

MAITHON POWER LIMITED

MAITHON POWER LIMITED

DIRECTORS' REPORT

To The Members,

The Directors are pleased to present their Thirteenth Annual Report on the business and operations of your Company and the statements of accounts for the year ended 31st March, 2013.

1. FINANCIAL PERFORMANCE

a) Financial Results

Particulars	Figures in ₹ crore	
	FY13	FY12
(a) Net Sales / Income from Other Operations	1,636.06	369.69
(b) Operating Expenditure	1,195.55	345.74
(c) Operating Profit	440.51	23.95
(d) Add: Other Income	26.01	0.44
(e) Less: Finance costs	352.98	121.89
(f) Profit before Depreciation and Tax	113.54	(97.50)
(g) Less: Depreciation/Amortisation	199.85	76.65
(h) Loss before Tax	(86.31)	(174.15)
(i) Net Loss after Tax	(86.31)	(174.15)
(j) Add: Loss brought forward from the previous year	(182.21)	(8.06)
(k) Loss of to be carried forward	(268.52)	(182.21)

b) Financial highlights

During the year, your Company's Net Sales was ₹ 1,636.06 crore, as against ₹ 369.69 crore for the previous year. The Operating Revenue was at ₹ 440.51 crore as against ₹ 23.95 crore for the previous year. Operating Revenue was higher mainly on account of commencement of Unit 2 on 24th July, 2012. During the year, the profit before depreciation and interest was ₹ 466.51 crore and net loss was ₹ 86.32 crore due to lower capacity utilization, levy of Point of Charge (PoC) by Power Grid Corporation India Limited (PGCIL) on account of non-tie up of 300 MW

Power with the Punjab State Electricity Board (PSEB) which has also resulted into lower recovery of fixed cost capacity charges. However, during the year, your Company has been

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able to generate cash profit of ₹ 113.54 crore which has enabled to wipe off the cumulative cash loss and generate a surplus of ₹ 7.98 crore.

2. DIVIDEND

Since your Company is in first year of operation and yet to stabilize its operations, it has not made profit during the year under review. In the absence of profit, your Company has not declared any dividend for the FY13.

3. CREDIT RATING

India Ratings & Research (Ind-Ra) (a Fitch Group Company) has upgraded your Company's ₹ 3,115 crore (outstanding: ₹ 2,874.38 crore) senior project term loans to Long-Term 'IND A' from 'IND A-' on 20 February, 2013. IND A indicates adequate degree of safety regarding timely servicing of financial obligations. It also means carrying low credit risk.

Rating of your Company's ₹ 240 crore (increased from ₹ 150 crore) fund-based working capital limits and ₹ 125 crore (reduced from ₹ 215 crore) non-fund-based facilities, comprising bank guarantee of ₹ 100 crore and a letter of credit of ₹ 25 crore, have also been upgraded to 'IND A' from 'IND A-'. The outlook are stable.

Ind-Ra has also assigned Company's additional project term loan of ₹ 599 crore a rating of 'IND A' with stable outlook. The main considerations for upgradation of the credit rating are:

- Mitigation of the residual completion risk for the project
- COD of both the Units
- Tie up of funding for the cost overrun at existing debt equity ratio;
- Reasonable mitigation of fuel supply risk with fuel supply agreement with CCL and stabilized transportation
- Positive contribution from the operation and
- Progress in stabilization of units

4. OPERATIONAL PERFORMANCE

a) Operational Highlights

The generation details from both the Units for FY13 are given as under:

Particulars	FY13	FY12
Generation (MUs)	4,588	1,225
PLF (%)	59	46
Online Availability (%)	83	65
Aux Power (%)	5.8	6.3

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During the year, total generation was 4,588 MUs as against 1,225 MUs for the previous year. The Plant Load Factor (PLF) was 59% in FY13 compared to 46% in the previous year. Unit 1 crossed 80% PLF in the month of March, 2013 and achieved 100% availability in the months of October and December, 2012. Both the Units achieved its highest monthly generation of 552.47 MUs in January, 2013 and highest generation of 1,060 MW on 23rd March, 2013.

During the year under review, your Company has supplied 3940 MUs as per long term PPA under regulated tariff as against 534 MUs for the previous year. Under the medium/short term PPA/merchant sale, 377 MUs were transacted as against 645 MUs for the previous year. The average tariff realisation in FY13 was ₹ 3.78 per unit.

During the year, your Company has been able to achieve significant improvement in generation despite delay in implementation of railway infrastructure. It has taken all measures i.e. coal transportation by road to ensure continuous supply of fuel to run the plant at maximum load.

b) Operational Challenges

During the year, your Company has faced lower demand from the beneficiaries which has resulted in low PLF of the station in spite of having higher Declared Capacity (DC). Your Company had a major breakdown due to boiler explosion in Unit 1 on 17th May, 2012 which resulted in significant generation loss for 42 days and multiple post recovery outages till stabilisation. Post commissioning, Unit 2 also faced multiple outages during stabilisation period.

During the year, several agitations, road blocks near the plant area also hampered coal transportation by road to the plant.

During the year under review, Eastern Regional Load Despatch Centre had imposed strict restriction in grid availability for short term sales post the grid failure on 31st July, 2012. However, the above constraint could be partially mitigated with successfully competing the bids for the balance untied capacity of 300 MW.

Your Company has received a notice from the Jharkhand State Pollution Control Board for ensuring Zero discharge from the plant as mandated. It has engaged TCE for working on scheme to achieve Zero discharge.

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5. PROJECTS

a) Phase-I (2X525MW)

i) Land for Main Plant

The Project land of around 1,115 acres comprising of Private or Raiyati Land (565 acres), Government Land (GM Land) (115 acres) and Forest land (436 acres) has been acquired by Damodar Valley Corporation (DVC). DVC has agreed to transfer the title in these lands in favour of your Company after obtaining necessary approval from the State Govt. of Jharkhand, as per applicable laws.

Private Land has been leased to your Company by the DVC for 35 years which can be renewed thereafter. DVC has acquired the GM and Forest Land from the Government of Jharkhand (GOJ) along with the right to use for the Project. Pending transfer of title to these lands (GM and Forest Land) in favour of the Company, DVC has entered into License Agreement with your Company on 18th January 2008, for use of these lands initially for a period of 5 years which is due for renewal. The management of your Company is following up with the GOJ for transfer of the GM land through a sub-lease agreement facilitating the creation of security in favour of the its lender. It will enter into sub-lease agreement with DVC subject to conditions as may be laid out in the Government policy.

ii) Increase in project cost and financing

During the year under review, the project cost has increased primarily due to increased costs of general civil works, Land and R&R cost, interest during construction (IDC) costs for time overrun, and the excise duty implication due to non receipt of Mega Power Status. The total project cost as approved by the Board of Directors of your Company is ₹ 5,500 crore which is still lower than the Central Electricity Regulatory Commission (CERC) benchmark cost for similar capacity plants. Your Company has approached the promoters and lenders for funding of the cost increase in the Debt Equity ratio of 70:30.

It has entered into Common Loan Agreement (CLA) with the consortium of 17 Banks (now 16 Banks) (SBI as Lead Banker) for Additional Rupee Term Loan Facility of ₹ 599 crore on 1st November, 2012 to part finance its additional project cost with door to door tenor of 10 years with 50% bullet payment. The additional loan would rank pari passu to the existing term loan of the project.

MAITHON POWER LIMITED**iii) Mega Power Project Status**

Mega Power Status to 1,050 MW Maithon Right Bank Thermal Power Project has still not been granted by the Ministry of Power to your Company on the ground that the PPAs do not conform to the conditions of Mega Power Policy of the Government of India (GOI). Pending receipt of the mega power certificate, your Company remains liable to pay excise and customs duty on the receipts of goods and materials, wherever applicable. It has claimed 'drawback' of the duty so paid under deemed export benefit chapter of Foreign Trade Policy of the GoI. This claims are yet to be approved by the Director General of Foreign Trade. Pending approval, the excise duty cost has been considered as part of the Project Cost.

b) Railway Infrastructure

To ensure regular coal availability for sustainable operation of the plant, your Company has planned for railway construction for over 20 km. It plans to acquire total 116 acres of land comprising of Private or Raiyati Land (64 acres), Government Land (GM Land) (17 acres) and Railway Land (35 acres) for the construction of Railway line in two stages. The Private and GM Land are being acquired through DVC, which has agreed to transfer the title of these lands in favour of your Company subject to necessary clearances as per applicable law. The possession of private land was pending due to dispute over Rehabilitation and Resettlement (R&R) package.

During the year, your Company has achieved a breakthrough arrived at an R&R agreement on 3rd August, 2012 with the land losers represented by the R&R Committee for payment of an acceptable R&R package for possession of the private land. It has also received an in-principle approval from Eastern Railways for licensing of minimum required land to enable construction of railway. Subsequent to resolution of the above issues, construction of the railway infrastructure work for phase I have been started and is estimated to be completed by 31st March, 2014.

6. OUTLOOK**Phase-II expansion of 2X660MW Supercritical Capacity**

As per the Memorandum of Understanding (MoU) entered into between DVC and Tata Power, it is envisaged that in future, expansion plans of your Company for setting up of new projects between these Companies could be explored. As a step in this direction, based on the in-principle approval of DVC, it decided for expansion of its Maithon Project by establishing another 1,320 MW capacity (2X660MW) or 1600MW (2X800MW) supercritical units (Phase-II).

