

**TATA POWER**



**93<sup>rd</sup> Annual Report 2011-12**

**Lighting up Lives!**



**International Presence for Multi-Fold Growth**

The vision of Shri Jamsheji Tata to generate and provide clean and affordable power for India has now become a global phenomenon. Tata Power, India's largest integrated power Company aims to light up lives, both in India as well as overseas, while retaining its satisfied customer base, being a neighbour of choice for its communities, implementing world class safety standards and delivering sustainable value to all stakeholders.

Tata Power's multi-fold growth validates its bright future, brimming with possibilities and full of promise to power the future as a pioneer of technological innovations and green initiatives. The Company's growing global footprint is complemented by considerable efforts to decrease its carbon footprint. As the Company enhances its **International presence for Multi-fold Growth**, here is a glimpse of its reach.



**Global Presence in Energy Sector**



Tata Power is looking to aggressively expand its global operations and has already made its foray into some key markets.

**Indonesia: Coal reserves and developing a geothermal project:** The Company has acquired 30% stake in Indonesia's leading coal companies viz. PT Kaltim Prima Coal (KPC) and PT Arutmin Indonesia and has also entered into an offtake agreement with KPC.

Additionally, a consortium comprising of Tata Power, Origin Energy, Australia and PT Supraco, Indonesia won the Sorik Marapi geothermal project in Northern Sumatra, Indonesia. The project is estimated to support the development of approximately 240 MW of geothermal generation capacity.

**South Africa: Exploring growth opportunities:** Cennergi has been established as a Joint Venture (JV) between Tata Power and Exxaro Resources, a South Africa-based diversified resources company. Based in South Africa, Cennergi will focus on the exploration of electricity generation opportunities in South Africa, Botswana and Namibia. The initial project pipeline focuses on renewable energy projects in South Africa and Cennergi's strategy is to create a balanced portfolio of generation assets.

**Singapore: Coal supply, shipping and trading:** The Company has incorporated Trust Energy Resources as a wholly owned subsidiary in Singapore. Trust Energy's scope of business is shipping of coal for Tata Power's thermal power generation operations, ship owning/chartering and operating, trading in coal and identifying coal mining assets/companies.

**Bhutan: Hydro presence:** The Company has a JV with the Royal Government of Bhutan under which it is implementing the 114 MW Dagachhu Hydro Project with Druk Green Power Company.

**Australia: Developing cutting edge technology:** The Company has invested in a 10% stake in Australian company - Geodynamics. It has also entered into a partnership with Australian solar power company, Sunengy, to build a pilot plant for low-cost, floating on water, solar technology in India. The Company has also invested in Exergen, Australia for clean coal technologies.

**Nepal: Scouting hydro projects:** The Company has partnered with SN Power (Norway) to set up joint ventures for developing hydropower projects in India and Nepal. The companies are pursuing potential project opportunities based on the vast reserves of renewable energy in the Himalayan region.

*The Company has prioritized seven countries in three geographies for international play. These include South Africa and other Sub-Saharan Africa countries, Indonesia, Vietnam, Turkey and Middle-East. The Company is also in the process of deploying resources in these geographies to understand the market dynamics and scout for opportunities.*







## Growth Plans in India

### Projects under implementation:

#### **Developing India's first Ultra Mega Power Project (UMPP) at Mundra, Gujarat:**

Tata Power was the first to be awarded a UMPP in 2007 and has also been the first to have financially closed a UMPP. India's first 800 MW sized super critical unit has been commissioned on 9th March 2012. Work on Units 2, 3, 4 and 5 is also on track and these units are progressing well. The choice of super critical technology will help achieve high efficiency thus saving fuel and reducing green house emissions vis-à-vis conventional technology prevailing in the country.

As a good corporate Citizen, the Company's efforts in community development are focused on education, health, income generation and livelihood, natural resource management, infrastructure and institution building. Some of its noticeable efforts include 'Project Sujaan' which has led to overall improvement in academic performance among the children; grazing land mitigation and providing fodder for (3000) cattle in villages applauded by the national and state authorities; Self Help Group initiative providing support to 227 women of the villages by initiating micro-finance activity and health management comprising of prevention of blindness programme reaching out to 244 people. With the assistance of a grass root NGO it has also implemented Project 'Uttkarsh', a holistic community development program giving impetus to safe drinking water by installing RO plants, rural energy and water management by construction of check dams, creation of Adarsh Agwanwadi, establishment of milk collection centers, activities related to farming and drip irrigation and many more.

#### **1050 MW Maithon Power Project:**

1050 MW (2 x 525 MW) Greenfield coal-fired mega power plant at

Maithon (Jharkhand), under the aegis of Maithon Power Limited, a 74:26 JV between Tata Power and Damodar Valley Corporation is under implementation. Unit 1 has been commissioned and Unit 2 has been synchronised.

#### **236 MW Dugar Hydro Project:**

The Tata Power - SN Power (Norway) Consortium JV won the bid for 236 MW Dugar Hydro Power Project in Himachal Pradesh. The run of the river "Dugar Hydro Electric Project" will primarily feed the Northern grid. Pre-feasibility studies are under progress by the joint project team.

### Projects under development:

#### **1600 MW Coastal Maharashtra Project:**

All statutory clearances required to start the project implementation are in place. Land acquisition is in progress. The Company also signed an Agreement with Government of Maharashtra for the Relief & Rehabilitation (R&R) package for the farmers in the Dehrand / Shahpur villages. Economic options for coal sourcing and logistics are under evaluation.

#### **1980 MW Tiruldih Power Project, Jharkhand:**

The process of land acquisition for the project is in progress. In-principle clearance has been received from Railways for transportation of coal from Tubed Coal Block. The Company has successfully extended MoU with the Government of Jharkhand which is valid for 3 years.

#### **660 MW Naraj Marthapur Project, Orissa:**

The major clearances for the project have been obtained. The environmental clearance has been granted by MoEF, subject to clearance from National Board of Wild Life for which the process is on. Proposal for using clean technology is also under discussion for this project.





# Putting Safety First

At Tata Power, safety is considered a Value rather than simple priority. The Company is committed to ensuring zero harm to its employees, contractors and the communities in which it operates. This is integral to the Company's business process and it is focusing on continual improvement in the areas of health and safety across its operations. Tata Power has made significant advancements in the field of safety by implementing various safety measures this year, chief of which are:

**Safety Management System (SMS)** has been upgraded to meet the requirement of British Safety Council 5 star SMS model. Several new safety standards and procedures were introduced to strengthen the SMS. Around 150 internal auditors from various disciplines were trained.

**Internal safety organization** was strengthened and regional Apex Safety Committees were introduced to enable greater participation of line management in safety activities. Dedicated Office safety committees were established to drive improvement in offices.

The Company has deployed new behavioural based safety initiatives known as **Safety Intervention Auditing & Training** across the organisation. The Company has co-created a program for behavioural changes in contract workmen in collaboration with AAKAR, a NGO.

Several Risk-based third party **Safety audits** were conducted on electrical, fuel and fire protection systems. Electrical Safety audits for customer's premises were introduced to ensure safety of major

customers. Safety inspection process was streamlined with the introduction of standard safety inspection checklists.

Several **off-the-job safety measures** were implemented to enhance the safety awareness on Road safety and Home safety amongst employees, their families and school children in the operating vicinity.

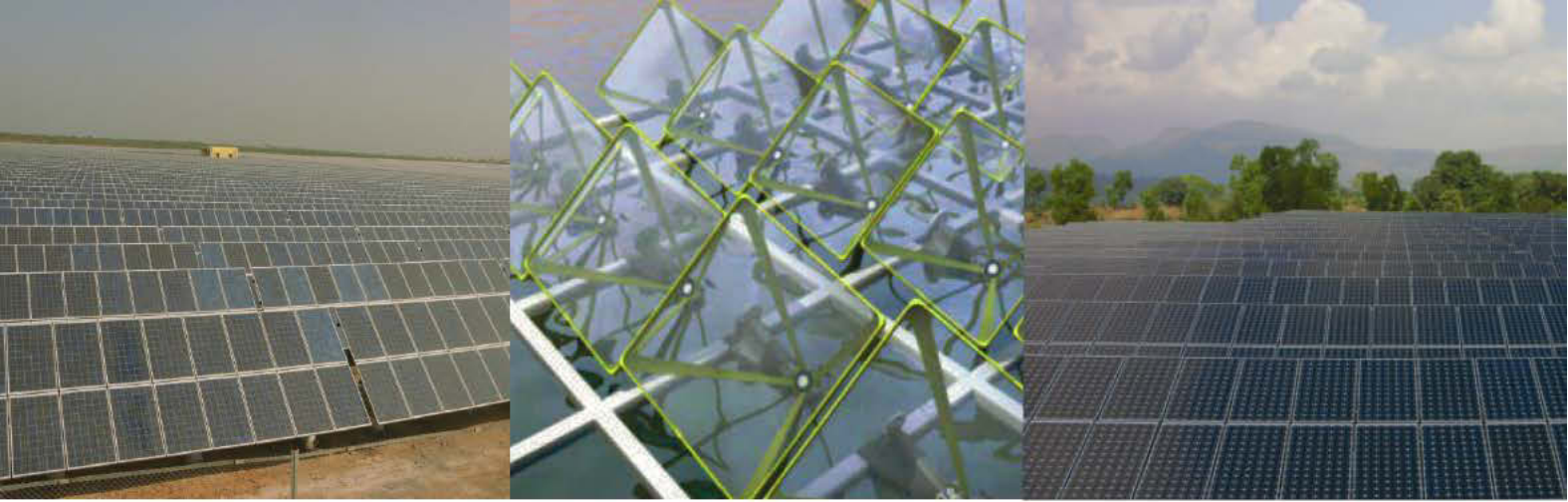
The safety performance was strongly driven by pre-setting specific targets with SMART lead and lag indicators, incorporating specific **Personal Safety Action Plans** in KRAs of individual employees.

The Company also played an active advocacy role in supporting the efforts of National Disaster Management Authority, International Finance Corporation, Bombay Chamber of Commerce and Industry and Central Electricity Authority.

**Consequence Management Policy** was introduced to deal with willful safety violations.







## Powering a Greener Tomorrow

### Leading Renewable & Clean Energy Player

As a responsible utility, Tata Power intends to have 20-25% of its portfolio from clean energy.

#### Harnessing Wind Energy

Tata Power has an installed capacity of 375 MW and plants spread across the four states of Maharashtra, Gujarat, Tamil Nadu and Karnataka, the leading states in promoting wind power generation in India.

#### Harnessing Solar Energy

Tata Power has a strong portfolio of 28+ MW of solar generation capacity. It commissioned its solar power project of 25 MW in Mithapur, Gujarat in January 2012 and has also executed a 3 MW solar photovoltaic plant at Mulshi, one of the largest grid-connected solar projects in the State of Maharashtra. The Company had set up its first solar power plant of 110 kW, way back in 1996 at Walwhan in Lonavla. A 60.48 kWp solar power plant has been installed on the rooftop of one of the Company's offices in Mumbai.

#### Exploring Geothermal Power

A consortium led by Tata Power along with Origin Energy, Australia

and PT Supraco, Indonesia won the Sorik Marapi geothermal project in Northern Sumatra, Indonesia. The Sorik Marapi project is estimated to support the development of approximately 240 MW of geothermal generation capacity and is currently under development.

#### Exploring clean energy internationally: Two wind projects of 234 MW in South Africa

The Company has formed, a JV with Exxaro to explore power generation opportunities in South Africa. Department of Energy, Government of South Africa has announced Cennergi as preferred bidder for two wind projects of 234 MW - Amakhala 139 MW and Tsitsikamma 95 MW projects.

#### 114 MW Dagachhu Hydro Project

Tata Power also has a JV with the Royal Government of Bhutan under which it is implementing the 114 MW Dagachhu Hydro Project with Druk Green Power Company Ltd.

Apart from developing a robust renewable portfolio, the Company is among the frontrunners in India to be investing in a span of unique pilot projects across energy sources such as Biomass gasification, carbon capture, floating solar and micro wind turbines for mitigating its carbon footprint.







**Be Energy Savvy and help keep Mumbai Green!**

Participate in the Energy Efficiency Programme and save on your electricity bills.

Lighting up Lives!

Tata Power's Energy Efficiency drive

Ceiling Fan	Thermal Storage
Tube Light	Energy Audits



TATA POWER

Say No to paper bills.

**Save trees Switch to e-bills**

Lighting up Lives!

Tata Power has always set a standard in adopting sustainable practices in its business. The intent of our sustainability model is 'Leadership with Care' with four key elements - Care for our Environment; Care for our Customers; Care for our Community and Care for our people.

**Care for our Environment** addresses various aspects of resource conservation, energy efficiency, carbon footprint, renewable power generation and bio-diversity. The Green Manufacturing Index (GMI) adopted for all manufacturing locations measures these aspects. The Company is also tracking its carbon footprint and encouraging its employees to monitor their personal contribution through a special employee initiative called **Greenolution**.

**Care for our Customers** initiatives include promoting demand side management and energy efficiency.

'My Mumbai Green Mumbai' was launched as a special initiative last summer with several attractive schemes. Tata Power has once again launched a **Ceiling Fan Replacement Program** for its residential consumers and several attractive schemes like Energy Audits, Thermal storage for AC and Demand response schemes. The Company endeavours to roll out several innovative initiatives which would help customers to save power from time to time under this initiative.

**Tata Power Club Enerji** is an Energy Conservation Club that provides ground for the youth to share and expand their understanding, and bring about a chain-reaction that can significantly reduce wastage of energy. In 2011-12, the Club reached out to 285 schools nationwide, sensitised

over 1.5 million citizens and saved more than 2.8 million units of energy. It has over 25,348 Energy Champions, 26,273 Energy Ambassadors and 1,029 self-sustaining Mini Club Enerjis. **Till date, the savings are equivalent to saving 6200 tonnes of CO<sub>2</sub> and is enough to light up approximately 2900 houses for a year!**

Several Safety audits and awareness campaigns like '**Safe Monsoons**' are organized to undertake pre-emptive measures to minimize customer woes during the monsoons and ensure safety to consumers every year. Our **customer care centres** have also been built with the Architecture of Care.

The Company intends to be 'neighbour of choice' by demonstrating exceptional **Care for its Communities**. The Company continues to focus on developmental initiatives for enrichment and growth of its neighbouring communities. Its social outreach program operates in 176 villages of 14 districts in 7 states of India and includes initiatives in the area of income generation, healthcare, infrastructure development, social welfare and education.

As an organization, Tata Power **cares for its employees and partners** and has several initiatives that are spearheaded for their learning and development.





# Highlights of the Year

- Crossed 5000 MW capacity mark, re-affirming its position as India's largest integrated power company.
- Commissioned Unit 1 successfully for 4000 MW Mundra Ultra Mega Power Project.
- Commissioned Unit 1 and synchronized Unit 2 of 1050 MW Maithon Project.
- Commissioned 25 MW Solar Project in Mithapur, Gujarat.
- Formed a Joint Venture (JV) Company - "Cennergi" with Exxaro to explore power generation opportunities in South Africa. Department of Energy, Government of South Africa announced Cennergi as preferred bidder for two wind projects of 234 MW - Amakhala 139 MW and Tsitsikamma 95 MW projects.
- Crossed 375 MW of installed wind power capacity.
- Signed the Share Purchase Agreement to acquire British Petroleum Solar UK's 51% equity in Tata BP Solar India Ltd.





# Financial Highlights

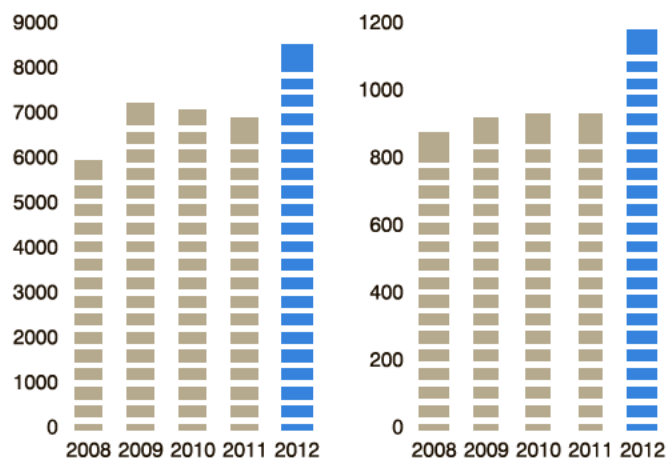
## Standalone

- The Company's Standalone Revenue from operations has increased by 23% at ₹ 8495.84 crore as compared to ₹ 6918.48 crore in FY11.
- Standalone Profit After Tax (PAT) was up by 24% at ₹ 1169.73 crore as compared to ₹ 941.49 crore in FY11 due to strong operational performance of power business and higher dividends from Coal SPVs.
- Board maintained Dividend at ₹ 1.25 per share of ₹ 1/- each.

## Consolidated

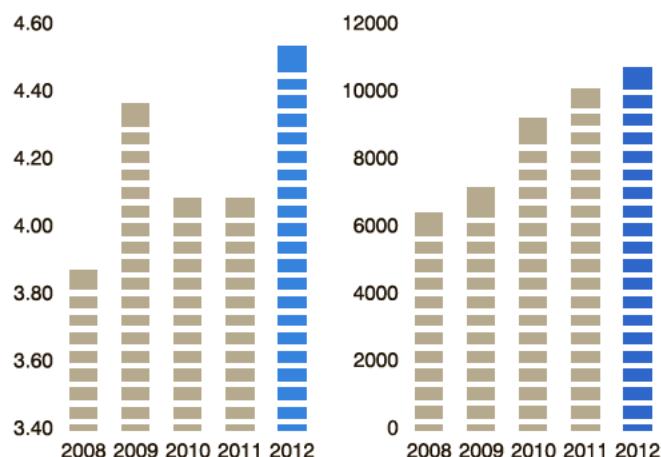
- The Company's Consolidated Revenue from operations was up by 34% at ₹ 26001.40 crore as compared to ₹ 19450.76 crore in FY11.
- Consolidated PAT stood at ₹ (1087.68) crore as compared to ₹ 2059.60 crore in FY11 due to provisions made for Mundra impairment and deferred stripping costs.
- **Coastal Gujarat Power Limited (CGPL):** CGPL, an SPV formed for setting up and operating the 4000 MW Mundra UMPP, posted Revenues from operations of ₹ 8.05 crore during the year. PAT stood at ₹ (2180.54) crore and is mainly due to provision for impairment of ₹ 1800 crore. CGPL has also commenced trials of using alternate coal which is environment friendly, low in sulphur and cheaper in cost; initial reports have been encouraging and suggest that 70% blending is possible.
- **Maithon Power Limited (MPL):** Revenues from operations for the year stood at ₹ 369.70 crore and PAT stood at ₹ (174.14) crore. The unit has stabilized and, with assured fuel supply, will show improved performance going forward.
- **Industrial Energy Limited (IEL):** The Company reported Revenues from operations of ₹ 433.71 crore, increase of 246% and PAT of ₹ 78.01 crore, up by 214% over last year. Increase in PAT in IEL is mainly due to full year operation of Unit 5 during this financial year.
- **Tata Power Renewable Energy Limited (TPREL):** 25 MW solar project was successfully commissioned and commercial operation date (COD) achieved on 25th January, 2012, within the approved budget and stringent timelines, meeting the contractual commitments to the Government of Gujarat. The plant is performing well without any interruption since COD. The plant has generated cumulative of 9,167 MWH as on 31st March, 2012, posted Revenues from operations of ₹ 13.69 crore and PAT of ₹ 0.95 crore.
- **Tata Power Delhi Distribution Limited:** The Company's distribution subsidiary and JV with Delhi Government, posted Revenues from operations of ₹ 5338.88 crore, up 30% as compared to FY11. The PAT stood at ₹ 338.65 crore, up by 31% as compared to ₹ 258.18 crore last year.
- **Powerlinks Transmission Limited (Powerlinks):** Powerlinks, the first public-private Joint Venture in power transmission in India, has earned Revenues from operations of ₹ 281.63 crore in FY12, as against ₹ 288.41 crore in FY11. The PAT stood at ₹ 112.35 crore, up by 6% as compared to last financial year.
- **Tata Power Trading Company Limited (TPTCL):** TPTCL traded a total of 5583 MUs during the year, resulting in Revenues of ₹ 1926.70 crore, as compared to ₹ 1932.05 crore in FY11. PAT stood at ₹ 14.05 crore, up by 54% as compared to last financial year.

Strong operational performance driving financials



Revenues from Operations (₹ crore)

Profit After Tax (₹ crore)



Earnings Per Share (₹)

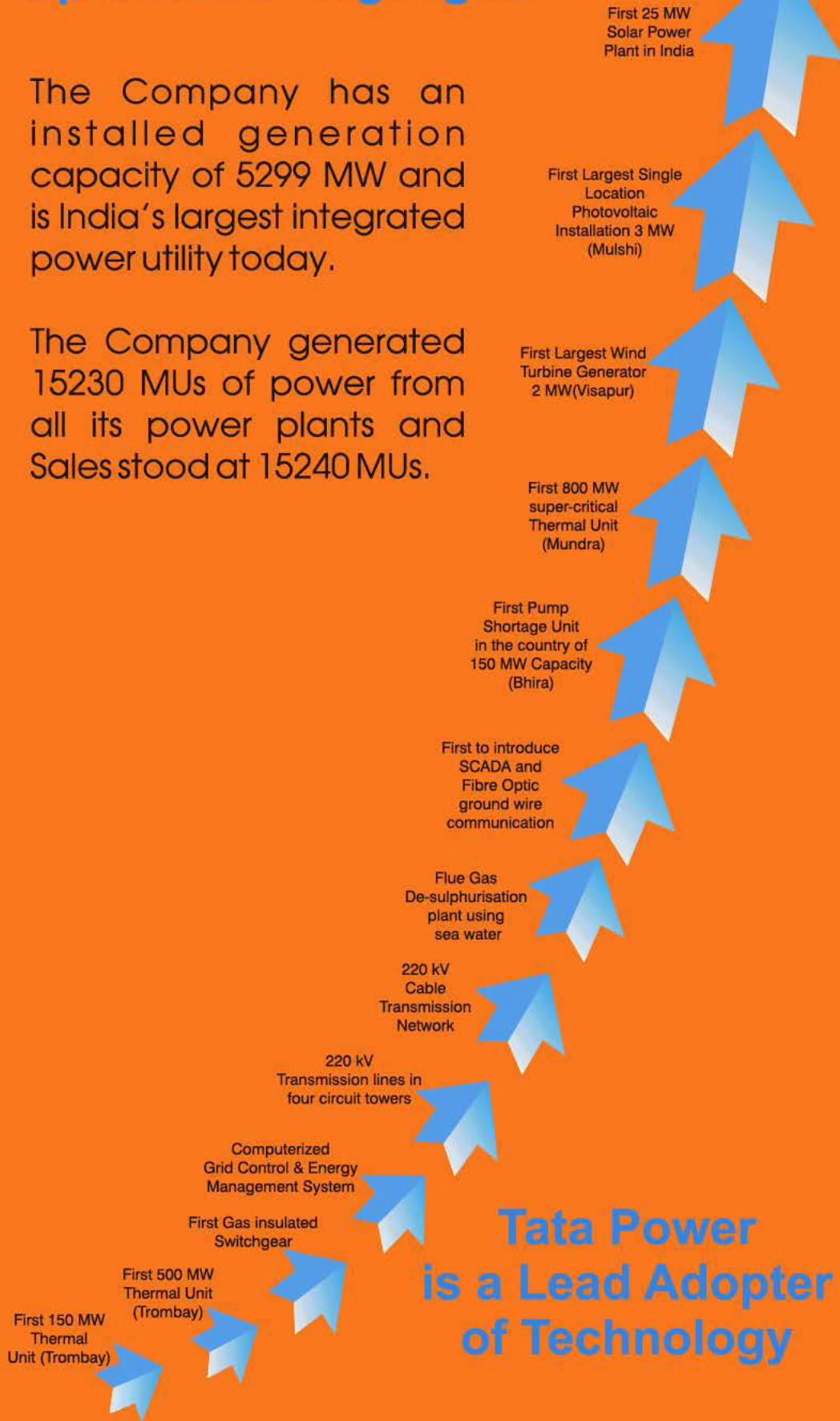
Net Worth (₹ crore)



# Operational Highlights

The Company has an installed generation capacity of 5299 MW and is India's largest integrated power utility today.

The Company generated 15230 MUs of power from all its power plants and Sales stood at 15240 MUs.



**Tata Power  
is a Lead Adopter  
of Technology**



Trombay Thermal Power Plant



Bhira Hydro Power Plant



Jjobbera Power Plant



Haldia Power Plant



Wind Farms



## BOARD OF DIRECTORS

(As on 22<sup>nd</sup> May, 2012)

Mr R N Tata	Chairman
Mr R Gopalakrishnan	
Dr H S Vachha	
Mr A J Engineer	
Mr N H Mirza	
Mr D M Satwalekar	
Mr P G Mankad, IAS (Retd.)	
Mr A K Basu, IAS (Retd.)	
Mr Thomas Mathew T	LIC Nominee
Mr C P Mistry	
Mr Anil Sardana	Managing Director
Mr S Ramakrishnan	Executive Director
Mr S Padmanabhan	Executive Director

### COMPANY SECRETARY

Mr H M Mistry

### REGISTERED OFFICE

Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001

### SHARE REGISTRARS

TSR Darashaw Limited  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr E Moses Road,  
Mahalaxmi, Mumbai 400 011

### SOLICITORS

Mulla & Mulla and Craigie Blunt & Caroe

### AUDITORS

Deloitte Haskins & Sells

### BANKERS

Citibank N.A.  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Standard Chartered Bank Ltd.  
State Bank of India



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For more information  
refer to page 126 of the  
Report on Corporate  
Governance

### Annual General Meeting

Date : Friday, 17<sup>th</sup> August, 2012

Time : 3 p.m.

Venue : Birla Matushri Sabhagar,  
Sir Vithaldas Thackersey Marg,  
19, New Marine Lines,  
Mumbai 400 020

As a measure of economy, copies of the  
Annual Report will not be distributed at the  
Annual General Meeting.

Shareholders are requested to kindly bring  
their copies to the meeting.

Visit us at : [www.tatapower.com](http://www.tatapower.com)

## CONTENTS

Notice and Explanatory Statement.....	11
Directors' Report.....	15
Annexure I to Directors' Report.....	30
Management Discussion and Analysis.....	35
Business Responsibility Report FY12.....	54
Auditors' Report.....	58
Annexure to the Auditors' Report.....	60
Balance Sheet.....	62
Statement of Profit and Loss .....	63
Cash Flow Statement.....	64
Notes forming part of the Financial Statements.....	66
Performance Perspective.....	108
Report on Corporate Governance.....	109
<b>Consolidated Financial Statements</b>	
Auditors' Report.....	132
Consolidated Balance Sheet.....	134
Consolidated Statement of Profit and Loss.....	135
Consolidated Cash Flow Statement.....	136
Notes forming part of the Consolidated Financial Statements ...	138
Gist of the Financial Performance for the year 2011-2012 of the Subsidiary Companies.....	182



## NOTICE

The NINETY-THIRD ANNUAL GENERAL MEETING of THE TATA POWER COMPANY LIMITED will be held on Friday, the 17<sup>th</sup> day of August, 2012 at 3 p.m. at Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, 19, New Marine Lines, Mumbai 400 020, to transact the following business:-

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED that Mr R N Tata who retires as Director pursuant to the provisions of Section 256 of the Companies Act, 1956, be and is hereby re-appointed a Director of the Company to hold office upto 27<sup>th</sup> December, 2012.”

4. To appoint a Director in place of Dr H S Vachha, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr A K Basu, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.
7. **Appointment of Mr Cyrus Mistry as Director**

To appoint a Director in place of Mr Cyrus Mistry, who was appointed an Additional Director of the Company with effect from 23<sup>rd</sup> December, 2011 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director.

8. **Appointment of Branch Auditors**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any statutory modification or re-enactment thereof for the time being in force), the Board of Directors be and is hereby authorised to appoint the Company’s Auditors and/or in consultation with the Company’s Auditors any person or persons qualified for appointment as Auditor or Auditors of the Company under Section 226 of the Act so far as Branch Offices in India are concerned, whether existing or which may be opened/acquired hereafter, or an accountant or accountants duly qualified to act as Auditor or Auditors of the Branch Offices of the Company situated in countries outside India, whether existing or which may be opened/acquired hereafter, in accordance with the laws of the country in which the Branch Offices of the Company are situated, to audit the accounts for the financial year 2012-13 of the Company’s Branch Offices in India and abroad respectively and to fix their remuneration (which in the case of the Company’s Auditors shall be in addition to their remuneration as the Company’s Auditors) and the terms and conditions on which they shall carry out the audits.”

### NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (the Act), in regard to the business as set out in Item Nos. 7 and 8 above and the relevant details of the Directors seeking appointment / re-appointment under Item Nos. 3 to 5 and 7 above as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company’s Registered Office not less than 48 hours before the meeting.



- (c) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
- (d) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (e) The Register of Members and the Transfer Books of the Company will remain closed from 26<sup>th</sup> July, 2012 to 17<sup>th</sup> August, 2012, both days inclusive. If the dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on and from 21<sup>st</sup> August, 2012, as under :
- i) To all Beneficial Owners in respect of shares held in electronic form as per the data as may be made available by National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on 25<sup>th</sup> July, 2012;
- ii) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 25<sup>th</sup> July, 2012.
- (f) Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
- (g) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
- (h) Pursuant to Section 205 of the Act, all unclaimed/ unpaid dividends upto the financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government. Members, who have not yet encashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No.II to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to -

Office of the Registrar of Companies  
Central Government Office Bldg., 'A' Wing, 2<sup>nd</sup> floor  
Next to Reserve Bank of India  
CBD Belapur 400 614.

Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends for the subsequent years from the financial year ended 31<sup>st</sup> March, 1996 to the financial year ended 31<sup>st</sup> March, 2004, remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company were transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2005 onwards, are requested to make their claims to the Company accordingly, without any delay. Reminders in this regard have already been mailed to the concerned Members in February 2012.

By Order of the Board of Directors,

H M Mistry  
Company Secretary

Mumbai, 22<sup>nd</sup> May, 2012

**Registered Office :**

Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.



## EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 7 and 8 of the accompanying Notice dated 22<sup>nd</sup> May, 2012:

**Item No.7:** Mr Cyrus Mistry was appointed as an Additional Director of the Company with effect from 23<sup>rd</sup> December, 2011 by the Board of Directors under Section 260 of the Act and Article 132 of the Company's Articles of Association. In terms of Section 260 of the Act, Mr Mistry holds office only upto the date of the forthcoming Annual General Meeting but is eligible for appointment as a Director.

Mr Cyrus Mistry is a graduate of Civil Engineering from Imperial College, UK and has an M.Sc. in Management from London Business School. He has been associated with the Shapoorji Pallonji Group since 1994. Under Mr Mistry's guidance, Shapoorji Pallonji's construction business has grown from a turnover of USD 20 million to approximately USD 1.5 billion, with presence in over 10 countries.

Mr Mistry was associated with the Company as Director from 1996 to 2006 and served as Member and Chairman of its Remuneration Committee as well as Member of its Audit Committee. He joined the Board of Tata Sons Limited in 2006 and is presently the Executive Deputy Chairman. He is also Director of Tata Industries Limited, Tata Teleservices Limited, Tata Consultancy Services Limited and Tata Steel Limited.

Given his background and knowledge in the power and construction business, the Board considers it desirable that the Company should continue to receive the benefit of his valuable experience and advice and commends his appointment.

A notice under Section 257 of the Act has been received from a Member signifying his intention to propose Mr Mistry's appointment as a Director.

Mr Mistry is not related to any other Director of the Company. Mr Mistry is concerned or interested in the Resolution at Item No. 7 of the accompanying Notice.

**Item No.8:** As Members are aware, the Company is undertaking several projects/contracts in India as well as outside India mainly for the erection, operation and maintenance of power generation and distribution facilities. To enable the Directors to appoint Branch Auditors/Accountants for the purpose of auditing the accounts of the Company's Branch Offices in India and abroad (whether now existing or as may be established), the necessary authorisation of the Members is being obtained in accordance with the provisions of Section 228 of the Act, in terms of the Resolution under Item No. 8 of the accompanying Notice.

The Board commends the Resolution at Item No. 8 of the accompanying Notice for approval by the Members of the Company.

None of the Directors is in any way concerned or interested in the Resolution at Item No. 8 of the accompanying Notice.

By Order of the Board of Directors,

H M Mistry  
Company Secretary

Mumbai, 22<sup>nd</sup> May, 2012

Registered Office :

Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.

**Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Mr R N Tata	Dr H S Vachha	Mr A K Basu	Mr Cyrus Mistry
Date of Birth	28 <sup>th</sup> December, 1937	23 <sup>rd</sup> April, 1942	24 <sup>th</sup> March, 1942	4 <sup>th</sup> July, 1968
Date of Appointment	18 <sup>th</sup> May, 1989	30 <sup>th</sup> March, 2001	26 <sup>th</sup> March, 2009	23 <sup>rd</sup> December, 2011
Expertise in specific functional areas	Mr Tata is an eminent industrialist with wide business experience across a variety of industries. He joined the Tata Group in 1962. He is the Chairman of Tata Sons Ltd., the apex body of the Tata Group, and also other major Tata Companies.	Dr Vachha was the General Manager of ICICI Ltd. in a career spanning over 25 years. He was in charge of Market Research and Industry Studies Department as also in charge of the Economics Department. He was the ICICI Nominee Director on the Board of several large companies. He was appointed as Nominee Director on the Board of the erstwhile The Andhra Valley Power Supply Co. Ltd. in 1993. On ceasing to be such Nominee Director, he was re-appointed on the Board of that Company and continued as Director till its amalgamation with the Company in 2000. He was subsequently appointed on the Board of this Company in 2001. He is also on the Board of several other companies.	Mr Basu is the former Secretary (Steel), Secretary (Power) and Chairman of Central Electricity Regulatory Commission (CERC). He was a key member in the formulation and clearance of the Electricity Act, 2003, both as Secretary (Power) and later as Chairman (CERC), and has a very deep knowledge of the power business in India. He was also Member (Industry and Infrastructure) of the West Bengal Planning Commission.	Mr Mistry has been associated with the Shapoorji Pallonji Group since 1994. Under Mr Mistry's guidance, Shapoorji Pallonji's construction business has grown from a turnover of USD 20 million to approximately USD 1.5 billion, with presence in over 10 countries. Mr Mistry was associated with the Company as Director from 1996 to 2006 and served as Member and Chairman of its Remuneration Committee as well as Member of its Audit Committee. He joined the Board of Tata Sons Limited in 2006 and is presently the Executive Deputy Chairman. He is also on the Board of other major Tata Companies.
Qualifications	B.Sc. (Architecture) with Structural Engineering, Cornell University, New York; Advanced Management Programme, Harvard University.	Post graduate degree in Economics from the University of Bombay (Gold Medallist in Industrial Economics); Doctorate in Economics from the University of Bombay.	B.A. (Honours with Economics); IAS.	Graduate of Civil Engineering from Imperial College, UK; M.Sc. in Management from London Business School.
Directorships held in other companies (excluding foreign companies)	Tata Sons Ltd. Tata Industries Ltd. Tata Steel Ltd. Tata Motors Ltd. Tata Chemicals Ltd. The Indian Hotels Co. Ltd. Tata Global Beverages Ltd. The Bombay Dyeing & Manufacturing Co. Ltd. Tata Consultancy Services Ltd. Tata Teleservices Ltd. Antrix Corporation Ltd. RNT Associates Pvt. Ltd.	Tata International Ltd. Tata Ceramics Ltd. Af Taab Investment Co. Ltd. Finolex Cables Ltd. Tata Power Delhi Distribution Ltd. Bachi Shoes (India) Pvt. Ltd.	Tata Metaliks Ltd. The Tinplate Company of India Ltd. Bharat Heavy Electricals Ltd. Visa Resources India Ltd. JSW Bengal Steel Ltd. Visa Power Ltd. The Energy and Resources Institute.	Tata Sons Ltd. Tata Industries Ltd. Tata Teleservices Ltd. Tata Consultancy Services Ltd. Tata Steel Ltd. Cyrus Investments Pvt. Ltd. Sterling Investment Corporation Pvt. Ltd. Imperial College India Foundation.
Committee position held in other companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	Nil	<b><u>Audit Committee</u></b> Chairman Finolex Cables Ltd. Tata Ceramics Ltd. Tata International Ltd. Bachi Shoes (India) Pvt. Ltd.  <b><u>Member</u></b> Af Taab Investment Co. Ltd.	<b><u>Audit Committee</u></b> Member Tata Metaliks Ltd. The Tinplate Company of India Ltd. Visa Resources India Ltd. JSW Bengal Steel Ltd. Visa Power Ltd.  <b><u>Shareholders/Investors Grievance Committee</u></b> Chairman The Tinplate Company of India Ltd. <b><u>Member</u></b> Tata Metaliks Ltd.	<b><u>Audit Committee</u></b> Member Tata Sons Ltd.
No. of shares held:				
(a) Own	4000 Equity Shares of ₹1 each	Nil	Nil	Nil
(b) For other persons on a beneficial basis	Nil	Nil	Nil	Nil



## DIRECTORS' REPORT

To The Members,

The Directors are pleased to present the Ninety-Third Annual Report on the business and operations of your Company and the statements of account for the year ended 31<sup>st</sup> March, 2012.

## 1. Financial Results

Figures in ₹ crore

	Standalone		Consolidated	
	FY12	FY11	FY12	FY11
(a) Net Sales / Income from Other Operations	8,495.84	6,918.48	26,001.40	19,450.76
(b) Operating Expenditure	6,711.21	5,330.30	21,101.18	14,857.99
(c) Operating Profit	1,784.63	1,588.18	4,900.22	4,592.77
(d) Add: Other Income (including net gain on exchange)	983.46	493.58	268.76	410.50
(e) Less: Finance costs	514.87	459.80	1,527.09	866.15
(f) Profit before Depreciation and Tax	2,253.22	1,621.96	3,641.89	4,137.12
(g) Less: Depreciation / Amortisation / Impairment	570.35	510.14	3,134.64	980.24
(h) Profit before Tax	1,682.87	1,111.82	507.25	3,156.88
(i) Less: Tax Expenses	513.14	170.33	1,475.54	974.97
(j) Net Profit after Tax	1,169.73	941.49	(968.29)	2,181.91
(k) Less: Minority Interest	-	-	190.16	196.50
(l) Add: Share of Profit of Associates	-	-	70.77	74.19
(m) Net Profit after Tax, Minority Interest and Share of Profit of Associates	1,169.73	941.49	(1,087.68)	2,059.60

## 2. Financial Highlights

## 2.1 Standalone results

During the year, your Company reported a Profit after Tax (PAT) of ₹ 1,169.73 crore, as against ₹ 941.49 crore for the previous year. The Operating Revenue was higher at ₹ 8,495.84 crore, as against ₹ 6,918.48 crore, an increase of 23%. Operating Revenue was higher mainly on account of higher fuel cost. The Operating Profit was higher by 12% due to improved operational performance in Mumbai Operations.

Other Income was higher at ₹ 983.46 crore, as against ₹ 493.58 crore in the previous year, a growth of 99%. This was due to higher dividend income from coal companies, forex gains (as the Company adopted the option given in para 46A of AS-11 in the notification issued by Ministry of Company Affairs) and higher treasury income.

Earnings per share (basic) was at ₹ 4.53 as against ₹ 4.08 in the previous year.

## 2.2 Consolidated results

The Consolidated Operating Revenue which stood at ₹ 26,001.40 crore grew by 34% as against ₹ 19,450.76 crore for the previous year. PAT was at ₹ (1,087.68) crore as against ₹ 2,059.60 crore for the previous year. The increase in the Consolidated Operating Revenue was primarily on account of strong operational performance and higher coal price realization in Indonesian Coal Companies.

The Consolidated PAT is lower mainly on account of provisions made for impairment of Mundra project, reversal of forex gains and charge off of deferred stripping costs by the Indonesian Coal companies.

## 3. Dividend

The Directors of your Company are pleased to maintain a dividend of 125% (₹ 1.25 per share) subject to the approval of the shareholders.

## 4. Existing Businesses

As of 31<sup>st</sup> March, 2012, The Tata Power Group of Companies had an installed generation capacity of 5,297 MW based on various fuel sources: thermal (coal, gas, oil), hydroelectric power, renewable energy (wind and solar photovoltaic) and waste heat recovery. The details of the installed capacity are given in Table 1.

Table 1: Details of installed capacity

Fuel Source	Location	State	Installed Capacity (MW)	Category Total (MW)
Thermal – Coal / Oil / Gas	Trombay	Maharashtra	1,580	4,207
	Maithon	Jharkhand	1,050	
	Mundra	Gujarat	800	
	Jojobera	Jharkhand	428	
	IEL – Jojobera	Jharkhand	120	
	Rithala	New Delhi	108	
	Belgaum	Karnataka	81	
	Lodhivali	Maharashtra	40	
Thermal – Waste Heat Recovery	IEL – Jojobera	Jharkhand	120	240
	Haldia	West Bengal	120	
Hydro	Bhira	Maharashtra	300	447
	Khopoli	Maharashtra	72	
	Bhivpuri	Maharashtra	75	
Renewables	Wind farms	Maharashtra, Gujarat, Karnataka, Tamil Nadu	375	403
	Solar Photovoltaic (PV)	Maharashtra, Gujarat	28	
<b>Total</b>				<b>5,297</b>

Thus, your Company has 20.58% of MW capacity through non-Green House Gas (GHG) based generating sources.

Your Company also has businesses of Transmission, Power Distribution-cum-Retail in Mumbai, and other value added businesses.

Table 2: Details of other businesses

Business	Location	Key details
Transmission	Mumbai	Over 1,085 circuit kilometres of Transmission Lines, connecting generating station in Mumbai Operations to 18 Receiving Stations in Mumbai.
	Eastern/North Eastern regions	Over 1,166 circuit kilometres of transmission line which transmits surplus power from Eastern / North Eastern region (Siliguri) to Uttar Pradesh (Mandula).
Distribution	Mumbai	Over 2,200 circuit kilometres of distribution network.
	New Delhi	Over 10,500 circuit kilometres of distribution network.
Retail	Mumbai	Over 2,85,000 customers with sales of over 5,800 MUs in FY12.
	New Delhi	Engaged in serving over 1,300,000 customers with sales of over 7,500 MUs in FY12.
Strategic Electronics	Mumbai	One of the leading suppliers of defence equipment and solutions amongst Indian Private Sector.
Power Services	Mumbai	One of the leading service providers for Project Management, Operations and Maintenance (O&M) and specialized services in the power sector.



## 5 NEW GENERATION PROJECTS

### 5.1 Projects Under Construction

Table 3: Details of projects under construction

Fuel Source	Location	State	Capacity (MW)	Category Total (MW)
Thermal – Coal / Oil / Gas	Mundra	Gujarat	3,200	3,852
	Kalinganagar	Odisha	652	
Hydro	Dagachhu	Bhutan	126	126
Renewables	Wind farms	Maharashtra, Rajasthan	150	150
<b>Total</b>			<b>4,128</b>	<b>4,128</b>

#### 5.1.1 Coastal Gujarat Power Limited (CGPL)

CGPL, the Company's wholly owned subsidiary, is implementing the 4,000 MW (800 x 5 units) Ultra Mega Power Project (UMPP) at Mundra in Gujarat. The project, estimated to cost about ₹ 18,000 crore, is progressing as per schedule. The cumulative progress till the end of March 2012 was approximately 95% with total capital commitments of 100% of total equipment ordering and a total actual expenditure of over ₹ 16,000 crore. All major civil, structural, mechanical, electrical and control & instrumentation work is complete and about 6,500 direct and indirect workmen are deployed at the site. Commissioning activities are in full swing in Units 2 to 5, while Unit 1 of 800 MW is in operation.

The turbine erection for other four units is complete and boiler light-up for Units 2, 3 and 4 has been successfully completed. Unit 2 will be synchronized shortly. Unit 3 steam blowing is expected to start in May 2012. The last boiler i.e. Unit 5 boiler is expected to light up in second quarter of FY13. The Power Evacuation System which is being implemented by Power Grid Corporation of India Limited (PGCIL) is nearing completion with 2 out of 3 double circuit lines commissioned. The third and last evacuation line is expected to be commissioned during first quarter of FY13.

Your Company has continued its emphasis on safety, through programs, education and sensitization of workers and supervisors with the help of an NGO.

#### 5.1.2 Kalinganagar, Odisha: 652.5 MW [3 x 67.5 MW (Gas based) + 3 x 150 MW (Coal and gas based)]

Both the projects are being executed through Industrial Energy Limited (IEL), a JV of the Company (74%) with Tata Steel Limited (26%). This plant is being set up to cater to the power requirements for a 6 MTPA steel plant for Tata Steel at Kalinganagar in Jajpur district of Odisha.

**CPP1 202.5 MW (3 x 67.5 MW):** Order recommendations for Engineering, Procurement & Commissioning, Steam Generator (SG), Steam Turbine Generator (STG) and General Civil Works (GCW) packages have been placed on vendors. The project is progressing as per schedule.

**CPP2 450 MW (3 x 150 MW):** Applications for 'Consent to Establish' and 'Aviation Clearance' have been submitted. Application for long term linkage for 2.3 MTPA has been submitted to Ministry of Coal (MoC), Ministry of Power (MoP) and Central Electricity Authority (CEA). Recommendation from CEA has been sent to MoP and MoC. As an option, use of middlings, tailings from Tata Steel, e-auctioned coal and imported coal is being worked out. Signing of MoU between IEL and Tata Steel Limited for supply of coal is being pursued. The technical specifications for various packages are under finalization.

#### 5.1.3 Dagachhu Hydroelectric Power Project, Bhutan

The 126 MW (2 x 63 MW) Dagachhu project is being implemented by Dagachhu Hydro Power Corporation Limited (a JV of the Company [26%], Druk Green Power Corporation Limited [59%] and National Pension and Provident Fund of Bhutan [15%]) in Bhutan. The civil works are being executed by M/s. Hindustan Construction Company Limited, India. More than 37% of concreting at weir has been completed and for desilter, more than 62% of concreting has been completed. The excavation of connection tunnel has been completed and the tunnel lining is in progress. For head race tunnel, more than 47% of tunnel excavation has been completed. Cumulatively around 6.2 kilometres tunnelling has been completed and tunnel lining works have also commenced.

#### 5.1.4 Renewable Energy Projects

##### Wind Power

Your Company is developing wind power projects of over 150 MW in India, of which 80 MW is proposed to be commissioned during FY13 across Maharashtra (50 MW) and Rajasthan (30 MW). The Company's new JV-Cennergi (Pty) Limited has also been selected as a preferred bidder for two wind power projects totalling 234 MW in South Africa.

##### Solar Power

Your Company is in the process of acquiring suitable land parcels in the states of Maharashtra, Rajasthan, Gujarat and Karnataka to develop solar projects. The Company through Cennergi, is also evaluating development of solar project in South Africa.

25 MW solar project at Mithapur was successfully commissioned and Commercial Operation Date (COD) was achieved on 25<sup>th</sup> January, 2012,

#### 5.2 Projects Under Planning – India

##### 5.2.1 Coastal Maharashtra Project

During the year, your Company has made further progress in the Coastal Maharashtra project at Dehrand, Maharashtra. Resettlement and Rehabilitation (R&R) agreement has been signed with Government of Maharashtra (GoM) in July 2011. The project has all the statutory clearances for its commencement.

Land acquisition by Maharashtra Industrial Development Corporation Limited (MIDC) as per Maharashtra Industrial Development (MID) Act continued during the year. About 70% (692 out of 993 acres) of private land has been acquired so far. Well structured Community Relations (CR) activities are in place and are being implemented in the villages covered for the project.

While your Company is progressing well with the land acquisition, economic options for coal sourcing and logistics are under evaluation.

##### 5.2.2 Tiruldi Power Project, Jharkhand

The process of land acquisition for the 1,980 MW (3 x 660 MW) project has achieved significant progress. More than 300 acres of private land has been registered in the name of your Company. The entire land acquisition process is defined to be completed by March 2013. The Company has successfully extended MoU with the Government of Jharkhand (GoJ) which is valid for 3 years. Water allocation of 62 cusecs for the project is expected shortly.

##### 5.2.3 Dugar Hydroelectric JV Project

The consortium of the Company and SN Power Singapore Pte. Limited (SN Power), a subsidiary of Statkraft, Norway, was awarded the Dugar hydroelectric project through a competitive bidding process carried out by the Government of Himachal Pradesh (GoHP). The project is being developed through a Special Purpose Vehicle (SPV), Dugar Hydro Power Limited (DHPL). DHPL is a JV between the Company (50% + 1 share) and SN Power (50% - 1 share).

Pre-feasibility studies are under progress by the joint project team set up by your Company and SN Power.

##### 5.2.4 Maithon Expansion : 1320 MW (2 x 660)

Ministry of Environment and Forests (MoEF) has issued Terms of Reference for environment clearance. Environment Impact Assessment report along with necessary documents has been submitted for public hearing. Technical presentation at Jharkhand State Pollution Control Board (JSPCB) took place successfully. Coal linkage application has been filed with MoC.

##### 5.2.5 Naraj Marthapur Project, Odisha

The major clearances for the 660 MW Naraj Marthapur project have been obtained. The environmental clearance has been granted by MoEF, subject to clearance from National Board of Wild Life for which the process is on. Proposal for using clean technology is also under discussion for Naraj Marthapur project.



### 5.3 Projects Under Planning – International

In spite of robust growth in domestic power demand, multiple constraints across the entire value chain have made growth in the country very challenging. Thus, your Company has decided to venture in international markets that offer a greater potential for growth with the strategic intent of maximizing returns and minimizing risks.

#### 5.3.1 Sorik Marapi Geothermal Project - Indonesia

The consortium of your Company, Origin Energy Limited (Origin) and PT. Supraco Indonesia (Supraco) won the Sorik Marapi geothermal concession in a competitive bid process on 2<sup>nd</sup> September, 2010.

The project is in the exploration phase. Detailed geosciences studies (geological, geochemical and geophysical) have been completed. The preliminary resources assessment report is positive.

Exploratory drilling is expected to commence in Q4 FY13. Sufficient progress is being made in infrastructure planning and development required to carry out the exploratory drilling (like issuance of various permits, land lease/acquisition etc). There has been good engagement with the local community in the Sorik Marapi area through numerous activities led by SMGP's Community Relations. The exploration phase of the project is expected to end in September 2013.

#### 5.3.2 African Power Business - Cennergi

Your Company has formed a 50:50 JV with Exxaro Resources Limited, the second largest coal producer in South Africa. Cennergi, the JV company, would develop power generation projects in South Africa, Botswana, Namibia and other African countries. This company plans to initially develop renewable energy projects and thereafter, coal fired and hydro power plants in the countries of interest. Cennergi was declared successful in two wind projects which were bid in April 2012, aggregating to 234 MW.

Your Company is actively pursuing business opportunities in other countries as well and hopes to increase its global footprint in the coming years

## 6. Key Subsidiaries

### 6.1 Coastal Gujarat Power Limited

CGPL, the Company's wholly owned subsidiary, is implementing the 4,000 MW (800 x 5 units) UMPP at Mundra in Gujarat. The project, estimated to cost ₹ 18,000 crore, is progressing as per schedule. While Unit 1 is under operation, Commissioning activities are in full swing in Units 2 to 5.

Recent changes in Indonesian coal price regulations have resulted in an increase in price of Mundra UMPP's coal off-take arrangements with Indonesian coal companies. In addition to this, there is an unprecedented increase in global coal prices as compared to the year 2006, when the Company had bid for Mundra UMPP. As per the existing Power Purchase Agreement (PPA), there is only a partial pass through of increase in coal price, which is leading to an additional financial burden. Your Company is of the view that this is an industry wide issue and not specific to Mundra UMPP alone.

The issue is being represented to the government of the procuring states and the Central Government in different forums and through different industry associations. The Company is hopeful of fruitful resolution of the issue.

Given the circumstances, as a part of its sponsor support obligation to the project leaders, Tata Power has offered to transfer 75% of the dividend flow of coal SPV (which holds the ownership of 30% equity investment in two coal mines in Indonesia) to CGPL or any other alternate structure/method to support the debt service. Your Company is in discussions with lenders to formalize a suitable structure as part of sponsor support obligation.

CGPL, in its endeavour to become 'Neighbour of Choice', continues to take initiatives for the local community in the area of livelihood and income generation, education and health as part of its community relationship programme. This is done by continuously engaging with local communities and by partnering with government agencies.

### 6.2 Industrial Energy Limited (IEL)

IEL commenced operations in May 2009. The 120 MW coal based Unit 5 was commissioned in FY11 in Jojobera in the existing location of Units 1 to 4. It is also operating a 120 MW co-generation plant (Power House 6) in Jamshedpur inside the Tata Steel plant. The Company is progressing to execute a 652.5 MW thermal project in Kalinganagar, Odisha. This plant would meet the power requirement for Tata Steel Limited.

During FY12, IEL earned revenue of ₹ 433.7 crore (as against previous year revenue of ₹ 125.5 crore) and a PAT of ₹ 78.0 crore (as against previous year PAT of ₹ 24.9 crore). The increase in revenue is due to commissioning of 120 MW Unit 6.

Table 4: Details of thermal power generation for FY12 - IEL

	Generation (MUs)		Generation Availability (%)		Plant Load Factor (%)	
	FY12	FY11	FY12	FY11	FY12	FY11
IEL	1,574	738	94	93	74.5	70

### 6.3 Maithon Power Limited (MPL)

MPL, a JV between your Company (74%) and Damodar Valley Corporation (DVC) (24%), has set up a 1,050 MW (2 x 525 MW) power plant at Maithon in Jharkhand. Your Company is rendering project management and O&M services to MPL.

Unit 1 COD was declared on 1<sup>st</sup> September, 2011 with power sale commencing from first day of operation. The power has been tied up in a long term PPA with DVC and a medium term PPA with Tata Power Trading Company Limited (TPTCL). The provisional tariff order for its power sale to DVC has been determined by Central Electricity Regulatory Commission (CERC) in November 2011 till 31<sup>st</sup> March, 2012. Power sale to TPTCL, which has back to back PPAs with Tata Power Delhi Distribution Limited (TPDDL) and BSES Rajdhani Power Limited (BRPL), was guided by the terms of the respective PPAs.

Unit 2 achieved full load on primary fuel on 23<sup>rd</sup> March, 2012. Final testing of all the systems is under progress. Unit 2 is planned to be declared commercially operational in H1 FY13.

MPL has obtained necessary approvals for additional funding requirements for the increase in project cost. Your Company has infused equity of ₹ 987.84 crore and the debt drawn by MPL is ₹ 2,998.46 crore. The operational performance for MPL in FY12 is as follows:

Table 5: Operational performance of MPL for FY12

	Generation (MUs)	Generation Availability (%)	PLF (%)
Unit 1	1,225	65	46

Since Unit 2 COD is yet to be declared, the unit performance is not shown in the above table.

MPL is also planning to expand by adding another 1,320 MW capacity consisting of two units of 660 MW each, adjacent to the ongoing 1,050 MW (2 x 525 MW) power plant. Adequate land and water resources are already in place. Application for environment clearance has been made and coal linkage by way of tie up with DVC is being worked out.

### 6.4 Powerlinks Transmission Limited (PTL)

PTL is a JV between your Company (51%) and PGCIL (49%). PTL transmits power from the 1,020 MW Tata Hydro Electric Power Project in Bhutan and surplus power from the Eastern/North-Eastern region of India through its transmission lines between Siliguri (West Bengal) and Mandaula (Uttar Pradesh), spanning a distance of 1,166 kilometres. The availability of transmission line was maintained at 99.66% for Eastern Region in FY12 (previous year availability: 98.62%) and 99.85% for Northern Region (previous year availability: 99.78%), as against the minimum stipulated availability of 98%.

During FY12, PTL has earned revenues of ₹ 281.63 crore (as against previous year revenues of ₹ 288.41 crore) and a PAT of ₹ 112.35 crore (as against previous year PAT of ₹ 105.68 crore). PTL has paid interim dividend of ₹ 1.25 per share (previous year interim dividend was ₹ 1.4 per share) and recommended final dividend of ₹ 0.65 per share for FY12 (previous year final dividend was ₹ 0.70 per share).

### 6.5 Tata Power Delhi Distribution Limited (TPDDL)

TPDDL (formerly North Delhi Power Limited) is a subsidiary of your Company (51% share) with balance shares held by Delhi Power Company Limited, a Government of Delhi undertaking. TPDDL is engaged in distribution of electricity in North and North-West Delhi and services around 1.3 million consumers spread over 510 square kilometres. The peak load in this area is about 1,400 MW, with energy consumption of over 7,500 MUs.

In FY12, TPDDL has earned revenues from operations aggregating to ₹ 5,338.88 crore, a growth of about 30% over the previous year (₹ 4,119.02 crore). The Company earned PAT of ₹ 338.65 crore in FY12 compared to ₹ 258.18 crore in FY11, reflecting an increase of around 31% over the previous year.



The tariff order for FY12 released by Delhi Electricity Regulatory Commission (DERC) in August 2011 was made effective from September 2011. However, the tariffs fixed by DERC for FY12 are not fully cost reflective. In FY12, TPDDL billed its consumers at rates which factored a power purchase cost of ₹ 4.06 per unit (plus fuel price adjustment surcharge) against an actual cost of ₹ 5.29 per unit. In FY11, power purchase cost of ₹ 2.63 per unit was considered as against actual cost of ₹ 4.26 per unit. The gap in cost recovery in FY11 was because tariff fixed for FY10 continued in FY11. This was due to the stay order of Delhi High Court for release of tariff order for FY11 on a PIL filed before it.

The DERC, in its last tariff order, has stated that it shall endeavour to recover the past revenue gaps and unrecovered revenue gap for FY12 in the course of forthcoming Multi Year Tariff (MYT) Period (FY13-FY15). The DERC has also issued a letter reiterating the above and confirming that it shall allow carrying cost on the unrecovered revenue gap. Tariff determination process for FY12-FY13 is presently underway. Therefore, TPDDL's current year revenues include ₹ 1,781.63 crore (previous year ₹ 1,156.43 crore) as income recoverable from future tariff.

During FY12, TPDDL was bestowed the 'Asian Power Utility of the Year Award' for 2011, by Asian Power Awards, Singapore for the fifth year in succession, 'Utility of the Year' by India Power Awards, 'Best Performing Utility (Urban)' by Enerxia Awards and the 'Safety Innovation Award' by the Institute of Engineers (India).

#### 6.6 Tata Power Trading Company Limited (TPTCL)

TPTCL is in the business of power trading since June 2004 and is the first company in India to receive a power trading license from CERC.

TPTCL transacted 5,583 MUs during the year as compared to 4,354 MUs in the previous year and has shown a CAGR of 36% over the past 5 years. It was ranked the third largest trader with a market share of 10% in FY12. The gross revenue for FY12 was ₹ 1,926.70 crore as compared to ₹ 1,932.05 crore in the previous year. The PAT increased by 52.78% to ₹ 14.05 crore, as against ₹ 9.15 crore in the previous year.

Electricity traded in the short term power market has gradually increased to nearly 7% of the generation, of which close to 5% is via bilateral trading and the balance 2% is through power exchanges. TPTCL has also diversified its supply sources by entering into long term power purchase contracts with various power developers for sale of their power in the long term as well as in the merchant market.

#### 6.7 Trust Energy Resources Pte. Limited (Trust Energy)

Trust Energy, a wholly-owned subsidiary of your Company, was set up in 2008 to manage overseas fuel logistics and coal sourcing, thereby achieving vertical integration in order to support the Company's growing power business.

Trust Energy (along with Energy Eastern Pte. Limited [EEPL], a wholly-owned subsidiary of CGPL) has organized a fleet of five cape size vessels. EEPL has entered into long-term charters for three cape size vessels. The ships have started their commercial operations and are expected to be fully deployed to service the needs of Mundra UMPP, after 2013. Currently, the fleet is chartered out in the open market.

Trust Energy has been awarded the prestigious Approved International Shipping (AIS) scheme from the Government of Singapore, which provides a zero tax incentive, for its shipping income.

#### 6.8 Tata Power Renewable Energy Limited (TPREL)

TPREL is in the business of setting up renewable power projects based on hydro power (< 25 MW), wind, solar and biomass. TPREL has commissioned its first 25 MW Solar Power Project at Mithapur in January 2012.

TPREL is developing more solar power projects in Maharashtra, Rajasthan, Gujarat and other states and has placed orders for 150 MW wind projects to be set up in Maharashtra and Rajasthan.

TPREL is seeking organic and inorganic growth opportunities with the goal of building a robust portfolio of renewable energy capacity.

#### 6.9 NELCO Limited (NELCO)

NELCO, established in 1940, is listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Your Company, along with its subsidiary, holds 50.10% stake in NELCO.

NELCO's Integrated Security & Surveillance Solutions business (ISSS) has been active in providing integrated security and surveillance solutions in the defence sector, government bodies (e.g. Indian Railways) and other industries. It also provides solutions in the field of meteorology and has prestigious contracts from important organizations like Indian

Air Force (IAF) and Indian Meteorology Department (IMD). NELCO is also a leading VSAT service provider in the country catering to a large segment of the market. It has a major presence in the BFSI, Education, Telecom and Oil & Gas sectors due to its innovative solutions. It offers various solutions on the VSAT network which enables internet access, bandwidth on demand, IP multicasting and digital streaming. It has the satellite earth station at Mahape, Navi Mumbai and the same is augmented continuously to keep it current with the latest technology. It currently has around 25,000 VSATs deployed across the country.

