

TATA POWER TRADING COMPANY LIMITED

TATA POWER TRADING COMPANY LIMITED

Directors' Report

To The Members of
Tata Power Trading Company Limited

The Directors present their Tenth Annual Report on the business and operations of the Company and the statement of account for the year ended 31st March 2013.

FINANCIAL PERFORMANCE SUMMARY

		(₹ in crore)	
		2012-13	2011-12
A	FINANCIAL RESULTS		
	Units Traded (MUs)	9431	5583
(a)	Revenue from Power Supply	3786.77	1922.66
(b)	Income from Advisory Services/Consultancy	2.52	4.04
(c)	Other Income	5.13	1.54
(d)	Total Income	3794.42	1928.24
(e)	Cost of Power Purchased	3727.06	1890.66
(f)	Operating, Administration and other finance charges	30.24	17.73
(g)	Total Expenditure	3757.30	1908.30
(h)	Profit Before Tax	37.12	19.85
(i)	Provision for Taxation	12.64	5.80
(j)	Net Profit After Tax	24.48	14.05
(k)	Balance brought forward from previous year	30.88	21.65
(l)	Amount Available for Appropriation	55.36	35.70
B	APPROPRIATIONS		
(m)	Proposed Equity Dividend	4.80	3.20
(n)	Additional Income-tax on Dividend	0.82	0.52
(o)	General Reserve	2.50	1.10
	TOTAL	4.82	4.82
(p)	Balance carried to Balance Sheet	47.24	30.88

DIVIDEND

Considering the Company's financial performance, the Directors have recommended a dividend of ₹ 3/- per share on the paid-up Equity share capital of 1,60,00,000 Equity Shares of ₹ 10/- each for the FY 2012-13 (previous year: ₹ 2/- per share) subject to approval of the shareholders.

OPERATING RESULTS AND PROFITS

During the year, the Company reported a Profit after Tax (PAT) of ₹ 24.48 crore, as against ₹ 14.05 crore for the previous year, a growth of 74%. The Operating Revenue was higher at ₹ 3789.29 crore, as against ₹ 1926.70 crore on account of higher growth in MUs. The increase in profit was due to increased MUs traded and many buyers did not enjoy the discount for early payment for power. The Company has achieved CAGR of 41 % in terms of power traded over the past 5 years.

In addition to power trading business, the Company also provided consultancy services for Energy Management. The Company earned revenues of ₹ 2.52 crore from advisory services/consultancy business during the year.

The Earnings per share (EPS) has increased to ₹ 15.30 as against ₹ 8.78 in the previous year.

TATA POWER TRADING COMPANY LIMITED

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

STRATEGIC OUTLOOK

Indian power market is evolving at a rapid clip with imminent ushering in of real time ancillary market aimed at replacing UI market by providing an effective platform for trading of services for frequency control, voltage control, black start (during grid failures) etc., based on market discovered prices. Further, with rapid increase in merchant power capacities, it is expected that financial products linked to power trade transactions will also be introduced in the Indian power market; sooner rather than later. The Company is proactively building capacities to capitalize these emerging opportunities, which have huge potential to transform the power market to next level of maturity.

CORPORATE GOVERNANCE STRUCTURE

- a. The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others.
- b. The Company functions through the Board of Directors and three Committees of the Board, viz. the Audit Committee, the Remuneration Committee and the Finance Committee, which have been delegated appropriate powers to perform their duties.
- c. The Board of Directors comprises M/s S. Ramakrishnan, S. Padmanabhan, R. N. Subramanyam, Arun Srivastava, Ashok Sethi, Non - Executive Directors and Mr. Sanjeev Mehra, Managing Director. During the year under review, 4 meetings were held on 14th May 2012, 20th July 2012, 22nd October 2012 and 4th February 2013. The maximum time-gap between any 2 consecutive meetings did not exceed 4 months.
- d. The Audit Committee of the Board comprises M/s S. Padmanabhan, S. Ramakrishnan, R. N. Subramanyam, Arun Srivastava, Non - Executive Directors. During the year under review, 4 meetings were held on 14th May 2012, 20th July 2012, 22nd October 2012 and 4th February 2013. The Managing Director, the Internal Auditor and the Statutory Auditor are also present at Audit Committee Meetings. The Company Secretary acts as the Secretary of the Audit Committee.
- e. The Remuneration Committee of the Board comprises M/s S. Ramakrishnan, S. Padmanabhan and Arun Srivastava, Non - Executive Directors. Mr. S. Ramakrishnan is the Chairman of the said Committee.
- f. The Finance Committee of the Board comprises M/s S. Ramakrishnan, R. N. Subramanyam and Ashok Sethi, Non - Executive Directors. Mr. S. Ramakrishnan is the Chairman of the said Committee.
- g. The Company has signed an agreement with Tata Sons Limited subscribing to the TATA Brand Equity and Business Promotion Scheme (BEBP Agreement). On signing the Agreement, the Company is abiding by the Code of Conduct and norms for the new TATA brand identity.
- h. As a good corporate governance practice, the Company is adopting quarterly reviewed accounts.