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Following is the status of Phase-II expansion of your Company:

- Environmental Clearances: Public Hearing was successfully conducted by the state Government and details forwarded to the Ministry of Environment and Forests (MoEF), New Delhi
- Water Tie-up: Damodar Valley Reservoir Regulation Committee (DVRRC) has permitted to use 55 Cusecs which is sufficient for phase I & II.
- Land: Existing land area of the plant is sufficient for both the phases.
- Detailed Project Report (DPR): Draft detailed project report (DPR) for Phase-II is in place.
- Fuel Sourcing: Your Company has applied for 6.40 MTPA Coal to the Ministry of Coal (MoC). The matter is under consideration of MoC.
- Power Purchase Agreements: Your Company has approached existing long term beneficiaries and many other distribution companies for purchase of power from phase II.
- Power Evacuation: Your Company has initiated discussion with PGCIL for evacuation of Power.

7. FUEL

Fuel Supply is a critical part of the operations and accordingly your Company continues to pursue all options in order to improve the availability of fuel and management of logistics and overall costs. Out of the total estimated requirement of 4.8 MTPA of coal, it has tied up 1.659 MTPA with Bharat Coking Coal Ltd. and 1.975 MTPA from Central Coalfields Ltd. (CCL). Similarly your Company has executed a fuel supply agreement with Tata Steel Ltd. up to 1 MTPA middling from its West Bokaro mines. With the above arrangements your Company has secured the entire requirement of fuel by the station. While the above arrangements are taking effect, it has also imported one shipment of coal from Indonesia during the year and has planned to import 2 shipments of coal from Indonesia in the interim to meet the shortfall in the coal requirement during FY14.

As per the original long term fuel sourcing plan, coal is proposed to be transported to the Plant by railway using BOXN wagons. However, until the railway infrastructure is complete, your Company has made interim arrangements for coal transportation by road and constructed Damagoria Railway Siding leased by BCCL and made it operational in June, 2012 to unload coal rakes supplied from BCCL, CCL and Tata Steel's West Bokaro mines as well as from Paradip, Haldia, and Dhamra Ports for imported coal. The coal from Damagoria is transported to plant site by road.

Your Company has tied up with transporters for end-to-end supervision and transportation facility. It is improving the road infrastructure and has introduced online monitoring of transportation to enhance the coal movement efficiency. It has also developed required infrastructure inside the plant to receive the desired level of coal on sustainable basis. Your

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Company achieved the record level of coal receipts of 20,942 MT in a day (on 8th January, 2013) and 5 lakh MT in a month (December, 2012).

8. SALE OF POWER

You are aware that your Company has signed long term Power Purchase Agreements, through Tata Power Trading Company Limited (TPTCL), for sale of 150 MW power to West Bengal State Electricity Distribution Company Limited (WBSEDCL), 300 MW Power to Tata Power Delhi Distribution Limited (TPDDL) and 300 MW Power to Punjab State Electricity Board (now PSPCL) for supply commencing in April, 2012. Your Company has also signed a long term PPA with DVC for sale of 300 MW Power. However, subsequent to the termination of the PPA between TPTCL and PSPCL, the quantum of 300 MW designated for PSPCL remained in an unallocated state and has been used for sale through short term/merchant sales in FY13.

In FY 13, 150 MW out of such untied quantum of 300 MW has been tied up with WBSEDCL (through TPTCL) and efforts are being made to tie up the left over quantum of 150 MW with the Beneficiaries. Tata Steel DISCOM (for Jamshedpur city), and WBSEDCL have been approached for tying up appropriate capacity on a long-term basis through MoU Route. Power evacuation will be carried through 400 kV lines by Power Grid Corporation of India Ltd. (PGCIL) to benefit DVC Command area and other beneficiary states.

Tariff approval by CERC

Your Company has approached CERC for capital cost approval and also for determination of provisional Tariff. CERC through its order dated 15th May, 2012, extended the earlier issued provisional tariff order (dated 11th November, 2011) for sale of power to DVC. Later, in February, 2013, based on the revised project cost and actual capitalization data as on COD of Unit 2, a revised petition for capital cost approval and tariff determination has been filed at CERC.

9. SUSTAINABILITY

a) Care for People

i) Safety

Your Company has continued its efforts to minimize the accidents to zero level and encourage safe working practices at the Plant during the year. Various efforts and activities for creating safety awareness amongst the employees and the workers of contractors and sub-contractors were organized during the year. Your Company has been undertaking, among other things, many initiatives on safety i.e. fire mock drill, safety inspection, monsoon safety awareness, fire week, training on shut down activities of unit 1 and safe handling hydrogen gas, cross

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functional safety audit in O&M, implementation of PTW, SIAT and CFSA systems. It also celebrated road safety week, 42nd national safety week.

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

- Ten Commandments on safety is communicated to all employees at site.
- Implementation of British Safety Council (BSC) 5 Star Safety Management System (SMS) is under progress.
- Web based safety training for employee is being started to cover the safety critical procedure.
- Weekly SIAT audit is carried out by cross functional team to improve the unsafe act and condition at site.
- Mock drill on chlorine leakage and fire incident are being conducted at different area of the plant at frequent interval.
- "Access control" philosophy has been introduced to ensure that only trained and certified person are allowed to do the critical activity. Height pass is issued to the selected person after medical fitness by the company doctor at site.
- Safety awareness provided to employees family and nearby school on specific topics.

Specific safety targets with lead and lag indicators are monitored against targets. A summary of safety results achieved (both employees and contract workforce) is given below:

Sl No.	Parameters	FY13
1	Fatality (Number)	Nil
2	Total injury frequency rate (TIFR)	10.92
3	LTIFR(Lost Time Injury Frequency Rate per million man hours)	0.13
4	First Aid Cases (Number)	80
5	Lost working days case (LWDC)	1

ii) Employee Township

Your Company has build up and fully operationalised township for accommodation of its employees near its plant location. Additionally, Company has taken initiatives to construct field hostel for its engineers within plant premises.

b) Care for Community

Your Company continues its partnership with National level NGOs like PRATHAM, Neilson Org and Centre for Community Development, Aide-et Action, BIT Baliapur and organizations such as Jain Irrigation for attaining its Corporate Social Responsibility (CSR) objectives. In line with the Community Relations and Corporate Social Responsibility policy, your Company continued with its focus areas of community health & hygiene, basic education, infrastructure

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development and livelihood & self employment. During the year under review, the following activities took place:

i) Training and creation of employment for project affected people

Your Company has organised IT training for 275 people from nearby local youth with the help of TCS. It had given priority to the Scheduled Castes (SCs) and Scheduled Tribes (STs) candidates from adjacent villages. Out of the above, around 62 candidates got placement in TCS-Kolkata.

In addition, your Company also organised IT training with support of AEGIS Global Limited (AGL) for local youth. Out of 98 candidates trained in this programme, 52 were offered placement at AGL, Jamshedpur.

In continuation of the above, local youth had also been trained in various soft skills required in official environment, presentation skills, group discussion, public speaking, interpersonal skills, verbal and non verbal communication, email writing etc.

ii) Mobile Medical Unit for Local Villagers and Project Affected Persons (PAPs)

Your Company has started Mobile Medical Unit (MMU) to provide free medical consultancy and treatment of non-chronic disease along with distribution of required medicines around 30 villages near the Plant location. Nursing training has been provided to local women with the help of private hospital and some of those women have been employed in MMU resulting into generation of employment along with health awareness.

iii) Training for SC/ST Women

Your Company has started training cum production centre on manufacturing of incense sticks. It has provided training to 67 unskilled SC/ST women on manufacturing and sale of Incense Sticks at local market.

iv) Installation of Solar Street Lights

In an effort to improve infrastructure facility in nearby villages, your Company has installed Solar Street Lights in 17 villages.

v) Rehabilitation & Resettlement (R&R)

Under the Rehabilitation & Resettlement (R&R) Plan prepared under the guidance of District Administration and approved by the Government of Jharkhand, all eligible PAPs are under process of employment with registered contractors working at the plant with your Company acting as the principal employer.

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As per the R&R plan, your company has given employment opportunity to 526 PAPs so far and sponsored ITI training to 125 PAPs. After completion of the above training, they are presently undergoing 6 months on-job training, after which they will be given employment in your Company through registered contractors. To enhance employability of the PAPs, short term and long term vocational training had been organised in partnership with technical institutes. In addition, other major schemes under R&R plans have been continued with total financial impact of around ₹ 34.55 crore. This included schemes such as rehabilitation package for losing land, monthly subsistence allowance for 24 months, Scheduled Tribe additional benefit, payment for trees compensation and for Gair-Abad Malik Land, payment in lieu of employment, One time payment in lieu of House, pension to vulnerable, etc. Also under the railway line project, rehabilitation package (Ex-Gratia Compensation) to land losers has been prepared with community under the guidance of District Administration, and are continuing with financial impact of around ₹ 6.68 crore.

c) Care for Environment

Your Company estimates to generate approx 25 Lakh MTPA of ash comprising of approximately 22 Lakh MTPA of Fly Ash and 5 Lakhs MTPA of bottom ash out of its 2 units of 525 MW each.

For its long term ash evacuation and management plan, your Company has entered into an agreement with Marshall Corporation Ltd (MCL) to setup brick plant and classifier unit within the plant premises for utilisation of fly ash. It has also initiated discussions to enter into long term arrangement with Birla Corporation Limited, General Brick Corporation, ACC and Tata Projects Limited for utilization of fly ash including use in cement, brick and paver manufacturing. Your Company is also seeking approval of Research Designs & Standards Organization (RDSO) of railways for utilization of fly ash in Railway infrastructure project and is exploring long term ways to dispose off the ash in nearby coal abandoned mines which have been made available to your Company by Eastern Coalfields Limited (ECL) for that purpose. Currently, ash is being disposed off in the above abandoned mines by road transport. Petition has been filed with CERC to consider cost of ash transportation to mines filling as pass through cost.