NELCO has also started offering Managed Services around Managed Data Center Hosting services, Managed Network services, Remote Infrastructure Monitoring services, Application Performance Monitoring to add on to its basic services offering of VSAT communication.

Tatanet Services Limited (Tatanet), a subsidiary of NELCO, holds the requisite licenses for providing the shared hub VSAT services.

During the 12 months period ended 31<sup>st</sup> March, 2012, NELCO has posted a total income of ₹ 123.09 crore and net loss of ₹ 12.75 crore.

#### 6.10 Af-Taab Investment Company Limited (Af-Taab)

Af-Taab is a wholly owned investment subsidiary of your Company. During FY12, Af-Taab earned an operating income of ₹ 8.80 crore and PAT of ₹ 5.07 crore, as against ₹ 206.65 crore and ₹ 163.08 crore respectively in FY11.

#### 6.11 Chemical Terminal Trombay Limited (CTTL)

CTTL is a wholly owned subsidiary of your Company offering bulk storage facility of liquid chemicals and petroleum products. CTTL is also in the business of supplementing services for coal handling operations and fly ash disposal management at Trombay generating station. During FY12, CTTL earned an operating income of ₹ 19.15 crore and PAT of ₹ 5.23 crore, as against ₹ 13.38 crore and PAT of ₹ 3.44 crore respectively in FY11.

#### 6.12 Tata BP Solar India Limited (Tata BP Solar)

Tata BP Solar, a JV between your Company (49%) and BP Alternative Energy Holdings Limited (BP) (51%), is a manufacturer of solar cells and modules. On 27<sup>th</sup> December, 2011, your Company signed Share Purchase Agreement with BP to purchase its 51% equity in the company, on completion of which, your Company will have full ownership.

In FY12, its production of solar cells was 22,538 KW as against 54,482 KW in FY11 and the production of solar modules was 55,977 KW as against 75,194 KW in FY11. During the year, the turnover of the Company was better by 3% to ₹ 930.54 crore (FY11 ₹ 905.93 crore). Total solar market in FY12 grew to about 700-800 MW from 80-100 MW in the previous year. The market is currently highly competitive and fragmented among different companies.

### 7. Investments in Indonesian Coal Companies

Your Company through its subsidiaries Bhira Investments Limited and Khopoli Investments Limited based in Mauritius and Bhivpuri Investments Limited based in Cyprus has invested in PT Kaltim Prima Coal, PT Arutmin Indonesia, Indocoal Resources (Cayman) Limited, PT Indocoal Kaltim Resources and PT Indocoal Kalsel Resources to acquire a stake of 30% in each of these companies.

The performance of the two Indonesian thermal coal companies, continued to be robust. The production during calendar year 2011 was 65.63 MT as against 60.13 MT in 2010. Coal prices showed good recovery in calendar year 2011. Coal price realization for calendar year 2011 was US\$ 93.20/tonne as compared to US\$ 70.82/tonne in the previous calendar year. The high price of coal ensured that the profitability of the coal companies improved.

The total external outstanding debt in the coal SPVs stands at US\$ 790 million as on 31<sup>st</sup> March, 2012. This debt was taken for the acquisition of a 30% stake in two major Indonesian coal companies viz. PT Kaltim Prima Coal and PT Arutmin Indonesia and related companies (coal companies) and for other investments out of coal companies including the newly formed JV with Exxaro in South Africa. The debt consists of US\$ 450 million of hybrid issue and US\$ 340 million of loan with recourse to your Company.

The equity interest in the two Indonesian coal companies provides a price hedge against coal prices to the power business, which uses imported coal, against rising coal prices, besides providing security of fuel supply through the off-take agreements.



## 8. Sustainability at Tata Power

Sustainability forms the core of your Company's vision - "To be the most admired Integrated Power and Energy Company delivering sustainable value to all stakeholders"

Your Company has always set a standard in adopting sustainable practices in its business and has developed its sustainability model with the intent of 'Leadership with Care'. The key elements of the sustainability model are - Care for our Environment, Care for our Customers, Care for our Employees and Care for our Community.

Some of the key initiatives for community relations carried out by your Company are as follows:

- i) An Industrial Training Institute has been started at Mulshi (Maharashtra) to improve employability options for youth in the area.
- ii) Skill development trainings are conducted at Maithon (Jharkhand), Trombay (Maharashtra), Naraj Marthapur (Odisha) and hydro power plant areas (Maharashtra) to enable youth to undertake self employment.
- iii) Improvement of Education Programs has benefited over 19,000 students in Maithon (whole Nirsa block in Jharkhand), Tiruldih and Jawahar (Thane, Maharashtra).
- iv) A rural BPO was set up in Khopoli (Maharashtra) and is currently providing employment to ~400 youth.
- v) Nursing courses have been conducted for 35 women in the areas adjacent to our hydro power plants and all these women have been successfully employed.
- vi) Mobile medical services and specialized medical camps - organized by your Company have serviced more than 23,300 patients.
- vii) Over 1 million saplings have been planted in our hydro power plant areas (Maharashtra), Naraj Marthapur (Odisha), Jojobera and Maithon (Jharkhand) towards a greener environment.
- viii) Tata Power Community Development Trust has played a major role in providing flood relief to the Odisha flood victims in collaboration with NGOs.
- ix) Your Company's employees are active volunteers and have contributed over 6,000 hours for various social and environmental causes.

Safety and health of employees are of prime importance to your Company. Further, we have also introduced Greenolution wherein employees are encouraged to carry out green initiatives voluntarily. During the year, your Company has notched up a number of achievements in relation to Sustainability. Your Company adopted Global Reporting Initiative (GRI) guidelines for sustainability reporting and prepared its sustainability report entitled 'Responsible Growth and Beyond' for FY11 based on GRI G3 guidelines. This Sustainability Report was externally assured and accorded A+ Application Level Check from GRI. Your Company also submitted its response to The Carbon Disclosure Project (CDP), UK an independent not-for-profit organization holding the largest database for investors. Your Company secured 2<sup>nd</sup> position in Indian Utilities sector with Carbon Disclosure Leadership Index (CDLI) of 71.

Care for the Environment addresses our commitment towards resource conservation, energy efficiency, carbon footprint, renewable power generation, biodiversity and green buildings. One of our major initiatives towards sensitizing the community on sustainability is the Tata Power Club Enerji (the Club), previously known as Tata Power Energy Club.

In FY12, the Club has reached out to 285 schools nationwide, sensitised over 1.5 million citizens and saved more than 2.48 MUs. The Club has a strong, sustainable and replicable model to spearhead a movement. It has developed 25,348 Energy Champions, 26,273 Energy Ambassadors and 1,029 self-sustaining mini energy clubs this year. This energy brigade is creating a self-sustaining movement on energy conservation across the nation.

The Club has been bestowed the Asian Leadership Award for 'Environmental Leadership and Best Corporate Social Responsibility Practice, 2011'. CMO Asia Awards has recognised the Club as the 'Best Marketing Campaign of the Year, 2011' at Singapore. The Club has also been recognized internationally and was bestowed the 'Most Innovative Campaign' award at USA's The Energy Daily's 2010 Leadership Awards.

## 9. United Nations Global Compact

Your Company has been reporting data since 2006 as per the Global Compact Initiative taken up by the Secretary General of the United Nations in 2002. The Global Compact requires businesses to adhere to ten principles in the areas of human rights, labour standards, environment and anti-bribery. For the current year, the Company has submitted response to the Global Compact for its 'Communication on Progress' on various principles in its business processes.

## 10. Safety

In your Company, safety is considered of prime importance. Therefore, M/s, DuPont was engaged over a period of three years to bring about a cultural change in the safety processes. Significant advancements in the field of safety have been achieved in FY12 by implementing various safety measures.

An Apex Safety Committee (ASC), chaired by the Managing Director, reviews the Company's safety performance on a regular basis and guides the implementation of detailed action plans through Central Safety Committees and Site Implementation teams at all sites. Safety Management System (SMS) has been upgraded to meet the requirement of British Safety Council (BSC) 5 star SMS model. Several new safety standards and procedures were introduced to strengthen the SMS. Access control philosophy was introduced for controlling safety-critical jobs.

Regional Apex Safety Committees were introduced to enable greater participation of line management in safety activities. Dedicated Office Safety Committees were established to drive improvement in offices.

Several risk-based third party safety audits were conducted on electrical, fuel and fire protection systems. Electrical safety audits for customer's premises were introduced to ensure safety of major customers. Several off-the-job safety measures were implemented to enhance the safety awareness on Road safety and Home safety amongst employees' family and amongst school children in the operating vicinity.

## 11. Renewables and New Technology

Your Company follows various websites and forums to keep abreast of the Research and Development (R&D) updates on clean technologies. Interactions are on with faculty members from the Indian Institute of Technology (IIT), Bombay, University of Mumbai, Institute of Chemical Technology (ICT) and various other universities to stay updated on new technologies in the clean and renewable energy space. Technologies in a variety of areas like CO<sub>2</sub> absorption using algae, carbon capture reuse and storage, fuel cell (telecom tower application), gasification (biomass, coal), solar (PV, thin-film, concentrated PV and concentrated thermal), micro-turbine wind energy generation, etc. are being evaluated. During the year, your Company has continued to expand its presence in the field of renewable energy. Some key highlights are:

- i) **Geothermal:** Your Company has invested in **Geodynamics**, a leading Australian company in enhanced geothermal systems with a view to bring the learning from the investment to India. Your Company has invested AU\$ 50 million in the project so far. Currently, the fourth injection well is being drilled. Your Company has impaired the investment based on current estimates of value.
- ii) **Solar Concentrated Thermal:** A consortium led by IIT, Bombay is setting up a 1 MW solar concentrated thermal power plant at the National Solar Centre in Gurgaon, outside of New Delhi. Your Company will be providing technical manpower for O&M of this power plant.
- iii) **Floating Solar PV:** **Sunengy Pvt. Limited** is an Australia based start-up company that has designed a floating concentrated PV system using Fresnel lenses. Your Company is planning to test a 13.5 kW pilot unit at Walwhan Lake in Lonavala.
- iv) **Micro-Wind:** Your Company is setting up a test bed of micro wind turbines for installation and commissioning of selected turbines. This test bed will help the company determine the most cost-effective forms of micro-wind energy. Micro turbines of capacities of 2 kW from **Windtronics**, 5 kW and 12 kW from **WePower** and 5 kW from **Unitron** have been installed at this site. Another 2 kW **Windtronics** turbine has been installed and commissioned at Trombay generating station. The turbines are being studied for understanding their performance in Indian conditions.
- v) **Biomass Gasification System:** Your Company plans to set-up a power generation system utilizing biomass gasification to generate synthetic gas that is fired in a gas engine to generate power. The fuel source (biomass) will be grown in a plantation for the purpose of harvesting in a sustainable manner. The first unit will be 250 KW in capacity and will need 6 tonne/day of biomass.
- vi) **CO<sub>2</sub> capture using algae:** Your Company is designing a pilot plant that can capture ~10 TPD of CO<sub>2</sub>. This will be the first plant of its kind in India and will have the flexibility to utilize different solvents so that we can compare the latest CO<sub>2</sub> capture processes. Most of the captured CO<sub>2</sub> will be reused e.g. for carbonation, dry ice manufacturing or as an algae feed. A part of the captured CO<sub>2</sub> (1 TPD) will be fed to algae in a Photo Bio Reactor (PBR) system. The algae will be harvested and then value added materials like fish food and nutraceuticals (for human consumption) can be extracted from the algae.
- vii) **Microwave applications in drying of coal:** There are losses in efficiency due to high moisture content in coal used in coal fired power plants. In order to reduce these losses and investigate the possibility of drying of coal using microwave, preliminary studies along with experiments were carried out. The success of the study will pave the path for establishing future capacity. This application would also be useful in the Exergen process for removing the moisture from the coal.



## 12. Corporate Services

### 12.1 Financing

Your Company has issued perpetual debentures amounting to ₹ 1,500 crore in June, 2011. The key features are that these debentures are perpetual in nature with no fixed maturity or redemption and are callable only at the option of the Company at the end of the 10<sup>th</sup> year and annually thereafter. The coupon (which may be deferred at the Company's option, subject to certain conditions being met) on the debentures is set at 11.4% p.a., with a step up of 100 bps if the debentures are not called after 10 years. These debentures rank senior only to share capital of the Company.

Your Company arranged a long term loan of ₹ 800 crore from Infrastructure Development Finance Company Limited (IDFC) for funding the capital expenditure requirements of its Mumbai Operations. This loan carries an interest rate of 1.20% p.a. spread over and above 1 year IDFC benchmark rate prevailing on date of each disbursement. Of this, the Company has availed ₹ 378 crore at an average cost of 11.20% p.a. in FY12.

TPREL tied up the debt requirement of ₹ 255 crore through a consortium of domestic lenders consisting of State Bank of India and Export-Import Bank of India, at an interest rate of 11.25% p.a. (SBI base rate plus 125 bps) with an interest reset at the end of every 12 months.

### 12.2 Business Excellence

#### i) Tata Business Excellence Model (TBEM)

This year, exercising the option given by Tata Quality Management Services (TQMS) to high scoring Tata companies, of getting assessed every alternate year, the Company did not participate in the TBEM external assessment process. Instead, the Company implemented a detailed internal assessment process across all the divisions in the Company. The internal assessment process mimicked the external assessment process, to the extent possible.

#### ii) Organisation Transformation (OT)

Your Company continued its efforts in building leaders. As part of the structured OT exercise for officers, 'Leher', provided an opportunity to two hundred officers in the management cadre, across functions, levels and sites to consolidate their learning and effectively spread their individual transformations to others in the Company and enculturise them. The cultural shifts, include taking ownership, collaborative responsiveness, taking decisions that address the greater common good, and working on their own individual development plans. Another OT initiative, 'LASER' (Learn, Apply, Share, Enjoy, Reflect), aimed at achieving high standards of shop-floor excellence and strengthening the relationships between front-line officers and workmen has been implemented. It achieved high levels of success, in terms of relationship building, improving operational efficiencies, and improving the workplace. The programme covered all operating sites and 109 projects were taken up with 42 projects having been completed, yielding an estimated annualised saving of ₹ 1.60 crore.

#### iii) Structured Problem Solving (SPS)

The SPS programme launched last year in your Company has gathered momentum and over 400 officers from across sites have been trained on SPS. SPS attempts to analyse data available from the various processes, using quality tools, to arrive at solutions for continuous improvements. Of the 105 SPS projects taken up during the year, 62 projects have been completed, reporting an estimated annualised saving of ₹ 34 crore.

#### iv) 'Sankalp'

Sankalp, a programme to bring in operational excellence, delivery excellence and cost efficiency, using the Total Operational Management methodology has gained strength across the Company. The Sankalp programme, which takes up projects that have a major effect on the Company's profitability, has achieved a saving of ₹ 84 crore accrued during the year. The key projects taken up in Trombay include improvement of heat rates of the 500 MW Unit 5 and the 250 MW Unit 8.

#### v) Business Process Reengineering (BPR)

The BPR efforts in your Company were concentrated in the specific area of distribution and retail sales in view of the rapid increase in the number of customers in Mumbai. Some of the projects taken up were SAP based Customer Relationship Management (CRM) which would provide a single window for all customer related information and automate workflows for customer facing processes, SAP based Business Communication Management to enable customers to use various channels of communication like interactive voice over telephone, email, SMS and integrating it with CRM etc.

BPR has also undertaken an exercise to study the existing cost structure for generation, transmission and distribution and validate the allocation methodologies.

### 12.3 Regulatory matters

The business of Tata Power is governed primarily under the Electricity Act, 2003 (EA 2003) and the regulations framed by the regulatory commissions under EA 2003. Every year, each regulated business of your Company is required to file two documents with the concerned regulatory commission – an Annual Performance Review (APR) for the year gone by and Annual Revenue Requirement (ARR) for the coming year. The APR contains details of the actual performance of the business, including all relevant operational and financial details. The ARR contains the projected revenue requirement based on demand projections, fuel cost and plans for operational and capital expenditure.

Of late, regulatory commissions have issued Multi Year Tariff (MYT) regulations that propose a method to fix tariff for a period of five years, with a possibility of a mid-term review. Such MYT regime has been brought by the state regulators of Maharashtra and Jharkhand for a five year period commencing from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2016. Under this regime, a projection of the business parameters have to be made for the five year period. In compliance therefore, this year the Company, in addition to the APR petition, filed documents called the Business Plan and Multi Year Tariff Petition for its Mumbai business as well as two of its units at Jojobera.

#### 12.3.1 Mumbai Operations

##### i) MERC order for truing up of FY10 and FY11

MERC passed an order in February, 2012 on the Company's truing up petition for FY10 and FY11. In this order, certain expenditures for FY10 and FY11 were disapproved by MERC. An appeal has been filed against such disallowances in the Appellate Tribunal for Electricity (ATE). Recently, the Company was allowed to recover Fuel Adjustment Charge (FAC) on ad-hoc basis by MERC.

##### ii) Changeover of consumers to Tata Power

Your Company has successfully changed over a large number of consumers from another power distributor. It was contended by the other licensee, that such changeover is causing financial loss due to loss in cross subsidy and this loss needs to be recovered. A petition was filed in MERC, which decided that this would be considered at the time of the tariff filings of the other distributor. MERC, in its order on tariff filing of the other distributor, has determined cross subsidy surcharge for various categories of such changed over consumers. An appeal has been filed in ATE against such determination of cross subsidy surcharge in the parallel licensee scenario.

##### iii) Laying of network in South Mumbai Area

MERC, in its order in February 2010, had directed your Company to lay distribution network in South Mumbai area for supplying electricity to the consumers. Brihan Mumbai Electricity Supply and Transport Undertaking (BEST), which also has a distribution license in this area, had challenged this Order in ATE under the contention that the Company is not allowed to lay distribution network in South Mumbai as BEST, a local authority already has a network in South Mumbai. In February 2011, ATE dismissed the appeal of BEST and confirmed the order of MERC. BEST then appealed the matter in the Hon'ble Supreme Court and obtained a stay on the judgment of ATE in March 2011. The Hon'ble Supreme Court in October 2011 remanded the matter back to ATE for hearing on merits. ATE, after hearing the case on merits, has passed a judgement in April 2012, dismissed the appeal and upheld the MERC order. The appeal has been admitted on 10th May, 2012. Pending disposal of the appeal, status quo as of that date shall be maintained by the parties.

##### iv) Approval of PPA between Generation and Distribution businesses of Tata Power

The Generation and Distribution businesses of your Company entered into a PPA for contracting 458 MW power from various units of its generation business with distribution business to meet the rising demand due to change over consumers. The PPA was submitted to MERC for approval under Regulation 25.1 of the MERC (MYT) Regulations, 2011. MERC, in its order in October 2011, approved the above PPA at regulated tariffs.

#### 12.3.2 Eastern Region Operations

##### i) JSERC Tariff Order of FY12 for Jojobera Unit 2 and Unit 3

The Jharkhand State Electricity Regulation Commission (JSERC) has issued tariff order of Jojobera Unit 2 and Unit 3 for FY12 in August 2011. In its first tariff order for Jojobera Unit 2 and Unit 3 under Generation Tariff Regulations 2010, JSERC has disapproved certain revenue proposed by the Company. An appeal has been filed with ATE against such disallowances and the judgment of ATE on the matter is expected soon.

ii) **MYT Business Plan and Petition of Jojobera Unit 2 and Unit 3**

Your Company has filed MYT Business Plan and Petition for Jojobera Unit 2 and Unit 3 for the control period (FY13-FY16) to the JSERC and the tariff order of the same is expected soon.

iii) **CERC Tariff Order for Maithon Power Project**

CERC, after considering Petition No. 274/2010 along with Interlocutory Application Nos. 11/2011 and 14/2011, has passed the tariff order in November 2011 for sale of 150 MW from 525 MW Unit 1 to DVC for FY12. Unit 1 of MPL has been commissioned in September 2011.

**12.4 Legal matters**

**12.4.1 Standby Charges**

On an appeal filed by your Company, the Supreme Court has stayed the operation of the ATE order, subject to the condition that the Company deposits an amount of ₹ 227 crore and submits a bank guarantee for an equal amount. Your Company has complied with both the conditions. Rlnfra has also subsequently filed an appeal before the Supreme Court challenging the ATE order. Both the appeals have been admitted and are listed for hearing and final disposal.

**12.4.2 Energy Charges and 'Take or Pay' Obligation**

MERC directed Rlnfra to pay ₹ 323.87 crore to your Company towards the difference between the rate of ₹ 1.77 per kWh paid and ₹ 2.09 per kWh payable for the energy drawn at 220 kV interconnection and towards its 'Take or Pay' obligation for the years 1998 - 1999 and 1999 - 2000. On an appeal filed by Rlnfra, the ATE upheld the Company's contention with regard to payment for energy charges but reduced the rate of interest. As per the ATE order, the amount payable works out to ₹ 34.98 crore (excluding interest), as on 31<sup>st</sup> May, 2008. As regards the 'Take or Pay' obligation, the ATE has ordered that the issue should be examined afresh by MERC after the decision of the Supreme Court in the appeals relating to the distribution licence and rebates given by Rlnfra. The Company and Rlnfra filed appeals in the Supreme Court. Both the appeals have been admitted and are listed for hearing and final disposal. The Supreme Court, vide its order dated 14<sup>th</sup> December, 2009, has granted stay against the ATE order and has directed Rlnfra to deposit with the Supreme Court a sum of ₹ 25 crore and furnish a bank guarantee for the balance amount. Pursuant to the liberty granted by the Supreme Court, the Company has withdrawn the above mentioned sum subject to an undertaking to refund the amount with interest, in the event the appeal is decided against the Company.

**13. Foreign Exchange Earnings/Outgo**

The foreign exchange earnings of your Company during the year under review amounted to ₹ 631.78 crore (previous year ₹ 117.76 crore), mainly on account of forex interest, etc. The foreign exchange outflow during the year was ₹ 2,448.55 crore (previous year ₹ 1,241.25 crore), mainly on account of fuel purchase of ₹ 2,071.89 crore (previous year ₹ 1,016.83 crore), repayment of foreign currency loans with interest thereon, NRI dividends and Foreign Currency Convertible Bonds (FCCB) interest of ₹ 72.73 crore (previous year ₹ 58.43 crore) and purchase of capital equipment, components and spares and other miscellaneous expenses of ₹ 309.49 crore (previous year ₹ 173.85 crore).

**14. Disclosure of Particulars**

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

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

**15. Sub-division of equity shares**

At the last Annual General Meeting of the Company, the Members approved sub-division of the Company's equity shares having a face value of ₹ 10/- each into equity shares having a face value of ₹ 1/- each. Accordingly, 24,29,47,084 issued equity shares of the Company, having face value of ₹ 10/- each were sub-divided into 2,42,94,70,840 equity shares having face value of ₹ 1/- each. 27<sup>th</sup> September, 2011 was fixed as the Record Date for the purpose of the said sub-division. Corporate action to credit the demat accounts of Members was taken on 28<sup>th</sup> September, 2011. Those who held their shares in physical form, and did not opt to receive their holdings in electronic form, were mailed the share certificate representing their holdings by 10<sup>th</sup> October, 2011.



**16. Subsidiaries**

Vide General Circular No: 2 / 2011 dated 8<sup>th</sup> February, 2011, the Ministry of Corporate Affairs, Government of India, has granted a general exemption to companies from attaching the Balance Sheet, Profit and Loss Account and other documents referred to in Section 212 (1) of the Act in respect of its subsidiary companies, subject to fulfilment of the conditions mentioned therein. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary companies is contained in the report. The Annual Accounts of the subsidiary companies are open for inspection by any Member/Investor and the Company will make available these documents/details upon request by any Member of the Company or to any investor of its subsidiary companies who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiary companies will be kept open for inspection by any investor at the Company's Head Office and that of the subsidiary company concerned and would be posted on the website of the Company.

**17. Directors**

Mr Banmali Agrawala, Executive Director, resigned from the services of the Company with effect from close of business hours on 30<sup>th</sup> November, 2011. The Board has placed on record its appreciation of the valuable contribution made to your Company by Mr Agrawala.

Mr Cyrus P Mistry was appointed as an Additional Director with effect from 23<sup>rd</sup> December, 2011, in accordance with Article 132 of the Articles of Association of the Company and Section 260 of the Act. Mr Mistry holds office only upto the date of the forthcoming Annual General Meeting (AGM) and a Notice under Section 257 of the Act has been received from a Member signifying his intention to propose Mr Mistry's appointment as a Director.

Dr R H Patil, Director, resigned from the Board with effect from 20<sup>th</sup> March, 2012. The Board has placed on record its appreciation of the valuable contribution made to your Company by Dr Patil. Dr Patil expired on 12<sup>th</sup> April, 2012.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr R N Tata, Dr H S Vachha and Mr A K Basu retire by rotation and are eligible for re-appointment.

**18. Auditors**

M/s. Deloitte Haskins & Sells (DHS), who are the statutory auditors of the Company, hold office until the conclusion of the ensuing AGM. It is proposed to re-appoint DHS to examine and audit the accounts of the Company for FY13. DHS has, under Section 224 (1) of the Act, furnished a certificate of its eligibility for re-appointment. The Members will be requested, as usual, to appoint Auditors and to authorize the Board of Directors to fix their remuneration. In this connection, the attention of the members is invited to Item No. 6 of the Notice.

Members will also be requested to pass a resolution (vide Item No. 8 of the Notice) authorizing the Board of Directors to appoint Auditors/ Branch Auditors/ Accountants for the purpose of auditing the accounts maintained at the Branch Offices of the Company, in India and abroad.

In accordance with the requirement of the Central Government and pursuant to Section 233B of the Act, the Company carries out an audit of cost accounts relating to electricity every year.

**19. Auditors' Report**

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

The consolidated financial statements of the Company have been prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting of Investments in Associates and Accounting Standard 27 on Financial Reporting of Interest in Joint Ventures, issued by the Council of The Institute of Chartered Accountants of India.

**20. Corporate Governance**

To comply with conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Statement, Report on Corporate Governance and Auditors' Certificate, are included in the Annual Report.

## 21. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Act, the Directors, based on the representations received from the operating management, confirm that:

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

## 22. Acknowledgements

On behalf of the Directors of the Company, I would like to place on record our deep appreciation to our Shareholders, Customers, Business Partners, Vendors, both international and domestic, 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 Mumbai and other cities where we are operational.

Finally, we appreciate and value the contributions made by all our employees and their families for making Tata Power what it is.

On behalf of the Board of Directors,

R N Tata  
*Chairman*

Mumbai, 22<sup>nd</sup> May, 2012

## ANNEXURE I TO THE DIRECTORS' REPORT

## FORM B

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

## Research and Development (R&amp;D)

1) Specific area in which R & D carried out by the Company	<p>i) Secured IP-based voice and data communication systems have been developed in partnership with Defence Research and Development Organisation (DRDO) and other Indian Government organizations.</p> <p>ii) Development of a cost-effective floating Concentrated Photo Voltaic (C-PV) System.</p>
2) Benefits derived as a result of the above R & D	<p>i) Imported products replaced by indigenous products for use by Indian Defence in the area of secure computing and communications.</p> <p>ii) Potential to install up to 400 MW solar C-PV system on the lakes in the Company's hydro areas.</p>
3) Future Plan of Action	<p>i) Field trials under harsh tactical environments.</p> <p>ii) Test a pilot plant of 13.5 kW on Walwhan lake.</p>
4) Expenditure on R & D (in ₹ crore)	
a) Capital	13.41
b) Recurring	0.16
c) Total	13.57

## Technology absorption, adaptation and innovation

1) Efforts, in brief, made towards Technology Absorption, adaptation and innovation	<p>i) Prototypes for secure IP-based voice and data communication systems have been developed in partnership with DRDO and other Indian Government organisations are under Lab tests.</p> <p>ii) The pilot plant installation is in progress and commissioning will be by August 2012</p>
2) Benefits derived as a result of the above efforts	<p>i) State-of-the-art indigenous trustworthy solutions for communications viz. MANET routers, Voice switches etc. have been developed for use by defence and security agencies.</p> <p>ii) The quality of the lens chosen in the prototype was not up to the mark and hence the quality check had to be relooked at. Improved quality lenses are now available and the system in the mean time has been upgraded to triple junction cells.</p>
3) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:	
a) Technology Imported	Yes
b) Year of Import	2010
c) Has technology been fully absorbed	Prototype has been tested in the lab. Field trials are to be carried out.
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	



**A) TECHNOLOGIES ADOPTED**

**1. Trombay**

**i) Technology to improve boiler efficiency by optimizing combustion :**

Your Company has adopted technologies for improving boiler efficiency which is being achieved by optimizing combustion. It involves various activities, prime among them being;

- (a) Optimization of coal mills performance by carrying out various test such as Clean air test, Dirty air test (Iso-kinetic mill sampling) etc.
- (b) Measurement of combustion parameters at goose neck of the boiler by High Velocity Traverse testing (HVT).
- (c) Testing of Air Pre Heater performance by using special probes.
- (d) Pressure mapping of entire flue gas which plays a major role in identification of air ingress in the complete path. Using this method, the leakages were reduced from 38% to 18%

This has led to an overall improvement in boiler efficiency by 1.3%.

**ii) Advanced Non-Destructive Testing (NDT): TOFD (Time of Flight Diffraction) is a new advance Ultrasonic Technique (UT) in place of radiography for checking quality of weld in high thickness pipes especially used in Boiler Feed Pumps. Earlier, for conducting radiography, the Company required Cobalt source which required evacuation of the plant premises due to dangers of radiation. This new technology, besides consuming very less amount of time, is also found to be effective and safe.**

**2. Jojobera**

**i) Technology to improve environment :**

The effluent treatment plant was installed at Jojobera power plant of capacity 100M<sup>3</sup>/Hr which was based on the pilot study of sedimentation, flocculation and coagulation characteristic of ash particles, followed by suitable selection of filter media to take care of product quality below 5 parts per million of total suspended solids.

Operation of this plant is based on the concept of 3 R i.e. Reduce, Reuse & Recycle and has resulted in a net savings in water consumption of 3,28,000 M<sup>3</sup>.

**ii) Use of Hi-Tech vibration sensors:**

Previously vibration measurement was being done using a separate vibration transmitter and a vibration sensor. New hi-tech vibration sensors have been introduced which is a combination of a sensor and transmitter thereby eliminating the need of separate power supply. These two wire sensor cum transmitters can also be directly connected with the Digital Control Systems without the need of an intermittent interface.

**iii) New Technologies for Safety :**

Some of the new technologies for safe operations adopted in the year are as follows:

- (a) Helmet - Mounted Mini Voltage Detectors: These testers are intended to warn the lineman when getting close to energized areas, preventing the risk of accidents. It is also planned to use these systems in substations, transmission and distribution lines and areas where the energized lines are very close.
- (b) Live voltage detector cum Insulation Tester.
- (c) Non-contact type AC Voltage Detector. These do not require the maintenance personnel to contact the probe with live bus bars and work on the principle of induction.
- (d) INSULCOAT – High Build Epoxy Insulation Coating

To prevent exposure to leakage currents and short-circuits in switchgear panels, rubber mats are used as floor covering to safeguard the life of workmen. These mats require regular cleaning. Moreover while racking out the breaker; we need to shift the mat away from front of the breaker panel to prevent damage to these mats. The dielectric strength of rubber mat is only 11 kV. High build epoxy insulation coating is a technology which requires coating of this paint in the floor surrounding the switchgear panel. Besides providing a higher dielectric strength of 38 kV, the need for shifting of mat and regular cleaning is avoided.

### 3. Transmission and Distribution (T&D)

- i) **New Technology for enhancing power handling capacity of Transmission Lines:** In order to enhance power handling capacity of the available transmission corridor, your Company has adopted the technology of high ampacity conductor. 100 circuit kilometres have been replaced in Borivali-Malad and Salsette-Saki sections. The current carrying capacity has thus increased from 900 amperes to 1,872 amperes.
- ii) **Technologies for enhancing reliability:** Silicon Coating Technology - This technology has been adopted at Chembur for coating of bus post insulators, transformer bushing, insulators and bay insulators to avoid insulator failures occurring due to heavily polluted environment in industrial areas
- iii) **Transition Joints:** Joints between High voltage Oil filled cables and XLPE cables were previously using manually wound high voltage tapes which have a tendency to wear out faster. Pre moulded Transition Joints have now been introduced which have better electrical insulation properties. Moreover, the need for manual intervention is avoided.
- iv) **New Polycarbonate Spikes:** As part of bird fault preventive measures, new polycarbonate spikes have been installed on 50 towers of 22 kV voltage level. The present system uses concentrated spikes which do not cover the entire areas that are prone to birds. The polycarbonate spikes are flexible strips which are insulated from UV radiations and are spread across the cross arm, thereby facilitating coverage of a larger area. Moreover due to insulation from UV radiation, the lives of these spikes are higher.
- v) **New technique for Stringing of OPGW conductor:** New technology viz. Traction machine method is being used for stringing of OPGW conductors without the need for taking outage of line, thereby improving system availability. This technology has been used for stringing a length of 10 kilometres between Trombay and Parel.
- vi) **Geographical Information System:** GIS is being implemented in your Company to carry out network analysis, network planning and network management, in a cost-effective manner and ensure network reliability to meet customer expectations and regulatory requirements. GIS also provides geo-referenced maps which will help in providing better customer services like connection feasibility, meter installation, meter reading, bill delivery and load enhancement. Integrating enterprise GIS with SAP ISU module and CRM is expected to help in responding to customer queries and complaints and communicating more effectively in a timely manner. The entire Mumbai license area land base is mapped in the GIS system up to Mira Road and Bhayander. Mapping has been done for entire network of the Company which includes Transmission lines, Receiving stations, Distribution Substation, Consumer Substation, Customer Relation Centers, Bill collection centers, Cable Network (EHV, HV and LT), up to the Consumer's Metering point.

### 4. Retail

- i) **GPS Receiver for Cable Route and repaired joints:** Earlier, the cable routes were identified using landmarks like manhole, lamp-posts etc. which may change in due course of time due to the development work at various places. Hence, it was difficult to trace the cable route and repair joints. The GPS receivers are adopted to have unique identification of cable route and repaired joints irrespective of such temporary landmarks and are fully dependent on geographical co-ordinates.
- ii) **Common Meter Reading Instruments (CMRIs):** CMRI is implemented for high value LT consumers for providing accurate meter readings. While data obtained from CMRI provides accurate meter readings, the benefit of identifying meter abnormalities cannot be ignored, which ensures protection of Company's revenue. The Meter Data received through CMRIs is stored in common folder from where it can be accessed by various departments such as Vigilance and Customer Services etc. for data analysis and complaint management respectively.

### 5. Power System Control Centre

Power System Control Centre has been set up at Trombay to monitor and control all the transmission and distribution substations in Mumbai. The system operation and control is carried out from a separate centralised SCADA for transmission and distribution in a unified manner. This will improve reliability of the power system.

### 6. Electrical Testing and Condition Monitoring

Following new technologies / techniques have been adopted for improved condition monitoring for electrical equipment:

- i) Use of Radio Frequency technique for checking the health of Instrument Transformers. This indicates presence of partial discharge which helps in giving early signal of deterioration.

- ii) Low frequency heating of transformers for removing moisture.
- iii) Use of sweep frequency tan delta measurement for determining moisture absorption and partial discharge in the insulation.
- iv) Use of wireless Leakage Current Monitor for testing of Lightning Arrestors.
- v) New technology for Protection: The Company has adopted power system protection components based on IEC 61850 standard. Based on this technology the digital protection signalling based on Generic Object Oriented Substation Events (GOOSE) messaging has been implemented for the first time. This eliminates use of hard wired cabling and hence improves reliability.

#### 7. Strategic Electronics Division

The following Research and Development activities have been taken up :

- i) Development of a rugged Tactical Router that is secure and trustworthy for use in Harsh Environmental Tactical Mobile adhoc networks of security forces.
- ii) Develop a secure, trustworthy and robust communications backbone for fixed and mobile tactical communications.

#### 8. Sustainability

The following new environment-friendly technologies are being pursued:

- i) **Micro Wind Turbines:** Your Company is setting up a test bed of micro wind turbines at one of its location. This test bed will help the Company determine the most cost-effective forms of wind energy. Such units can be installed on rooftops or in remote areas wherein there is sufficient wind energy. Three micro turbines of capacities of 2 kW, 5 kW and 12 kW, will be installed by July 2012.
- ii) **Anaerobic Digestion of Food Waste:** The Company has set up one large and one small biogas plant that can utilise the organic waste generated at the canteen. The first unit is at the Trombay power plant where almost 0.5 tonne/day of food waste is used to create enough gas so that two commercial LPG cylinders (34 kg of gas) are being replaced by the gas generated. The smaller unit is installed at the canteen of the Corporate Center in Carnac Bunder, Mumbai. The gas generated from this plant will be used for cooking and the residue in the digester can be utilized as an organic fertilizer.
- iii) **Technologies to improve energy efficiency:** The Company has undertaken several initiatives to reduce energy consumption, prime among them being:
  - (a) Variable Frequency drives have been installed for load carrying oil pumps.
  - (b) LED street lights have been installed.
  - (c) A 650 watt Micro wind turbine has been installed at coal berth to cater to lighting requirements.
  - (d) A hybrid Unit consisting of 650 watt wind turbine and 1,800 watt solar PV cells has been installed to cater to lighting requirements for the office building.

#### B) TECHNOLOGIES BEING REVIEWED / ADOPTED

- i) **Continuous Hydro -Thermal Dewatering (CHTD) of Coal:** Your Company is working with Exergen - an Australian company, on a technology that alters chemical properties of coal and makes it hydrophobic. Low grade coal (~ 50% moisture) is processed at 100 Bar pressure and 250° C to produce good quality coal (25% moisture). A pilot (4 TPD) plant has been built and operated for 4 years. Exergen and your Company are working on the design and financing of a demonstration plant that will process 50 TPH coal.
- ii) **Microwave drying of Coal:** The conventional method of drying coal is to heat it using steam to evaporate the moisture. However, the amount of energy required is high since the indirect contact dryers are less than 40% efficient. Besides, the temperature of coal exceeds 100° C which can release some volatile compounds, thereby causing a loss of heating value. The Company is carrying out experimental work with a partner to utilize microwaves to dry the coal. One advantage is that the maximum temperature of the coal using this method is 70° C. In addition, microwave dryers have high efficiency (90%). If the water vapour is condensed by using boiler feed water, most of the energy can be recovered. The microwave dryer and the condenser are expected to cost significantly less than the steam rotary dryer. Currently, the lab experiments are showing promising results and need to be optimized for a pilot plant.



- iii) **CO<sub>2</sub> capture pilot plant:** Your Company is designing a pilot plant that can capture ~10 TPD of CO<sub>2</sub>. This will be the first plant of its kind in India and will have the flexibility to utilize different solvents so that we can compare the latest CO<sub>2</sub> capture processes. The problems with the currently available CO<sub>2</sub> capture processes are that the capital costs are high and the energy penalty can be as much as 25% of the boiler output. The Company will test two, or three, latest processes, that will cut down the capital costs and also the energy penalty by at least 30% from the current levels. Most of the captured CO<sub>2</sub> will be converted to dry ice.
- iv) **CO<sub>2</sub> reuse to grow Algae:** A part of the captured CO<sub>2</sub> (1 TPD) will be fed to an algae in a Photo Bio Reactor (PBR) system. Only three companies have done R&D at this level in the world: one each in USA, Europe and Asia. The Company has carried out lab-scale studies and the results are encouraging. Another unique aspect of this work is that the Company has tested very high concentrations of CO<sub>2</sub> (40 vol. %) and will test even pure CO<sub>2</sub> to determine if the algae can handle such high concentrations. If so, this will lead to much smaller size of the PBR and the energy required to pump the CO<sub>2</sub> through the PBR will be 8 times less than that required to bubble flue gas with 12 vol. % CO<sub>2</sub> through a vertical PBR. Our technology partner has done such work at 1 TPD level in Indonesia. The algae will be harvested and then value added materials like neutra-ceuticals (for human consumption) can be extracted from the algae.
- v) **Advanced Metering Infrastructure (AMI):** The Advanced Metering Infrastructure (AMI) system acquires energy data from consumer meters automatically from remote locations, avoiding any human intervention. This data is used for billing, planning, monitoring, decision making and taking corrective actions accordingly. The AMI system also helps in carrying out energy audits, analyzing energy consumption and load profile of various consumers and detecting metering abnormalities. The system generates reports to highlight demand violations, poor power factor condition, significant drop or increase in consumption, improve services, reduce costs and reduce the need for peak-load capacity. The system can also be used for remotely disconnecting defaulting customers and also for reconnecting.

The Company has installed this system for 1,500 industrial and commercial customers. The customers will be able to download their daily consumption through its website and analyze their consumption pattern and optimize their utilization.

- vi) **Smart Grids:** Your Company is in the midst of implementing AMR / Advanced Metering Infrastructure (AMI) system. These meters will be provided for all the customers above 20 kW i.e for around 5,000 customers. The phase I of 1,500 customers has been completed. With the implementation of this system, your Company's customers will be able to download their daily consumption through its website and analyze their consumption pattern and optimize their utilization, as also vary it based on the Time Of Day (TOD) use, leading to energy and cost saving. A Smart Grid involves delivering of power to consumers through a two way digital communication and control of appliances at consumers' homes. It also has the capability of integrating renewable energy effectively. Hence, Smart Grid will enable every consumer to have access to the Grid, and vary his consumption dynamically, enabling him to use technology to conserve energy and save energy cost.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

## 1.1 Global Energy Demand

Surging demand is posing governments and companies world-wide the challenge of increasing energy supplies commensurately. Electricity being the most convenient form of energy is expected to have a rising share of delivered energy, moving from the current 17% to 20% by 2030<sup>1</sup>. Meeting such a growth in demand is a complex challenge in this sector, given the need to strike a balance between energy security and sustainability.

The requirement for energy is predicted to double in the first half of this century, given the growing population (~7 billion today to 9 billion by 2050) and rising living standards. Further, by 2030, world demand for energy is expected to grow by approximately 33% over the current demand. Asia is predicted to account for 60% of this growth. On the other hand, OECD countries are projected to constitute only about 10% of the demand growth<sup>2</sup>. The rate of growth in demand is expected to be very high in growing economies like China, India, Africa and South America. In absolute terms, demand growth is expected to be highest in China, followed by North America, India and the Middle East. India's per capita energy consumption today is among the lowest in the world, but is expected to be around the present levels of Japan by 2030<sup>3</sup>.

The key factors shaping the sector going forward will be government policies, climate, energy security and innovation. The growth in the sector will be driven by:

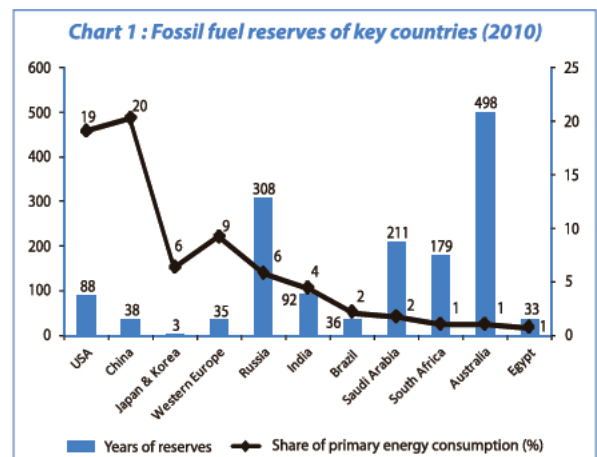
- i) Availability of reliable and cost effective energy resources/fuel;
- ii) Development of new delivery models like decentralized generation;
- iii) Availability of competitive capital and funds;
- iv) Up-skilling and recruitment of manpower to prevent a severe shortage of human capital in this fast expanding industry;
- v) Planned development of infrastructure.

## 1.2 Global Energy Supply

Based on current consumption levels, global fossil fuel reserves are projected to last less than a century. USA and China have the highest share of primary energy consumption, but relatively lower number of years of reserves (Chart 1)<sup>4</sup>. Russia has sizeable energy consumption and also has one of the largest reserves in the world. Saudi Arabia, South Africa and Australia are the other regions with large reserves but low domestic consumption and hence, can play a major role in the global trade of energy.

Table 1: Fossil fuel consumption of key countries (2010)

Regions	Consumption (Million tonnes of Oil Equivalent [MTOE])
World	12,002
USA	2,286
China	2,432
Japan & Korea	756
Western Europe(France, UK, Germany, Italy and Spain)	1,103
Russia	691
India	524
Brazil	254
Saudi Arabia	201
South Africa	121
Australia	118
Egypt	81



<sup>1</sup> Source: Energy Information Administration (EIA), USA

<sup>2</sup> Source: World Economic Forum; OECD: Organization for Economic Co-operation & Development

<sup>3</sup> Source: EIA, USA

Source: BP Statistical Review

**Oil:**

Oil is the most widely traded commodity primarily because of its ease of handling and usage. Oil exports are largely controlled by countries of the Middle East, Russia, Venezuela and Nigeria. The major oil importers are the USA, Western Europe, China, India, Japan and Korea.

Oil prices have reached one of their highest annual averages in the recent times. Increasing cost of oil production, falling reserves and increasing demand are likely to push oil prices further upwards<sup>5</sup>.

**Gas:**

Volume of gas as a traded commodity is fast increasing, facilitated by improving Liquefied Natural Gas (LNG) infrastructure. The major gas consumers are the USA, Western Europe and Japan, while the main suppliers are Russia and countries in the Middle East.

The discovery of shale gas in North America and China could change the gas supply scenario. It could potentially lead to a drop in demand for LNG. The resulting stranded LNG capacity could result in lower gas prices<sup>6</sup>. The shale gas revolution has now started to spread from North America to other parts of the world.

**Coal:**

Seaborne coal trade accounts for ~16% of the total coal consumption worldwide. The main importers of coal are Japan, China, India, Western Europe and Korea. The main suppliers are Indonesia, Australia, South Africa, Russia, USA and Colombia. Growing demand for energy in China and India, compounded by bottlenecks of domestic coal availability in India is expected to drive global demand for coal in the near term.

There have been several regulatory changes among coal supplying countries across the world in the past year:

- Indonesia, the top exporter of world's thermal coal has brought in regulations obligating sale of coal at government announced monthly benchmark prices. All existing supply agreements with Indonesian mining firms were brought in line with the new benchmark prices since September 2011, impacting cost of coal used by all existing and future coal based power plants.
- Australia has announced a carbon tax regime, which is applicable to mining activities. This move has put upward pressure on the coal prices and coal imports from Australia is becoming expensive.

**Nuclear:**

The future of the nuclear sector has become uncertain after the accident at Fukushima. Nuclear energy contributed 30% of Japan's electricity supply, before Japan enforced a complete shutdown of all of its fifty strong reactor fleet in May 2012. Germany had also accelerated its nuclear shutdown plans from 2036 to 2022 due to safety concerns. It has already shutdown eight of its seventeen nuclear plants.

At a macro level, due to limited fossil fuel supply and sustained demand, prices of fossil fuels continue to rise. With the recent recession, capacity additions have become difficult due to fiscal challenges faced by many governments around the world. This would lead to an increase in electricity prices.

Also, major consuming economies like Western Europe, Japan and South Korea do not have sufficient domestic resources; therefore there is an increasing focus on renewable sources to fulfil their energy requirements.

**1.3 Market Structure**

While primary energy sources like coal, gas and oil are global commodities, electricity has traditionally been a more local/regional commodity. However, with international grids getting connected, the scenario might change.

Globally, a structure is evolving where the power generated will be sold to a common pool on the basis of 'least marginal cost of supply' and all retailers will buy from it to fulfil their supply needs. The markets will permit direct hedging contracts between the retailers and generators to manage price volatility in the common pool.

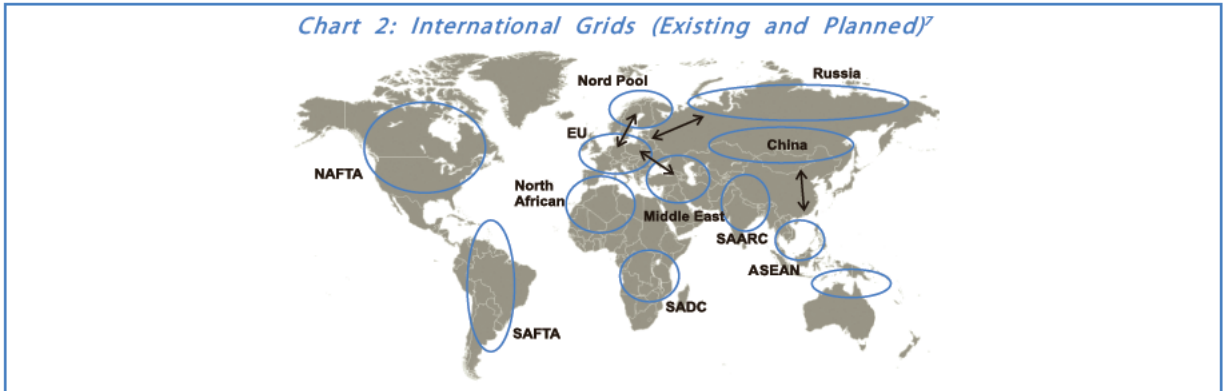
India has different models of power sale ranging from an integrated utility (the old State Electricity Board [SEB] structure), to a 'single buyer' (MoU based / regulated generation), to 'wholesale competition' (Ultra Mega Power Projects [UMPPs], Case 1), captive power generation and sale to captive users and retail competition (Mumbai, Open Access). Migration to developed market structure is expected to occur gradually as the gap between demand and supply is narrowed.

<sup>5</sup> Source: EIA, FACTS

<sup>6</sup> Source: EIA, FACTS, McKinsey Gas Report



*Chart 2: International Grids (Existing and Planned)<sup>7</sup>*



While the electricity market structure is subject to a high degree of regulation worldwide, the basic input to electricity i.e. fuel, remains free of control in many countries. This can provide opportunities for a deregulated play over a longer term. In India fuel is still regulated and coal mines 'allocated'.

While there has been a growing emphasis on energy security, the world is becoming increasingly conscious of environmental sustainability. Renewable energy is gradually but surely becoming significant as a desired source of energy. The World Economic Forum reports 97 GW of renewable electric capacity addition worldwide as compared to 92 GW of fossil fuel based capacity addition in 2010.

#### 1.4 India Scenario

Current per capita consumption of electricity in India is about 813.3 kWh<sup>8</sup> which needs to grow 7-8 times to provide a decent quality of life. The push for electricity generation is led by major economic drivers like increasing household incomes and the fast growing economy with a GDP growth rate of 6-9%. The social motivators are India's goal to provide universal access and the rapid development in urban and regional areas. There is also an increased sense of environmental responsibility with the need to replace current highly polluting energy sources with cleaner sources. This is also accentuated as there are limited fossil fuel reserves with a significant portion under forest land. The growth in demand for electricity and initiatives in the sector are therefore expected to continue rising.

Fuel availability, funding and people development are critical to cater to the growing demand. In January 2012, the Working Group on Power for the Planning Commission had released a report to formulate the program for development of the power sector during the 12<sup>th</sup> Plan. To meet the demand requirements of the country, the Working Group estimates a capacity addition of about 76,000 MW during the 12<sup>th</sup> Plan and 93,000 MW in the 13<sup>th</sup> Plan. For this capacity addition, the fund requirements will be to the tune of ₹ 6,38,600 crore during the 12<sup>th</sup> Plan (including ₹ 2,72,582 crore for advance action for the 13<sup>th</sup> Plan projects). The estimated additional manpower requirement to support this growth plan is 407.67 thousand in the 12<sup>th</sup> Plan period and 547.78 thousand in the 13<sup>th</sup> Plan period.

Coal is expected to remain as a major fuel source with an estimated 62.625 GW of coal based capacity addition in the 12<sup>th</sup> Plan period. However, availability of domestic coal is a challenge on account of various reasons such as bottlenecks in capacity expansion of Coal India Limited (CIL) and coal block allocation, tribal land acquisition, environmental and forests clearances etc. This is further compounded by issues around land acquisition for the power plant, water availability and ash disposal for domestic coal-based plants. The gap between demand and coal availability will need to be fulfilled by importing thermal coal. For generating companies, despite the abolition of 5% import duty on thermal coal, increasing foreign exchange rates indicates a rise in price of imported coal.

In view of the inherent risks and challenges in developing and executing new projects and rising fuel costs, the cost of generation is likely to increase. It is apparent that the fuel bottlenecks caused by slow growth in domestic coal industry and high costs of imported coal spurred by tariffs/taxation imposed by thermal coal exporting countries have left the sector in turbulence. Besides coal, even domestic gas quantities available for power generation program have been steadily dwindling to a point that an advisory has been issued recently by Central Electricity Authority

<sup>7</sup> Source: Secondary research

<sup>8</sup> Source: Central Electricity Authority (CEA) Monthly Review of Power Sector, March 2012

<sup>9</sup> Source: EIA

<sup>10</sup> Source: Internal Analysis

(CEA), the planning wing of Ministry of Power, Government of India, advising investors not to plan new capacity based on domestic gas supplies for the next 3 to 4 years. The cost of imported LNG has also remained high thereby impacting the cost of generation. The pool cost of power thus would continue to mount, more because of volatility in fuel prices.

However, the political will to pass on these costs to consumers has been rather weak, leading to an increase in subsidy bills. This has directly impacted the capacity addition program as well as the viability of existing assets. The aggregate annual loss at utilities before subsidy has increased at a CAGR of 33% p.a. in the last 5 years and the accumulated losses are estimated to be over ₹ 2 lakh crore at the end of FY12<sup>11</sup>. Even though there have been a series of tariff hikes in the last couple of years (range of 10-15%) as a corrective measure, the effect is being neutralized due to the rise in cost of fuel. It is a paradox in the Indian market that consumers have to invest in generating expensive power using backup power equipment while inexpensive power remains un-dispatched due to load shedding by distribution companies (Discoms). Even within the country, consumers in certain states are paying nearly double the tariff as in some other states with subsidies. This implies that tariff growth is not held back by consumer’s ability to pay but by the inability of the system to tap this capacity. People need to be educated and prepared for price increases and the government needs to address this communication challenge. Unless the challenge of an increasing subsidy bill is addressed urgently, it could become another serious bottleneck in capacity addition.

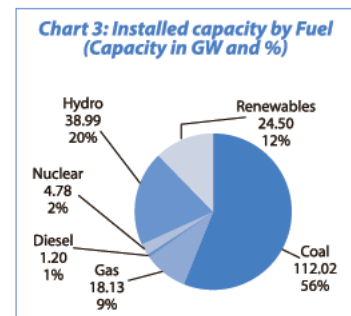
Currently, the power sector relies excessively on coal-based generation. As of 31<sup>st</sup> March, 2012, India had an installed capacity of about 24.5 GW from renewable sources, only about 12% of its total generation capacity. However, India’s electricity sector is opening up to renewable energy utilization, with numerous policy changes to support the same. Also, as the climate change movement gathers momentum, India will need to move away from coal to other power generation sources such as hydro, wind, solar and nuclear. Even without the challenge of climate change, just the sheer need for more energy and the need for self-reliance will drive the Indian power sector towards energy efficiency, conservation and cleaner power.

Towards this end, your Company has embarked on the path of sustainability to address fallouts and opportunities. It has undertaken various initiatives in areas such as environment, architecture, community development, advocacy, renewables, new technology, green buildings, new models of development etc. Your Company has established the Tata Power Club Enerji for creating mass awareness on energy conservation across the country. Sustainability and organizational transformation form the guiding tenets while striving to achieve operations excellence, execution excellence and growth to drive enterprise value creation.

1.5 Performance of the Indian Power Sector during the year 2011-12

1.5.1 Generation

The total power generation in the country during FY12 was 876.43 Billion Units (BUs) which comprised primarily 708.45 BUs from thermal, followed by 130.43 BUs from hydro, 32.27 BUs from nuclear and import of 5.28 BUs from Bhutan. The average thermal plant load factor was 72.81%. The installed generating capacity in the country (refer Chart 3) as on 31<sup>st</sup> March, 2012, was 199.6 GW<sup>12</sup>, the world’s fifth largest. The base load deficit during the year was about 79.313 BUs and the average peak load deficit for the year was about 13.815 GW<sup>13</sup>. Your Company’s contribution to the installed capacity is 5.297 GW as of 31<sup>st</sup> March, 2012 and it is the largest private sector power generation company.



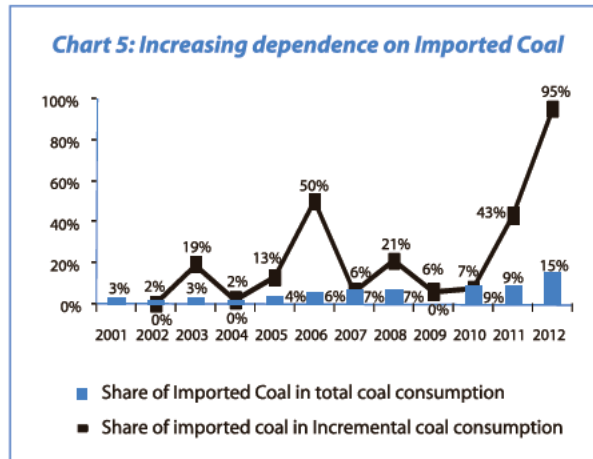
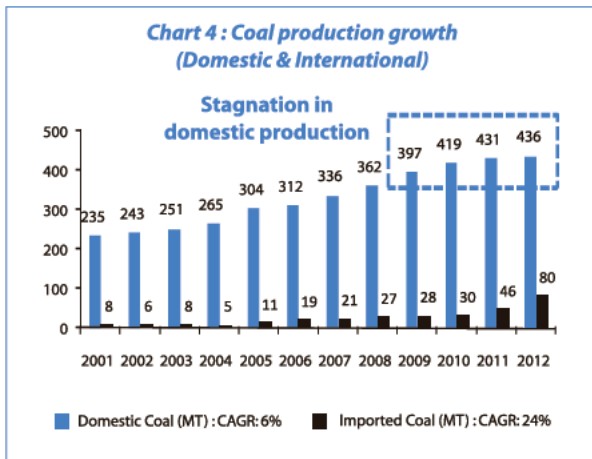
1.5.2 Capacity Addition

The capacity addition in the 9<sup>th</sup> and 10<sup>th</sup> five year Plans put together was 46.534 GW. The revised 11<sup>th</sup> Plan target was 62.374 GW. Capacity commissioned during 11<sup>th</sup> Plan (upto 31<sup>st</sup> March, 2012) was 54.964 GW. The capacity addition, although much higher than earlier five year plans, however, was still short of the revised target.

1.5.3 Fuel Availability - Coal

Domestic availability of coal has been inadequate for meeting the growing requirement for electricity generation. The production of CIL in FY12 was 435.84 MT of coal, a growth of 1% y-o-y. There has been a marked stagnation in the

<sup>11</sup>Source: Crisil Analysis  
<sup>12</sup>Source: CEA, Infraline reports  
<sup>13</sup>Source: CEA  
<sup>1</sup> Source: Crisil Analysis



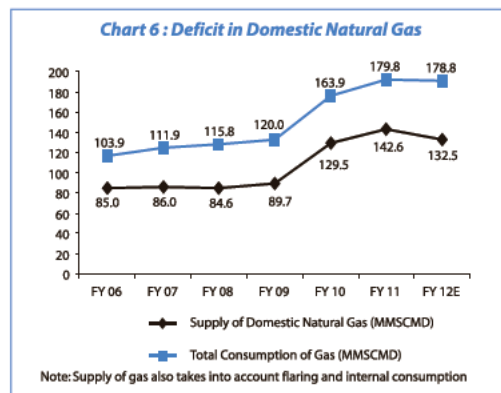
domestic coal production for the past four years (Chart 4)<sup>14</sup>. India's non-coking coal production grew by a mere 13 MT over FY09-FY11, sufficient to fire only 2.3 GW of coal capacity, whereas over the same period thermal capacity addition was nearly 16 GW.

The Government had issued a Presidential directive to CIL on 3<sup>rd</sup> April, 2012 to sign Fuel Supply Agreements (FSAs) with the power producers for plants commissioned between April 2009 and December 2011 assuring them of at least 80% of their coal requirements. CIL has responded with its inability to meet this commitment in the coming fiscal year due to production constraints at its mines. The Power Ministry has suggested that CIL could import coal to bridge the deficit. Prices of imported coal and domestic coal could be pooled to supply coal at an average price to the power generation utilities. However, the proposal is at a preliminary stage and requires the buy-in of various stakeholders. The FSAs signed under this directive will initially have little impact on domestic coal supply as the reasons for lower output, including infrastructure bottlenecks, lack of environmental clearances, problems in land acquisition need long-term solutions.

Import of coal is, therefore, being resorted to during the last few years and volume share of imported coal usage for power generation doubled to 15% in the last two years alone (Chart 5)<sup>15</sup>. Utility-wise allocation is being made by the Ministry of Power in consultation with CEA. The import of coal is set to rise further to over 140 MTPA by 2013<sup>16</sup>.

