

DIRECTORS' REPORT

To The Members,

The Directors are pleased to present their Fourteenth Annual Report on the business and operations of your Company and the statements of accounts for the year ended 31st March, 2014.

Financial year 2013-14 has been a year of achievement for your Company as it performed well in various areas of its activities. Major highlights for the year are:

- Achieved profit after tax (PAT) ₹ 102.97 crore as against loss of ₹ 86.31 crore in FY13.
- Tie up of long term power supply increased from 750 MW to entire capacity of 1050 MW
- Refinancing of existing project loan in the first full year of operation of the project
- ISO certification with regard to Quality Management, Environment Management and Occupational Health & Safety Management

1. FINANCIAL PERFORMANCE

a) Financial Results

Particulars	Figures in ₹ crore	
	FY14	FY13
(a) Net Sales/Income from Other Operations	2,293.06	1,636.06
(b) Operating Expenditure	1,578.70	1,195.55
(c) Operating Profit	714.36	440.51
(d) Add: Other Income	40.80	26.01
(e) Less: Finance costs	428.37	352.98
(f) Profit before Depreciation and Tax	326.79	113.54
(g) Less: Depreciation/Amortisation	223.82	199.85
(h) Profit/(Loss) Before Tax	102.97	(86.31)
(i) Net Profit/Loss) After Tax	102.97	(86.31)
(j) Add: Profit/(Loss) brought forward from the previous year	(268.52)	(182.21)
(k) Profit/(Loss) to be carried forward	(165.55)	(268.52)

b) Financial highlights

During the year, your Company's net sales and operating profit was ₹ 2,293.06 crore and ₹ 714.36 crore as against ₹ 1,636.06 crore and ₹ 440.51 crore respectively for the previous year, registering growth of 40% and 62% respectively during the year. The Company has achieved profit after tax (PAT) of ₹102.97 crore as against loss of ₹ 86.31 crore in the previous year. The growth in revenue and profit are mainly on account of increase in long term tie up of capacity from 750 MW to 900 MW and increase in declared capacity (DC) availability as compared to the previous year. During the year, the Company has been able to generate cash profit of ₹ 326.70 crore.

2. DIVIDEND

Your Company has made profit of ₹ 102.97 crore in first full year of its operation since COD of both the Units. As the accumulated loss of ₹ 165.55 crore is yet to wipe off, your Company has not declared any dividend for the year FY14.

3. CREDIT RATING

During the year, your Company has been assigned with the highest short term credit rating A1+ from CARE which helped in availing working capital facility at a comparatively lower interest rate. CRISIL has upgraded the long term credit rating to A+/stable. Improvement in long term credit rating and assignment of highest short term credit rating reflects the Company's financial discipline and prudence.

4. OPERATIONAL PERFORMANCE

a) Operational Highlights

During the year, your Company has been able to achieve significant improvement in generation despite delay in implementation of railway infrastructure and long outage of Unit 1 on account of its Generator Transformer (GT) failure. It has taken all measures to run the plant at maximum load i.e. coal transportation by road, execution of revised Fuel Supply Agreement (FSA) with the Central Coalfields Limited (CCL) ensuring continuous fuel supply, reducing outage hours, tie up of additional 150 MW capacity with West Bengal State Electricity Distribution Company Limited (WBSEDCL) on long term basis and maintaining maximum tie up of untied capacity of 150 MW on short term basis throughout the year.

The generation details of both the Units for FY14 are given as under:

Particulars	FY14	FY13
Generation (MUs)	6,328	4,588
PLF (%)	68.8	59

Plant availability (%)	87.4	83
Aux Power (%)	5.7	5.8

During the year, total power generation was 6,328 MUs as against 4,588 MUs in the previous year, registering an increase of 38%. The plant load factor (PLF) was 68.8 % during the year as compared to 59% in the previous year. During the year, power demand was lower from the long term beneficiaries, which has resulted in low PLF of the station despite higher plant availability (DC). Your Company also had a major breakdown due to GT failure in Unit 1 on 6th July, 2013, which resulted in significant generation loss for 62 days.

During the year, your Company has supplied 5,007 MUs to the long term beneficiaries and 959 MUs on merchant basis as against 3,940 MUs and 377 MUs respectively in the previous year. Average tariff realisation was ₹ 3.84 per unit as against ₹ 3.78 per unit in the previous year.

b) Commercial highlights

Your Company has realised 100% payment of current bills raised to the long term beneficiaries for 900MW. As per the terms of Power Purchase Agreement (PPA), long term beneficiaries of the Company make payment within seven days of billing in order to avail 2% rebate on bills.

The balance 150 MW capacity has been tied up with Kerala State Electricity Board Limited (KSEB) during the year under long term PPA. However, the same is being sold on merchant basis due to non-availability of long term open access (LTOA) in southern grid.

Although the Company could sell balance 150MW on short term basis during the year, the contribution from such sales was inadequate for recovering fixed cost due to unfavourable competitive market prices for bilateral bidding as well as at power exchange.

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 Government of Jharkhand (GoJ).

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 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 with the provisions of automatic renewal thereafter. The management of your Company has been following up with the GOJ and DVC for transfer of the GM land through a sub-lease agreement facilitating the creation of security in favour of its lender. It will enter into sub-lease agreement with DVC subject to conditions as may be prescribed by the GoJ.

ii) Land for Railway Infrastructure

To ensure regular coal availability for sustainable operation of the plant, your Company has started construction of railway infrastructure for over 17 km in stage I and 03 km in stage II. It has planned to acquire total 130 acres of land comprising of Railway land (35 acres), Private or Raiyati land (64 acres) and Government land (GM land) (28 acres).

During the year, your Company has received approval of 19.86 acres of Railway land from the Eastern Railway as required for the construction of Railway infrastructure in stage I. The Company has also made an application to the Eastern Railway for granting approval of balance railway land which is required for second stage. The Private land has already been acquired by DVC and GM land are under process at GOJ for leasing in favour of DVC, who has agreed to transfer the title of these lands in favour of your Company subject to necessary clearances as per applicable laws.

On 3rd August, 2012, your Company entered into R&R agreement with the land losers for settlement of R&R package in respect of private land. However, due to various disputes e.g. payments made by the GoJ to the wrong claimants, multiple ownership issues of the same land, difference of owner's name in GoJ land records, missing of land documents, original land acquisition notices etc, your Company is yet to complete physical possession of private land in few villages. In case of GM land, your Company has found a number of unauthorised encroachments and received compensation demand from them.

It has started negotiation for settlement of disputes and demand of the above land losers and unauthorised encroachments with the help of R&R Committee constituted by the District Commissioner (DC).

In view of the above, construction of railway infrastructure work for stage I is estimated to be completed by 31st March, 2016.

iii) Increase in project cost

During the year under review, the estimated project cost has increased from ₹ 5,500 crore to ₹ 5,696 crore towards installation of Reverse Osmosis (RO) plant ensuring compliance of zero water discharge and for laying ash conveying pipeline up to the abandoned mines thus ensuring

ash utilisation as per directives of the Jharkhand State Pollution Control Board (JSPCB) and the Ministry of Environment and Forests (MoEF). The above increased project cost is lower than the Central Electricity Regulatory Commission (CERC) benchmark cost for similar capacity plants. A petition was filed during the year with the CERC seeking permission for incurring capex towards RO plant and ash conveying pipeline project. However, the same has been directed by the CERC to approach it again in the tariff control period 2014-19 as the job would be undertaken during that period. Your Company has approached the lenders and promoters requesting for funding the project cost increase in the debt equity ratio of 70:30. The lenders have sanctioned the requisite loan subject to obtaining Promoters and CERC's approval in this regard.

iv) Refinancing of existing rupee term loan and tie up to fund additional project cost at lower interest rate

During the year, the Company has completed refinancing of its existing rupee term loan carrying interest rate at 13.45% p.a. with the new term loan carrying interest rate at 11% p.a. and tied up additional debt of ₹ 274 crore at the same terms and conditions for funding the increased project cost. The entire term loan has been funded by the consortium of 13 Lenders led by the State Bank of India. As per the terms and conditions of CERC tariff regulation, the savings in interest cost due to reduction in interest rate would be shared between the long term beneficiaries and the Company in the ratio of 2:1 during remaining tenure of loan. The cost of refinancing would be entirely borne by the long term beneficiaries in proportionate to its tied up capacity.

v) Mega Power Project Status

Mega Power Status to 1,050 MW Maithon Right Bank Thermal Power Project has not been granted by the Ministry of Power to your Company on the ground that the PPAs do not conform to the National Electricity Policy 2005 and Tariff Policy 2006 of the Government of India (GOI). Pending receipt of the mega power status, 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. These 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) 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 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) supercritical units (Phase-II).

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

- Environmental clearances: Public hearing was successfully conducted by the GoJ and detailed report forwarded to the MoEF, New Delhi
- Water tie-up: Damodar Valley Reservoir Regulation Committee (DVRRC) has permitted to use 55 Cusecs water 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: An application has been filed to the Ministry of Coal (MoC) for 6.40 MTPA Coal. The matter is under consideration of the MoC.
- Power Purchase Agreements: Your Company has approached existing long term beneficiaries and many other distribution companies to purchase power from phase II.
- Power evacuation: Your Company has initiated discussion with Power Grid Corporation India Limited (PGCIL) for evacuation of power.