10. HUMAN RESOURCE DEVELOPMENT

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

a) Manpower

Manpower (officers and staff) stood at 238 as compared to 29 as at the last financial year. Such increase in manpower is due to transfer of officers from Tata Power to your Company during the year.

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b) Employee Engagement

Your Company conducted Employee Engagement and satisfaction survey online. Action points of the previous year's survey had been successfully completed during the year under review.

c) Training under Money Matters and Communicate to Win by "Dale Carnegie"

A number of training programmes were conducted to ensure development of the required competencies through number of Initiatives. Training need compliance index achieved so far is 67%. "Money matters" is an in-house program designed to familiarize all employees with financial and commercial aspects of the organization. Your Company also organized training called as Communicate to Win by "Dale Carnegie" for Department Heads and other associates.

d) New Initiatives

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

- MAP (Manager Assimilation Program):- To accelerate the process of integrating the work group (HOD and the team) through JoHari Window concept.
- GET set go:- Smooth transition of GETs from campus culture to corporate culture, effective engagement and empowerment.
- Facilitating ADHAR Card processing at Site:- Facilities provided for employees as well associates at site for ADHAR Card processing.
- SPS (Structured Problem Solving):- Workshop to create culture of problem solving in a structured manner. Reduction of Heat Rate and Road Safety are some of the projects undertaken by departments post this training.
- Glimpses of Tata:- A session for employees to share and imbibe culture, heritage and values of TATA has been organized during the year
- Innovation Fair:- A platform to different department to showcase their innovations
- OPEN House with Business Leaders:- To develop a transparent communicative culture Open Houses with CEO, Station Head, and other Senior Leadership are held monthly.

e) Workers engagement programmer:

- A two-day motivational program for workmen as prescribed by Central Board of Workers Education was conducted to imbibe affiliation & pride. Open Session of workmen with the concerned HOD was conducted regularly and consistent performers were encouraged through rewards and recognition. Open sessions provide an opportunity to the workmen to express their grievances and provide their views for improvement of process related to their work area.
- Introduction of Performance linked Incentive Pay for the PAPs workmen.

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- Keeping in view the challenge on the issues of attendance and discipline with the PAPs workmen, Performance Linked Incentive Pay was introduced which aims at differentiating the performers and the non performers in terms of wages payments. This has drastically improved the attendance and discipline among the PAP workmen.

f) Operations and Management

Your Company moves into the new Corporate Service Agreement (CSA) structure with The Tata Power Company Limited (Tata Power) from the mid of FY13 for Operation and Management (O&M) services. In order to create uniformity in HR processes and policies, your Company has adopted all the Tata Power HR systems and process. While creating uniformity in policy, it needs to consider the location and functional attributes which may necessitate flexibilities in the policies to adapt to various locations and functions.

g) Industrial Relations

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

11. RISK MANAGEMENT AND INTERNAL CONTROL

Risks are evaluated based on the probability and impact of each risk. The Risk Register prepared by your Company contains the mitigation plans. As part of the Risk Management Process (RMP), during the year, your Company reviewed its exposure to various risks and also took steps to finalize mitigation plans. It has identified major risk areas i.e. coal transportation by road, agitations and road blocks by local villagers, CBRC approval for project cost and ash disposal expenses, tie up of untied capacity of 150 MW, discontinuation of Damagoria railway Siding, etc.

The Internal Audit process includes review and evaluation of effectiveness of the existing processes, controls and compliances. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit. During the year, the Internal Audit Strategy has been framed based on which process audits have been conducted. All processes of the Company have been classified under vital, essential and desirable based on the criticality of the process. Significant observations including recommendations for improvement of the business processes are reviewed by the Management before reporting to the Audit Committee. The Audit Committee then reviews the Internal Audit reports and the status of implementation of the agreed action plan.

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

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

Conservation of Energy, Technology Absorption

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

Foreign exchange earnings and outgo

The foreign exchange outflow of your Company during the year was ₹ 23.91 crore (previous year - nil) mainly on account of fuel procurement of ₹ 23.60 crore and spares purchase of ₹ 0.31 crore.

13. DISCLOSURE OF PARTICULARS

The statement showing particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this Report.

14. DEPOSITS

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

15. RIGHTS ISSUE OF SHARES

During the year under review, your Company has made Rights Issue of 10,00,00,000 (Ten crore Only) Equity Shares of ₹ 10/- each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred crore Only) in the ratio of 74:26 to the existing shareholders of your Company namely The Tata Power Company Ltd. (Tata Power) and Damodar Valley Corporation (DVC) for cash at par.

16. DIRECTORS

During the year, Mr Praveer Sinha resigned as Director from the Board w.e.f. 14th December, 2012. Mr Sanjay Aggarwal was appointed as a Director with effect from 4th May, 2012 in the casual vacancy caused by the resignation of Late Dr Gobind Baghasingh. He also resigned w.e.f. 28th January, 2013.

Mr Arindam Baksi resigned as Director of your Company on 1st March, 2013 consequent upon superannuating from Damodar Valley Corporation.

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

Mr Ashok Kumar Basu has been appointed as Director with effect from 28th January, 2013 in the casual vacancy caused by the resignation of Mr Praveer Sinha.

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During the year, Mr S Padmanabhan, Mr Arindam Baksi and Mr Chandan Roy were regularised in the Annual General Meeting of your Company held on 24th September, 2012.

In terms of Section 256 of the Companies Act, 1956, Mr Anil Sardana, Mr B P Singh and Mr R N Subramanyam hold office upto the date of the forthcoming Annual General Meeting. Notices under Section 257 of the Act have been received from the members proposing their appointment as Directors.

In accordance with the requirements of the Act and the Articles of Association of your Company, Mr Anil Sardana, Mr B P Singh and Mr R N Subramanyam retire by rotation and being eligible, offers himself for re-appointment.

17. CHIEF EXECUTIVE OFFICER AND MANAGER

Mr Bhaskar Sarkar is the Chief Executive Officer and Manager under the Companies Act, 1956.

18. STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells (DHS), who are the Statutory Auditors of your Company, hold office until the conclusion of the ensuing AGM. It is proposed to re-appoint DHS as auditors of your Company for FY14. DHS has, under Section 224(1) of the Act, furnished a certificate of its eligibility for re-appointment. The Members will be requested to appoint Auditors and to authorize the Board of Directors to fix their remuneration.

19. AUDITORS' REPORT

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

20. COST AUDITORS AND COST AUDIT REPORT

M/s Sanjay Gupta & Associates, Cost Accountants, have been appointed the Cost Auditors of your Company for the FY14. The Cost Audit Report is due for filing within 6 months from the end of FY13 i.e. by 30th September, 2013. The previous year's report has been filed within due date.

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21. CORPORATE GOVERNANCE

a) Audit Committee

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

b) Remuneration Committee

Your Company has a Remuneration Committee comprising of Mr S Padmanabhan, Chairman of the Committee, Mr Anil Sardana and Mr T K Gupta as members of the Committee.

c) Executive Committee of the Board

Your Company has an Executive Committee of the Board comprising of Mr Anil Sardana, Mr S Ramakrishnan, Mr B P Singh and Mr T K Gupta as members of the Committee.

d) Commercial Committee of the Board

Your Company has a Commercial Committee of the Board comprising of Mr S Ramakrishnan and Mr T K Gupta as members of the Committee.

22. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the FY13, the applicable accounting standards have been followed and that there are no material departures there from;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the loss for that period;
- 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 your company and for preventing and detecting fraud and other irregularities; and
- They have prepared the annual accounts on a going concern basis.



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23. ACKNOWLEDGEMENTS

The Board of Directors would like to place on record their deep appreciation to all Shareholders, Customers, Business Partners, Vendors, Bankers, Financial Institutions and Academic Institutions.

The Directors are thankful to the Government of India and the various Ministries, the State Governments and the various Ministries, the Central and State Electricity Regulatory authorities, Corporation and Municipal authorities of the areas where your Company operates and the communities associated with its area of operation.

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

On behalf of the Board of Directors

Date:
Place: Mumbai

Anil Sardana
Chairman

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Annexure-I to the Directors' Report.

A. Conservation of energy:

(a)	Energy conservation measures taken	<ul style="list-style-type: none"> • To arrest external steam or water leakage from boiler and turbine cycle. • To arrest internal leakage in turbine cycle. • Both recirculation valve of TDBFP to be close above the load of 380 MW. • Out of 3, 1 control circulation pump of boiler is kept standby at full load. • 2 Nos of circulating cooling water pump is kept operational upto 400 MW (earlier 3 were in operation). • Upto a load of 400 MW, 5 coal mill operates instead of 6. • Optimize to run CT fans as per unit load condition.
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	None
(c)	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	None
(d)	Total energy consumption and energy consumption per unit of production	As per Form A

B. Technology absorption:

As per Form-B below.

MAITHON POWER LIMITED
Form A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

S. No.	Particulars	FY13	FY12
1.	Electricity		
(a)	Purchased Units Total Cost (₹ in crore) Average rate per unit (Rs.)	85.36 MU ₹ 19.91 ₹ 2.332/kWh	22.96 MU ₹ 7.52 ₹ 3.28 / kWh
(b)	Own Generation (i) Through Steam Turbine/Generator Units (MUs) KWH per unit of fuel	4587.36 0.63 Kg/Kwh [Coal]	1224.86 0.63 Kg/Kwh [Coal]
2.	Coal Quantity (MT) Total cost (₹ in crore) Average rate per MT (Rs.)	2960704 953.00 3218.84	839904.414 196.12 2335.03
3.	Light Diesel Oil Quantity (Ltr) Total Cost (₹ in crore) Average rate per Ltr (Rs.)	890750 5.40 60.66	15284860 87.41 57.19
4.	Heavy Fuel Oil Quantity (MT) Total Cost (₹ in crore) Average Rate per MT (Rs.)	5606.39 26.65 47528.77	2557.73 12.26 47935.08

MAITHON POWER LIMITED

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	None
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	None
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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
MAITHON POWER LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **MAITHON POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 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.