**1.5.4 Fuel Availability - Gas**

The installed generation capacity of gas-based power stations as on 31<sup>st</sup> March, 2012, was about 18.131 GW. CEA has mandated that no new gas-based power plants will be set up in the country till 2015-16, as the natural gas output is expected to fall considerably (Chart 6)<sup>17</sup>. The Ministry of Petroleum and Natural gas confirmed that India's gas output is expected to fall by 35% in this fiscal year and another 12% between 2013-14. The embargo may not have any impact on the 12<sup>th</sup> Five-Year Plan capacity additions as only a little above 1,000 MW was targeted for gas-based power. Also, the embargo will not be applicable for those power projects planned on imported LNG. However, imported LNG, which is a direct substitute for domestic natural gas, is at almost double the price. Therefore, electricity produced from imported LNG makes the cost of generation relatively higher on the merit order dispatch on a base load basis.



**1.5.5 Transmission**

The rate of growth of the transmission network (at voltages of 220 kV and above) during the past decade has been at about 6 - 7% p.a. The inter-regional transmission capacity has increased from 5.05 GW at the end of 9<sup>th</sup> Plan to about 27.95 GW by March 2012. But this is only about 14% of the generation capacity. Further, it falls short of the 14% p.a.

<sup>15</sup> Source: Crisil Analysis  
<sup>16</sup> Source: CEA, C L reports  
<sup>17</sup> Source: Deloitte Touche Tohmatsu report  
<sup>18</sup> Source : CEA, Infraline reports



growth in transmission capacity targeted in the 12<sup>th</sup> Plan. With increased focus on adding generation capacity, the Government has put in place a policy to increase inter-regional transmission capacity to 58.70 GW by 2015. It is expected that thereafter, inter-regional transmission will not be a constraint<sup>18</sup>. New Inter-State Transmission Charges and Losses Regulations, 2010, came into effect from 1<sup>st</sup> April, 2011. The point of connection method of sharing cost implemented via this regulation is intended to facilitate cost effective transmission of power across various regions of the country.

### 1.5.6 Distribution

Power Distribution remains a segment that needs significant reform, as this would have a direct impact on the sector's commercial viability and ultimately on consumers and generators. The sector has been plagued by high distribution losses and low billing recovery, resulting in poor financial health of the utilities. Being a highly regulated sector, policies play a pivotal role in its development. After the mediocre results of the Accelerated Power Development and Reforms Programme (APDRP), the Government has introduced the Re-structured Accelerated Power Development and Reforms Programme (R-APDRP). The program is to be implemented in two phases. The focus of the first phase is on implementation of IT systems for distribution. This is expected to be followed by large scale distribution franchising in the second phase. The reform of the distribution sector is also crucial for the success of the generation sector as the generation companies cannot sell power to financially unviable entities<sup>19</sup>.

Loss reduction technologies, if adopted in India will lead to reduction in electricity cost (at least 25% financial savings) and carbon footprint per MWh used. This can help offset the increase in fuel and energy costs.

The 13<sup>th</sup> Finance Commission has advocated that the states need to address the problem of losses in the power sector in a time-bound manner. In its recommendations, it has inter alia included the following:

- i) Reduction of Transmission and Distribution (T&D) losses should be attempted through metering, feeder separation, introduction of High Voltage Distribution Systems (HVDS), metering of distribution transformers and strict anti-theft measures. Distribution franchising and Electricity Services Company (ESCO)-based structures should be considered for efficiency improvement.
- ii) Unbundling needs to be carried out on priority basis and open access to transmission strengthened.

Your Company, with its integrated operation and significant experience in Public Private Partnerships (PPP) in all areas of the value chain, is well poised to address opportunities in the sector as they arise.

Alternate models for distribution, particularly decentralized generation using renewable energy sources could be effectively used to address the needs of the country's rural and semi – urban communities.

### 1.5.7 Power Trading

The Electricity Act, 2003 (EA 2003), recognized power trading as a new segment apart from generation, transmission and distribution. Tata Power Trading Company Limited (TPTCL) was the first company to be granted a license by the Central Electricity Regulatory Commission (CERC) in June 2004. It is the third largest power trader in India. Electricity traded in the short term power market including Power Exchange and Unscheduled Interchange (UI) transactions has gradually increased to nearly 11% in FY12 with about 4.5% trading on UI. While the growth over last year in OTC contracts was 34% and on exchanges was 10%, there was a dip on UI transactions by 2.6%. Open access to consumers, increased share of merchant power in upcoming independent power plants, banking of power, establishment of distribution franchisees and supply of power to Special Economic Zones etc. is expected to lead to further growth in power trading business in the future. With these increased opportunities, however, the competition has also grown fierce due to increase in number of CERC licensed traders from 13 in FY05 to 56 in FY12.

While the outlook for power trading is bright in the long term, the sector is currently facing several challenges. There is an obligation on the Discoms for competitive bidding through Case I or Case II route for power procurement. This is not progressing as earlier desired, since the procurers are unwilling to take fuel price risks and would like it to be built into the tariff. Thus, power procurement on MoU route with fuel price escalation pass through or a competitive bid on fixed charges and efficiency seems to be a better solution. The financial condition of the distribution sector is a matter of concern and has made recovery difficult while the trading margins are reducing due to fierce competition. Merchant prices are also dampening as load-shedding is preferred by the Discoms in comparison to increasing the procurement prices. In addition, the unwillingness of Discoms to allow open access to their consumers, in spite of the provisions in EA 2003, is acting as a barrier to further growth and competition in the sector.

<sup>19</sup> Source: CEA, Infraline reports

## 2. OPPORTUNITIES AND OUTLOOK

### 2.1 Domestic

The sector currently offers the following opportunities:

#### 2.1.1 Generation

- i) Certain regions of the country i.e. Eastern and Central India offer significant opportunities for investment in generation facilities due to their proximity to coal assets.
- ii) Expansion of existing plants and M&A opportunities of greenfield or brownfield plants exist.
- iii) Decentralized generation opportunities.
- iv) Opportunity to participate in auctions to acquire domestic coal assets and also international coal assets to meet the challenge of shortage of fuel availability in the country.

#### 2.1.2 Distributed Generation

The need for access to reliable electricity would drive opportunities in decentralized distributed generation. This would require innovative business models with a mix of technologies to address this market as there are a number of key challenges like technology maturity, grid infrastructure, need for clarity in commercial terms and regular source of fuel (biomass, wind, solar etc.) Your Company is actively evaluating and pursuing projects for solar, wind, ocean and biomass-based power plants with focus on small (<1 MW) power plants for distributed generation.

#### 2.1.3 Renewable Energy Sources (RES)

- i) Technology for RES based generation is evolving and the market is expected to mature rapidly. As a result, the cost of renewable based generation is expected to reduce. Your Company is exploring options to be able to capture the market when RES based generation hits inflection point and approaches grid parity.
- ii) Your Company is developing wind power projects of over 150 MW in India, of which 80 MW is proposed to be commissioned during FY13 across Maharashtra (50 MW) and Rajasthan (30 MW). Your Company is in the process of acquiring suitable land parcels in the states of Maharashtra, Rajasthan, Gujarat and Karnataka to develop solar projects.
- iii) Strengthening of Renewable Energy Certificate (REC) mechanism is expected to help manage the liquidity in the renewable energy market by allowing states that lack renewable energy sources to meet their Renewable Purchase Obligation (RPO). This would stimulate growth in the renewable energy space. There could be significant opportunities in this space depending on how the REC market evolves, and also on whether regulators penalize Discoms that do not meet RPO.

#### 2.1.4 Distribution

While the Central Government has made a declaration indicating privatizing of distribution business, a lot needs to be done on the ground. The Planning Commission has proposed to give incentives to SEBs making efforts towards reducing losses.

Distribution franchisee model has been accepted by a few states as the route to bring private investments in the distribution business. However, there has been little inclination to implement it on a wider scale.

#### 2.1.5 Transmission

The regulatory interventions paved the way for private sector participation to build new transmission systems.

Your Company will keenly track any growth opportunities in the transmission sector and review each opportunity as it presents itself.

### 2.2 International

- i) Several countries across the globe are liberalizing their energy sector. This is expected to open up opportunities for growth and participation. Certain international opportunities are promising, as returns are predictable because of availability of timely clearances and lower risks as they are addressed systematically.
- ii) Your Company is uniquely positioned, being an integrated player with experience ranging from developing resources to managing retail customers.
- iii) As a part of the international strategy, your Company is looking for opportunities spanning the energy value chain across the world. Your Company aims to be significant in chosen geographies it operates in and is primarily looking for opportunities in capacity addition across various geographies and distribution opportunities in certain areas. Your

Company will also seek opportunities to acquire energy resources across the globe. The ownership of fuel resources would enable de-risking of generation capacities from escalations in fuel cost and assure availability.

- iii) Your Company's new JV, Cennergi (Pty) Limited has also been selected as a preferred bidder for the two wind power projects totalling 234 MW in South Africa. Cennergi, is also evaluating development of solar projects in South Africa.

### 3. PERFORMANCE ON EXISTING BUSINESSES

The segment-wise performance of existing businesses is outlined below.

#### 3.1 Operational Highlights

Your Company registered sales of 15,240 Million Units (MUs) of power in FY12 as against 16,060 MUs in FY11, a decrease of 5%. Your Company, however, generated 15,230 MUs of power from all its power plants during the year as compared to 15,325 MUs in the previous year, a decrease of 1%.

#### 3.2 Tata Power:- Mumbai Operations

##### 3.2.1 Generation

Your Company's power generation units in the Mumbai Operations area are at Trombay, Bhira, Bhivpuri, Khopoli and Mulshi as also wind assets at various locations in Maharashtra and solar assets in Mulshi.

##### i) Trombay Thermal Power Station

The Trombay Thermal Power Station has an installed capacity of 1,580 MW of which primarily 750 MW is coal fired, 650 MW uses oil and gas and the balance 180 MW uses gas as a fuel. However, 500 MW Unit 5 also has multi-fuel firing capability.

During the year, the station recorded a generation of 9,211 MUs with coal firing of 2.6 Million Tonnes (MT). The operational performance of the units is given in Table 2.

Table 2: Details of thermal power generation – Trombay

	Generation (MUs)		Generation Availability (%)		Plant Load Factor (PLF) (%)	
	FY12	FY11	FY12	FY11	FY12	FY11
Trombay	9,211	9,530	93	93	66	69

In our continued efforts to provide cheap power to our consumers in Mumbai cost of generation was offset by procuring relatively competitive power from the market. This resulted in a lower PLF but the availability was maintained at the same level as compared to the past year. However, no load shedding was adopted nor customer saw any power outages. In order to reduce the cost of generation, your Company is pursuing conversion of 500 MW Unit 6 with coal firing capability, for which necessary clearances have been applied for. This would also result in better utilization of the assets. Environmental clearance and regulatory approvals are being pursued for the same.

During the year, your Company successfully completed the overhaul of 500 MW Unit 5 and 250 MW Unit 8, during which the Units underwent systematic maintenance activities which has resulted in substantial improvement in Unit performances.

##### ii) Hydroelectric Stations :- Bhira, Bhivpuri and Khopoli

Your Company has three hydroelectric power generating stations, totalling 447 MW, located in the Raigad district of Maharashtra.

During the year, the three hydroelectric power plants collectively generated 1,530 MUs as against 1,310 MUs generated in the previous year due to improved availability of Hydro plants, adequate water content in the lakes and increased system requirement. Hydro Divisions have achieved highest yearly plant availability ever of 99%.



Table 3: Details of hydroelectric power generation

	Generation (MUs)		Generation Availability (%)		(PLF) (%)	
	FY12	FY11	FY12	FY11	FY12	FY11
Bhira	360	318	99	99	27	24
Bhira Pump Storage Unit	648	557	100	98	49	42
Bhivpuri	244	199	97	90	37	30
Khopoli	278	236	98	99	44	37
Total	1,530	1,310	99	97	39	33

## iii) 3 MW Mulshi Solar PV plant

The 3 MW Mulshi Solar PV plant commissioned in FY12 generated 4.2 MUs in the year.

## iv) Wind generation assets for Mumbai Operations

Your Company has generation assets at Supa, Bramanvel, Khandke, Sadawaghapur, Visapur and Agaswadi that supply wind power to its Mumbai Distribution business. During the year, your Company commissioned an additional 49.5 MW of wind power capacity in Maharashtra, taking the total installed wind power capacity in Mumbai Operations to 156 MW.

Table 4: Details of installed wind power capacity in Mumbai Operations

Location	State	Installed Capacity (MW)
Supa	Maharashtra	17
Bramanvel	Maharashtra	11
Khandke	Maharashtra	50
Sadawaghapur	Maharashtra	18
Visapur	Maharashtra	10
Agaswadi	Maharashtra	49
Total		156

During the year, Company's wind farms in Mumbai Operations generated 232 MUs as against the previous year's actual of 168 MUs.

Table 5: Details of wind power generation in Mumbai Operations

	Generation (MUs)		Generation Availability (%)		(PLF) (%)	
	FY12	FY11	FY12	FY11	FY12	FY11
Supa	24	23	97	94	16	15
Khandke	108	96	99	99	24	22
Bramanvel	17	16	97	98	17	16
Sadawaghapur	34	25	98	97	21	16
Visapur	21	8	99	99	24	21
Agaswadi*	29	-	96	-	18	-
Total	234	168	98	97	20	18

\*Commissioned in FY12

**3.2.2 Transmission**

Your Company has about 1,085 circuit kilometres of transmission network in Mumbai Operations area, comprising 973 circuit kilometres of 220 kV / 110 kV overhead lines and 112 circuit kilometres of 220 kV / 110 kV underground cables, which connects Trombay and the hydro generating stations to 18 receiving stations spread across the Mumbai Operations area. The transmission lines are connected to the network of Tata Power Distribution business, Brihanmumbai Electric Supply and Transport Undertaking (BEST), Reliance Infrastructure Limited (RInfra) and Maharashtra State Electricity Distribution Company Limited (MSEDCL). The major highlights for the year were as below:

- i) During the year, your Company added 180 MVA of Transformation Capacity and laid 22.3 circuit kilometres of network.
- ii) 145 kV Gas Insulated Switchgear (GIS) has been commissioned at Powai for meeting projected growth.
- iii) A state-of-the-art Unified SCADA System has been commissioned at Borivali, Malad, Versova, Dharavi, Parel, Saki, Backbay, Grant Road and Carnac Receiving Stations. Existing SCADA at Mahalaxmi, Mankhurd, Vikhroli, Chembur, Ambernath has been integrated with Unified SCADA. This has enabled centralised operations by establishing a Power System Control Center.

During the year, Transmission grid availability was 99.46% as against the Maharashtra Electricity Regulatory Commission (MERC) norm of 98%. This improved availability is due to good condition monitoring practices and proactive actions taken based on the results of condition monitoring.

**3.2.3 Distribution**

In line with the growing demand of Mumbai, the distribution business has achieved significant growth during the year. The major highlights for the year were as below:

- i) System availability was maintained at very high level, with an Average System Availability Index (ASAI) of 99.993 % as against the previous year ASAI of 99.988 %. This has been achieved by implementing various improvement initiatives and introducing new technologies like Thermo vision scanning of cable terminations etc. These initiatives have thus reduced the number of technical complaints per 1,000 consumers from 11 to 8.5.
- ii) To meet the increase in growth, 62 Consumer Substations were commissioned, 203 circuit kilometres of HT cable network and 105 circuit kilometres of LT cable network were added. Thus, the total network length is now more than 2,200 circuit kilometres.

**3.2.4 Retail**

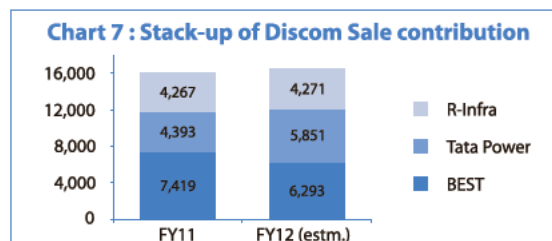
Your Company's retail business in Mumbai grew significantly with an overall retail sale growth of 33% to 5,851 MUs as against 4,393 MUs in FY11.

- i) Your company acquired 1,16,572 changeover customers and 7,558 direct customers taking the retail customer base to 2,85,169 as on 31<sup>st</sup> March, 2012.
- ii) A number of customer convenience facilities were introduced, as under:
  - Customer Portal introduced in three languages viz. Marathi, Hindi and English. New features like energy calculator, assigning of unique serial number to online forms introduced.
  - 14 new look touchscreen payment kiosks commissioned at the customer's premises and public places having high number of footfalls
  - 10 new Customer Relation Centres (CRCs) opened during the year, taking total number of CRCs to 20.

A comparison of sales (MUs) of the various Discoms in Mumbai for FY11 and FY12 are as shown below:

*Table 6: Mumbai Discom Sale*

		Tata Power	RInfra	BEST	Total
FY11	MUs	4,393	7,419	4,267	16,080
	%	27	46	27	100
FY12 (estm.)	MUs	5,851	6,293	4,271	16,415
	%	36	38	26	100



Note: As the Final Bill Settlement Mechanism (FBSM) is still not finalized, the FY12 figures are estimated.

### 3.3 Other power plants of Tata Power

#### 3.3.1 Jojobera Thermal Power Station

The Jojobera Thermal Power Station in Jharkhand has an installed capacity of 428 MW. During the year, the station recorded a generation of 2,855 MUs as compared to 3,078 MUs in the previous year. Tata Steel Limited is carrying out expansion activities. In view of the same, major overhauls of Unit 2, 3 and 4 were completed in FY12.

#### 3.3.2 Belgaum Thermal Power Station

The Belgaum Thermal Power Station, Karnataka, has a heavy fuel oil - based generation capacity of 81 MW. During the year, the plant generated 190 MUs as compared to 300 MUs in the previous year, a decrease of about 37% due to lower demand by Karnataka Power Transmission Corporation Limited during the rainy season. Demand for the current year was affected due to better monsoon and availability of cheaper power from the exchange, since demand for oil - based generation is primarily for peaking purposes.

#### 3.3.3 Haldia Power Plant

Haldia Power Plant in West Bengal has an installed capacity of 120 MW consisting of 3 Turbine Generator (TG) sets (2 of 45 MW and 1 of 30 MW) and 16 waste heat recovery boilers. This is a green power plant based on waste heat recovery system from coke oven flue gas of Tata Steel Limited. One-sixth of the power generated is sold to West Bengal State Electricity Distribution Company Limited and the balance is traded through TPTCL. During the year, the collective generation of all units was 868 MUs. Your Company completed Unit 2 TG overhauling and annual overhauling of all 16 boilers as per statutory requirements.

During the year, Haldia division undertook several improvement initiatives for improving plant performance such as coke oven flue gas parameters improvement, reduction of unplanned outages. Earlier, the Company was buying power required for auxiliary requirement from State Grid. In FY12, the Company completed a project of installing auxiliary transformers and metering system so that the auxiliary power requirement is met from the station itself. All these initiatives have resulted in increased generation and improved availability for the plant as compared to the previous year.

#### 3.3.4 Lodhivali

Your Company has refurbished and converted 4 Diesel Generator (DG) sets for dual fuel (natural gas + oil) operation with a total capacity of 40 MW. These DG Sets which have been put to commercial operations will cater to peaking requirements. Your Company has applied to MERC for inclusion of Lodhivali under regulated assets as a standby station.

*Table 7: Details of thermal power generation outside Mumbai Operations*

	Generation (MUs)		Generation Availability (%)		(PLF) (%)	
	FY12	FY11	FY12	FY11	FY12	FY11
Jojobera	2,855	3,078	95	97	76	82
Belgaum	189	300	94	82	27	42
Haldia	867	760	98	92	88	78
Lodhivali*	3	-	99	-	2	-

\* Commissioned in FY12.

### 3.4 Wind Generation outside Mumbai Operations

During the year, your Company commissioned an additional 99 MW of wind farm capacity at Tamil Nadu, taking the total installed capacity outside Mumbai operations to 220.75 MW. The installed capacity for wind power generation at various locations outside Mumbai Operations is given in Table 8.

*Table 8: Details of installed wind power capacity outside Mumbai Operations*

Location	State	Installed Capacity (MW)
Samana	Gujarat	50
Gadag	Karnataka	50
Nivede	Maharashtra	21
Poolavadi	Tamil Nadu	99
Total		220

The collective generation by the wind farms outside Mumbai Operations was 334 MUs during the year as against 179 MUs in the previous year.

Table 9: Details of wind power generation outside Mumbai Operations

	Generation (MUs)		Generation Availability (%)		(PLF) (%)	
	FY12	FY11	FY12	FY11	FY12	FY11
Samana	82	78	99	99	19	18
Gadag	93	80	99	100	21	18
Nivede	31	22	98	96	17	12
Poolavadi *	128	-	96	-	20	-
Total	335	179	98	98	19	17

\* Commissioned in FY12

### 3.5 Solar Generation outside Mumbai Operations

#### 25 MW Solar PV Plant at Mithapur

Your Company has commissioned 25 MW grid connected solar PV plant at Mithapur on 25<sup>th</sup> January, 2012, which is one of the largest of its kind in the country. This solar power plant uses the modular, proven and widely deployed Crystalline Silicon Photo-Voltaic Technology.

Your Company has signed a Power Purchase Agreement (PPA) for this project with Gujarat Urja Vikas Nigam Limited and generated 9.2 MUs in the current year.

### 3.6 Other Businesses

#### 3.6.1 Tata Power Strategic Electronics Division (SED)

Through its expertise in Strategic Engineering and the effective utilisation of its wide range of competencies, Tata Power SED continued its journey of facilitating substantive engineering solutions for various projects of Indian Defence. SED supported the Indian Ministry of Defence (MoD) to realise its ambition of reversing the import to indigenisation ratio from 70:30 to 30:70 through participation in MAKE and Global (Buy) Tenders as a Prime Contractor offering more than 50% indigenous engineering and technological content, as required.

As a result, SED booked a turnover of ₹ 274 crore in FY12 as against ₹ 141 crore in FY11, which signifies a growth of 95%. During the year, SED scored a number of achievements. Notable among them are:

- i) SED was awarded a contract for supply of engineering solutions for Akash missile system for the Indian Army by Bharat Dynamics Limited.
- ii) SED's indigenously developed Dual Redundant Rugged Computer was used in the Ground Electronics System during the successful launch of the AGNI Missile.

Based on a healthy order backlog, Tata Power SED is poised to record significant growth in subsequent years. As part of the long-term strategy plan, SED will continue to address the large defence market opportunity and participate as a reliable associate to Indian Defence through its strategic engineering capabilities.

#### 3.6.2 Power Services Business

The Power Services business is a division within the Company with a vision to leverage the Company's capability and experience in power plant Operation & Maintenance (O&M), project management, specialized testing services, technical audit and related activities. It offers customized solutions to new as well as existing power plants and distribution networks. During the year, the Power Services division has bagged contracts as below:

##### O&M Service

Your Company is currently operating the following Operations & Maintenance Services Agreement (OMSA) and Project Management Services Agreement (PMSA):



- O&M contract for 1000 MW - coal fired thermal power plant at Nellore, Andhra Pradesh.
  - O&M contract for Industrial Energy Limited (IEL) – comprising of 120 MW Unit 5, coal fired thermal power plant and 120 MW gas based plant at Jojobera, Jharkhand.
  - PMSA and OMSA for 1050 MW thermal plant at Maithon.
- During FY12, the Power Services Business had a turnover of ₹ 85 crore as against ₹ 46 crore in FY11, a growth of 87%.

#### 4. RISKS AND CONCERNS

The large opportunity for additional generation capacity created by growing demand will be subject to a lot of risks which the Government and Utilities will need to address.

- i) Domestic coal supply remains a big concern with environmental factors weighing negatively. Domestic coal supply is inadequate to meet current demand and there is not enough infrastructure in both the exporting countries and India, to handle large quantities of coal for import into India. This is likely to lead to higher fuel costs and hence higher cost of generation. The resultant risk is the inability of Discoms to procure power at higher costs and hence our generation assets can be stranded.
- ii) Price of imported coal is a cause of serious concern. In the recent past, the price of coal has gone up from about US\$ 50/ tonne to over US\$ 100/ tonne.
- iii) Shortage of domestic gas and expensive LNG imports would hamper the financial viability of gas-based power plants without policy intervention. CEA has notified that in view of the limited availability of gas, no new gas based power plants should be set up upto 2015-16.
- iv) Delays in land acquisition, environmental clearances and other approvals remain an area of concern.
- v) Lack of water is another threat to the capacity addition plans, since about 79% of the upcoming capacity will be in areas of water scarcity. There is a need to address this through de-salination plants or developing coastal power plants.
- vi) The rising subsidy bill of Discoms needs to be addressed for the long term viability of the sector in India. Together, the agricultural and domestic segments consume about 50% of the total power, thereby making a severe dent in the profitability of SEBs on account of heavy subsidies given out to them.
- vii) The lower tariff hikes being approved by regulatory commissions are resulting in an increasing size of the regulatory assets of Discoms. This is leading to increased borrowing by Discoms to run day-to-day operations, and an increased burden on the consumers on account of interest costs. The inability or unwillingness of regulatory commissions to address the issue of pass through of increased costs to consumers would result in financial stress for the Discoms.
- viii) The very high T&D loss of several Discoms has substantially reduced the availability of generated power to the consumers. Reduction of such losses would substantially improve the availability of power. PPP model, as is substantially done in Tata Power Delhi Distribution Limited (TPDDL), could be followed in other states as well to bring about such an improvement.
- ix) The availability and cost of capital for funding of new projects could also be a cause of concern, given that power projects are capital intensive and interest rates are rising. The economic and monetary policies will need to play a key role in ensuring that these projects receive timely funds.
- x) The imposition of export restrictions or levy of taxes by energy exporting countries could make the cost of imported energy into India even more expensive and unaffordable for the common man.
- xi) Another cause of concern faced by the infrastructure sector, and the power sector in particular, is the lack of skilled manpower.
- xii) Risks pertaining to Mundra UMPP:
  - Coastal Gujarat Power Limited (CGPL), a subsidiary of the Company implementing the Mundra UMPP, has committed to charging no escalation on 55% of the cost of coal in its Power Purchase Agreement (PPA). This exposes CGPL to any unfavourable movement in coal prices over the term of the PPA. Given the volatility in the fuel prices and significant increases in the recent years, this may have a material adverse effect on Tata Power Group's revenues and results of operation.
  - The Management had reviewed and assessed the recoverability of the carrying amount of the Mundra Project (which was substantially under construction), considering the fuel cost, exchange rate variation and other operating costs that would impact future cash flows on commencement of commercial operations and had concluded that a provision for impairment loss of ₹ 815 crore for the quarter was necessary on this account in addition to ₹ 985 crore provided

in September 2011. In view of the estimation uncertainties, the assumptions would be monitored on a periodic basis by the Management and adjustments would be made if external conditions relating to the assumptions indicated that such adjustments were appropriate. In order to provide protection to Coastal Gujarat Power Limited (CGPL) and to support its cash flows, the Management had committed to a future restructuring under which the Company would transfer atleast 75% of its equity interests in the Indonesian Coal Companies to CGPL, subject to Regulatory and other approvals, which were being pursued, and would continue to evaluate other alternative options. Having regard to the overall returns expected from the Company's investment in CGPL, including the proposed future restructuring, no provision for diminution in value was considered necessary in respect of the Company's long-term investment in CGPL.

Your Company has been a part of the Association of Power Producers (APP), which has represented to the Government of India on the need to work out a solution to the unprecedented rise in imported coal prices and changes in laws in countries which are sources of significant quantities of thermal coal. About 13,000 MW projects are currently affected by this.

## 5. RISK MANAGEMENT PROCEDURES AND STRUCTURE

Risk Management as a formal exercise began in the Company in 2004, well before the Clause 49 mandate. Risks are evaluated based on the probability and impact of each risk. The Risk Register contains the mitigation plans for eleven categories of risks. Risk Owners prepare their risk plans which include responsibilities and timelines. These are periodically updated for the actions taken. Seven Risk Management Sub – Committees (RMSCs) closely monitor and review the risk plans. The Company's Risk Management Committee (RMC) comprises the Executive Directors, Chief Risk Officer and other senior managers. The RMC meets every quarter to review the risk plans and to suggest further mitigation action points. During the year, divisional RMSCs reviewed the major risks at the business unit level. A new web-based Risk Management System has been developed and is under implementation.

An update on the major risks is presented to the Audit Committee of Directors (Audit Committee) at quarterly Audit Committee meetings. The major risks include volatility in prices of fuel and availability of fuel, country risk regarding coal investments, cost competitiveness of generation, project execution related risks, major threats from terrorism / sabotage, natural disasters like floods, earthquake, operational risks of critical equipment etc. The Risk Management Policy is reviewed and revised annually. The major risk areas are covered in the risk based Internal Audit Plan.

**Internal controls and systems :** Your Company has engaged a firm of Chartered Accountants to execute its internal Audit on the basis of an Annual Audit Plan. The Internal Audit process includes review and evaluation of effectiveness of the existing processes, controls and compliances. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit. During the year, the Internal Audit Strategy has been framed based on which process audits have been conducted. All processes of the Company have been classified under vital, essential and desirable based on the criticality of the process. The process is rated through the Control Effectiveness Index given by the Internal Auditors. 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.

**Process robustness index :** The processes are examined to assess their robustness primarily from system (SAP, Customer Connect, etc.) driven controls, which ensure that deviations from the defined process do not occur due to manual errors. In case controls have not been embedded in the system, other compensating controls such as maker-checker are exercised to assess the robustness of the process. This index is computed on the basis of existence of robust controls and not on the basis of extent of implementation of these controls.

## 6. FINANCIAL PERFORMANCE OF THE COMPANY

### 6.1 Standalone results

Tata Power recorded a Profit After Tax of ₹ 1,169.73 crore during the financial year ended 31<sup>st</sup> March, 2012 (FY11: ₹ 941.49 crore). The diluted earnings per share was at ₹ 4.53 for FY12 (FY11: ₹ 3.96) while the basic earnings per share for FY12 was at ₹ 4.53 (FY11: ₹ 4.08).

The analysis of major items of the financial statements is shown below:

#### 6.1.1 Revenue

Figures in ₹ crore

	FY12	FY11	Change	% Change
Revenue from Power Supply and Transmission Charges	8,051.53	6,599.36	1,452.17	22
Revenue from Contracts	356.19	174.66	181.53	104
Other Operating Revenue	88.12	144.46	(56.34)	(39)
Total Revenue	8,495.84	6,918.48	1,577.36	23

Revenue from Power Supply is higher mainly on account of higher fuel costs in Mumbai Operations which is passed on to the consumers. Higher Revenue from Contracts is mainly contributed by Strategic Electronics Division (SED) and Services Division. Decrease in Other Operating Revenue is primarily on account of the change in accounting policy in respect of Capital / Service line contributions in the previous year.

#### 6.1.2 Other Income

Figures in ₹ crore

	FY12	FY11	Change	% Change
Dividend Income	614.30	223.42	390.88	175
Interest Income	215.67	174.40	41.27	24
Gain on Exchange	96.07	50.61	45.46	90
Others	57.42	45.15	12.27	27
Total Other Income	983.46	493.58	489.88	99

Dividend income is higher mainly on account of higher dividend declared by Coal SPVs during the year. Interest income is higher primarily on account of higher interest on loans given to subsidiaries and interest on fixed deposits. Other income is higher primarily due to higher income from mutual fund.

#### 6.1.3 Cost of Power Purchased and Cost of Fuel

Figures in ₹ crore

	FY12	FY11	Change	% Change
Cost of Power Purchased	647.53	784.21	(136.68)	(17)
Cost of Fuel	4,636.89	3,485.64	1,151.25	33

Cost of Power Purchased was lower as a result of higher capacity tied up with own generation plant in Trombay. The cost of fuel is higher mainly due to the increase in prices of fuel and change in the fuel mix.

#### 6.1.4 Employee Benefits Expenses

Figures in ₹ crore

	FY12	FY11	Change	% Change
Staff Expenses	512.65	341.12	171.53	50

Staff cost was higher during the current financial year mainly due to annual increases in salary, induction of new executives and also as the previous year includes a reversal of retiral provisions due to change in the actuarial valuation assumptions.

#### 6.1.5 Operations and Other Expenses

Figures in ₹ crore

	FY12	FY11	Change	% Change
Repairs and Maintenance	275.61	240.9	34.71	14
Components Consumed	154.77	77.25	77.52	100
Others	483.76	401.18	82.58	21
Total Operations and Other Expenses	914.14	719.33	194.81	27

Operation and Other Expenses have increased primarily on account of higher spend on repairs and maintenance of plant and machinery at Trombay and Lodhivali. Components consumed have increased on account of increase in business volumes of SED.

#### 6.1.6 Fixed Assets

Figures in ₹ crore

	FY12	FY11	Change	% Change
Tangible Assets	7,154.21	5,782.93	1,371.28	24
Intangible Assets	18.59	0.01	18.58	185800
Capital Work-in-Progress	585.37	1,017.35	(431.98)	(42)
Intangible assets under development	24.90	11.96	12.94	108
Net Fixed Assets	7,783.07	6,812.25	970.82	14

Increase in Net Fixed Assets mainly represents the higher capitalisation in the Mumbai Transmission, Distribution divisions and the new wind capacity that is being added to increase the contribution of renewable energy sources.

Accordingly, the depreciation charge in FY12 was higher at ₹ 570.35 crore (FY11: ₹ 510.14 crore).

#### 6.1.7 Non Current Investments

Figures in ₹ crore

	FY12	FY11	Change	% Change
Investment in Subsidiary, Joint Ventures and Associates	7,356.23	5,977.63	1,378.6	23
Statutory Investments	273.43	281.59	(8.16)	(3)
Others	1,578.88	1,587.96	(9.08)	(1)
Total Non Current Investments	9,208.54	7,847.18	1,361.36	17

Increase in Non Current Investments is mainly on account of additional equity contributed by the Company to CGPL (₹ 1,140 crore) and Maithon Power Limited (MPL) (₹ 182.04 crore) during the year.

#### 6.1.8 Current Investments

Figures in ₹ crore

	FY12	FY11	Change	% Change
Mutual Funds	484.77	1.36	483.41	35545
Others	99.37	91.37	8.00	9
Total Current Investments	584.14	92.73	491.41	530

Increase in Current Investments is mainly on account of investment of the surplus funds in growth schemes of mutual funds.

#### 6.1.9 Loans and Advances

Figures in ₹ crore

	FY12	FY11	Change	% Change
Long Term	1,230.95	2,740.25	(1,509.30)	(55)
Short Term	1,310.62	256.39	1,054.23	411
Total Loans & Advances	2,541.57	2,996.64	(455.07)	(15)

Certain loans given to overseas subsidiaries were re-classified from long term to short term upon change in the terms of the loan.

Decrease in total Loans and Advances is mainly on account of refund of loans given to overseas subsidiaries amounting to US\$ 103 million and conversion of advances given to CGPL into Equity shares.



## 6.1.10 Trade Receivable

Figures in ₹ crore

	FY12	FY11	Change	% Change
Trade Receivables	1,003.37	841.55	161.82	19

Increase in Trade Receivables is mainly due to higher contracts undertaken by Strategic Electronics Division (SED) in the current financial year.

## 6.1.11 Other Non Current Assets

Figures in ₹ crore

	FY12	FY11	Change	% Change
Tariff Adjustment Debtors	1,538.89	845.48	693.41	82
Others	329.67	192.54	137.13	71
Total Non Current Assets	1,868.56	1,038.02	830.54	80

Increase in Non Current Assets is mainly due to higher tariff adjustments debtors in Mumbai Operations as tariff has not been revised since September 2010.

## 6.1.12 Long Term Borrowings

Figures in ₹ crore

	FY12	FY11	Change	% Change
Secured Loans	4,930.60	4,362.17	568.43	13
Unsecured Loans	1,944.45	1,719.08	225.37	13
Total Loans	6,875.05	6,081.25	793.80	13

Increase in Secured Loans is on account of additional borrowings from Infrastructure Development Finance Company Limited for funding the capital expenditure in Mumbai Operations and Industrial Renewable Energy Development Agency for funding the new renewable projects. Increase in Unsecured Loans is on account of realignment of foreign currency borrowings.

## 6.1.13 Short Term Borrowings

Figures in ₹ crore

	FY12	FY11	Change	% Change
Secured Loans	20.67	279.09	(258.42)	(93)
Unsecured Loans	737.39	403.97	333.42	83
Total Short Term Borrowings	758.06	683.06	75.00	11

Decrease in Secured Loans is mainly due to higher cash credit availed by the company in the previous year amounting to ₹ 174.96 crore. Increase in Unsecured Loans is on account of additional buyer's credit facility of ₹ 333.42 crore availed for the purchase of fuel.

The Interest Expenses in FY12 were higher at ₹ 493.80 crore (FY11: 416.89 crore) essentially due to commissioning of new wind farms in the current year and higher borrowings.

## 6.1.14 Trade Payables

Figures in ₹ crore

	FY12	FY11	Change	% Change
Trade Payables	1,061.55	739.57	321.98	44

Increase in Trade Payable is mainly on account of higher fuel creditors amounting to ₹ 203.38 crore.

## 6.1.15 Other Current Liabilities

Figures in ₹ crore

	FY12	FY11	Change	% Change
Other Current Liabilities	1,586.25	1,329.77	256.48	19

Increase in Other Current Liabilities is mainly due to higher advances and security deposits received from consumers, customers and public utilities amounting to ₹ 183.71 crore

## 6.1.16 Tax Expenses

Figures in ₹ crore

	FY12	FY11	Change	% Change
Current Tax	320.68	133.91	186.77	139
Deferred Tax	192.46	36.42	156.04	428
Total Tax	513.14	170.33	342.81	201

Current tax is higher primarily on account of higher profits and decrease in the exempt Dividend income during the year. MAT credit of ₹ 51 crore was taken during year as against ₹ 54 crore taken in previous year. Deferred tax is higher on account of capitalisation of new wind projects during the year.

## 6.1.17 Net Worth (Shareholders' Funds)

Figures in ₹ crore

	FY12	FY11	Change	% Change
Net Worth (Shareholders' Fund)	10,762.56	10,038.74	723.82	7

The net worth of the Company has increased by 7% during the year on account of profits of the year transferred to Reserves.

## 6.1.18 Unsecured Perpetual Securities

During the year ended 31<sup>st</sup> March 2012, the company raised ₹ 1,500 crore through the issue of Unsecured Perpetual Securities at a coupon rate of 11.40% p.a.

## 6.2 Consolidated Results

The consolidated financials are summarized below:

Figures in ₹ crore

	FY12	FY11	Change	% Change
Total Income	26,270.16	19,861.26	6,408.90	32
Depreciation/Amortization/Impairment	3,134.64	980.24	2,154.40	220
Finance Costs	1,527.09	866.15	660.94	76
Profit Before Taxes	507.25	3,156.88	(2,649.63)	(84)
Profit After Taxes, Share of Associates, Minority Interest and Before Statutory Appropriations	(1,087.68)	2,059.60	(3,147.28)	(153)

The increase in Total Income was primarily on account of the higher coal price realization in Indonesian Coal Companies and improved operational performance. Royalty towards coal mining was higher during the year (FY12: ₹ 1,101.12 crore, FY11: ₹ 765.83 crore) due to higher coal prices. Coal processing charges were higher during the year (FY12: ₹ 1,953.22 crore, FY11: ₹ 1,667.52 crore) due to higher quantity of coal sold. There was a net charge of ₹ 659.44 crore on account of change in the policy for deferred stripping cost in FY12 as compared to a net capitalized of ₹ (362.84) crore in FY11.

Finance costs was higher primarily on account of additional loans taken by the Company's subsidiaries, commissioning of new projects. A large share of the increase in interest charge is on account of TPDDL where the tariff recoverable amount has increased to ₹ 3,953.69 crore as on 31<sup>st</sup> March, 2012 (FY11 closing: ₹ 2,172.06 crore) and which is being funded by higher borrowings.

PAT after share of Associates and Minority Interest is lower mainly on account of provisions made for impairment of Mundra projects of ₹ 1,800 crore and charge off of deferred stripping costs mentioned above.

Tax Expenses stood at ₹ 1,475.54 crore as against ₹ 974.97 crore in the previous year. The increase is mainly due to increased profits of Indonesian coal companies and increased dividend received in Coal SPV's.

## 7. HUMAN RESOURCES (HR)

During FY12, net addition to manpower was 351 employees, primarily in Services Business, new power plants such as Maithon and CGPL and for O&M of existing power plants, taking the total to 4,621. During the year under review, a number of HR initiatives were taken to supplement your Company's effort towards business sustainability and growth.

### i) Employee Engagement

Based on the employee engagement and satisfaction survey in FY11, action planning workshops were conducted to communicate the survey findings and facilitate formulation of action plans at different divisions to address areas of concern. In FY12, counselling was arranged for managers with low employee engagement. This has ensured in improvement in engagement and satisfaction scores in FY12. The engagement score has crossed the '4' point mark on a scale of 5.

### ii) Training

Based on the needs identified for development of required competencies, a variety of training programs both functional and behavioural has been conducted across organization. Programs were conducted in partnership with renowned institutes like NICMAR, NPTEL, BITS, Pilani and IIT Kharagpur. Simulator Training facilities were made available for functional training across Trombay, Maithon and Mundra. A host of e-learning initiatives were also launched for the employees to improve their managerial and technical competencies.

### iii) Talent Management and Succession Planning

To identify the right talent and develop a pipeline of key resources, your Company has a structured talent management process whereby high potential officers were identified as both Group resources and Company resources, and individual development plans prepared to hone their potential. Talent Management initiatives focused on all levels of management have been launched, and actively enabled. In addition, a specialized program to provide fast track career growth opportunities and leadership exposure to bright young officers was put in place. The succession planning exercise was reviewed and updated in view of various changes and developments in the organization, whereby now for every critical position, there are successors identified in immediate, 1-2 and 3-5 years timeframe, thereby enabling resource planning.

### iv) Performance Management System (PMS)

The PMS is a well evolved system with appraisal letters being issued within a month of closure of the financial year, for the sixth year in a row.

### v) Compensation Benchmarking

Salary levels were benchmarked with power sector and annual salary increment for officers completed successfully.

### vi) Industrial Relations

On the industrial relations front, the Company enjoyed a cordial relationship for year FY12. The new Union Committee of Mumbai Operations consisting of General Secretary, President and other elected Union Office bearers was formed. The election was conducted in a peaceful manner and there was a smooth transition and take over by the new committee.

## 8. INFORMATION TECHNOLOGY (IT)

Your Company has all along been a pioneer in using IT for its operations and for its reporting needs. Focus of the IT function during the last year was primarily towards further IT enablement of business processes to help business to ensure sustainability and competitiveness. The key focus areas included implementation of SAP FM (Fund Management) for cost control, AMR (Automatic Meter Reading) using SAP integration and enabling many new features of SAP ISU (Industry Solution for Utility Business). Additionally, other state-of-the-art systems such as Document Management System (Documentum) for invoice processing and land record management, GIS, compliance monitoring have been deployed across the enterprise. Green IT initiatives such as widespread video conferencing and OCS (Office Communication System) facilities are being utilised to reduce travel and carbon footprint.

## 9. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental / related factors.

## BUSINESS RESPONSIBILITY REPORT FY12

The Ministry of Corporate Affairs has brought out the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (Guidelines) to help the corporate sector in its efforts towards inclusive development. The Reporting Framework provided in these Guidelines categorises businesses into three different types, as under :

1. Business entities already preparing responsibility and sustainability reports based on internationally accepted reporting frameworks.
2. Business entities that have chosen to adopt these Guidelines completely or in part, but not yet fully capacitated to prepare a comprehensive Business Responsibility (BR) report.
3. Business entities that would like to prepare comprehensive reports after adopting these Guidelines.

As per approaches suggested by Reporting Framework, the first category of entities may not prepare separate report for the purpose of these Guidelines but furnish the same to their stakeholders along with the details of the framework under which their BR report has been prepared and mapping of the nine principles contained in these Guidelines to the disclosures made in their BR reports. Tata Power falls under the first category since the Company has adopted the GRI G3 Guidelines and prepared Sustainability Report for FY09 and FY11.

**Principle 1: Ethics, Transparency and Accountability**

Tata Power is a part of the Tata Group and is an independent company which is governed by a Board of Directors. As a Tata Company, Corporate Governance is a way of life at Tata Power. The Company seeks to focus on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations, environment and regulatory compliances. As a responsible corporate citizen, Tata Power has established systems to encourage and recognize employee participation in environment and social initiatives that contribute to organizational sustainability, training, learning, personal growth, conservation of energy and other scarce resources, promoting safety and health of its employees and of the neighbouring communities. This philosophy has been sought to be strengthened through the Tata Code of Conduct (TCOC), the Tata Business Excellence Model and the Tata Code for Prevention of Insider Trading and Code of Corporate Disclosure Practices, which form guidelines for "Leadership with Trust". The Company will continue to focus its energies and resources in creating and safeguarding of shareholders' wealth, and at the same time, protect the interests of all its stakeholders. Internally, Tata Power has an enforcement mechanism to deal with issues related to the TCOC headed by the Chief Ethics Counsellor (CEC), who is responsible for setting up processes, communicating the nuances of the TCOC and changes to it, measuring performance on the TCOC parameters and resolving concerns and issues raised by employees. 'Concern Drop Boxes' are provided at various locations across the Company for the convenience of employees and anonymity is assured to encourage freedom of expression. Given the spread of Tata Power's operations, ethics counsellors are nominated at each facility to support the CEC. Various policies have been prepared and released to practically implement the TCOC. Anti-competitive behaviour is addressed in the TCOC document and is applicable to all employees of Tata companies including Tata Power.

**Principle 2: Products Life Cycle Sustainability**

Tata Power is among the frontrunners in India in introducing technologies that cut greenhouse gas emissions. Several steps such as exploring renewable energy opportunities and initiating energy efficiency projects have been framed to reduce greenhouse gas emissions and improve environmental performance. Tata Power has always set a standard in adopting sustainable practices in its business. Tata Power is currently the leader in installed Wind Power capacity in India; various new technologies in the renewable space are being adopted by the Company. However, sustainability at Tata Power does not stop only at renewable initiatives. The Company believes in sustainability being a lifestyle that each individual must adopt.

**Principle 3: Employees' well-being**

Tata Power continues to follow the conventions of the International Labour Organization. The Company continues to hold initiatives for its employees like induction training programs, interactive sessions, and intranet programs on policies, health, safety, environment and sustainability. The Company also holds annual performance appraisals of its employees to determine the quality of their work as well as the overall achievements of the Company. The Human Resources (HR) department follows three objectives of recruiting quality people, identifying talent within the Company and ensuring the retention of employees. The senior-most officer responsible for labour practices heads the Corporate HR department. Each head of the HR department from distinct Company units reports to the Corporate Head on any updates or local requirements.



## Manpower

Tata Power has established a process to ensure that it attracts and hires people with personal attributes and aspirations that closely mirror its corporate culture. To support its global business, the Company engages people with diverse expertise and knowledge. Continuous training and development opportunities are offered to equip the employees with the capability and skill to achieve best business results for the Company. The competitive remuneration and comprehensive employee wellness programmes are keys to attract and retain talent. Being an equal opportunity employer, the Company is committed to providing equal opportunities in relation to all human resources matters of any individual or in any other activities during employment including recruitment, training, promotion, transfer, compensation, benefits provision and termination, regardless of age, gender, physical or mental state, marital status, family status, race, colour, nationality, religion, political affiliation, sexual orientation etc. The employees are recognized and rewarded according to their contribution, performance and skill.

## Succession Planning

Tata Power has a well defined Succession Planning process. Successors are identified for critical positions across Tata Power. These critical positions are identified based on their impact to the business operations, bottom line, span of control over people and processes. For each critical position, there are three successors identified 'Ready Now (Drop Dead)', 'Ready in 1-2 years', 'Ready in 3-5 years'. Development plans are prepared for these successors so that they can take charge of the critical positions within the defined time frame and are regularly monitored for effective implementation. There has been a stronger focus on identifying and developing successors for critical positions where the current incumbents will be retiring in the next five years. As a set of planned initiatives, identified Job Rotation is carried out internally across various functions and locations. Also, employees are given challenging assignments to improve engagement level, online Performance Management System (PMS), setting up of Key Result Areas (KRA), goals cascaded from organization Balanced Scorecard and individual performance is linked to reward / bonus in a transparent manner, Competency Mapping and Gap identification initiate training needs for future leaders. Employees are then sponsored for executive MBA programmes and for 'group catalyst' programmes, senior employees are offered Board posting in subsidiary companies (with enhanced responsibilities) for job-enrichment. Employee Engagement Satisfaction surveys are carried out on annual basis. Post survey feedback sessions are conducted across organisation for developing action plans for improvements.

## Principle 4: Stakeholder Engagement

Many of the hallmarks of good relationships - trust, mutual respect and understanding – are intangibles that develop and evolve over time, based on individual and collective experiences and interactions. Tata Power takes proactive measures for engaging with their stakeholders, as it believes that its stakeholders play a significant role in the growth and development of the Company. Engaging with stakeholders has been a part of the legacy of the Company as its founder Mr Jamshetji Tata and his family have always been strongly committed to social issues. The Company on an annual basis engages through meetings with the identified stakeholders.

### Identification of Stakeholders

The first step was to identify the sustainable development issues of relevance to Tata Power. The process that was used was:

1. All relevant documents relating to Tata Power sustainability issues were analyzed and discussions were held with the key managers coordinating the Company's sustainability activities.
2. Detailed discussions were held with senior management staff and the sustainability team of the Company to understand:
  - a) Which stakeholder groups impacted and were impacted by the process; identification of major stakeholders;
  - b) Identification of the environmental and social issues that were of concern to these stakeholders.

The stakeholders were identified by conducting detailed discussions with internal people and once the broad groups of stakeholders were identified, specific individuals/organisations were then shortlisted in each of these broad categories. Business partners, civil society, consumers, employees were all identified key stakeholders of Tata Power. A detailed study of the types of issues that other companies were looking at was carried out, based on which the final list of issues and stakeholders was decided.

## Principle 5: Human Rights

Tata Power deals with internal and external stakeholders on individual merit, and is unwavering in making sure that its workplaces are free of all forms of discrimination and harassment, whether based on age, caste, sex, religion or on any other ground. This zero-discrimination principle extends to recruitment, employee development and the rewarding of individual performance. There were no incidents of discrimination at Tata Power during the reporting period. The Company respects the right of its employees to form associations in accordance with applicable laws and TCOC. None of the Company's operations

pose any threat or risk to the freedom of association and collective bargaining. Tata Power strictly prohibits child labour. Every new recruit is required to submit proof of age at the time of joining. The risk of children being employed exists in some operations carried out by contract labour. To make certain that this does not happen, care and caution is used at the time of issuing entry passes to operational areas to contract labour. Tata Power ensures that its contractors do not violate child labour laws. At none of the Company's operations, has there been any incident of forced or compulsory labour. On joining, the Company and employees sign an agreement that clearly stipulates the terms and conditions of their association with Tata Power. They are free to leave the Company if and when they so desire, according to conditions jointly agreed upon. There are no indigenous people or groups residing around Tata Power's plant locations; consequently, there is no possibility of the Company's operations affecting them. Currently, there is no formal screening at Tata Power of suppliers and contractors for human rights issues and infringements. However, the Company ensures that its suppliers and contractors do not violate basic human rights while carrying out work in its premises, abide by all safety standards and statutory regulations. All security personnel, when recruited in the Company, are trained in the Company's aspects of Human Rights.

#### Principle 6: Environment

Tata Power strives to minimise the negative effects on the environment caused by the generation of energy. The Company continues to abide by regulations concerning the environment by allocating substantial investments and resources on a continuous basis to adopt and implement pollution-control measures. Combating and coping with challenges on climate change has become a 'core value' for Tata Power. Therefore, a Sustainability Council, with branches spread across the Company, has been formed with the following objectives:

1. Reduce carbon intensity by improving thermal efficiency in existing fossil fuel-based plants; use clean-coal technology in future plants.
2. Place emphasis on renewable power, such as from biogas, hydro, solar and wind.
3. Evaluate geothermal power and other sources for zero-carbon base load plants.
4. Recruit and train young professionals to work in the sustainability sphere.
5. Be a repository of knowledge on sustainability for the Tata group of companies.
6. Get involved in advocacy for clean energy with Regulatory agencies.

The Company continues to believe that businesses should take a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environment-friendly technologies. Using energy efficiently is a key strategy in combating climate change.

Tata Power supports efficient energy technologies that have a direct impact on operational cost and reduce future dependency on non-renewable energy sources.

The aspects on emission compliance, water utilization, waste generation and energy consumption have been integrated into a 'Green Manufacturing Index' (GMI). The various parameters specific to each division or location have been included in the GMI. To score high on the index, each location has to excel in the targets that are set over the baseline. The GMI is monitored on monthly basis in the review by division heads upto the Managing Director. Further, the Company has also developed the 'Corporate Sustainability Protocol' (CSP), which addresses issues on environment and community. The CSP is applicable to manufacturing locations, projects and other offices. Project and Operational locations are being assessed for their impact on biodiversity and appropriate mitigation measures are being prepared for conservation of the same.

#### Principle 7: Policy Advocacy

Tata Power has regular interactions with the Confederation of Indian Industry (CII) on preparing the power industry's response to the Indian Government's National Action Plan on Climate Change.

#### Principle 8: Inclusive Growth

##### Giving Back to Society

The traditional commitment of Tata companies has been to develop infrastructure facilities around their operating units for the sustainable social growth of the communities living there. Tata Power shares this commitment. Besides, the indirect economic impact of electricity generation is beneficial to society. Reliable power supply spurs industrial growth, makes education and superior healthcare possible and provides jobs and employment in ancillary industries and in areas surrounding power-generating facilities.

The mission of the Company is to become the most admired Company delivering sustainable value to all stakeholders including care for the community. Social responsibility has become part of the Tata ethos thanks to management support and involvement, thoughtful planning and deployment of resources, engagement of employees and the sharing of knowledge. Following the thought of its founder, Mr Jamshetji Tata that "in a free enterprise, the community is not just another stakeholder in the business but is in fact the very purpose of its existence", the Company believes that the community around it gives valuable opportunities to learn and work together for growth of business and community development. Therefore, several development programmes have been implemented under triple bottom line (Adding Economic Value, Harmonizing Environmental Factors and Building Social Capital in the community) aiming at building trust and improving the quality of life in and around the places where the Company operates. Tata Power has the Community Relations (CR) department, the body driving and overseeing all its social development initiatives. It functions as per Tata Power's vision, mission, CR policy and CR strategy and guided by Sustainability Advisory Council (SAC). The Company focusses its activities in the areas of livelihood / income generation, environment, energy, education, health, infrastructure and social welfare. To create a sense of ownership and to ensure that projects and programmes in each of these spheres are sustained, Tata Power strives to get local communities involved in them. With a view to bring in external views and insights into the sustainability process, a SAC was constituted to provide thought leadership, guidance, advice and policies to drive the sustainability agenda of the organization. SAC comprises of senior leaders of Tata Power and independent external members with expertise in environmental policy, biodiversity and coastal regulations. SAC is headed by the Managing Director.

#### Principle 9: Customer Value

The Company's product is very unique as the same has no shelf life and gets consumed immediately as the switch is turned on. Yes, the product is a necessity to society and hence it becomes more important for the Company to be humble to its customers and extend its care to them. The Company has started working with its customers in the form of the Demand Side Management Projects, Tata Power Club Enerji and working with customers to develop small renewable energy systems. In a fast paced world, individuals sometimes need a person to talk to. The Company's Customer Care Centres that have been built with the Architecture of Care, provide such an opportunity to its customers. The Company will start working with its partners to help them develop in a sustainable manner over the years to come.

## AUDITORS' REPORT

TO THE MEMBERS OF  
THE TATA POWER COMPANY LIMITED

1. We have audited the attached Balance Sheet of THE TATA POWER COMPANY LIMITED ("the Company"), as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we draw attention to the following matters referred to in the Notes forming part of the financial statements:
  - (i) uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. As stated in Note 32 (f) pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Notes 32(f) and (g)] for the years upto 31st March, 2012. The impact of the above on the results for the year ended 31st March, 2012 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.
  - (ii) provision for investment in a subsidiary referred to in Note 32(j), which describes the key source of estimation uncertainty as at 31st March, 2012 relating to the Company's assessment of the recoverability of carrying amounts of assets including assets under construction that could result in material adjustment to the carrying amount of the long-term investment in that subsidiary.
  - (iii) applicability of depreciation rates as notified by Central Electricity Regulatory Commission (CERC) to accounting for regulated and non-regulated operations, referred to in Note 2.1(h)(i) in respect of which the Company has sought clarifications and guidance from the Ministry of Corporate Affairs.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Read with our comments in paragraph 3 and annexure referred to in paragraph 4 above, we report as follows:
  - (i) 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;
  - (ii) 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;
  - (iii) 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;
  - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;



- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
  - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

**N.VENKATRAM**  
Partner  
(Membership No. 71387)

Mumbai: 22nd May, 2012

## Annexure to the Auditors' Report

(Referred to in paragraph 4 of our report of even date.)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
- (ii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Materials lying with third parties, have substantially been physically verified or confirmed by the third parties. In our opinion the frequency of verification is reasonable.
  - (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 inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the Services rendered are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of ₹ 5 lakh in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain services rendered for which comparable quotations are not available and in respect of which we are unable to comment.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Companies Cost Accounting Records ( Electricity Industry) Rules, 2011 and 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 accounts and records have been made and 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 information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess and other material statutory dues in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
Customs Laws	Customs Duty	2.20	1993-94 to 1999-2000	Appellate Authority - upto Commissioner level
Central Excise Laws	Excise Duty	0.90	1992-93 to 1995-96	Appellate Authority - upto Tribunal Level
Income Tax Act, 1961	Income Tax	24.52	2008-09	Appellate Authority-Commissioner

- (x) The Company does not have accumulated losses as at 31st March, 2012 and has not incurred cash losses during the financial year ended as on that date or in the immediately preceding financial year.
- (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, financial institutions and debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment of term loans of ₹ 870 crore pending application in short-term bank deposits.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has created securities/charges in respect of the debentures issued.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the Management.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117366W)

**N.VENKATRAM**

Partner  
(Membership No. 71387)

Mumbai, 22nd May, 2012

**Balance Sheet as at 31st March, 2012**

	Notes	Page	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital .....	3	74	237.33	237.33
Reserves and Surplus .....	4	75	10,525.23	9,801.41
			10,762.56	10,038.74
<b>UNSECURED PERPETUAL SECURITIES</b> .....	5	76	1,500.00	Nil
<b>STATUTORY RESERVES</b> .....	6	76	597.23	603.23
<b>SPECIAL APPROPRIATION TOWARDS PROJECT COST</b> .....			533.61	533.61
<b>SERVICE LINE CONTRIBUTIONS FROM CONSUMERS</b> .....			64.02	64.41
<b>NON-CURRENT LIABILITIES</b>				
Long-term Borrowings .....	7	77	6,875.05	6,081.25
Deferred Tax Liabilities (Net).....	8	79	419.02	215.05
Other Long-term Liabilities.....	9	79	93.70	79.42
Long-term Provisions.....	10	79	474.73	484.26
			7,862.50	6,859.98
<b>CURRENT LIABILITIES</b>				
Short-term Borrowings .....	11	80	758.06	683.06
Trade Payables.....			1,061.55	739.57
Other Current Liabilities.....	12	80	1,586.25	1,329.77
Short-term Provisions.....	10	79	391.93	352.93
			3,797.79	3,105.33
<b>TOTAL</b> .....			<b>25,117.71</b>	<b>21,205.30</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed Assets				
Tangible Assets.....	13(a)	81	7,154.21	5,782.93
Intangible Assets.....	3(b)	81	18.59	0.01
Capital Work-in-Progress.....			585.37	1,017.35
Intangible Assets under Development.....			24.90	11.96
			7,783.07	6,812.25
Non-current Investments.....	14	82	9,208.54	7,847.18
Long-term Loans and Advances.....	15	85	1,230.95	2,740.25
Other Non-current Assets.....	16	86	1,868.56	1,038.02
			20,091.12	18,437.70
<b>CURRENT ASSETS</b>				
Current Investments .....	17	86	584.14	92.73
Inventories.....	18	87	854.47	625.02
Trade Receivables.....	19	88	1,003.37	841.55
Cash and Cash Equivalents.....	20	88	1,087.35	837.29
Short-term Loans and Advances.....	15	85	1,310.62	256.39
Other Current Assets.....	21	88	186.64	114.62
			5,026.59	2,767.60
<b>TOTAL</b> .....			<b>25,117.71</b>	<b>21,205.30</b>

**See accompanying notes forming part of the financial statements**

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

N. VENKATRAM  
Partner

H. M. MISTRY  
Company Secretary

Mumbai, 22nd May, 2012.

For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

Mumbai, 22nd May, 2012.



## Statement of Profit and Loss for the year ended 31st March, 2012

	Notes	Page	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>REVENUE</b>				
Revenue from Operations (Gross) .....	22	89	8,512.48	6,927.26
Less: Excise Duty .....	22	89	16.64	8.78
Revenue from Operations (Net) .....	22	89	8,495.84	6,918.48
Other Income .....	23	89	983.46	493.58
<b>TOTAL REVENUE</b> .....			<b>9,479.30</b>	<b>7,412.06</b>
<b>EXPENSES</b>				
Cost of Power Purchased .....			649.56	789.35
Less: Cash Discount .....			2.03	5.14
			647.53	784.21
Cost of Fuel .....			4,636.89	3,485.64
Employee Benefits Expense .....	24	90	512.65	341.12
Finance Costs .....	25	90	514.87	459.80
Depreciation and Amortisation .....	13	81	570.35	510.14
Other Expenses .....	26	91	914.14	719.33
<b>TOTAL EXPENSES</b> .....			<b>7,796.43</b>	<b>6,300.24</b>
<b>PROFIT BEFORE TAX</b> .....			<b>1,682.87</b>	<b>1,111.82</b>
<b>TAX EXPENSE</b>				
Current Tax Expense for Current Year .....			370.51	206.39
MAT Credit .....			(51.00)	(54.00)
Current Tax Expense relating to prior years .....			1.17	(18.48)
Net Current Tax Expense .....			320.68	133.91
Deferred Tax Expense .....			192.46	36.42
			513.14	170.33
<b>PROFIT FOR THE YEAR</b> .....			<b>1,169.73</b>	<b>941.49</b>
<b>EARNINGS PER SHARE (FACE VALUE ₹ 1/- PER SHARE)</b>				
Basic .....	42	105	4.53	4.08
Diluted .....	42	105	4.53	3.96

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

N. VENKATRAM  
Partner

H. M. MISTRY  
Company Secretary

Mumbai, 22nd May, 2012.