6. FUEL

Fuel supply is a critical part of the operations and your Company continues to pursue all options in order to improve 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 Limited (BCCL) and 1.975 MTPA from Central Coalfields Limited (CCL). Similarly your Company has executed a Fuel Supply Agreement with Tata Steel Limited up to 1 MTPA middling coal from its West Bokaro mines. With the above arrangements, it has secured the entire requirement of fuel for the station. While the above arrangements are taking effect, it has also imported two shipments of coal (approx 1.6 lakhs MT) from Indonesia during the year to meet the shortfall in the coal requirement for FY14.

As per 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 completed, your Company has made an interim arrangement for coal transportation by road and constructed Damagoria railway siding leased by BCCL. With the help of Damagoria siding, the Company could unload coal supplied from CCL and Tata Steel's mines as well as from Paradip and Haldia ports for imported coal. The coal from Damagoria is transported to plant site by road.

Your Company has signed revised FSA with CCL in December, 2013 in order to include washery grade, G7 – G10 grade coal. CCL had also agreed to supply coal of above grades through road transportation mode in addition to railways.

Your Company has tied up with coal transporters for end-to-end supervision and transportation facility. It is improving 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

Company has achieved a record level of 21,934 MT coal in a day (on 20th January, 2014) and 5.18 lakh MT coal in a month (January, 2014).

7. SALE OF POWER

The Company has long term Power Purchase Agreements (PPA) with DVC for sale of 300 MW Power and through Tata Power Trading Company Limited (TPTCL), 300 MW with West Bengal State Electricity Distribution Company Limited (WBSEDCL) and 300 MW with Tata Power Delhi Distribution Limited (TPDDL). On 30th December, 2013, the balance 150 MW capacity has been tied up under long term power purchase agreement with Kerala State Electricity Board Limited (KSEB). However, power evacuation to KSEB is yet to be started due to non-availability of long term open access (LTOA). The Company is pursuing the matter with KSEB and PGCIL for early allocation of LTOA in Southern corridor. Since LTOA is not made available, the power is being sold on merchant basis.

Your Company has approached the CERC for the approval of capital cost and determination of provisional tariff. The 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, a revised petition for the approval of capital cost and determination of tariff had been filed with CERC based on the revised project cost and actual capitalization data as on commercial operation date (COD) of Unit 2 . Final tariff order is expected to be released soon.

8. SUSTAINABILITY

Sustainability integrates economic progress, social responsibility and environmental concerns with the objective of improving profitability, competitiveness, the quality of life for all stakeholders without compromising the ability of future generation to meet their own needs. The sustainability agenda of your Company addresses all aspects related to resource conservation, energy efficiency, environment protection and enrichment and development of local communities in and around its areas of operations.

In its endeavor to achieve its goal of sustainable development, your Company is addressing the issues through multi-pronged approach as per details given below:

a) Care for People

i) Safety and Security

Your Company recognises and accepts its responsibility for establishing and maintaining a safe working environment for all its employees and associates. Occupational health and safety at workplace is one of the prime concerns of your Company and utmost importance is given to provide safe working environment inculcate safety awareness among the employees, the

workers of contractors and sub-contractors. The Company takes all such steps which are reasonably practicable to ensure best possible condition of work. The station has been certified with Occupational Health & Safety Management System (OHSAS 18001:2007) by the Indian Register Quality Systems (IRQS).

Your Company has continued its efforts to minimize the accidents to zero level and encourage safe working practices at the plant during the year. It has been undertaking, among other things, many initiatives on safety and security as follows:

- Disaster Management plan in line with the National Disaster Management Authority guide lines.
- Training on critical safety standard & procedure for employees and business associates.
- Ten Commandments on safety is communicated to all employees & displayed 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, electrocution and fire incident are being conducted at different area of the plant at frequent interval.
- PTW system followed at site.
- Hazard identification and risk assessment prepared for all departments.
- Safety awareness provided to community and nearby school on specific topics.
- Refresher safety training provided to all business associates before issue/renewal of gate pass.
- Implemented the recommended corrective and preventive actions from safety audits.
- Implemented contractor's safety management processes/procedures.
- Draw up plan for PTW audit to ensure that at least three (03) PTWs of high or medium risk jobs are audited weekly
- Safety signage is displayed at site. All confined space has been identified.
- MSDS displayed at DM Plant area
- Regular plant inspection and review with station head, internal and external safety auditors and implementation of auditors' recommendations
- For enforcement of safety norms and practices, safety clauses are included in the general terms of vendors' contract.
- Installed state of the art e-security systems for upgrading surveillance.
- Regular interaction of security and co-ordination group interact with Ministry of Home Affairs (MHA) and District Commissioner (DC) to augment security preparedness in and around its establishment.

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:

S. No.	Parameters	FY14	FY13
1	Fatality (Number)	Nil	Nil
2	Total injury frequency rate (TIFR)	5.80	10.92
3	LTIFR(Lost Time Injury Frequency Rate per million man hours)	0.00	0.13
4	First Aid Cases (Number)	37.00	80.00
5	Lost working days case (LWDC)	0.00	1.00

ii) Employee Township

Your Company has made township fully operational for accommodation of its employees near its plant location. The Company is exploring an option for increasing capacity of the existing township through development of another township nearby plant area. Additionally, the Company has taken initiatives to construct field hostel for its shift engineers within plant premises which is under progress.

b) Care for Community

Your Company continues its partnership with National and state level NGOs like PRATHAM, Neilson Org and Centre for Community Development, Aide-et Action, BIT Baliapur and organizations such as Jain Irrigation, Wizmantra education solutions Ltd, SKAVS, Rah Society 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 development and livelihood & self employment.

During the year under review, the following activities were undertaken:

i) Employability

- Employability trainings were organized with the help of TCS/AGL on skills development for working in BPO/KPO's in which 383 nos local youth were trained. Out of which, 145 have got placement in Kolkata and Jamshedpur. Priority was given to Scheduled Castes (SCs) and Scheduled Tribes (STs) candidates from adjacent areas.
- Training programmes were also organized for twenty five senior secondary candidates. After completion of training, fifteen candidates got placement with Eurekafobs.
- In continuation of the above, local youth had also been imparted training in various soft skills required in official environment, presentation skills, group discussion, public speaking, interpersonal skills, computer operation, verbal and non verbal communication, email writing etc.

ii) Health

- Two Mobile Medical Units (MMU) with a team of doctors, pharmacists and nurses have been deployed to provide regular free medical consultancy, treatment of non-chronic disease along with distribution of required medicines in 24 locations covering sixty villages nearby the plant and railway infrastructure;
- Nursing trainings were imparted to nine women with the help of private hospital and all of them have been employed in both the MMU for rural health services resulting into generation of employment along with health awareness; and
- Health awareness programs were organized through nukkad natak, audio visual movies shows, health expert meetings, wall paintings.
- Special medical camps on anemia has also been conducted along with medicine distribution in the nearby villages

iii) Income generation & skill development

- Facilitated training to 67 unskilled SC/ST women for production and sale of incense sticks;
- Facilitated training to 80 unskilled SC/ST women for production and sale of handicraft making on straw and jute.

iv) Installation of Solar Street Lights

Your Company has, through Tata Power Community Development Trust (TPCDT), installed 122 solar street lights in 21 peripheral villages covering both plant and railway infrastructure.

v) Education

During the year, your Company has started three remedial education support centres and providing education support to 207 weaker students and 50 adult women around the plant area to bridge their learning gaps. It has trained local youths for providing such education support. The Company has also identified another three remedial education support centres in schools located nearby railway infrastructure areas for imparting similar education support to approximately 850 weaker students.

Your Company has also started a computer training centre in one school facilitating training to 250 candidates out of which 50 are adults.

vi) Infrastructure, water and others

Your Company has undertaken the following activities during the year:

- Supply of drinking water in nearby 33 villages during summer seasons;
- Supply of 133 Nos of Tata Swach water filter ;
- 100 Nos of tube well repaired in nearby villagers; We have also taken up the responsibility of maintaining the 100 tube wells for one year.
- Construction of 6.7 Km village road;
- Development of ponds;
- Organization of awareness program on environment, fire safety, energy conservation and drawing competition in various schools;
- Distribution of more than 1,500 blankets to the poor people;
- Promotion of sports in the schools;
- Arrangement of CBWE training for rural youth;
- Tree plantation in nearby villages;
- Distribution of used cloths and other articles in the tribal villages;
- Distribution of 650 nos of school bags in two schools in railway infrastructure area;
- Promotion of cultural programs in various schools

vii) Rehabilitation & Resettlement (R&R)

For the main plant area

Your Company has formulated a Rehabilitation & Resettlement (R&R) Policy approved by the GoJ whereby 761 Project Affected People (PAPs) have been employed with registered contractors working at the plant and 220 PAPs were compensated with “onetime payment in lieu of employment”. The Company is in discussion with approximately 500 PAPs for “onetime payment in lieu of employment.

To enhance employability of the PAPs, short term and long term vocational training have been organised in partnership with technical institutes. 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.

For the railway infrastructure area

Under the railway infrastructure project, rehabilitation package (Ex-Gratia Compensation) to land losers has been prepared with the community involved and under the guidance of District Administration.

c) Care for Environment

Your Company has constantly given utmost priority to social concerns. It continually strives towards sustainable development by trying to find a balance between the needs of our customers and responsible care for the environment.