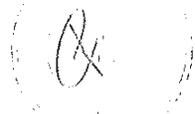
Management's Responsibility for the Financial Statements

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 control 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 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 judgement, 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 internal control 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.



**Deloitte
Haskins & Sells**

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

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 31 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 Matter

We draw attention to Note 30 of 'Notes forming part of the financial statements' wherein it is stated that the Company has accounted for insurance claim receivable of Rs. 2,524.00 lacs as at 31 March, 2013 for loss of profit related to business interruption during the year, the final quantum of which is subject to determination of the claim amount by the Insurance Company.

Our opinion is not qualified in respect of this matter.

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 under provisions of 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.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.



**Deloitte
Haskins & Sells**

- (e) On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(ICAI Registration No. 015125N)



Alka Chadha
Partner
(Membership No. 93474)

MUMBAI, 10 May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- i. Having regard to the nature of the Company's business/activities/results during the year, clauses (vi), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of the Order is not applicable to the Company.
- ii. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. 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 and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventories:
 - 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 explanations 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.
- iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- v. In our opinion and according to the information and explanations given to us, having regard to the explanations that Coal purchased is of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.

(8)

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Haskins & Sells

- vi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- vii. In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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 statutory dues, including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

We are informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company and the operations of the Company during the year did not give rise to Investor Education and Protection Fund and Excise Duty.

- b. there were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March, 2013 for a period of more than six months from the date they became payable.

We are informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company and the operations of the Company during the year did not give rise to Investor Education and Protection Fund and Excise Duty.

- c. According to the information and explanations given to us, there were no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess which had not been deposited as on 31 March, 2012 on account of any disputes:

The Company's operations do not give rise to any Excise duty during the year.

- x. The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has incurred cash losses only during the preceding year but has not incurred any cash loss during the current financial year.

(R)

**Deloitte
Haskins & Sells**

- 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. The Company has not taken loans from financial institutions nor has it issued any debentures.
- xII. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- xIII. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that other than current liabilities arising on purchase of capital equipment that are expected to be financed by disbursement of long-term loans, the Company has not used funds raised on short-term basis for long-term investment.
- xIV. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(ICAI Registration No. 015125N)



Alka Chadha
Partner
(Membership No. 93474)

MUMBAI, 10 May, 2013

MATHION POWER LIMITED
BALANCE SHEET AS AT 31 MARCH, 2013

	Notes	As at 31.03.2013 ₹ Lacs	As at 31.03.2012 ₹ Lacs
I EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
(a) Share capital	3	143,491.77	133,491.77
(b) Reserves and surplus	4	(26,852.37)	(18,220.87)
		<u>116,639.40</u>	<u>115,270.90</u>
2. Non-current liabilities			
(a) Long-term borrowings	5	286,490.27	273,028.08
(b) Other long-term liabilities	6	175.62	144.76
(c) Long-term provisions	7	404.48	20.24
		<u>287,070.37</u>	<u>273,193.08</u>
3. Current liabilities			
(a) Short-term borrowings	8	21,842.58	2,926.37
(b) Trade payables	9	10,879.85	7,597.80
(c) Current maturities of long term borrowings	10	17,477.43	15,575.00
(d) Other current liabilities	11	34,948.12	42,085.25
(e) Short-term provisions	12	721.57	2.38
		<u>85,869.55</u>	<u>68,186.80</u>
TOTAL		<u><u>489,579.32</u></u>	<u><u>456,650.78</u></u>
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	13	400,914.67	249,983.78
Intangible assets	14	3,597.60	3,752.49
Capital work-in-progress		19,222.21	141,317.55
Incidental expenditure pending capitalisation	15	4,622.77	33,256.11
		<u>428,357.25</u>	<u>428,309.93</u>
(b) Long-term loans and advances	16	12,754.79	12,150.31
		<u>441,112.04</u>	<u>440,460.24</u>
2. Current Assets			
(a) Inventories	17	11,476.07	3,875.54
(b) Trade receivables	18	10,521.75	885.17
(c) Cash and cash equivalents	19	810.22	1,770.22
(d) Short-term loans and advances	20	7,429.53	437.13
(e) Other current assets	21	18,229.71	9,222.48
		<u>48,467.28</u>	<u>16,190.54</u>
TOTAL		<u><u>489,579.32</u></u>	<u><u>456,650.78</u></u>

See accompanying notes forming part of the financial statements

1-34

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants


Alka Chadha
Partner

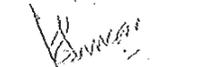
For and on behalf of Board of Directors

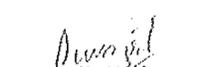


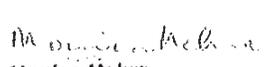
Anil Sardana
Chairman

S. Ramakrishnan
Director

T. K. Gupta
Director


Bhaskar Sarkar
Chief Executive Officer


Suranjit Mishra
Financial Controller


Monica Mehra
Company Secretary

Place: **MUMBAI**
Date: **10 MAY 2013**

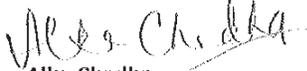
Place: **MUMBAI**
Date: **10 MAY 2013**

MATIHON POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

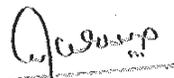
	Notes	Year ended 31.03.2013 ₹ Lacs	Year ended 31.03.2012 ₹ Lacs
1. Revenue from operations (Net)	22	163,605.76	36,969.31
2. Other income	23	2,600.75	43.66
3. Total revenue (1+2)		<u>166,206.51</u>	<u>37,012.97</u>
4. Expenses			
(a) Cost of fuel		98,505.23	21,967.48
(b) Cost of power purchased		1,892.24	3,405.15
(c) Employee benefits expenses	24	1,576.79	116.88
(d) Finance costs	25	35,297.85	12,188.74
(e) Depreciation and amortisation expenses	26	19,985.10	7,664.84
(f) Other expenses	27	17,580.80	9,084.81
Total expenses		<u>174,838.01</u>	<u>54,427.90</u>
5. Loss before tax (3-4)		(8,631.50)	(17,414.93)
6. Tax expenses			
Current tax		-	-
Total Tax expense		-	-
7. Loss after tax (5-6)		(8,631.50)	(17,414.93)
8. Earnings per equity share [face value of share ₹ 10 each] Basic and Diluted (₹)	29.4	(0.64)	(1.38)
See accompanying notes forming part of the financial statements	1-34		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

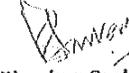

Alka Chadha
Partner

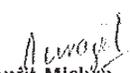
For and on behalf of Board of Directors

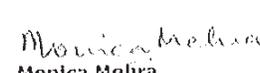

Anil Sardana
Chairman


S. Ramakrishnan
Director


T. K. Gupta
Director


Bhaskar Sarkar
Chief Executive Officer


Suranjit Mishra
Financial Controller


Monica Mehra
Company Secretary

Place: **MUMBAI**
Date: **10 MAY 2013**

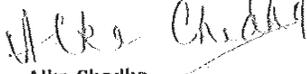
Place: **MUMBAI**
Date: **10 MAY 2013**

MAITHON POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Year ended 31.03.2013 ₹ Lacs	Year ended 31.03.2012 ₹ Lacs
A. Cash flow from operating activities		
Net profit/(loss) before taxes	(8,631.50)	(17,414.93)
Adjustments for:		
Depreciation and amortisation expenses	19,985.10	7,664.84
Interest expenses	35,220.33	12,121.06
Provision for contingencies	700.00	
Loss on sale/retirement of assets	6.16	
Interest Income	(9.94)	
Operating profit before working capital changes	47,270.15	2,370.97
Adjustments for:		
(Increase)/decrease in trade receivables	(9,636.58)	(688.35)
(Increase)/decrease in short term loans and advances	(6,992.40)	(437.13)
(Increase)/decrease in other current assets	(9,008.66)	(9,419.30)
(Increase)/decrease in inventories	(7,600.53)	(3,875.54)
Increase/(decrease) in trade payables	3,282.05	7,594.00
Increase/(decrease) other current liabilities	222.75	136.07
Increase/(decrease) short-term provisions	19.19	10.83
Increase/(decrease) long-term provisions	384.24	(2.02)
Cash generated from/(used in) operations	17,940.21	(4,310.47)
Income tax paid (net)	(25.58)	(653.96)
Net cash from/(used in) operating activities	17,914.63	(4,964.43)
B. Cash flow from investing activities		
Capital expenditure on fixed assets	(21,963.61)	(35,949.02)
(Increase)/decrease in capital advances	(578.90)	
Interest received	92.39	882.12
Net cash used in investing activities	(22,450.12)	(35,066.90)
C. Cash flow from financing activities		
Proceeds from equity share capital	10,000.00	17,200.00
Proceeds from long-term borrowings	32,399.01	61,081.25
Proceeds from short-term borrowings (net)	18,916.21	2,926.37
Repayment of long-term borrowings	(17,034.38)	(13,962.34)
Interest paid	(40,705.35)	(34,167.12)
Net cash from financing activities	3,575.49	33,078.16
D. Net (decrease) / increase in cash and cash equivalents (A+B+C)	(960.00)	(6,953.17)
E. Cash and cash equivalents at the beginning of the year	1,770.22	8,723.39
F. Cash and cash equivalents at the end of the year	810.22	1,770.22