For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

Mumbai, 22nd May, 2012.

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

	Year ended 31st March, 2012 ₹ crore	Year ended 31st March, 2011 ₹ crore
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax.....	1,682.87	1,111.82
Adjustments for:		
Depreciation and Amortisation.....	570.35	510.14
Interest Expenditure.....	493.80	416.89
Other Finance Cost.....	5.81	3.30
Interest Income.....	(215.67)	(174.40)
Dividend Income.....	(614.30)	(223.42)
Provision for doubtful Trade and other Receivables, Loans and Advances (Net).....	5.53	(5.28)
Provision for diminution in value of Investments written back (Net).....	Nil	(5.85)
Provision for future foreseeable losses etc.....	Nil	(3.43)
Provision for Warranties.....	6.04	0.62
Discount accrued on Bonds.....	(1.76)	(11.39)
Derivative Premium Charges.....	15.26	39.61
Guarantee Commission received .....	(7.50)	(1.02)
Profit on sale of Assets (net).....	(0.56)	(16.14)
Transfer of Service Line Contributions.....	(9.26)	(47.35)
Profit on settlement of Options/Swaps.....	Nil	(15.09)
Gain on Sale of Investments (Net).....	(48.16)	(26.89)
Unrealised Exchange Gain (Net).....	(83.30)	(55.50)
	<u>116.28</u>	<u>384.80</u>
Operating Profit before Working Capital Changes.....	1,799.15	1,496.62
Adjustments for:		
Inventories.....	(229.45)	(40.21)
Trade Receivables.....	(164.79)	178.24
Long term Trade Receivables.....	(694.13)	(102.39)
Loans and Advances.....	(190.50)	(21.13)
Other Current Assets.....	(58.49)	(71.84)
Trade Payables.....	321.98	157.74
Other Liabilities and Provisions.....	136.49	278.37
	<u>(878.89)</u>	<u>378.78</u>
Cash Generated from Operations.....	920.26	1,875.40
Taxes Paid (Net).....	(299.42)	(243.71)
<b>Net Cash from Operating Activities..... A</b>	<b><u>620.84</u></b>	<b><u>1,631.69</u></b>
<b>B. Cash Flow from Investing Activities</b>		
Capital expenditure on Fixed Assets, including capital advances.....	(1,280.46)	(1,462.06)
Proceeds from sale of Fixed Assets.....	1.49	23.54
Purchase of long-term Investments		
Subsidiaries .....	(1,104.41)	(1,776.25)
Joint Ventures/Associates.....	(25.70)	(53.47)
Others .....	(70.99)	(257.71)
Proceeds from sale of Long-term Investments		
Subsidiaries (Buy-back) .....	29.23	22.73
Associates.....	9.37	9.38
Others .....	81.99	281.93
Purchase of Current Investments.....	(14,373.47)	(10,314.01)
Proceeds from sale of Current Investments.....	13,911.53	10,571.74
Interest Received		
Subsidiaries.....	89.29	51.45
Associates.....	1.11	1.91
Others.....	117.73	105.14
Loans given to Subsidiaries.....	(133.56)	(28.00)
Loans repaid by Subsidiaries.....	500.38	Nil
Dividend received		
Subsidiaries.....	589.71	203.67
Associates.....	11.03	7.32
Joint Ventures.....	5.24	7.96
Other Investments.....	8.32	4.87
Guarantee Commission received .....	5.48	1.02
Profit on settlement of Option/Swaps.....	Nil	15.09
Bank balance not considered as Cash and Cash Equivalents.....	(37.87)	(0.70)
<b>Net Cash used in Investing Activities..... B</b>	<b><u>(1,664.56)</u></b>	<b><u>(2,584.45)</u></b>

### Cash Flow Statement for the year ended 31st March, 2012 (Contd.)

	Year ended 31st March, 2012 ₹ crore	Year ended 31st March, 2011 ₹ crore
<b>C. Cash Flow from Financing Activities</b>		
Increase in Capital/Service Line Contributions.....	8.87	20.35
Proceeds from Long-term Borrowings.....	851.00	1,027.50
Repayment of Long-term Borrowings.....	(236.88)	(524.79)
Proceeds from Short-term Borrowings.....	1,258.26	686.24
Repayment of Short-term Borrowings.....	(1,204.47)	Nil
Debenture Issue Expenses.....	Nil	(1.20)
Proceeds from issue of Unsecured Perpetual Securities.....	1,500.00	Nil
Unsecured Perpetual Securities Issue Expenses.....	(17.73)	Nil
Distribution on Unsecured Perpetual Securities.....	(70.55)	Nil
Other Finance Cost paid.....	(5.81)	(3.30)
Derivative Premium Charges paid.....	(15.26)	(39.61)
Interest Paid.....	(482.79)	(381.64)
Dividend Paid.....	(295.69)	(284.06)
Additional Income-tax on Dividend Paid.....	(39.22)	(22.91)
<b>Net Cash from Financing Activities..... C</b>	<b>1,249.73</b>	<b>476.58</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents..... (A+B+C)</b>	<b>206.01</b>	<b>(476.18)</b>
<b>Cash and Cash Equivalents as at 1st April (Opening Balance).....</b>	<b>835.04</b>	<b>1,311.22</b>
<b>Cash and Cash Equivalents as at 31st March (Closing Balance).....</b>	<b>1,041.05</b>	<b>835.04</b>

**Notes:**

1. Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised ₹ 51.89 crore (Previous Year - ₹ 32.06 crore).

2. Cash and Cash Equivalents include:

- (i) Cash and Cheques on Hand (includes cheques on hand ₹ Nil, Previous Year - ₹1.98 crore).....
- (ii) Current Accounts with Banks .....
- (iii) Term Deposits with Banks.....
- (iv) Unrealised Exchange Loss included in Cash and Cash Equivalents.....

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
(i) Cash and Cheques on Hand (includes cheques on hand ₹ Nil, Previous Year - ₹1.98 crore).....	0.04	2.13
(ii) Current Accounts with Banks .....	49.86	224.55
(iii) Term Deposits with Banks.....	991.15	602.18
(iv) Unrealised Exchange Loss included in Cash and Cash Equivalents.....	Nil	6.18
	<b>1,041.05</b>	<b>835.04</b>

3. Purchase of Investments in Subsidiaries and Joint Venture/Associates includes Advance paid towards Equity.
4. Conversion of Debentures issued by Panatone Finvest Limited into Equity Shares have been treated as non-cash transaction.
5. Previous year's figures have been regrouped, wherever necessary, to conform to current year's classification.

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

N. VENKATRAM  
Partner

Mumbai, 22nd May, 2012.

For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

H. M. MISTRY  
Company Secretary

Mumbai, 22nd May, 2012.

## Notes forming part of the Financial Statements

### 1. Background:

Tata Power, pioneered the generation of electricity in India nine decades ago. Prior to 1st April, 2000 the Tata Electric Companies comprised of the following three Companies –

- The Tata Hydro-Electric Power Supply Company Limited, established in 1910 (Tata Hydro).
- The Andhra Valley Power Supply Company Limited, established in 1916 (Andhra Valley).
- The Tata Power Company Limited, established in 1919 (Tata Power).

With effect from 1st April, 2000, Andhra Valley and Tata Hydro merged into Tata Power to result in one large unified entity. Today, Tata Power is India's largest integrated power company with a significant international presence. The Company has an installed generation capacity of 5299 MW in India and a presence in all the segments of the power sector viz. Generation (thermal, hydro, solar and wind), Transmission, Distribution and Trading. It has successful public-private partnerships in Generation, Transmission and Distribution in India.

Its international presence includes strategic investments in Indonesia through 30% stake in coal mines and a geothermal project; in Singapore to securitise coal supply and the shipping of coal for its thermal power generation operations; in South Africa through a joint venture to develop projects in South Africa, Botswana and Namibia; in Australia through investments in enhanced geothermal and clean coal technologies and in Bhutan through a hydro project in partnership with The Royal Government of Bhutan.

### 2.1. Significant Accounting Policies:

#### (a) Basis for preparation of accounts:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policies for foreign exchange (gain)/loss arising on revaluation on long term foreign currency monetary items and accounting for software and related expenses as more fully described in Note 2.2.

#### (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) 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 (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.

#### (d) Cash Flow Statement:

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



## Notes forming part of the Financial Statements

### (e) Tangible Fixed Assets:

- (i) 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 upto the date the asset is ready for its intended use and other incidental expenses incurred upto 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. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant 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.
- (ii) 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.
- (iii) 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 interest.

### (f) 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.

### (g) Impairment:

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.

### (h) Depreciation/Amortisation:

- (i) Depreciation for the year in respect of assets relating to the electricity business of the Company as Licensee/ other than a Licensee, has been provided on straight line method in terms of the repealed Electricity (Supply) Act, 1948 on the basis of the Central Government Notification No.S.O.265(E)/266(E) dated 27th March, 1994/29th March, 1994, except that computers acquired on or after 1st April, 1998 are depreciated at the rate of 33.40% p.a. on the basis of the approval obtained from the State Government.

The Ministry of Corporate Affairs (MCA) vide its notification dated 31st May, 2011, has clarified that companies engaged in the generation and supply of electricity can distribute dividend after providing for depreciation at rates/methodology notified by Central Regulatory Electricity Commission (CERC). The CERC under the provisions of The Electricity Act, 2003 notified the rates/methodology effective 1st April, 2009, under the Terms and Conditions of Tariff Regulations, 2009. These rates would be applicable for purposes of tariff determination and accounting

### Notes forming part of the Financial Statements

in terms of the provisions of National Tariff Policy notified by Government of India.

As the Company has both regulated and non-regulated generating capacity, in the absence of guidelines, the application of the above notification in the books of account would give rise to certain inconsistencies that require to be addressed.

In view of the above, Company has sought clarifications and guidance from the MCA on the applicability of the CERC rates for its regulated and non-regulated operations, pending which the existing depreciation rates continue to be followed for the year ended 31st March, 2012.

- (ii) In respect of assets relating to other businesses of the Company, depreciation has been provided for on written down value basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (iii) Expenses capitalised on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses including SAP, Oracle and others are depreciated over the useful economic life of the software or 5 years, whichever is lower.
- (iv) Assets costing less than ₹ 5,000/- are depreciated at the rate of 100%.
- (v) Leasehold Land is amortised over the period of the lease ranging from 20 years to 95 years.
- (vi) Depreciation on additions/deletions of assets is provided on pro-rata basis.

Depreciation rates used for various classes of assets are:

Hydraulic Works	– 1.95% to 3.40%
Buildings	– 3.02% to 33.40%
Railway Sidings, Roads, Crossings, etc.	– 3.02% to 5.00%
Plant and Machinery	– 1.80% to 45.00%
Transmission Lines, Cable Network, etc.	– 3.02% to 13.91%
Furniture, Fixtures and Office Equipment	– 12.77% to 18.10%
Mobile Phones	– 100%
Motor Vehicles, Launches, Barges, etc.	– 25.89% to 33.40%
Helicopters	– 9.00% to 33.40%
Technical Know-how	– over a period of 5 years.
Software Licenses and related expenses	– over the useful economic life of the software or 5 years, whichever is lower.
Intangible Assets	– over the useful economic life or 5 years, whichever is lower.

- (i) Leases:

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

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

## Notes forming part of the Financial Statements

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.

(j) Investments:

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments determined on an individual basis. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

(k) Inventories:

Inventories of stores, spare parts, fuel and loose tools are valued at lower of cost (on weighted average basis) and net realisable value. Work-in-progress and property under development are valued at lower of cost and net realisable value. Cost includes cost of land, material, labour and other appropriate overheads.

(l) Taxes on Income:

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

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

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

Current and Deferred Tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

(m) Research and Development Expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

(n) Warranty Expenses:

Anticipated product warranty costs for the period of warranty are provided for in the year of sale.

## Notes forming part of the Financial Statements

(o) Foreign Exchange Transactions:

Initial recognition:

Transactions in foreign currencies entered into by the Company and its integral foreign operations 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 (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences:

Exchange differences arising on settlement/restatement of short term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement/settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal/recovery of the net investment.

The exchange differences arising on revaluation of long term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over the balance period of such long term foreign currency monetary items. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

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. Refer Note 2.1(p) for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

(p) Derivative contracts:

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(q) Employee benefits:

Employee benefits consist of Provident Fund, Pension, Superannuation Fund, Gratuity Scheme, Compensated Absences, Long Service Awards, Post Retirement Benefits and Directors Retirement Obligations.



## Notes forming part of the Financial Statements

### Defined contribution plans:

The Company's contributions paid/payable during the year to Provident Fund, ESIC, Superannuation Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

### Defined benefit plans:

For defined benefit plans in the form of gratuity scheme, post retirement benefits and Director's pension scheme, 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 :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) 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 out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### (r) Revenue Recognition:

- (i) Revenue from Power Supply and Transmission Charges are accounted for on the basis of billings to consumers/ state transmission utility and includes unbilled revenues accrued upto the end of the accounting year.
- (ii) The Company determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its Mumbai and Jojobera regulated operations (i.e. Generation, Transmission and Distribution) based on the principles laid down under the respective Tariff Regulations as notified by Maharashtra Electricity Regulatory Commission (MERC) and Jharkhand State Electricity Regulatory Commission (JSERC) on the basis of Tariff Order's issued by them. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations have been made during the year. Further, any adjustments that may arise on annual performance review by MERC and JSERC under the aforesaid Tariff Regulations will be made after the completion of such review.

### Notes forming part of the Financial Statements

- (iii) Delayed payment charges and interest on delayed payments are recognised, on grounds of prudence, as and when recovered.
  - (iv) Interest income/Guarantee Commission is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.
  - (v) Amounts received from consumers towards capital/service line contributions are accounted as a liability and are subsequently recognised as income over the life of the fixed assets.
  - (vi) Revenue from infrastructure management services is recognised as income as and when services are rendered and no significant uncertainty to the collectability exists.
  - (vii) Income on contracts in respect of Strategic Electronics Business and Project Management Services are accounted on "Percentage of Completion" basis measured by the proportion that cost incurred upto the reporting date bear to the estimated total cost of the contract.
- (s) Issue Expenses/Premium on redemption of Bonds and Debentures:
- (i) Expenses incurred in connection with the issue of Euro Notes, Foreign Currency Convertible Bonds, Unsecured Perpetual Securities, Global Depository Receipts and Debentures are adjusted against Securities Premium Account in the year of issue.
  - (ii) Discount on issue of Euro Notes is amortised over the tenure of the Notes.
  - (iii) Premium on redemption of bonds/debentures, net of tax impact, are adjusted against the Securities Premium Account in the year of issue.

(t) Borrowing costs:

Borrowing costs include interest, amortisation of ancillary costs incurred. 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.

(u) Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/(loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

## Notes forming part of the Financial Statements

(v) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements and are disclosed in the Notes. A Contingent asset is neither recognised nor disclosed in the financial statements.

(w) Joint venture operations:

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

(x) 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.

- 2.2.** (a) During the year ended 31st March, 2012, in line with the Notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs, the Company has selected the option given in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has, with effect from 1st April, 2011, depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance life of such assets and in other cases amortized the foreign exchange (gain)/loss over the balance period of such long term foreign currency monetary items. The depreciated/amortized portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2012 is ₹ 39.01 crore. The unamortized portion carried forward as at 31st March, 2012 is ₹ 213.56 crore. Had the Company, followed the earlier policy of charging the entire amount to the Statement of Profit and Loss, the profit before tax for the year would have been lower by ₹ 213.56 crore.
- (b) During the year, the Company has changed its accounting policy pertaining to accounting for expenditure incurred on purchase/implementation of application software which hitherto was being charged off in the year of accrual and is now being capitalised and amortised over the useful economic life or 5 years whichever is lower. This results in a more appropriate presentation. As a result of this change, the depreciation and amortisation for the year is lower by ₹ 10.07 crore and the profit for the year is higher by ₹ 10.07 crore.
- (c) During the previous year, the Company had changed its accounting policy pertaining to amounts received from consumers towards capital/service line contributions. These contributions which were earlier recognised as liability were in the previous year recognised as income over the life of the fixed assets. Pursuant to this change, a sum of ₹ 38.90 crore pertaining to earlier years was recognised as income during the previous year.

## Notes forming part of the Financial Statements

## 3. Shareholders' Funds - Share Capital

	As at 31st March, 2012		As at 31st March, 2011	
	Number	₹ crore	Number	₹ crore
<b>Authorised</b>				
Equity Shares of ₹ 1/- each.....	300,00,00,000	300.00	300,00,00,000	300.00
Cumulative Redeemable Preference Shares of ₹100/- each.....	2,29,00,000	229.00	2,29,00,000	229.00
		<u>529.00</u>		<u>529.00</u>
<b>Issued</b>				
Equity Shares (including 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order, 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).....	242,94,70,840	242.95	242,94,70,840	242.95
<b>Subscribed and paid-up</b>				
Equity Shares fully paid-up (excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).....	237,30,72,360	237.31	237,30,72,360	237.31
Less: Calls in arrears [including ₹ 0.01 crore (31st March, 2011 - ₹0.01 crore) in respect of the erstwhile The Andhra Valley Power Supply Company Limited and the erstwhile The Tata Hydro-Electric Power Supply Company Limited].....		0.04		0.04
		<u>237.27</u>		<u>237.27</u>
Add: Equity shares forfeited - Amount paid.....	16,52,300	0.06	16,52,300	0.06
<b>Total Issued, Subscribed and fully Paid-up Share Capital.....</b>		<b><u>237.33</u></b>		<b><u>237.33</u></b>

(a) 30,00,00,000 Equity Shares of ₹ 10/- each were subdivided into 300,00,00,000 Equity Shares of ₹1/- each during the year and accordingly the number of shares disclosed are of ₹ 1/- each.

(b) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**Equity Shares**

At the beginning and at the end of the year .....

31st March, 2012		31st March, 2011	
Number	₹ crore	Number	₹ crore
237,47,24,660	237.33	237,47,24,660	237.33

(c) **Terms/rights attached to Equity Shares**

The Company has issued only one class of Equity Shares having a Par Value of ₹ 1/- per share. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.25 per share of Face Value of ₹ 1/- each (31st March 2011 - ₹12.50 per share of Face Value of ₹ 10/- each)

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

(d) **Details of Shareholders holding more than 5% shares in the Company**

Equity shares of ₹1 each fully paid

Tata Sons Limited.....

Life Insurance Corporation of India.....

31st March, 2012		31st March, 2011	
Number	% holding	Number	% holding
70,75,11,570	29.81	70,75,11,570	29.81
31,18,23,233	13.14	31,55,39,655	12.86

(e) In an earlier year, the Company issued 3,000 1.75% Foreign Currency Convertible Bonds (FCCB) with Face Value of U.S. \$ 100,000 each aggregating to U.S. \$ 300 million. The bondholders have an option to convert these Bonds into Equity Shares, at an initial conversion price of ₹ 145.6125 per share at a fixed rate of exchange on conversion of ₹ 46.81 = U.S. \$ 1.00, at any time on and after 31st December, 2009, upto 11th November, 2014. The conversion price is subject to adjustment in certain circumstances. The FCCB may be redeemed, in whole but not in part, at the option of the Company at any time on or after 20th November, 2011 subject to satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCB fall due for redemption on 21st November, 2014 at 109.47 percent of their principal amount together with accrued and unpaid interest.

The unutilised portion of FCCB has been invested in short term deposits with Bank.



## Notes forming part of the Financial Statements

### 4. Shareholders' Funds - Reserves and Surplus

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Special Reserve</b>		
Opening Balance.....	13.00	27.00
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	Nil	7.00
Less: Amount transferred to Surplus in Statement of Profit and Loss as no longer required	13.00	21.00
Closing Balance.....	<u>Nil</u>	<u>13.00</u>
<b>Capital Reserve</b> .....	<u>61.66</u>	<u>61.66</u>
<b>Capital Redemption Reserve</b> .....	<u>1.60</u>	<u>1.60</u>
<b>Securities Premium Account</b>		
Opening Balance.....	3,679.77	3,680.97
Less: Issue Expenses pertaining to Unsecured Perpetual Securities.....	17.73	Nil
Less: Issue Expenses pertaining to Debentures.....	Nil	1.20
Closing balance.....	<u>3,662.04</u>	<u>3,679.77</u>
<b>Debenture Redemption Reserve</b>		
Opening Balance.....	246.95	222.03
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	310.79	24.92
Closing Balance.....	<u>557.74</u>	<u>246.95</u>
<b>Exchange Translation Reserve (net)</b>		
Opening Balance.....	(91.39)	(107.51)
Add: Effect of foreign exchange rate variations during the year [net of deferred tax ₹ 11.51 crore (31st March, 2011 - ₹ 29.15 crore)].....	24.03	16.12
Closing Balance.....	<u>(67.36)</u>	<u>(91.39)</u>
<b>General Reserve</b>		
Opening Balance.....	3,240.17	2,840.17
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	250.00	400.00
Closing Balance.....	<u>3,490.17</u>	<u>3,240.17</u>
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance.....	2,649.65	2,417.75
Add: Profit for the year.....	1,169.73	941.49
Transfer from Contingencies Reserve Fund (Net).....	6.00	14.52
Transfer from Special Reserve (Net).....	13.00	14.00
Less: Distribution on Unsecured Perpetual Securities [net of tax ₹ 28.42 crore (31st March, 2011 - ₹ Nil)].....	113.61	Nil
Proposed Dividend [amount ₹ 1.25 per share of Face Value ₹ 1/- each (31st March, 2011 - ₹ 12.50 per share of Face Value of ₹ 10/- each)].....	296.92	296.92
Additional Income-tax on Dividend.....	39.75	31.29
Additional Income-tax on Dividend in respect of earlier years.....	7.93	(15.02)
Transfer to Debenture Redemption Reserve.....	310.79	24.92
Transfer to General Reserve.....	250.00	400.00
	<u>169.73</u>	<u>231.90</u>
Closing Balance.....	<u>2,819.38</u>	<u>2,649.65</u>
<b>Total</b> .....	<u><b>10,525.23</b></u>	<u><b>9,801.41</b></u>

## Notes forming part of the Financial Statements

## 5. Unsecured Perpetual Securities

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Opening Balance.....	Nil	Nil
Add: Issued during the year.....	1,500.00	Nil
Closing Balance.....	<b>1,500.00</b>	<b>Nil</b>

During the year ended 31st March, 2012, the Company raised ₹ 1,500 crore through issue of Unsecured Perpetual Securities (the "Securities"). These Securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. As these securities are perpetual in nature and ranked senior only to the Share Capital of the Company, these are considered to be in the nature of equity instruments, and are not classified as "Debt" and the distribution on such securities is not considered under "Interest".

Unless all arrears of distribution are fully paid to these Securities, the company shall not declare or pay any dividends or distributions or make any other payment on, or will procure that no dividend, distribution or other payment is made on any securities of the company ranking *pari passu* with, or junior to, the Securities, or redeem, reduce, cancel, buy- back or acquire for any consideration any security of the company ranking *pari passu* with, or junior to, the Securities.

## 6. Statutory Reserves

[Under the repealed Electricity (Supply) Act, 1948 and Tariff Regulations]

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Tariffs and Dividends Control Reserve</b> .....	22.43	22.43
<b>Contingencies Reserve Fund</b>		
Opening Balance.....	66.00	80.52
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	Nil	11.00
Less: Amount transferred to Surplus in Statement of Profit and Loss as no longer required.....	6.00	25.52
Closing Balance.....	66.00	66.00
<b>Development Reserve</b> .....	5.29	5.29
<b>Deferred Taxation Liability Fund</b> .....	279.76	279.76
<b>Investment Allowance Reserve</b> .....	121.18	121.18
<b>Debt Redemption Reserve</b> .....	51.94	51.94
<b>Debenture Redemption Reserve</b> .....	56.63	56.63
<b>Total</b> .....	<b>597.23</b>	<b>603.23</b>

## Notes forming part of the Financial Statements

## 7. Long-term Borrowings

	As at 31st March, 2012		As at 31st March, 2011	
	Non current ₹ crore	Current ₹ crore	Non current ₹ crore	Current ₹ crore
<b>SECURED</b>				
<b>Redeemable non-convertible Debentures</b>				
(a) 9.15% Series 2025.....	218.00	16.00	234.00	16.00
(b) 9.15% Series 2025.....	300.00	25.00	325.00	25.00
(c) 10.10% Series 2019.....	500.00	Nil	500.00	Nil
(d) 10.40% Series 2019.....	500.00	Nil	500.00	Nil
(e) 7.10% Series 2015.....	600.00	Nil	600.00	Nil
	<u>2,118.00</u>	<u>41.00</u>	<u>2,159.00</u>	<u>41.00</u>
<b>Term loans</b>				
<b>From Banks</b>				
(f) HDFC Bank.....	510.00	30.00	487.20	27.03
(g) ICICI Bank.....	72.50	31.00	103.50	31.00
(h) IDBI Bank.....	622.50	35.00	657.50	35.00
	<u>1,205.00</u>	<u>96.00</u>	<u>1,248.20</u>	<u>93.03</u>
<b>From Others</b>				
(i) Asian Development Bank.....	95.03	39.01	134.04	15.77
(j) Industrial Renewable Energy Development Agency	428.29	35.13	62.11	7.31
(k) Infrastructure Development Finance Company Ltd.	1,076.40	50.10	748.50	56.10
(l) Export Import Bank of India.....	7.88	5.72	10.18	3.34
	<u>1,607.60</u>	<u>129.96</u>	<u>954.83</u>	<u>82.52</u>
<b>Long-term maturity of finance lease obligations</b>				
(m) Lease finance from ICICI Bank.....	Nil	0.14	0.14	0.23
<b>A</b>	<u>4,930.60</u>	<u>267.10</u>	<u>4,362.17</u>	<u>216.78</u>
<b>UNSECURED</b>				
<b>Bonds</b>				
(n) 8.50% Euro Notes (2017).....	304.87	Nil	266.10	Nil
(o) 1.75% Foreign Currency Convertible Bonds (2014) [Refer Note 3 (e)].....	<u>1,535.70</u>	<u>Nil</u>	<u>1,340.40</u>	<u>Nil</u>
	<u>1,840.57</u>	<u>Nil</u>	<u>1,606.50</u>	<u>Nil</u>
<b>Term Loans</b>				
<b>From Banks</b>				
(p) ICICI Bank.....	20.30	5.80	29.00	Nil
<b>Deferred payment liabilities</b>				
(q) Sales Tax Deferral (2018).....	83.58	Nil	83.58	Nil
<b>B</b>	<u>1,944.45</u>	<u>5.80</u>	<u>1,719.08</u>	<u>Nil</u>
<b>Total (A+B)</b>	<u><b>6,875.05</b></u>	<u><b>272.90</b></u>	<u><b>6,081.25</b></u>	<u><b>216.78</b></u>

## Notes forming part of the Financial Statements

## 7. Long-term Borrowings (Contd.)

## Security

- (i) The Debentures mentioned in (a) have been secured by a *pari passu* charge on immovable properties at Takve Khurd of Taluka Mawal, District, Pune and Sub-District Mawal and first *pari passu* charge on movable fixed assets (excluding land and building) present and future except assets of all windmill projects, present and future.
- (ii) The Debentures mentioned in (b) have been secured by a first charge on the assets of the wind farms situated at Samana and Gadag in Gujarat and Karnataka.
- (iii) The Debentures mentioned in (c) and (d) have been secured by a *pari passu* charge on land in Village Takve Khurd (Maharashtra) and moveable and immovable properties in and outside Maharashtra.
- (iv) The Debentures mentioned in (e) have been secured by land in Village Takve Khurd (Maharashtra), moveable and immovable properties in and outside Maharashtra, as also all transmission stations/lines, receiving stations and sub-stations in Maharashtra.
- (v) The loans from HDFC Bank, ICICI Bank and IDBI Bank, mentioned in (f), (g) and (h) respectively have been secured by a *pari passu* charge on all moveable Fixed Assets (excluding land and building), present and future (except assets of all wind projects both present and future) including moveable machinery, machinery spares, tools and accessories.
- (vi) The loans from Asian Development Bank and Industrial Renewable Energy Development Agency mentioned in (i) and (j) respectively have been secured by a first charge on the tangible moveable properties, plant & machinery and immovable properties situated at Khandke, Brahmanvel in Maharashtra.
- (vii) The loans from Infrastructure Development Finance Limited mentioned in (k) have been secured by a charge on the moveable assets except assets of all windmill projects present and future more particularly situated in Supa, Khandke, Brahmanvel, Sadawaghapur, Gadag and Samana in Maharashtra, Karnataka and Gujarat.
- (viii) The loan from Export Import Bank of India mentioned in (l) has been secured by receivables (present and future), book debts and outstanding monies.
- (ix) The loan mentioned in (m) has been secured by hypothecation of specific assets (vehicles) taken on finance lease.

## Redemption

- (i) The Debentures mentioned in (a) above are redeemable at par in fourteen annual instalments of ₹ 16 crore and one instalment of ₹ 26 crore commencing from 18th September, 2011.
- (ii) The Debentures mentioned in (b) above are redeemable at par in ten annual instalments of ₹ 25 crore each and five annual instalments of ₹ 20 crore each commencing from 23rd July, 2011.
- (iii) The Debentures mentioned in (c) and (d) are redeemable at par at the end of 10 years from the respective dates of allotment viz., 25th April, 2018 and 20th June, 2018.
- (iv) The Debentures mentioned in (e) are redeemable at premium in three instalments amounting to ₹ 180 crore, ₹ 240 crore and ₹ 180 crore at the end of 9th, 10th and 11th year respectively from 18th October, 2004.
- (v) The loan from HDFC Bank mentioned in (f) is redeemable at par in 36 quarterly instalments of ₹ 7.50 crore each commencing from 1st June, 2010 and 4 quarterly instalments of ₹ 82.50 crore each commencing from 30th June, 2020.
- (vi) The loan from ICICI Bank mentioned in (g) is redeemable at par in 16 quarterly instalments of ₹ 7.75 crore each commencing from 31st October, 2010, 4 quarterly instalments of ₹ 5 crore each commencing from 31st October, 2014 and 4 quarterly instalments of ₹ 1.50 crore each commencing from 31st October, 2015.
- (vii) The loan from IDBI Bank of ₹ 300 crore mentioned in (h) is redeemable at par in 46 quarterly instalments of ₹ 3.75 crore each commencing from 1st October, 2010 and one instalment of ₹ 127.50 crore on 1st April, 2022 and, The second loan from IDBI Bank of ₹ 400 crore mentioned in (h) is redeemable at par in 36 quarterly instalments of ₹ 5 crore commencing from 1st April, 2011 and one instalment of ₹ 220 crore on 1st April, 2020.
- (viii) The loan from Asian Development Bank mentioned in (i) is redeemable at par in 26 semi-annual instalments commencing from 15th December, 2007.
- (ix) The loan from Industrial Renewable Energy Development Agency of ₹ 95 crore mentioned in (j) is redeemable at par in 26 semi-annual instalments commencing from 15th December, 2007 and, The second loan from Industrial Renewable Energy Development Agency of ₹ 450 crore mentioned in (j) is redeemable at par in 24 semi-annual instalments of ₹ 14.63 crore each commencing from 30th June, 2012 and two semi-annual instalments of ₹ 49.50 crore each commencing from 30th June, 2024.
- (x) The loan from Infrastructure Development Finance Company Limited of ₹ 250 crore mentioned in (k) is redeemable at par in 36 quarterly instalments of ₹ 5 crore each commencing from 15th November, 2010 and four instalments of ₹ 17.50 crore commencing from 15th November, 2019 and, The second loan from Infrastructure Development Finance Company Limited of ₹ 450 crore mentioned in (k) is redeemable at par in 35 quarterly instalments of ₹ 5.65 crore each commencing from 1st October, 2009 and one instalment of ₹ 252.25 crore commencing from 15th July, 2018 and, The third loan from Infrastructure Development Finance Limited of ₹ 150 crore mentioned in (k) is redeemable at par in 36 quarterly instalments of ₹ 1.88 crore commencing from 15th May, 2010 and 4 quarterly instalments of ₹ 20.63 crore commencing from 15th May, 2019 and, The fourth loan from Infrastructure Development Finance Company Limited of ₹ 800 crore mentioned in (k) is redeemable at par in 40 quarterly instalments of ₹ 15 crore commencing from 15th October, 2013 and 4 quarterly instalments of ₹ 50 crore from 15th October, 2023.
- (xi) The loan from Export Import Bank of India mentioned in (l) is redeemable at par in 19 semi-annual instalments of USD 372,200 each commencing from 29th September, 2006.
- (xii) 8.50% Euro Notes mentioned in (n) above is repayable fully on 19th August, 2017.
- (xiii) The loans from ICICI Bank mentioned in (p) is redeemable at par in 10 annual instalments commencing from 1st April, 2012.
- (xiv) Sales Tax Deferral mentioned in (q) above is repayable fully in 2018.

## Notes forming part of the Financial Statements

## 8. Deferred Tax Liability (Net)

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Deferred Tax Liability on account of:</b>		
Relating to Fixed Assets.....	800.06	628.49
Less: Balance in Deferred Tax Liability Fund.....	279.76	279.76
<b>Deferred Tax Liability</b> .....	<u>520.30</u>	<u>348.73</u>
<b>Deferred Tax Asset on account of:</b>		
Provision for employee benefits.....	57.81	60.25
Provision for tax, duty, cess, fee etc.....	11.94	16.71
Provision for doubtful debts and advances.....	9.37	9.75
Exchange losses on loans to Subsidiaries.....	17.65	29.16
Others.....	4.51	2.74
<b>Deferred Tax Asset</b> .....	<u>101.28</u>	<u>118.61</u>
	419.02	230.12
Less: Tax to be recovered in future tariff determination.....	Nil	(15.07)
<b>Net Deferred Tax Liability</b> .....	<u><u>419.02</u></u>	<u><u>215.05</u></u>

## 9. Other Long-term Liabilities

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Trade Payables</b> .....	24.08	29.62
<b>Others:</b>		
Payables on purchase of Fixed Assets.....	10.77	1.95
Consumers' Benefit Account.....	21.94	21.94
Security Deposits from Customers.....	36.91	25.91
<b>Total</b> .....	<u><u>93.70</u></u>	<u><u>79.42</u></u>

## 10. Provisions

	Long-term		Short-term	
	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Provision for employee benefits</b>				
Compensated absences.....	65.19	56.71	6.42	5.26
Gratuity.....	78.56	117.27	28.08	6.48
Pension obligation.....	14.26	14.26	1.88	1.67
Long service awards.....	11.33	9.92	1.21	0.14
Other Employee Benefits.....	25.26	24.46	3.07	2.67
<b>Provision- Others</b>				
Provision for Warranties.....	Nil	Nil	12.90	6.86
Provision for Premium on redemption of Foreign Currency Convertible Bonds.....	145.43	126.94	Nil	Nil
Provision for Premium on Redemption of Debentures	134.70	134.70	Nil	Nil
Provision for Wealth Tax.....	Nil	Nil	1.70	1.64
Provision for Proposed Dividend.....	Nil	Nil	296.92	296.92
Provision for Additional Income-tax on Dividend.....	Nil	Nil	39.75	31.29
<b>Total</b> .....	<u><u>474.73</u></u>	<u><u>484.26</u></u>	<u><u>391.93</u></u>	<u><u>352.93</u></u>



## Notes forming part of the Financial Statements

## 11. Short-term Borrowings

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Secured</b>		
<b>From Banks</b>		
(a) Cash credit account.....	Nil	174.96
(b) Buyer's line of Credit.....	20.67	104.13
	<u>20.67</u>	<u>279.09</u>
<b>Unsecured</b>		
<b>From Banks</b>		
(c) Buyer's line of Credit.....	732.32	398.90
<b>From others</b>		
(d) Inter Corporate Deposit.....	5.07	5.07
	<u>737.39</u>	<u>403.97</u>
<b>Total</b> .....	<b><u>758.06</u></b>	<b><u>683.06</u></b>

**Security**

Cash credit from Banks is secured against first *pari passu* charge on all Current Assets including goods, book debts, receivables and other moveable Current Assets of the Company. The Cash Credit is repayable on demand and carries interest @ 11.10% to 12.85% p.a.

Buyer's line of Credit is secured against first *pari passu* charges on all Current Assets including goods, book debts, receivables and other moveable Current Assets of the Company.

## 12. Other Current Liabilities

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
(a) Current maturities of long term Debt (Refer Note 7).....	272.90	216.78
(b) Interest accrued but not due on Borrowings.....	197.59	115.10
(c) Investor Education and Protection Fund shall be credited by the following amounts namely:**		
Unpaid Dividend.....	11.43	10.20
Unpaid Matured Deposits.....	0.03	0.07
Interest.....	Nil	Nil
Unpaid Matured Debentures.....	0.09	0.09
(d) Book Overdraft.....	10.27	8.19
(e) Other Payables		
Statutory liabilities.....	106.02	74.15
Tariff adjustment account.....	188.36	280.00
Payables on purchase of fixed assets.....	221.77	243.08
Advance and progress payments received from customers/public utilities.....	340.08	252.95
Security Deposits from consumers.....	146.65	113.17
Security Deposits from customers.....	67.73	4.97
Tender Deposits from vendors.....	2.52	2.18
Other Liabilities.....	20.81	8.84
<b>Total</b> .....	<b><u>1,586.25</u></b>	<b><u>1,329.77</u></b>

\*\* Includes amounts outstanding aggregating ₹ 0.83 crore (31st March, 2011- ₹0.81 crore) for more than seven years pending legal cases.

## Notes forming part of the Financial Statements

## 13. Fixed Assets

₹ crore

	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions	Effect of foreign currency exchange difference	Borrowing cost capitalised	Deductions	As at 31st March, 2012	As at 1st April, 2011	For the year	Deductions	As at 31st March, 2012	As at 31st March, 2011
<b>(a) TANGIBLE ASSETS:</b>											
Freehold Land.....	50.78	64.15	-	-	-	114.93	-	-	-	114.93	50.78
Leasehold Land.....	112.31	135.69	-	-	-	248.00	3.70	2.45	-	6.15	241.85
Hydraulic Works.....	478.86	18.31	-	-	-	497.17	151.63	14.34	-	165.97	331.20
Buildings - Plant.....	670.93	74.52	-	-	-	745.45	238.52	31.80	-	270.32	475.13
Buildings - Others.....	120.19	9.55	-	-	0.04	129.70 <sup>@</sup>	39.42	3.97	0.01	43.38	86.32
Coal Jetty.....	106.10	-	-	-	-	106.10	12.11	5.04	-	17.15	88.95
Railway Sidings, Roads, Crossings, etc.....	47.85	1.90	-	-	-	49.75	11.63	1.44	-	13.07	36.68
Plant and Machinery.....	7,628.33	1,263.30	81.74	15.83	4.01	8,985.19	3,690.72	442.06	3.54	4,129.24	4,855.95
Transmission Lines, Cable Network, etc.....	1,156.93	264.61	-	-	-	1,421.54	510.98	54.03	-	565.01	856.53
Furniture and Fixtures.....	39.55	8.28	-	-	0.43	47.40	21.22	3.94	0.36	24.80	22.60
Office Equipment.....	16.81	2.39	-	-	0.23	18.97	6.97	1.76	0.17	8.56	10.41
Motor Vehicles, Launches, Barges, etc. - Owned.....	51.05	0.76	-	-	2.80	49.01	38.70	4.66	2.50	40.86	8.15
Motor Vehicles under Finance Lease.....	1.29	-	-	-	-	1.29	1.10	0.07	-	1.17	0.12
Helicopters.....	36.73	-	-	-	-	36.73	8.08	3.26	-	11.34	25.39
<b>TOTAL - 2011-2012</b>	<b>10,517.71</b>	<b>1,843.46</b>	<b>81.74</b>	<b>15.83</b>	<b>7.51</b>	<b>12,451.23</b>	<b>4,734.78</b>	<b>568.82</b>	<b>6.58</b>	<b>5,297.02</b>	<b>7,154.21</b>
- 2010-2011	10,009.59	546.41	-	1.33	39.62	10,517.71	4,256.86	510.14	32.22	4,734.78	5,782.93

Notes:

<sup>@</sup> Buildings include ₹\* being cost of ordinary shares in co-operative housing societies.

Fixed Assets having Gross Block of ₹ 2,589.27 crore (31st March, 2011 - ₹1,640.19 crore) [Net Block ₹ 1,405.30 crore (31st March, 2011 - ₹ 587.54 crore)] are on leased land for which agreement is pending finalisation.

Fixed Assets having Gross Block of ₹ 46.34 crore (31st March, 2011 - ₹45.18 crore) [Net Block ₹ 39.57 crore (31st March, 2011 - ₹41.94 crore)] transfer formalities are pending completion.

₹ crore

	GROSS BLOCK				AMORTISATION			NET BLOCK	
	As at 1st April, 2011	Additions	Deductions	As at 31st March, 2012	As at 1st April, 2011	For the year	Deductions	As at 31st March, 2012	As at 31st March, 2011
<b>(b) INTANGIBLE ASSETS:</b>									
Technical Know-How.....	0.95	6.39	-	7.34	0.94	0.70	-	1.64	5.70
Prototypes.....	-	3.34	-	3.34	-	0.52	-	0.52	2.82
Licences.....	0.26	-	-	0.26	0.26	-	-	0.26	-
Computer Software.....	-	10.38	-	10.38	-	0.31	-	0.31	10.07
<b>TOTAL - 2011-2012</b>	<b>1.21</b>	<b>20.11</b>	<b>-</b>	<b>21.32</b>	<b>1.20</b>	<b>1.53</b>	<b>-</b>	<b>2.73</b>	<b>18.59</b>
- 2010-2011	1.21	-	-	1.21	1.20	*	-	1.20	0.01

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

## Notes forming part of the Financial Statements

## 14. Non-Current Investments

	As at 31st March, 2012 Quantity	As at 31st March, 2011 Quantity	Face Value	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>A. Trade Investment (valued at cost less diminution other than temporary, if any)</b>					
<b>a. Equity Shares fully paid-up (unless otherwise stated)</b>					
<b>(i) Investment in Subsidiaries (Quoted)</b>					
NELCO Ltd.....	1,10,99,630	1,10,99,630	10	11.07	11.07
<b>Investment in Subsidiaries (Unquoted)</b>					
Chemical Terminal Trombay Ltd.....	1,86,200	2,11,200	100	37.81	42.88
Powerlinks Transmission Ltd.....	23,86,80,000	23,86,80,000	10	238.68	238.68
Tata Power Trading Co. Ltd.....	1,60,00,000	1,60,00,000	10	37.00	37.00
Maithon Power Ltd.....	98,78,39,120	80,57,99,120	10	988.07	806.03
Industrial Energy Ltd.....	24,64,20,000	24,64,20,000	10	246.42	246.42
Coastal Gujarat Power Ltd.....	397,05,00,000	283,05,00,000	10	3,970.50	2,830.50
Bhira Investments Ltd.....	10,00,000	10,00,000	USD 1	4.10	4.10
Bhivpuri Investments Ltd.....	7,46,250	7,46,250	Euro 1	4.08	4.08
Veltina Holdings Ltd.....	Nil	2,000	Euro 1	Nil	0.01
Khopoli Investments Ltd.....	7,350	7,350	USD 1	0.03	0.03
Trust Energy Resources Pte. Ltd.....	12,46,98,270	12,14,65,567	USD 1	574.67	558.83
Tata Power Delhi Distribution Ltd.....	28,15,20,000	28,15,20,000	10	200.93	200.93
Industrial Power Utility Ltd.....	1,10,000	1,10,000	10	0.11	0.11
Tata Power Renewable Energy Ltd.....	2,70,60,000	1,10,000	10	27.06	0.11
Dugar Hydro Power Ltd.....	1,40,00,002	Nil	10	14.00	Nil
				<u>6,343.46</u>	<u>4,969.71</u>
<b>(ii) Investment in Associates (Unquoted)</b>					
Yashmun Engineers Ltd.....	9,600	9,600	10	0.01	0.01
The Associated Building Co. Ltd.....	1,400	1,400	10	0.13	0.13
Tata Projects Ltd.....	9,67,500	9,67,500	10	85.01	85.01
				<u>85.15</u>	<u>85.15</u>
<b>(iii) Investment in Joint Ventures (Unquoted)</b>					
Tubeled Coal Mines Ltd.....	47,80,000	27,80,000	10	4.78	2.78
Mandakini Coal Company Ltd.....	3,43,00,000	3,33,00,000	10	34.30	33.30
Dagachhu Hydro Power Corporation Ltd. - partly paid-up !.....	8,42,400	8,42,400	Nu 1,000	70.91	53.21
Tata BP Solar India Ltd.....	33,21,000	33,21,000	100	111.43	111.43
				<u>221.42</u>	<u>200.72</u>
<b>(iv) Investment Others (Unquoted)</b>					
Tata Services Ltd.....	1,112	1,112	10	0.11	0.11
Indian Energy Exchange Ltd.....	12,50,000	12,50,000	10	1.25	1.25
				<u>1.36</u>	<u>1.36</u>
				<u>6,662.46</u>	<u>5,268.01</u>
<b>b. Preference Shares fully paid-up (Unquoted)</b>					
<b>Investment in Joint Ventures</b>					
Tata BP Solar India Ltd.....	22,05,000	22,05,000	100	22.05	22.05
<b>c. Debentures (Unquoted)</b>					
<b>Investment in Associates</b>					
8% Secured Non-Convertible Debentures in Tata Projects Ltd.#.....	Nil	93,750	1,000	Nil	9.37
Carried over.				<u>6,684.51</u>	<u>5,299.43</u>

## Notes forming part of the Financial Statements

## 14. Non-Current Investments (Contd.)

	As at 31st March, 2012 Quantity	As at 31st March, 2011 Quantity	Face Value	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Brought forward..				6,684.51	5,299.43
<b>B. Other Investments</b>					
<b>1. Statutory Investments</b>					
<b>a. Contingencies Reserve Fund Investments</b>					
<b>Government Securities (Unquoted)</b>					
8.28% GOI (2027).....	11,30,000	Nil	100	11.30	Nil
8.24% GOI (2027).....	9,65,000	9,65,000	100	9.65	9.65
6.35% GOI (2020).....	16,01,300	16,01,300	100	16.01	16.01
7.99% GOI (2017).....	8,48,700	28,23,000	100	8.49	28.23
7.49% GOI (2017).....	7,36,000	7,36,000	100	7.36	7.36
7.59% GOI (2016).....	19,000	19,000	100	0.19	0.19
				<u>53.00</u>	<u>61.44</u>
<b>b. Deferred Taxation Liability Fund Investments</b>					
<b>(i) Government Securities (Unquoted)</b>					
8.28% GOI (2027).....	61,45,000	Nil	100	61.45	Nil
7.35% GOI (2024).....	31,00,000	31,00,000	100	31.00	31.00
6.35% GOI (2020).....	2,48,700	2,48,700	100	2.49	2.49
6.05% GOI (2019).....	42,00,000	42,00,000	100	42.00	42.00
6.25% GOI (2018).....	15,00,000	15,00,000	100	15.00	15.00
7.99% GOI (2017).....	33,49,300	13,75,000	100	33.49	13.75
7.49% GOI (2017).....	25,00,000	25,00,000	100	25.00	25.00
9.00% GOI (2013).....	10,00,000	10,00,000	100	10.00	10.00
6.85% GOI (2012).....	Nil	40,91,300	100	Nil	40.91
				<u>220.43</u>	<u>180.15</u>
<b>(ii) Other Securities</b>					
<b>Bonds (Unquoted)</b>					
7.85% EXIM Bank Bonds F6 Series (2012).....	Nil	40	1,00,00,000	Nil	40.00
				<u>220.43</u>	<u>220.15</u>
				<u>273.43</u>	<u>281.59</u>
<b>2. Other Investments</b>					
<b>a. Equity Shares Fully Paid-up (unless otherwise stated)</b>					
<b>(i) Investment in Subsidiaries (Unquoted)</b>					
Af-Taab Investment Co. Ltd.....	11,37,000	12,38,200	100	72.78	79.25
<b>(ii) Investment in Associates (Unquoted)</b>					
Tata Ceramics Ltd.....	91,10,000	91,10,000	10	9.11**	9.11**
Rujuvalika Investments Ltd.....	1,83,334	1,83,334	10	0.30	0.30
Panatone Finvest Ltd.....	59,08,82,000	50,00,00,000	10	600.00	500.00
				<u>609.41</u>	<u>509.41</u>
**Less: Provision for Diminution in value of Investments other than temporary				9.11	9.11
				<u>600.30</u>	<u>500.30</u>
Carried over..				7,631.02	6,160.57

## Notes forming part of the Financial Statements

## 14. Non-Current Investments (Contd.)

	As at 31st March, 2012 Quantity	As at 31st March, 2011 Quantity	Face Value	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Brought forward..				7,631.02	6,160.57
<b>(iii) Investment in Other Entities (Quoted)</b>					
HDFC Bank Ltd.....	7,500	1,500	2	*	*
IDBI Bank Ltd.....	1,42,720	1,42,720	10	1.14	1.14
Voltas Ltd.....	2,33,420	2,33,420	1	0.25	0.25
Tata Consultancy Services Ltd.....	452	452	1	*	*
Tata Teleservices (Maharashtra) Ltd.	13,72,63,174	13,72,63,174	10	119.67	119.67
Tata Communications Ltd.....	1,34,22,037	1,34,22,037	10	343.81	343.81
				<u>464.87</u>	<u>464.87</u>
<b>(iv) Investment in Other Entities (Unquoted)</b>					
Tata Industries Ltd.....	58,28,126	58,28,126	10	102.69	102.69
Tata Sons Ltd.....	6,673	6,673	100	241.95	241.95
Haldia Petrochemicals Ltd.....	2,24,99,999	2,24,99,999	10	22.50	22.50
Tata Teleservices Ltd.....	32,83,97,823	32,83,97,823	10	735.48	735.48
				<u>1,102.62</u>	<u>1,102.62</u>
				<u>2,240.57</u>	<u>2,147.04</u>
<b>b. Debentures (Unquoted)</b>					
<b>Investment in Associates</b>					
0.10% Unsecured Convertible Debentures in Panatone Finvest Ltd.	Nil	100	1,00,00,000	Nil	100.00
<b>c. Government Securities (Unquoted)</b>					
8.07% GOI (2017).....	3,000	3,000	100	0.03	0.03
9.00% GOI (2013).....	10,00,000	10,00,000	100	10.00	10.00
6.85% GOI (2012).....	Nil	908,700	100	Nil	9.09
				<u>10.03</u>	<u>19.12</u>
				<u>2,250.60</u>	<u>2,266.16</u>
<b>Total.....</b>				<b><u>9,208.54</u></b>	<b><u>7,847.18</u></b>
1. Aggregate amount of Quoted Investments.....				475.94	475.94
Aggregate Market Value of Quoted Investments.....				563.51	640.96
2. Aggregate amount of Unquoted Investments.....				8,741.71	7,380.35
Less: Provision for Diminution in Value of Investments other than temporary.....				9.11	9.11
Aggregate amount of Unquoted Investments (net of Provision)				<b><u>8,732.60</u></b>	<b><u>7,371.24</u></b>

\*\* Provision for Diminution in value of Investments other than temporary.

# # Partial Redemption

! Paid-up Nu 709.05 (31st March, 2011 - Nu 531.97)

\* Figures below ₹ 50,000 are denoted by ‘\*’



## Notes forming part of the Financial Statements

## 15. Loans and Advances

	Long Term		Short Term	
	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>(a) Capital Advances</b>				
Secured, considered good.....	29.01	145.89	Nil	Nil
Unsecured, considered good.....	218.75	294.26	Nil	Nil
Doubtful.....	0.74	0.74	Nil	Nil
	248.50	440.89	Nil	Nil
Less: Provision for Doubtful Advances.....	0.74	0.74	Nil	Nil
	247.76	440.15	Nil	Nil
<b>(b) Security Deposits</b>				
Unsecured, considered good.....	314.27	301.45	12.51	14.18
Doubtful.....	8.18	7.67	0.31	0.58
	322.45	309.12	12.82	14.76
Less: Provision for Doubtful Deposits.....	8.18	7.67	0.31	0.58
	314.27	301.45	12.51	14.18
<b>(c) Loan and Advances to Related Parties</b>				
Unsecured, considered good.....				
Advance towards Equity.....	146.58	416.00	Nil	Nil
Other Advances.....	Nil	Nil	70.43	1.97
Other Loans.....	371.18	1,441.55	1,026.73	150.32
Doubtful.....	1.27	1.27	Nil	Nil
	519.03	1,858.82	1,097.16	152.29
Less: Provision for Doubtful Deposits.....	1.27	1.27	Nil	Nil
	517.76	1,857.55	1,097.16	152.29
<b>(d) Advance Income-Tax (Net)</b>				
Unsecured, considered good.....	27.35	71.19	Nil	Nil
<b>(e) MAT credit entitlement</b>				
Unsecured, considered good.....	105.00	54.00	Nil	Nil
<b>(f) Balance with Government Authorities</b>				
Unsecured, considered good				
Advances.....	Nil	Nil	3.52	4.81
VAT / Sales Tax Receivable.....	Nil	Nil	70.38	36.25
	Nil	Nil	73.90	41.06
<b>(g) Other Loans and Advances</b>				
Unsecured, considered good				
Loans to Employees.....	11.70	13.10	Nil	Nil
Prepaid Expenses.....	Nil	Nil	7.18	4.41
Advances to Vendors.....	1.00	2.81	112.09	28.06
Other Advances.....	6.11	Nil	7.78	16.39
Doubtful.....	0.74	0.74	2.77	2.47
	19.55	16.65	129.82	51.33
Less: Provision for Doubtful Advances.....	0.74	0.74	2.77	2.47
	18.81	15.91	127.05	48.86
<b>Total.....</b>	<b>1,230.95</b>	<b>2,740.25</b>	<b>1,310.62</b>	<b>256.39</b>

## Notes forming part of the Financial Statements

## 16. Other Non-Current Assets

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>(a) Long-Term Trade Receivables</b>		
Unsecured and considered good		
Tariff Adjustment Account.....	1,538.89	845.48
Trade Receivables from Contracts .....	7.50	6.78
Trade Receivables from Others.....	185.76	185.76
	<u>1,732.15</u>	<u>1,038.02</u>
<b>(b) Foreign Currency Monetary Item Translation Difference Account.....</b>	136.41	Nil
<b>Total.....</b>	<u><u>1,868.56</u></u>	<u><u>1,038.02</u></u>

## 17. Current Investments

	As at 31st March, 2012 Quantity	As at 31st March, 2011 Quantity	Face Value per share	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>A. Current portion of Long-Term Investments</b>					
<b>Trade Investment (valued at cost less diminution other than temporary, if any)</b>					
<b>a. Debentures (Unquoted)</b>					
<b>Investment in Associates</b>					
8% Secured Non-Convertible Debentures in Tata Projects Ltd. # #.....	93,750	93,750	1,000	9.37	9.38
<b>Other Investments</b>					
<b>1. Statutory investments</b>					
<b>a. Deferred Taxation Liability Fund Investments</b>					
<b>Government Securities (Unquoted)</b>					
9.39% GOI (2011).....	Nil	60,00,000	100	Nil	60.00
6.85% GOI (2012).....	40,91,300	Nil	100	40.91	Nil
				<u>40.91</u>	<u>60.00</u>
<b>b. Other securities</b>					
<b>Bonds (Unquoted)</b>					
7.85% EXIM Bank Bonds F6 Series (2012)...	40	Nil	1,00,00,000	40.00	Nil
				<u>80.91</u>	<u>60.00</u>
<b>2. Other Investments</b>					
<b>a. Other securities</b>					
<b>Bonds (Unquoted)</b>					
5.50% Rural Electrification Corporation Bonds (2011).....	Nil	21,990	10,000	Nil	21.99
<b>b. Government Securities (Unquoted)</b>					
6.85% GOI (2012).....	9,08,700	Nil	100	9.09	Nil
				<u>9.09</u>	<u>21.99</u>
<b>Total - Current Portion of Long-Term Investments.....</b>				<u><u>99.37</u></u>	<u><u>91.37</u></u>

## Notes forming part of the Financial Statements

## 17. Current Investments (contd.)

	As at	As at	Face Value	As at	As at
	31st March, 2012 Quantity	31st March, 2011 Quantity		31st March, 2012 ₹ crore	31st March, 2011 ₹ crore
<b>B. Other Current Investments (valued at lower of cost and fair value)</b>					
<b>Mutual Funds (Unquoted)</b>					
Taurus Mutual Fund - Bonanza Exclusive- Growth...	6,66,667	6,66,667	10	0.50	0.50
Templeton India- Growth.....	2,50,000	2,50,000	10	0.25	0.25
J M Equity Fund- Growth.....	5,00,000	5,00,000	10	0.50	0.50
UTI Balanced Fund- Growth.....	95,587	95,587	10	0.11	0.11
Tata Liquid Super High Investment Fund- Growth...	10,10,338	Nil	1,000	200.00	Nil
Birla Sunlife Cash Plus - Institutional Premium - Growth..	56,14,522	Nil	100	96.40	Nil
Prudential ICICI Super Institutional Fund - Growth	1,17,97,229	Nil	100	187.01	Nil
				<u>484.77</u>	<u>1.36</u>
<b>Total.....</b>				<b><u>584.14</u></b>	<b><u>92.73</u></b>
Aggregate amount of Unquoted Investments # # Partial Redemption				584.14	92.73

## Reconciliation for Disclosure as per Accounting Standard 13

## Long-term Investments

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Non-current Investments (Refer Note 14).....	9,208.54	7,847.18
Current Portion of Long-Term Investments (Refer Note 17).....	99.37	91.37
	<u>9,307.91</u>	<u>7,938.55</u>

## Current Investments

Other Current Investments (Refer Note 17).....	484.77	1.36
	<u>9,792.68</u>	<u>7,939.91</u>

## 18. Inventories (valued at lower of cost and net realisable value)

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Stores and Spares:</b>		
Fuel - Stores.....	453.07	279.97
Fuel in Transit.....	139.17	106.30
Stores and Spare Parts.....	229.12	208.83
Loose Tools.....	0.43	0.34
	<u>821.79</u>	<u>595.44</u>
<b>Others:</b>		
Property under Development.....	32.68	29.58
<b>Total.....</b>	<b><u>854.47</u></b>	<b><u>625.02</u></b>

**Notes forming part of the Financial Statements**

**19. Trade Receivables**

	<b>As at 31st March, 2012 ₹ crore</b>	<b>As at 31st March, 2011 ₹ crore</b>
Trade Receivables outstanding for period exceeding six months from the date they were due for payment		
Secured, considered good.....	0.11	Nil
Unsecured, considered good.....	31.21	22.07
Doubtful.....	17.91	12.30
	<u>49.23</u>	<u>34.37</u>
Less: Provision for Doubtful Trade Receivables.....	17.91	12.30
	<u>31.32</u>	<u>22.07</u>
Other Trade Receivables		
Secured, considered good.....	102.56	61.93
Unsecured, considered good.....	869.49	757.55
Doubtful.....	1.95	2.57
	<u>974.00</u>	<u>822.05</u>
Less: Provision for Doubtful Trade Receivables.....	1.95	2.57
	<u>972.05</u>	<u>819.48</u>
<b>Total.....</b>	<b><u>1,003.37</u></b>	<b><u>841.55</u></b>

**20. Cash and Cash Equivalents**

	<b>As at 31st March, 2012 ₹ crore</b>	<b>As at 31st March, 2011 ₹ crore</b>
(a) Cash on hand.....	0.04	0.15
(b) Cheques on hand.....	Nil	1.98
(c) Balances with Banks		
(i) In Current Accounts.....	49.86	224.55
(ii) In Deposit Accounts.....	991.15	602.18
Cash and Cash Equivalents as per AS-3 Cash Flow Statements.....	1,041.05	828.86
(d) Balances with Banks		
(i) In Deposit Accounts maturity of more than 12 months.....	36.94	Nil
(ii) In Unpaid Dividend Account.....	9.36	8.43
<b>Total.....</b>	<b><u>1,087.35</u></b>	<b><u>837.29</u></b>

**21. Other Current Assets**

	<b>As at 31st March, 2012 ₹ crore</b>	<b>As at 31st March, 2011 ₹ crore</b>
(a) <b>Unbilled revenue</b> .....	155.90	97.41
(b) <b>Accruals</b>		
Interest Accrued on Fixed Deposits.....	12.94	6.05
Interest Accrued on Investments.....	8.80	11.16
(c) <b>Others</b>		
Receivable on Sale of Current Investment.....	9.00	Nil
<b>Total.....</b>	<b><u>186.64</u></b>	<b><u>114.62</u></b>

## Notes forming part of the Financial Statements

### 22. Revenue from Operations

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>(a) Operating Revenue</b>		
(i) <b>Revenue from Power Supply and Transmission Charges</b> .....	7,388.30	6,633.30
Less: Cash Discount.....	66.30	58.60
Add: Income to be recovered in future tariff determination (Net)	729.53	24.66
	<u>8,051.53</u>	<u>6,599.36</u>
(ii) <b>Revenue from Contracts</b>		
Electronic Products.....	283.69	138.10
Project / Operation Management Services.....	89.14	45.34
	<u>372.83</u>	<u>183.44</u>
	<u>8,424.36</u>	<u>6,782.80</u>
<b>(b) Other Operating Revenue</b>		
Rental of Land, Buildings, Plant and Equipment, etc.....	11.57	15.43
Income in respect of Services Rendered .....	28.47	20.46
Compensation Earned.....	0.85	9.70
Transfer of Service Line Contributions .....	9.26	47.35
Miscellaneous Revenue.....	21.35	27.39
Sale of Fly Ash.....	2.03	0.22
Sale of Carbon Credits.....	8.98	Nil
Delayed Payment Charges.....	5.05	2.49
Provision for Doubtful Debts and Advances written back (Net) ....	Nil	5.28
Profit on Sale / Retirement of Assets (Net).....	0.56	16.14
	<u>88.12</u>	<u>144.46</u>
	8,512.48	6,927.26
Less: Excise Duty.....	16.64	8.78
<b>Total</b> .....	<u><b>8,495.84</b></u>	<u><b>6,918.48</b></u>

### 23. Other Income

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>(a) Interest Income</b>		
Interest from Banks on Deposits.....	77.35	20.86
Interest on Fuel Adjustment Charges Recoverable from Consumers.....	15.25	4.77
Interest on Overdue Trade Receivables.....	0.80	0.69
Interest on Income-Tax Refund.....	0.44	35.76
Interest on Contingencies Reserve Fund Investments.....	3.48	4.26
Interest on Deferred Tax Liability Fund Investments.....	21.73	21.49
Interest on Loans to Subsidiaries.....	91.67	78.32
Interest on Non-Current Trade Investments - Associates.....	1.11	1.91
Other Interest.....	3.84	6.34
	<u>215.67</u>	<u>174.40</u>
<b>(b) Dividend Income</b>		
From Long-term Investments		
Subsidiaries.....	589.71	203.27
Joint Ventures.....	5.24	7.96
Associates.....	11.03	7.32
Others.....	8.28	4.76
From Current Investments		
Others.....	0.04	0.11
	<u>614.30</u>	<u>223.42</u>



## Notes forming part of the Financial Statements

## 23. Other Income (Contd.)

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>(c) Profit / (Loss) on Sale/Buy-Back of Investments</b>		
Current Investments.....	30.47	15.73
Long-Term Investments - Buy-back of Shares.....	17.69	16.26
Sale of Long-Term Investments .....	Nil	(5.10)
	<u>48.16</u>	<u>26.89</u>
<b>(d) Other Non-Operating Income</b>		
Discount Amortised / Accrued on Bonds (Net).....	1.76	11.39
Provision for Diminution in value of Investments written back	Nil	5.85
Guarantee Commission from Subsidiaries.....	7.50	1.02
Net gain on Foreign Currency transaction and translation.....	96.07	50.61
	<u>105.33</u>	<u>68.87</u>
<b>Total</b> .....	<u><b>983.46</b></u>	<u><b>493.58</b></u>

## 24. Employee Benefits Expense

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
Salaries and Wages.....	417.33	279.21
Contribution to Provident Fund.....	16.55	12.84
Contribution to Superannuation Fund.....	10.43	16.85
Retiring Gratuities.....	35.62	30.85
Leave Encashment Scheme.....	19.69	(25.89)
Pension Scheme.....	4.24	6.59
Staff Welfare Expenses.....	<u>65.83</u>	<u>52.99</u>
	569.69	373.44
<i>Less:</i>		
Employee Cost Capitalised.....	38.13	20.84
Employee Cost Recovered.....	7.35	5.47
Employee Cost Inventorised.....	<u>11.56</u>	<u>6.01</u>
	57.04	32.32
<b>Total</b> .....	<u><b>512.65</b></u>	<u><b>341.12</b></u>

## 25. Finance Cost

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>(a) Interest Expense on:</b>		
<b>Borrowings</b>		
Interest on Debentures.....	191.55	174.35
Interest on - Euro Notes and FCCB.....	53.80	49.95
Interest on Fixed Period Loans - Others.....	288.88	245.21
<b>Others</b>		
Interest on Consumer Security Deposits.....	8.79	5.47
Other Interest and Commitment Charges.....	2.67	(26.03)
	<u>545.69</u>	<u>448.95</u>
<i>Less:</i> Interest Capitalised.....	51.89	32.06
	<u>493.80</u>	<u>416.89</u>
<b>(b) Other Borrowing cost:</b>		
Derivative Premium.....	15.26	39.61
Other Finance Costs.....	5.81	3.30
	<u>21.07</u>	<u>42.91</u>
<b>Total</b> .....	<u><b>514.87</b></u>	<u><b>459.80</b></u>

## Notes forming part of the Financial Statements

### 26. Other Expenses

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
Consumption of stores, oil, etc. (excluding ₹ 72.89 crore on repairs and maintenance - <i>Previous Year - ₹90.59 crore</i> ).....	21.34	13.39
Rental of Land, Buildings, Plant and Equipment, etc.....	15.75	15.33
Repairs and Maintenance -		
(i) To Buildings and Civil Works.....	43.03	24.97
(ii) To Machinery and Hydraulic Works.....	225.83	211.84
(iii) To Furniture, Vehicles, etc .....	6.75	4.09
	275.61	240.90
Rates and Taxes.....	30.95	31.70
Insurance.....	17.80	17.18
Cost of Components Consumed.....	154.77	77.25
Transmission Charges.....	100.64	78.29
Other Operation Expenses.....	74.32	80.36
Ash Disposal Expenses.....	8.77	6.44
Warranty Charges.....	6.75	1.35
Travelling Expenses.....	22.17	20.42
Consultants Fees.....	33.08	21.80
Auditors' Remuneration.....	3.89	4.48
Cost of Services Procured.....	75.05	56.41
Agency Commission.....	1.10	Nil
Bad Debts.....	0.01	0.11
Provision for Doubtful Debts and Advances (Net) .....	5.53	Nil
Donations.....	9.19	2.58
Legal Charges.....	7.57	14.44
Miscellaneous Expenses.....	49.85	36.90
<b>Total</b> .....	<b>914.14</b>	<b>719.33</b>

#### Payment to the Auditors comprises:

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
As auditors - Statutory Audit.....	2.47	2.47
For Taxation Matters.....	0.45	0.76
For Company Law Matters.....	*	*
For Other Services.....	0.57	0.82
Reimbursement of Expenses.....	0.02	0.01
For service tax.....	0.38	0.42
<b>Total</b> .....	<b>3.89</b>	<b>4.48</b>

The remuneration disclosed above excludes fees of ₹ 0.17 crore (31st March, 2011 - ₹0.10 crore) [exclusive of service tax of ₹ 0.02 crore (Previous Year - ₹0.01 crore)] for attest and other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

## Notes forming part of the Financial Statements

27. In an earlier year, the Company had commissioned its 120 MW thermal power unit at Jojobera, Jharkhand. Revenue in respect of this unit is recognised on the basis of a draft Power Purchase Agreement prepared jointly by the Company and its customer which is pending finalisation.
28. The Company has been legally advised that the Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Company.
29. (a) The Company has an investment in Tata Teleservices Limited (TTSL) of ₹ 735.48 crore (31st March, 2011- ₹ 735.48 crore). Based on the accounts as certified by the TTSL Management for the year ended 31st March, 2012, TTSL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long term nature of the business, there is no diminution other than temporary, in the value of the investment also considering the recent Hon'ble Supreme Court judgement cancelling the three (3) CDMA licences pertaining to Jammu & Kashmir, Assam and North East Circles of TTSL.
- (b) The Company has an investment in Haldia Petrochemicals Limited (HPL) of ₹ 22.50 crore (31st March, 2011- ₹ 22.50 crore). Based on the accounts for the year ended 31st March, 2011, HPL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long term nature of the business, there is no diminution other than temporary, in the value of the investment.
30. Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	31st March, 2012 ₹ crore	31st March, 2011 ₹ crore
(a) Principal amount remaining unpaid as on 31st March.....	4.08	1.31
(b) Interest due thereon as on 31st March @ .....	-	-
(c) The amount of Interest paid along with the amounts of the payment made to the supplier @.....	-	-
(d) The amount of Interest due and payable for the year @.....	-	-
(e) The amount of Interest accrued and remaining unpaid as at 31st March @.....	-	-
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid @.....	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

@ Amounts unpaid to MSM vendors on account of retention money have not been considered for the purpose of interest calculation.