It has environmental management system in place which is responsible for all environmental activities in the company as follows:

i. Control of air emissions

High efficiency electro-static precipitator (ESPs) with efficiency of order of 99.9% and above, with advanced control systems have been provided at the plant. Performance of enhancement of ESPs operating over the years is being carried out by augmentation of ESPs fields, retrofit of advanced ESP controllers and adoption of sound practices. Also massive R&M programmes are being undertaken to upgrade air pollution equipments to reduce SPM emissions. Fugitive emission from ash pond is controlled by maintaining water cover and water spray. Provision of dust suppression and extraction system in Coal Handling Plant along with additional Nevis-make portable dust separation system (DSS) in the track hoppers have further added to reduction in fugitive dust in the vicinity of power station.

During the coal and ash transportation, your Company has taken zero tolerance in imposing penalty on transporters while transporting coal and ash without proper tarpaulin coverage on the vehicle and has started additional water sprinkling in the ash pond area roads. Regular water sprinkling in the coal yard and ash pond areas has been ensured to arrest further fugitive emission.

ii. Control of water pollution

Various water conservation measures have been taken to reduce water consumption in power generation by using 3Rs (Reduce, recycle and reuse) as guiding principle. Installation of High Efficiency Reverse Osmosis Plant, rain water harvesting and reuse of treated sewage & effluent water through Holding Pit & Buffer Pit schemes are some of the measures being implemented at plant location.

Your Company has started installation of High Efficiency Reverse Osmosis (HERO) plant at approved budget of ₹ 84 crore ensuring compliance of zero water discharge as per directives of the JSPCB.

iii. Environment measurement system

Air and discharged water quality monitoring stations have been installed to capture real time data and access thereof has been provided to JSPCB. Additional ozone analysers for ambient air have also been provided at the station.

iv. Tree plantation

As per the conditions of Environmental Clearance of the project, your Company is mandated to develop greenbelt covering an area of 95 hectares. So far, the Company could develop 75 hectares in and around the plant area with the plantation of 1.44 lakh trees. It has not only contributed to the aesthetics but also helped in carbon sequestration by serving as a “sink” for CO₂ release from the stations and thereby protecting the quality of ecology and environment.

v. Ash management

Your Company estimates to generate approximately 25 lakh MTPA of ash comprising approximately 22 lakh MTPA of fly ash and 5 lakh MTPA of bottom ash out of both the Units of 525 MW each at full capacity.

As per Ministry of Environment and Forest (“MoEF”) notifications dated September 14, 1999 and November 03, 2009, your Company is required to achieve the target of fly ash utilisation as per the below Table:

S. No.	Percentage of Utilisation of Fly Ash	Target Date
1	At least 50% of fly ash generation	One year from the date of Commissioning
2	At least 70% of fly ash generation	Two years from the date of Commissioning
3	At least 90% of fly ash generation	Three years from the date of Commissioning
4	At least 100% of fly ash generation	Four years from the date of Commissioning

The status of ash generated and utilised during last three financial years of the station is tabled below:

Financial year	Period of operation	Coal fired (Te)	Ash generated (Te)	Fly ash (Te)	Bottom ash (Te)	Ash utilisation (MT)	Ash utilisation (%)
FY12	7 months (only Unit 1)	8,10,632	3,84,483	2,88,362	96,121	0	0
FY13	Twelve months –Unit 1 Eight months- Unit 2	28,83,911	12,62,288	9,46,716	3,15,572	3,69,138	29.24
FY14	Full – both	39,93,971	17,78,515	13,33,886	4,44,629	19,73,760	110.98

	Units					
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Note: First unit commissioned on 1st September, 2011 and second unit commissioned on 24th July, 2012.

There are various routes for utilization of fly ash e.g. in cement and asbestos industry, brick manufacturing, ready mix concrete plant, road embankment, mine filling, ash dyke raising and land development etc. However, utilisation of ash by any of the above industries is very low.

Therefore, the Company has made an interim arrangement for disposing off ash by road transport in the nearby abandoned mines allocated by Eastern Coalfields Limited (ECL) as a part of ash utilization. This transportation of ash involves huge cost and currently is being borne by the Company. The Company has filed petition with the CERC for considering cost of ash transportation to mines filling as pass through cost. The same is pending for approval.

For its long term ash evacuation and management plan, your Company has approved ₹ 112 crore towards setting up of High Concentrated Ash Conveying Pipeline in order to dispose off ash directly to the void mines which are located within a radius of 14 Km from the station. The Company has received the clearance from the ECL for utilising these void mines. As per the preliminary assessment, the space available in such void mines is capable enough to address the issue of ash disposal of the Company for entire life of the project. This concept of back-filling of the voids mines with ash slurry has generated substantial interest and encouragement from the Government, Environmentalists and Industries as well. The concept bestows several benefits viz., (a) reduction of pollution, (b) reduces the land requirements for creation of ash ponds & (c) it saves cost of transportation to other designated places.

9. INFORMATION TECHNOLOGY AND COMMUNICATION TECHNOLOGY

Your Company has been using Enterprise Resource Planning (ERP) package, extended by the Tata Power, covering maximum possible processes across the organisation. The said ERP package is being upgraded through reimplementation process undertaken by the Tata Power. In addition to the core business, it would encompass the employee self service functionality, e procurement, knowledge management, business intelligence, document management workflow etc. The ERP system is fully managed through expertise from process and technical group. Parallel in-house solution has been developed to take care of the non ERP areas e.g. travel management, compliance monitoring, Samiksha, performance management system and employee portal etc.

Video conferencing is widely used for deliberations among locations. The facility has also been upgraded to hold video conferencing in secured manner with outside company network location.

10. HUMAN RESOURCE DEVELOPMENT

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

a) Manpower

Manpower (officers) stood at 254 as compared to 238 in the previous year. In FY14, manpower sourcing through internal job postings (IJP) within Tata Power group companies was given priority to attract right talent and in absence of suitable talent through IJP, such recruitment was addressed through external sourcing.

b) Technical and Behavioural Training

In addition to external training programmes, a number of in-house training programmes conducted by the company to ensure development of the required competencies among the people as part of Company's people development initiative. The training programmes include sessions on power plant operations & maintenance subjects, boiler tube failure workshop, advanced excel and computer learning programmes, business English and presentation skills, team building and personality development etc. In the technical training front apart from use of in-house simulator training facilities expertise from IIPM and IEI-TLC were invited for enhancement of technical skills of the identified employees.

During the year, the Company also made arrangement with BITS, Pilani for imparting integrated learning programme for three of its diploma engineers helping them to acquire higher /degree qualification.

b) Employee Engagement

During the year, your Company conducted online employee engagement and satisfaction survey through Aon Hewitt. Based on the survey, various actions have been identified and implemented. The Company organized various engagement programmes such as family picnic, health awareness, ethics awareness and ethics week celebration, cultural events, ladies club activities, sports events etc, for employees and their families aiming at improved level of engagement and quality of work life.

c) New Initiatives

Your Company, apart from continuing previous year initiatives, has undertaken following new initiatives at plant location:

- HR Connect: Company has rolled out a new initiative called "CONNECT" facilitating employees and managers to have free and frank two-way communication among themselves. This programme includes HR to people (employee & business manager/

leader) and employee to employee (manager to direct report, HoD/Leader to skip level reports & individual to individual) connect programmes.

- Open house session with leaders: Open house sessions have been conducted with Directors, Chief Executive Officer, Chief Human Resource Officer (CHRO), Tata Power and Station Head as part of two way information sharing programme with the employees.
- Offsite photography for ESIC smart card: 3 nos. of camps organized covering about 600 contractors' workers to facilitate their availing of ESI benefits.
- 32 no. of open house sessions were conducted for the contractors' workers to discuss various issues and obtaining feedback on status of implementation of statutory provisions including health and welfare measures by the contractor companies.
- In addition to workers' development programme, workshops by the Central Board of Workers Education were also conducted with a view to develop the contractors' workers and align them with industrial discipline and culture.

f) ISO certification

You Company has received ISO certification from the Indian Register Quality Systems (IRQS) with regard to Quality Management System (9001:2008), Environment Management System 14001:2004 and Occupational Health & Safety Management System (OHSAS 18001:2007).

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 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 identify and finalize mitigation plans. It has identified major risk areas i.e. Natural calamities, probable disallowance of project cost by CERC, uncompetitive power tariff – increase in generation cost beyond dispatch able MOD rates, frequent equipment breakdown, delay in railway infrastructure project, delay in getting LTOA for sale of 150 MW, difficulties in coal logistics at current arrangement, stoppage of generation due to pending compliance of JSPCB directives, frequent agitations and road blocks by community activism restricting accessibility to plant 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 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 periodically reviewed and monitored periodically by the Risk Management Committee (RMC).

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

Conservation of Energy, Technology Absorption

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

Foreign exchange earnings and outgo

The foreign exchange outflow of your Company during the year was ₹ 67.97 crore (previous year ₹ 23.91 crore) mainly on account of fuel procurement and spares purchase.

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. RIGHTS ISSUE OF SHARES

During the year under review, your Company has made Rights Issue of 7,40,00,000 (Seven Crore Forty Lakhs Only) Equity Shares of ₹ 10/- each aggregating to ₹ 74,00,00,000 (Rupees Seventy Four 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.

15. 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 FY14-15. DHS has, under Section 139(1) read with Rule 4 of Companies (Audit and Auditors) Rules, 2014, 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.

16. 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 134(3) (f) of the Act.