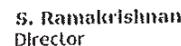
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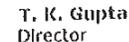
For Deloitte Haskins & Sells
Chartered Accountants

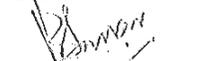

Alka Chadha
Partner

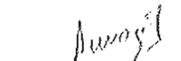
For and on behalf of Board of Directors

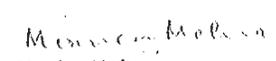

Anil Sardana
Chairman


S. Ramakrishnan
Director


T. K. Gupta
Director


Bhaskar Sarkar
Chief Executive Officer


Suranjit Mishra
Financial Controller


Monica Mehra
Company Secretary

Place: (MUMBAI)
Date: 10 MAY 2013

Place: (MUMBAI)
Date: 10 MAY 2013

MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Background

Maithon Power Limited (the Company), which is a Joint Venture of The Tata Power Company Limited (TPC) and Damodar Valley Corporation (DVC) with 74% and 26% shareholding respectively, has been set up to operate and maintain Electric power generating stations based on conventional / non-conventional resources, tie-lines, sub-stations and transmission lines connected therewith. The Company has set up a thermal power generation plant (comprising of two units of 525 MW each namely 'Unit I and Unit II') at Maithon, Jharkhand with a total capacity of 1050 MW. Unit I and Unit II of the project were commissioned on 1 September, 2011 and 24 July, 2012 respectively.

Note 2: Significant accounting policies

a. Basis of accounting

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

b. Use of estimates

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

c. Inventories

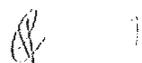
Inventories comprises fuel, stores and spares parts, consumable supplies and loose tools and are valued at cost, net of provision for diminution in their value, if any. Cost is determined on weighted average cost basis.

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

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

e. Cash flow statement

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



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

f. Depreciation and amortisation

Depreciation on fixed assets is provided on pro rata basis from the month in which assets is available for use on straight-line method at the rates and methodology notified by the Central Electricity Regulatory Commission (CERC) Tariff Regulations, 2009 except in case of the following assets where depreciation is provided based on estimated useful life:

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

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

g. Revenue Recognition

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

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

Revenue from sale of ash/cenophere is accounted on transfer of significant risks and reward of ownership to the customers.

h. Other income

Interest income is accounted on accrual basis.

i. Tangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency

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MAITHON POWER LIMITED
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borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

Capital work-in-progress:

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

j. Intangible assets

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

k. Foreign exchange transactions

Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of profit and loss.

Accounting of forward contracts:

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

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l. Investments

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

m. Employee benefits

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

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

Defined benefit plan:

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

Short-term employee benefits:

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

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

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

ii. Borrowing Costs

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

o. Leases

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

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

p. Earnings per Share

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

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q. Taxes on income

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

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

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

r. Impairment of assets

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

s. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

t. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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MAITHON POWER LIMITED
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Note 3: Share capital

	As at 31.03.2013		As at 31.03.2012	
	Number	₹ Lacs	Number	₹ Lacs
i. Authorised Equity shares of ₹10 each with voting rights	2,000,000,000	200,000.00	2,000,000,000	200,000.00
ii. Issued, subscribed and fully paid-up shares Equity shares of ₹10 each fully paid with voting rights	1,434,917,729	143,491.77	1,334,917,729	133,491.77
	<u>1,434,917,729</u>	<u>143,491.77</u>	<u>1,334,917,729</u>	<u>133,491.77</u>
(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year				
At the beginning of the year	1,334,917,729	133,491.77	1,088,917,729	108,891.77
Issued during the year	100,000,000	10,000.00	246,000,000	24,600.00
Outstanding at the end of the year	<u>1,434,917,729</u>	<u>143,491.77</u>	<u>1,334,917,729</u>	<u>133,491.77</u>

(b) Terms/rights attached to equity shares

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

(c) Shares held by holding Company

	As at 31.03.2013	As at 31.03.2012
	Number	Number
The Tata Power Company Limited, (the holding Company)	1,061,839,120	987,839,120

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

	As at 31.03.2013		As at 31.03.2012	
	Number	% holding	Number	% holding
Equity shares of ₹ 10 each fully paid with voting rights				
The Tata Power Company Limited, the holding Company	1,061,839,120	74%	987,839,120	74%
Damodar Valley Corporation	373,078,609	26%	347,078,609	26%

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

Note 4: Reserves and surplus

	As at 31.03.2013	As at 31.03.2012
	₹ Lacs	₹ Lacs
Deficit in the Statement of Profit and Loss		
Opening balance	(18,220.87)	(805.94)
Add: Loss for the year	(8,631.50)	(17,414.93)
Net deficit in the Statement of Profit and Loss	<u>(26,852.37)</u>	<u>(18,220.87)</u>

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MAYTHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Long-term borrowings

	As at 31.03.2013 ₹ Lacs	As at 31.03.2012 ₹ Lacs
i. Term Loans		
From banks - secured (see note I below)		
(a) Allahabad Bank	16,957.13	17,957.13
(b) Bank of Baroda	21,535.53	21,742.53
(c) Canara Bank	12,887.40	11,606.40
(d) Central Bank of India	22,932.53	21,744.53
(e) Dena Bank	13,543.01	12,806.82
(f) Indian Overseas Bank	12,887.40	12,973.40
(g) Jammu & Kashmir Bank	15,800.25	15,108.58
(h) Oriental Bank of Commerce	12,887.40	12,974.40
(i) Punjab & Sind Bank	18,057.31	17,371.13
(j) State Bank of Bikaner and Jaipur	8,478.55	8,606.55
(k) State Bank of Hyderabad	8,996.10	8,689.55
(l) State Bank of India	63,205.20	60,777.90
(m) State Bank of Mysore	9,028.64	8,606.55
(n) Tamilnad Mercantile Bank Limited	13,543.01	13,467.82
(o) UCO Bank	10,682.98	10,786.97
(p) United Bank of India	12,717.83	12,807.82
	274,140.27	268,028.08
ii. Loan from Holding Company (see note 29.3 and II below)		
Unsecured	12,350.00	5,000.00
	286,490.27	273,028.08

I. Term loans from banks

(a) Security

The Company has entered into 'Common Loan Agreement' (CLA) with a consortium of 16 schedule commercial banks (referred to as Lenders), State Bank of India being the Lead banker. The total sanctioned amount as per CLA is ₹ 311,500.00 lacs, The Company has entered into an additional loan agreement with lenders for an amount of Rs. 59,900.00 lacs. As at the year end, the Company has drawn an amount of ₹ 324,895.00 lacs (31 March, 2012: ₹ 299,846.00 lacs) and repaid ₹ 33,277.30 lacs (31 March, 2012: ₹ 16,242.92 lacs). The outstanding balance as at 31 March, 2013 is ₹ 291,617.70 lacs (31 March, 2012: ₹ 283,603.08 lacs) of which ₹ 274,140.27 lacs (31 March, 2012: ₹ 26,8028.08 lacs) is shown under Term Loans above and the balance of ₹ 17,477.43 lacs (31 March, 2012: ₹ 15,575.00 lacs) is included under 'current maturities of long term borrowings' - Note 10.

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

- i. first mortgage and charge over all the immovable properties pertaining to the project, both present and future;
- ii. first charge by way of hypothecation in favour of the 'Lenders' of all the Company's tangible movable assets, including movable plant and machinery, machinery spares, tools and accessories pertaining to the project, both present and future, provided however that the pari-pasu charge on the Company's inventory of machinery spares tools and accessories acquired from working capital facility and raw materials, both present and future may be created in favour of the working capital lenders for securing the Company's working capital facility in the ordinary course of business;
- iii. first charge on the receivables and on all intangibles of the Company including but not limited to goodwill, rights, undertakings and uncalled capital, present and future.
- iv. first charge in favour of the 'Lenders' over all accounts, including without limitation, the trust and retention account, the Debts Service Reserve Account, the retention accounts (or any account in substitution thereof) and such other bank accounts that may be opened in terms hereof and of project documents and over all funds from time to time deposited therein and over all authorised investment or other securities representing all amounts credited thereto; and
- v. first charge by way of an assignment or otherwise creation of security interest in:
 - A. all the rights, titles, interests, benefits, claims and demands whatsoever of the Company in the project documents ("documents"), duly acknowledged and consented to by the relevant counter-parties to such documents to the extent not expressly provided in each such document, all as amended, varied or supplemented from time to time;
 - B. the rights, titles and interests of the Company into and under all the Government approvals;
 - C. all the rights, titles, interests, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the documents.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. all rights, titles and interests of the Borrower in, to and under all insurance contracts.

vi. State Bank of India ("the Lead banker") and other lenders have approved waiver of mortgage over forest land (436 acres) and land taken on tenancy basis from DVC (14,000 sq. metres) for construction of staff quarters.

(b) Interest

Interest rate shall be calculated at a sum of the base rate of State Bank of India plus 375 basis points effective from 3 March, 2013 to 2 March 2014 (31 March 2012: 3 March, 2012 to 2 March, 2013).

(c) Repayment terms

i. Loan of ₹ 311,500.00 lacs will be repaid in 40 quarterly installments of ₹ 2,281.00 lacs and ₹ 1,613.00 lacs from 1 April, 2011 and 1 July, 2011 for Unit 1 and Unit 2 respectively. At the end of 10.5 years from the scheduled commercial operation declaration date of the respective units, bullet installment of ₹ 91,227.00 lacs and ₹ 64,513.00 lacs shall be paid for Unit 1 and Unit 2 respectively.

ii. Loan of ₹ 59,900.00 lacs will be repaid in 37 quarterly installments of ₹ 809.48 lacs starting from 1 October, 2012. The bullet installment of ₹ 29,950.00 lacs shall be paid at the end of the repayment period i.e. 1 October, 2021.