TATA POWER TRADING COMPANY LIMITED

- i. Besides the transactions mentioned in the Notes to the Accounts, there were no other materially significant related party transactions that may have a potential conflict with the interests of the Company at large.
- j. The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

DIRECTORS

In accordance with the provisions of the Act and the Article of Association of the Company, Mr. Ashok Sethi is liable to retire by rotation and is eligible for re-appointment. Attention of the Members is invited to the relevant item in the Notice of the Annual General Meeting and the Explanatory Statement thereto.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public in terms of Section 58A and/or Section 58AA of the Companies Act, 1956 during the year under review and as such, no amount is outstanding as on the date of the Balance Sheet.

PARTICULARS OF EMPLOYEES

The Company has no employee in the category mentioned in Section 217(2A) of the Companies Act, 1956.

AUDITORS

M/s Deloitte, Haskins and Sells (DHS), Mumbai, Chartered Accountants, the existing Auditors of the Company hold office till the conclusion of the Annual General Meeting. The Company has shifted its Finance and Accounts Department to Noida. Taking into the consideration the above, Members are requested to appoint M/s Deloitte, Haskins and Sells (DHS), Delhi, Chartered Accountants, as the Statutory Auditors and to fix their remuneration to audit the accounts of the Company for FY 13-14. DHS, Mumbai has communicated that they are not seeking re-appointment at the ensuing Annual General Meeting. DHS, Delhi have, under Section 224 (1) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

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

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

Technology Absorption: Nil

Foreign exchange earnings and outgo: During the year, the Company's foreign earnings were Nil (previous year: ₹ 44,99,835/-). The outgo during the year was ₹ 1,01,81,045/- (previous year: ₹ 24,47,607/-) mainly on account of implementation of Power Management System software platform.

SOCIAL RESPONSIBILITY

The Company is committed to discharging its responsibility as a good corporate citizen. As part of its social responsibility, training workshops were conducted as follows:

TATA POWER TRADING COMPANY LIMITED

- (i) Tata Power Delhi Distribution Limited - Lady employees - In Awareness, Crime Prevention and Self defence and Motivation.
- (ii) Working women (Govt employees /Bank Employees) In Crime awareness, Crime Prevention, Self defence and motivation.
- (iii) School Children of Aided School in Dombivali – In Crime Awareness, Crime Prevention and Self defence, motivation and civic sense.

DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board places on record its appreciation to all the Shareholders, Clients, Business Associates and Bankers.

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

The Directors wish to convey their appreciation to the employees for their hard work, solidarity, cooperation and support to enable the Company to meet challenges and grow consistently.

On behalf of the Board of Directors



S Ramakrishnan
Chairman

Place : Mumbai
Date : 14th May 2013

Deloitte Haskins & Sells

Chartered Accountants
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Indiabulls Finance Centre
Elphinstone Mill Compound
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATA POWER TRADING COMPANY LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

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

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Deloitte Haskins & Sells

Opinion

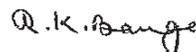
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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



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

MUMBAI, 14th May, 2013

Deloitte Haskins & Sells

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)

Having regard to the nature of the company's business/activities, clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) During the year no fixed assets were disposed off by the company.
- (ii) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iv) According to the information and explanations given to us, the company has not entered into any contracts or arrangement with parties, which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vi) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

