	87.77	59.39
Sale of scrap	6.61	6.12
<b>Total</b>	<b>94.38</b>	<b>65.51</b>

Note 19 Other income

Interest income

Interest from banks on deposits  
 Interest on loans and advances  
 Interest on late payment of power supply dues

Dividend income from current investments

Rental income from buildings

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees Crores	Rupees Crores
Interest from banks on deposits	22.28	12.73
Interest on loans and advances	0.04	0.72
Interest on late payment of power supply dues	2.94	-
Dividend income from current investments	3.82	2.81
Rental income from buildings	1.23	2.40
<b>Total</b>	<b>30.31</b>	<b>18.66</b>
Less: Other income capitalised	14.62	16.59
<b>Total</b>	<b>15.69</b>	<b>2.07</b>

\* Figures below Rs. 50,000 are denoted by \*\*

W  
 ↘

Coastal Gujarat Power Limited  
Notes forming part of the financial statements

Note 20 Employee benefits expense

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees Crores	Rupees Crores
Salaries and wages	51.92	55.37
Contributions to provident and other funds	2.31	2.43
Retiring gratuities	1.62	3.91
Staff welfare expenses	11.89	17.99
	<b>67.74</b>	<b>79.70</b>
Less : Employee cost recovered	2.26	2.63
	<b>65.48</b>	<b>77.07</b>
Less: Employee costs capitalised	40.04	75.86
<b>Total</b>	<b>25.44</b>	<b>1.21</b>

Note 21 Finance costs

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees Crores	Rupees Crores
Interest expense on:		
Borrowings	965.77	800.21
Trade payables (net)	0.04	4.71
Others - Interest on delayed payment of income tax	*	0.01
Other borrowing costs	141.22	145.73
	<b>1,107.03</b>	<b>950.66</b>
Less: Finance costs capitalised	490.58	909.64
<b>Total</b>	<b>616.45</b>	<b>41.02</b>

Note 22 Other expenses

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees Crores	Rupees Crores
Stores and Consumables, oil, etc.	4.21	-
Power consumption-		
- on construction activities	10.96	65.86
- on others	15.54	0.59
Unscheduled Interchange Charges	17.29	-
Rental of land, buildings, plant and equipment, etc	7.08	1.86
Repairs and maintenance -		
- to Buildings and civil works	0.09	0.02
- to Machinery	28.05	5.74
- to Others	1.03	0.40
Insurance	29.63	19.23
Rates and taxes	15.37	1.17
Travelling and Hire Charges	12.14	15.66
Cost of Services Procured	13.29	16.67
Community Welfare Expenses	7.58	8.41
Freight and handling charges		
-Port handling charges	49.31	184.81
-Compensation for ship deferment	73.48	81.56
Penalty for lower availability	-	5.56
Consultancy fees	22.30	25.90
Payments to auditors	0.55	0.45
Net loss on foreign currency transactions and translation	363.65	916.54
Loss on fixed assets sold	0.08	0.12
Provision for wealth tax	0.39	0.11
Miscellaneous expenses	2.97	3.94
	<b>674.99</b>	<b>1,354.60</b>
Less: other expenses capitalised	393.16	1,049.22
<b>Total</b>	<b>281.83</b>	<b>305.38</b>

21. h

## **Coastal Gujarat Power Limited**

### **Notes forming part of the financial statements**

#### **Note 23 Additional information to the financial statements**

**23.1** The Company's activities during the year involved power generation and constructing in power station at Mundra. Considering the nature of the Company's business and operations, there are no other reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17- 'Segment Reporting', issued by the Institute of Chartered Accountants of India (ICAI).

#### **23.2 Operating Leases as required by Accounting Standards 19 (AS-19):**

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

#### **23.3 Share Application Money:**

As at 31st March, 2013, the Company has received an amount of Rs. 217 crores towards share application money from the holding Company towards 21.70 crore equity shares of the Company (As at 31st March, 2012 Rs. 141.58 crores towards 14.16 crore equity shares) at a face value of Rs.10 each.

#### **23.4(a) Impairment of Assets:**

The Company has implemented the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP") and declared commercial operations for its all five Units of 800 MW each at its plant in Mundra.

In terms of the 25 year Power Purchase Agreement (PPA), the Company is entitled to charge 45 percent of escalation of the cost of coal from the procurers of its power.

As at 31st March, 2013, the Company has in pursuance of Accounting Standard 28 (AS 28) – "Impairment of Assets", reassessed impairment of its Mundra UMPP, having regard to the upward revision in the fuel prices, exchange rates and operating parameters.