31. Capital commitments not provided for are estimated at ₹ 477.46 crore (31st March, 2011 - ₹ 903.72 crore)
32. Contingent Liabilities and Other Commitments (to the extent not provided for):
- (a) Claims against the Company not acknowledged as debts aggregating to ₹ 234.66 crore (31st March, 2011 - ₹ 261.81 crore) consist mainly of the following:
- Octroi claims disputed by the Company aggregating to ₹ 5.03 crore (31st March, 2011 - ₹ 5.03 crore), in respect of octroi exemption claimed by the Company.
  - A Suit has been filed against the Company claiming compensation of ₹ 20.51 crore (31st March, 2011 - ₹ 20.51 crore) by way of damages for alleged wrongful disconnection of power supply and interest accrued thereon ₹ 107.68 crore (31st March, 2011 - ₹ 103.37 crore).
  - Rates, Cess, Way Leave Fees, Entry tax and Duty claims disputed by the Company aggregating ₹ 68.90 crore (31st March, 2011 - ₹ 87.47 crore). In respect of certain dues as per the terms of an agreement, the Company has the right to claim reimbursement from a third party.
  - Other claims against the Company not acknowledged as debts ₹ 32.54 crore (31st March, 2011 - ₹ 45.43 crore).
  - Amounts in respect of employee related claims/disputes, regulatory matters is not ascertainable.

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

### Notes forming part of the Financial Statements

- (b) Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Company and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 113.85 crore (including interest and penalty demanded ₹ 6.31 crore) [(31st March, 2011 - ₹ 63.72 crore) (including interest and penalty demanded ₹ 15.19 crore)].

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

- (c) (i) Indirect exposures of the Company :

Name of the Company	Contingent Liabilities			Other Commitments	
	Guarantees given (₹ Crore)	Shares pledged (Nos.)	Sponsor/ Financial support agreement (₹ Crore)	Letter of Comfort (₹ Crore)	Undertaking for non- disposal of shares (₹ Crore)
Tata Teleservices Limited (TTSL)	- -	21,98,18,101 <i>21,98,18,101</i>	- -	- -	- -
Tata Power Delhi Distribution Limited (TPDDL) (erstwhile North Delhi Power Limited)	- -	- -	- -	- -	931.28 <i>1,157.28</i>
Powerlinks Transmission Limited (PTL)	- -	23,86,80,000 <i>23,86,80,000</i>	- -	- -	- -
NELCO Limited (NELCO)	- -	- -	[Refer (d) below] [Refer (d) below]	25.00	- -
Coastal Gujarat Power Limited (CGPL)	3,117.59 (including JPY 31,219 million) 2,235.81 (including JPY 31,219 million)	202,49,55,000  113,93,40,000	[Refer (c) (ii) below]  [Refer (c) (ii) below]	- -	- -
Industrial Energy Limited (IEL)	- -	12,56,74,200 <i>12,56,74,200</i>	- -	- -	- -
Bhivpuri Investments Limited (BIL)	- -	- <i>7,46,250</i>	- -	- -	- -
Khopoli Investments Limited (KIL)	3,014.63 (equivalent to USD 588.91 million) 2,613.78 (equivalent to USD 585 million)	- -	[Refer (e) below]  [Refer (e) below]	- -	- -
Bhira Investments Limited (BHIL)	4,607.10 (equivalent to USD 900 million) -	- <i>10,00,000</i>	[Refer (e) below]  [Refer (e) below]	- -	- -
Trust Energy Resources Pte. Limited (TERL)	270.80 (equivalent to USD 52.90 million) 316.87 (equivalent to USD 70.92 million)	- -	- -	- -	- -
Tubed Coal Mines Limited (TCML)	11.36 <i>11.36</i>	- -	- -	- -	- -
Mandakini Coal Company Limited (MCCL)	20.26 <i>20.26</i>	- -	- -	- -	- -
Energy Eastern Pte. Limited (EEL)	87.02 (equivalent to USD 17 million) 44.68 (equivalent to USD 10 million)	- -	- -	- -	- -
Tata Power Renewable Energy Limited (TPREL) (erstwhile Industrial Power Infrastructure Limited)	16.64 -	1,38,00,600 -	- -	- -	- -
Tata Sons Limited (TSL)	[Refer (h) below]	- -	- -	- -	- -

Note : Previous year's figures are in italics.

## Notes forming part of the Financial Statements

(ii) In terms of the Sponsor Support agreement entered into between the Company, Coastal Gujarat Power Limited (CGPL) and lenders of CGPL, the Company has undertaken to provide support by way of base equity contribution to the extent of 25% of CGPL's project cost and additional equity or subordinated loans to be made or arranged for, if required as per the financing agreements to finance the project. The sponsor support also includes support by way of additional equity for any overrun in project costs and Debt Service Reserve Guarantee as provided under the financing agreements. The support will cease on the date of "financial completion" as defined under the relevant financing agreements. Further, CGPL has entered into Agreements with the Company, (i) for Additional Subordinated Loan to the extent of U.S. \$ 50 million (equivalent to ₹ 200.00 crore at a fixed rate of exchange of ₹ 40.00 = U.S. \$ 1.00) and (ii) for Additional Subordinated Loans to the extent of ₹ 1,600.00 crore. In accordance with these agreements the Company has provided total Additional Subordinated Loans of ₹ 212.31 crore (31st March, 2011 - ₹ 200.00 crore) to CGPL. Both the loans would be repaid in accordance with the conditions of the Subordination and Hypothecation Agreements either out of additional equity to be infused by the Company or out of the balance Indian rupee term loans receivable by CGPL in future period, after the fulfillment of conditions in the Coal Supply and Transportation Agreements Completion Date (CSTACD) agreement.

The accrued interest as at 31st March, 2012 aggregating to ₹ 36.57 crore (31st March, 2011 - ₹ 21.06 crore) on Additional Subordinated Loans shall be payable subject to fulfillment of conditions in Subordination Agreement and Coal Supply and Transportation Agreements Completion Date (CSTACD) agreement.

(d) In respect of NELCO Limited, the Company has undertaken to arrange for the necessary financial support to NELCO Limited in the form of interim short term funding for meeting its business requirements.

(e) The Company has undertaken to arrange for the necessary financial support to its Subsidiary Companies KIL and BHIL.

(f) In respect of the Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal of Electricity (ATE), set aside the MERC Order dated 31st May, 2004 and directed the Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2012 the accumulated interest was ₹ 173.56 crore (31st March, 2011 - ₹ 162.36 crore) (₹ 11.20 crore for the year ended 31st March, 2012). On appeal, the Hon'ble Supreme Court vide its Interim Order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court. The said deposit has been accounted as "Long term Security Deposits".

Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006 of Standby Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted, wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Company on the final outcome of the matter.

(g) MERC vide its Tariff Order dated 11th June, 2004, had directed the Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative debt equity ratio of 70:30 to fund the Company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% p.a. on the said normative debt. The change to the Clear Profit and Reasonable Return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in Note 32(f) above. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the Standby Charges dispute as mentioned in Note 32(f) above.

(h) In an earlier year, in terms of the agreements entered into between Tata Teleservices Ltd. (TTSL), Tata Sons Ltd. (TSL) and NTT DoCoMo, Inc. of Japan (Strategic Partner-SP), the Company was given by TSL an option to sell 2,72,82,177 equity shares in TTSL to the SP, as part of a secondary sale of 25,31,63,941 equity shares effected along with a primary issue of 84,38,79,801 shares by TTSL to the SP. Accordingly, in an earlier year the Company had realised ₹ 316.72 crore on sale of these shares resulting in a profit of ₹ 255.62 crore.



## Notes forming part of the Financial Statements

If certain performance parameters and other conditions are not met by TTSL by 31st March, 2014 and should the SP decide to divest its entire shareholding in TTSL, acquired under the primary issue and the secondary sale and should TSL be unable to find a buyer for such shares, the Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price, subject to compliance with applicable control regulations, in proportion of the number of shares sold by the Company to the aggregate of the secondary shares sold to the SP, or if the SP divests the shares at a lower price pay a compensation representing the difference between such lower sale price and the price referred to above.

Further, in the event of breach of the representations and warranties (other than title and tax) and covenants not capable of specific performance, the Company is liable to reimburse TSL, on a pro-rata basis, upto a maximum sum of ₹ 409.51 crore.

The exercise of the option by SP being contingent on several variables, the liability if any, is considered by Management to be remote and indeterminable.

- (i) In accordance with the terms of the Share Purchase Agreement and the Shareholder's Agreement entered into by Panatone Finvest Ltd. (PFL), an associate of the Company, with the Government of India, PFL has contractually undertaken a "Surplus Land" obligation including agreeing to transfer 45% of the share capital of the Resulting Company, at Nil consideration, to the Government of India and other selling shareholders upon Demerger of the Surplus Land by Tata Communication Limited (TCL). The Company has till date acquired 1,34,22,037 shares of TCL from PFL. The Company would be entitled to be allotted 4.71% of the share capital of the Resulting Company based on its holding of 1,34,22,037 shares of TCL. The Company has undertaken to PFL to bear the "Surplus Land" obligation pertaining to these shares.
- (j) The Company has a long term investment of ₹ 4,112.08 crore (including advance towards equity) (31st March, 2011 - ₹ 3,172.50 crore) and has extended loans amounting to ₹ 248.88 crore (including interest accrued) (31st March, 2011 ₹ 221.06 crore) to Coastal Gujarat Power Limited (CGPL) a wholly owned subsidiary of the Company which is implementing the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP").

CGPL has agreed to not charge escalation on 55 percent of the cost of coal in terms of the 25 year power purchase agreement relating to the Mundra UMPP. As a result of the changes in the fuel prices, CGPL's Management has assessed the recoverability of the carrying amount of the assets under construction at Mundra as of 31st March, 2012 of ₹ 16,366.50 crore and concluded that the cash flows expected to be generated (on completion of construction and commencement of commercial operations) over the useful life of the asset of 40 years would not be sufficient to recover the carrying amount of such assets and has therefore recorded in CGPL's books as at 31st March, 2012, a provision for an impairment loss of ₹ 1,800.00 crore.

In estimating the future cash flows, Management has, based on externally available information, made certain assumptions relating to the future fuel prices, future revenues, operating parameters and the asset's useful life which Management believes reasonably reflects the future expectation of these items. In view of the estimation uncertainties, the assumptions will be monitored on a periodic basis and adjustments will be made if external conditions relating to the assumptions indicate that such adjustments are appropriate.

The Company's investments in Indonesian coal companies through its wholly owned subsidiaries, Bhira Investments Limited and Khopoli Investments Limited, were made to secure long term coal supply. The Management believes that cash inflows (in the nature of profit distribution) from these investments from an economic perspective provide protection from the risk of price volatility on coal to be used in power generation in CGPL, to the extent not covered by price escalations. In order to provide protection to CGPL and to support its cash flows, the Management has committed to a future restructuring under which the Company will transfer at least 75 percent of its equity interests in the Indonesian coal companies to CGPL, subject to receipt of regulatory and other necessary approvals which are being pursued and will also evaluate other alternative options.

Having regard to the overall returns expected from the Company's investment in CGPL, including the proposed future restructuring no provision for diminution in value of long term investment in CGPL is considered necessary as at 31st March, 2012.

- (k) Uncalled liability on partly paid up shares ₹ 13.33 crore (31st March, 2011 - ₹ 31.03 crore).
- 33.** (a) During the year, the Company has provisionally determined the Statutory Appropriations and the adjustments to be made on Annual Performance Review as stipulated under the Multi Year Tariff Regulations, 2011 for its operations in respect of the Mumbai Licensed Area.

### Notes forming part of the Financial Statements

- (b) During the year, Jharkhand State Electricity Regulatory Commission (JSERC) for financial year 2011-12 has determined the Annual Revenue Requirement (ARR) for Units 2 and 3 at Jojobera by treating the entire capacity as regulated under JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2010. The Company, on the basis of legal opinions obtained, has appealed against the disallowances/deviations at the Appellate Tribunal for Electricity (ATE), pending disposal of which, a sum of ₹ 34.16 crore has been accrued as revenue for the year ended 31st March, 2012.
- (c) During the year, the Maharashtra Electricity Regulatory Commission (MERC) has completed truing-up for the financial years 2009-10 and 2010-11 and has accordingly issued Tariff Orders. In these Tariff Orders, it has disallowed certain claims made by the Company amounting to ₹ 86.00 crore and ₹ 55.00 crore respectively. The Company intends to appeal to the Appellate Tribunal for Electricity (ATE) against these disallowances. Based on the earlier favourable ATE Order on similar matters, the Company is confident of ATE allowing its claims and accordingly, the above disallowances have not been recognised in the financial results.
- (d) In the previous year, ATE in its Order dated 15th February, 2011, had upheld amongst others the Company's claim towards entitlement of carrying cost in respect of truing-up done by MERC for financial years 2004-05 and 2005-06. Accordingly, the Company had accounted for an amount of ₹ 86.00 crore as its entitlement of carrying cost in the books during the previous year. Consequent to the truing-up Orders issued by MERC for the financial years 2009-10 and 2010-11 during the year ended 31st March, 2012, an additional amount of ₹ 65.00 crore has been booked.
- 34.** In the matter of claims raised by the Company on R-Infra, towards (i) the difference in the energy charges for the period March 2001 to May 2004 and (ii) for minimum off-take charges of energy for the period 1998 to 2000, MERC has issued an Order dated 12th December, 2007 in favour of the Company. The total amount payable by R-Infra, including interest, is estimated to be ₹ 323.87 crore as on 31st December, 2007. ATE in its Order dated 12th May, 2008 on appeal by R-Infra, has directed R-Infra to pay the difference in the energy charges amounting to ₹ 34.98 crore for the period March 2001 to May 2004. In respect of the minimum off-take charges of energy for the period 1998 to 2000 claimed by the Company from R-Infra, ATE has directed MERC that the issue be examined afresh and after the decision of the Hon'ble Supreme Court in the Appeals relating to the distribution licence and rebates given by R-Infra. The Company and R-Infra had filed appeals in the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its Order dated 14th December, 2009, has granted stay against ATE Order and has directed R-Infra to deposit with the Hon'ble Supreme Court, a sum of ₹ 25.00 crore and furnish bank guarantee of ₹ 9.98 crore. The Company had withdrawn the above mentioned sum subject to an undertaking to refund the amount with interest, in the event the Appeal is decided against the Company. On grounds of prudence, the Company has not recognised any income arising from the above matters.

#### **35. Employees Benefits:**

- (a) In an earlier year, the Company had adopted Accounting Standard 15 (AS-15) (Revised 2005) - 'Employee Benefits'. This had resulted in a transitional liability (net) of ₹ 61.70 crore as at 1st April, 2007. In accordance with the transitional provisions of the Accounting Standard, the Company had decided to charge the transitional liability as an expense over a period of 5 years and accordingly, ₹ 2.28 crore (31st March, 2011 - ₹ 22.40 crore) has been recognised as an expense for the year under item 1 of Note "24" and balance amount of ₹ Nil (31st March, 2011 - ₹ 2.28 crore) is the unrecognised transitional liability as at 31st March, 2012.
- (b) The Company makes contribution towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trustees of Tata Power Consolidated Provident Fund and the Superannuation Fund is administered by the Trustees of Tata Power Superannuation Fund. Under the Schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

The Rules of the Company's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared by the Central Government under para 60 of the Employees' Provident Fund Scheme, 1952, then the shortfall shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future.

On account of defined contribution plans, a sum of ₹ 26.99 crore (31st March, 2011 - ₹ 29.69 crore) has been charged to the Statement of Profit and Loss.

### Notes forming part of the Financial Statements

- (c) The Company operates the following unfunded/funded defined benefit plans:

Unfunded:

- (i) Ex-Gratia Death Benefits
- (ii) Retirement Gifts
- (iii) Post Retirement Medical Benefits and
- (iv) Pension

Funded:

- (i) Gratuity

- (d) The actuarial valuation of the present value of the defined benefit obligation has been carried out as at 31st March, 2012. The following tables set out the amounts recognised in the financial statements as at 31st March, 2012 for the above mentioned defined benefit plans:

- (i) Net employee benefit expense (recognised in employee cost) for the year ended 31st March, 2012:

	<b>31st March, 2012</b> ₹ crore	<b>31st March, 2011</b> ₹ crore
Current Service Cost.....	9.73	7.82
Interest.....	12.60	10.93
Actuarial Loss/(Gain) (Net).....	12.01	11.70
Past Service Cost.....	Nil	1.67
1/5th of Transitional Liability.....	1.21	7.58
Total Expense.....	35.55	39.70

- (ii) Change in the Defined Benefit Obligation during the year ended 31st March, 2012:

	<b>31st March, 2012</b> ₹ crore	<b>31st March, 2011</b> ₹ crore
Present value of Defined Benefit Obligation as at 1st April as per books....	164.25	132.49
Unrecognised Transitional Liability as at 1st April.....	1.21	8.79
Employee benefit expenses (excluding transitional liability) - per (i) above....	34.34	32.12
Benefits Paid (Net).....	(13.83)	(7.94)
Present value of Defined Benefit Obligation as at 31st March.....	185.97	165.46
Less: Unrecognised Transitional Liability as at 31st March.....	Nil	1.21
Provision for Defined Benefit Obligation as at 31st March as per books....	185.97	164.25

	<b>2011-12</b> ₹ crore	<b>2010-11</b> ₹ crore	<b>2009-10</b> ₹ crore	<b>2008-09</b> ₹ crore	<b>2007-08</b> ₹ crore
Defined Benefit Obligation.....	185.97	164.25	132.49	123.69	102.57
Experience Adjustment on Plan Liabilities.....	7.01	19.83	1.60	3.01	(0.04)

During the year the Company has paid ₹ 40.00 crore to Tata Power Gratuity Fund. Of the payment of ₹ 40.00 crore, ₹ 15.00 crore towards the current year liability and ₹ 25.00 crore towards the Opening Liability. The balance of the Opening Liability to be funded over a period of 4 years and hence previous year's figures are not applicable to the Company.

- (iii) Change in Fair Value of Assets during the year:

	<b>31st March, 2012</b> ₹ crore	<b>31st March, 2011</b> ₹ crore
Actual Company contributions.....	40.00	-
Fair value of plan assets at the end of the period.....	40.00	-

Composition of the plan assets is as follows:

Bank Balance - 100%

## Notes forming part of the Financial Statements

- (iv) Actuarial assumptions used for valuation of the present value of the defined benefit obligations of various benefits are as under:

	<b>31st March, 2012</b>	<b>31st March, 2011</b>
Discount Rate.....	8.60%	8.00%
Salary Growth Rate.....	Management 7.50 % p.a. Non-Management 6% p.a.	Management 6% p.a. Non-Management 6% p.a.
Turnover Rate - Age 21 to 44 years.....	Management 8% p.a.	Management 2% p.a.
Turnover Rate - Age 21 to 44 years.....	Non-Management 0.50 % p.a.	Non-Management 2% p.a.
Turnover Rate - Age 45 years and above.....	Management 2.50% p.a.	Management 0.50% p.a.
Turnover Rate - Age 45 years and above.....	Non-Management 0.50% p.a.	Non-Management 0.50% p.a.
Pension Increase Rate.....	3% p.a.	3% p.a.
Mortality Table.....	LIC (1994-96)	LIC (1994-96)
Annual Increase in Health Cost.....	6% p.a.	6% p.a.

- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.

- (v) Effect of change in assumed health care cost trend rate:

	<b>31st March, 2012</b>		<b>31st March, 2011</b>	
	₹ crore	₹ crore	₹ crore	₹ crore
	1% increase	1% decrease	1% increase	1% decrease
Effect on the aggregate of the service cost and interest cost.....	0.09	(0.06)	0.16	(0.08)
Effect on defined benefit obligation.....	1.23	(1.03)	1.51	(1.24)

- (vi) The contribution expected to be made by the Company during the financial year 2012-13 has not been ascertained.

**36.** In respect of the contracts pertaining to the Strategic Electronics Business and Project Management Services, disclosures required as per AS-7 (Revised) are as follows:

- (a) Contract revenue recognised as revenue during the year ₹ 310.74 crore (31st March, 2011 - ₹163.26 crore).
- (b) In respect of contracts in progress –
- The aggregate amount of costs incurred and recognised profits upto 31st March, 2012 - ₹ 254.50 crore (31st March, 2011 - ₹159.94 crore).
  - Advances and progress payments received as at 31st March, 2012 - ₹ 313.01 crore (31st March, 2011 - ₹244.24 crore).
  - Retention money included as at 31st March, 2012 in Sundry Debtors - ₹ 12.46 crore (31st March, 2011 - ₹8.39 crore)
- (c) (i) Gross amount due to customers for contract work as a liability as at 31st March, 2012 - ₹ 219.45 crore (31st March, 2011 - ₹181.49 crore).
- (ii) Gross amount due from customers for contract work as an asset as at 31st March, 2012 - ₹ 99.32 crore (31st March, 2011 - ₹66.63 crore).

**37.** (a) Total number of electricity units sold and purchased during the year as certified by Management - 15,240 MUs (31st March, 2011 - 16,060 MUs) and 1,042 MUs (31st March, 2011 - 1,510 MUs).

- (b) C.I.F. value of imports:

	<b>31st March, 2012</b>	<b>31st March, 2011</b>
	₹ crore	₹ crore
(i) Capital goods.....	232.60	136.19
(ii) Components and spare parts.....	59.00	19.19
(iii) Fuel.....	2,071.89	1,016.83

### Notes forming part of the Financial Statements

(c) Expenditure in foreign currency:

	<b>31st March, 2012</b> ₹ crore	<b>31st March, 2011</b> ₹ crore
(i) Professional and consultation fees.....	11.43	7.92
(ii) Interest and issue expenses .....	67.17	50.57
(iii) Other matters .....	6.46	10.55

(d) Value of components, stores and spare parts consumed (including fuel consumed and stores consumption included in Repairs and Maintenance):

	<b>31st March, 2012</b> ₹ crore		<b>31st March, 2011</b> ₹ crore	
(i) Imported .....	2,387.72	48.87%	1,291.54	35.22%
(ii) Indigenous.....	2,498.17	51.13%	2,375.33	64.78%
	<u>4,885.89</u>	<u>100.00%</u>	<u>3,666.87</u>	<u>100.00%</u>

(e) Remittances by the Company in foreign currencies for dividends (including amounts credited to Non-Resident External Accounts):

	<b>31st March, 2012</b>	<b>31st March, 2011</b>
Dividend for the year ended		
No. of non-resident shareholders.....	3,842	3,922
No. of Equity Shares of Face Value ₹ 10 each held .....	25,26,390	27,13,409
Amount of Dividend (₹ crore).....	3.16	3.26

(f) Earnings in foreign exchange:

	<b>31st March, 2012</b> ₹ crore	<b>31st March, 2011</b> ₹ crore
(i) Interest .....	82.25	77.38
(ii) Export of services .....	8.83	4.88
(iii) Guarantee Commission from Subsidiaries.....	7.50	1.02
(iv) Dividend.....	532.09	21.10
(v) Others.....	1.11	13.38

(g) Expenditure incurred on Research and Development by the Company:

	<b>31st March, 2012</b> ₹ crore	<b>31st March, 2011</b> ₹ crore
(i) Revenue Expenditure.....	0.16	0.19
(ii) Capital Expenditure.....	13.41	7.95

### 38. Related party disclosures:

Disclosure as required by Accounting Standard 18 (AS-18) - "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

(a) Related parties where control exists:

Subsidiaries

Af-Taab Investment Co. Ltd. (AICL)  
 Chemical Terminal Trombay Ltd. (CTTL)  
 Tata Power Trading Co. Ltd. (TPTCL)  
 Powerlinks Transmission Ltd. (PTL)  
 NELCO Ltd. (NELCO)  
 Maithon Power Ltd. (MPL)  
 Industrial Energy Ltd. (IEL)  
 Tata Power Delhi Distribution Ltd. (TPDDL) (erstwhile North Delhi Power Ltd.)  
 Coastal Gujarat Power Ltd. (CGPL)  
 Veltina Holdings Ltd. (VHL) (Upto 8th February, 2012)  
 Bhira Investments Ltd. (BIL)  
 Bhivpuri Investments Ltd. (BHIL)



**Notes forming part of the Financial Statements**

Khopoli Investments Ltd. (KIL)  
 Trust Energy Resources Pte. Ltd. (TERL)  
 Energy Eastern Pte. Ltd. \*\* (EEL)  
 Industrial Power Utility Ltd. (IPUL)  
 Tatanet Services Ltd.\*\* (TNSL)  
 Tata Power Renewable Energy Ltd. (TPREL) (erstwhile Industrial Power Infrastructure Ltd.)  
 Vantech Investments Ltd. \*\* (VIL) (Upto 25th November, 2011)  
 PT Sumber Energi Andalan Tbk \*\* (SEA) (erstwhile PT Itamaraya Tbk.)  
 Tata Power Green Energy Ltd. \*\* (TPGEL)  
 NDPL Infra Ltd. \*\* (NDPLIL) (from 23rd August, 2011)  
 Dugar Hydro Power Ltd. (DHPL) (from 21st April, 2011)

\*\* Through Subsidiary Companies.

(b) Other related parties (where transactions have taken place during the year) :

- (i) Associates
  - Panatone Finvest Ltd. (PFL)
  - Tata Projects Ltd. (TPL)
  - Yashmun Engineers Ltd. (YEL)
  - Rujuvalika Investments Ltd. (RUIL)
- (ii) Joint Ventures
  - Tubed Coal Mines Ltd. (TCML)
  - Mandakini Coal Company Ltd. (MCCL)
  - Tata BP Solar India Ltd. (TBSIL)
  - Dagachhu Hydro Power Corporation Ltd. (DHPCL)
- (iii) Promoters holding together with its Subsidiary more than 20%
  - Tata Sons Ltd.
- (c) Key Management Personnel
  - Anil Sardana
  - S. Ramakrishnan
  - S. Padmanabhan
  - Banmali Agrawala (upto 30th November, 2011)

(d) Details of transactions:

Particulars	₹ crore				
	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Promoters
Purchase of goods/power.....	342.54	-	-	-	-
Sale of goods/power.....	524.20	-	-	-	-
	335.16	-	-	-	-
	605.64	-	-	-	-
Purchase of fixed assets.....	5.26	36.18	7.83	-	-
Sale of fixed assets.....	10.05	56.12	34.16	-	-
	0.06	-	-	-	-
	-	-	-	-	-
Rendering of services.....	103.03	0.10	-	-	0.24
	60.55	0.10	-	-	-
Receiving of services.....	4.78	13.83	0.37	-	0.54
	3.08	5.46	-	-	0.54
Brand equity contribution.....	-	-	-	-	21.29
	-	-	-	-	17.37
Guarantees, collaterals etc. given #.....	4,950.38	-	-	-	-
	250.00	-	-	-	-
Amount received on buyback of equity shares.....	29.23	-	-	-	-
	22.73	-	-	-	-
Remuneration paid.....	-	-	-	11.98	-
	-	-	-	14.41	-

## Notes forming part of the Financial Statements

₹ crore

Particulars	Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Promoters
Interest income.....	91.67	1.11	-	-	-
	<i>78.32</i>	<i>1.91</i>	-	<i>0.01</i>	-
Dividend received.....	589.71	11.03	5.24	-	5.34
	<i>203.27</i>	<i>7.29</i>	<i>7.96</i>	-	<i>4.67</i>
Dividend paid.....	0.05	-	-	-	88.44
	<i>0.05</i>	-	-	-	<i>84.90</i>
Guarantee Commission earned.....	7.50	-	-	-	-
	<i>1.02</i>	-	-	-	-
Loans given.....	133.56	-	-	-	-
	<i>83.43</i>	-	-	-	-
Security Deposits given.....	-	-	-	-	0.50
	-	-	-	-	-
Refunds towards security deposits given....	-	-	-	-	-
	-	-	-	-	<i>0.80</i>
Equity contribution (including advance towards equity contribution) @.....	1,104.41	100.00	25.70	-	-
	<i>1,776.03</i>	-	<i>53.47</i>	-	-
Redemption of Preference Shares/Debentures....	-	109.38	-	-	-
	-	<i>9.38</i>	-	-	-
Purchase of investments#.....	-	-	-	-	-
	<i>0.22</i>	<i>50.00</i>	-	-	-
Loans repaid.....	500.48	-	-	-	-
	<i>54.71</i>	-	-	<i>0.11</i>	-
Coal Stock given on loan.....	69.44	-	-	-	-
	-	-	-	-	-
Deposits taken.....	64.00	-	-	-	-
	-	-	-	-	-
<b>Balances outstanding</b>					
Security Deposits given.....	-	-	-	-	0.50
	-	-	-	-	-
Other Receivables (net of provisions) including advance towards equity contribution.....	272.47	0.03	5.00	-	0.02
	<i>480.87</i>	<i>0.05</i>	<i>2.09</i>	-	-
Loans given (including interest thereon)....	1,397.91	1.27	-	-	-
	<i>1,591.87</i>	<i>120.93</i>	-	-	-
Loans provided for as doubtful advances...	-	1.27	-	-	-
	-	<i>1.27</i>	-	-	-
Preference shares outstanding.....	-	-	22.05	-	-
	-	-	<i>22.05</i>	-	-
Deposits taken outstanding.....	0.02	0.09	-	-	-
	<i>0.05</i>	-	-	-	-
Advance towards Equity.....	141.58	-	5.00	-	-
	<i>416.00</i>	-	-	-	-
<b>Guarantees, Collaterals etc. outstanding #..</b>	11,113.78	-	31.62	-	409.51
	<i>5,211.14</i>	-	<i>31.62</i>	-	<i>409.51</i>
<b>Letter of Comfort outstanding #.....</b>	-	-	-	-	-
	<i>25.00</i>	-	-	-	-
(Other payables).....	(72.76)	(5.39)	(0.18)	-	(21.72)
	<i>(34.62)</i>	<i>(3.06)</i>	<i>(2.51)</i>	-	<i>(17.10)</i>

@ Including shares pursuant to loan being converted to equity.

# Also refer Note 32(c), 32(d), 32(e), 32(h) and 32(i).

Note: Previous year's figures are in italics.

**Notes forming part of the Financial Statements**

(e) Details of material related party transactions:

(i) Subsidiaries :

₹ crore

Particulars	AICL	IEL	PTL	TPTCL	MPL	NELCO	BHIL	BIL	CTTL	KIL	TERL	CGPL	TPREL	TPDDL
Purchase of goods/power.	-	-	-	104.92	-	-	-	-	-	-	237.62	-	-	-
	-	-	-	<i>333.27</i>	-	-	-	-	-	-	<i>190.93</i>	-	-	-
Sale of goods/power.....	-	-	-	332.93	-	-	-	-	-	-	-	-	-	-
	-	-	-	<i>605.22</i>	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets....	-	-	-	-	-	-	-	-	-	-	3.90	-	-	1.36
	-	-	-	-	-	-	-	-	-	-	<i>9.89</i>	-	-	-
Sale of fixed assets.....	-	-	-	-	0.06	-	-	-	-	-	-	-	-	-
	-	-	-	-	<i>0.06</i>	-	-	-	-	-	-	-	-	-
Rendering of services.....	-	19.17	-	-	47.69	-	-	14.34	-	-	-	-	-	-
	-	<i>9.97</i>	-	-	<i>23.99</i>	-	-	-	-	-	-	-	-	<i>6.26</i>
Receiving of services.....	-	-	-	-	-	-	-	-	1.62	-	-	2.91	-	-
	-	-	-	-	-	<i>1.75</i>	-	-	<i>0.62</i>	-	-	<i>0.66</i>	-	-
Guarantees and collaterals etc. given.....	-	-	-	-	-	-	-	4,607.10	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	<i>250.00</i>	-	-
Amount received on buyback of equity shares.....	21.23	-	-	-	-	-	-	-	8.00	-	-	-	-	-
	<i>22.73</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income.....	-	-	-	-	-	-	-	66.24	-	-	-	19.57	-	-
	-	-	-	-	-	-	-	<i>54.20</i>	-	-	-	<i>19.42</i>	-	-
Dividend received.....	-	-	-	-	-	-	532.09	-	-	-	-	-	-	-
	<i>99.77</i>	-	<i>76.38</i>	-	-	-	<i>21.10</i>	-	-	-	-	-	-	-
Guarantee Commission earned..	-	-	-	-	-	-	-	6.38	-	1.12	-	-	-	-
	-	-	-	-	-	-	-	-	-	<i>1.02</i>	-	-	-	-
Loans given.....	-	-	-	-	50.00	-	-	-	-	-	-	-	71.25	-
	<i>9.00</i>	-	-	-	-	-	-	-	-	-	<i>41.43</i>	<i>28.00</i>	-	-
Coal stock given on loan....	-	69.44	-	-	-	-	-	-	-	-	-	-	-	-
	-	<i>64.00</i>	-	-	-	-	-	-	-	-	-	-	-	-
Deposit taken.....	-	64.00	-	-	-	-	-	-	-	-	-	-	-	-
	-	<i>64.00</i>	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid.....	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity contribution (including advance towards equity contribution) .....	-	-	-	-	-	-	-	-	-	-	-	939.58	-	-
	-	-	-	-	<i>336.70</i>	-	-	-	-	-	-	<i>1,386.50</i>	-	-
Purchase of Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>0.22</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans repaid.....	-	-	-	-	-	-	-	365.63	-	134.85	-	-	-	-
	<i>9.00</i>	-	-	-	-	-	-	-	-	-	<i>41.71</i>	-	-	-

Note: Previous year's figures are in italics.

(ii) Associates and Joint Ventures:

₹ crore

Particulars	Associates				Joint Ventures			
	PFL	TPL	YEL	RUIL	TBSIL	MCCL	TCML	DHPCL
Purchase of fixed assets....	-	36.18	-	-	7.83	-	-	-
	-	<i>52.99</i>	-	-	<i>34.16</i>	-	-	-
Rendering of services.....	-	-	0.10	-	-	-	-	-
	-	-	<i>0.10</i>	-	-	-	-	-
Receiving of services.....	-	-	13.82	-	0.37	-	-	-
	-	-	<i>5.46</i>	-	-	-	-	-
Purchase of Investments.	-	-	-	-	-	-	-	-
	<i>50.00</i>	-	-	-	-	-	-	-
Interest income.....	-	1.06	-	-	-	-	-	-
	-	<i>2.25</i>	-	-	-	-	-	-
Dividend received.....	-	9.68	-	1.31	5.24	-	-	-
	-	<i>7.26</i>	-	-	<i>7.96</i>	-	-	-
Equity contribution (including advance towards equity contribution).....	100.00	-	-	-	-	6.00	-	17.71
	-	-	-	-	-	<i>28.10</i>	-	<i>24.56</i>
Redemption of preference shares/debentures.....	100.00	9.38	-	-	-	-	-	-
	-	<i>9.38</i>	-	-	-	-	-	-

Note: Previous year's figures are in italics.

### Notes forming part of the Financial Statements

#### 39. Disclosures as required under Clause 32 of the listing agreement :

Loans and Advances in the nature of loans given to Subsidiaries and Associates:

Name of the Company	Relationship	Amount Outstanding as at the year-end ** ₹ crore	Maximum Amount Outstanding during the year** ₹ crore	Investments in Company's Shares (Nos)
Af-Taab Investment Company Ltd.	Subsidiary	Nil <i>Nil</i>	Nil <i>5.00</i>	Nil <i>Nil</i>
Tata Power Renewable Energy Ltd. (erstwhile Industrial Power Infrastructure Ltd.)	Subsidiary	71.25 <i>Nil</i>	71.25 <i>4.00</i>	Nil <i>Nil</i>
Coastal Gujarat Power Ltd. ###	Subsidiary	212.31 <i>200.00</i>	212.31 <i>200.00</i>	Nil <i>Nil</i>
Bhira Investments Ltd.	Subsidiary	1,023.60 <i>1,219.49</i>	1,366.83 <i>1,298.66</i>	Nil <i>Nil</i>
Khopoli Investments Ltd.	Subsidiary	Nil <i>134.01</i>	136.14 <i>142.71</i>	Nil <i>Nil</i>
Industrial Energy Ltd.	Subsidiary	70.32 <i>Nil</i>	70.32 <i>Nil</i>	Nil <i>Nil</i>
Trust Energy Resources Pte. Ltd.	Subsidiary	Nil <i>Nil</i>	Nil <i>42.17</i>	Nil <i>Nil</i>
Maithon Power Ltd.	Subsidiary	50.00 <i>Nil</i>	50.00 <i>Nil</i>	Nil <i>Nil</i>
Chemical Terminal Trombay Limited	Subsidiary	1.00 <i>1.00</i>	1.00 <i>1.00</i>	Nil <i>Nil</i>
Nelito Systems Ltd. &	Associate	1.27 <i>1.27</i>	1.27 <i>1.27</i>	Nil <i>Nil</i>

The above loans and advances are long term in nature.

\*\* Excluding interest accrued.

### Right to convert to equity and sub-ordinated loan.

& Provided for.

Note: Previous year's figures are in italics.

#### 40. Derivative instruments and unhedged foreign currency exposures:

(i) Derivative instruments:

The following derivative positions are open as at 31st March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Note 2.1(o) and 2.1(p).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding forward exchange contracts entered into by the Company as on 31st March, 2012:

Buy/Sell	31st March, 2012		31st March, 2011		
	Foreign Currency (in Millions)	₹ crore	Foreign Currency (in Millions)	₹ crore	
Forward Contracts (Buyer's credit).....	Buy	USD 147.68	755.95	USD 101.13	456.53

## Notes forming part of the Financial Statements

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

Particulars	31st March, 2012		31st March, 2011	
	Foreign Currency (in Millions)	₹ crore	Foreign Currency (in Millions)	₹ crore
(a) Amounts receivable in foreign currency on account of the following:				
(i) Export of goods.....	USD 2.92	14.92	USD 3.64	16.28
(ii) Loan receivable from subsidiaries.....	USD 200.00	1,023.60	USD 303.00	1,353.50
(iii) Interest receivable.....	USD*	0.12	USD 3.69	16.47
(iv) Other advances receivable from subsidiaries	USD 0.75	3.83	USD 1.10	4.92
(b) Amounts payable in foreign currency on account of the following:				
(i) Import of goods and services.....	USD 74.86	383.19	USD 28.67	128.08
	EURO 0.93	6.36	EURO *	0.02
	GBP 0.36	2.93	-	-
(ii) Capital imports.....	EURO 4.30	29.38	EURO 1.71	10.82
	JPY 143.61	8.97	JPY 27.96	1.51
	USD 0.23	1.20	USD 0.59	3.36
	GBP 0.10	0.81	GBP 0.13	0.94
	CHF 0.42	2.41	-	-
(iii) Interest payable.....	USD 3.20	16.37	USD 2.98	13.31
(iv) Loans payable.....	USD 362.21	1,854.16	USD 374.04	1,671.23
(v) Premium payable on borrowings.....	USD 28.41	145.43	USD 28.41	126.94
(c) Bank balances.....	SGD 0.07	0.28	SGD 0.77	2.71
	USD 2.78	14.24	USD 131.83	588.86
	TAKA 0.25	0.01	TAKA 0.25	0.02

## 41. Segment accounting:

The Company has identified business segments as its primary segment. Business segments are as below.

	₹ crore			
	Power	Others	Eliminations	Total
<b>REVENUE</b>				
External Revenue .....	8,131.78	364.06	-	<b>8,495.84</b>
	6,733.27	185.21	-	<b>6,918.48</b>
<b>RESULTS</b>				
Total Segment Results.....	1,215.79	32.39	-	1,248.18
	1,133.20	26.77	-	1,159.97
Finance Costs.....				(514.87)
				(459.80)
Unallocable Income net of Unallocable Expense.....				949.56
				411.65
Income Taxes.....				(513.14)
				(170.33)
<b>Profit after Tax.....</b>				<b>1,169.73</b>
				<b>941.49</b>



## Notes forming part of the Financial Statements

	Power	Others	Eliminations	₹ crore Total
<b>OTHER INFORMATION</b>				
Segment Assets.....	11,860.71	634.45	-	12,495.16
Unallocable Assets.....	<i>10,075.97</i>	<i>321.19</i>	-	<i>10,397.16</i>
				12,622.55
				<u>10,808.14</u>
<b>Total Assets.....</b>				<b>25,117.71</b>
				<b>21,205.30</b>
Segment Liabilities.....	2,044.74	524.75	-	2,569.49
Unallocable Liabilities.....	<i>1,860.83</i>	<i>323.55</i>	-	<i>2,184.38</i>
				9,154.82
				<u>7,845.34</u>
<b>Total Liabilities.....</b>				<b>11,724.31</b>
				<b>10,029.72</b>
Capital Expenditure.....	1,234.77	45.69	-	1,280.46
	<i>1,426.88</i>	<i>35.18</i>	-	<i>1,462.06</i>
Non-cash Expenses other than Depreciation/Amortisation	4.15	7.44	-	11.59
	<i>0.11</i>	<i>0.62</i>	-	<i>0.73</i>
Depreciation/Amortisation.....	562.69	7.66	-	570.35
	<i>504.41</i>	<i>5.73</i>	-	<i>510.14</i>

Types of products and services in each business segment:

Power - Generation, Transmission and Distribution.

Others - Defence Electronics, Project Contracts/Infrastructure Management Services, Coal Bed Methane and Property Development.

Note: Previous year's figures are in italics.

## 42. Earnings Per Share:

**Basic**

	31st March, 2012	31st March, 2011
Net Profit for the year (₹ crore) .....	1,169.73	941.49
Add: Contingencies Reserve Fund writeback for the year (₹ crore) .....	6.00	14.52
Add: Special Reserve writeback for the year (₹ crore) .....	<u>13.00</u>	<u>14.00</u>
	1,188.73	970.01
Less: Distribution on Unsecured Perpetual Securities (₹ crore) .....	<u>113.61</u>	-
Net Profit for the year attributable to the equity shareholders (₹ crore) .....	<u>1,075.12</u>	<u>970.01</u>
The weighted average number of Equity Shares for Basic Earning Per Share (Nos.).....	237,53,75,440	237,53,75,440
Par value per share (in ₹) - Refer Note 3 (a).....	1.00	1.00
Basic Earnings per share (in ₹).....	4.53	4.08

**Diluted**

Net Profit for the year attributable to the equity shareholders (₹ crore) .....	1,075.12	970.01
Add: Interest Expense and Exchange Fluctuation on FCCB (Net) (₹ crore) .....	<u>47.30</u>	<u>8.75</u>
Profit attributable to equity shareholders on dilution (₹ crore).....	<u>1,122.42</u>	<u>978.76</u>
The weighted average number of Equity Shares for Basic Earnings Per Share (Nos.).....	237,53,75,440	237,53,75,440
Add: Effect of potential Equity Shares on Conversion of FCCB (Nos.).....	<u>9,64,40,896</u>	<u>9,64,40,896</u>
The weighted average number of Equity Shares for Diluted Earnings Per Share (Nos.).....	<u>247,18,16,336</u>	<u>247,18,16,336</u>
Par value per share (in ₹).....	1.00	1.00
Diluted Earnings per share (in ₹) - Anti Dilutive.....	4.54	3.96
Diluted Earnings per share restricted to Basic Earnings Per Share (in ₹).....	4.53	-

## Notes forming part of the Financial Statements

## 43. Details of provisions:

The Company has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	₹ crore				
	Opening Balance	Provision during the year	Payments made during the year	Reversal/ Regrouped during the year	Closing Balance
Provision for Warranties.....	6.86	12.11	(0.71)	(5.36)	12.90
	<i>6.24</i>	<i>6.27</i>	<i>(0.73)</i>	<i>(4.92)</i>	<i>6.86</i>
Provision for Premium on Redemption of FCCB.....	126.94	-	-	18.49	@ 145.43
	<i>128.29</i>	-	-	<i>(1.35)</i>	@ <i>126.94</i>
Provision on Premium on Redemption of Debentures.....	134.70	-	-	-	134.70
	<i>134.70</i>	-	-	-	<i>134.70</i>

@ On account of exchange loss/(gain).

Note: Previous year's figures are in italics.

## 44. Interest in Joint Ventures:

The Company's interest, as a venturer, in jointly controlled entity is:

Name of the Company	Country of Incorporation	Principal activities	Percentage of Voting Power as at 31st March, 2012
Tubed Coal Mines Ltd.(TCML)	India	Coal Mining	40%
Tata BP Solar India Ltd. (TBSIL)	India	Solar Photovoltaic Systems and its components	49%
Mandakini Coal Company Ltd. (MCCL)	India	Coal Mining	33.33%
Dagachhu Hydro Power Corporation Ltd. (DHPCL)	Bhutan	Hydro Power Generation	26%

The Company's interest in these Joint Ventures is reported as Non Current Investments (Note 14) and stated at cost less provision for diminution other than temporary, if any, in the value of such investments. The Company's share of each of the assets, liabilities, incomes and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in these joint ventures (in case of MCCL, TCML and DHPCL based on unaudited accounts) are as under:

## I. ASSETS

## 1. NON-CURRENT ASSETS

	31st March, 2012 ₹ crore	31st March, 2011 ₹ crore
a) Fixed Assets.....	402.82	357.17
b) Long term Loans and Advances.....	26.84	28.13
c) Other Non-current Assets.....	0.63	2.88
	(A) <u>430.29</u>	<u>388.18</u>

## 2. CURRENT ASSETS

a) Inventories.....	59.96	120.15
b) Trade Receivables.....	102.79	67.78
c) Cash and Cash Equivalents.....	49.09	34.58
d) Short term Loans and Advances.....	7.01	11.31
e) Other Current Assets.....	44.77	35.05
	(B) <u>263.62</u>	<u>268.87</u>
	(A + B) <u>693.91</u>	<u>657.05</u>

## Notes forming part of the Financial Statements

	31st March, 2012 ₹ crore	31st March, 2011 ₹ crore
<b>II. LIABILITIES</b>		
<b>3. NON-CURRENT LIABILITIES</b>		
a) Long term Borrowings.....	145.16	185.55
b) Deferred Tax Liabilities (Net).....	13.68	18.16
c) Other Long term Liabilities.....	2.29	1.76
d) Long term Provisions.....	7.06	4.60
(C)	<u>168.19</u>	<u>210.07</u>
<b>4. CURRENT LIABILITIES</b>		
a) Short term Borrowings.....	46.97	44.11
b) Trade Payables.....	55.88	53.22
c) Other Current Liabilities.....	92.56	26.87
d) Short term Provisions.....	14.10	18.42
(D)	<u>209.51</u>	<u>142.62</u>
(C + D)	<u>377.70</u>	<u>352.69</u>
<b>III. INCOME</b>		
a) Sales and Other Operations.....	457.01	444.88
b) Other Income.....	2.82	0.80
	<u>459.83</u>	<u>445.68</u>
<b>IV. EXPENSES</b>		
a) Cost of Materials.....	362.51	343.09
b) Manufacturing and Other Expenses.....	72.33	58.77
c) Depreciation/Amortisation.....	24.06	23.77
d) Finance Costs.....	14.85	5.54
e) Provision for Taxation.....	(4.46)	8.70
	<u>469.29</u>	<u>439.87</u>
<b>V. (LOSS)/PROFIT AFTERTAX.....</b>	<u><b>(9.46)</b></u>	<u><b>5.81</b></u>
<b>VI. OTHER MATTERS</b>		
a) Contingent Liabilities.....	7.40	4.30
b) Capital Commitments.....	208.37	115.93
	<u>215.77</u>	<u>120.23</u>

45. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure. Figures below ₹ 50,000 are denoted by '\*'.

Signatures to Notes "1" to "45"  
For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

Mumbai, 22nd May, 2012.

H. M. MISTRY  
Company Secretary

## Performance Perspective

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Generation (in MUs)	12,996	12,917	13,283	13,746	14,269	14,717	14,807	15,946	15,325	<b>15,230</b>
Operating Income	4,300	4,239	3,930	4,563	4,715	5,916	7,236	7,098	6,918	<b>8,496</b>
Operating Expenses	3,116	2,952	2,978	3,727	3,992	4,979	6,095	5,220	5,330	<b>6,711</b>
Operating Profit	1,184	1,287	953	835	723	937	1,141	1,879	1,588	<b>1,785</b>
Other Income	152	160	387	326	344	498	632	282	494	<b>983</b>
Interest and Finance Charges	341	284	191	165	190	174	328	423	460	<b>515</b>
Depreciation	318	334	360	278	292	291	329	478	510	<b>570</b>
PBT	677	734	759	747	586	970	1,117	1,259	1,112	<b>1,683</b>
PAT	520	509	551	611	697	870	922	939	941	<b>1,170</b>
Earning Per Share (EPS) - ₹ / share	23	24	28	29	34	39	44	41	41	<b>4.53*</b>
Dividend per share(%)	65%	70%	75%	85%	95%	105%	115%	120%	125%	<b>125%</b>

Return On Capital Employed [ROCE] (%)	18%	18%	14%	13%	12%	12%	11%	11%	10%	<b>10%</b>
Return On Net Worth [RONW] (%)	14%	13%	15%	14%	15%	13%	14%	10%	10%	<b>10%</b>
Long Term Debts / Equity	0.50	0.34	0.55	0.49	0.51	0.34	0.52	0.55	0.54	<b>0.57</b>
Total Debts/ Equity	0.51	0.34	0.56	0.50	0.60	0.38	0.60	0.55	0.62	<b>0.66</b>

Capital	198	198	198	198	198	221	221	237	237	<b>237</b>
Shareholder's Reserves	3,162	3,450	3,579	3,962	4,437	6,331	7,182	9,173	9,801	<b>10,525</b>
Statutory Reserves **	1,360	1,402	1,360	1,395	1,398	1,486	1,289	1,213	1,201	<b>1,195</b>
Borrowings	2,399	1,721	2,860	2,755	3,633	3,037	5,198	5,872	6,981	<b>7,906</b>
Gross Block (incl. Capital WIP)	5,709	5,841	5,903	6,137	7,010	8,164	9,747	10,487	11,548	<b>13,083</b>
Accumulated Depreciation	2,035	2,364	2,657	2,922	3,199	3,477	3,795	4,258	4,736	<b>5,300</b>
Net Block	3,674	3,477	3,246	3,215	3,811	4,687	5,952	6,229	6,812	<b>7,783</b>

\* Share sub-division from ₹10 to ₹1

\*\* Statutory Reserves also includes Special Appropriation towards Projects Cost and Service Line Contribution from Consumers

FY 11 & FY 12 figures are based on Revised Schedule VI workings

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance

More than a century ago, our founder, Mr Jamshetji N Tata laid the foundation for good governance and made it an integral part of the business culture. Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. As a Tata Company, Corporate Governance is about the way we do business, encompassing every day business activities. It is not an add - on; it is part of our way of working. The Company is focused on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations, environment and regulatory compliances.

This philosophy has been sought to be strengthened through the Tata Code of Conduct, the Tata Business Excellence Model and the Tata Code for Prevention of Insider Trading and Code of Corporate Disclosure Practices, which form guidelines for "Leadership with Trust". The Company is committed to focus its energies and resources in creating and positively leveraging shareholders' wealth, and at the same time, safeguard the interests of all stakeholders.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements with the Stock Exchanges, the disclosure requirements of which are given below :

### Board of Directors

#### ➤ Composition :

As on 22<sup>nd</sup> May, 2012, the Company's Board of Directors constitutes 13 members, out of whom 3 are Executive Directors and 10 are Non-Executive Directors (NEDs). These Directors bring in a wide range of skills and experience to the Board.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Table 1: The names and categories of the Directors on the Board, their attendance at Board Meetings during the year under review and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in other companies

Name of the Director and Business Relationship	Category of Directorship	* No. of other Directorships as on 31.3.2012	# No. of other Committee positions held as on 31.3.2012		No. of Board Meetings attended during the year	Attendance at the 92 <sup>nd</sup> Annual General Meeting held on 24.8.2011
			Chairman	Member		
Mr R N Tata, Chairman	Non-Independent, Non-Executive	10	-	-	5	Yes
Mr R Gopalakrishnan		10	-	3	5	Yes
Mr A J Engineer		6	1	1	6	Yes
Mr C P Mistry (Appointed on 23.12.2011)		4	-	1	2	NA.
Dr H S Vachha	Independent, Non-Executive	5	3	1	6	Yes
Mr N H Mirza		4	3	1	5	No
Mr D M Satwalekar		5	2	1	5	Yes
Dr R H Patil (Resigned on 20.03.2012)		-	-	-	-	No
Mr P G Mankad		10	2	7	6	Yes
Mr A K Basu		6	1	6	5	Yes
Mr Thomas Mathew T (Representative of LIC as Investor/Lender)		5	-	1	4	Yes



Name of the Director and Business Relationship	Category of Directorship	* No. of other Directorships as on 31.3.2012	# No. of other Committee positions held as on 31.3.2012		No. of Board Meetings attended during the year	Attendance at the 92 <sup>nd</sup> Annual General Meeting held on 24.8.2011
			Chairman	Member		
Mr Anil Sardana, Managing Director	Executive	5	-	1	6	Yes
Mr S Ramakrishnan, Executive Director		9	2	4	5	Yes
Mr S Padmanabhan, Executive Director		6	-	2	6	Yes
Mr B Agrawala, Executive Director (Resigned with effect from 30.11.2011)		-	-	-	2	Yes

\* Excludes Alternate Directorships and directorships in private companies, foreign companies and Section 25 companies.