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- (b) As at 31st March, 2013, there are no undisputed amounts payable in respect of above dues other than in respect of Service Tax amounting to ₹ 3,856,771 for a period of more than 6 months from the date they became due. This amount has been paid to the appropriate authorities subsequent to the year end.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (In ₹)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year – 2007-08	188,526

- (vii) 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 funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

R. A. Banga

R. A. BANGA

Partner

(Membership No. 37915)

MUMBAI, 14th May, 2013

Tata Power Trading Company Limited
Balance Sheet as at 31st March, 2013

	Notes	31st March 2013 ₹	31st March 2012 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	160,000,000	160,000,000
Reserves and Surplus	4	744,860,818	556,248,060
		<u>904,860,818</u>	<u>716,248,060</u>
Current Liabilities			
Short-term Borrowings	6	500,000,000	-
Trade Payables (Refer Note 20)	6	3,051,023,783	490,209,032
Other Current Liabilities	7	184,196,538	147,448,356
Short-term Provisions	7	84,695,704	42,035,934
		<u>3,819,916,025</u>	<u>679,693,322</u>
TOTAL		<u>4,724,776,843</u>	<u>1,395,941,382</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	5,666,074	6,060,164
Intangible Assets	8	8,957,286	3,580,452
		<u>14,623,360</u>	<u>9,640,616</u>
Non-current Investments	9	-	25,000,000
Deferred Tax Assets (net)	10	70,185,000	48,685,200
Long-term Loans and Advances	11	6,871,580	5,558,561
		<u>91,679,940</u>	<u>88,884,377</u>
Current Assets			
Trade Receivables	12	3,727,282,978	825,834,379
Cash and Bank Balances	13	705,896,318	357,659,254
Short-term Loans and Advances	14	198,956,886	123,563,372
Other Current Assets	15	960,721	-
		<u>4,633,096,903</u>	<u>1,307,057,005</u>
TOTAL		<u>4,724,776,843</u>	<u>1,395,941,382</u>

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

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

R. K. Banga

R. A. BANGA
Partner

Mumbai, 14th May, 2013.

For and on behalf of the Board

S. Ramakrishnan

S. Ramakrishnan - Chairman

Sanjeev Mehra
Sanjeev Mehra - Managing Director

Ramesh Subramanyam
Ramesh Subramanyam - Director

Mumbai, 14th May, 2013.

Tata Power Trading Company Limited
Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	31st March 2013 ₹	31st March 2012 ₹
Revenue from Operations	16	37,892,854,128	19,267,016,269
Other Income	17	51,323,121	15,414,045
Total Revenue		37,944,177,249	19,282,430,314
Expenses			
Cost of Power Purchased	37,809,573,489	19,187,737,193	
Less : Cash Discount Earned	(538,969,989)	(281,167,298)	
		37,270,603,500	18,906,569,895
Compensation Expenses / (Income) (Net)			
Compensation Incurred	45,839,708	72,959,960	
Less: Compensation Earned	(43,583,708)	(72,959,960)	
		2,256,000	
Finance Costs	18	52,187,831	14,557,606
Depreciation and Amortization Expense	8	5,786,984	7,215,873
Other Expenses	19	242,211,772	155,528,923
Total Expenses		37,573,046,087	19,083,872,097
Profit Before Tax		371,131,162	198,558,217
Tax Expenses			
Current Tax Expense for Current Year	147,750,000	70,000,000	
Current Tax Expense relating to Prior Years	110,604	(2,657,789)	
Net Current Tax Expense	147,860,604	67,342,211	
Deferred Tax	(21,499,800)	(9,316,200)	
Total Tax Expense		126,360,804	58,026,011
Profit for the Year		244,770,358	140,532,206
Basic and Diluted Earnings Per Share (In ₹) (Face value ₹ 10/- per share)		15.30	8.78

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

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

R. K. Banga

R. A. BANGA
Partner

Mumbai, 14th May, 2013.

For and on behalf of the Board

S. Ramakrishnan

S. Ramakrishnan - Chairman

Sanjeev Mehra

Sanjeev Mehra - Managing Director

Ramesh Subramanyam
Ramesh Subramanyam - Director

Mumbai, 14th May, 2013.