17. COST AUDITORS AND COST AUDIT REPORT

M/s Sanjay Gupta & Associates, Cost Accountants, have been appointed the Cost Auditors of your Company for the FY14-15. The Cost Audit Report is due for filing within 6 months from the end of FY13 i.e. by 30th September, 2014. The previous year's report has been filed within due date.

18. CORPORATE GOVERNANCE

a) Board of Directors

Retirements and resignations

Effective 1st April, 2013, the Board appointed Mr. Ashok S. Sethi as the Whole-time director of the Company. We thank the shareholders for their support in confirming Mr. Sethi's appointment at the Annual General Meeting (AGM) on 24th September, 2013. Due to induction of Mr. Sethi on the Board of The Tata Power Company Limited (Tata Power) as its Executive Director, he tendered his resignation as Whole-time director of the Company effective 16th June, 2014. As per the terms of appointment, he ceased to be Director of the Company as well effective of the same date.

Effective 10th May, 2013, Mr. Amitava Dasgupta, DVC nominee, was appointed as Director in the casual vacancy caused by the resignation of Mr Arindam Baksi. Consequent to voluntarily retirement from the service of DVC, he tendered his resignation from the Board effective of your Company effective 28th April, 2014.

Subsequent to superannuation of Mr. B.P. Singh and Mr T.K. Gupta from the service of DVC, they tendered their resignation from the Board of your Company effective 24th March, 2014 and 3rd April, 2014 respectively.

Subsequent to superannuation of Mr. S. Ramakrishnan from the services of Tata Power, he tendered his resignation from the Board of your Company effective 28th February, 2014.

Consequent upon his taking up the role of Executive Chairman of Tata Quality Management Services (TQMS), a division of Tata Sons Limited, Mr. S. Padmanabhan stepped down from the Board of your Company effective 30th June 2014.

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

Inductions

Based on the nomination request received from Tata Power, Mr. Ashok S. Sethi has been appointed as an Additional Director effective 26th June, 2014.

Based on the nomination request received from DVC, Mr. Prabir Sen Roy, Mr. Subhasish Dasgupta and Mr Amitava Nayak have been appointed as Additional Director of the Company effective 4th April, 2014, 5th April, 2014 and 13th May, 2014 respectively.

We seek your support in confirming the appointment of Mr. Ashok S. Sethi, Mr. Prabir Sen Roy, Mr. Subhasish Dasgupta and Mr Amitava Nayak as Directors of the Company.

Re-appointments

In accordance with Section 152 of the Companies Act, 2013 ('the Act') and clause 86 of the Articles of Association of the Company, Mr. Ashok K. Basu shall retire at forthcoming AGM and being eligible, offers himself for reappointment.

b) Audit Committee

Your Company has an Audit Committee comprising of Mr. Ashok K. Basu as Chairman, Mr. Ashok Sethi, Mr. Ramesh N. Subramanyam and Mr. Subhasish Dasgupta as members of the Committee.

c) Nomination and Remuneration Committee

Your Company has a Nomination and Remuneration Committee comprising of Mr. Ramesh N. Subramanyam (Chairman), Mr Anil Sardana and Mr Subhasish Dasgupta as members of the Committee.

d) Executive Committee of the Board

Your Company has an Executive Committee of the Board comprising of Mr. Anil Sardana (Chairman), Mr. Ramesh N. Subramanyam, Mr. Ashok Sethi, Mr. Prabir Sen Roy and Mr. Amitava Nayak.

e) Commercial Committee of the Board

Your Company has a Commercial Committee of the Board comprising of Mr Ramesh N. Subramanyam and Mr. Amitava Nayak as members of the Committee.

f) Corporate Social Responsibility Committee

Your Company has a Corporate Social Responsibility Committee comprising of Mr Ashok K. Basu (Chairman), Mr. Ashok Sethi and Mr. Amitava Nayak

19. CHIEF EXECUTIVE OFFICER AND MANAGER

Mr. Bhaskar Sarkar, CEO and Manager has been assigned the role of Head-Mumbai Operations- Business Strategy & Regulations by The Tata Power Company Limited, the parent company and accordingly he has relinquished his position as CEO and Manager of the Company effective 30th June, 2014. Subsequent to such relinquishment, Mr. Kozipart Chandrashekhar has been appointed as CEO and Manager of the Company effective 1st July, 2014 in his place.

20. 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.

21. ACKNOWLEDGEMENTS

The Board of Directors would like to place on record their deep sense of appreciation to all Shareholders, Customers, Business Partners, contractors and suppliers, Auditors, 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. We wish to place on record our appreciation for the tireless effort and contribution made by each employee at all levels to ensure that the Company continue to grow and excel.

On behalf of the Board of Directors

Date:
Place: Mumbai

Anil Sardana
Chairman

Annexure-I to the Directors' Report.

A. Conservation of energy:

(a)	Energy conservation measures taken	<ul style="list-style-type: none"> • Optimization of Secondary Fuel oil consumption by monitoring/tracking of Unit Start up. • *High Energy valves passing arrested in U#1 during AOH. • Optimizations of running of Mill reject compressors. • Optimization of Raw Water Pump loading by throttling of common recirculation valve. • Service Water Interconnection during unit long outage to PHE (15 days stopping of one CW pumps of long outage unit).
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	*₹ 2,85,000 investment done for replacement of passing valves.
(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	Annual Savings due to above measures was ₹ 20 crore(approx)
(d)	Total energy consumption and energy consumption per unit of production	As per Form A

B. Technology absorption:

As per Form-B below.

Form A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

S. No.	Particulars	Current Year (2013-14)	Previous Year (2012-13)
1.	Electricity		
	(a) Purchased Units Total Cost (Rs. in crore) Average rate per unit (Rs.)		85.36 MU Rs. 19.91 Rs.2.332/kWh
	(b) Own Generation (i) Through Steam Turbine/Generator Units (MUs) KWH per unit of fuel	6328.41 0.631Kg/Kwh (Coal)	4587.36 0.63 Kg/Kwh [Coal]
2.	Coal Quantity (MT) Total cost (Rs. in crore) Average rate per MT (Rs.)	4032485.63 1286.897 3191.32	2960704 953.00 3218.84
3.	Light Diesel Oil Quantity (Ltr) Total Cost (Rs. in crore) Average rate per Ltr (Rs.)	635060 3.99 62.837	890750 5.40 60.66
4.	Heavy Fuel Oil Quantity (MT) Total Cost (Rs. in crore) Average Rate per MT (Rs.)	2098.44 9.925 47300.608	5606.39 26.65 47528.77

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.	Nil
2	Benefits derived as a result of the above R&D	Nil
3	Future plan of action	Nil
4	Expenditure on R&D: a) Capital b) Recurring c) Total d) 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	Nil
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Nil
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: a) Technology imported. b) Year of import. c) Has technology been fully absorbed? d) 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, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) 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.



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 31 March, 2014;
- (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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



Alka Chadha

Alka Chadha
Partner
(Membership No. 93474)

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)

- 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 are 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 purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.



Deloitte 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 that 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, 2014 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 that 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, 2014 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 less than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.



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 and financial institutions. The Company has not 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 funds raised on short-term basis have, *prima facie*, not been used during the year 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 material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



Alka Chadha
Partner
(Membership No. 93474)

GURGAON, 14 May, 2014

MAITHON POWER LIMITED
BALANCE SHEET AS AT 31 MARCH, 2014

	<u>Notes</u>	<u>As at 31.03.2014 ₹ Lacs</u>	<u>As at 31.03.2013 ₹ Lacs</u>
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	3	150,891.77	143,491.77
(b) Reserves and surplus	4	(16,554.43)	(26,852.37)
		134,337.34	116,639.40
2. Non-current liabilities			
(a) Long-term borrowings	5	284,957.82	286,490.27
(b) Other long-term liabilities	6	251.52	175.62
(c) Long-term provisions	7	212.09	404.48
		285,421.43	287,070.37
3. Current liabilities			
(a) Short-term borrowings	8	40,648.24	21,842.58
(b) Trade payables	9	18,818.05	9,182.40
(c) Current maturities of long term borrowings	10	18,813.95	17,477.43
(d) Other current liabilities	11	16,857.61	36,645.57
(e) Short-term provisions	12	52.12	721.57
		95,189.97	85,869.55
TOTAL		514,948.74	489,579.32
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	13	390,397.90	400,914.67
Intangible assets	14	3,697.56	3,597.60
Capital work-in-progress		29,484.98	23,844.98
		423,580.44	428,357.25
(b) Long-term loans and advances	15	9,571.98	12,754.79
		433,152.42	441,112.04
2. Current Assets			
(a) Inventories	16	22,626.76	11,476.07
(b) Trade receivables	17	16,195.92	10,521.75
(c) Cash and cash equivalents	18	3,491.21	810.22
(d) Short-term loans and advances	19	13,333.93	7,429.53
(e) Other current assets	20	26,148.50	18,229.71
		81,796.32	48,467.28
TOTAL		514,948.74	489,579.32