Based on assessment as at 31st March, 2012, the Company had accounted an impairment loss of Rs. 1,800 crores in respect of its Mundra UMPP, which has been recognised as an exceptional items-Impairment loss in the Statement of Profit and Loss. Based on reassessment of recoverable amount as at 31st March, 2013, the Company has accounted for an additional impairment of Rs. 850 crores.

4  
2

The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in the current period is 10.61 percent per annum (previous year is 10.57 percent per annum).

For estimating the Mundra UMPP value in use it is necessary to project the future cash flow of Mundra UMPP over its estimated useful life. In making these projections, management has relied on external estimates of market participants for the future price of coal and foreign exchange rates and made certain assumptions relating to estimates of operating performance. However, if these assumptions change consequent to changes in future conditions, there could be further adverse or favorable effect on the recoverable amount of the asset.

The assumptions will be monitored periodically by the management and adjustments will be made to the amount of impairment, if conditions relating to the assumptions indicate that such adjustments are appropriate.

As stated in Note no. 23.1 of the Notes forming part of the financial statements, the Company has only single reportable segment.

Consequent to the impairment loss in respect of Mundra UMPP, certain covenants governing the loans borrowed for construction of the project have not been met as at 31st March, 2013. No notice has been served by the lenders, declaring the loans taken as immediately due and payable. Meanwhile, the Company had approached the lenders seeking waiver from compliance with the covenants. The Company subsequent to the year end has received waiver from compliance of the covenants upto 30th June, 2013. Further, the Company has sought revision in certain terms of financing agreements and expect to execute such revision. Accordingly, loans aggregating to Rs. 11,512.55 crores are considered to be long-term borrowings (including current maturities of long term borrowings of Rs. 686.32 crores).

(b) The accumulated losses (including the impairment loss of Rs. 2,650 crores as stated above) as at 31st March, 2013 has substantially eroded the Company's net worth. In view of the matter stated in Note 23.4(a) above and considering the Sponsor Support Agreement signed by the Company with the lenders and with the holding Company (TPCL), wherein TPCL has agreed to provide amongst other things funding of operational deficit of the Company, the financial statements have been prepared on a going concern basis.

**23.5 Contingent liabilities and commitments (to the extent not provided for)**

**(I) Contingent Liabilities:**

	<u>As at</u> <u>March 31, 2013</u>	<u>Rupees</u> <u>crores</u> <u>As at</u> <u>March 31, 2012</u>												
a) Corporate Guarantee issued on behalf of wholly owned subsidiary – Energy Eastern Pte. Ltd. of US\$ 10 million (Previous Year US\$ 10 million)	54.39	51.19												
b) Stamp Duty demand for registration charges of mortgage deeds of private land.	-	0.50												
c) Claims of Service Tax demands against processing fees paid to IFC and ADB for processing and disbursement of Loans.	13.71	12.84												
d) Income tax demand relating to tax on interest on deposits with banks.	0.45	0.34												
e) Claims by a procurer arising from the disputes relating to PPA against:	93.24	14.54												
<table border="0"> <tr> <td style="padding-left: 40px;"><u>Rupees crores</u></td> <td style="text-align: right; padding-left: 20px;"><u>69.26</u></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">- Change in law (including estimated amounts claimable by others procurers of Rs. 36.36 crores)</td> <td style="text-align: right; padding-left: 20px;">6.68</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">- Applicability of escalation index</td> <td style="text-align: right; padding-left: 20px;">17.30</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">- Consequential additional impact on the rebate given</td> <td style="text-align: right; padding-left: 20px;"><u>93.24</u></td> <td></td> </tr> </table>	<u>Rupees crores</u>	<u>69.26</u>		- Change in law (including estimated amounts claimable by others procurers of Rs. 36.36 crores)	6.68		- Applicability of escalation index	17.30		- Consequential additional impact on the rebate given	<u>93.24</u>			
<u>Rupees crores</u>	<u>69.26</u>													
- Change in law (including estimated amounts claimable by others procurers of Rs. 36.36 crores)	6.68													
- Applicability of escalation index	17.30													
- Consequential additional impact on the rebate given	<u>93.24</u>													
f) Green Cess disputed by the Company relating to issue of applicability	25.35	-												
g) Custom duty claims disputed by the Company relating to issue of applicability and classification (Payment made under protest against these claims by the Company Rs. 56.75 crores).	73.61	-												
k) Other Matters	5.17	-												

No cash flow in respect of the above items is expected in near future.