Tata Power Trading Company Limited
Cash Flow Statement for the year ended 31st March, 2013

	Year ended 31st March 2013 ₹	Year ended 31st March 2012 ₹
A. Cash flow from operating activities		
Profit before taxes	371,131,162	198,558,217
Adjustments for:		
Depreciation / Amortisation	6,768,984	7,215,673
Interest expenditure	44,419,877	9,861,245
Bank charges	7,767,964	4,596,360
Interest Income	(1,087,468)	(15,444)
Dividend Income	(9,193,704)	(15,398,601)
Provision for diminution in value of long term Investment	25,000,000	-
Provision for doubtful trade receivables and advances	55,833,119	27,770,819
	128,346,762	34,130,053
Operating profit before working capital changes	499,477,924	232,688,270
Adjustments for:		
Trade receivables	(2,947,284,546)	150,733,705
Short-term loans and advances	(85,100,687)	(19,727,793)
Trade payables	2,660,814,751	(592,862,570)
Other current liabilities	33,303,484	58,942,456
	(438,352,028)	(402,914,202)
Cash generated from/(used in) operations	61,125,896	(170,225,932)
Taxes paid	(125,460,253)	(70,858,353)
Net cash used in operating activities	(64,354,357)	(241,084,285)
B. Cash flow from investing activities		
Purchase of fixed assets	(10,769,728)	(1,487,727)
Purchase of current investments	(11,430,995,401)	(12,424,957,321)
Sale of current investments	11,430,995,401	12,424,957,321
Interest received	105,747	15,444
Dividend received	9,193,704	15,398,601
	(1,469,277)	13,926,318
Net cash (used in)/from Investing activities	(1,469,277)	13,926,318
C. Cash flow from financing activities		
Proceeds from short-term borrowings	6,250,000,000	200,000,000
Repayment of short-term borrowings	(5,750,000,000)	(200,000,000)
Interest paid	(40,980,148)	(9,961,246)
Bank charges paid	(7,767,964)	(4,596,360)
Dividend paid	(32,000,000)	(32,000,000)
Additional income-tax on dividend paid	(5,191,200)	(5,314,800)
	414,060,698	(51,872,406)
Net cash from/(used in) financing activities	414,060,698	(51,872,406)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	348,237,064	(279,030,373)
Cash and cash equivalents at the beginning of the year	357,659,254	636,689,627
Cash and cash equivalents at the end of the year (Refer Note 13)	705,896,318	357,659,254

In terms of our report attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. K. Banga

R. A. BANGA
Partner

Mumbai, 14th May, 2013.

For and on behalf of the Board

S. Ramakrishnan - Chairman

Sanjeev Mehra - Managing Director

Ramesh Subramanyam - Director

Mumbai, 14th May, 2013.

Tata Power Trading Company Limited
Note 3 Share Capital

	31st March 2013 Nos.	31st March 2013 ₹	31st March 2012 Nos.	31st March 2012 ₹
Authorized				
Equity shares of ₹10/- each	20,000,000	200,000,000	20,000,000	200,000,000
6% Non cumulative redeemable preference shares of ₹10/- each	18,000,000	180,000,000	18,000,000	180,000,000
	<u>38,000,000</u>	<u>380,000,000</u>	<u>38,000,000</u>	<u>380,000,000</u>
Issued, subscribed and fully paid-up				
Equity shares of ₹10/- each fully paid	16,000,000	160,000,000	16,000,000	160,000,000
Total issued, subscribed and fully paid-up share capital	<u>16,000,000</u>	<u>160,000,000</u>	<u>16,000,000</u>	<u>160,000,000</u>

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

Equity shares	31st March 2013		31st March 2012	
	Nos.	₹	Nos.	₹
At the beginning and at the end of the period	<u>16,000,000</u>	<u>160,000,000</u>	<u>16,000,000</u>	<u>160,000,000</u>

b. Terms/rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividend in Indian Rupees.