See accompanying notes forming part of the financial statements

1-33

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Alka Chadha
Partner



Place: GURGAON
Date: 14 MAY 2014

For and on behalf of the Board of Directors

Anil Sardana
Anil Sardana
Chairman

Ashok Sethi
Ashok Sethi
Executive Director

Place: MUMBAI
Date: 13 MAY 2014

Subhasish Dasgupta
Subhasish Dasgupta
Director

Pradip Roy
Pradip Roy
Chief Financial Officer
and Company Secretary

MAITHON POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

	Notes	Year ended 31.03.2014 ₹ Lacs	Year ended 31.03.2013 ₹ Lacs
1. Revenue from operations (net)	21	229,306.28	163,605.76
2. Other income	22	4,080.07	2,600.75
3. Total revenue (1+2)		233,386.35	166,206.51
4. Expenses			
(a) Cost of fuel		131,355.06	98,505.23
(b) Cost of power purchased		712.96	1,892.24
(c) Employee benefits expenses	23	3,198.85	1,576.79
(d) Finance costs	24	42,836.90	35,297.85
(e) Depreciation and amortisation expenses	25	22,381.79	19,985.10
(f) Other expenses	26	22,602.85	17,580.80
Total expenses		223,088.41	174,838.01
5. Profit/(Loss) before tax (3-4)		10,297.94	(8,631.50)
6. Tax expenses			
Current tax		-	-
Total Tax expense		-	-
7. Profit/(Loss) after tax (5-6)		10,297.94	(8,631.50)
8. Earnings per equity share [face value of share ₹ 10 each]	28.4		
Basic and Diluted (₹)		0.71	(0.64)
See accompanying notes forming part of the financial statements	1-33		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Alka Chadha
Partner



For and on behalf of the Board of Directors

Anil Sardana
Anil Sardana
Chairman

Ashok Sethi
Ashok Sethi
Executive Director

Subhasish Dasgupta
Subhasish Dasgupta
Director

Pradip Roy
Pradip Roy
Chief Financial Officer
and Company Secretary

Place: *GURGNON*
Date: **14 MAY 2014**

Place: *Mumbai*
Date: **13 MAY 2014**

MAITHON POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31.03.2014 ₹ Lacs	Year ended 31.03.2013 ₹ Lacs
A. Cash flow from operating activities		
Net profit/(loss) before taxes	10,297.94	(8,631.50)
Adjustments for:		
Depreciation and amortisation expense	22,381.79	19,985.10
Finance costs	42,462.59	35,220.33
Provision for contingencies	-	700.00
Excess provision written back	(700.00)	-
Loss on sale/retirement of assets	150.32	6.16
Interest income	-	(9.94)
Operating profit before working capital changes	74,592.64	47,270.15
Adjustments for:		
(Increase)/decrease in inventories	(11,150.70)	(7,600.53)
(Increase)/decrease in trade receivables	(5,674.16)	(9,636.58)
(Increase)/decrease in short term loans and advances	(5,904.40)	(6,992.40)
(Increase)/decrease in other current assets	(7,918.78)	(9,008.66)
Increase/(decrease) in trade payables	9,635.65	3,282.05
Increase/(decrease) other current liabilities	(70.81)	222.75
Increase/(decrease) short-term provisions	30.55	19.19
Increase/(decrease) long-term provisions	(192.40)	384.24
Cash generated from operations	53,347.59	17,940.21
Income tax paid (net)	(104.64)	(25.58)
Net cash from operating activities	53,242.95	17,914.63
B. Cash flow from investing activities		
Capital expenditure on fixed assets	(37,345.93)	(21,963.61)
(Increase)/decrease in capital advances	3,287.45	(578.90)
Proceeds from sale of fixed assets	28.83	-
Interest received	-	92.39
Net cash used in investing activities	(34,029.65)	(22,450.12)
C. Cash flow from financing activities		
Proceeds from equity share capital	7,400.00	10,000.00
Proceeds from long-term borrowings	311,133.99	32,399.01
Proceeds from short-term borrowings (net)	18,805.66	18,916.21
Repayment of long-term borrowings	(311,329.91)	(17,034.38)
Finance costs paid	(42,542.05)	(40,705.35)
Net cash from/(used) in financing activities	(16,532.31)	3,575.49
D. Net (decrease) / increase in cash and cash equivalents (A+B+C)	2,680.99	(960.00)
E. Cash and cash equivalents at the beginning of the year	810.22	1,770.22
F. Cash and cash equivalents at the end of the year	3,491.21	810.22

See accompanying notes forming part of the financial statements

1-33

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Alka Chadha
Partner



Place: Gurgaon
Date: 14 MAY 2014

For and on behalf of the Board of Directors

Anil Sardana
Anil Sardana
Chairman

Ashok Sethi
Ashok Sethi
Executive Director

Place: Mumbai
Date: 13 MAY 2014

Subhasish Dasgupta
Subhasish Dasgupta
Director

Pradip Roy
Pradip Roy
Chief Financial Officer
and Company Secretary

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 Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. 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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

e. Cash flow statement

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

f. Depreciation and amortisation

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

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

These rates are higher than those prescribed in CERC Tariff Regulation, 2009 and are based on the estimated useful life of these assets.

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/cenosphere is accounted on transfer of significant risks and reward of ownership to the customers.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

h. Other income

Interest income is accounted on accrual basis.

i. Tangible assets

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

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

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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

n. 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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Share capital

	As at 31.03.2014		As at 31.03.2013	
	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	1,508,917,729	150,891.77	1,434,917,729	143,491.77
	1,508,917,729	150,891.77	1,434,917,729	143,491.77
(a) Reconciliation of the number and amount of equity shares outstanding at the beginning and at the end of the year.				
At the beginning of the year	1,434,917,729	143,491.77	1,334,917,729	133,491.77
Issued during the year	74,000,000	7,400.00	100,000,000	10,000.00
Outstanding at the end of the year	1,508,917,729	150,891.77	1,434,917,729	143,491.77

(b) Rights, preferences and restrictions 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 the holding company

	As at 31.03.2014	As at 31.03.2013
	Number	Number
The Tata Power Company Limited, (the holding company)	1,116,599,120	1,061,839,120

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

	As at 31.03.2014		As at 31.03.2013	
	Number	% holding	Number	% holding
Equity shares of ₹ 10 each fully paid with voting rights				
The Tata Power Company Limited, the holding Company	1,116,599,120	74%	1,061,839,120	74%
Damodar Valley Corporation	392,318,609	26%	373,078,609	26%

	As at 31.03.2014	As at 31.03.2013
	₹ Lacs	₹ Lacs
Deficit in the Statement of Profit and Loss		
Opening balance	(26,852.37)	(18,220.87)
Add: Profit/(loss) for the year	10,297.94	(8,631.50)
Net deficit in the Statement of Profit and Loss	(16,554.43)	(26,852.37)

Note 4: Reserves and surplus

Deficit in the Statement of Profit and Loss

Opening balance	(26,852.37)	(18,220.87)
Add: Profit/(loss) for the year	10,297.94	(8,631.50)
Net deficit in the Statement of Profit and Loss	(16,554.43)	(26,852.37)



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Long-term borrowings

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
i. Term Loans		
From banks (secured)		
(see note I below)		
(a) Allahabad Bank	14,908.98	16,957.13
(b) Central Bank of India	18,635.97	22,932.53
(c) Dena Bank	11,927.18	13,543.01
(d) The Jammu & Kashmir Bank Limited	14,908.98	15,800.25
(e) State Bank of India	128,918.89	63,205.20
(f) State Bank of Mysore	11,180.98	9,028.64
(g) Tamilnadu Mercantile Bank Limited	12,120.33	13,543.01
(h) State Bank of Bikaner & Jaipur	7,453.99	8,478.55
(i) Punjab National Bank	18,635.97	-
(j) Union Bank of India	11,180.98	-
(k) Corporation Bank	5,963.59	-
(l) HDFC Bank Ltd	9,317.99	-
(m) Bank of Baroda	-	21,535.53
(n) Canara Bank	-	12,887.40
(o) Punjab & Sind Bank	-	18,057.31
(p) UCO Bank	-	10,682.98
(q) United Bank of India	-	12,717.83
(r) State Bank of Hyderabad	-	8,996.10
(s) Oriental bank of Commerce	-	12,887.40
(t) Indian Overseas Bank	-	12,887.40
	265,153.83	274,140.27
From others - financial institution (secured)		
(see note I below)		
L&T Infrastructure Finance Company Limited	7,453.99	-
ii. Loan from holding company		
(see note 28.3 and II below)		
Unsecured	12,350.00	12,350.00
	284,957.82	286,490.27

I. Term loans from banks and financial institution

(a) Security

A. The Company had entered into a 'Common Loan Agreement' (CLA) on 4 February, 2008 with a consortium of 16 scheduled commercial banks, State Bank of India being the Lead banker. The total sanctioned amount as per CLA was ₹ 311,500.00 lacs. Further, the Company had entered into an additional loan agreement with the lenders for an amount of ₹ 59,900.00 lacs. The Company had drawn an aggregate amount of ₹ 342,109.00 lacs (31 March, 2013: ₹ 324,895.00 lacs) in respect of the above and repaid ₹ 48,192.02 lacs (31 March, 2013: ₹ 33,277.30 lacs) upto 2 March, 2014. The balance amount of ₹ 293,916.98 lacs was repaid as a bullet payment on 3 March, 2014 from the proceeds of Term Loan-I as referred to in paragraph 'B' below.