# Represents Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee.

None of the Directors of the Company are related to each other.

The resignation of Dr R H Patil, an independent director, on 20<sup>th</sup> March, 2012, has resulted in the number of independent directors falling below the limit as prescribed under Clause 49 of the Listing Agreement. As per the Listing Agreement, management has 180 days from the date of such resignation i.e. upto 16<sup>th</sup> September, 2012, to fulfill the Board composition requirements.

Six Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held were as follows:

7<sup>th</sup> April, 2011, 19<sup>th</sup> May, 2011, 10<sup>th</sup> August, 2011, 14<sup>th</sup> November, 2011, 10<sup>th</sup> February, 2012 and 20<sup>th</sup> March, 2012.

The information as required under Annexure IA to Clause 49 is being made available to the Board.

### ➤ Code of Conduct

The Board has laid down separate Codes of Conduct for NEDs and Senior Management personnel of the Company and the same are posted on the Company's website [www.tatapower.com](http://www.tatapower.com). All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same. The certification is enclosed at the end of this Report.

### Committees of the Board

The Committees of the Board of Directors focus on certain specific areas and make informed decisions in line with the delegated authority. Each Committee of the Board functions according to its role and defined scope.

#### ➤ Mandatory Committees

The mandatory committees are :

1. Audit Committee of Directors
2. Shareholders'/Investors' Grievance Committee

#### ❖ Audit Committee of Directors

Table 2: Composition of the Audit Committee of Directors (Audit Committee) and details of meetings attended by the Directors during the year under review

Sl. No.	Name of the Director	Category	No. of Meetings attended	Remarks
1.	Dr H S Vachha, Chairman	Non-Executive, Independent	14	Dr Vachha is a former executive of ICICI Limited and, accordingly, has the requisite business /accounting / related financial management expertise.

2.	Mr A J Engineer	Non-Executive, Non-Independent	14	Financially experienced and renowned practitioners
3.	Mr D M Satwalekar	Non-Executive, Independent	12	
4.	Mr P G Mankad	Non-Executive, Independent	13	

The Audit Committee met fourteen times during the year under review on the following dates:

7<sup>th</sup> April, 2011, 16<sup>th</sup> May, 2011, 17<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 9<sup>th</sup> August, 2011, 11<sup>th</sup> August, 2011, 15<sup>th</sup> September, 2011, 18<sup>th</sup> October, 2011, 13<sup>th</sup> November, 2011, 15<sup>th</sup> November, 2011, 20<sup>th</sup> December, 2011, 9<sup>th</sup> February, 2012, 14<sup>th</sup> February, 2012 and 15<sup>th</sup> March, 2012.

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges. The Company also complies with the provisions of Section 292A of the Companies Act, 1956 (the Act) pertaining to Audit Committee and its functioning.

At its meeting held on 29<sup>th</sup> March, 2001, the Board delegated the following powers to the Audit Committee :

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The Managing Director, Executive Directors and head of Internal Audit attend the meetings. The Statutory Auditors are also invited to the meetings. Mr H M Mistry, the Company Secretary, acts as the Secretary of the Committee.

#### ❖ Shareholders'/Investors' Grievance Committee

Table 3: Composition of the Shareholders'/Investors' Grievance Committee (IGC) and details of meetings attended by the Directors during the year under review

Sl. No.	Name of the Director	Category of Directorship	No. of Meetings attended
1.	Dr H S Vachha, Chairman	Non-Executive, Independent	2
2.	Mr S Ramakrishnan	Executive	2
3.	Mr S Padmanabhan	Executive	1

The IGC met twice during the year under review on the following dates:

3<sup>rd</sup> October, 2011 and 13<sup>th</sup> March, 2012.

In accordance with Clause 49(IV)(G)(iv) of the Listing Agreements with the Stock Exchanges, the Board has authorised Mr H M Mistry, Company Secretary and Compliance Officer and Mr A S Bapat, Head – Corporate Legal, to severally approve share transfers / transmissions, in addition to the powers with the Members of the IGC. Share Transfer formalities are regularly attended to and atleast once a fortnight.

All investor complaints which cannot be settled at the level of Mr H M Mistry, are placed before the Committee for final settlement.

The status of total number of complaints received during the year under review were as follows:

Sl. No.	Description	Total		
		Received	Replied	Pending
<b>A.</b>	<b>Letters received from Statutory Bodies</b>			
	Securities & Exchange Board of India	22	17	5
	Stock Exchanges	9	9	0
	Depositories (NSDL/CDSL)	0	0	0
	Ministry of Corporate Affairs	2	2	0
<b>B.</b>	<b>Dividends</b>			
	Non-receipt of dividend / interest warrants (pending reconciliation at the time of receipt of letters)	19	19	0
	<b>Total</b>	<b>52</b>	<b>47</b>	<b>5</b>

Out of the 5 unresolved complaints as on 31<sup>st</sup> March, 2012, 3 have since been resolved and closed and 2 complaints are awaiting revert from complainants.

29 transfers and 50 demats, which were pending as on 31<sup>st</sup> March, 2012, have been subsequently processed and completed.

### Investor Survey

A questionnaire was sent to all the Members of the Company in November 2011 to determine the satisfaction levels and explore avenues for improvement based on suggestions made by them. 3,168 responses were received. Various suggestions received from the Members were duly considered and appropriate action was taken on the merits. The Company would continue to welcome suggestions, which will help further improve its services to Members.

As per the commitment made in the questionnaire, a sum of ₹ 3,16,800 was donated to 'Indian Cancer Society' for the responses received by the Company, @ ₹ 100 per response received.

#### ➤ Non-mandatory Committees

The non-mandatory Committees are :

1. Remuneration Committee of Directors
2. Executive Committee of the Board
3. Nominations Committee
4. Ethics and Compliance Committee.

#### ❖ Remuneration Committee

Table 4: Composition of the Remuneration Committee and details of meetings attended by the Directors during the year under review

Sl. No.	Name of the Director	Category	No. of Meetings attended
1.	Mr N H Mirza, Chairman	Non-Executive, Independent	2
2.	Mr R N Tata	Non-Executive, Non-Independent	2
3.	Mr R Gopalakrishnan	Non-Executive, Non-Independent	2

The Remuneration Committee met twice during the year under review on the following dates:

9<sup>th</sup> June, 2011 and 19<sup>th</sup> December, 2011.

#### Remuneration Committee Charter

At its meeting held on 10<sup>th</sup> February, 2012, the Board adopted the Remuneration Committee Charter.

#### Objectives of the Remuneration Committee

The Remuneration Committee shall discharge the Board's responsibilities to shareholders, the investment community and other stakeholders with respect to:

- recommending to the Board the remuneration to each director;
- setting the performance standards, budgets and targets for the executive team of the Company;
- setting the compensation and performance bonuses of the Company's executive officers;
- overseeing the Company's Human Resources and People strategy; and
- performing such other duties and responsibilities, as may be consistent with the provisions of the Charter.

#### Composition

- The Remuneration Committee shall comprise of a minimum three NEDs as members.
- The Chairman of the Remuneration Committee shall be an Independent Director, from amongst the members of the Committee.

#### Remuneration Policy

##### ➤ Non-Executive Directors

The NEDs are paid remuneration by way of Commission and Sitting Fees. In terms of the Members' approval obtained at the Annual General Meeting (AGM) held on 10<sup>th</sup> September, 2008, the Commission is paid at a rate not exceeding 1% per annum of

the net profits of the Company (computed in accordance with Section 309(5) of the Act). The distribution of Commission amongst the NEDs is placed before the Remuneration Committee and the Board. The Commission payment for the year ended 31<sup>st</sup> March, 2011 was distributed broadly on the following basis:

1. Number of meetings of the Board and substantive Committees of the Board attended;
2. Role and responsibility as Chairman/Member of the Board/Committee;
3. Individual contributions at the meetings; and
4. Time spent other than in meetings relating to the operations of the Company.

During the year, the Company paid sitting fees of ₹ 20,000 per meeting to the NEDs for attending meetings of the Board, Executive Committee of the Board, Audit Committee, Remuneration Committee and Nominations Committee. The fees paid for other Committee meetings was ₹ 5,000 per meeting attended.

#### ➤ Executive Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Director and the Executive Directors. Salary is paid within the range approved by the Members. Annual increments effective 1<sup>st</sup> April each year, as recommended by the Remuneration Committee, are placed before the Board for approval. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee and approved by the Board. Commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board on the recommendation of the Remuneration Committee at the end of the financial year, subject to overall ceilings stipulated in Sections 198 and 309 of the Act. Specific amount payable to such Directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

#### ➤ Management Staff

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his annual performance etc. For the last few years, efforts have also been made to link the annual variable pay of employees with the performance of the Company. The performance pay policy links the performance pay of each officer to his individual, divisional and overall organizational performance on parameters aligned to Company's objectives.

#### Remuneration to Directors

Table 5: Details of remuneration to NEDs during the year under review

Name of the Director	Sitting Fees paid (Gross) (₹)	Commission paid (Gross) (₹) *
Mr R N Tata	2,40,000	66,00,000
Mr R Gopalakrishnan	2,20,000	38,00,000
Dr H S Vachha	4,50,000	29,00,000
Mr A J Engineer \$	5,00,000	43,00,000
Mr N H Mirza	2,35,000	42,00,000
Mr D M Satwalekar	4,45,000	44,50,000
Dr R H Patil	Nil	3,50,000
Mr P G Mankad	3,80,000	20,00,000
Mr A K Basu	1,00,000	11,50,000
Mr Thomas Mathew T @	80,000	2,50,000
Mr C P Mistry	80,000	N.A.

\* Commission relates to the financial year ended 31<sup>st</sup> March, 2011, which was paid during the financial year under review. Commission of ₹ 3.50 crore has been provided as payable to the eligible NEDs in the accounts for the year ended 31<sup>st</sup> March, 2012, the distribution of which is yet to be determined.

@ Sitting Fees and Commission of Mr Thomas Mathew T, Nominee Director of LIC, were paid to LIC.

§ During the year, the following amounts were also paid to Mr A J Engineer, retired Managing Director :

Pension - ₹ 29,69,700, Residential accommodation - ₹ 14,84,850 and Medical - ₹ 3,48,914

Apart from this, none of the NEDs had any pecuniary relationship or transactions with the Company other than the Directors Fees and Commission received by them.

Table 6: Details of remuneration and perquisites paid and/or value calculated as per the Income-tax Act, 1961 to the Managing Director and Executive Directors

	Salary (₹)	@ Commission paid in 2011-12 (₹)	Perquisites (₹)	Retirement Benefits (₹)	Total (₹)
Mr Anil Sardana, Managing Director	54,00,000	50,00,000	71,27,317	14,58,000	1,89,85,317
Mr S Ramakrishnan, Executive Director	48,00,000	1,25,00,000	59,38,536	12,96,000	2,45,34,536
Mr S Padmanabhan, Executive Director	43,20,000	1,25,00,000	55,96,839	11,66,400	2,35,83,239
*Mr B Agrawala, Executive Director (Resigned w.e.f. 30.11.2011)	25,60,000	1,25,00,000	64,60,582	6,91,200	2,22,11,782

@ Commission relates to the financial year ended 31<sup>st</sup> March, 2011, which was paid during the financial year under review. Commission of ₹ 8 crore has been provided as payable to the Managing Director and Executive Directors in the accounts for the year ended 31<sup>st</sup> March, 2012, the distribution of which is yet to be determined.

\* An amount of ₹ 11,84,000 was paid towards Priviledge Leave encashment to Mr B Agrawala, who resigned during FY12.

Table 7: Salient features of the agreements executed by the Company with the Managing Director and Executive Directors, consequent upon obtaining Members' approval at the AGM.

Terms of Agreement	Mr Anil Sardana Managing Director	Mr S Ramakrishnan Executive Director	Mr S Padmanabhan Executive Director
<b>Period of appointment</b>	1-2-2011 to 31-1-2016	1-10-2009 to 28-2-2014	6-2-2008 to 5-2-2013
<b>Remuneration</b> - Salary	Basic salary upto a maximum of ₹ 6,50,000 p.m.	Basic salary upto a maximum of ₹ 6,00,000 p.m.	
- Commission	At the discretion of the Board, within the limits stipulated under the Act.		
- Incentive Remuneration	At the discretion of the Board not exceeding 200% of basic salary.		
- Benefits, perquisites and allowances (excluding Company's contribution to Provident Fund, Superannuation, Gratuity, Leave Encashment)	As may be determined by the Board from time to time.		
<b>Notice period</b>	The Agreements may be terminated by either party giving to the other party six months' notice or the Company paying six months' remuneration in lieu thereof.		
<b>Severance fees</b>	There is no separate provision for payment of severance fees.		
<b>Stock Option</b>	Nil		

The above agreements are contractual in nature.



Table 8 : Details of number of shares and convertible instruments held by Directors

Name of the Director	No. of Equity Shares held	No. of convertible instruments held
Mr R N Tata	4,000	Nil
Mr S Ramakrishnan		
- Individually	3,000	Nil
- Karta (HUF)	1,000	Nil

#### ❖ Executive Committee of the Board

The Executive Committee of the Board comprises of Mr R N Tata (Chairman), Mr R Gopalakrishnan, Mr A J Engineer, Mr N H Mirza, Mr D M Satwalekar, Mr C P Mistry, Mr Anil Sardana (Managing Director) and Mr S Ramakrishnan and Mr S Padmanabhan (Executive Directors). This Committee covers a detailed review of the following items before being presented to the full Board:

- Business and strategy review
- Long-term financial projections and cash flows
- Capital and Revenue Budgets and capital expenditure programmes
- Acquisitions, divestments and business restructuring proposals
- Senior management succession planning
- Any other item as may be decided by the Board

#### ❖ Nominations Committee

The Nominations Committee comprises of Dr H S Vachha (Chairman), Mr R N Tata and Mr N H Mirza. This Committee makes recommendations regarding composition of the Board and would therefore identify Independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.

#### ❖ Ethics and Compliance Committee

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other employees. The Code is based on the principle that Directors, Officers and employees of a Tata Company owe a fiduciary duty to, among others, the Members of the Company to place the interest of the Members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code contains regulations for preservation of price sensitive information, pre-clearance of trade and monitoring and implementation of the Code.

In terms of this Code, a Committee has been constituted called 'Ethics and Compliance Committee' comprising of Dr H S Vachha (Chairman) and Mr A J Engineer.

Mr S Ramakrishnan, Executive Director (Finance) is the Compliance Officer to ensure compliance and effective implementation of the Regulations and also this Code across the Company.

#### General Body Meetings

The last three AGMs were held as under :

Financial Year ended	Day & Date	Time	Venue
31 <sup>st</sup> March, 2009	Thursday, 6 <sup>th</sup> August, 2009	3 p.m.	Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, 19, New Marine Lines, Mumbai 400 020.
31 <sup>st</sup> March, 2010	Wednesday, 8 <sup>th</sup> September, 2010		
31 <sup>st</sup> March, 2011	Wednesday, 24 <sup>th</sup> August, 2011		

#### Details of Special Resolutions passed in the previous three AGMs

Date of AGM	Particulars of Special Resolutions passed thereat
6 <sup>th</sup> August, 2009	No Special Resolutions were passed at this AGM.
8 <sup>th</sup> September, 2010	No Special Resolutions were passed at this AGM.
24 <sup>th</sup> August, 2011	Alteration of Articles of Association of the Company.

None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

No Court-convened Meetings were held during the last three years.

#### Disclosures

1. There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relatives etc. during the year, that may have potential conflict with the interests of the Company at large.
2. The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
3. There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, Securities and Exchange Board of India (SEBI) or any statutory authority.
4. The Board of Directors of the Company has adopted a Whistle Blower Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's intranet site. The Company affirms that no employee has been denied access to the Audit Committee.
5. All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
6. The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
7. In terms of Clause 49(V) of the Listing Agreement, the Managing Director and the Executive Director (Finance) made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

#### Means of Communication

1. **Quarterly Results:** Quarterly and half-yearly reports are published in the following newspapers :

Name of the Newspaper	Region	Language
Indian Express - All editions	Ahmedabad, Vadodara, Mumbai, Chandigarh, New Delhi, Kolkata, Lucknow, Nagpur and Pune	English
Financial Express	Mumbai, Pune, Ahmedabad, Delhi, Lucknow, Chandigarh, Kolkata, Hyderabad, Bengaluru, Kochi and Chennai	English
Loksatta - All editions	Ahmednagar Mumbai Pune Nagpur Aurangabad and Delhi	Marathi
Jam-e-Jamshed Weekly	Mumbai	Gujarati
Vyapar + Phulchhab	Mumbai and Rajkot	Gujarati

2. **Half-Yearly Reports:** Half-yearly reports covering financial results are sent to Members at their registered postal/email address.
3. **News Releases, presentations etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors etc. are displayed on the Company's website. Official media releases, sent to the Stock Exchanges, are given directly to the Press.
4. **Website:** Comprehensive information about the Company, its business and operations, Press Releases and Investor information can be viewed at the Company's website. The 'Investor Relations' section serves to inform the investors by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to analysts etc.  
Members also have the facility of raising their queries/complaints on share related matters through a facility provided on the 'Investor Relations' section.
5. **Annual Reports:** The Annual Report is posted to Members and others entitled to receive it.
6. **Corporate Filing and Dissemination System (CFDS) and NSE Electronic Application Processing System (NEAPS):** The CFDS portal is a single source to view information filed by listed companies. All disclosures and communications to Bombay

Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are filed electronically through CFDS portal. Hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges. The Company also submits to NSE, the Shareholding Pattern and the Quarterly Compliance Report on Corporate Governance through NSE's NEAPS portal.

7. **Reminders to Members:** Reminders for unclaimed dividends were sent in February 2012 to the Members as per records.
8. **Factory visit:** To familiarise our Members with the Company's operations, based on requests by them, the Company arranges for visits to its hydro station in small batches. 2 visits were arranged during FY12 for the Members, at Khopoli Generating Station.

### General Shareholder Information

1. The AGM is scheduled to be held on Friday, 17<sup>th</sup> August, 2012 at 3 p.m. at Birla Matushri Sabhagar, Sir Vithaldas Thackersey Marg, 19, New Marine Lines, Mumbai 400 020.

As required under Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on 17<sup>th</sup> August, 2012.

2. **Financial Year** : 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012
3. **Book Closure** : From 26<sup>th</sup> July, 2012 to 17<sup>th</sup> August, 2012 (both days inclusive).
4. **Dividend Payment Date** : On and from 21<sup>st</sup> August, 2012
5. **Listing on Stock Exchanges** : The Company's Shares are listed on the following two Stock Exchanges in India :
 

Bombay Stock Exchange Limited (Regional Stock Exchange) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	National Stock Exchange of India Limited 'Exchange Plaza', Bandra-Kurla Complex, Bandra (E), Mumbai 400 051.
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In February 1994, the Company jointly with the erstwhile The Tata Hydro-Electric Power Supply Company Limited and The Andhra Valley Power Supply Company Limited issued Global Depository Shares (GDS) in the International Market which have been listed on the Luxembourg Stock Exchange and have been accepted for clearance through Euroclear and Cedel. They have also been designated for trading in the PORTAL System of the National Association of Securities Dealers, Inc.

In July 2009, the Company raised USD 335 million through offering of Global Depository Receipts (GDRs). The GDRs are listed in and traded in Euro MTF market of the Luxembourg Stock Exchange and are also available for trading on IOB (International Order Board) of London Stock Exchange.

In November 2009, the Company issued 1.75% Foreign Currency Convertible Bonds (FCCBs) due in 2014, to raise USD 300 million. These FCCBs are listed on the Singapore Exchange Securities Trading Limited (SGX-ST). In case the entire amount of FCCBs are converted, the Company would have to allot 9,64,40,890 Equity Shares of ₹ 1 each to the Bond holders.

In June 2011, the Company issued 15,000 Unsecured, Subordinated, Perpetual, Listed, Rated Securities in the form of Non-Convertible Debentures on private placement basis of ₹ 10,00,000 each (Debentures). The said Debentures are listed on BSE and NSE.

The following series of Debentures issued by the Company have been listed on the Wholesale Debt Market segment of NSE :

Sl. No.	Series	Amount outstanding as on 31.3.2012 (₹ in crore)
1.	6000 7.1% Transferable Secured Redeemable Non-Convertible Debentures	600
2.	10.10% Redeemable Transferable Secured Non-Convertible Debentures	500
3.	10.40% Redeemable Transferable Secured Non-Convertible Debentures	500
4.	9.15% Secured Non-Convertible Non-Cumulative Redeemable Taxable Debentures with Separately Transferable Redeemable Principal Parts	325
5.	9.15% Secured Non-Convertible Non-Cumulative Redeemable Taxable Debentures with Separately Transferable Redeemable Principal Parts	234

The Company has paid the requisite Annual Listing Fees to the two Stock Exchanges for the financial year 2011-12.

**6. Stock Code (For Equity Shares)**

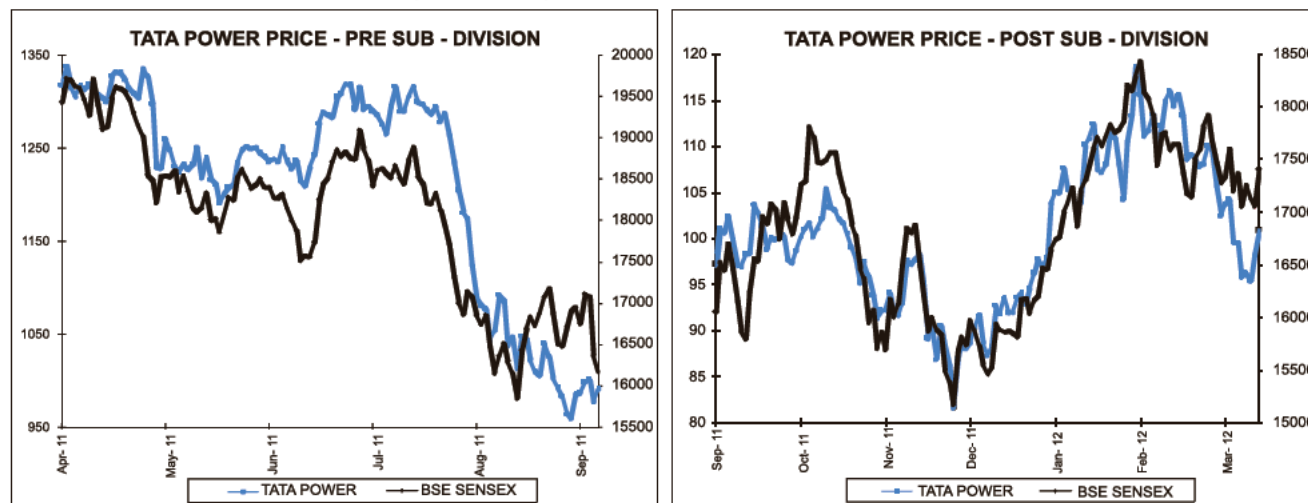
Bombay Stock Exchange Limited (physical form) (demat form)	400 500400
National Stock Exchange of India Limited	TATAPOWER EQ

**7. Market Information:**

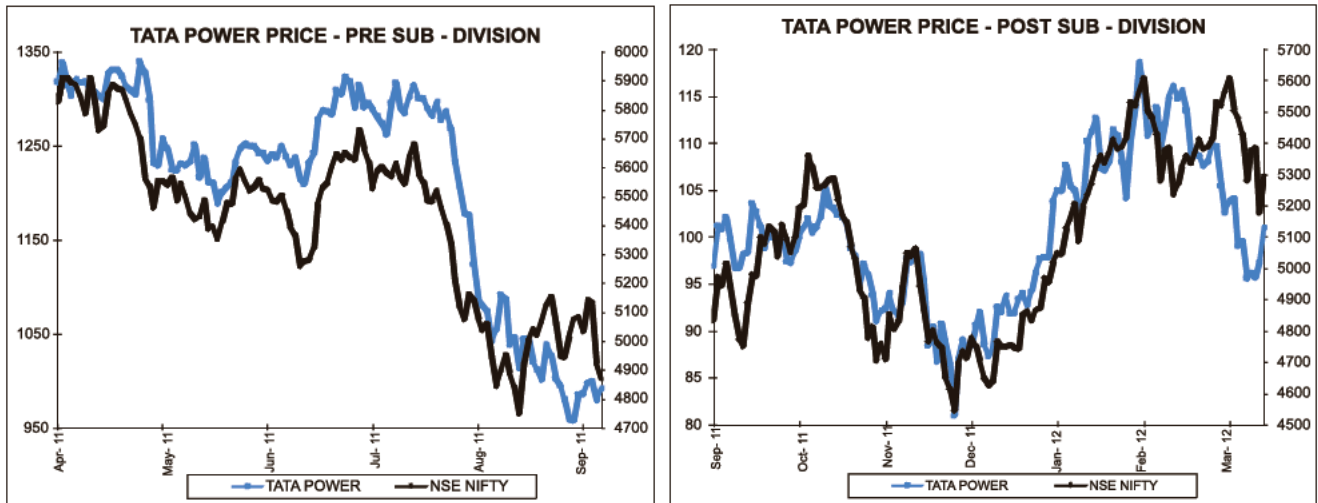
a) Market Price Data : High, Low during each month and trading volumes of the Company's Equity Shares during the last financial year at BSE and NSE are given below :

Stock Exchange	BSE			NSE		
	High ₹	Low ₹	No. of shares traded during the month	High ₹	Low ₹	No. of shares traded during the month
April 2011	1,337.15	1,299.05	3,84,485	1,337.60	1,300.00	42,31,577
May 2011	1,334.75	1,190.00	4,71,335	1,339.10	1,188.00	50,85,233
June 2011	1,303.60	1,208.75	2,98,383	1,308.25	1,209.25	43,76,567
July 2011	1,318.10	1,264.05	2,82,027	1,322.55	1,262.00	45,70,267
August 2011	1,293.40	1,012.45	5,34,339	1,295.70	1,013.15	74,95,365
September 2011						
Pre Sub-division	1,038.70	958.65	7,81,491	1,038.55	958.00	92,25,629
Post Sub-division	102.30	97.20	20,27,734	102.05	96.90	1,85,95,988
October 2011	103.70	96.85	64,71,395	103.60	96.75	7,08,50,942
November 2011	105.35	91.30	63,54,633	105.40	91.05	5,79,56,226
December 2011	98.20	81.60	87,82,359	98.20	81.00	6,83,69,322
January 2012	107.55	88.10	82,24,065	107.65	88.15	7,92,91,668
February 2012	118.65	104.20	2,08,57,790	118.65	104.20	13,06,54,002
March 2012	115.90	95.35	1,35,40,168	116.20	95.60	9,34,27,941

b) Performance of Tata Power Share price in comparison to BSE Sensex :



## c) Performance of Tata Power Share price in comparison to Nifty :



## 8. Registrars and Transfer Agents:

TSR Darashaw Limited (TSRDL)  
6-10, Haji Moosa Patrawala Industrial Estate (Near Famous Studio),  
20, Dr E Moses Road, Mahalaxmi, Mumbai 400 011.  
Tel. : 022 6656 8484, Fax : 022 6656 8494  
Email: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

For the convenience of Members based in the following cities, transfer documents and letters will also be accepted at the following branches / agency of TSRDL :

**Branches of TSRDL**

- |   |   |
|---|---|
| <p>1. TSR Darashaw Limited<br/>503, Barton Centre, 5th floor,<br/>84, Mahatma Gandhi Road, Bengaluru 560 001.<br/>Tel : 080 2532 0321, Fax : 080 2558 0019<br/>E-mail : tsrdlbg@tsrdarashaw.com</p> | <p>2. TSR Darashaw Limited<br/>Bungalow No.1, 'E' Road,<br/>Northern Town, Bistupur, Jamshedpur 831 001.<br/>Tel : 0657 242 6616, Fax : 0657 242 6937<br/>E-mail: tsrdljsr@tsrdarashaw.com</p>  |
| <p>3. TSR Darashaw Limited<br/>Tata Centre, 1st Floor,<br/>43, Jawaharlal Nehru Road, Kolkata 700 071.<br/>Tel : 033 2288 3087, Fax : 033 2288 3062<br/>E-mail : tsrdlcal@tsrdarashaw.com</p>       | <p>4. TSR Darashaw Limited<br/>Plot No.2/42, Sant Vihar,<br/>Ansari Road, Darya Ganj, New Delhi 110 002.<br/>Tel : 011 2327 1805, Fax : 011 2327 1802<br/>E-mail : tsrdldel@tsrdarashaw.com</p> |

**Agent of TSRDL**

Shah Consultancy Services Pvt. Limited  
Agents : TSR Darashaw Limited  
3, Sumatinath Complex, Pritam Nagar, Akhada Road, Ellisbridge, Ahmedabad 380 006.  
Telefax : 079 2657 6038 E-mail : shahconsultancy8154@gmail.com

9. **Share Transfer System :** Share Transfers in physical form can be lodged with TSRDL at the abovementioned address or at their branch offices, addresses of which are available on website: www.tsrdarashaw.com

Transfers are normally processed within 20 days from the date of receipt. If the documents are complete in all respects, Mr H M Mistry, the Company Secretary and Compliance Officer and Mr A S Bapat, Head-Corporate Legal, are severally empowered to approve transfers, in addition to the powers with the Members of the Shareholders'/Investors' Grievance Committee.

The Company officials could be contacted at the following address :  
The Tata Power Company Limited  
Bombay House, 24, Homi Mody Street, Mumbai 400 001.



10. Distribution of Shares as on 31<sup>st</sup> March, 2012:

Slab	Number of shares				Number of shareholders					
	Physical	Demat	Total	%	Physical	%	Demat	%	Total	%
1 - 5000	4,19,40,980	10,35,17,797	14,54,58,777	6.13	32,026	90.55	1,54,406	92.09	1,86,432	91.82
5001 - 10000	1,62,41,480	5,12,15,808	6,74,57,288	2.84	2,387	6.75	7,134	4.26	9,521	4.69
10001 - 20000	85,19,530	4,84,29,021	5,69,48,551	2.40	611	1.73	3,443	2.05	4,054	2.00
20001 - 30000	44,64,540	2,43,75,121	2,88,39,661	1.22	184	0.52	990	0.59	1,174	0.58
30001 - 40000	29,64,040	1,72,10,226	2,01,74,266	0.85	84	0.24	490	0.29	574	0.28
40001 - 50000	12,16,160	1,13,98,738	1,26,14,898	0.53	27	0.08	254	0.15	281	0.14
50001 - 100000	22,07,760	3,17,47,703	3,39,55,463	1.43	34	0.09	456	0.27	490	0.24
100001 and above	35,29,340	200,40,94,116	200,76,23,456	84.60	16	0.04	502	0.30	518	0.25
<b>Total</b>	<b>8,10,83,830</b>	<b>229,19,88,530</b>	<b>*237,30,72,360</b>	<b>100.00</b>	<b>35,369</b>	<b>100.00</b>	<b>1,67,675</b>	<b>100.00</b>	<b>2,03,044</b>	<b>100.00</b>

\*Excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Co. Ltd. cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature at Bombay.

## WHY DEMAT

- Easy portfolio monitoring
- Elimination of bad deliveries
- Elimination of all risks associated with physical certificates
- No stamp duty is payable on transfer of shares
- Immediate transfer / trading of securities
- Faster settlement cycle
- Faster disbursement of non-cash corporate benefits like Rights, bonus etc.
- Periodic status reports and information available on internet
- Ensures faster communication to investors
- Ease related to change of address
- Provides more acceptability and liquidity of securities
- Postal delays and loss of shares in transit is prevented
- Saves the shareholder from going through cumbersome legal processes to reclaim the lost/pilfered certificates

## HELP CONVERT BALANCE PHYSICAL SHARES TO DEMAT

11. Shareholding pattern as on 31<sup>st</sup> March, 2012:

Particulars	Equity Shares	
	Number	Percent
Promoters	75,47,92,090	31.81
Insurance Companies	54,11,62,894	22.80
Foreign Institutional Investors	51,89,98,584	21.87
Global Depository Receipts	7,67,18,320	3.23
Non-Resident Indians	2,51,64,974	1.06
Other Foreign Bodies and Individuals	4,42,310	0.02
Mutual Funds / UTI	7,89,50,020	3.33
Central & State Govt. & Govt. Cos.	7,56,050	0.03
Financial Institutions	3,400	0.00
Banks (including Foreign Banks)	94,13,006	0.40
Other Bodies Corporate	2,58,85,466	1.09
Resident Individuals & HUF	34,07,85,246	14.36
<b>Total</b>	<b>237,30,72,360</b>	<b>100.00</b>

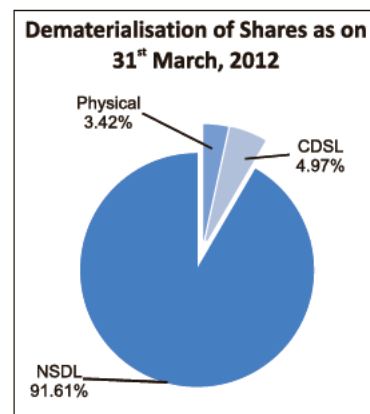
**12. Top 10 Shareholders of the Company as on 31<sup>st</sup> March, 2012 :**

Sl. No.	Name of Shareholder	Total holdings	% to capital
1.	Tata Sons Limited	70,75,11,570	29.81
2.	Life Insurance Corporation of India	31,18,23,233	13.14
3.	The Bank of New York	7,50,46,920	3.16
4.	The New India Assurance Company Limited	6,60,26,620	2.78
5.	General Insurance Corporation of India	6,21,20,370	2.62
6.	Matthews Pacific Tiger Fund	6,04,35,510	2.55
7.	The Royal Bank of Scotland Plc as Depository of First State Asia Pacific Leaders Fund, a Sub Fund of First State Investments ICVC	4,38,00,856	1.85
8.	The Royal Bank of Scotland Plc as Depository of First State Global Emerging Mkts Leaders Fund, a Sub Fund of First State Investments ICVC	4,32,55,459	1.82
9.	Aberdeen Global Indian Equity Fund Mauritius Limited	3,11,00,000	1.31
10.	Tata Industries Limited	1,96,80,000	0.83
	<b>Grand Total</b>	<b>1,42,08,00,538</b>	<b>59.87</b>

**13. Dematerialisation of Shares as on 31<sup>st</sup> March, 2012 and Liquidity :**

The Company's shares are compulsorily traded in dematerialised form and are available for trading through both the Depositories in India viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Shares of ₹ 1/- each		Shareholders	
	Number	% to Total	Number	% to Total
<b>Dematerialised form</b>				
NSDL	217,38,87,202	91.61	1,27,787	62.94
CDSL	11,81,01,328	4.97	39,888	19.64
<b>Sub-total</b>	<b>229,19,88,530</b>	<b>96.58</b>	<b>1,67,675</b>	<b>82.58</b>
Physical form	8,10,83,830	3.42	35,369	17.42
<b>Total</b>	<b>237,30,72,360</b>	<b>100.00</b>	<b>2,03,044</b>	<b>100.00</b>


**14. International Securities Identification Number (ISIN)**

Under the Depository system, the ISIN allotted to the Company's shares in dematerialised form is INE245A01021. The Annual Custodial Fees for the Financial Year 2011-12 were paid to NSDL and CDSL.

The Company's shares are regularly traded on BSE and NSE as is seen from the volume of shares indicated in the table containing market information.

15. **Number of GDS/GDRs outstanding :** 1,857 (Issued in 1994 to Citibank N.A.)  
**as on 31<sup>st</sup> March, 2012** 7,50,46,920 (Issued in 2009 to The Bank of New York)

**16. Plant Location :****(a) Thermal Power Stations :**

- |   |  |
|---|--|
| i) Trombay Generating Station<br>Mahul Road, Chembur<br>Mumbai, Maharashtra   | ii) Jojobera Power Plant<br>Jojobera<br>Jamshedpur, Jharkhand  |
| iii) Belgaum Power Plant<br>Plot Nos.1234 to 1240 & 1263 to 1297<br>KIADB Kanbargi Industrial Area<br>Auto Nagar, Belgaum, Karnataka  | iv) Haldia Power Plant<br>HFC Complex<br>Patikhali Haldia, East Medinipur<br>West Bengal   |
| v) Mundra Ultra Mega Power Plant<br>Tunda-Vandh Road, Village Tunda<br>Taluka Mundra, Kutchh Gujarat<br>(Owned by Coastal Gujarat Power<br>Ltd., a wholly owned subsidiary) | vi) Maithon Right Bank Thermal Power Plant<br>Village Dambhui, PO Barbindia<br>Thana Nirsa, District Dhanbad<br>Jharkhand<br>(Owned by Maithon Power Ltd., a subsidiary) |

**(b) Hydro Generating Stations :**

- |   |  |   |
|---|--|---|
| i) Generating Station<br>Bhira<br>P O Bhira<br>Taluka Mangaon<br>District Raigad<br>Maharashtra | ii) Generating Station<br>Bhivpuri<br>P O Bhivpuri Camp<br>Taluka Karjat<br>District Raigad<br>Maharashtra | iii) Generating Station<br>Khopoli<br>P O Khopoli Power House<br>District Raigad<br>Maharashtra |
|---|--|---|

**(c) Wind Farms :**

- |   |   |  |
|---|---|--|
| i) Village Shahjahanpur &<br>Pimpalgaon<br>Taluka Parner<br>District Ahmednagar<br>Maharashtra                      | ii) Village Khandke<br>Taluka & District Ahmednagar<br>Maharashtra                    | iii) Village Valve<br>Taluka Sakri<br>District Dhulia<br>Maharashtra       |
| iv) Jamjodhpur, Sadodar,<br>Motapanch Devda,<br>Samana<br>District Jamnagar<br>Gujarat                              | v) Hosur, Kanavi, Mulgund,<br>Shiroland Harti,<br>District Gadag<br>Karnataka         | vi) Village Sadawaghapur<br>Taluka Patan<br>District Satara<br>Maharashtra |
| vii) Village Anikaduvu,<br>Mongilphuluvu &<br>Illupunagaram<br>Taluka Madathukulam<br>District Tripur<br>Tamil Nadu | viii) Village Kannarwadi,<br>Hiwarwadi & Agaswadi<br>Taluka Khatav<br>District Satara | ix) Village Sawarghar and<br>Niwade<br>Taluka Patan<br>District Satara     |
| x) Visapur Wind Farm<br>Village Kokrale & Visapur<br>Taluka Khatav<br>District Satara                               |   |  |

**(d) Solar Plants:**

- |   |   |
|---|---|
| i) Mulshi (Khurd)<br>Post Male, Taluka Mulshi<br>District Pune<br>Maharashtra | ii) c/o Tata Chemicals Township, Plot B<br>Survey No. 78, Mithapur<br>District Jamnagar<br>Gujarat<br>(Owned by Tata Power Renewable Energy<br>Ltd., a wholly owned subsidiary) |
|---|---|

- (e) Transmission Division : Shil Road, Netivli, Kalyan, District Thane, Maharashtra
- (f) Distribution Division : Senapati Bapat Marg, Lower Parel, Mumbai
- (g) Strategic Electronics Division : 42/43 Electronic City, Electronic City Post Office, Hosur Road, Bengaluru
17. **Address for correspondence** : The Tata Power Company Limited, Bombay House, 24, Homi Mody Street, Mumbai 400 001. Tel : 022 6665 8282, Fax : 022 6665 8801

## 18. **Compliance with Non-Mandatory Requirements**

- i) **The Board**  
The Company does not reimburse expenses incurred by the Non-Executive Chairman for maintenance of a separate Chairman's Office.
- ii) **Remuneration Committee**  
The Board has set up a Remuneration Committee. Please see details in para on Remuneration Committee.
- iii) **Shareholder Rights**  
A half yearly declaration of financial performance including summary of the significant events in last six months, is sent to all the Members. The results are also put up on the Company's website.
- iv) **Audit qualifications**  
During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- v) **Proceeds from public issue/private placement**  
The proceeds raised in previous years through private placement of Debentures, GDRs and FCCBs have been utilised in terms of the objects of the issue as stated in the respective Offering Documents.
- vi) **Training of Board Members**  
The Company's Board of Directors comprises of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with changes in the economy, legislation and technologies.
- vii) **Mechanism for evaluation of Non-Executive Board Members**  
The Board of Directors of the Company, at present, comprises of ten NEDs. The Directors appointed are from diverse fields which are relevant to the Company's business and they have long-standing experience and are experts in their respective fields. They have gained considerable experience in managing large corporates and have been in public life for decades. The enormously rich and diverse background of the Directors is of considerable value to the Company.  
NEDs add substantial value through discussions and deliberations at the Board and Committee Meetings. Besides contributing at the Board and Committee meetings, the NEDs also have detailed deliberations with the Management Team and add value through such deliberations.  
Performance evaluation of Non-Executive Board Members is done by the Remuneration Committee and its recommendations are placed before the Board for consideration.
- viii) **Whistle Blower Policy**  
The Company has adopted a Whistle Blower Policy. Please refer to the para under the head 'Disclosures'.

## 19. **Company's Policies**

### ➤ **Tata Code of Conduct**

The values and principles which have governed the manner in which the Tata Group of companies and their employees have conducted themselves are articulated as the Tata Code of Conduct (TCOC). The TCOC is intended to serve as a guide to each employee on the values, ethics and business principles expected of him or her in personal and professional conduct.

The TCOC takes into consideration the effect of the rapidly increasing footprint of Tata companies across nationalities and geographical boundaries on the TCOC, whilst retaining the ethos of the Tata brand and reputation. The TCOC is modified periodically, taking into account the emergent global presence and to ensure that it addresses and encompasses diverse cultural, business and related issues universally across Tata companies.

The employees take pride in upholding the high standards of corporate and personal behaviour on which the Tatas' reputation and respectability have been built over the past 140 years.

➤ **Insider Trading Policy**

Please refer to details under the heading 'Ethics and Compliance Committee' .

➤ **Whistle Blower Policy**

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the TCOC, any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the TCOC cannot be undermined.

Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, *inter alia*, provides for a non-mandatory requirement for all listed companies to establish a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

Accordingly, the Whistle Blower Policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC) / Chairman of the Audit Committee of the Company.

The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the CEC or the Chairman of the Audit Committee or the Investigators. Protected Disclosure will be appropriately dealt with by the CEC or the Chairman of the Audit Committee, as the case may be.

➤ **Sexual Harassment Policy**

The Company is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company, have the right to be treated with dignity. Sexual harassment at the work place or other than work place, if involving employees, is a grave offence and is, therefore, punishable. The Supreme Court has also directed companies to lay down guidelines and a forum for redressal of grievances related to sexual harassment.

## 20. **Other Shareholder Information**

### **Corporate Identity Number (CIN)**

The CIN allotted to the Company by the Ministry of Corporate Affairs, Government of India is **L28920MH1919PLC000567**.

### **TOLL FREE Investor Helpline**

The Company maintains a TOLL FREE Investor Helpline to give Members the convenience of one more contact point with TSRDL, Registrar and Transfer Agent of the Company, for redressal of grievances/responses to queries. The TOLL FREE number is 1800-209-8484.

### **Shareholders' Relations Team**

The Shareholders' Relations Team is located at the Registered Office of the Company.

Contact Person : Mr J E Mahernosh Tel: 022 6665 7508 Fax: 022 6717 1004

In compliance with Clause 47(f) of the Listing Agreement, a separate e-mail ID [investorcomplaints@tatapower.com](mailto:investorcomplaints@tatapower.com) has been set up as a dedicated ID solely for the purpose of dealing with Members' queries/complaints.



### Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The status of dividend remaining unclaimed is given hereunder:

Unclaimed Dividend	Status	Whether it can be claimed	Can be claimed from
Upto and including the Financial Year 1994-95	Transferred to General Revenue Account of the Central Government	Yes	The Registrar of Companies, Central Government Office Building, A-wing, 2 <sup>nd</sup> Floor, CBD Belapur, Navi Mumbai 400 614, Maharashtra.  Application to be made in Form II prescribed by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.
For the Financial Years 1995-96 to 2003-04	Transferred to the IEPF of the Central Government	No	Not applicable
For the Financial Years 2004-05 and thereafter	Lying in respective Unpaid Dividend Accounts	Yes	TSR Darashaw Ltd., Registrar and Transfer Agent.

During the year, the Company sent a reminder to those Members/Depositors who had not claimed their dividend or interest or principal amount. The following unclaimed amounts were transferred to IEPF:

Particulars	Amount (₹)
Amounts transferred during Financial Year 2011-12:	
- Unclaimed dividend with the Company	52,61,865
- Unclaimed matured deposits with the Company	2,05,000
- Interest accrued on the unclaimed matured deposits	81,206
<b>Total amount transferred during the year</b>	<b>55,48,071</b>

The due dates for transfer to IEPF of the dividend remaining unclaimed since 2004-05 are provided hereunder :

Date of dividend declaration	Last date for claiming payment from TSRDL
04.08.2005	03.08.2012
01.08.2006	31.07.2013
08.08.2007	07.08.2014
10.09.2008	09.09.2015
06.08.2009	05.08.2016
08.09.2010	07.09.2017
24.08.2011	23.08.2018

Members are requested to get in touch with TSRDL for encashing the unclaimed dividend, if any, standing to the credit of their account.

**After transfer of the said amounts to the IEPF, no claims in this respect shall lie against the IEPF or the Company nor shall any payment be made in respect of such claims.**

#### **Shares held in electronic form**

Members holding shares in electronic form may please note that :

- i) Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these Depositories to the Company.
- ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.
- iv) The Company provides NECS facilities for shares held in electronic form and Members are urged to avail of this facility.

#### **Bank Details**

Members holding shares in physical form are requested to notify/send the following to TSRDL to facilitate better servicing:

- i) any change in their address/mandate/bank details, and
- ii) particulars of the bank in which they wish their dividend to be credited, in case they have not been furnished earlier.

Members are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in physical form and in electronic form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

#### **National Electronic Clearing Service (NECS) Facility**

Under NECS facility, Members get an option to receive dividend directly to their bank account rather than receiving the same through Dividend Warrants. Members holding shares in physical form, who wish to avail NECS facility, are requested to send their NECS mandate in the prescribed form to TSRDL, in the event they have not done so earlier. Members holding shares in electronic form are requested to give the NECS mandate to their respective DPs directly.

Please note that Members who do not provide details of bank accounts with banks having Core Banking Facility, as required by Reserve Bank of India (RBI), will receive their dividend by physical warrants.

The NECS Mandate Form can be obtained from TSRDL or downloaded from the Company's website under the section 'Investor Relations'.

#### **Demat initiative**

The Company, along with Geojit BNP Paribas Financial Services Limited (Geojit), has introduced an initiative for Members holding shares in physical form to dematerialise their holdings. The scheme for free Demat Account opening as well as the waiver of the Annual Maintenance charges and the DRF charges for Members of the Company holding shares in physical form, has been extended till March 2013. Their TOLL FREE Number is 1800-425-5501.

In view of the advantages of holding shares in electronic form, Members holding their Equity Shares in physical form are urged to avail of this opportunity and demat their holdings.

#### **Depository Services**

Members may write to the respective Depository or to TSRDL for guidance on depository services. Address for correspondence with the Depositories is as follows:

National Securities Depository Limited  
Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai 400 013.  
Tel. : 022 2499 4200  
Fax : 022 2497 6351  
e-mail : info@nsdl.co.in  
website : www.nsdl.co.in

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor,  
Dalal Street, Mumbai 400 023.  
Tel. : 022 2272 3333  
Fax : 022 2272 3199  
e-mail : investor@cdslindia.com  
website : www.cdslindia.com

### **Nomination Facility**

Pursuant to the provisions of Section 109A of the Act, Members are entitled to make nominations in respect of shares held by them. Members holding shares in physical form and intending to make/change the nomination in respect of their shares in the Company, may submit their requests in Form No.2B to TSRDL. Members holding shares in electronic form are requested to give the nomination request to their respective DPs directly.

Form No.2B can be obtained from TSRDL or downloaded from the Company's website under the section 'Investor Relations'.

### **Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

### **Cost Auditor and Cost Audit Report**

M/s N I Mehta & Co, Cost Accountants, were appointed Cost Auditors of the Company for FY12. The Cost Audit Report of the Company for the Financial Year ended 31<sup>st</sup> March, 2011, by M/s N I Mehta & Co dated 8<sup>th</sup> August, 2011, which was due for filing with the Ministry of Corporate Affairs by 30<sup>th</sup> September, 2011, was filed on 26<sup>th</sup> September, 2011.

### **21. Investor Safeguards**

In pursuit of the Company's objective to mitigate / avoid risks while dealing with shares and related matters, the following are the Company's recommendations to its Members:

#### **i) Open Demat Account and Dematerialise your Shares**

Members should convert their physical holdings into electronic holdings. Holding shares in electronic form helps Members to achieve immediate transfer of shares. No stamp duty is payable on transfer of shares held in electronic form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

#### **ii) Consolidate your Multiple Folios**

Members are requested to consolidate their shareholding held under multiple folios. This facilitates one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

#### **iii) Confidentiality of Security Details**

Folio Nos./DP ID/Client ID should not be disclosed to any unknown persons. Signed blank transfer deeds, delivery instruction slips should not be given to any unknown persons.

#### **iv) Dealing with Registered Intermediaries**

Members should transact through a registered intermediary who is subject to the regulatory discipline of SEBI, as it will be responsible for its activities, and in case the intermediary does not act professionally, Members can take up the matter with SEBI.

#### **v) Obtain documents relating to purchase and sale of securities**

A valid Contract Note/Confirmation Memo should be obtained from the broker/sub-broker, within 24 hours of execution of the trade. It should be ensured that the Contract Note/Confirmation Memo contains order no., trade no., trade time, quantity, price and brokerage.

#### **vi) Update your Address**

To receive all communication and corporate actions promptly, please update your address with the Company or DP, as the case may be.

#### **vii) Prevention of Frauds**

There is a possibility of fraudulent transactions relating to folios which lie dormant, where the Member is either deceased or has gone abroad. Hence, we urge you to exercise diligence and notify the Company of any change in address, stay abroad or demise of any Member, as and when required.

viii) **Monitor holdings regularly**

Do not leave your demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified.

ix) **PAN requirement for Transfer of Shares in Physical Form**

SEBI has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form. It is, therefore, mandatory for any transferee(s) to furnish a copy of the PAN card to TSRDL for registration of such transfers. Members are, therefore, requested to make note of the same and submit their PAN card copy to TSRDL.

x) **Mode of Postage**

Share Certificates and high value dividend warrants/cheques/demand drafts should not be sent by ordinary post. It is recommended that Members should send such instruments by registered post or courier.

22. **Frequently Asked Questions (FAQs)**i) **What is Dematerialisation of shares?**

Dematerialisation is a process by which the physical share certificates of an investor are surrendered to the Company and an equivalent number of securities are credited in electronic form, at the request of the investor. An investor is required to first open an account with a DP and then request for dematerialisation of his share certificates through the DP so that the dematerialised holdings can be credited into that account. This is very similar to opening a Bank Account. Trading in demat form is regulated by the Depositories Act, 1996 and is monitored by SEBI. The two Depositories presently functioning are NSDL and CDSL.

ii) **Trading in compulsory Demat Form**

SEBI has notified various companies whose shares shall be traded in demat form only. By virtue of such notification, the shares of the Company are also subject to compulsory trading only in demat form on the Stock Exchanges.

iii) **Benefits of Demat**

As detailed in table titled 'WHY DEMAT'.

iv) **What is the procedure to dematerialise the shares?**

- Open an account with a DP of your choice by filling up an Account Opening Form.
- Fill up and submit a Dematerialisation Request Form (DRF) provided by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the share certificate and surrender the physical shares intended to be dematted to the DP. The DP, upon receipt of the shares and the DRF, will issue an acknowledgement and will send an electronic request to the Company/Registrars and Transfer Agents (RTA) of the Company through the Depository for confirmation of demat.
- The DP will simultaneously surrender the DRF and the shares to the Company/RTA of the Company with a covering letter requesting the Company to confirm demat.
- The RTA of the Company, after necessary verification of the documents received from the DP, will cancel the physical shares and confirm demat to the Depository.
- This confirmation will be passed on by the Depository to the DP which holds your account. After receiving this confirmation from the Depository, the DP will credit your account with the number of shares dematerialised.
- The DP will hold the shares in the dematerialised form thereafter on your behalf and you will become the beneficial owner of these dematerialised shares.

v) **What is a Depository?**

A Depository is an organisation which holds securities (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form, at the request of the investors, through a registered DP. It also provides services related to transactions in securities.

vi) **Is a Depository similar to a bank?**

A Depository can be compared with a bank, which holds the funds for depositors. A Bank - Depository analogy is given in the following table:

BANK	DEPOSITORY
Holds funds in an account	Holds securities in an account
Transfers funds between accounts on the instruction of the account holder	Transfers securities between accounts on the instruction of the Beneficial Owner
Facilitates transfer without having to handle money	Facilitates transfer of ownership without having to handle securities
Facilitates safekeeping of money	Facilitates safekeeping of securities

vii) **Who is a Depository Participant?**

A DP is an agent of the depository through which it interfaces with the investor and provides depository services. Public financial institutions, scheduled commercial banks, foreign banks operating in India with the approval of the RBI, state financial corporations, custodians, stock-brokers, clearing corporations/clearing houses, NBFCs and Registrar to an Issue or RTA complying with the requirements prescribed by SEBI, can be registered as DP. Banking services can be availed through a branch whereas depository services can be availed through a DP.

viii) **Is it compulsory for every investor to open a Beneficial Owner (BO) account to trade in the capital market?**

In view of the convenience of trading in dematerialised mode, it is advisable to have a BO account for trading at the exchanges.

ix) **Can odd lots be dematerialised?**

Yes, odd lot share certificates can also be dematerialised.

x) **Why should an investor give his bank account details at the time of BO account opening?**

Bank account details are necessary for the protection of interest of investors. When any cash or non-cash corporate benefits such as Rights or bonus or dividend is announced for a particular scrip, Depositories provide to the concerned issuer / its RTA, the details of the investors, their electronic holdings as on record/book closure date for reckoning the entitlement of corporate benefit.

The disbursement of cash benefits such as dividend is credited directly by the Issuer's RTA to the BO through the NECS facility, wherever available, or by issuing warrants on which bank account details are printed for places where NECS facility is not available. The bank account number is mentioned on the dividend warrant to avoid any fraud. The bank account details will be those which are mentioned in account opening form or modified details that were intimated subsequently by the investor to the DP.

xi) **Can multiple accounts be opened?**

Yes. An investor can open more than one account in the same name with the same DP and also with different DPs. For all the accounts, investor has to strictly comply with Know Your Client (KYC) norms including Proof of Identity, Proof of Address requirements as stipulated by SEBI and also provide PAN. The investor has to show the original PAN card at the time of opening of demat account.

xii) **Does the investor have to keep any minimum balance of securities in his account?**

No.

xiii) **Can an investor close his demat account with one DP and transfer all securities to another account with another DP?**

Yes. The investor can submit account closure request to his DP in the prescribed form. The DP will transfer all the securities lying in the account, as per the instruction, and close the demat account.

xiv) **Do dematerialised shares have distinctive numbers?**

Dematerialised shares do not have any distinctive numbers. These shares are fungible, which means that all the holdings of a particular security will be identical and interchangeable.



xv) **Can electronic holdings be converted back into physical certificates?**

Yes, the process is called rematerialisation. If one wishes to get back his securities in the physical form, he has to fill in the RRF (Remat Request Form) and request his DP for rematerialisation of the balances in his securities account.

xvi) **What is the procedure to rematerialise the shares?**

- Shareholders should submit duly filled in RRF to the concerned DP.
- DP intimates the relevant Depository of the request through the system.
- DP submits RRF to the company's RTA.
- Depository confirms rematerialisation request to the company's RTA.
- The company's RTA updates accounts and prints certificate(s) and informs the Depository.
- Depository updates the beneficiary account of the Member by deleting the shares so rematerialised. Share certificate(s) is/are dispatched to the Member.

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, I affirm that the Board Members and the Senior Management Personnel have confirmed compliance with the Codes of Conduct, as applicable to them, for the year ended 31<sup>st</sup> March, 2012.

For **The Tata Power Company Limited**  
Anil Sardana  
Managing Director

Mumbai, 22<sup>nd</sup> May, 2012

**CERTIFICATE****To the Members of  
The Tata Power Company Limited**

We have examined the compliance of conditions of Corporate Governance by The Tata Power Company Limited ('the Company'), for the year ended 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration Number: 117366W)

**N.VENKATRAM**  
Partner  
(Membership Number: 71387)

MUMBAI, 22<sup>nd</sup> May, 2012

# Consolidated Financial Statements

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF  
THE TATA POWER COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of THE TATA POWER COMPANY LIMITED ("the Company") and its subsidiaries (together "the Group") as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we draw attention to the following matters referred to in the Notes forming part of the Consolidated Financial Statements:
  - (i) uncertainties relating to the outcome of the Appeal filed before the Hon'ble Supreme Court. As stated in Note 34 (g) pending outcome of the Appeal filed before the Hon'ble Supreme Court, no adjustment has been made by the Company in respect of the standby charges estimated at ₹ 519 crore accounted for as revenue in earlier periods and its consequential effects [Notes 34(g) and (h)] for the year upto 31st March, 2012. The impact of the above on the results for the year ended 31st March, 2012 cannot presently be determined pending the ultimate outcome of the matter. Since the Company is of the view, supported by legal opinion, that the Tribunal's Order can be successfully challenged, no provision/adjustment has been considered necessary.
  - (ii) as stated in Note 34(k), which describes the key source of estimation uncertainty relating to the carrying amount of assets including assets under construction, non-compliance with debt covenants and classification of long-term borrowings.
  - (iii) in so far as it relates to the results of operations and financial position of certain joint ventures being PT Kaltim Prima Coal and PT Arutmin Indonesia included in these Consolidated Financial Statements, as stated in Note 34(a)(viii), regarding recoverability of ₹ 1,702.46 crore being the Group's share of Value Added Tax balances and contingent claims from third parties, the outcome of which cannot be presently determined.
  - (iv) applicability of depreciation rates as notified by Central Electricity Regulatory Commission (CERC) to accounting for regulated and non-regulated operations, referred to in Note 2.1(h) in respect of which the Company has sought clarifications and guidance from the Ministry of Corporate Affairs.
4. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect the Group's share of total assets of ₹ 12,640.23 crore as at 31st March, 2012 and the Group's share of total revenues of ₹ 9,004.17 crore and net cash inflows amounting to ₹ 1,376.08 crore for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.
5. As stated in Note 2.1(c)(i)(b) and 2.1(c)(ii) of the Notes forming part of the Consolidated Financial Statements, in the case of certain other subsidiaries and joint ventures whose financial statements reflect Group's share of total assets of ₹ 1,072.58 crore as at 31st March, 2012 and the Group's share of total revenue of ₹ 381.07 crore and net cash outflows of ₹ 526 crore for the year ended on that date and as stated in Notes 2.1(c)(iii)(a) of Notes forming part of the Consolidated

Financial Statements, in case of associates whose financial statements reflect the Group's share of profit of ₹ 70.77 crore for the year then ended and Group's share of profit of ₹ 308.62 crore upto 31st March, 2012 and in case of associates having a carrying value of ₹ 979.75 crore as at 31st March, 2012, the figures used for the consolidation are based on the management estimates and are not audited by their auditors.

6. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for Investment in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standards) Rules, 2006.
7. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanation give to us, subject to the matter stated in paragraph 5 above and read with our comments in paragraph 3 above, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration Number: 117366W)

**N. VENKATRAM**

Partner  
(Membership Number: 71387)

**MUMBAI:** 22nd May, 2012

## Consolidated Balance Sheet as at 31st March, 2012

	Notes	Page	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital.....	3	150	237.29	237.29
Reserves and Surplus.....	4	151	11,011.41	12,242.53
			11,248.70	12,479.82
<b>UNSECURED PERPETUAL SECURITIES.....</b>	5	152	1,500.00	Nil
<b>STATUTORY RESERVES.....</b>	6	152	617.77	623.77
<b>MINORITY INTEREST.....</b>			1,631.27	1,414.26
<b>SPECIAL APPROPRIATION TOWARDS PROJECT COST.....</b>			533.61	533.61
<b>CAPITAL GRANT.....</b>			9.39	7.23
<b>SERVICE LINE CONTRIBUTIONS FROM CONSUMERS.....</b>			401.32	382.34
<b>NON-CURRENT LIABILITIES</b>				
Long-term Borrowings.....	7	153	29,733.11	21,979.83
Deferred Tax Liabilities (Net).....	8	153	647.05	482.05
Other Long-term Liabilities.....	9	154	1,181.30	1,371.41
Long-term Provisions.....	10	154	1,037.71	886.79
			32,599.17	24,720.08
<b>CURRENT LIABILITIES</b>				
Short-term Borrowings.....	11	155	2,186.74	1,619.32
Trade Payables.....			2,750.13	2,023.45
Other Current Liabilities.....	12	155	7,376.60	5,508.87
Short-term Provisions.....	10	154	893.80	1,030.99
			13,207.27	10,182.63
<b>TOTAL.....</b>			<b>61,748.50</b>	<b>50,343.74</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed Assets				
Tangible Assets.....	13 (a)	156	22,585.11	11,789.35
Intangible Assets.....	13 (b)	157	223.95	19.95
Capital Work-in-progress (Net of impairment of ₹ 1157.59 crore Previous Year - ₹ Nil).....			12,634.31	18,670.25
Intangible Assets under Development.....			24.90	11.96
			35,468.27	30,491.51
Goodwill on Consolidation.....			4,844.40	4,228.08
Non-Current Investments.....	14	158	2,645.42	2,609.22
Deferred Tax Assets (Net).....	8	153	8.31	6.80
Long-term Loans and Advances.....	15	159	1,355.04	1,668.61
Other Non-Current Assets.....	16	160	5,956.97	4,105.04
			9,965.74	8,389.67
<b>CURRENT ASSETS</b>				
Current Investments.....	17	160	777.48	231.78
Inventories.....	18	161	1,684.69	1,128.74
Trade Receivables.....	19	161	2,271.35	1,668.94
Cash and Cash Equivalents.....	20	161	3,744.12	2,206.59
Short-term Loans and Advances.....	15	159	2,374.61	1,636.07
Other Current Assets.....	21	162	617.84	362.36
			11,470.09	7,234.48
<b>TOTAL.....</b>			<b>61,748.50</b>	<b>50,343.74</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

N. VENKATRAM  
Partner

H. M. MISTRY  
Company Secretary

Mumbai, 22nd May, 2012.