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

During the year ended 31st March 2013, the amount of per share dividend recognized as distribution to equity shareholders was ₹ 3 (31st March 2012: ₹ 2).

c. Shares held by holding company

16,000,000 shares (31st March 2012 - 16,000,000 shares) being entire share capital is held by the The Tata Power Company Limited.

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

	31st March 2013		31st March 2012	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of ₹10 each fully paid The Tata Power Company Limited, holding company	16,000,000	100%	16,000,000	100%

Note 4 Reserves and Surplus

	31st March 2013 ₹	31st March 2012 ₹
Securities Premium Account		
Opening and closing balance	208,950,000	208,950,000
General Reserve		
Opening balance	38,500,000	27,500,000
Add: Amount transferred from Surplus in Statement of Profit and Loss	25,000,000	11,000,000
Closing Balance	<u>63,500,000</u>	<u>38,500,000</u>
Surplus in Statement of Profit and Loss		
Opening balance	309,798,060	216,457,054
Add: Profit for the year	244,770,358	140,532,206
Less: Proposed dividend (amount per share ₹ 3 (31st March 2012 - ₹ 2))	48,000,000	32,000,000
Additional income-tax on proposed dividend	8,157,600	5,191,200
Transfer to general reserve	25,000,000	11,000,000
Closing Surplus in Statement of Profit and Loss	<u>472,410,818</u>	<u>308,798,060</u>
Total Reserves and Surplus	<u>744,860,818</u>	<u>556,248,060</u>

Tata Power Trading Company Limited

Note 5 Short term Borrowings

	31st March 2013 ₹	31st March 2012 ₹
Inter corporate deposit from the holding company - on demand	500,000,000	-
	<u>500,000,000</u>	<u>-</u>

Note 6 Other Current Liabilities

	31st March 2013 ₹	31st March 2012 ₹
Interest accrued and due	3,439,728	-
Advances from customers	40,800,089	58,945,392
Security deposits from customers	85,670,018	35,941,140
Statutory liabilities	18,940,321	13,701,592
Security deposits from vendors	5,056,995	5,056,995
Other liabilities	30,289,387	33,803,237
	<u>184,196,538</u>	<u>147,448,356</u>

Note 7 Short-term Provisions

	31st March 2013 ₹	31st March 2012 ₹
Other Provisions		
Provision for tax (net of advance tax ₹119,211,897/- (as at 31st March, 2012 - ₹ 65,155,266/-))	28,538,104	4,844,734
Proposed equity dividend	48,000,000	32,000,000
Provision for tax on proposed equity dividend	8,157,600	5,191,200
	<u>84,695,704</u>	<u>42,035,934</u>

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	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 01-04-2012	Additions	As at 31-03-2013	Deductions	As at 01-04-2012	For the year	Deductions	As at 31-03-2013
TANGIBLE ASSETS								
PLANT AND EQUIPMENT	3,543,470	638,078	4,181,548	-	1,573,865	576,917	-	2,030,966
	3,022,817	520,653	3,543,470	-	1,054,136	519,529	-	1,969,805
FURNITURE AND FIXTURES	3,573,335	-	3,573,335	-	1,401,491	325,783	-	1,846,051
	2,806,261	967,074	3,573,335	-	1,274,575	186,916	-	2,171,844
OFFICE EQUIPMENTS	1,019,534	360,065	1,379,599	-	265,653	344,431	-	769,515
	1,019,534	-	1,019,534	-	39,445	226,208	-	753,881
VEHICLES	1,527,389	-	1,527,389	-	362,755	145,102	-	1,019,532
	1,527,389	-	1,527,389	-	277,653	145,102	-	7,184,534
TOTAL - 2012-2013	9,663,728	998,143	10,661,871	-	3,603,564	1,392,253	-	5,666,074
- 2011-2012	8,176,001	1,487,727	9,663,728	-	2,525,809	1,077,755	-	6,060,164
	GROSS BLOCK			ACCUMULATED AMORTISATION			NET BLOCK	
	As at 01-04-2012	Additions	As at 31-03-2013	Deductions	As at 01-04-2012	For the year	Deductions	As at 31-03-2013
INTANGIBLE ASSETS								
COMPUTER SOFTWARE	20,459,726	8,771,585	30,231,311	-	16,879,274	4,394,751	-	8,957,286
	20,459,726	-	20,459,726	-	10,741,356	6,137,918	-	3,580,452
TOTAL - 2012-2013	20,459,726	9,771,585	30,231,311	-	16,879,274	4,394,751	-	9,957,286
- 2011-2012	20,459,726	-	20,459,726	-	10,741,356	6,137,918	-	3,580,452

Note: Previous year's figures are in italics.