B. On 26 February, 2014 the Company entered into a 'Common Loan agreement' (CLA) with a consortium of 12 banks and 1 financial institution, State Bank of India being the Lead banker. The total sanctioned amount as per the CLA is ₹ 362,760.00 lacs divided into 3 tranches of Term Loan-I, Term Loan-II and Term Loan III of ₹ 323,040 lacs, ₹ 12,350.00 lacs and ₹ 27,370.00.00 lacs respectively. The Company had drawn an amount of ₹ 293,920.00 lacs and repaid ₹ 2,498.23 lacs upto 31 March, 2014 in respect of 'Term loan I'. Balance outstanding as at 31 March, 2014 is ₹ 291,421.77 lacs.

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

- i. A first mortgage and charge over all the immovable properties (whether freehold or leasehold) pertaining to the Project (save and except - (i) the Forest Land; (ii) the land admeasuring 14,000 (fourteen thousand) square meters acquired by the Borrower from DVC on lease basis for construction of staff quarters; and (iii) the Railway Land), both present and future; first mortgage and charge over all the immovable properties pertaining to the project, both present and future;
- ii. A first charge on all the Borrower's tangible moveable assets pertaining to the Project, including moveable equipment, plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future;



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- iii. A first charge on all of the Borrower's bank accounts pertaining to the Project including but not limited to Trust and Retention Account(s) and all funds from time to time deposited therein and all Authorised Investments and each of the other accounts required to be established by the Borrower under any Project Documents;
- iv. A first charge over all current assets of the Borrower including book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, intangibles, goodwill, uncalled capital of the Borrower, both present and future;
- v. A first charge on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future;
- vi. An assignment by way of security:
 - a. Of the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under the Project Documents and other contracts pertaining to the Project, both present and future, including but not limited to off-take agreements, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time;
 - b. Of the right, title and interest benefits, claims and demands whatsoever of the Borrower in, to and under all the Approvals and Insurance Contract, both present and future; and
 - c. Of the right, title and interest, claims and demands whatsoever of the Borrower in, to and under any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond and any other security provided by any counter party to the Project Documents.

(b) 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 100 basis points. The Spread shall remain constant between any 2 (two) Interest Reset Dates. However, the Base Rate shall be floating.

(c) Repayment terms

Repayment of Term Loan-I

The repayment schedule of outstanding balance of loan as at 31 March, 2014 is as under:

Period	Number of installments	Amount of installments (₹ Lacs)	Total Amount (₹ Lacs)
1 April, 2014	1	2,205.28	2,205.28
1 July, 2014 to 1 October, 2020	26 (quarterly installments)	4,703.49	122,290.70
1 January, 2021	1	95,930.49	95,930.49
1 April, 2021	1	2,422.49	2,422.49
1 July, 2021	1	66,934.65	66,934.65
1 October, 2021	1	1,638.16	1,638.16
			294,421.77

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 95 basis points (31 March, 2013: 275 basis points).

(b) Repayment terms

The loan together with accrued interest was 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 ('CLA') with the banks and financial institution. The restricted payment conditions under the CLA are yet to be complied with.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
NOTE 6: Other long-term liabilities		
Retention money against capital expenditure	251.52	175.62
Note 7: Long - term provisions		
Provision for employee benefits		
i. Provision for compensated absences	203.23	185.98
ii. Provision for gratuity	-	203.30
iii. Others	8.86	15.20
	212.09	404.48
Note 8: Short-term borrowings		
From banks		
(a) Secured		
- Cash credit	35,648.24	21,842.58
(b) Unsecured		
- Commercial papers	5,000.00	-
	40,648.24	21,842.58
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)	18,818.05	9,182.40
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, 2013: ₹ 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		
Term Loans (see note below)		
i. From banks - secured	18,295.54	17,477.43
ii. From others - secured	518.41	-
	18,813.95	17,477.43
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	2,663.28	1,292.71
ii. Interest accrued and due on borrowings*	1,237.34	763.45
iii. Other payables		
(a) Statutory liabilities (including provident fund, withholding taxes, value added tax, service tax and electricity duty)	371.90	505.71
(b) Payables on purchase of fixed assets	5,968.78	8,608.99
(c) Retention money	4,687.62	23,753.40
(d) Advance from customers	27.80	6.54
(e) Rehabilitation and resettlement liability	155.53	11.16
(f) Others	1,745.36	1,703.61
	16,857.61	36,645.57
* Amount due on 31 March, 2014 (Previous year : 31 March, 2013) and debited by bank subsequently on 1 April, 2014 (Previous year : 1 April, 2013).		
Note 12: Short-term provisions		
i. Provision for employee benefits		
(a) Provision for compensated absences	41.84	14.37
(b) Provision for gratuity (net)	10.28	7.20
ii. Provision for contingencies (see note 30)	-	700.00
	52.12	721.57



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Tangible assets (owned)
(see note below)

	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As at 01.04.2013	Additions	Deletions	Borrowing cost capitalised	As at 31.03.2014	For the year	Deletions	As at 31.03.2014	As at 31.03.2013
1 Buildings - plant	17,522.66 (16,283.65)	74.04 (1,034.37)	-	(204.64)	17,596.70 (17,522.66)	587.24 (573.05)	-	1,477.39 (890.15)	16,632.51 (16,632.51)
2 Buildings - others	4,655.74 (1,454.62)	2,171.60 (3,127.83)	-	(73.29)	6,827.34 (4,655.74)	143.79 (65.94)	-	357.71 (213.92)	4,441.82 (4,441.82)
3 Plant and machinery									
- Computers	144.59 (158.56)	29.13 (0.28)	8.71 (14.25)	-	165.01 (144.59)	24.35 (24.33)	3.48 (13.32)	88.35 (67.48)	76.66 (77.11)
- Others	404,243.27 (238,711.53)	9,381.82 (137,220.56)	157.90 (-)	(28,311.18)	413,467.19 (404,243.27)	21,314.61 (18,918.89)	18.76 (-)	47,422.93 (26,127.08)	378,116.19 (378,116.19)
4 Furniture and fixtures	1,068.47 (529.27)	163.07 (590.29)	7.92 (51.09)	-	1,223.62 (1,068.47)	70.57 (33.01)	4.60 (47.26)	192.57 (126.60)	941.87 (941.87)
5 Vehicles	291.38 (274.96)	23.34 (16.42)	29.48 (-)	-	285.24 (291.38)	32.65 (30.28)	8.31 (-)	92.00 (67.66)	223.72 (223.72)
6 Office equipment	535.93 (527.91)	36.42 (20.49)	4.57 (12.47)	-	567.78 (535.93)	37.17 (33.01)	2.43 (12.47)	104.03 (69.29)	466.64 (466.64)
7 Leasehold improvements	162.88 (-)	(162.88)	162.88 (-)	-	(162.88)	6.66 (148.07)	154.73 (-)	- (148.07)	14.81 (-)
Sub total	428,624.92 (257,940.50)	11,879.42 (142,173.12)	371.46 (77.81)	(28,589.11)	440,132.88 (428,624.92)	22,217.04 (19,826.58)	192.31 (73.05)	49,734.98 (27,710.25)	390,397.90 (400,914.67)

Note 14: Intangible assets
(see note below)

	GROSS BLOCK			AMORTISATION			NET BLOCK		
	As at 01.04.2013	Additions	Deletion	Borrowing cost capitalised	As at 31.03.2014	For the year	Deletion	As at 31.03.2014	As at 31.03.2013
1 Licenses	30.53 (30.53)	(-)	(-)	-	30.53 (30.53)	6.10 (6.11)	-	14.91 (8.81)	15.62 (21.72)
2 Computer software	14.44 (11.28)	1.46 (5.02)	(1.86)	-	15.90 (14.44)	2.48 (2.16)	(0.47)	5.39 (2.91)	10.51 (11.53)
3 Land - Right to use	3,802.25 (3,802.25)	263.25 (-)	(-)	-	4,065.50 (3,802.25)	156.17 (150.25)	-	394.07 (237.90)	3,671.43 (3,564.35)
Sub total	3,847.22 (3,844.06)	264.71 (5.02)	(1.86)	-	4,111.93 (3,847.22)	164.75 (158.52)	(0.47)	414.37 (249.62)	3,697.56 (3,597.60)
Total	432,472.14 (261,784.56)	12,144.13 (142,178.14)	371.46 (79.67)	(28,589.11)	444,244.81 (432,472.14)	22,381.79 (19,985.10)	192.31 (73.52)	50,149.35 (27,959.87)	394,095.46 (404,512.27)

Note:
Figures in brackets pertain to the previous year



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note:

- (a) The Plant land of 1,116 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 Maithon Right Bank Thermal Power Project. The Company has already paid ₹ 4,134.68 lacs (31 March, 2013: ₹ 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, 2013 ₹ 1,936.15 lacs) towards 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.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
Note 15: Long-term loans and advances		
i Capital advances		
(a) Secured, considered good	3,782.11	5,307.19
(b) Unsecured, considered good		85.70
- to related party (see note 28.3)	-	
- to others	4,663.70	6,340.37
	8,445.81	11,733.26
ii Security deposits		
Unsecured, considered good	20.00	20.00
- to related party (see note 28.3)	2.22	2.22
- to others		
iii Other loans and advances		
(Unsecured, considered good)		
Advance income-tax [net of provision for income tax ₹ 407.71 lacs (31 March, 2013: ₹ 407.71 lacs)]	1,103.95	999.31
	9,571.98	12,754.79
Note 16: Inventories		
(valued at lower of cost and net realisable value)		
i Fuel	20,883.00	10,722.14
Goods in transit	217.70	51.13
	21,100.70	10,773.27
ii Stores and spares	1,525.68	702.67
iii Loose tools	0.38	0.13
	22,626.76	11,476.07