For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

Mumbai, 22nd May, 2012.

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

	Notes	Page	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>REVENUE</b>				
Revenue from Operations (Gross).....	22	162	26,019.81	19,462.88
Less: Excise Duty.....	22	162	18.41	12.12
Revenue from Operations (Net) .....	22	162	26,001.40	19,450.76
Other Income.....	23	163	268.76	410.50
<b>TOTAL REVENUE</b> .....			<b>26,270.16</b>	<b>19,861.26</b>
<b>EXPENSES</b>				
Cost of Power Purchased.....			6,122.61	4,914.32
Cost of Coal Purchased.....			76.74	48.38
Cost of Fuel.....			6,309.12	4,323.14
Coal Processing Charges.....			1,953.22	1,667.52
Royalty towards Coal Mining.....			1,101.12	765.83
Deferred Stripping Cost.....			659.44	(362.84)
Raw Material Consumed.....	24	164	358.87	373.39
Purchase of Goods for Resale.....			62.14	30.53
Increase in Stock-in-Trade and Work-in-Progress .....	24	164	(177.01)	(11.38)
Employee Benefits Expense.....	25	164	1,146.26	825.93
Finance Costs.....	26	165	1,527.09	866.15
Depreciation and Amortization.....	13	156	1,334.64	980.24
Impairment of Goodwill.....			Nil	0.82
Other Expenses.....	27	165	3,488.67	2,282.35
<b>TOTAL EXPENSES</b> .....			<b>23,962.91</b>	<b>16,704.38</b>
<b>Profit before Exceptional Items and Tax</b> .....			<b>2,307.25</b>	<b>3,156.88</b>
Exceptional Items:				
Provision for Impairment.....			1,800.00	Nil
<b>PROFIT BEFORE TAX</b> .....			<b>507.25</b>	<b>3,156.88</b>
<b>TAX EXPENSE</b>				
Current Tax Expense for Current Year.....			1,405.17	970.28
MAT Credit.....			(51.21)	(54.00)
Current Tax Expense relating to Prior Years.....			0.89	(18.21)
Net Current Tax Expense.....			1,354.85	898.07
Deferred Tax Expense.....			120.69	76.90
			1,475.54	974.97
<b>(LOSS)/PROFIT AFTER TAX AND BEFORE SHARE OF PROFIT OF ASSOCIATES AND MINORITY INTEREST.....</b>			<b>(968.29)</b>	<b>2,181.91</b>
Share of Profit of Associates for the Year.....			70.77	74.19
Minority Interest.....			(190.16)	(196.50)
<b>(LOSS)/PROFIT FOR THE YEAR</b> .....			<b>(1,087.68)</b>	<b>2,059.60</b>
<b>EARNINGS PER SHARE (FACE VALUE ₹1/- PER SHARE)</b>				
Basic .....	43	178	(4.98)	8.79
Diluted.....	43	178	(4.98)	8.48

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

N. VENKATRAM  
Partner

H. M. MISTRY  
Company Secretary

Mumbai, 22nd May, 2012.

Mumbai, 22nd May, 2012.

For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director



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

	Year ended 31st March, 2012 ₹ crore	Year ended 31st March, 2011 ₹ crore
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Taxes.....	507.25	3,156.88
Adjustments for:		
Depreciation/Amortisation.....	1,334.64	980.24
Impairment of Goodwill.....	Nil	0.82
Interest Expenditure.....	1,466.26	810.21
Finance Charges.....	60.83	55.94
Interest Income (Net of interest income capitalised).....	(162.96)	(109.94)
Dividend Income (Net of dividend income capitalised).....	(14.79)	(13.86)
Provision for doubtful debts/advances (Net).....	33.78	(10.57)
Provision for diminution in value of Investments written back (Net).....	19.92	80.74
Stripping Expenditure charged off.....	659.44	(362.84)
Provision for future foreseeable losses etc.....	0.34	(3.43)
Provision for Warranties.....	8.80	(0.92)
Discount accrued on Bonds (Net).....	(1.76)	(11.39)
Provision for Impairment.....	1,800.00	Nil
Provision for restoration and rehabilitation.....	48.48	58.86
Grants/Consumer Contributions transferred.....	(23.72)	(59.74)
Loss/(Profit) on sale/retirement of Assets (Net).....	7.29	(2.91)
Profit on sale of business.....	Nil	(53.02)
Profit on Settlement of Option/Swap.....	Nil	(15.09)
Guarantee Commission Received.....	(4.43)	(3.79)
Profit on sale of Investments (Net).....	(48.53)	(20.68)
Share Issue Expenses.....	1.39	Nil
Exchange Gain (Net).....	54.04	(65.07)
Bad Debts.....	0.92	3.29
	<u>5,239.94</u>	<u>1,256.85</u>
Operating Profit before Working Capital Changes.....	5,747.19	4,413.73
Adjustments for:		
Trade Receivable.....	(502.29)	288.70
Long Term Trade Receivable.....	(2,476.38)	(1,264.27)
Inventories.....	(518.29)	(182.50)
Loans and Advances and Other Non Current Assets.....	(777.24)	(265.07)
Other Current Assets.....	(185.87)	(25.71)
Trade Payables.....	639.37	(886.02)
Other Liabilities and Provisions.....	772.23	1,828.95
Purchase of Investments.....	(32.78)	(241.46)
Purchase of Shares from Minority Shareholders.....	Nil	(1.09)
Sale of Investments.....	53.37	366.97
Deposits given.....	(8.50)	(0.50)
Deposits refunded (including interest).....	8.50	6.54
	<u>(3,027.88)</u>	<u>(375.46)</u>
Cash Generated from Operations.....	2,719.31	4,038.27
Taxes Paid (Net).....	(1,602.58)	(734.91)
<b>Net Cash from Operating Activities.....A</b>	<b><u>1,116.73</u></b>	<b><u>3,303.36</u></b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets and CWIP.....	(6,529.90)	(9,232.11)
Deferred Stripping Expenditure.....	135.80	Nil
Sale of Fixed Assets.....	58.18	38.62
Sale of Business.....	Nil	81.00
Purchase of Investments.....	(20,346.13)	(16,603.02)
Sale of Investments.....	19,842.72	16,737.48
Interest Received.....	166.16	128.31
Inter-Corporate Deposits (Net).....	(103.46)	2.73
Guarantee Commission Received.....	4.40	3.83
Derivative Premium Charges paid.....	Nil	(39.61)
Profit on settlement of Option/Swaps.....	Nil	15.09
Dividend Received.....	12.14	13.66
Bank Balance not Considered as Cash and Cash Equivalents.....	(42.69)	(65.57)
<b>Net Cash used in Investing Activities.....B</b>	<b><u>(6,802.78)</u></b>	<b><u>(8,919.59)</u></b>

### Consolidated Cash Flow Statement for the year ended 31st March, 2012 (Contd.)

	Year ended 31st March, 2012 ₹ crore	Year ended 31st March, 2011 ₹ crore
<b>C. Cash Flow from Financing Activities</b>		
Increase in Capital Contributions.....	42.70	76.52
Proceeds from Share Issue.....	78.81	92.30
Proceeds from Borrowings.....	11,886.82	9,193.81
Repayment of Borrowings.....	(4,394.73)	(2,738.98)
Proceeds from Issue of Unsecured Perpetual Securities.....	1,500.00	Nil
Unsecured Perpetual Securities Issue Expenses.....	(17.73)	Nil
Distribution on Unsecured Perpetual Securities.....	(70.55)	Nil
Other Finance Cost Paid and Debenture Issue expenses.....	(54.24)	(12.68)
Interest Paid.....	(1,557.55)	(780.26)
Share Issue Expenses.....	(2.71)	Nil
Dividend Paid.....	(341.23)	(359.99)
Additional Income-tax on Dividend Paid.....	(57.24)	(56.48)
<b>Net Cash from Financing Activities.....C</b>	<b>7,012.35</b>	<b>5,414.24</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents.....(A+B+C)</b>	<b>1,326.30</b>	<b>(201.99)</b>
<b>Cash and Cash Equivalents as at 1st April (Opening Balance).....</b>	<b>2,141.02</b>	<b>2,357.22</b>
<b>Effect of Exchange Fluctuation on Cash and Cash Equivalents.....</b>	<b>164.41</b>	<b>(14.21)</b>
<b>Cash and Cash Equivalents as at 31st March (Closing Balance).....</b>	<b>3,631.73</b>	<b>2,141.02</b>

**Notes:**

- Interest paid is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised ₹ 1,035.03 crore (Previous Year- ₹ 739.51 crore).
- Cash and Cash Equivalents include:

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
(a) Cash and Cheques on Hand.....	0.91	1.32
(b) Scheduled Banks.....	14.62	12.06
(c) Balances with Banks		
(i) In Current Accounts.....	790.14	973.47
(ii) In Deposit Accounts.....	2,826.06	1,154.17
	<b>3,631.73</b>	<b>2,141.02</b>

- Previous year's figures have been regrouped, wherever necessary, to conform to this year's classification.

In terms of our report attached.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

N. VENKATRAM  
Partner

H. M. MISTRY  
Company Secretary

Mumbai, 22nd May, 2012.

Mumbai, 22nd May, 2012.

For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

## Notes forming part of the Consolidated Financial Statements

### 1. Background:

Tata Power, pioneered the generation of electricity in India nine decades ago. Prior to 1st April, 2000, the Tata Electric Companies comprised of the following three Companies -

- The Tata Hydro-Electric Power Supply Company Limited, established in 1910 (Tata Hydro).
- The Andhra Valley Power Supply Company Limited, established in 1916 (Andhra Valley).
- The Tata Power Company Limited, established in 1919 (Tata Power).

With effect from 1st April, 2000, Andhra Valley and Tata Hydro merged into Tata Power to result in one large unified entity. Today, Tata Power is India's largest integrated power company with a significant international presence. The Company has an installed generation capacity of 5299 MW in India and a presence in all the segments of the power sector viz. Generation (thermal, hydro, solar and wind), Transmission, Distribution and Trading. It has successful public-private partnerships in Generation, Transmission and Distribution in India.

Its international presence includes strategic investments in Indonesia through 30% stake in coal mines and a geothermal project; in Singapore to securitise coal supply and the shipping of coal for its thermal power generation operations; in South Africa through a joint venture to develop projects in South Africa, Botswana and Namibia; in Australia through investments in enhanced geothermal and clean coal technologies and in Bhutan through a hydro project in partnership with The Royal Government of Bhutan.

### 2.1. Significant Accounting Policies:

#### (a) Basis for preparation of accounts:

The financial statements have been prepared on accrual basis under the historical cost convention. The accounts of the Parent Company and Subsidiaries (collectively referred to as the "Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted by the Group in the preparation of the financial statements are consistent with those followed in the previous year except as stated in Note 2.2.

#### (b) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management of the Group 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) Principles of consolidation:

The consolidated financial statements have been prepared in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), Accounting Standard 21 (AS-21) - "Consolidated Financial Statements", Accounting Standard 23 (AS-23) - "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS-27) - "Financial Reporting of Interests in Joint Ventures".

- (i) (a) The financial statements of the Subsidiaries, Joint Ventures and Associates used in consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended 31st March, 2012 and are audited except as stated in (c)(i)(b), (c)(ii) and (c)(iii)(b)(i) below.

## Notes forming part of the Consolidated Financial Statements

The Consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances, transactions and unrealised profits or losses have been fully eliminated.
  - (ii) Interest in jointly controlled entities is reported using proportionate consolidation.
  - (iii) The Consolidated Financial Statements include the share of Profit/(Loss) of Associate companies, which are accounted under the 'Equity method' as per which the share of Profit/(Loss) of the Associate company has been added/deducted to the cost of Investment. An Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a Joint Venture.
  - (iv) The excess of cost to the Parent Company of its investments in Subsidiary Companies and jointly controlled entities, over its share of equity of the Subsidiary Companies and jointly controlled entities, at the date on which the Investments are made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements and is tested for impairment. Alternatively, where the share of equity in the Subsidiary and Joint Venture Companies, as on the date of investment is in excess of cost of investment of the Parent Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
  - (v) Minority Interest in the net assets of consolidated Subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which Investments are made by the Parent Company in the Subsidiary Companies and further movements in their share in the equity, subsequent to the date of Investments.
- (b) The Subsidiary Companies considered in the preparation of these Consolidated Financial Statements are:

Name	Country of Incorporation	% voting power held as at 31st March, 2012	% voting power held as at 31st March, 2011
Af-Taab Investment Co. Ltd. (AICL)	India	100	100
Chemical Terminal Trombay Ltd. (CTTL)	India	100	100
Tata Power Trading Co. Ltd. (TPTCL)	India	100	100
Powerlinks Transmission Ltd. (PTL)	India	51	51
NELCO Ltd. (NELCO) *	India	50.04	50.04
Maithon Power Ltd. (MPL)	India	74	74
Industrial Energy Ltd. (IEL)	India	74	74
Tata Power Delhi Distribution Ltd. (TPDDL) [erstwhile North Delhi Power Ltd.]	India	51	51
Coastal Gujarat Power Ltd. (CGPL)	India	100	100
Bhira Investments Ltd. (BIL)	Mauritius	100	100
Bhivpuri Investments Ltd. (BHIL)	Cyprus	100	100
Khopoli Investments Ltd. (KIL)	Mauritius	100	100
Trust Energy Resources Pte. Ltd. (TERL)	Singapore	100	100
Energy Eastern Pte. Ltd. (EEL) *	Singapore	100	100
Industrial Power Utility Ltd. (IPUL)	India	100	100
Tatanet Services Ltd. (TNSL) (Consolidated with NELCO Ltd.)	India	50.04	50.04
Tata Power Renewable Energy Ltd. (TPREL) (erstwhile Industrial Power Infrastructure Ltd.)	India	100	100
PT Sumber Energi Andalan Tbk. (SEA) (erstwhile PT Itamaraya Tbk.)	Indonesia	94.95	94.95
Tata Power Green Energy Ltd. (TPGEL)	India	100	100
NDPL Infra Ltd. (NDPLIL) (from 23rd August, 2011)	India	51	Nil
Dugar Hydro Power Ltd. (DHPL) (from 21st April, 2011) *	India	50.001	Nil

\* Based on Unaudited Financial Statements, certified by its Management for the year ended 31st March, 2012.

## Notes forming part of the Consolidated Financial Statements

## (ii) Interest in Joint Ventures:

The Group's interest in jointly controlled entities are :

Name	Country of Incorporation	% of Ownership Interest as at 31st March, 2012	% of Ownership Interest as at 31st March, 2011
PT Arutmin Indonesia (PAI)	Indonesia	30	30
PT Kaltim Prima Coal (PKPC)	Indonesia	30	30
Indocoal Resources (Cayman) Ltd. (IRCL)	Cayman Island	30	30
PT Indocoal Kalsel Resources (PIKR) *	Indonesia	30	30
PT Indocoal Kaltim Resources (PIR) *	Indonesia	30	30
Tubed Coal Mines Ltd. (TCML)	India	40	40
Tata BP Solar India Ltd. (TBSIL)	India	49	49
Mandakini Coal Company Ltd. (MCCL) *	India	33.33	33.33
Dagachhu Hydro Power Corporation Ltd. (DHPCL) *	Bhutan	26	26
Candice Investments Pte. Ltd. (CIL) *	Indonesia	30	30
OTP Geothermal Pte. Ltd. (OTPGL) *	Singapore	50	50
PT Kalimantan Prima Power (PKPP) *	Indonesia	30	30
Cennergi Pty. Ltd. (CPL) (from 2nd March, 2012) *	South Africa	50	Nil

\* Based on Unaudited Financial Statements, certified by its Management for the year ended 31st March, 2012.

## (iii) (a) Investment in Associates:

The Group's Associates are:

Name	Country of Incorporation	% of Ownership Interest as at 31st March, 2012	% of Ownership Interest as at 31st March, 2011
Yashmun Engineers Ltd. @	India	27.27	27.27
Tata Ceramics Ltd. @	India	30.68	40
Panatone Finvest Ltd. @	India	39.98	39.98
Tata Projects Ltd. @	India	47.78	47.78
ASL Advanced Systems Pvt. Ltd. #	India	37	37
The Associated Buildings Co. Ltd. #	India	33.14	33.14
Rujuvalika Investments Ltd. #	India	27.59	27.59
Hemisphere Properties India Ltd. #	India	50	50
Brihat Trading Private Ltd. #	India	33.50	33.50
Nelito Systems Ltd. @	India	49.46	49.46

# These associates have not been considered for consolidation being not material to the Group.

@ Based on Unaudited Financial Statements, certified by its Management for the year ended 31st March, 2012.

### Notes forming part of the Consolidated Financial Statements

(b) (i) The break-up of Investment in Associates is as under :

Refer Note 14	₹ crore				
	Nelito Systems Ltd. @ A (a) (ii)	Pantone Finvest Ltd. @ B 2 (a) (iii)	Yashmun Engineers Ltd. @ A (a) (ii)	Tata Projects Ltd. @ A (a) (ii)	Tata Ceramics Ltd. @ B 2 (a) (iii)
(i) Number of Equity Shares (Nos.)	10,20,000	59,08,82,000	9,600	9,67,500	2,99,39,802
	<i>10,20,000</i>	<i>50,00,00,000</i>	<i>9,600</i>	<i>9,67,500</i>	<i>91,10,000</i>
(ii) Percentage holding	49.46	39.98	27.27	47.78	30.68
	<i>49.46</i>	<i>39.98</i>	<i>27.27</i>	<i>47.78</i>	<i>40.00</i>
(iii) Cost of Investment (Equity Shares)	4.34	600.00	0.01	66.78	13.17
	<i>4.34</i>	<i>500.00</i>	<i>0.01</i>	<i>66.78</i>	<i>9.11</i>
(iv) Including Goodwill/(Capital Reserve)	-	1.51	(0.24)	23.30	10.24
	-	<i>0.18</i>	<i>(0.24)</i>	<i>23.30</i>	<i>22.29</i>
(v) Share in accumulated profits net of dividends received upto 31st March, 2011	14.06	47.16	0.68	184.37	-
	<i>13.25</i>	<i>56.18</i>	<i>0.54</i>	<i>108.14</i>	-
(vi) Share of profit/(loss) for the year	0.76	3.98	0.77	65.26	-
Less: Dividend received during the year	0.12	-	0.05	9.68	-
Add/(Less): Other adjustments	-	(0.02)	-	1.45	-
Share of profit/(loss) net of dividends received during the year/other adjustments	0.64	3.96	0.72	57.03	-
	<i>0.81</i>	<i>(9.02)</i>	<i>0.14</i>	<i>76.23</i>	-
(vii) Provision for diminution in value of investments (Equity Shares)	-	-	-	-	\$(13.17)
	-	-	-	-	<i>\$(9.11)</i>
(viii) Carrying cost	19.04	651.12	1.41	308.18	-
	<i>18.40</i>	<i>547.16</i>	<i>0.69</i>	<i>251.15</i>	-

\$ Included in Note 14 under Provision for diminution in value of Investments

@ Share of profit/(loss) accounted based on Unaudited Financial Statements certified by its Management for the year ended 31st March, 2012.

Note: Previous year's figures are in italics.

(ii) The Associates not considered for consolidation being not material to the Group have been stated at cost as under :

Refer Note 14	₹ crore				
	Hemisphere Properties India Ltd.	Brihat Trading Private Ltd.	ASL Advanced Systems Pvt. Ltd.	The Associated Building Co. Ltd.	Rujuvalika Investments Ltd.
(i) Number of Equity Shares (Nos.)	25,000	3,350	5,55,000	1,825	3,66,667
	<i>25,000</i>	<i>3,350</i>	<i>5,55,000</i>	<i>1,825</i>	<i>3,66,667</i>
(ii) Percentage holding	50.00	33.50	37.00	33.14	27.59
	<i>50.00</i>	<i>33.50</i>	<i>37.00</i>	<i>33.14</i>	<i>27.59</i>
(iii) Cost of Investment (Equity Shares)	0.03	0.01	0.56	0.17	0.60
	<i>0.03</i>	<i>0.01</i>	<i>0.56</i>	<i>0.17</i>	<i>0.60</i>
(iv) Carrying cost	0.03	0.01	0.56	0.17	0.60
	<i>0.03</i>	<i>0.01</i>	<i>0.56</i>	<i>0.17</i>	<i>0.60</i>

Note: Previous year's figures are in italics.



## Notes forming part of the Consolidated Financial Statements

(d) Cash and Cash Equivalents (for purposes of Cash Flow Statement):

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

(e) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before 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 Group are segregated based on the available information.

(f) Tangible Fixed Assets:

(i) 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 upto the date the asset is ready for its intended use and other incidental expenses incurred upto 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. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant 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.

(ii) 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.

(iii) 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 (net of impairment), comprising direct cost, related incidental expenses and attributable interest.

(g) 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.

(h) Depreciation/Amortisation:

Tangible Assets:

(i) Fixed assets are depreciated over the estimated useful lives as determined by the Management or over the lives determined based on rates of depreciation specified under various applicable statutes/government approvals, whichever is shorter, or on the basis of depreciation rates prescribed under respective local laws, on a straight line method except assets relating to the business other than electricity business of the Parent Company and CTTL, where depreciation is provided on written down value basis.

In the case of Parent Company, the Ministry of Corporate Affairs (MCA) vide its notification dated 31st May, 2011, has clarified that companies engaged in the generation and supply of electricity can distribute dividend after providing for depreciation at rates/methodology notified by Central Electricity Regulatory Commission (CERC). The CERC under the provisions of The Electricity Act, 2003 notified the rates/methodology effective 1st April, 2009, under the Terms and Conditions of Tariff Regulations, 2009. These rates would be applicable for purposes of tariff determination and accounting in terms of the provisions of National Tariff Policy notified by Government of India.

## Notes forming part of the Consolidated Financial Statements

As the Parent Company has both regulated and non-regulated generating capacity, in the absence of guidelines, the application of the above notification in the books of account would give rise to certain inconsistencies that require to be addressed.

In view of the above, the Parent Company has sought clarifications and guidance from the MCA on the applicability of the CERC rates for its regulated and non-regulated operations, pending which the existing depreciation rates continue to be followed for the year ended 31st March, 2012.

- (ii) Depreciation on additions/deletions of assets is provided on pro-rata basis.

### Intangible Assets:

- (i) New application software/technical know-how, implementation of the said software by external third party consultants and purchase of licenses including SAP, Oracle and others are depreciated over the useful economic life of the software or 5 years, whichever is lower.
- (ii) License fees/Premium paid for acquisition of Leasehold Land is amortised over the period of the License/Lease.
- (iii) Expenditure to acquire Operating right to use intake channel is amortised on straight line basis over 25 years being the right to use the facilities.

- (i) Impairment:

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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units.

- (j) Leases:

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group 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.

- (k) Investments:

- (i) Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments determined on an individual basis. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.
- (ii) In the case of AICL, purchase of securities of Tata Group Companies are considered as long term investments. Investments, other than above, are considered as stock-in-trade and are carried at the lower of cost and fair value.

## Notes forming part of the Consolidated Financial Statements

(l) Inventories:

Inventories of raw materials, semi-finished products, products/tools under development, stores, spare parts, consumable supplies, shares, fuel and loose tools are valued at lower of cost (on weighted average basis) and net realisable value. Work-in-progress, property under development, developed properties and finished products are valued at lower of cost and net realisable value. Cost includes cost of land, material, labour and other appropriate overheads.

(m) Taxes on Income:

Current Income tax expense comprises taxes on income from operations in India and Foreign jurisdiction. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expenses relating to overseas operations is determined in accordance with the tax laws applicable in the countries where such operations are domiciled.

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 Group 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 Group and amounts can be measured reliably.

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 are reviewed at each Balance Sheet date for their realisability.

Current and Deferred Tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

(n) Research and Development Expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

(o) Warranty Expenses:

Anticipated product warranty costs for the period of warranty are provided for in the year of sale.

(p) Foreign Exchange Transactions:

Initial Recognition:

Transactions in foreign currencies entered into by the Group and its integral foreign operations 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 (other than derivative contracts) of the Group and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

## Notes forming part of the Consolidated Financial Statements

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of Exchange Differences:

Exchange differences arising on settlement/restatement of short term foreign currency monetary assets and liabilities of the Group and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement/settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal/recovery of the net investment.

The exchange differences arising on revaluation of long term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over the balance period of such long term foreign currency monetary items. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

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. Refer Note 2.1(q) for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

(q) Derivative Contracts:

The Group enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(r) Employee Benefits:

Employee benefits consist of Provident Fund, Pension, Superannuation Fund, Gratuity Scheme, Compensated Absences, Long Service Awards, Post Retirement Benefits and Directors Retirement Obligations.

Defined Contribution Plan:

Contributions paid/payable during the year to Provident Fund, ESIC, Superannuation Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Defined Benefit Plans:

For defined benefit plans in the form of gratuity scheme, post retirement benefits and Director's pension scheme, 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.

## Notes forming part of the Consolidated Financial Statements

### 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:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) 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 out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### (s) Revenue Recognition:

- (i) Revenue from Power Supply and Transmission Charges are accounted for on the basis of billings to consumers, state transmission utilities and includes unbilled revenues accrued upto the end of the accounting year.
- (ii) The Group determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations (i.e. Generation, Transmission and Distribution) based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by the respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations have been made during the year. Further, any adjustments that may arise on annual performance review under the aforesaid Tariff Regulations will be made after the completion of such review.
- (iii) Delayed payment charges and interest on delayed payments are recognised, on grounds of prudence, as and when recovered.
- (iv) Interest income/Guarantee commission is accounted on an accrual basis. Dividend income is accounted for when the right to receive income is established.
- (v) Amounts received from consumers towards capital/service line contributions are accounted as a liability and are subsequently recognised as income over the life of the fixed assets.
- (vi) Revenue from infrastructure management services/infrastructure services is recognised as income as and when services are rendered and no significant uncertainty to the collectability exists.
- (vii) Income on contracts, including in respect of Strategic Electronics Business and Project Management Services are accounted on "Percentage of completion" basis measured by the proportion that cost incurred upto the reporting date bear to the estimated total cost of the contract.
- (viii) In the case of TPDDL, the amount received from consumers on account of Service Line charges are treated as Income on installation of connection.
- (ix) Revenue from sale of goods is recognised on the transfer of title in the goods which occurs either on dispatch or delivery of goods to customer as per terms of contract. Service income is recognised as per terms of contract.
- (x) In the case of PAI, PKPC and IRCL sales are recognised as revenue when the title passes to the customer and selling prices are known or can be reasonably estimated.

## Notes forming part of the Consolidated Financial Statements

(t) Advance against Depreciation:

In the case of PTL, Advance against depreciation forming part of tariff pertaining to subsequent years, to facilitate repayment of loans is reduced from transmission income and considered as deferred revenue to be included in transmission income in subsequent years.

(u) Issue expenses/Premium on Redemption of Bonds and Debentures:

(i) Expenses incurred in connection with the issue of Euro Notes, Foreign Currency Convertible Bonds, Unsecured Perpetual Securities, Global Depository Receipts and Debentures are adjusted against Securities Premium Account in the year of issue.

(ii) Discount on issue of Euro Notes is amortised over the tenure of the Notes.

(iii) Premium on redemption of bonds/debentures, net of tax impact, are adjusted against the Securities Premium Account in the year of issue.

(v) Stripping Cost:

In the case of PKPC and PAI, stripping cost of overburden is divided into (i) initial stripping of the overburden to open the mining area before production commences and (ii) additional stripping that is performed during the production activity.

The pre-stripping costs are recorded as part of "Deferred Exploration and Development Costs" account. Additional stripping costs are expensed when incurred, if the actual stripping ratio is not significantly higher than the life of mine stripping ratio.

The carrying value of pre-stripping costs of each area of interest is reviewed regularly and to the extent that this value exceeds its recoverable value, the excess is provided for or written off in the period in which this is determined.

(w) Deferred Exploration and Development Cost:

In the case of PKPC and PAI, exploration and evaluation costs are expensed as incurred unless the exploration project has reached a stage where the expenditures are expected to be recovered through development or sale, in which case, subsequent expenditures are capitalised as deferred exploration and development cost.

Deferred exploration and development costs include expenditures relating to general surveys, exploration, financing, feasibility studies and development of the mine incurred prior to the commencement of operations. Deferred exploration and development costs are amortised using the unit-of-production method from the date of commercial production of the respective area of interest based on estimated proven and probable reserves, but not exceeding the remaining term of the coal contract of work. The carrying value of the deferred exploration and development costs of each area of interest is reviewed regularly and to the extent that this value exceeds its recoverable value, the excess is provided for or written off in the period in which this is determined.

(x) Exploration Expenditure:

In the case of OTPGL, expenditures incurred in connection with the acquisition of exploration license, exploration and evaluation are capitalised when incurred and are presented on the statement of financial position as exploration expenditure. Such costs includes license acquisition, technical services and studies, seismic acquisition, geological and geophysical expenditure, exploration drilling and testing. The deferred exploration expenditures is amortised upon production of geothermal energy.

Exploration expenditure incurred is fully capitalised on an area of interest basis, provided that:

- (i) the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) exploration activities in the area of interest has not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing, or where both conditions are met.



## Notes forming part of the Consolidated Financial Statements

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration asset may exceed its recoverable amount.

(y) Estimated Liability for Restoration and Rehabilitation:

In case of PKPC and PAI, estimated liability for restoration and rehabilitation costs are based principally on legal and regulatory requirements. Such estimated costs as a result of production activities are expensed under cost of sales. Estimates are reassessed regularly and the effects of changes are recognised prospectively.

(z) Borrowing Costs:

Borrowing costs include interest, amortisation of ancillary costs incurred. 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.

(aa) Segment Reporting:

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/(loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

(ab) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements and are disclosed in the Notes. A Contingent asset is neither recognised nor disclosed in the financial statements.

## Notes forming part of the Consolidated Financial Statements

### (ac) 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.

- 2.2. (a)** During the year ended 31st March, 2012, in line with the Notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs, the Group has selected the option given in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Group has, with effect from 1st April, 2011, depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance life of such assets and in other cases amortized the foreign exchange (gain) / loss over the balance period of such long term foreign currency monetary items. The depreciated/amortized portion of net foreign exchange loss on such long term foreign currency monetary items for the year ended 31st March, 2012 is ₹ 39.01 crore. The unamortized portion carried forward as at 31st March, 2012 is ₹ 1,130.10 crore. Had the Group, followed the earlier policy of charging the entire amount to the Statement of Profit and Loss, the profit before tax for the year would have been lower by ₹ 1,130.10 crore.

- (b) During the year, the Parent Company has changed its accounting policy pertaining to accounting for expenditure incurred on purchase/implementation of application software which hitherto was being charged off in the year of accrual and is now being capitalised and amortised over the useful economic life or 5 years whichever is lower. This results in a more appropriate presentation.

As a result of this change, the depreciation and amortisation for the year is lower by ₹ 10.07 crore and the profit before tax for the year is higher by ₹ 10.07 crore.

- (c) In case of CGPL, as per the notification of the Ministry of Corporate Affairs (MCA) dated 31st May, 2011, CGPL has with effect from 1st April, 2011 changed its accounting policy relating to charging depreciation on generating assets. Depreciation which was hitherto charged on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956 is now being charged at straight line method at the rates and methodology notified by CERC.

Had CGPL continued with the earlier policy, the depreciation charge (Gross) for the year would have been higher by ₹ 41.80 crore, the depreciation capitalised would have been higher by ₹ 8.64 crore and accordingly, the depreciation charge (net of depreciation capitalised) for the year would have been higher by ₹ 39.31 crore, loss for the year would have been higher by ₹ 39.31 crore and capital work-in-progress would have been higher by ₹ 2.49 crore.

- (d) During the previous year, the Parent Company had changed its accounting policy pertaining to amounts received from consumers towards capital/service line contributions. These contributions which were earlier recognised as liability were in the previous year recognised as income over the life of the fixed assets. Pursuant to this change, a sum of ₹ 38.90 crore pertaining to earlier years was recognised as income during the previous year.

## Notes forming part of the Consolidated Financial Statements

## 3. Shareholders' Funds- Share Capital

	As at 31st March, 2012		As at 31st March, 2011	
	Number	₹ crore	Number	₹ crore
<b>Authorised</b>				
Equity Shares of ₹ 1/- each.....	300,00,00,000	300.00	300,00,00,000	300.00
Cumulative Redeemable Preference Shares of ₹100/- each.....	2,29,00,000	229.00	2,29,00,000	229.00
		<u>529.00</u>		<u>529.00</u>
<b>Issued</b>				
Equity Shares (including 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order, 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay).....	242,94,70,840	242.95	242,94,70,840	242.95
<b>Subscribed and Paid-up</b>				
Equity Shares fully paid-up (excluding 23,03,080 shares not allotted but held in abeyance, 44,02,700 shares cancelled pursuant to a Court Order and 4,80,40,400 shares of the Company held by the erstwhile The Andhra Valley Power Supply Company Limited cancelled pursuant to the Scheme of Amalgamation sanctioned by the High Court of Judicature, Bombay)	237,30,72,360	237.31	237,30,72,360	237.31
Less: Calls in arrears [including ₹ 0.01 crore (31st March, 2011 - ₹ 0.01 crore) in respect of the erstwhile The Andhra Valley Power Supply Company Limited and the erstwhile The Tata Hydro-Electric Power Supply Company Limited]		0.04		0.04
		<u>237.27</u>		<u>237.27</u>
Add: Equity shares forfeited - Amount paid.....	16,52,300	0.06	16,52,300	0.06
<b>Total Issued, Subscribed and fully Paid-up Share Capital.....</b>		<u>237.33</u>		<u>237.33</u>
Less: Equity shares held by Chemical Terminal Trombay Ltd. which were acquired before it became a subsidiary.....		0.04		0.04
		<u>237.29</u>		<u>237.29</u>

(a) 30,00,00,000 Equity Shares of ₹ 10/- each were subdivided into 300,00,00,000 Equity Shares of ₹ 1/- each during the year and accordingly the number of shares disclosed are of ₹ 1/- each.

(b) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**  
Equity Shares

	31st March 2012		31st March 2011	
	Number	₹ crore	Number	₹ crore
At the beginning and at the end of the year.....	237,43,24,080	237.29	237,43,24,080	237.29

(c) **Terms/rights attached to Equity Shares**

The company has issued only one class of Equity Shares having a Par Value of ₹1/- per share. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.25 per share of Face Value of ₹ 1/- each (31st March 2011 - ₹ 12.50 per share of Face Value of ₹ 10/- each).

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

(d) **Details of Shareholders holding more than 5% shares in the Company**

	31st March 2012		31st March 2011	
	Number	% Holding	Number	% Holding
Equity Shares of ₹1 each fully paid				
Tata Sons Limited.....	70,75,11,570	29.81	70,75,11,570	29.81
Life Insurance Corporation of India.....	31,18,23,233	13.14	31,55,39,655	12.86

(e) In an earlier year, the Company issued 3,000 1.75% Foreign Currency Convertible Bonds (FCCB) with face value of U.S. \$ 100,000 each aggregating to U.S. \$ 300 million. The bondholders have an option to convert these Bonds into Equity Shares, at an initial conversion price of ₹ 145.6125 per share at a fixed rate of exchange on conversion of ₹ 46.81 = U.S. \$ 1.00, at any time on and after 31st December, 2009, upto 11th November, 2014. The conversion price is subject to adjustment in certain circumstances. The FCCB may be redeemed, in whole but not in part, at the option of the Company at any time on or after 20th November, 2011 subject to satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCB fall due for redemption on 21st November, 2014 at 109.47 percent of their principal amount together with accrued and unpaid interest.

The unutilised portion of FCCB has been invested in short term deposits with Bank.

## Notes forming part of the Consolidated Financial Statements

## 4. Shareholders' Funds - Reserves and Surplus

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Special Reserve</b>		
Opening Balance.....	13.00	27.00
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	Nil	7.00
Less: Amount transferred to Surplus in Statement of Profit and Loss as no longer required..	13.00	21.00
Closing Balance.....	Nil	13.00
<b>Capital Reserve</b> .....	61.66	61.66
<b>Capital Redemption Reserve</b>		
Opening Balance.....	2.61	1.60
Add: Amount transferred from Surplus in the Statement of Profit and Loss.....	12.26	1.01
Add: Amount transferred from General Reserve.....	0.25	Nil
Closing Balance.....	15.12	2.61
<b>Capital Reserve on Consolidation</b> .....	4.58	4.58
<b>Self Insurance Reserve</b> .....	8.00	8.00
<b>Securities Premium Account</b>		
Opening Balance.....	3,692.58	3,693.78
Less: Issue Expenses pertaining to Unsecured Perpetual Securities.....	17.73	Nil
Less : Issue Expenses pertaining to Debentures.....	Nil	1.20
Closing Balance.....	3,674.85	3,692.58
<b>Debenture Redemption Reserve</b>		
Opening Balance.....	246.95	222.03
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	310.79	24.92
Closing Balance.....	557.74	246.95
<b>Special Reserve Fund (under Sec 45-IA of RBI Act, 1934)</b>		
Opening Balance.....	59.98	27.36
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	1.02	32.62
Closing Balance.....	61.00	59.98
<b>Exchange Translation Reserves (Net)</b>		
Opening Balance.....	(155.73)	(139.94)
Add / (Less) : Effect of Foreign Exchange rate variations during the year.....	334.80	(15.79)
Closing Balance.....	179.07	(155.73)
<b>General Reserve</b>		
Opening Balance.....	3,432.27	3,001.42
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	258.22	430.85
Less: Amount transferred to Capital Redemption Reserve.....	0.25	Nil
Closing Balance.....	3,690.24	3,432.27
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance.....	4,876.63	3,617.36
Add: Profit for the year.....	-	2,059.60
Contingencies Reserve Fund (Net).....	6.00	14.52
Special Reserve (Net).....	13.00	14.00
Less: Loss for the year.....	1,087.68	Nil
Distribution on Unsecured Perpetual Securities [net of tax ₹ 28.42 crore (31st March, 2011 - ₹ Nil)]	113.61	Nil
Proposed Dividend [amount per share ₹ 1.25 per share of face value ₹ 1/- each (31st March, 2011- ₹ 12.50 per share of face value ₹ 10/- each).....	296.92	296.92
Additional Income-tax on Dividend.....	55.98	42.53
Transfer to Special Reserve Fund (under Sec 45-IA of RBI Act, 1934).....	1.02	32.62
Transfer to Debenture Redemption Reserve.....	310.79	24.92
Transfer to Capital Redemption Reserve.....	12.26	1.01
Transfer to General Reserve.....	258.22	430.85
	(2,117.48)	1,259.27
Closing Balance.....	2,759.15	4,876.63
<b>Total</b> .....	<b>11,011.41</b>	<b>12,242.53</b>

## Notes forming part of the Consolidated Financial Statements

## 5. Unsecured Perpetual Securities

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Opening Balance.....	Nil	Nil
Add: Issued during the year.....	1,500.00	Nil
Closing Balance.....	<u>1,500.00</u>	<u>Nil</u>

## 6. Statutory Reserves

[Under the Repealed Electricity (Supply) Act,1948 and Tariff Regulations]

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Tariffs and Dividends Control Reserve</b> .....	22.43	22.43
<b>Contingencies Reserve Fund</b>		
Opening Balance.....	86.54	101.06
Add: Amount transferred from Surplus in Statement of Profit and Loss.....	Nil	11.00
Less: Amount transferred to Surplus in Statement of Profit and Loss as no longer required.....	6.00	25.52
Closing Balance.....	<u>80.54</u>	<u>86.54</u>
<b>Development Reserve</b> .....	5.29	5.29
<b>Deferred Taxation Liability Fund</b> .....	279.76	279.76
<b>Investment Allowance Reserve</b> .....	121.18	121.18
<b>Debt Redemption Reserve</b> .....	51.94	51.94
<b>Debenture Redemption Reserve</b> .....	56.63	56.63
<b>Total</b> .....	<u>617.77</u>	<u>623.77</u>

## Notes forming part of the Consolidated Financial Statements

## 7. Long-Term Borrowings

	As at 31st March, 2012		As at 31st March, 2011	
	Non Current ₹ crore	Current ₹ crore	Non Current ₹ crore	Current ₹ crore
<b>SECURED</b>				
<b>Redeemable Non-Convertible Debentures</b> .....	2,118.00	41.00	2,159.00	41.00
<b>Term Loans</b>				
From Banks.....	12,450.93	882.69	8,267.36	433.05
From Others.....	7,853.40	378.66	6,958.46	180.19
Long-term Maturity of Finance Lease Obligations.....	157.63	153.63	164.34	137.35
	<u>22,579.96</u>	<u>1,455.98</u>	<u>17,549.16</u>	<u>791.59</u>
<b>UNSECURED</b>				
<b>Bonds</b>				
8.50% Euro Notes.....	304.87	Nil	266.10	Nil
1.75% Foreign Currency Convertible Bonds.....	1,535.70	Nil	1,340.40	Nil
8.50% Subordinate Notes.....	2,303.55	Nil	Nil	Nil
<b>Term loans</b>				
From Banks.....	2,923.90	294.24	2,692.54	209.26
From Others.....	Nil	189.28	46.03	141.58
Deferred payment Liabilities - Sales Tax Deferral.....	85.13	0.47	85.60	0.56
	<u>7,153.15</u>	<u>483.99</u>	<u>4,430.67</u>	<u>351.40</u>
<b>Total</b> .....	<u><b>29,733.11</b></u>	<u><b>1,939.97</b></u>	<u><b>21,979.83</b></u>	<u><b>1,142.99</b></u>

**Security**

Redeemable Non-Convertible Debentures raised by the Parent Company are secured by a *pari passu* charge on specific immovable properties and a *pari passu* charge on specific movable fixed assets present and future.

Finance lease obligations are secured by hypothecation of specific assets taken on finance lease.

Term Loans availed by various entities of the Group from various Financial Institutions/Banks are secured by a *pari passu* charge on all present and future moveable and immovable assets, stores and spares, raw materials, work-in-progress, finished goods, receivables, intangibles and rights of the respective entities.

## 8. Deferred Tax Liability (Net)

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Deferred Tax Liability on account of:</b>		
Relating to Fixed Assets.....	1,320.92	1,091.33
Balance in Deferred Tax Liability Fund.....	(279.76)	(279.76)
Deferred Stripping Cost.....	Nil	60.05
Lease Transactions.....	138.36	93.96
Others.....	5.24	6.49
<b>Deferred Tax Liability</b> .....	<u>1,184.76</u>	<u>972.07</u>
<b>Deferred Tax Asset on account of:</b>		
Provision for Doubtful Debts and Advances.....	19.78	15.90
Provision for Tax, Duty, Cess, Fee etc.....	21.50	19.76
Provision for Employee Benefits.....	122.96	97.85
Unabsorbed Depreciation and Carry Forward Losses.....	11.14	17.65
Exchange Losses on Loans to Subsidiaries.....	17.65	29.16
Others.....	6.24	15.25
<b>Deferred Tax Asset</b> .....	<u>199.27</u>	<u>195.57</u>
	985.49	776.50
Less: Tax to be recovered in Future Tariff Determination.....	346.75	301.25
<b>Deferred Tax Liability (Net)</b> .....	<u><b>638.74</b></u>	<u><b>475.25</b></u>



## Notes forming part of the Consolidated Financial Statements

## 9. Other Long-term Liabilities

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Trade Payables.....	29.44	33.96
Payables on Purchase of Fixed Assets.....	305.19	732.73
Consumers' Benefit Account.....	21.94	21.94
Security Deposits from Customers.....	397.83	292.74
Advances from Customers/Consumers.....	328.17	191.31
Advance against Depreciation.....	98.73	98.73
<b>Total</b> .....	<b><u>1,181.30</u></b>	<b><u>1,371.41</u></b>

## 10. Provisions

	Long-term		Short-term	
	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Provision for Employee Benefits.....	348.13	308.41	68.51	40.61
Provision for Warranties.....	4.72	2.45	18.96	12.43
Provision for Premium on Redemption of Foreign Currency Convertible Bonds.....	145.43	126.94	Nil	Nil
Provision for Premium on Redemption of Debentures.....	134.70	134.70	Nil	Nil
Provision for Contingencies.....	Nil	Nil	9.80	9.80
Provision for Future Foreseeable Losses.....	2.70	Nil	1.61	Nil
Provision for Tax (Net).....	2.28	2.18	399.72	598.73
Provision for Wealth Tax.....	Nil	Nil	1.97	1.90
Provision for Proposed Dividend.....	Nil	Nil	296.92	296.92
Provision for Additional Income-tax on Dividend.....	Nil	Nil	45.75	39.21
Provision for Restoration and Rehabilitation.....	394.77	312.05	50.56	31.39
Provisions - Others .....	4.98	0.06	Nil	Nil
<b>Total</b> .....	<b><u>1,037.71</u></b>	<b><u>886.79</u></b>	<b><u>893.80</u></b>	<b><u>1,030.99</u></b>

## Notes forming part of the Consolidated Financial Statements

### 11. Short-term Borrowings

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Secured</b>		
<b>From Banks</b>		
(a) Short term Loans.....	179.38	343.52
(b) Buyers' Line of Credit.....	20.67	104.13
	<u>200.05</u>	<u>447.65</u>
<b>Unsecured</b>		
<b>From Banks</b>		
(c) Short term Loans.....	926.05	746.70
(d) Buyers' Line of Credit.....	922.54	398.90
(e) Commercial Paper.....	100.00	Nil
<b>From Others</b>		
(f) Inter Corporate Deposit.....	38.10	26.07
	<u>1,986.69</u>	<u>1,171.67</u>
<b>Total</b> .....	<u><b>2,186.74</b></u>	<u><b>1,619.32</b></u>

#### Security

The Short term loans and buyers' line of credit availed by various entities of the Group are secured by hypothecation of all tangible movable assets, a charge on the fixed assets, receivables and stores and spares of the respective entities.

### 12. Other Current Liabilities

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
(a) Payables towards Purchase of Fixed Assets.....	1,937.06	1,877.68
(b) Current maturities of Long term Debt (Refer Note 7).....	1,939.97	1,142.99
(c) Interest accrued but not due on Borrowings.....	392.82	188.92
(d) Interest accrued and due on Borrowings.....	23.61	14.21
(e) Investor Education and Protection Fund shall be credited by the following amounts namely:		
Unpaid Dividend.....	11.52	10.30
Unpaid Matured Deposits.....	0.04	0.09
Unpaid Matured Debentures.....	0.09	0.09
(f) Book Overdraft.....	10.77	11.87
(g) Other Payables		
Statutory Liabilities.....	196.25	155.42
Advance and Progress payments received from customers/public utilities	398.38	307.24
Royalty.....	1,923.16	1,287.18
Security Deposits from Consumers.....	163.16	128.62
Security Deposits from Customers.....	72.27	68.30
Tender Deposits from Vendors.....	4.89	3.77
Tariff Adjustment Account.....	188.36	280.00
Other Liabilities.....	114.25	32.19
<b>Total</b> .....	<u><b>7,376.60</b></u>	<u><b>5,508.87</b></u>

## Notes forming part of the Consolidated Financial Statements

## 13. Fixed Assets

	GROSS BLOCK						DEPRECIATION AND IMPAIRMENT					NET BLOCK		
	As at 1st April, 2011	Additions	Effect of foreign currency exchange difference	Borrowing cost capitalised	Other adjustments	Deductions	As at 31st March, 2012	For the year	Impairment losses recognised	Effect of foreign currency exchange difference	Other adjustments	Deductions	As at 31st March, 2012	As at 31st March, 2011
<b>(a) TANGIBLE ASSETS:</b>														
Freehold Land .....	203.91	71.11	0.12	-	-	-	2751.4	-	15.10	-	-	-	15.10	203.91
Leasehold Land.....	128.14	136.21	0.04	0.01	-	-	264.40	3.10	1.49	0.03	-	-	9.65	123.11
Hydraulic Works.....	478.86	18.31	-	-	-	-	497.17	14.34	-	-	-	-	165.97	327.23
Buildings - Plant.....	1,055.33	455.61	0.65	33.72	7.86	-	1,553.17	313.14	23.99	0.31	-	-	392.85	742.19
Buildings - Others.....	242.32	25.08	-	1.20	-	0.35	268.25@	65.02	2.30	-	-	0.04	75.06	177.30
Coal Jetty.....	106.10	-	-	-	-	-	106.10	12.11	5.04	-	-	-	17.15	93.99
Railway Siding, Roads, Crossings, etc.....	82.78	4.06	-	0.01	-	-	86.85	13.28	3.00	-	-	-	18.39	69.50
Plant and Machinery	12,018.24	8,166.68	516.60	942.84	329.62	31.50	21,942.48	5,550.58	576.95	186.69	-	26.25	7,113.58	6,467.66
Transmission lines, Cable Network, etc .....	4,183.98	410.82	-	1.35	-	0.44	4,595.71	1,448.17	0.04	-	-	0.13	1,633.93	2,735.81
Furniture and Fixtures.....	62.29	14.77	0.15	-	-	0.59	76.62	32.14	0.35	0.11	-	-	38.02	30.15
Office Equipment.....	92.98	16.32	0.20	0.01	-	0.91	108.60	44.25	0.39	0.01	-	-	53.06	48.73
Motor Vehicles, Launches, Barges, etc. - Owned.....	81.13	23.42	0.03	0.78	0.53	7.23	98.66	46.22	1.70	-	-	-	53.79	34.91
Ships.....	-	928.86	62.78	-	-	-	991.64	-	32.53	2.20	-	-	34.73	-
Leased Motor Vehicles.....	1.29	-	-	-	-	-	1.29	1.10	0.07	-	-	-	1.17	0.19
Leased Plant and Machinery.....	681.62	141.78	101.50	-	-	112.00	812.90	231.36	91.61	39.96	-	89.70	273.23	450.26
Helicopters.....	36.73	-	-	-	-	-	36.73	8.08	3.26	-	-	-	11.34	28.65
Mine Property.....	107.32	8.11	16.21	-	-	-	131.64	69.20	8.86	10.70	-	-	88.76	38.12
Deferred Exploration Cost.....	212.97	386.24	73.24	-	237.60	-	910.05	114.92	66.80	28.16	101.76	-	311.64	98.05
Infrastructure Facilities.....	309.47	15.19	46.20	-	-	-	370.86	189.88	16.98	28.87	-	-	235.73	119.59
<b>TOTAL - 2011-2012</b>	<b>20,085.46</b>	<b>10,822.57</b>	<b>817.72</b>	<b>979.92</b>	<b>575.61</b>	<b>153.02</b>	<b>33,128.26</b>	<b>8,296.11</b>	<b>625.31</b>	<b>297.04</b>	<b>101.76</b>	<b>121.40</b>	<b>10,543.15</b>	<b>11,789.35</b>
- 2010-2011	18,176.12	2,074.22	(29.08)	-	-	136.30	20,085.46	7,424.87	990.60	(20.74)	-	98.62	8,296.11	-

Notes:

@ Buildings include ₹ \*\* being cost of ordinary shares in co-operative housing societies.

\$\$ including ₹ 6.28 crore (31st March, 2011 - ₹15.20 crore) charged to capital work-in-progress and ₹ 12.53 crore (31st March, 2011 - ₹Nil) charged to inventories.