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Tata Power Trading Company Limited

Note 9 Non-Current Investments

	31st March 2013 ₹	31st March 2012 ₹
Trade investments (valued at cost less diminution, other than temporary, if any)		
Equity Shares (Unquoted)		
25,00,000 (31st March 2012 - 25,00,000) shares of ₹ 10 each fully paid-up in Power Exchange India Limited	25,000,000	25,000,000
Less: Provision for diminution in value of long term investment	(25,000,000)	
	<u>-</u>	<u>25,000,000</u>

Note 10 Deferred Tax Assets (net)

	31st March 2013 ₹	31st March 2012 ₹
Deferred Tax Liability		
Relating to fixed assets	836,700	1,056,500
Total	<u>836,700</u>	<u>1,056,500</u>
Deferred Tax Assets		
Provision for doubtful trade receivables and advances	71,021,700	49,741,700
Total	<u>71,021,700</u>	<u>49,741,700</u>
Deferred Tax Assets (net)	<u>70,185,000</u>	<u>48,685,200</u>

Note 11 Long Term Loans and Advances

	31st March 2013 ₹	31st March 2012 ₹
Unsecured, considered good		
Advance income-tax (net of provisions ₹ 204,893,083/- (as at 31st March, 2012 - ₹ 134,893,083/-))	6,871,580	5,558,561
	<u>6,871,580</u>	<u>5,558,561</u>

Note 12 Trade Receivables

(Unsecured unless otherwise stated)

	Current	
	31st March 2013 ₹	31st March 2012 ₹
Trade receivables outstanding for a period exceeding six months from the due date of payment		
Considered good	15,056,573	126,285,034
Considered doubtful	173,512,149	124,441,595
	<u>188,568,722</u>	<u>250,726,629</u>
Less : Provision for doubtful trade receivables	(173,512,149)	(124,441,595)
	<u>15,056,573</u>	<u>126,285,034</u>
Other Trade receivables		
Considered good	3,712,226,405	699,549,345
Considered doubtful	13,891,947	17,126,554
	<u>3,726,118,352</u>	<u>716,675,899</u>
Less : Provision for doubtful trade receivables	(13,891,947)	(17,126,554)
	<u>3,712,226,405</u>	<u>699,549,345</u>
Total	<u>3,727,282,978</u>	<u>825,834,379</u>

Tata Power Trading Company Limited

Note 13 Cash and Bank Balances

	31st March 2013 ₹	31st March 2012 ₹
Balances with banks :		
In Current accounts	573,896,318	357,659,254
In Deposit accounts (maturity is less than 12 months)	132,000,000	-
	<u>705,896,318</u>	<u>357,659,254</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	705,896,318	357,659,254

Note 14 Short-term Loans and Advances - Unsecured

	31st March 2013 ₹	31st March 2012 ₹
Security/Tender Deposits		
Considered good	147,331,423	80,081,604
Doubtful	4,500,000	6,500,000
	<u>151,831,423</u>	<u>86,581,604</u>
Provision for doubtful deposits	(4,500,000)	(6,500,000)
	<u>147,331,423</u>	<u>80,081,604</u>
Other Loans and Advances		
Considered good	51,625,463	43,481,768
Doubtful	17,039,776	5,242,603
	<u>68,665,239</u>	<u>48,724,371</u>
Less: Provision for doubtful advances	(17,039,776)	(5,242,603)
	<u>51,625,463</u>	<u>43,481,768</u>
Total	<u>198,956,886</u>	<u>123,563,372</u>

Note 15 Other Current Assets

	31st March 2013 ₹	31st March 2012 ₹
Interest accrued on deposit with bank	960,721	-
	<u>960,721</u>	<u>-</u>