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2014 ₹ Lacs	As at 31.03.2013 ₹ Lacs
Note 17: Trade receivables		
i. Outstanding for a period exceeding six months from the date they are due for payment		
(a) Secured, considered good	13.54	325.07
(b) Unsecured, considered good	265.21	312.43
	278.75	637.50
ii. Other trade receivables		
(a) Secured, considered good	9,999.78	1,113.87
(b) Unsecured, considered good	5,917.39	8,770.38
	15,917.17	9,884.25
	16,195.92	10,521.75
Note 18: Cash and cash equivalents		
i. Cash on hand	-	0.23
ii. Balances with banks: In current accounts	3,491.21	809.99
	3,491.21	810.22
Note 19: Short-term loans and advances Unsecured, considered good unless otherwise stated		
i. Loan and advances to related parties (see note 28.3)	83.46	83.23
ii. Security deposit	10.08	31.80
(a) Unsecured, considered good	-	21.88
(b) Doubtful	10.08	53.68
Less: Provision for doubtful loans and advances	-	21.88
	10.08	31.80
iii. Loan and advances to employees	10.78	-
iv. Prepaid expenses	861.96	595.17
v. Deposit with government authorities	26.63	21.33
vi. Advance to suppliers	12,336.74	6,696.43
vii. Others	4.28	1.57
	13,333.93	7,429.53
Note 20: Other current assets		
i. Unbilled revenue	6,859.59	5,690.00
ii. Tariff recoverable account	17,866.43	9,698.00
iii. Insurance claims receivable (see note 29)	1,228.47	2,524.00
iv. Others	194.01	317.71
	26,148.50	18,229.71



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2014 ₹ Lacs	Year ended 31.03.2013 ₹ Lacs
Note 21: Revenue from operations (Net)		
i. Power supply	225,578.54	157,852.77
Less: Cash discount	4,513.89	3,204.49
	221,064.65	154,648.28
ii. Income recoverable from future tariff (see note below)	8,168.43	8,908.00
iii. Other operating revenue - Sale of cenosphere	73.20	49.48
Total	229,306.28	163,605.76

Note:

The tariff to be charged to Long Term beneficiaries 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 quarter 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 the CERC on 18 February, 2013. Pending approval of the final tariff, the Company has accrued revenue for supply of power to long term beneficiaries 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 ₹ 8,168.43 lacs (31 March, 2013: ₹ 8,908.00 lacs) for the year ended 31 March, 2014.

Note 22: Other Income

	Year ended 31.03.2014 ₹ Lacs	Year ended 31.03.2013 ₹ Lacs
i. Interest income	-	90.59
(a) From Bank	292.42	0.37
(b) Others	3,083.64	2,585.37
ii. Insurance claim (see note 29)	3.92	5.44
iii. Miscellaneous income	0.09	-
iv. Foreign exchange fluctuation gain	700.00	-
iv. Excess provision written back	4,080.07	2,681.77
Less: Interest income capitalised	-	81.02
	4,080.07	2,600.75

Note 23: Employee benefit expenses

i. Salaries and wages	2,564.59	1,154.31
ii. Contribution to provident and other funds	229.77	68.66
iii. Staff welfare expenses	404.49	384.10
	3,198.85	1,607.07
Less: Employee cost capitalised	-	30.28
	3,198.85	1,576.79



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2014 ₹ Lacs	Year ended 31.03.2013 ₹ Lacs
Note 24: Finance costs		
i. Interest on:		
(a) Cash credit	2,358.00	920.94
(b) Buyer's credit	9.43	-
(c) Term loan	40,958.60	41,079.79
	43,326.03	42,000.73
Less: Interest capitalised	1,827.98	6,780.40
	41,498.05	35,220.33
ii. Other finance costs	964.54	-
iii. Bank charges	374.31	77.52
	42,836.90	35,297.85
Note 25: Depreciation and amortisation expense		
i. Depreciation of tangible assets	22,217.04	19,826.58
ii. Amortisation of intangible assets	164.75	158.52
	22,381.79	19,985.10
Note 26: Other expenses		
i. Consumption of stores and spares	1,267.12	720.55
ii. Power and fuel	36.14	10.61
iii. Water charges	970.90	547.90
iv. Rent and hire charges	52.63	110.85
v. Repairs and maintenance		
- Buildings	13.47	5.92
- Plant and machinery	3,913.00	2,044.81
- Others	843.37	361.90
vi. Loss on sale/retirement of assets	150.32	6.16
vii. Bad debts	83.26	-
viii. Insurance	1,190.91	838.37
ix. Rates and taxes	61.20	68.70
x. Foreign exchange fluctuation loss	-	51.62
xi. Communication expenses	76.61	45.18
xii. Travelling and conveyance	342.29	272.82
xiii. Trading margin on power sale	136.81	75.86
xiv. Payment to auditors (see Note 'i' below)	38.34	32.77
xv. Operation and maintenance charge	4,034.85	4,827.48
xvi. Transmission charges	4,073.05	5,307.78
xvii. Ash disposal expenses	4,326.13	999.76
xviii. Security and safety expenses	502.45	209.14
xix. Provision for contingencies (see note 30)	-	700.00
xx. Community welfare expenses	82.36	119.16
xxi. Miscellaneous expenses	965.31	1,349.63
	23,160.52	18,706.97
Less: Other expenses capitalised	557.67	1,126.17
	22,602.85	17,580.80
Note 'i'		
Payment to auditor's (inclusive of service tax)		
i. Statutory audit fee	26.97	20.22
ii. Taxation matters	5.06	8.36
iii. Other services	0.73	1.46
iv. Reimbursement of expenses	5.58	2.73
	38.34	32.77



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Additional information to the financial statements

27.1 Contingent liabilities and commitments

- a. 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 ₹ 2,875.28 lacs (31st March, 2013: ₹ 962.96 lacs).
- b. 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.

27.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 29,812.85 lacs (31 March, 2013: ₹ 34,636.74 lacs).

27.3 C.I.F. value of imports

Particulars	Year Ended 31.03.2014 ₹ lacs	Year Ended 31.03.2013 ₹ lacs
Fuel	4,591.43	2,360.33
Spares	116.27	30.72



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Disclosure under Accounting Standards

28.1 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 ₹ 117.83 lacs (31 March, 2013: ₹ 53.46 lacs) and ₹ 34.19 lacs (31 March, 2013: ₹ 15.20) for provident fund and superannuation fund contributions respectively in the statement of profit and loss. 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 actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31 March, 2014. The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

i. Components of employer's expense

Particulars	Year ended 31.03.2014 ₹ lacs	Year ended 31.03.2013 ₹ lacs
Current Service cost	35.07	8.81
Interest cost	15.78	1.09
Actuarial loss / (gain)	18.89	(14.25)
Other adjustment	8.01	-
Total expense recognised in the statement of profit and loss	77.75	(4.35)

ii. Net asset / (liability) recognised in the Balance Sheet

Particulars	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
Present value of defined benefit obligation	(352.84)	(210.50)
Fair value of plan assets	342.56	-
Funded status [Surplus / (Deficit)]	(10.28)	(210.50)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(10.28)	(210.50)

iii. Change in defined benefit obligations (DBO) during the year:



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	2013-14 ₹ lacs	2012-13 ₹ lacs
Present value of DBO at beginning of the year	210.50	12.79
Current service cost	35.07	8.81
Interest Cost	15.78	1.09
Actuarial loss / (gain)	18.89	(14.25)
Acquisitions cost	103.97	202.83
Benefits paid	(31.37)	(0.77)
Present value of DBO at the end of the year	352.84	210.50

iv. Change in fair value of assets during the year

Particulars	As at 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual company contributions	342.56	-
Actuarial gain / (loss)	-	-
Benefits paid	-	-
Plan assets at the end of the year	342.56	-

v. Experience history*:

Particulars	2013-14 ₹ lacs	2012-13 ₹ lacs	2011-12 ₹ lacs
DBO at the end of the year	(352.84)	(210.50)	(12.79)
Plan assets at the end of the year	342.56	-	-
Funded status [Surplus / (Deficit)]	(10.28)	(210.50)	(12.79)
Experience gain/(loss) adjustments on plan liabilities	(48.06)	11.91	-
Experience gain / (loss) adjustments on plan assets	-	-	-

* Amounts in respect of 2010-11 and 2009-10 not given as the same was not applicable to the Company.



28.2 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.