II. Loan from Holding company

(a) Interest

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

(b) Repayment terms

The loan together with accrued interest is repayable in six(6) quarterly installments starting on or prior to 31 October, 2013 subject to satisfaction of the restricted payment conditions under the Common Loan Agreement with banks.

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	As at <u>31.03.2013</u> ₹ Lacs	As at <u>31.03.2012</u> ₹ Lacs
NOTE 6: Other long-term liabilities		
Retention money against capital expenditure	<u>175.62</u>	<u>144.76</u>
Note 7: Long-term provisions		
Provision for employee benefits	185.98	8.45
i. Provision for compensated absences	203.30	11.79
ii. Provision for gratuity	15.20	
iii. Others	<u>404.48</u>	<u>20.24</u>
Note 8: Short-term borrowings		
Cash credit from bank - Secured	<u>21,842.58</u>	<u>2,926.37</u>
Security		
The Company has entered into 'Working Capital Facility Agreement' with State Bank of India for availing Cash Credit facility which is secured by way of first pari-pasu charge on movable and immovable assets of the Company present and future, with other Term Loan and working capital lenders.		
Note 9: Trade payables		
Trade Payables - other than acceptances (see note below)	<u>10,879.85</u>	<u>7,597.80</u>
Note:		
Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is ₹ Nil (31 March, 2012: ₹ Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006. The information provided by the Company has been relied upon by the auditors.		
Note 10: Current maturities of long term borrowings		
From banks - Secured (see note below)	<u>17,477.43</u>	<u>15,575.00</u>
Note:		
Details of Security for current maturities of long term borrowings are as stated in note 5 - 'Long-term borrowings'.		
Note 11: Other current liabilities		
i. Interest accrued but not due on borrowings	1,292.71	4.72
ii. Interest accrued and due on borrowings	763.45	756.06
iii. Other payables		
(a) Statutory liabilities (including provident fund, withholding taxes, value added tax, service tax and electricity duty)	505.71	264.68
(b) Payables on purchase of fixed assets	8,608.99	5,648.15
(c) Retention money	23,753.40	35,369.51
(d) Advance from customers	6.54	1.52
(e) Rehabilitation and resettlement liability	11.16	40.61
(f) Others	6.16	
	<u>34,948.12</u>	<u>42,085.25</u>
Note 12: Short-term provisions		
i. Provision for employee benefits		
(a) Provision for compensated absences	14.37	1.38
(b) Provision for gratuity (net)	7.20	1.00
ii. Provision for contingencies (see note 31)	700.00	
	<u>721.57</u>	<u>2.38</u>

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Note 13: Intangible assets
(see note below)

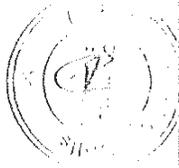
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.2012	Additions	Deletions	Borrowing cost capitalised	As at 31.03.2013	As at 01.04.2012	For the year (see note below)	Deletions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	
1 Buildings - plant	16,283.65	1,034.37	-	204.64	17,522.66	317.10	573.05	-	890.15	16,632.51	15,966.55	
	(-)	(14,109.01)	(-)	(2,174.64)	(15,283.65)	(-)	(317.10)	(-)	(317.10)	(15,966.55)		
2 Buildings - others	1,454.62	3,127.83	-	73.28	4,655.74	147.98	65.94	-	213.92	4,441.82	1,306.64	
	(125.51)	(1,209.22)	(-)	(119.89)	(1,454.62)	(114.40)	(33.58)	(-)	(147.98)	(1,306.64)		
3 Plant and machinery												
- Computers	153.56	0.28	14.25	-	168.09	56.47	24.33	13.32	94.12	77.11	102.09	
	(109.74)	(48.82)	(-)	(-)	(158.56)	(35.61)	(20.65)	(-)	(56.47)	(102.09)		
- Others	239,711.53	137,220.56	-	28,311.18	404,243.27	7,208.19	18,918.89	-	26,127.08	378,116.19	231,503.34	
	(309.89)	(207,655.95)	(-)	(30,745.69)	(238,711.53)	(53.05)	(7,155.14)	(-)	(7,208.19)	(221,503.34)		
4 Furniture and fixtures	529.27	590.29	51.09	-	1,068.47	140.85	33.01	47.36	126.60	941.87	388.42	
	(266.35)	(262.92)	(-)	(-)	(529.27)	(68.73)	(72.12)	(-)	(140.85)	(388.42)		
5 Vehicles	274.96	16.42	-	-	291.38	37.38	30.28	-	67.66	223.72	237.58	
	(141.38)	(133.58)	(-)	(-)	(274.96)	(14.21)	(23.17)	(-)	(37.38)	(237.58)		
6 Office equipment	527.91	20.49	12.47	-	527.91	48.75	33.01	12.47	59.23	466.64	479.16	
	(116.09)	(406.22)	(-)	(5.60)	(527.91)	(25.56)	(23.19)	(-)	(48.75)	(479.16)		
7 Leasehold improvements	-	162.88	-	-	162.88	-	148.07	-	148.07	-	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
Total	257,940.50	142,173.12	77.31	28,589.11	428,624.92	7,956.72	19,326.58	73.05	27,710.25	400,914.67	249,983.78	
	(1,058.96)	(223,825.72)	-	(33,045.82)	(257,940.50)	(511.76)	(7,644.96)	-	(7,856.72)	(249,983.78)		

Note:
Includes ₹ Nil (31 March, 2012: ₹ 71.69 lacs) transferred to Capital work in progress.
Figures in brackets pertain to the previous year.

Note 14: Intangible assets
(see note below)

	GROSS BLOCK					AMORTISATION					NET BLOCK	
	As at 01.04.2012	Additions	Deletion	Borrowing cost capitalised	As at 31.03.2013	As at 01.04.2012	For the year	Deletion	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	
1 Licenses	30.53	(30.53)	(-)	(-)	30.53	2.70	6.11	(-)	8.81	21.72	27.83	
	(-)	(-)	(-)	(-)	(30.53)	(-)	(2.70)	(-)	(2.70)	(27.83)		
2 Computer software	11.28	5.02	1.86	-	14.44	1.22	2.16	0.47	2.91	11.53	10.06	
	(-)	(11.28)	(-)	(-)	(11.28)	(-)	(1.22)	(-)	(1.22)	(10.06)		
3 Land - Right to use	3,802.25	(3,802.25)	(-)	(-)	3,802.25	87.65	150.25	-	237.90	3,564.35	3,714.50	
	(-)	(-)	(-)	(-)	(3,802.25)	(-)	(87.65)	(-)	(87.65)	(3,714.50)		
Total	3,844.06	5.02	1.86	-	3,847.22	91.57	158.52	0.47	249.62	3,597.60	3,752.49	
	(3,844.06)	(-)	(-)	(-)	(3,844.06)	(91.57)	(91.57)	(-)	(91.57)	(3,752.49)		

Note:
Figures in brackets pertain to the previous year



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Note:

- (a) The Plant land of 1116 acres comprising Private land (565 acres), Gair Mazura (GM) land (115 acres) and Forest land (436 acres) was identified and acquired by DVC exclusively for the Mathon Right Bank Thermal Power Project. The Company has already paid ₹ 4,134.68 lacs (31 March, 2012: ₹ 4,134.68 lacs) to DVC as stipulated in the Shareholders' Agreement being the cost of acquisition of land incurred by DVC.

The title to the Private land measuring 565 acres, acquired for the site, where the power generating station is set up, is in the name of DVC. Pending transfer of title as stated above, the Company had entered into an Indenture Deed with DVC on 5 December, 2008, which provided inter-alia, lease of private land for a period of 35 years (and extendable for another 35 years at the option of the Company) and provision to create security in favour of Lenders and transfer this land to the Company at the cost at which it was acquired subject to approval of the Government of the State of Jharkhand. Subsequently, the Company had created security in favour of Lenders on 20 December, 2008, as per the terms of the CLA and accordingly the Lease rent has been fixed at ₹ 1 per annum.

DVC had also acquired GM Land (115 acres) and Forest Land (436 acres) from the State of Jharkhand with the right to use them for the project. The Company has entered into a License Agreement with DVC on 18 January, 2008 for use of these lands initially for a period of 5 years, pending transfer of title/right to use in these lands in favour of the Company. In terms of the Government of the State of Jharkhand resolution No.241/R dated 22 January, 2011, DVC has agreed to sub-lease of GM land (115 acres) to the Company subject to the approval of the Government of the State of Jharkhand. GM Land and Forest Land has been capitalised in the books of account.

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

- (b) The Company had paid ₹ 1,936.15 lacs (31 March, 2012 ₹ 1,936.15 lacs) toward land for first phase of Railway Corridor of 96 acres to DVC, who are acquiring these lands exclusively for the Project in terms of the Shareholders' Agreement. The land consists of Private land (78 acres) and GM land (18 acres). DVC has agreed to transfer the title in these lands in favour of the Company subject to seeking the necessary clearances as per applicable laws of the State of Jharkhand.

MAYTHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013	Capitalised during the year ₹ Lacs	Addition (during the year ₹ Lacs	As at 31.03.2012 ₹ Lacs
Note 15: Incidental expenditure pending capitalisation				
(a) Employee benefit expenses				
i. Salaries and wages	-	452.97	28.91	424.06
ii. Staff welfare expenses	-	147.54	1.37	146.17
Sub Total	-	600.51	30.28	570.23
(b) Other expenses				
i. Rent and hire charges	-	397.03	8.16	388.87
ii. Repairs and maintenance	-	69.79	-	69.79
iii. Insurance	-	540.62	64.99	475.63
iv. Printing and stationery	-	27.42	-	27.42
v. Communication expenses	-	13.43	-	13.43
vi. Power & fuel charge	-	13.20	1.44	11.76
vii. Travelling and conveyance	-	43.95	0.29	43.66
viii. Bank charges	-	163.94	0.12	163.82
ix. Professional and consultancy charges	321.18	5,687.10	1,050.95	4,957.33
x. Advertisement & Publicity	-	8.18	-	8.18
xi. Rates and taxes	-	16.59	-	16.59
xii. Miscellaneous expense	-	98.55	0.22	98.33
xiii. Interest expense/Finance charge	4,352.25	29,750.11	6,780.40	27,321.96
xiv. Provision for taxation	-	98.83	-	98.83
Sub Total	4,673.43	36,928.74	7,906.57	33,695.60
(c) Depreciation	-	131.54	-	131.54
Grand Total - (a+b+c)	4,673.43	37,660.79	7,936.85	34,397.37
(d) Other income				
i. Tender Income (net of expenditure)	-	8.38	-	8.38
ii. Miscellaneous Income	-	0.69	-	0.69
iii. Interest Income	50.66	1,161.00	81.02	1,130.64
iv. Dividend Income from mutual funds	-	1.55	-	1.55
Grand Total - d	50.66	1,171.62	81.02	1,141.26
Net incidental expenditure [a+b+c-d]	4,622.77	36,489.17	7,855.83	33,256.11

	As at 31.03.2013 ₹ Lacs	As at 31.03.2012 ₹ Lacs
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Note 16: Long-term loans and advances

I Capital advances		
(a) Secured, considered good	5,307.19	7,292.71
(b) Unsecured, considered good		
- to related party (see note 29.3)	85.70	85.70
- to others	6,340.37	3,775.95
	11,733.26	11,154.36
II Security deposits		
Unsecured, considered good	2.22	2.22
III Security deposits to related party (see note 29.3)		
Unsecured, considered good	20.00	20.00
IV Other loans and advances (Unsecured, considered good)		
Advance Income-tax (net of provision for Income tax ₹ 407.71 lacs (31 March, 2012: ₹ 407.71 lacs)	999.31	973.73
	12,754.79	12,150.31

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MATHION POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 ₹ Lacs	As at 31.03.2012 ₹ Lacs
Note 17: Inventories (valued at lower of cost and net realisable value)		
i Fuel	10,722.14	3,717.50
Goods in transit	51.13	109.33
	<u>10,773.27</u>	<u>3,826.83</u>
ii Stores and spares	702.67	48.23
iii Loose tools	0.13	0.48
	<u>11,476.07</u>	<u>3,875.54</u>
Note 18: Trade receivables		
i. Outstanding for a period exceeding six months from the date they are due for payment		
(a) Secured, considered good	325.07	
(b) Unsecured, considered good	312.43	
	<u>637.50</u>	
ii. Other trade receivables		
(a) Secured, considered good	1,113.87	34.81
(b) Unsecured, considered good	8,770.38	850.36
	<u>9,884.25</u>	<u>885.17</u>
	<u>10,521.75</u>	<u>885.17</u>
Note 19: Cash and cash equivalents		
i. Cash on hand	0.23	0.07
ii. Balances with banks:		
In current accounts	809.99	789.94
In deposit accounts		980.21
	<u>810.22</u>	<u>1,770.22</u>
Note 20: Short-term loans and advances Unsecured, considered good		
i. Loan and advances to related parties (see note 29.3)	83.23	35.66
ii. Security deposit	31.80	31.42
(a) Unsecured, considered good	21.88	
(b). Doubtful	53.68	31.42
	<u>21.88</u>	
Less: Provision for doubtful loans and advances	<u>31.80</u>	<u>31.42</u>
iii. Prepaid expenses	595.17	304.45
iv. Deposit with government authorities	21.33	62.32
v. Others	6,698.00	3.28
	<u>7,429.53</u>	<u>437.13</u>
Note 21: Other current assets		
i. Unbilled revenue	5,690.00	7,164.25
ii. Interest accrued on fixed deposits		1.43
iii. Tariff recoverable account	9,698.00	790.00
iv. Insurance claims receivable (see note 30)	2,524.00	185.94
v. Others	317.71	1,080.86
	<u>18,229.71</u>	<u>9,222.48</u>

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MATHION POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 ₹ Lacs	Year ended 31.03.2012 ₹ Lacs
Note 22: Revenue from operations (Net)		
i. Power supply	157,852.77	36,740.96
Less: Cash discount	3,204.49	572.68
	<u>154,648.28</u>	<u>36,168.28</u>
ii. Income recoverable from future tariff (see note below)	8,908.00	790.00
iii. Other operating revenue		
(a) Sale of cenosphere	49.48	11.03
	<u>49.48</u>	<u>11.03</u>
Total	<u>163,605.76</u>	<u>36,969.31</u>

Note:

The tariff to be charged to Long Term customers is determined by the Central Electricity Regulatory Commission (CERC) in accordance with the tariff regulations/norms notified by them. The tariff consists of two parts namely, capacity charge (for recovery of fixed cost based on plant availability) and energy charges (for recovery of fuel costs). During the year the Company has raised invoices on long term customers for supply of power on the basis of the provisional tariff approved by CERC. The tariff petition for determination of final tariff has been filed with CERC on 18 February, 2013. Pending approval of the final tariff, the Company has accrued revenue for supply of power to long term customers on the basis of actual plant availability achieved and capital cost incurred by the Company and has accordingly recorded Income recoverable from future tariff of ₹ 8,908.00 lacs (31 March, 2012: ₹ 790.00 lacs) for the year ended 31 March, 2013.

Note 23: Other Income

i. Interest income		
(a) From Bank	9.57	
(b) Others	0.37	18.66
ii. Insurance claim (see note 30)	2,585.37	
iii. Miscellaneous income	5.44	25.00
	<u>2,600.75</u>	<u>43.66</u>

Note 24: Employee benefit expenses

i. Salaries and wages	1,125.40	76.45
ii. Contribution to provident and other funds	68.66	4.79
iii. Gratuity		4.52
iv. Staff welfare expenses	382.73	31.12
	<u>1,576.79</u>	<u>116.88</u>

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MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 ₹ Lacs	Year ended 31.03.2012 ₹ Lacs
Note 25: Finance costs		
i. Interest on:		
(a) Cash credit	920.94	280.83
(b) Term loan	34,299.39	11,840.23
	<u>35,220.33</u>	<u>12,121.06</u>
ii. Bank charges	77.52	67.68
	<u>35,297.85</u>	<u>12,188.74</u>

Note 26: Depreciation and amortisation expenses

i. Depreciation of tangible assets	19,826.58	7,573.27
ii. Amortisation of intangible assets	158.52	91.57
	<u>19,985.10</u>	<u>7,664.84</u>

Note 27: Other expenses

i. Consumption of stores and spares	720.55	120.14
ii. Power and fuel	9.17	6.22
iii. Water charges	547.90	55.41
iv. Rent and hire charges	102.69	126.63
v. Repairs and maintenance		
- Buildings	5.92	2.98
- Plant and machinery	2,044.81	42.12
- Others	361.90	113.75
vi. Loss on sale/retirement of assets	6.16	-
vii. Insurance	773.38	252.93
viii. Rates and taxes	68.70	2.54
ix. Foreign exchange fluctuation loss	51.62	-
x. Communication expenses	45.18	7.80
xi. Travelling and conveyance	272.53	15.05
xii. Trading margin on power sale	75.86	51.27
xiii. Payment to auditors (see Note 'I' below)	32.77	26.39
xiv. Operation and maintenance charge	4,827.48	2,194.28
xv. Transmission charges	5,307.78	458.81
xvi. Ash disposal expenses	999.76	-
xvii. Security and safety expenses	209.14	167.79
xviii. Differential cost of power supply	-	5,078.84
xi. Provision for contingencies (see note 31)	700.00	-
xii. Community welfare expenses	119.16	117.80
xiii. Miscellaneous expenses	298.34	244.06
	<u>17,580.80</u>	<u>9,084.81</u>

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

i. Statutory audit fee	20.22	19.98
ii. Taxation matters	8.36	3.00
iii. Other services	1.46	0.44
iv. Reimbursement of expenses	2.73	2.97
	<u>32.77</u>	<u>26.39</u>

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MATTHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Additional information to the financial statements

28.1 Contingent liabilities and commitments

- a. Demands raised by Income tax authorities for which the Company has gone on appeal against the department ₹ Nil (31 March, 2012 ₹ 556.51 lacs).
- b. Damodar Valley Corporation (DVC) has raised water bills for the sanctioned quantity based on the revised water tariff. The Company has not acknowledged debts for the excess quantity billed over and above the actual extracted quantity. No provision is considered for the excess amount of ₹ 962.96 lacs.
- c. The Company has signed three Fuel Supply Agreements with Bharat Coking Coal Limited (BCCL) which were effective for different periods of the year. These FSAs provided for payment of Performance incentive on supplies exceeding the specified contracted quantities. During the year the Company has received a letter from Bharat Coking Coal Limited (BCCL) for payment of ₹ 7,000.00 lacs towards performance incentive, details of which are not received. The Company has however provided for ₹ 1,169.00 lacs as performance incentive computed on the basis of the terms of the FSAs in force. The Company has also obtained two legal opinions which support the basis of computation used. The amount of incentive payable, pertaining to Long Term customers is recoverable from tariff as per the Power Purchase Agreements signed with them.
- d. The Company has received a demand of ₹ 4,500.00 lacs from the Office of Assistant Commissioner, Dhanbad under the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 contending that the Company has to pay 1% of the Project Cost (Estimated to be ₹ 450,000.00 lacs) as cess.