Tata Power Trading Company Limited
Note 16 Revenue from Operations

	31st March 2013 ₹	31st March 2012 ₹
Revenue from Operations		
Sale of products (traded goods)		
Revenue from power supply	38,232,330,179	19,440,344,201
Less : Cash discount allowed	370,018,184	233,615,521
	<u>37,862,311,995</u>	<u>19,206,728,680</u>
Sale of services		
Revenue from power banking sale (net of service tax paid)	5,390,400	19,916,552
Income from advisory services	18,768,334	38,201,257
Income from other services	6,383,399	2,169,780
	<u>30,542,133</u>	<u>60,287,589</u>
Total	<u><u>37,892,854,128</u></u>	<u><u>19,267,016,269</u></u>

Note 17 Other Income

	31st March 2013 ₹	31st March 2012 ₹
Interest income on income tax refund	-	15,444
Dividends from current investments	9,193,704	15,398,601
Interest from banks on deposits	1,067,468	-
Gain on foreign currency transactions and translation (net)	199,276	-
Liability written back	40,862,673	-
	<u>51,323,121</u>	<u>15,414,045</u>




Tata Power Trading Company Limited
Note 18 Finance Costs

	31st March 2013 ₹	31st March 2012 ₹
Interest on Short-term borrowings	3,683,064	9,132,026
Interest paid to holding company	40,672,603	829,220
Interest on delayed payment of self assessment tax	64,210	-
Bank charges	7,767,954	4,596,360
	<u>52,187,831</u>	<u>14,557,606</u>

Note 19 Other Expenses

	31st March 2013 ₹	31st March 2012 ₹
Stores, Oil etc. consumed	-	122
Rent	17,938,219	9,428,284
Insurance	96,498	68,163
Repairs and maintenance		
Buildings	94,665	103,581
Others	38,156	181,076
Other operation expenses	21,344,950	17,343,724
Cost of services	75,056,995	56,695,243
Tata brand equity	21,604,951	11,909,941
Bad debts	221,635	-
Provision for diminution in value of long term investment	25,000,000	-
Payment to auditor (<i>Refer details below</i>)	2,224,728	2,192,115
Loss on foreign currency transactions and translation (net)	-	9,104
Legal and professional charges	3,487,604	7,616,479
Consultants fees	16,405,128	16,486,572
Miscellaneous expenses	3,085,124	5,723,700
Provision for doubtful trade receivables and advances	55,633,119	27,770,819
	<u>242,211,772</u>	<u>155,528,923</u>

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

	31st March 2013 ₹	31st March 2012 ₹
As auditors - statutory audit	1,348,320	1,348,320
For taxation matters	196,630	165,450
For other services	679,778	678,345
	<u>2,224,728</u>	<u>2,192,115</u>

The remuneration disclosed above excludes fees of ₹ 241,574 (including service tax) for other professional services rendered by a firm of accountants in which some partners of the firm of statutory auditors are partners.

Tata Power Trading Company Limited

Notes forming part of the Financial Statements

1. Background:

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

2. Significant Accounting Policies :

a) Basis of Preparation of Financial Statements:

The financial statements are prepared under historical cost convention on accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. 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 financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialise.

c) Fixed Assets:

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

d) Depreciation:

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

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

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

e) Cash flow statement:

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

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f) Investments:

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

g) Revenue Recognition:

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

h) Segment Reporting:

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

i) Taxes on Income:

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

j) Provision, Contingent Liabilities and Contingent Assets:

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



Tata Power Trading Company Limited

Notes forming part of the Financial Statements

20. No enterprises have been identified as "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid identification has been done on the basis of information, to the extent provided by the vendors to the Company. This has been relied upon by the Auditors.
21. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006 is as follows:

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

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

(b) Details of Transactions/ Balances Outstanding:

Particulars	TPCL	TPDDL	TERPL	CGPL	MPL	IEL
Transactions during the year						
Purchase of Power	2,286,634,748	787,971,364	-	-	10,392,256,225	-
	3,478,023,650	749,653,966	-	-	395,902,186	-
Cash Discount Earned	35,591,138	15,759,416	-	-	209,277,682	-
	59,595,258	14,993,079	-	-	-	-
Sale of Power	266,278,107	7,841,153,728	-	-	-	-
	1,069,311,006	2,190,067,498	-	-	189,296,595	-
Cash Discount Given	5,266,154	82,148,304	-	-	-	-
	20,474,057	40,460,550	-	-	-	-
Revenue from Power Banking Sale	1,705,670	960,000	-	-	-	-
	-	-	-	-	-	-