28.3 Related party disclosures

Related Party Transactions

a. List of related parties

i. Controlling Entity

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

ii. Entity 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)

Coastal Gujarat Power Limited (CGPL)

Industrial Energy Limited (IEL)

iv. Key Management Personnel (KMP)

Mr. Ashok Sethi – Executive Director with effect from 1st April, 2013

Mr. Bhaskar Sarkar – Chief Executive Officer



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b. Transactions/balances outstanding with related parties

Particulars	₹ lacs			
	Holding company	Entity having Significant Influence	Fellow Subsidiaries	KMP
	TPCL	DVC		
1. Transactions during the year				
A. Power supply (net)	-	54,663.54	167,230.95	-
	(-)	(37,967.26)	(65,258.55)	(-)
TPTCL	-	-	167,230.95	-
	(-)	(-)	(65,258.55)	(-)
B. Trading margin on power sale	-	-	136.80	-
- TPTCL	(-)	(-)	(49.67)	(-)
C. Purchase of service	4,141.03	116.82		
	(4,590.38)	(20.11)	-	-
D. Rendering of service	0.87	-	-	-
	(20.40)	(-)	(-)	(-)
E. Purchases of fuel and others	-	940.80	-	-
	(-)	(292.30)	(-)	(-)
F. Transfer of fixed assets by Company	21.87	-	5.90	-
	(-)	(-)	(-)	(-)
CGPL	-	-	5.90	-
	(-)	(-)	(-)	(-)
G. Transfer of fixed assets to Company	-	-	20.71	-
- CGPL	(-)	(-)	(-)	(-)
H. Reimbursement of expenses by the Company	56.17	13.28	1,776.71	-
	(12.15)	(-)	(584.04)	(-)
TPTCL	-	-	1,776.51	-
	(-)	(-)	(292.02)	(-)
CGPL	-	-	0.20	-



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	₹ lacs			
	Holding company	Entity having Significant Influence	Fellow Subsidiaries	KMP
	TPCL	DVC		
	(-)	(-)	(292.02)	(-)
I. Reimbursement of expenses to the Company	5.90	109.07	177.10	-
	(391.17)	(50.40)	(46.34)	(-)
TPTCL	-	-	177.10	-
	(-)	(-)	(46.34)	(-)
J. Short term borrowing received-Unsecured	17,500.00	-	6,000.00	-
	(-)	(-)	(-)	(-)
IEL	-	-	6,000.00	-
	(-)	(-)	(-)	(-)
K. Short term borrowing repaid-Unsecured	17,500.00	-	6,000.00	-
	(-)	(-)	(-)	(-)
IEL	-	-	6,000.00	-
	(-)	(-)	(-)	(-)
L. Equity Contribution	5,476.00	1,924.00	-	-
	(7,400.00)	(2,600.00)	(-)	(-)
M. Interest on Loan	1,750.25	-	115.00	-
	(1,045.78)	(-)	(-)	(-)
IEL	-	-	115.00	-
	(-)	(-)	(-)	(-)
N. Reimbursement of capital expenditure	-	263.25	-	-
	(-)	(-)	(-)	(-)
O. Short term loans and advances paid	-	1.23	-	-
	(-)	(64.33)	(-)	(-)
P. Capital advance adjusted	-	85.47	-	-
	(-)	(-)	(-)	(-)



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	₹ lacs			
	Holding company	Entity having Significant Influence	Fellow Subsidiaries	KMP
	TPCL	DVC		
Q. Long term loan received – Unsecured	-	-	-	-
	(7,350.00)	(-)	(-)	(-)
R. Managerial remuneration	-	-	-	157.44
	(-)	(-)	(-)	(42.93)
Ashok Sethi (see note 32)	-	-	-	99.48
	(-)	(-)	(-)	(-)
Bhaskar Sarkar	-	-	-	57.96
	(-)	(-)	(-)	(42.93)
2. Balances outstanding as at 31 March, 2014				
A. Trade receivables	-	4,435.31	11,473.62	-
	(-)	(1,085.61)	(8,879.76)	(-)
TPTCL	-	-	11,473.62	-
	(-)	(-)	(8,879.76)	(-)
B. Unbilled revenue	-	4,817.41	872.58	-
	(-)	(4,800.95)	(889.05)	(-)
TPTCL	-	-	872.58	-
	(-)	(-)	(889.05)	(-)
C. Trade payables	1,083.59	188.65	20.91	-
	(844.35)	(19.99)	(506.56)	(-)
TPTCL	-	-	-	-
	(-)	(-)	(506.56)	(-)
CGPL	-	-	20.91	-
	(-)	(-)	(-)	(-)
D. Security deposits given	-	20.00	-	-
	(-)	(20.00)	(-)	(-)
E. Other recoverable	17.49	75.42	101.10	-



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	₹ lacs			
	Holding company	Entity having Significant Influence	Fellow Subsidiaries	KMP
	TPCL	DVC		
	(224.99)	(19.16)	(73.56)	(-)
TPTCL	-	-	101.10	-
	(-)	(-)	(73.56)	(-)
F. Advance given including capital advance	-	83.46	35.33	-
	(-)	(168.93)	(-)	(-)
TPTCL	-	-	35.33	-
	(-)	(-)	(-)	(-)
G. Long term borrowings (unsecured)	12,350.00	-	-	-
	(12,350.00)	(-)	(-)	(-)
H. Interest accrued but not due on borrowings.	2,663.28	-	-	-
	(1,292.71)	(-)	(-)	(-)
I. Retention money	994.05	-	-	-
	(959.01)	(-)	(-)	(-)
J. Letter of credit received	-	5,439.41	5,578.00	-
	(-)	(5,439.41)	(2,854.00)	(-)
TPTCL	-	-	5,578.00	-
	(-)	(-)	(2,854.00)	(-)
K. Bank guarantee given	-	65.70	-	-
	(-)	(-)	(-)	(-)
L. Bank guarantee issued on behalf of the Company	14,400.00	-	-	-
	(13,500.00)	(-)	(-)	(-)

Note: Figures in brackets pertain to 31 March, 2013



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28.4 Earnings per share (EPS)

Particulars	Units	Year ended 31.03.2014	Year ended 31.03.2013
a. Net profit/(loss) after tax	₹ Lacs	10,297.94	(8,631.50)
b. Weighted average number of equity shares of ₹ 10 each	Nos.	1,460,462,934	1,356,835,537
c. Basic earnings/(loss) per share (a/b)	₹	0.71	(0.64)
d. Weighted average number of shares outstanding during the year for calculation of diluted earnings per share	Nos.	1,460,462,934	1,356,835,537
e. Diluted earnings/(loss) per share (a/d)*	₹	0.71	(0.64)
f. Effect of potential equity shares (c-e)	₹	-	-

29. Insurance claim receivable

- a. On 17 May, 2012, boiler of unit 1 was damaged leading to stoppage of power generation till 25 June, 2012. The Company was 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 the mega insurance policy. The Company had filed claims with the insurance company amounting to ₹ 4,000.59 lacs and ₹ 425.19 lacs for BI claim and damage of assets respectively. The Company had 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 previous year on best estimate basis. In October, 2013 the insurance company finalised the claim for ₹ 329.12 lacs towards damage of assets and made an on account payment of ₹ 2,000.00 lacs related to the BI claim. The surveyor appointed by the insurance company in its final survey report assessed the BI claim as ₹ 2,557.00 subject to adjustments on submission of the Regulator's review of the provisional tariff. The Company has accounted for insurance claim of ₹ 329.12 lacs and ₹ 33.00 lacs for damage of assets and BI claim respectively as 'other income' for the year ended 31 March, 2014.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- b. On 6 July, 2013, Generator Transformer (GT) of unit 1 was damaged leading to stoppage of power generation till 8 September, 2013. The asset restoration / repair had been carried out by the Original Equipment Manufacturer' (OEM). The Company is also insured for Loss of Profits to cover the period of Business Interruption (BI) and also against any loss arising from the repair / restoration of assets through 'Property Damage' clause as per the terms of the mega insurance policy. The surveyor appointed by the insurance company in its survey report assessed loss of ₹ 271.00 lacs towards damage of assets/materials pending final assessment of repair/restoration cost of GT and ₹ 2,400.00 lacs towards BI loss subject to adjustments on submission of the Regulator's review of the provisional tariff. The Insurance Company has made on account payment of ₹ 200.00 lacs towards property damage pending final assessment repair/restoration cost of GT and ₹ 1,800.00 lacs towards BI claim. The Company has accounted for insurance claim of ₹ 271.00 lacs and ₹ 2,400.00 lacs for damage of assets and BI claim respectively as 'other income' for the year ended 31 March, 2014.

30. 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 31.03.2014 ₹ lacs	As at 31.03.2013 ₹ lacs
Balance at the beginning of the year	700.00	-
Provision during the year	800.00	700.00
Provision reversed during the year	1,500.00	-
Closing balance	-	700.00

31. Mega power status

The Company had applied to the Ministry of Power, Government of India along with necessary documents for grant of Mega Power Status to the Company's 1050 MW Maithon Right Bank Thermal Power Plant. Pending receipt of the mega power certificate, the Company remains liable to pay Excise and Customs duty on its receipts of goods and materials wherever applicable. Accordingly, the Company had paid Excise Duty to its vendors aggregating to ₹ 11,935.68 lacs (31 March, 2013: ₹ 10,669.72 lacs) upto 31 March, 2014. Out of total payment of excise duty to vendors ₹ 11,905.39 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, 2014.

32. Managerial remuneration

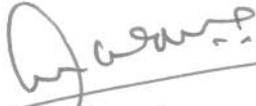
Employee benefit expenses include ₹ 99.48 lacs relating to remuneration of executive director which exceeds the limits prescribed under Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 by ₹ 51.48 lacs and is subject to approval of the Central Government. The Company has made an application under section 269 of the Companies Act, 1956 to the Central Government seeking approval thereof.



MAITHON POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

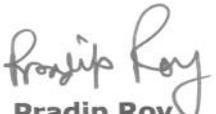
- 33.** Previous year's amounts have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of Board of Directors


Anil Sardana
Chairman


Subhasish Dasgupta
Director


Ashok Sethi
Executive Director


Pradip Roy
Chief Financial Officer
and Company Secretary

Place: MUMBAI
Date:

13 MAY 2014