As per legal advice obtained by the Company, the Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 is applicable on cost of construction and not on supply of equipment, accordingly the Company had deposited an amount of ₹ 126.00 lacs as cess for cost of construction and raised the demand on the concerned contractor /vendor. Further, the Company is of the view that any such demand if payable will be borne by the contractor/vendors. Accordingly, no provision has been made in the books of account.

- 28.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 34,636.74 lacs (31 March, 2012: ₹ 47,095.12 lacs).

28.3 C.I.F. value of imports

Particulars	Year Ended	Year Ended
	31.03.2013	31.03.2012
	₹ lacs	₹ lacs
Fuel	2,360.33	-
Spares	30.72	-



MAXIHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 29: Disclosure under Accounting Standards

29.1 Employee benefits

i. Defined contribution plan

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

The Company recognised ₹ 54.86 lacs (31 March, 2012: ₹ 12.61 lacs) and ₹ 15.20 lacs (31 March, 2012: Nil) for provident fund and Superannuation Fund contributions respectively in the statement of profit and loss/ incidental expenditure pending capitalisation. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

ii. Defined Benefit plan

a. Gratuity plan

The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months vesting occurs upon completion of 5 years of service.

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

b. The following tables set out the status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2013.

i. Change in benefit obligations:

Particulars	As at 31.03.2013 ₹ lacs	As at 31.03.2012 ₹ lacs
Present value of obligations as on 01.04.2012	12.79	5.04
Current service cost	8.81	3.47
Interest Cost	1.09	0.44
Actuarial loss/(gain) on obligation	(14.25)	7.27
Acquisition cost	202.83	-
Benefits paid	(0.77)	(3.43)
Present value of obligations as on 31.03.2013	210.50	12.79



MATTHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. Actuarial assumptions for compensated absences

S. No.	Particulars	Refer Note below	Year ended 31.03.2013	Year ended 31.03.2012
i.	Discount rate (p.a.)	1	8.10% p.a.	8.75% p.a.
ii.	Expected rate of return on assets (p.a.)	2	-	-
iii.	Salary escalation rate (p.a.)	3	7.50% p.a.	10.00% p.a.

Notes:

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

29.2 Segment Reporting

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

29.3 Related party disclosures

Related Party Transactions

a. List of related parties

i. Controlling Entities

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

ii. Related parties exercising significant influence

Damodar Valley Corporation (DVC)

iii. Fellow Subsidiary

Tata Power Delhi Distribution Company Limited (TPDDL)

Tata Power Trading Company Limited (TPTCL)

Trust Energy Resources Pte. Limited (TEL)

MATHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iv. Key Management Personnel

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

b. Transactions/balances outstanding with related parties

Particulars	(All amounts in ₹/ lacs)					
	TPCL	DVC	TPDDL	TPTCL	TEL	Key Management Personnel
i. Transactions during the year						
Sale of power	-	54,696.28	-	97,727.34	-	-
	(-)	(16,522.56)	(14,847.73)	(-)	(-)	(-)
Trading margin on power sale	-	-	-	75.86	-	-
	(-)	(-)	(-)	(51.27)	(-)	(-)
Purchase of services	5,523.26	24.93	0.32	-	-	-
	(4,034.74)	(281.41)	(-)	(-)	(-)	(-)
Purchase of fuel and others	-	524.33	-	-	2,411.32	-
	(5.92)	(-)	(-)	(-)	(-)	(-)
Reimbursement of expenses by the Company	23.59	1.41	-	671.06	-	-
	(146.58)	(0.55)	(-)	(-)	(-)	(-)
Reimbursement of expenses to the Company	20.40	61.97	-	63.96	-	-
	(29.15)	(1,157.29)	(1,560.10)	(-)	(-)	(-)
Long term borrowings (unsecured)	7,350.00	-	-	-	-	-
	(5,000.00)	(-)	(-)	(-)	(-)	(-)
Differential cost of power supply	-	-	-	-	-	-
	(-)	(-)	(-)	(5,078.84)	(-)	(-)
Equity contribution	7,400.00	2,600.00	-	-	-	-
	(18,204.00)	(6,396.00)	(-)	(-)	(-)	(-)
Managerial remuneration	-	-	-	-	-	56.27
	(-)	(-)	(-)	(-)	(-)	(62.67)
Reimbursement of capital expenditure (paid)	-	-	-	-	-	-
	(-)	(1,397.21)	(-)	(-)	(-)	(-)
Interest on term loan	1,431.10	-	-	-	-	-
	(5.24)	(10.56)	(-)	(-)	(-)	(-)

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MATIHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(All amounts in ₹/ lacs)					
	TPCL	DVC	TPDDL	TPTCL	TEL	Key Management Personnel
Advances paid	-	64.33 (85.70)	-	-	-	-
ii. Balances outstanding as at 31 March, 2013						
Trade receivable	-	1,085.61 (34.81)	-	8,879.76 (388.34)	-	-
Unbilled revenue	-	4,800.95 (3,922.55)	-	889.05 (-)	-	-
Trade payables	844.35 (2,278.66)	19.99 (-)	-	506.56 (-)	-	-
Security deposits given	-	20.00 (20.00)	-	-	-	-
Other recoverable	224.99 (29.15)	19.16 (535.00)	-	73.56 (38.67)	-	-
Advances given including capital advance	-	168.93 (121.36)	-	-	-	-
Managerial remuneration payable	-	-	-	-	-	(5.40)
Long term borrowings (unsecured) including accrued interest	13,642.71 (5,004.72)	-	-	-	-	-
Retention money	959.01 (821.28)	-	-	-	-	-
Letter of credit received	-	5,439.41 (2,291.95)	-	2,854.00 (-)	-	-
Bank guarantee issued	-	-	(2,905.00)	-	-	-

Note:
Figures in brackets pertain to 31 March, 2012.

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MATTHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

29.4 Earnings per share (EPS)

Particulars	Units	Year ended 31 March, 2013	Year ended 31 March, 2012
a. Net profit/(loss) after tax	₹ Lacs	(8,631.50)	(17,414.93)
b. Weighted average number of equity shares of ₹ 10 each	Nos.	1,356,835,537	1,259,584,396
c. Basic earnings/(loss) per share (a/b)	₹	(0.64)	(1.38)
d. Weighted average number of shares outstanding during the year for calculation of diluted earnings per share	Nos.	1,356,835,537	1,259,584,396
e. Diluted earnings/(loss) per share (a/d)*	₹	(0.64)	(1.38)
f. Effect of potential equity shares (c-e)	₹	-	-

30. On 17 May, 2012, boiler of unit 1 was damaged leading to stoppage of generation till 25 June, 2012. The asset restoration / repair has been carried out by the Original Equipment Manufacturer' (OEM) under the "Warranty Clause" of the contract. The Company is also insured for Loss of Profits to cover the period of Business Interruption (BI) from the date of the incident and also against any loss arising from the repair / restoration of assets through 'Property Damage' clause under mega insurance policy. The Company has filed claims with the insurance company amounting to ₹ 4,000.59 lacs and ₹ 425.19 lacs for the BI claim and damage of assets respectively. The Company has accounted for insurance claim receivable of ₹ 2,524.00 lacs as at 31 March, 2013 for loss of profit related to business interruption as 'Other income' during the year on estimated basis and any difference between the claims receivable recorded by the Company and the amount that would be determined by the insurance company will be recognised /charged to the Statement of Profit and Loss on such determination.

31. Provision for Contingencies

Provision for contingency relates to the management estimate of additional expenses to be incurred in excess of the amounts claimed from the Insurance Company pursuant to the claim filed. The movement in the provision is as follows:

Particulars	As at 31.03.2013	As at 31.03.2012
	₹ lacs	₹ lacs
Balance at the beginning of the year	-	-
Provision during the year	700.00	-
Amounts incurred/utilised during the year	-	-
Closing balance	700.00	-

32. Mega power status

The Company had applied to the Ministry of Power, Government of India along with necessary documents for grant of Mega Power Status to the Company's 1050 MW Maithon Right Bank Thermal Power Plant. Pending receipt of the mega power certificate, the Company remains liable to pay Excise and Customs duty on its

MATHION POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

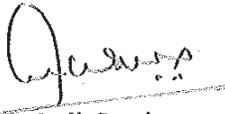
receipts of goods and materials wherever applicable. Accordingly, the Company had paid Excise Duty to its vendors aggregating to ₹ 10,669.72 lacs (31 March, 2012: ₹ 10,475.07 lacs) upto 31 March, 2013; Out of total payment of excise duty to vendors ₹ 10,639.43 lacs (net of receipts) had been capitalised and the balance amount of ₹ 30.29 lacs is included in capital work in progress as at 31 March, 2013.

33. Differential cost of Power Supply

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

34. Previous year's amounts have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of Board of directors



Anil Sardana
Chairman



S. Ramakrishnan
Director



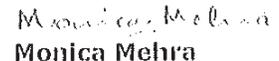
T. K. Gupta
Director



Bhaskar Sarkar
Chief Executive
Officer



Suranjit Mishra
Financial Controller



Monica Mehra
Company Secretary

Place: **MUMBAI**
Date: **10 MAY 2013**