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Particulars	TPCL	TPDDL	TERPL	CGPL	MPL	IEL
Revenue from Sale of Renewable energy certificates	1,156,569	-	-	-	-	-
	<i>266,136</i>	-	-	-	-	-
Rendering of Services	-	-	-	5,958,337	-	-
	-	-	<i>4,499,836</i>	<i>7,041,671</i>	-	-
Receiving of Services	63,174,084	-	-	-	-	-
	<i>43,200,000</i>	-	-	-	-	-
Compensation (Received)/Paid (Net)	126,000	-	-	-	(2,382,000)	-
	<i>3,192,000</i>	<i>2,235,000</i>	-	-	-	-
Interest Expenditure	40,672,603	-	-	-	-	-
	<i>829,220</i>	-	-	-	-	<i>1,105,643</i>
Inter Corporate Deposit Accepted	6,250,000,000	-	-	-	-	-
	-	-	-	-	-	<i>200,000,000</i>
Inter Corporate Deposit Refunded	5,750,000,000	-	-	-	-	-
	-	-	-	-	-	<i>200,000,000</i>
Dividend paid/proposed	80,000,000	-	-	-	-	-
	<i>32,000,000</i>	-	-	-	-	-
Deposit Refunded	-	-	-	-	-	-
	-	<i>5,000,000</i>	-	-	-	-
Balance Outstanding						
Other Receivables	-	1,565,206,053	-	1,037,984	-	-
	-	-	<i>1,846,106</i>	<i>1,194,818</i>	-	-
Loans Payable along with Interest	503,439,728	-	-	-	-	-
	-	-	-	-	-	-
Other Payables	176,457,462	-	-	-	1,315,415,704	-
	<i>203,440,669</i>	<i>2,988,293</i>	-	-	<i>43,471,789</i>	-
Dividend Payable	48,000,000	-	-	-	-	-
	<i>32,000,000</i>	-	-	-	-	-

Note (1) : Previous year's figures are In Italics

Note (2) : The Tata Power Company Limited (TPCL) has given an undertaking to MPL (fellow subsidiary) to fulfill payment obligations of the Company in case of default in payment for power sold on behalf of MPL.

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22. Expenditure in foreign currency:
- | | 2012-13 | 2011-12 |
|--|-----------|-----------|
| Professional and consultation fees (Revenue) | 2,402,265 | 2,447,607 |
| Professional and consultation fees (Capital) | 7,778,780 | Nil |
23. Earnings in foreign exchange:
- | | 2012-13 | 2011-12 |
|--------------------|---------|-----------|
| Consultancy Income | Nil | 4,499,836 |
24. The year-end foreign currency exposures USD Nil (₹ Nil) [(31st March, 2012 - USD 36,405 (₹ 1,846,106)] for amount receivable on account of rendering of services have not been hedged by a derivative instrument or otherwise.

25. Earnings Per Share:

Particulars	FY 2012-13	FY 2011-12
Profit Attributable to Equity Share Holders (₹) (A)	244,770,358	140,532,206
The weighted average number of Equity Shares (Nos.) (B)	16,000,000	16,000,000
The nominal value of Equity Shares (₹)	10	10
Basic and Diluted Earnings Per Share (₹) (A)/(B)	15.30	8.78

26. Contingent Liabilities and commitments :-

- (i) Other money for which the company is contingently liable (No cash outflow is expected in the near future) :-
- a. Power Banking Arrangement - ₹ 122,307,542 (31st March, 2012 - ₹ 193,321,102).
- (ii) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ Nil (31st March, 2012 - ₹ 17,480,474).
27. Total number of units purchased and sold during the year - 9,269 MUs (31st March, 2012 - 4,722 MUs) excluding under banking arrangement - 162 MUs (31st March, 2012 - 861 MUs).

28. Previous Year's Figures:

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