*Handwritten signature/initials*

(ii) **Capital Commitments**

	<u>Rupees crores</u>	
	<u>As at</u> <u>March 31, 2013</u>	<u>As at</u> <u>March 31, 2012</u>
a. Estimated amount of contracts remaining to be executed (net of capital advance) and not provided.	289.81	774.68

b. **Other Commitments:**

In terms of the Port Service Agreement entered into by the Company and valid up to 31st March, 2040, the Company is required to pay fixed handling charges amounting to Rs. 138 Crores per annum escalable as per CERC notification and variable port handling charges for handling a certain minimum tonnage of coal for its Mundra UMPP. In the event of a default which subsists for over one year, the Port Operator shall be entitled to suspend all its services under the agreement without terminating the agreement and all amounts outstanding shall be payable by the Company.

**23.6 Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Based on the information received by the company from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any supplier covered under this Act as at 31st March, 2013 and hence, the disclosure relating to the amounts unpaid as at the year end with interest paid or payable or payable as required under the said Act have not been given.

**23.7 Payment to Auditors**

	<u>Rupees crores</u>	
	<u>As at</u> <u>March 31, 2013</u>	<u>As at</u> <u>March 31, 2012</u>
As auditors - statutory audit	0.40	0.33
For taxation matters	0.07	0.05
For other services	0.02	0.03
Reimbursement of expenses	*	*
Service tax on above	0.06	0.04
<b>Total payments to the auditors</b>	<u>0.55</u>	<u>0.45</u>

The remuneration disclosed above excludes fees of Rs. 0.91 crores inclusive of service tax, (31st March, 2012: Rs.0.17 crores) for attest and other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

\* Figures below Rs. 50,000 are denoted by '\*'.  
  
h  
B

### 23.8 Details of derivative instruments:

(i) The following derivative positions are open as at 31st March, 2013. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2 (j) and 2 (q).

	<u>As at 31st March, 2013</u>		<u>As at 31st March, 2012</u>	
	<u>Foreign Currency</u>	<u>Rupees crores</u>	<u>Foreign Currency</u>	<u>Rupees crores</u>
<b>Forward Contracts:</b>				
No. of Contracts – 145 (Previous Year – 51)	EURO 3.68 million	25.61	EURO 1.83 million	12.54
	JPY 3,363.62 million	195.09	JPY 4,394.69 million	274.62
	US\$ 158.40 million	861.55	US\$ 61.18 million	313.17
Unrecognized gain in respect of above forward contracts		-		1.42
<b>Currency Option Contracts:</b>				
No. of Contracts – 370 (Previous Year – 218)	US\$ 580.88 million	3,159.41	US\$ 472.46 million	2,418.51
	-	-	JPY 1,856.25 million	116.00
Unrecognized gain in respect of above currency option contracts		297.81		389.12
<b>Interest Rate Swap Contracts</b>				
No. of Contracts – 19 (Previous Year - 15)	US\$ 1,263.57 million	6,872.56	US\$ 1,225 million	6,270.78

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

	<u>2012-13</u>		<u>2011-12</u>	
	<u>Foreign Currency</u>	<u>Rupees crores</u>	<u>Foreign Currency</u>	<u>Rupees crores</u>
Capital Imports	US\$ 32,939,515*	179.16	US\$ 6,971,731*	35.69
	EURO 713,219	4.87	EURO 3,264,158	22.31
	-	-	JPY 55,592,337	3.47
	GBP 58,284	0.48	GBP 22,853	0.19
Coal and Freight	US\$ 78,160,078	425.11	-	-
Debt Servicing	US\$ 774,720,456	4,213.70	US\$ 890,590,958	4,558.94
Bank Balance	US\$ 221,225	1.20	US\$ 575,716	2.95

\*Payment of import vendors would be made from foreign currency loans yet to be drawn.

23.9 C.I.F. value of imports and expenditure in foreign currency (on accrual basis):

<u>Particulars</u>	<u>Rupees crores</u>	
	<u>2012-13</u>	<u>2011-12</u>
<b>(a) C.I.F Value of imports :</b>		
Capital goods	211.05	591.85
Coal imported	<u>2,073.29</u>	<u>248.71</u>
	<u>2,284.34</u>	<u>840.56</u>
<b>(b) Expenditure in foreign currency :</b>		
Professional and consultation fees	1.74	1.92
Interest and Commitment Charges	350.08	346.70
Freight Compensation	73.48	81.56
Travelling Expenses	-	0.11
	<u>425.30</u>	<u>430.28</u>

**(c) Value of components, stores and spare parts consumed (including fuel consumed)#**

<u>Particulars</u>	<u>2012-13</u>		<u>2011-12</u>	
	<u>Rupees crores</u>	<u>%</u>	<u>Rupees crores</u>	<u>%</u>
(i) Imported	2,271.56	95.63	59.96	37.17
(ii) Indigenous	<u>103.82</u>	<u>4.37</u>	<u>101.35</u>	<u>62.83</u>
	<u>2,375.38</u>	<u>100.00</u>	<u>161.31</u>	<u>100.00</u>

# Includes consumptions of fuel during trial-run, which has been capitalised.

23.10 Employee Benefit Plans

**(a) Defined contribution plans**

Company's contribution paid/payable during the year to Provident Fund is recognised in the Statement of Profit and Loss.

Company's Provident Fund is administrated by the Trustees of Tata Power Consolidated Provident Fund. The Company's Provident Fund is exempted under Section 17 of Employees Provident Fund Act, 1952. One condition for grant of exemption is that the employer shall make good any deficit, in the interest rate declared by Trust compared to the rate declared by the Central Government. Having regard to the assets of the Fund and the return on its investments, the Company does not expect any deficiency in the foreseeable future.

**(b) Defined benefit plans**

The company operates an unfunded post retirement gratuity defined benefit plan, the liability in respect of which arises on retirement, withdrawal, resignation or death of an employee.

The actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31<sup>st</sup> March, 2013. The following tables set out the amounts recognised in the financial statements as at 31<sup>st</sup> March, 2013 for the above mentioned defined benefits plan.

Particulars	Year ended 31 <sup>st</sup> March 2013	Year ended 31 <sup>st</sup> March 2012
	Rupees crores	
Components of employer expenses		
Current service cost	0.98	0.56
Interest Cost	0.62	0.33
Actuarial losses/(gain)	0.02	2.89
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>1.62</b>	<b>3.78</b>
Actual contribution and benefit payments for the year		
Actual Benefit payment	1.59	1.53
Actual Contribution	1.62	3.78
Net Assets/(Liability) recognised in Balance Sheet		
Present Value of defined obligation	7.33	7.30
Funded status (Surplus/Deficit)	(7.33)	(7.30)
Net Assets /(Liability) recognised in the Balance Sheet	(7.33)	(7.30)

Note: (i)

Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
	Rupees crores	
<b>Change in defined benefit obligation (DBO) during the year</b>		
Present value of DBO at beginning of the year	7.30	4.76
Current service cost	0.98	0.56
Interest Cost	0.62	0.33
Acquisition	-	0.30
Actuarial (gain)/losses	0.02	2.89
Benefit paid	(1.59)	(1.53)
<b>Present value of DBO at the end of the year</b>	<b>7.33</b>	<b>7.30</b>
<b>Actuarial assumption</b>		
Discount rate	8.10%	8.60%
Salary escalation	11.00%	11.00%
Attrition 21-44 years	3.00%	3.00%
45 and above	0.50%	0.50%
Mortality tables	Indian Assured Lives Mortality (1994-96)	Indian Assured Lives Mortality (1994-96)

(ii) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

h  
d

The estimates of future salary increases, take into account inflation, seniority, promotions, increments and other relevant factors.

(iii) Experience Benefits

<u>Gratuity Benefits</u>	<u>2012-2013</u>	<u>2011-2012</u>	Rupees crores		
			<u>2<sup>nd</sup> prior year</u>	<u>3<sup>rd</sup> prior year</u>	<u>4<sup>th</sup> prior year</u>
Present value of Defined Benefits Obligation	7.33	7.30	4.76	3.09	1.72
Fair value of plan assets	-	-	-	-	-
Funded status [surplus/(Deficit)]	(7.33)	(7.30)	(4.76)	(3.09)	(1.72)
Expenditure gain/(loss) adjustment on plan liabilities	0.40	(0.28)	1.35	0.10	0.29
Expenditure gain/(loss) adjustment on plan assets	-	-	-	-	-
Actual gain / (loss) due to change on assumptions	(0.42)	(2.60)	-	-	-

**23.11 Related party transactions: Disclosure as required by Accounting Standard 18 (AS- 18)**

“Related Party Disclosures” are as follows:

- a) Names of the related parties and description of relationship with which transactions have taken place:

Sr No	Name of the related party	Nature of relationship	Country of origin
I	The Tata Power Company Limited (TPCL)	Holding Company	India
II	Energy Eastern Pte. Limited (EEPL)	Wholly owned Subsidiary	Singapore
III	Trust Energy Resources Pte. Limited (TERPL)	Fellow Subsidiary #	Singapore
IV	Tata Power Trading Company Limited (TPTCL)	Fellow Subsidiary #	India
V	Mr. Alok Kanagat - Executive Director	Key Management Personnel (KMP) upto 1st April, 2012	India
VI	Mr. Krishna Kumar Sharma - Executive Director & CEO	Key Management Personnel (KMP) from 1 <sup>st</sup> October, 2012 onwards	India

# Fellow subsidiaries with which transactions have taken place.

Note: Related parties have been identified by the Management.

h  
A

b) Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:

	(Rupees crores)				
	TPCL	EEPL	TERPL	TPTCL	KMP
Sale of Fixed Assets	0.04 (0.10)	- -	- -	- -	- -
Purchase of goods	- -	- -	48.68 -	- -	- -
Rendering of service	2.26 (2.90)	- -	- -	- -	- -
Receiving of services	2.94 (3.21)	262.39 (34.41)	222.92 (94.81)	0.67 (0.70)	0.35 (0.48)
Interest expenditure (Refer Note 8)	- (19.57)	1.74 (0.03)	1.97 (0.23)	- -	- -
Loans taken (includes loan taken and converted to Equity of Rs. 767.41 crores)	955.10 (12.31)	- -	- -	- -	- -
Guarantees and collaterals given by TPCL	1,308.11 (616.73)	- -	- -	- -	- -
Equity contribution received (including advance towards Equity contribution) (includes loan taken and converted to Equity of Rs. 767.41 crores)	991.53 (939.58)	- -	- -	- -	- -
<u>Balances outstanding at the end of the year</u>					
Guarantees and Collateral outstanding given by TPCL	3,473.55 (3,117.09)	- -	- -	- -	- -
Guarantees and Collateral outstanding given to	- -	54.39 (51.19)	- -	- -	- -
Balance advance towards Equity	217.00 (141.58)	- -	- -	- -	- -
Trade payables	0.38 (0.96)	220.06 (8.25)	119.86 (45.02)	0.11 (0.12)	- -
Loans taken including interest accrued	436.57 (248.88)	- -	- -	- -	- -

Note: Figures in bracket relates to the previous year.

### 23.12 Earnings per share

	<u>As at</u> <u>31st March, 2013</u>	<u>As at</u> <u>31st March, 2012</u>
Loss after tax attributable to Equity Shareholders (Rupees crores)	(1,602.00)	(2,180.54)
Weighted average number of equity shares for Basic EPS (Nos.)	4,745,549,562	3,266,510,929
Par value per share (Rupees)	10.00	10.00
Basic Earnings per share (Rupees)	(3.38)	(6.68)
Loss for Diluted EPS (Rupees crores)	(1,602.00)	(2,180.54)
Weighted average number of equity shares for Basic EPS (Nos.)	4,745,549,562	3,266,510,929
Add: Effect of potential Equity Shares on conversion of unsecured loans including accrued interest from Holding Company and share application money pending allotment	417,000,000	153,907,200
Weighted average number of equity shares for Diluted EPS (Nos.)	5,162,549,562	3,420,418,129
Diluted Earnings per share (Rupees)	(3.38)	(6.68)
Effect of potential Equity Shares (Rupees)	-	-

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

### 23.13 Deferred Tax Assets/(Liability)

	<u>As at</u> <u>31<sup>st</sup> March, 2013</u> Rupees crores	<u>As at</u> <u>31<sup>st</sup> March, 2012</u> Rupees crores
Deferred Tax Liability comprises of tax effect of timing differences on account of: Book depreciation and depreciation as per the Income-tax Act, 1961	<u>2,210.64</u> 2,210.64	<u>-</u> -
Deferred Tax Asset comprises of tax effect of timing differences on account of: Carry forward of unabsorbed depreciation and business loss (Restricted)	<u>2,210.64</u> 2,210.64	<u>-</u> -
Net Deferred Tax Asset/(Liability)	-	-

The Company has recorded the net deferred tax liability of Rs. 2,210.64 crores as at 31st March, 2013 and recognised the deferred tax asset on unabsorbed depreciation and carry forward of losses, on the basis of prudence, only to the extent of the above mentioned deferred tax liability as at 31st March, 2013. Accordingly, there is no impact on the Statement of Profit and Loss.

23.14 Previous year's figures have been regrouped/re-classified wherever necessary to correspond with the current year's classification / disclosure.

*de*