## Notes forming part of the Consolidated Financial Statements

## 13. Fixed Assets (Contd.)

	GROSS BLOCK						AMORTISATION AND IMPAIRMENT						NET BLOCK		
	Balance As at 1st April, 2011	Additions	Effect of Foreign currency exchange difference	Borrowing cost capitalised	Other adjustments	Deductions	As at 31st March, 2012	As at 1st April, 2011	Expenses for the year	Impairment losses recognised	Effect of Foreign currency exchange difference	Other adjustments	Deductions	As at 31st March, 2012	As at 31st March, 2011
<b>(b) INTANGIBLE ASSETS:</b>															
Technical Know-How.....	16.24	6.39	-	-	-	22.63	16.24	0.70	-	-	-	-	16.94	5.69	Nil
Right To Use Assets.....	-	167.43	0.34	15.30	10.31	193.38	-	1.39	17.10	-	-	-	18.49	174.89	Nil
Prototypes.....	-	3.34	-	-	-	3.34	-	0.52	-	-	-	-	0.52	2.82	Nil
Licences.....	0.76	0.40	-	-	-	1.16	0.44	0.06	-	-	-	-	0.50	0.66	0.32
Computer Software .....	36.35	26.59	-	0.12	-	63.06	16.72	6.45	-	-	-	-	23.17	39.89	19.63
<b>Total - 2011-2012</b>	<b>53.35</b>	<b>204.15</b>	<b>0.34</b>	<b>15.42</b>	<b>10.31</b>	<b>283.57</b>	<b>33.40</b>	<b>9.12</b>	<b>17.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.62</b>	<b>223.95</b>	<b>19.95</b>
- 2010-2011	51.89	2.96	-	-	-	53.35	30.06	4.84	-	-	-	1.50	33.40	19.95	-

## Notes forming part of the Consolidated Financial Statements

## 14. Non-Current Investments

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>A. Trade Investment (valued at cost less diminution other than temporary, if any)</b>		
<b>a. Equity Shares fully paid-up (unless otherwise stated)</b>		
(i) Investment in Others (Quoted).....	183.01 **	159.70 **
(ii) Investment in Associates (Unquoted).....	328.63	270.24
(iii) Investment in Others (Unquoted).....	52.64	46.29
	<u>564.28</u>	<u>476.23</u>
**Less: Provision for Diminution in Value of Investments other than temporary	118.50	84.85
	<u>445.78</u>	<u>391.38</u>
<b>b. Debentures (Unquoted)</b>		
Investment in Associates.....	Nil	9.38
	<u>445.78</u>	<u>400.76</u>
<b>B. Other Investments</b>		
<b>1. Statutory Investments</b>		
<b>a. Contingencies Reserve Fund Investments</b>		
Government Securities (Unquoted).....	60.49	80.70
<b>b. Deferred Taxation Liability Fund Investments</b>		
Government Securities (Unquoted).....	220.43	220.15
	<u>280.92</u>	<u>300.85</u>
<b>2. Other Investments</b>		
<b>a. Equity Shares Fully Paid-up (unless otherwise stated)</b>		
(i) Investment in Others (Quoted).....	468.17 **	459.89 **
(ii) Investment in Others (Unquoted).....	787.21	775.26
	<u>1,255.38</u>	<u>1,235.15</u>
**Less: Provision for Diminution in Value of Investments other than temporary	1.81	1.81
	<u>1,253.57</u>	<u>1,233.34</u>
(iii) Investment in Associates (Unquoted).....	664.29	556.27
**Less: Provision for Diminution in Value of Investments other than temporary	13.17	9.11
	<u>651.12</u>	<u>547.16</u>
<b>b. Preference Shares Fully Paid-up</b>		
(i) Investment in Others (Quoted).....	4.00	8.00
(ii) Investment in Others (Unquoted).....	0.05 **	0.05 **
(iii) Investment in Associates (Unquoted).....	Nil	4.06 **
	<u>4.05</u>	<u>12.11</u>
**Less: Provision for Diminution in Value of Investments other than temporary	0.05	4.11
	<u>4.00</u>	<u>8.00</u>
<b>c. Government Securities (Unquoted)</b> .....	10.03	19.11
<b>d. Debentures (Unquoted)</b>		
Investment in Associates.....	Nil	100.00
	<u>1,918.72</u>	<u>1,907.61</u>
<b>Total</b> .....	<u><b>2,645.42</b></u>	<u><b>2,609.22</b></u>
1. Aggregate amount of Quoted Investments.....	655.18	627.59
Aggregate Market Value of Quoted Investments.....	714.31	786.57
2. Aggregate Amount of Unquoted Investments.....	2,123.77	2,081.51
**Less: Provision for Diminution in Value of investments other than temporary	133.53	99.88
Aggregate amount of Unquoted Investments (Net of Provision).....	<u><b>1,990.24</b></u>	<u><b>1,981.63</b></u>
** Provision for Diminution in Value of Investments other than temporary		

## Notes forming part of the Consolidated Financial Statements

## 15. Loans and Advances

	Long Term		Short Term	
	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>(a) Capital Advances</b>				
Secured, Considered good.....	101.94	394.17	Nil	Nil
Unsecured, Considered good.....	412.37	564.75	Nil	Nil
Doubtful.....	0.74	0.74	Nil	Nil
	<u>515.05</u>	<u>959.66</u>	Nil	Nil
Less : Provision for Doubtful Advances.....	0.74	0.74	Nil	Nil
	<u>514.31</u>	<u>958.92</u>	Nil	Nil
<b>(b) Security Deposits</b>				
Unsecured, Considered good.....	375.98	361.58	35.43	56.36
Doubtful.....	9.26	7.72	1.34	0.97
	<u>385.24</u>	<u>369.30</u>	<u>36.77</u>	<u>57.33</u>
Less : Provision for Doubtful Deposits.....	9.26	7.72	1.34	0.97
	<u>375.98</u>	<u>361.58</u>	<u>35.43</u>	<u>56.36</u>
<b>(c) Other Loans and Advances - Associates</b>				
Doubtful.....	1.27	1.27	Nil	Nil
Less : Provision for Doubtful Advances.....	1.27	1.27	Nil	Nil
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<b>(d) Advance Income-Tax (Net)</b>				
Unsecured, Considered good.....	<u>116.64</u>	<u>110.55</u>	<u>Nil</u>	<u>Nil</u>
<b>(e) MAT Credit entitlement</b>				
Unsecured, Considered good.....	<u>105.00</u>	<u>54.00</u>	<u>Nil</u>	<u>Nil</u>
<b>(f) Balance with Government Authorities</b>				
Unsecured, Considered good				
Advances .....	Nil	Nil	7.29	131.07
VAT / Sales Tax Receivable.....	Nil	Nil	1,802.21	1,199.99
	<u>Nil</u>	<u>Nil</u>	<u>1,809.50</u>	<u>1,331.06</u>
<b>(g) Other Loans and Advances -</b>				
Unsecured, Considered good				
Loans to Employees.....	17.54	19.87	7.10	3.45
Prepaid Expenses.....	41.83	20.00	153.41	92.00
Advances to Vendors.....	183.74	143.69	119.79	40.54
Insurance claim Receivable.....	Nil	Nil	21.97	11.14
Other Advances.....	Nil	Nil	227.41	101.52
Doubtful.....	0.74	0.86	4.03	3.70
	<u>243.85</u>	<u>184.42</u>	<u>533.71</u>	<u>252.35</u>
Less: Provision for Doubtful Advances.....	0.74	0.86	4.03	3.70
	<u>243.11</u>	<u>183.56</u>	<u>529.68</u>	<u>248.65</u>
<b>Total.....</b>	<b><u>1,355.04</u></b>	<b><u>1,668.61</u></b>	<b><u>2,374.61</u></b>	<b><u>1,636.07</u></b>



## Notes forming part of the Consolidated Financial Statements

## 16. Other Non-Current Assets

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>(a) Long-term Trade Receivables</b>		
Unsecured and Considered good		
Tariff Adjustment Account.....	5,492.58	3,017.55
Trade Receivables from Contracts.....	7.50	6.78
Trade Receivables from Others.....	186.39	185.76
	<u>5,686.47</u>	<u>3,210.09</u>
<b>(b) Foreign Currency Monetary Item Translation Difference Account.....</b>	136.41	Nil
<b>(c) Ancilliary Borrowing Cost .....</b>	133.25	151.19
<b>(d) Deferred Stripping Costs.....</b>	Nil	740.88
<b>(e) Other Long-term Receivables.....</b>	0.84	2.88
<b>Total.....</b>	<u><b>5,956.97</b></u>	<u><b>4,105.04</b></u>

## 17 Current Investments

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>A. Current portion of Long-Term Investments</b>		
Trade Investment (Valued at cost less diminution other than temporary, if any)		
<b>a. Debentures (Unquoted)</b>		
Investment in Associates (##).....	9.37	9.38
<b>b. Other Investments</b>		
<b>1. Statutory Investments</b>		
<b>i. Deferred Taxation Liability Fund Investments</b>		
Government Securities (Unquoted).....	40.91	60.00
<b>ii. Other Securities - Bonds (Unquoted).....</b>	40.00	-
	<u>80.91</u>	<u>60.00</u>
<b>2. Other Investments</b>		
<b>i. Other securities - Bonds (Unquoted).....</b>	Nil	21.99
<b>ii. Government Securities (Unquoted).....</b>	20.66	Nil
	<u>20.66</u>	<u>21.99</u>
<b>Total - Current Portion of Long-Term Investments.....</b>	<u>110.94</u>	<u>91.37</u>
<b>B. Other current investment (valued at lower of cost and fair value)</b>		
<b>Mutual Funds (Unquoted).....</b>	666.54	140.41
<b>Total.....</b>	<u><b>777.48</b></u>	<u><b>231.78</b></u>
Aggregate amount of Unquoted Investments	777.48	231.78
# # Partial Redemption		

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Reconciliation for disclosure as per Accounting Standard 13</b>		
<b>Long-term Investments</b>		
Non-Current Investments (Refer Note 14).....	2,645.42	2,609.22
Current portion of Long-term Investments (Refer Note 17).....	110.94	91.37
	<u>2,756.36</u>	<u>2,700.59</u>
<b>Current Investments</b>		
Other Current Investments (Refer Note 17).....	666.54	140.41
<b>Total.....</b>	<u><b>3,422.90</b></u>	<u><b>2,841.00</b></u>

## Notes forming part of the Consolidated Financial Statements

### 18. Inventories (valued at lower of cost and net realisable value)

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
Raw Materials.....	42.98	86.51
Work-in-Progress.....	8.34	10.83
Finished Goods.....	360.75	162.01
Stock-in-Trade - Shares.....	14.59	17.49
Stores and Spare Parts.....	302.64	340.99
Fuel - Stores.....	779.44	393.13
Fuel in Transit.....	142.16	87.65
Loose Tools.....	1.11	0.55
Property under Development.....	32.68	29.58
<b>Total.....</b>	<b><u>1,684.69</u></b>	<b><u>1,128.74</u></b>

### 19. Trade Receivables

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
<b>Trade Receivables outstanding for period exceeding six months from the date they were due for payment</b>		
Secured, Considered good.....	0.85	0.43
Unsecured, Considered good.....	62.67	39.13
Doubtful.....	159.33	124.25
	<u>222.85</u>	<u>163.81</u>
Less: Provision for Doubtful Trade Receivables.....	159.33	124.25
	<u>63.52</u>	<u>39.56</u>
<b>Other Trade Receivables</b>		
Secured, Considered good.....	159.40	103.56
Unsecured, Considered good.....	2,048.43	1,525.82
Doubtful.....	14.42	19.61
	<u>2,222.25</u>	<u>1,648.99</u>
Less: Provision for Doubtful Trade Receivables.....	14.42	19.61
	<u>2,207.83</u>	<u>1,629.38</u>
<b>Total.....</b>	<b><u>2,271.35</u></b>	<b><u>1,668.94</u></b>

### 20. Cash and Cash Equivalents

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
(a) Cash on hand.....	0.91	1.32
(b) Scheduled Banks.....	14.62	12.06
(c) Balances with Banks:		
(i) In Current Accounts.....	790.14	973.47
(ii) In Deposit Accounts.....	2,826.06	1,154.17
Cash and Cash Equivalents as per AS-3 Cash Flow Statements.....	<u>3,631.73</u>	<u>2,141.02</u>
(d) Balances with Banks:		
(i) In Unpaid Dividend Account.....	9.36	8.43
(ii) In Deposit Account with Maturity of more than 12 months.....	36.94	Nil
(iii) In Deposit Account as security for guarantees' issued/loan availed.....	36.60	28.72
(iv) In Deposit Account - restricted for capital expenditure.....	29.49	28.42
<b>Total.....</b>	<b><u>3,744.12</u></b>	<b><u>2,206.59</u></b>

## Notes forming part of the Consolidated Financial Statements

## 21. Other Current Assets

	As at 31st March, 2012 ₹ crore	As at 31st March, 2011 ₹ crore
(a) <b>Unbilled Revenue</b> .....	480.61	281.00
(b) <b>Tariff Adjustment Account</b> .....	7.90	Nil
(c) <b>Accruals</b>		
Interest accrued on Fixed Deposits.....	29.35	14.12
Interest accrued on Investments.....	9.53	12.21
(d) <b>Others</b>		
Receivable on sale of Current Investments.....	9.00	Nil
Ancillary Borrowing Cost.....	18.78	20.24
Foreign Exchange Premium.....	10.81	0.75
Insurance Claim Receivable.....	33.97	34.04
Other Receivables.....	17.89	Nil
<b>Total</b> .....	<b>617.84</b>	<b>362.36</b>

## 22. Revenue from Operations

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
(a) <b>Revenue from Power Supply and Transmission Charges</b> .....	13,619.28	10,969.58
Less: Cash Discount.....	83.57	65.74
Add: Income to be recovered in future tariff determination (Net).....	2,519.06	1,181.09
	16,054.77	12,084.93
Less: Revenue Capitalised.....	67.92	9.12
	15,986.85	12,075.81
(b) <b>Sale of Coal</b> .....	8,937.75	6,189.16
(c) <b>Revenue from Contracts</b>		
Project / Operation Management Services.....	18.30	12.11
Solar Products.....	346.27	427.17
Electronic Products.....	356.29	217.05
	720.86	656.33
(d) <b>Other Operating Revenue</b>		
Rental of Land, Buildings, Plant and Equipment, etc. ....	60.16	15.91
Income in respect of Services Rendered.....	142.49	131.42
Transfer from Capital Grants/Consumers Contribution.....	23.72	59.74
Income from Storage & Terminalling.....	12.46	11.72
Sale of Stock of Shares.....	0.15	11.28
Dividend from Investments.....	3.31	7.73
Interest on Inter-Corporate Deposits.....	0.52	0.39
Dividend from Shares treated as Stock-in-Trade.....	0.34	0.36
Profit on Sale of Long Term Investments.....	Nil	186.01
Profit on Sale of Current Investments.....	4.42	0.74
Compensation (Net).....	Nil	8.44
Miscellaneous Revenue and Sundry Credits.....	87.67	74.02
Sale of Fly Ash.....	3.94	0.41
Delayed Payment Charges.....	26.19	19.93
Sale of Carbon Credits.....	8.98	Nil
Provision for Doubtful Debts and Advances written back (Net) .....	Nil	10.57
Profit on Sale / Retirement of Assets (Net).....	Nil	2.91
	374.35	541.58
	26,019.81	19,462.88
Less: Excise Duty.....	18.41	12.12
<b>Total</b> .....	<b>26,001.40</b>	<b>19,450.76</b>

## Notes forming part of the Consolidated Financial Statements

### 23. Other Income

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>(a) Interest Income</b>		
Interest on Bank Deposits.....	138.93	43.06
Interest on Fuel Adjustment Charges Recoverable from Consumers.....	15.25	4.77
Interest on Overdue Trade Receivables.....	0.79	0.69
Interest on Income-tax Refund.....	0.92	35.86
Interest on Contingencies Reserve Fund Investments.....	3.48	5.48
Interest on Deferred Tax Liability Fund Investments.....	21.73	21.49
Interest on Non-Current Trade Investments - Associates.....	0.58	0.79
Other Interest.....	4.34	6.71
	186.02	118.85
Less: Interest Income Capitalised.....	23.06	8.91
	162.96	109.94
<b>(b) Dividend Income</b>		
From Current Investments - Others.....	5.26	9.07
From Long-term Investments - Others.....	9.53	4.79
	14.79	13.86
<b>(c) Profit / (Loss) on Sale of Investments</b>		
Current Investments.....	48.53	24.95
Long term Investments (Net).....	Nil	(4.27)
	48.53	20.68
<b>(d) Other Non-Operating Income</b>		
Discount Amortised / Accrued on Bonds (Net).....	1.76	11.39
Miscellaneous Income.....	36.29	23.20
Commission Earned.....	4.43	3.79
Profit on Sale of Business.....	Nil	53.02
Leave and License Fees.....	Nil	0.81
Gain on Foreign Currency transaction and translation (Net).....	Nil	173.81
	42.48	266.02
<b>Total.....</b>	<b>268.76</b>	<b>410.50</b>

## Notes forming part of the Consolidated Financial Statements

## 24. Raw Materials Consumed and Increase/(Decrease) in WIP/Finished Goods/Stock-in-Trade

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>Raw Materials Consumed</b>		
Opening Stock.....	86.51	59.61
Add: Purchases.....	315.34	432.85
Less: Sale of Division.....	Nil	15.82
	401.85	476.64
Less: Closing Stock.....	42.98	86.51
Less: Capitalised during the year.....	Nil	16.74
<b>Total.....</b>	<b>358.87</b>	<b>373.39</b>
<b>Increase/(Decrease) in WIP/Finished Goods/Stock-in-Trade</b>		
<b>Work-in-Progress</b>		
Inventory at the beginning of the year.....	10.83	25.04
Less: Sale of Division.....	Nil	6.09
Less: Inventory at the end of the year.....	8.34	10.83
	2.49	8.12
<b>Finished Goods</b>		
Inventory at the beginning of the year.....	162.01	139.76
Add/(Less): Exchange fluctuation.....	16.34	(0.69)
	178.35	139.07
Less: Inventory at the end of the year.....	360.75	162.01
	(182.40)	(22.94)
<b>Stock-in-Trade-Shares</b>		
Inventory at the beginning of the year.....	17.49	20.93
Less: Inventory at the end of the year.....	14.59	17.49
	2.90	3.44
<b>Total.....</b>	<b>(177.01)</b>	<b>(11.38)</b>

## 25. Employee Benefits Expense

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
Salaries and Wages.....	996.45	728.43
Contribution to Provident Fund.....	32.28	24.86
Contribution to Superannuation Fund.....	11.02	17.75
Retiring Gratuities.....	42.85	35.65
Leave Encashment Scheme.....	29.06	(16.37)
Pension Scheme.....	67.79	43.84
Staff Welfare Expenses.....	128.25	104.72
	1,307.70	938.88
Less:		
Employee Cost Capitalised.....	149.88	106.94
Employee Cost Inventorised.....	11.56	6.01
	161.44	112.95
<b>Total.....</b>	<b>1,146.26</b>	<b>825.93</b>

## Notes forming part of the Consolidated Financial Statements

### 26. Finance Costs

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
<b>(a) Interest Expense on:</b>		
<b>Borrowings</b>		
Interest on Debentures.....	191.55	174.35
Interest on - Euro Notes and FCCB.....	53.80	49.95
Interest on Fixed Period Loans - Others.....	2,186.49	1,294.71
<b>Others</b>		
Interest on Consumer Security Deposits.....	28.37	21.88
Other Interest and Commitment Charges.....	41.08	8.83
	<u>2,501.29</u>	<u>1,549.72</u>
Less: Interest Capitalised.....	1,035.03	739.51
	<u>1,466.26</u>	<u>810.21</u>
<b>(b) Other Borrowing costs:</b>		
Derivative Premium.....	15.26	39.61
Other Finance Costs.....	189.74	92.61
	<u>205.00</u>	<u>132.22</u>
Less: Other Borrowing Costs Capitalised.....	144.17	76.28
	<u>60.83</u>	<u>55.94</u>
<b>Total.....</b>	<b><u>1,527.09</u></b>	<b><u>866.15</u></b>

### 27. Other Expenses

	For the year ended 31st March, 2012 ₹ crore	For the year ended 31st March, 2011 ₹ crore
Stores, Oil, etc. consumed (excluding ₹ 75.21 crore on repairs and maintenance Previous Year ₹ 93.61 crore).....	127.82	85.87
Rental of Land, Buildings, Plant and Equipment, etc.....	124.12	94.19
Repairs and Maintenance -		
(i) To Buildings and Civil works.....	74.31	54.35
(ii) To Machinery and Hydraulic works.....	692.51	556.87
(iii) To Furniture, Vehicles, etc.....	58.13	39.61
	<u>824.95</u>	<u>650.83</u>
Rates and Taxes.....	39.03	39.04
Insurance.....	63.45	51.65
Travelling Expenses.....	49.25	45.65
Compensation (Net).....	7.67	Nil
Transmission Charges.....	105.23	78.29
Other Operation Expenses.....	423.33	327.19
Cost of Components Consumed.....	154.77	77.25
Freight and Handling Charges.....	201.00	5.29
Auditors' Remuneration.....	8.32	7.74
Cost of Services Procured.....	79.25	96.52
Warranty Charges.....	10.30	2.45
Ash Disposal Expenses.....	11.97	6.49
Agency Commission.....	1.26	0.36
Bad Debts.....	0.92	3.29
Provision for Diminution in value of Investments (Net).....	19.92	80.74
Provision for Doubtful Debts and Advances (Net).....	33.78	Nil
Provision for Future Foreseeable Losses.....	0.34	(3.43)
Loss on Sale / Retirement of Assets (Net).....	7.29	Nil
Miscellaneous Expenses.....	216.74	139.25
Consultants' Fees.....	87.13	70.97
Purchase of Stock-Shares.....	Nil	0.48
Donations.....	9.19	2.58
Loss on Foreign Currency transaction and translation (Net).....	425.05	Nil
Legal Charges.....	17.49	25.30
Marketing Expenses.....	640.88	518.54
Transfer of Revenue Expenses to Capital.....	(201.78)	(124.18)
<b>Total.....</b>	<b><u>3,488.67</u></b>	<b><u>2,282.35</u></b>



## Notes forming part of the Consolidated Financial Statements

- 28.** In the case of MPL, 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 receipts 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 and amounts aggregating to ₹ 104.75 crore (31st March, 2011 - ₹ 104.67 crore) are outstanding as at 31st March, 2012. Out of which ₹ 67.59 crore (net of receipts) related to Unit I has been capitalised and the balance amount of ₹ 37.16 crore is included in capital work-in-progress as at 31st March, 2012 pending approval from Director General of Foreign Trade (DGFT).
- 29.** In an earlier year, the Parent Company had commissioned its 120 MW thermal power unit at Jojobera, Jharkhand. Revenue in respect of this unit is recognised on the basis of a draft Power Purchase Agreement prepared jointly by the Parent Company and its customer which is pending finalisation.
- 30.** The Parent Company has been legally advised that the Parent Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Parent Company.
- 31.** Coal agreement:  
In the case of PAI and PKPC the Companies entered into a Coal Contract Work ("Coal Agreement") for the exploration and exploitation of coal. Under the term of the Coal Agreement, the Companies commenced its 30-year operating period on 1st October, 1989 and 1st January, 1992 respectively.
- 32.** (a) The Group has an investment in Tata Teleservices Limited (TTSL) of ₹ 735.48 crore (31st March, 2011 - ₹ 735.48 crore). Based on the accounts as certified by the TTSL Management for the year ended 31st March, 2012, TTSL has accumulated losses which have significantly eroded its net worth. In the opinion of the TTSL Management, having regard to the long term nature of the business, there is no diminution other than temporary, in the value of the investment and also considering the recent Hon'ble Supreme Court judgement cancelling the three (3) CDMA licenses pertaining to Jammu & Kashmir, Assam and North East Circles of TTSL.
- (b) The Group has an investment in Haldia Petrochemicals Limited (HPL) of ₹ 22.50 crore (31st March, 2011 - ₹ 22.50 crore). Based on the accounts for the year ended 31st March, 2011, HPL has accumulated losses which have significantly eroded its net worth. In the opinion of the Management, having regard to the long term nature of the business, there is no diminution other than temporary, in the value of the investment.
- (b) The Group has an investment in Taj Air Limited (TAL) of ₹ 4.20 crore (31st March, 2011 - ₹ 4.20 crore), TAL has accumulated losses as at 31st March, 2011, based on audited accounts for March, 2011, which has significantly eroded its net worth. In the opinion of the Management, having regard to the long term nature of its business, there is no diminution other than temporary, in the value of the investment.
- 33.** (i) Capital commitments not provided for are estimated at ₹ 2,499.92 crore (31st March, 2011 - ₹ 4,980.93 crore).  
(ii) In the case of Associates, capital commitments not provided for are estimated at ₹ 2.38 crore (31st March, 2011 - ₹ 2.78 crore).
- 34.** Contingent Liabilities and Other Commitments (to the extent not provided for):  
Contingent Liabilities:
- (a) Claims against the Group not acknowledged as debts aggregating to ₹ 2,047.68 crore (31st March, 2011 - ₹ 1,516.22 crore) consist mainly of the following :
- (i) Octroi claims disputed by the Parent Company aggregating to ₹ 5.03 crore (31st March, 2011 - ₹ 5.03 crore), in respect of octroi exemption claimed by the Parent Company.
- (ii) A Suit has been filed against the Parent Company claiming compensation of ₹ 20.51 crore (31st March, 2011 - ₹ 20.51 crore) by way of damages for alleged wrongful disconnection of power supply and interest accrued thereon ₹ 107.68 crore (31st March, 2011 - ₹ 103.37 crore).
- (iii) Rates and Taxes, Cess, Way Leave fees, Property tax and Duty claims disputed by the Parent Company, CTTL, NELCO and CGPL aggregating ₹ 95.39 crore (31st March, 2011 - ₹ 96.68 crore). In respect of certain dues as per the terms of an agreement, the Parent Company has the right to claim reimbursement from a third party.
- (iv) In the case of TPDDL, ₹ 25.08 crore (31st March, 2011 - ₹ 23.57 crore), consisting mainly of legal cases filed by consumers, employees etc. and sales tax claims.
- (v) In the case of TPTCL, Power Banking Arrangement ₹ 19.33 crore (31st March, 2011 - ₹ 35.56 crore).
- (vi) Other claims against the Parent Company and CGPL, not acknowledged as debts ₹ 46.99 crore (31st March, 2011 - ₹ 45.43 crore).

## Notes forming part of the Consolidated Financial Statements

- (vii) In the case of Associates, other claims not acknowledged as debts ₹ 25.21 crore (31st March, 2011 – ₹ 29.65 crore) and liquidated damages amounts is indeterminable.
- (viii) In the case of PAI and PKPC (Coal Companies), demand for royalty payment is set-off against recoverable Value Added Tax (VAT) paid on inputs for coal production of ₹ 1,702.46 crore (31st March, 2011 - ₹ 1,156.42 crore). Under the Coal Contract of Work the Coal Companies would recover VAT from the Government within 60 days. As the Government had not refunded VAT within 60 days, the Coal Companies have set-off royalty against VAT recoverable, which has not been accepted by the Government. The managements of the Coal Companies, based on the various legal judgments, are of the view that the said amounts would be allowable as set-off.
- (ix) In the case of PAI and PKPC, in respect of other matters (viz; land dispute, illegal mining , mining service fees etc.) amount is not ascertainable.
- (x) In the case of the Parent Company, amounts in respect of employee related claims/disputes, regulatory matters is not ascertainable.
- (xi) AICL has given guarantee of ₹ Nil (31st March, 2011 - ₹ 3.50 crore) to Tata Investment Corporation Limited, ₹ 5.00 crore (31st March, 2011 - ₹ Nil) to Tata Petrodyne Limited and ₹ 3.50 crore (31st March, 2011 - ₹ 4.00 crore) to Tata Industries Limited for timely servicing/repayment of Inter-corporate loans of ₹ 5.00 crore and ₹ 3 50 crore respectively, given by them to Tata Ceramics Limited. Loans outstanding against these amounting to ₹ 8.50 crore (31st March, 2011 - ₹ 7.50 crore).

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

(b) Other Commitments:

- (i) In the case of Panatone Finvest Ltd. (PFL), an associate of the Group, upon the demerger of surplus land by Tata Communications Ltd. and the issue of shares by the Resulting Company, PFL is contractually obligated to transfer 45% of the share capital of the Resulting Company to Government of India and other Shareholders who had tendered their shares to PFL. Based on its shareholding in Tata Communications Ltd. as on 31st March, 2012, PFL would be entitled to be allotted 31.10% of the share capital of the Resulting Company. Additionally, PFL has arrangements for procuring 11.77% of the share capital of the Resulting Company and it would need to acquire further shares representing 2.13% of the share capital of the Resulting Company.
- (ii) In the case of CGPL, in terms of the Port Service Agreement valid upto 31st March, 2040, CGPL is required to pay fixed handling charges amounting to ₹ 138.00 crore per annum with escalable as per CERC notification and variable port handling charges for handling a certain minimum tonnage of coal for its Mundra UMPP per annum. In the event if CGPL commits a default which subsists for a period of one year, the Port Operator shall be entitled to suspend all its services under the agreement without terminating the agreement and all amount outstanding shall be payable by CGPL. In such case, the Port Operator shall have the right to give a notice to the Project Lenders of CGPL and require them to either cure the default or ensure that the Power Station is taken over by another competent entity to operate and maintain the Power Station as Contractor of CGPL. In case Project Lenders do not cure the default nor get the competent entity as a contractor then the Port Operator shall have right to use the facility for any third party for a period upto the date on which the default is cured or 30 days from the date of expiry of the said one year period, whichever is longer. In case all the Project Lenders have been paid their dues, then the Port Operator shall have the right to nominate an entity who will be then appointed by CGPL as its contractor for operating and maintain the Power Station.
- (iii) In the case of TBSIL, Vendor purchase commitments ₹ 18.87 crore (31st March, 2011 - ₹ 58.71 crore) and contracts pertaining to future post sale services ₹ 39.27 crore (31st March, 2011 - ₹ Nil).

- (c) Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Group and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 228.01 crore (including Interest and penalty demanded ₹ 34.72 crore) [(31st March, 2011 - ₹ 152.83 crore) (including Interest and penalty demanded ₹ 26.90 crore)].

In the case of Associates, taxation matters for which liability, relating to issues of deductibility and taxability, is disputed and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed) ₹ 2.10 crore (including Interest and penalty demanded ₹ Nil) [(31st March, 2011 - ₹ 0.22 crore) (including penalty demanded ₹ Nil)].

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

## Notes forming part of the Consolidated Financial Statements

- (d) (i) Indirect exposures and Other Commitments of the Group:

Name of the Company	Contingent Liabilities		Other Commitments
	Guarantees given	Shares pledged	Undertaking for non-disposal of shares
	₹ crore	Nos.	₹ crore
Tata Teleservices Limited (TTSL)[refer (d) (ii) below]	-	21,98,18,101	-
	-	<i>21,98,18,101</i>	-
Tata Power Delhi Distribution Limited (TPDDL) [erstwhile North Delhi Power Limited]	-	-	931.28
	-	-	<i>1,157.28</i>
Powerlinks Transmission Limited (PTL)	-	[Refer (d)(iii) below]	-
Coastal Gujarat Power Limited (CGPL)	-	[Refer (d)(iii) below]	-
Industrial Energy Limited (IEL)	-	[Refer (d)(iii) below]	-
	-	[Refer (d)(iii) below]	-
Tata Power Renewable Energy Limited (TPREL) [erstwhile Industrial Power Infrastructure Limited]	-	[Refer (d)(iii) below]	-
Tata Sons Limited (TSL)	[Refer(i) below]	-	-
		-	-

Note : Previous year's figures are in italics.

- (ii) The Parent Company has in terms of the shareholder's agreement, an obligation to subscribe for or arrange along with the participants of the Tata Group, for additional capital as per specified schedule, in case of TTSL.
- (iii) The Parent Company's shares in Subsidiaries to the extent of 100% in PTL, 51% in CGPL, 51% in IEL and 51% in TPREL have been pledged with the lenders for borrowings availed by the respective Subsidiaries.
- (e) In respect of NELCO Limited, the Parent Company has undertaken to arrange for the necessary financial support to NELCO Limited in the form of interim short term funding, for meeting its business requirements.
- (f) In the case of TPDDL, the Company had introduced a Voluntary Separation Scheme (VSS) for its employees in December 2003, in response to which 1,798 employees were separated. As per the Scheme, the retiring employees were paid Ex-gratia separation amount by the Company. They were further entitled to Retiral Benefits (i.e. gratuity, leave encashment, pension commutation, pension, medical and leave travel concession), the payment obligation of which became a matter of dispute between the Company and the DVB Employees Terminal Benefit Fund 2002 ('the Trust'). The Trust is, however, of the view that its liability to pay retiral benefits arises only on the employee attaining the age of superannuation or on death whichever is earlier. On 1st November, 2004, the Company entered into a Memorandum of Understanding with the Government of National Capital Territory of Delhi (GNCTD) and a special Trust namely Special Voluntary Retirement Scheme Retirees Terminal Benefit Fund, 2004 Trust (SVRSRTBF, 2004 Trust) was created.

For resolution of the issue through the process of law, the Company had filed a Writ, before the Hon'ble Delhi High Court. The Hon'ble Court has pronounced its judgement on this issue on 2nd July, 2007 whereby it has provided two options to the Discoms for paying terminal benefits/residual pension to the Trust:

- (i) Terminal benefits due to the VSS optees and to be paid by Discoms which shall be reimbursed to Discoms by the Trust without interest on normal retirement/death (whichever is earlier) of such VSS optees. In addition, the Discoms shall pay the Retiral Pension to VSS optees till their respective dates of normal retirement, after which the Trust shall commence payment to such optees.

## Notes forming part of the Consolidated Financial Statements

- (ii) The Trust to pay the terminal benefits and all dues of the VSS optees and Discoms to pay to the trust an 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal of Actuaries.

The Company considers the second option as more appropriate and also estimates that the liability under this option shall be lower than under the first option which is presently being followed. Pending computation of the liability by the Arbitral Tribunal of Actuaries due to delay in appointment of the same, no adjustment has been made in these financial statements. Though the Hon'ble Delhi High Court had pronounced that Actuaries are to be appointed within a stipulated period.

While the writ petition was pending, the Company had already advanced ₹ 77.74 crore (*Previous Year ₹ 77.74 crore*) to the SVRS Trust for payment of retiral dues to separated employees. Against this, the Company had recovered ₹ 29.71 crore (*Previous Year ₹ 29.71 crore*) and adjusted an amount of ₹ 28.37 crore (*Previous Year ₹ 16.56 crore*) from pension, leave salary and other contribution totaling to ₹ 58.08 crore (*Previous Year ₹ 46.27 crore*), against a claim of ₹ 64.42 crore (*Previous Year ₹ 56.74 crore*) from the SVRS Trust in respect of retirees, who have expired or attained the age of superannuation till 31st March, 2012.

In addition to the payment of terminal benefits/residual pension to the Trust, the Hon'ble Delhi High Court in its above Order has held that the Discoms are liable to pay interest @ 8% per annum on the amount of terminal benefits for the period from the date of voluntary retirement to the date of disbursement. Consequently, the Company has paid ₹ 8.01 crore in FY 2008-09 as interest to VSS optees.

The Company is of the opinion that the total liability for payment of terminal benefits to the trust based on actuarial valuation including payment of interest to VSS optees, would be less than the amount of retiral pensions already paid to the VSS optees and charged to Statement of Profit and Loss. Consequently, pending valuation of 'Additional Contribution' to be computed by an Arbitral Tribunal of Actuaries, the Company has shown interest of ₹ 8.01 crore (*Previous Year ₹ 8.01 crore*) paid to VSS optees, in addition to retiral dues of ₹ 19.67 crore (*Previous Year ₹ 31.47 crore*) as recoverable.

Apart from this, the Company has also been paying the retiral pension to the VSS optees till their respective dates of normal retirement or death (whichever is earlier). DERC has approved the aforesaid retiral pension amount in its Aggregate Revenue Requirement (ARR) and the same has therefore been charged to the Statement of Profit and Loss.

- (g) In respect of the Parent Company's Standby Charges dispute with Reliance Infrastructure Ltd. (R-Infra) for the period from 1st April, 1999 to 31st March, 2004, the Appellate Tribunal of Electricity (ATE), set aside the MERC Order dated 31st May, 2004 and directed the Parent Company to refund to R-Infra as on 31st March, 2004, ₹ 354.00 crore (including interest of ₹ 15.14 crore) and pay interest at 10% per annum thereafter. As at 31st March, 2012 the accumulated interest was ₹ 173.56 crore (*31st March, 2011 - ₹ 162.36 crore*) (₹ 11.20 crore for the year ended 31st March, 2012). On appeal, the Hon'ble Supreme Court vide its Interim Order dated 7th February, 2007, has stayed the ATE Order and in accordance with its directives, the Parent Company has furnished a bank guarantee of the sum of ₹ 227.00 crore and also deposited ₹ 227.00 crore with the Registrar General of the Court which has been withdrawn by R-Infra on furnishing the required undertaking to the Court. The said deposit has been accounted as "Long term Security Deposit".

Further, no adjustment has been made for the reversal in terms of the ATE Order dated 20th December, 2006 of Standby Charges credited in previous years estimated at ₹ 519.00 crore, which will be adjusted, wholly by a withdrawal/set off from certain Statutory Reserves as allowed by MERC. No provision has been made in the accounts towards interest that may be finally determined as payable to R-Infra. Since 1st April, 2004, the Parent Company has accounted Standby Charges on the basis determined by the respective MERC Tariff Orders.

The Parent Company is of the view, supported by legal opinion, that the ATE's Order can be successfully challenged and hence, adjustments, if any, including consequential adjustments to the Deferred Tax Liability Fund and the Deferred Tax Liability Account will be recorded by the Parent Company on the final outcome of the matter.

- (h) MERC vide its Tariff Order dated 11th June, 2004, had directed the Parent Company to treat the investment in its wind energy project as outside the Mumbai Licensed Area, consider a normative debt equity ratio of 70:30 to fund the Parent Company's fresh capital investments effective 1st April, 2003 and had also allowed a normative interest charge @ 10% p.a.

## Notes forming part of the Consolidated Financial Statements

on the said normative debt. The change to the Clear Profit and Reasonable Return (consequent to the change in the capital base) as a result of the above mentioned directives for the period upto 31st March, 2004, has been adjusted by MERC from the Statutory Reserves along with the disputed Standby Charges referred to in Note 34(g) above. Consequently, the effect of these adjustments would be made with the adjustments pertaining to the Standby Charges dispute as mentioned in Note 34(g) above.

- (i) In an earlier year, in terms of the agreements entered into between Tata Teleservices Ltd. (TTSL), Tata Sons Ltd. (TSL) and NTT DoCoMo, Inc. of Japan (Strategic Partner-SP), the Parent Company was given by TSL an option to sell 2,72,82,177 equity shares in TTSL to the SP, as part of a secondary sale of 25,31,63,941 equity shares effected along with a primary issue of 84,38,79,801 shares by TTSL to the SP. Accordingly, in an earlier year the Parent Company had realised ₹ 316.72 crore on sale of these shares resulting in a profit of ₹ 255.62 crore.

If certain performance parameters and other conditions are not met by TTSL by 31st March, 2014 and should the SP decide to divest its entire shareholding in TTSL, acquired under the primary issue and the secondary sale and should TSL be unable to find a buyer for such shares, the Parent Company is obligated to acquire the shareholding of the SP, at the higher of fair value or 50 percent of the subscription purchase price, subject to compliance with applicable control regulations, in proportion of the number of shares sold by the Parent Company to the aggregate of the secondary shares sold to the SP, or if the SP divests the shares at a lower price pay a compensation representing the difference between such lower sale price and the price referred to above.

Further, in the event of breach of the representations and warranties (other than title and tax) and covenants not capable of specific performance, the Parent Company is liable to reimburse TSL, on a pro-rata basis, upto a maximum sum of ₹ 409.51 crore.

The exercise of the option by SP being contingent on several variables, the liability if any, is considered by Management to be remote and indeterminable.

- (j) In accordance with the terms of the Share Purchase Agreement and the Shareholder's Agreement entered into by Panatone Finvest Ltd. (PFL), an associate of the Parent Company, with the Government of India, PFL has contractually undertaken a "Surplus Land" obligation including agreeing to transfer 45% of the share capital of the Resulting Company, at Nil consideration, to the Government of India and other selling shareholders upon Demerger of the Surplus Land by Tata Communication Limited (TCL). The Parent Company has till date acquired 1,34,22,037 shares of TCL from PFL. The Parent Company would be entitled to be allotted 4.71% of the share capital of the Resulting Company based on its holding of 1,34,22,037 shares of TCL. The Parent Company has undertaken to PFL to bear the "Surplus Land" obligation pertaining to these shares.
- (k) Coastal Gujarat Power Limited (CGPL) is implementing the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP"). During the year, CGPL has declared commercial operations for its first Unit of 800 MW and continues the construction activities for the balance 4 unit of 800 MW each at its project site at Mundra.

In terms of the 25 year Power Purchase Agreement (PPA), CGPL has agreed to charge no escalation on 55 percent of the cost of coal.

As at 31st March, 2012, CGPL has in pursuance of Accounting Standard 28 (AS 28) – "Impairment of Assets", assessed impairment of its Mundra UMPP, having regard to the upward revision in the fuel prices. Based on such assessment, CGPL has accounted an impairment loss of ₹ 1,800 crore in respect of its Mundra UMPP, which has been recognised as an exceptional item-Impairment loss in the Statement of Profit and Loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in the current period and the previous year in measuring value in use is 10.57 percent per annum.

In estimating the future cash flows, CGPL's Management has based on externally available information, made certain assumptions relating to the future fuel prices, future revenues, operating parameters and the assets' useful life which CGPL's Management believes reasonably reflects the future expectation of these items. However, if these assumptions change consequent to change in future conditions, there could be further adverse/favourable effect on the recoverable amount of the asset. The assumptions will be monitored on periodic basis by CGPL's Management and adjustments will be made if external conditions relating to the assumptions indicate that such adjustments are appropriate.



## Notes forming part of the Consolidated Financial Statements

Consequent to the impairment loss in respect of Mundra UMPP, certain financial covenants in the loan agreements in respect of loans borrowed for construction of the project have not been met as at 31st March, 2012. No notice has been served by the lenders, declaring the loans taken as immediately due and payable. Meanwhile, CGPL has approached the lenders to seek waiver from the compliance with the financial covenants to the extent that such breach is due to the changes in foreign exchange rates and increases in coal prices and CGPL's Management expects to receive such waivers. Accordingly, loans aggregating to ₹ 11,162.12 crore are considered to be long-term borrowings (including current maturities of long term borrowings of ₹ 566.57 crore).

- (l) The uncalled liability on partly paid up shares ₹ 13.33 crore (31st March, 2011 – ₹ 31.03 crore) and in the case of Associates ₹ Nil (31st March, 2011 – ₹ 0.96 crore).

### 35. In case of Parent Company:

- (a) During the year, the Parent Company has provisionally determined the Statutory Appropriations and the adjustments to be made on Annual Performance Review as stipulated under the Multi Year Tariff Regulations, 2011 for its operations in respect of the Mumbai Licensed Area.
- (b) During the year, Jharkhand State Electricity Regulatory Commission (JSERC) for financial year 2011-12 has determined the Annual Revenue Requirement (ARR) for Units 2 and 3 at Jojobera by treating the entire capacity as regulated under JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2010. The Parent Company, on the basis of legal opinions obtained, has appealed against the disallowances/deviations at the Appellate Tribunal for Electricity (ATE), pending disposal of which, a sum of ₹ 34.16 crore has been accrued as revenue for the year ended 31st March, 2012.
- (c) During the year, the Maharashtra Electricity Regulatory Commission (MERC) has completed truing-up for the financial years 2009-10 and 2010-11 and has accordingly issued Tariff Orders. In these Tariff Orders, it has disallowed certain claims made by the Parent Company amounting to ₹ 86.00 crore and ₹ 55.00 crore respectively. The Parent Company intends to appeal to the Appellate Tribunal for Electricity (ATE) against these disallowances. Based on the earlier favourable ATE Order on similar matters, the Parent Company is confident of ATE allowing its claims and accordingly, the above disallowances have not been recognised in the financial results.
- (d) In the previous year, ATE in its Order dated 15th February, 2011, had upheld amongst others the Parent Company's claim towards entitlement of carrying cost in respect of truing-up done by MERC for financial year 2004-05 and 2005-06. Accordingly, the Parent Company had accounted for an amount of ₹ 86.00 crore as its entitlement of carrying cost in the books during the previous year. Consequent to the truing-up Orders issued by MERC for the financial years 2009-10 and 2010-11 during the year ended 31st March, 2012, an additional amount of ₹ 65.00 crore has been booked.

36. In the matter of claims raised by the Parent Company on R-Infra, towards (i) the difference in the energy charges for the period March 2001 to May 2004 and (ii) for minimum off-take charges of energy for the period 1998 to 2000, MERC has issued an Order dated 12th December, 2007 in favour of the Parent Company. The total amount payable by R-Infra, including interest, is estimated to be ₹ 323.87 crore as on 31st December, 2007. ATE in its Order dated 12th May, 2008 on appeal by R-Infra, has directed R-Infra to pay for the difference in the energy charges amounting to ₹ 34.98 crore for the period March 2001 to May 2004. In respect of the minimum off-take charges of energy for the period 1998 to 2000 claimed by the Parent Company from R-Infra, ATE has directed MERC that the issue be examined afresh and after the decision of the Hon'ble Supreme Court in the Appeals relating to the distribution licence and rebates given by R-Infra. The Parent Company and R-Infra had filed appeals in the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its Order dated 14th December, 2009, has granted stay against ATE Order and has directed R-Infra to deposit with the Hon'ble Supreme Court, a sum of ₹ 25.00 crore and furnish Bank Guarantee of ₹ 9.98 crore. The Parent Company had withdrawn the above mentioned sum subject to an undertaking to refund the amount with interest, in the event the Appeal is decided against the Parent Company. On grounds of prudence, the Parent Company has not recognised any income arising from the above matters.

37. During the year ended 31st March, 2012, PT Kaltim Prima Coal, an Indonesian Joint Venture Coal Company reported that in view of the uncertainty involved in estimating the average stripping ratio for the life of its mine, it has charged the entire deferred stripping costs accumulated in prior years to the Statement of Profit and Loss. This has resulted in a charge for the Group of ₹ 659.44 crore for the year ended 31st March, 2012.



## Notes forming part of the Consolidated Financial Statements

## 38. Employee Benefits:

(a) In an earlier year, the Parent Company had adopted Accounting Standard 15 (AS-15) (Revised 2005) - 'Employee Benefits'. This had resulted in a transitional liability (net) of ₹ 61.70 crore as at 1st April, 2007. In accordance with the transitional provisions of the Accounting Standard, the Parent Company had decided to charge the transitional liability as an expense over a period of 5 years and accordingly, ₹ 2.28 crore (31st March, 2011 - ₹ 22.40 crore) has been recognised as an expense for the year under item 1 of Note 25 and balance amount of ₹ Nil (31st March, 2011 - ₹ 2.28 crore) is the unrecognised transitional liability as at 31st March, 2012.

(b) The Group makes contribution towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees.

As a result of the above, a sum of ₹ 43.30 crore (Previous Year - ₹ 43.07 crore) has been charged to the Consolidated Statement of Profit and Loss.

(c) The Group operates the following Unfunded, Funded defined benefit plans:

- (i) Ex-Gratia Death Benefits
- (ii) Retirement Gifts
- (iii) Post Retirement Medical Benefits
- (iv) Pension
- (v) Gratuity

(d) The actuarial valuation of the present value of the Defined Benefit Obligation has been carried out as at 31st March, 2012. The following tables set out the amounts recognised in the financial statements as at 31st March, 2012 for the above mentioned defined benefit plans:

(i) Net employee benefit expense (recognised in employee cost) for the year ended 31st March, 2012:

	31st March 2012 ₹ crore (Funded)#	31st March 2012 ₹ crore (Unfunded)	31st March 2011 ₹ crore (Funded)#	31st March 2011 ₹ crore (Unfunded)
Current Service Cost.....	20.33	4.49	9.16	10.00
Interest.....	23.21	5.26	11.28	13.01
Actuarial Loss/(Gain).....	54.73	(4.96)	12.75	12.78
Past Service Cost.....	7.28	4.38	0.69	1.69
1/5 <sup>th</sup> of Transitional Liability.....	(0.61)	1.82	-	7.58
Transfer to Incidental Expenditure during Construction.....	-	(0.04)	-	-
Amount paid to Employees.....	-	(0.02)	-	-
Expected Return on Plan Assets.....	(6.12)	-	(5.50)	-
Total Expense.....	98.82	10.93	28.38	45.06

# Post Retirement Gratuity funded in case of Parent Company, TPDDL, CCTL, PTL, TBSIL and PKPC.

## Notes forming part of the Consolidated Financial Statements

(ii) Change in the Defined Benefit Obligation/Commitments during the year ended 31st March, 2012:

	<b>31st March 2012</b> ₹ crore (Funded)#	<b>31st March 2012</b> ₹ crore (Unfunded)	<b>31st March 2011</b> ₹ crore (Funded)#	<b>31st March 2011</b> ₹ crore (Unfunded)
Present value of Defined Benefit Obligation as at 1st April.....	194.16	66.86	52.65	155.98
Unrecognised Transitional Liability as at 1st April.....	(0.61)	1.82	Nil	8.79
Employee Benefit Expenses (Excluding Transitional Liability and Incidental Expenditure during Construction).....	100.15	9.17	28.93	37.48
Actuarial Gain on Defined Benefit Obligation.....	(0.18)	Nil	(0.11)	Nil
Benefits Paid (Net).....	(29.24)	(5.43)	(12.00)	(10.92)
Exchange Loss.....	9.46	2.08	0.95	0.35
Liabilities assumed on Acquisition.....	Nil	0.30	Nil	0.13
Present value of Defined Benefit Obligation as at 31st March.....	273.74	74.80	70.42	191.81
Less: Unrecognised Transitional Liability as at 31st March.....	Nil	Nil	Nil	(1.21)
Provision for Defined Benefit Obligation as at 31st March as per books	273.74	74.80	70.42	190.60

# Post Retirement Gratuity funded in case of Parent Company, TPDDL, CTTL, PTL, TBSIL and PKPC.

(iii) Plan Assets:

	<b>31st March 2012</b> ₹ crore	<b>31st March 2011</b> ₹ crore
Fair value of Plan Assets as on 1st April.....	70.50	52.70
Expected Return on Plan Assets.....	6.12	5.49
Contribution.....	29.23	(7.51)
Benefits Paid.....	(3.94)	(2.13)
Actuarial Gain.....	37.48	21.95
Closing balance as on 31st March.....	139.39	70.50

During the year the Parent Company has paid ₹ 40.00 crore to Tata Power Gratuity Fund. Of the payment of ₹ 40.00 crore, ₹ 15.00 crore towards the current year liability and ₹ 25.00 crore towards the Opening Liability. The balance of the Opening Liability to be funded over a period of 4 years.

(iv) Actuarial assumptions used for valuation of the present value of the defined benefit obligations of various benefits are as under:

	<b>31st March 2012</b>	<b>31st March 2011</b>
Discount Rate.....	6.30% to 8.75%	8% to 9.50%
Salary Growth Rate.....	6% to 12% p.a.	6% to 12% p.a.
Turnover Rate - Age 21 to 44 years.....	0.50% to 8% p.a.	2% to 15% p.a.
Turnover Rate - Age 45 years and above.....	0.50% to 2.50% p.a.	0% to 2% p.a.
Pension Increase Rate.....	3% p.a.	3% p.a.
Mortality Table (in case of Indian Companies).....	LIC (1994-96)	LIC (1994-96)
Expected return on scheme assets.....	7% to 9.30% p.a.	7.25% to 9.25% p.a.
Annual Increase in Health Cost.....	6% p.a.	6% p.a.

- Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.

(v) The contribution expected to be made in the financial year 2012-13 has not been ascertained.

## Notes forming part of the Consolidated Financial Statements

39. In respect of the contracts pertaining to Strategic Electronics Business and Project Management Services of the Group, disclosures required as per AS-7 (Revised) are as follows:

- (a) Contract revenue recognised as revenue during the year ₹ 283.69 crore (31st March, 2011 - ₹ 140.47 crore).
- (b) In respect of contracts in progress –
- (i) The aggregate amount of costs incurred and recognised profits upto 31st March, 2012 - ₹ 192.88 crore (31st March, 2011 - ₹ 120.33 crore).
- (ii) Advances and progress payments received as at 31st March, 2012 - ₹ 313.01 crore (31st March, 2011 - ₹ 234.12 crore).
- (iii) Retention money included as at 31st March, 2012 in Sundry Debtors - ₹ 4.96 crore (31st March, 2011 - ₹ 1.60 crore).
- (c) (i) Gross amount due to customers for contract work as a liability as at 31st March, 2012 - ₹ 219.45 crore (31st March, 2011 - ₹ 181.49 crore).
- (ii) Gross amount due from customers for contract work as an asset as at 31st March, 2012 - ₹ 99.32 crore (31st March, 2011 - ₹ 66.63 crore).

40. Related Party Disclosures:

Disclosure as required by Accounting Standard 18 (AS-18) - "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

- (a) (i) Associates (where transactions have taken place during the year)
- Panatone Finvest Ltd.  
Tata Projects Ltd.  
Nelito Systems Ltd.  
Yashmun Engineers Ltd.  
Tata Ceramics Ltd.  
Rujuvalika Investments Ltd.
- (ii) Joint Ventures (where transactions have taken place during the year)
- Indocoal Resources (Cayman) Ltd.  
Tata BP Solar India Ltd.  
PT Kalimantan Prima Power
- (iii) Promoters holding together with its Subsidiary more than 20%
- Tata Sons Ltd.
- (b) Key Management Personnel
- Anil Sardana  
S. Ramakrishnan  
S. Padmanabhan  
Banmali Agrawala (upto 30th November, 2011)

(c) Details of Transactions:

Particulars

Particulars	₹ crore			
	Associates	Joint Ventures	Key Management Personnel	Promoters
Purchase of goods.....	-	314.52	-	-
	-	219.31	-	-
Management fees paid.....	-	0.66	-	-
	-	-	-	-
Purchase of fixed assets.....	49.27	114.18	-	-
	72.30	17.42	-	-
Rendering of services.....	0.10	-	-	0.24
	0.10	-	-	-
Receiving of services.....	13.83	0.19	-	0.54
	5.46	-	-	0.54
Brand equity contribution.....	-	-	-	22.37
	-	-	-	18.07
Remuneration paid.....	-	-	11.98	-
	-	-	14.41	-
Interest income.....	1.11	-	-	-
	2.82	-	0.01	-
Dividend received.....	12.41	-	-	5.34
	7.49	-	-	4.67
Dividend paid.....	-	-	-	88.44
	-	-	-	84.90
Loans given.....	8.50	-	-	-
	4.50	-	-	-

## Notes forming part of the Consolidated Financial Statements

Particulars	₹ crore			
	Associates	Joint Ventures	Key Management Personnel	Promoters
Security deposits given.....	-	-	-	0.50
Refunds towards security deposits given.....	-	-	-	-
	-	-	-	<i>0.80</i>
Equity contribution (including advance towards equity contribution).....	100.00	-	-	-
	-	-	-	-
Redemption of preference shares/debentures.....	109.38	-	-	-
	<i>9.38</i>	-	-	-
Purchase of Investments#.....	-	-	-	-
	<i>50.00</i>	-	-	-
Loans repaid.....	-	-	-	-
	<i>10.50</i>	-	<i>0.11</i>	-
<b>Balances outstanding</b>				
Security deposits given.....	-	-	-	0.50
	-	-	-	-
Other receivables (net of provisions).....	0.03	33.00	-	0.02
	<i>0.05</i>	<i>0.12</i>	-	-
Loans given (including interest thereon).....	11.09	-	-	-
	<i>120.93</i>	-	-	-
Loans provided for as doubtful advances.....	1.27	-	-	-
	<i>1.27</i>	-	-	-
<b>Guarantees, Collaterals etc. outstanding #</b> .....	-	-	-	409.51
	-	-	-	<i>409.51</i>
(Other payables).....	(27.22)	(10.40)	-	(22.80)
	<i>(7.35)</i>	<i>(3.21)</i>	-	<i>(17.76)</i>

# Also refer Note 34(d)(i) , 34(e), 34(i) and 34(j).

Note: Previous year's figures are in italics.

(d) Details of material related party transactions [included under (c)] above :

(a) Joint Ventures:

Particulars	₹ crore	
	Indocoal Resources (Cayman) Ltd.	Tata BP Solar India Ltd.
Purchase of goods.....	314.52	-
	<i>219.31</i>	-
Purchase of fixed assets.....	-	114.18
	-	<i>17.42</i>
Receiving of services.....	-	0.19
	-	-

## Notes forming part of the Consolidated Financial Statements

(b) Associates:

Particulars	₹ crore				
	Tata Ceramics Ltd.	Panatone Finvest Ltd.	Tata Projects Ltd.	Yashmun Engineers Ltd.	Rujuvalika Investments Ltd.
Purchase of fixed assets.....	-	-	49.27	-	-
	-	-	69.17	-	-
Equity contribution (including advance towards equity contribution).....	-	100.00	-	-	-
	-	-	-	-	-
Rendering of services.....	-	-	-	0.10	-
	-	-	-	0.10	-
Receiving of services.....	-	-	-	13.81	-
	-	-	-	5.46	-
Interest income.....	0.52	-	0.54	-	-
	0.47	-	2.25	-	-
Dividend received.....	-	-	9.68	-	2.62
	-	-	7.26	-	-
Loans given.....	8.50	-	-	-	-
	4.50	-	-	-	-
Redemption of preference shares/debentures.....	-	100.00	-	-	-
	-	-	9.38	-	-
Purchase of Investments.....	-	-	-	-	-
	-	50.00	-	-	-
Loans repaid.....	-	-	-	-	-
	10.50	-	-	-	-

Note: Previous year's figures are in italics.

#### 41. Derivative instruments and unhedged foreign currency exposures:

i) Derivative Instruments :

The following derivative positions are open as at 31st March, 2012. These transactions have been undertaken to act as economic hedges for the Group's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Note 2.1(p) and 2.1(q).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

## Notes forming part of the Consolidated Financial Statements

Outstanding swaps/forward/currency option contracts, entered into, as on 31st March, 2012:

Particulars	31st March 2012		31st March 2011	
	Foreign Currency (in Millions)	₹ crore	Foreign Currency (in Millions)	₹ crore
Forward Contracts	USD 234.49	1,177.64	USD 135.32	604.14
	EURO 1.83	12.54	EURO 15.99	101.21
	JPY 4,394.70	274.62	JPY 1,728.64	93.35
Currency Option Contracts	USD 472.46	2,418.51	USD 278.00	1,242.10
	JPY 1,856.25	116.00	JPY 10,025.75	541.39
Interest Rate Swaps	USD 1,723.75	8,823.86	USD 1,300.90	6,295.17
Unrecognised Gain in respect of above Forward Contracts and Currency Option Contracts	-	390.54	-	90.07

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

Particulars	31st March 2012		31st March 2011	
	Foreign Currency (in Millions)	₹ crore	Foreign Currency (in Millions)	₹ crore
(a) Amounts receivable in foreign currency on account of the following:				
Export of Goods.....	USD 3.20	16.32	USD 8.44	37.54
	EURO *	0.06	EURO 0.46	2.92
(b) Amounts payable in foreign currency on account of the following:				
(i) Import of Goods and Services.....	USD 76.42	391.23	USD 34.29	153.46
	EURO. 0.93	6.36	EURO 0.32	2.07
	GBP 0.36	2.93	-	-
	-	-	JPY 2.37	0.13
	-	-	AUD 0.01	0.04
(ii) Capital Imports.....	EURO 7.58	51.85	EURO 1.73	10.97
	JPY 199.20	12.44	JPY 30.17	1.63
	USD 7.20	36.90	USD 55.82	250.17
	GBP 0.12	1.00	GBP 0.18	1.30
	CHF 0.42	2.41	-	-
(iii) Interest Payable.....	USD 3.20	16.37	USD 2.98	13.31
(iv) Loans Payable.....	USD 1,252.80	6,413.10	USD 1,387.02	6,197.21
(v) Premium Payable on Borrowings.....	USD 28.41	145.43	USD 28.41	126.94
(c) Bank Balances.....	SGD 0.07	0.28	SGD 0.77	2.71
	USD 3.36	17.19	USD 132.06	589.87
	TAKA 0.25	0.01	TAKA 0.25	0.02



## Notes forming part of the Consolidated Financial Statements

## 42. Disclosures as required by Accounting Standard 29 (AS-29) - "Provisions, Contingent Liabilities and Contingent Assets" as at 31st March, 2012:

The Group has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	₹ crore				
	Opening Balance	Provision during the year	Payments/ Adjustments made during the year	Reversal/ Regrouping made during the year	Closing Balance
Provision for Warranties and Contingencies .....	24.68	16.33	(2.17)	(5.36)	33.48
	<i>26.51</i>	<i>7.37</i>	<i>(2.60)</i>	<i>(6.60)</i>	<i>24.68</i>
Provision for Premium on Redemption of FCCB .....	126.94	-	-	18.49 @	145.43
	<i>128.29</i>	-	-	<i>(1.35)@</i>	<i>126.94</i>
Provision for Premium on Redemption of Debentures .....	134.70	-	-	-	134.70
	<i>134.70</i>	-	-	-	<i>134.70</i>
Provision for Future foreseeable losses on Contracts etc.	-	4.31	-	-	4.31
	<i>3.43</i>	-	-	<i>(3.43)</i>	-
Provision for Restoration and Rehabilitation .....	343.44	124.63	(22.74)#	-	445.33
	<i>288.89</i>	<i>79.92</i>	<i>(25.37)#</i>	-	<i>343.44</i>

@ On account of exchange loss/(gain).

# includes exchange fluctuation.

Note: Previous year's figures are in italics.

## 43. Earnings per Share:

**Basic**

Net (loss)/profit for the year (₹ crore) .....

Add: Contingencies Reserve Fund write back for the year (₹ crore) .....

Add: Special Reserve write back for the year (₹ crore) .....

Less: Distribution on Unsecured Perpetual Securities (₹ crore) .....

Net (loss)/profit for the year attributable to the equity shareholders (₹ crore) .....

The weighted average number of Equity Shares for Basic Earning per share (Nos.)

Par value per share (in ₹) - Refer Note 3 (a) .....

Basic Earnings per share (in ₹) .....

**Diluted**

Net (loss)/profit for the year attributable to the equity shareholders (₹ crore) .....

Add: Interest Expense and Exchange Fluctuation on FCCB (Net) (₹ crore) .....

(Loss)/Profit attributable to equity shareholders on dilution (₹ crore) .....

The weighted average number of Equity Shares for Basic Earnings per share (Nos.)

Add: Effect of potential Equity Shares on Conversion of FCCB (Nos.) .....

The weighted average number of Equity Shares for Diluted Earnings per share (Nos.)

Par value per share (in ₹) .....

Diluted Earnings per share (in ₹) - (Anti Dilutive) .....

Diluted Earnings per share restricted to Basic Earning per share (in ₹) .....

	31st March 2012	31st March 2011
Net (loss)/profit for the year (₹ crore) .....	(1,087.68)	2,059.60
Add: Contingencies Reserve Fund write back for the year (₹ crore) .....	6.00	14.52
Add: Special Reserve write back for the year (₹ crore) .....	13.00	14.00
	<u>(1,068.68)</u>	<u>2,088.12</u>
Less: Distribution on Unsecured Perpetual Securities (₹ crore) .....	113.61	Nil
Net (loss)/profit for the year attributable to the equity shareholders (₹ crore) .....	<u>(1,182.29)</u>	<u>2,088.12</u>
The weighted average number of Equity Shares for Basic Earning per share (Nos.)	237,49,74,860	237,49,74,860
Par value per share (in ₹) - Refer Note 3 (a) .....	1.00	1.00
Basic Earnings per share (in ₹) .....	(4.98)	8.79
Net (loss)/profit for the year attributable to the equity shareholders (₹ crore) .....	(1,182.29)	2,088.12
Add: Interest Expense and Exchange Fluctuation on FCCB (Net) (₹ crore) .....	47.30	8.75
(Loss)/Profit attributable to equity shareholders on dilution (₹ crore) .....	<u>(1,134.99)</u>	<u>2,096.87</u>
The weighted average number of Equity Shares for Basic Earnings per share (Nos.)	237,49,74,860	237,49,74,860
Add: Effect of potential Equity Shares on Conversion of FCCB (Nos.) .....	<u>9,64,40,896</u>	<u>9,64,40,896</u>
The weighted average number of Equity Shares for Diluted Earnings per share (Nos.)	<u>247,14,15,756</u>	<u>247,14,15,756</u>
Par value per share (in ₹) .....	1.00	1.00
Diluted Earnings per share (in ₹) - (Anti Dilutive) .....	(4.59)	8.48
Diluted Earnings per share restricted to Basic Earning per share (in ₹) .....	(4.98)	-

## Notes forming part of the Consolidated Financial Statements

### 44. Segment accounting:

#### (a) Primary Segment Information:

The Group has identified business segments as its primary segment. Business segments are as below:

	₹ crore				
	Power	Coal	Others	Eliminations	Total
<b>REVENUE</b>					
External Revenue.....	16,169.59	9,196.52	855.78	220.49	<b>26,001.40</b>
	<i>12,305.62</i>	<i>6,400.47</i>	<i>935.03</i>	<i>190.36</i>	<b>19,450.76</b>
<b>RESULT</b>					
Total Segment Results.....	2,159.75	1,988.05	(69.42)	-	4,078.38
	<i>1,942.94</i>	<i>1,673.13</i>	<i>198.66</i>	-	<i>3,814.73</i>
Finance Costs.....	-	-	-	-	(1,527.09)
	-	-	-	-	<i>(866.15)</i>
Exceptional Item.....	(1,800.00)	-	-	-	(1,800.00)
	-	-	-	-	-
Unallocable Income net of Unallocable Expense.....					(244.04)
					<i>208.30</i>
Income Taxes.....					(1,475.54)
					<i>(974.97)</i>
<b>(Loss)/Profit after tax and before share of Profit of Associates and Minority Interest.....</b>					<b>(968.29)</b>
					<b>2,181.91</b>
Share of Profit of Associates.....					70.77
					<i>74.19</i>
Minority Interest.....					(190.16)
					<i>(196.50)</i>
<b>(Loss)/Profit for the year.....</b>					<b>(1,087.68)</b>
					<b>2,059.60</b>
<b>OTHER INFORMATION</b>					
Segment Assets.....	41,765.64	10,728.14	2,297.46	-	54,791.24
	<i>35,340.14</i>	<i>8,858.63</i>	<i>1,634.60</i>	-	<i>45,833.37</i>
Unallocable Assets.....					6,957.26
					<i>4,510.37</i>
<b>Total Assets.....</b>					<b>61,748.50</b>
					<b>50,343.74</b>
Segment Liabilities.....	6,105.27	3,456.42	704.55	-	10,266.24
	<i>5,783.33</i>	<i>2,379.98</i>	<i>469.37</i>	-	<i>8,632.68</i>
Unallocable Liabilities.....					35,950.91
					<i>26,659.60</i>
<b>Total Liabilities.....</b>					<b>46,217.15</b>
					<b>35,292.28</b>
Capital Expenditure.....	5,835.22	1,327.85	434.08	-	7,597.15
	<i>9,312.20</i>	<i>313.02</i>	<i>324.70</i>	-	<i>9,949.92</i>
Non-cash Expenses other than Depreciation/Amortisation....	16.71	5.97	38.45	-	61.13
	<i>1.13</i>	<i>79.92</i>	<i>3.88</i>	-	<i>84.93</i>
Depreciation/Amortisation (to the extent allocable to segment)	988.42	283.84	62.38	-	1,334.64
	<i>753.52</i>	<i>187.36</i>	<i>39.36</i>	-	<i>980.24</i>

Types of products and services in each business segment:

Power – Generation, Transmission, Distribution and Trading of Electricity.

Coal - Mining and Trading.

Others – Defence Electronics, Solar Equipment, Project Contracts/Infrastructure Management Services, Coal Bed Methane, Investment, Shipping and Property Development.

Note: Previous year's figures are in italics.

## Notes forming part of the Consolidated Financial Statements

## (b) Secondary segment Information:

Particulars	₹ crore		
	Domestic	Overseas	Total
Revenue from External Customers.....	16,980.28	9,021.12	26,001.40
	<i>13,236.16</i>	<i>6,214.60</i>	<i>19,450.76</i>
Segment Assets.....	42,829.62	11,961.62	54,791.24
	<i>36,330.47</i>	<i>9,502.90</i>	<i>45,833.37</i>
Capital Expenditure.....	5,793.07	1,804.08	7,597.15
	<i>9,324.08</i>	<i>625.84</i>	<i>9,949.92</i>

Note: Previous year's figures are in italics.

## 45. Interest in Joint Ventures:

The Group's share of total assets, liabilities, income, expenses, contingent liabilities and capital commitments in jointly controlled entities considered in these consolidated financial statements are as under:

	31st March 2012 ₹ crore	31st March 2011 ₹ crore
<b>I. NON-CURRENT LIABILITIES</b>		
a) Long term Borrowings.....	578.16	411.32
b) Deferred Tax Liabilities (Net).....	226.44	264.67
c) Other Long-term Liabilities.....	0.03	0.02
d) Long term Provisions.....	530.35	381.89
	<u>1,334.98</u>	<u>1,057.90</u>
<b>II. CURRENT LIABILITIES</b>		
a) Short-term Borrowings.....	46.96	44.45
b) Trade Payables.....	886.91	692.00
c) Other Current Liabilities.....	2,231.80	1,488.37
d) Short term Provisions.....	458.91	654.75
	<u>3,624.58</u>	<u>2,879.57</u>
<b>III. NON-CURRENT ASSETS</b>		
a) Fixed Assets.....	2,726.41	1,603.56
b) Long term Loans and Advances.....	217.10	185.08
c) Other Non-Current Assets.....	1.47	743.77
	<u>2,944.98</u>	<u>2,532.41</u>
<b>IV. CURRENT ASSETS</b>		
a) Inventories.....	445.14	381.61
b) Trade Receivables.....	854.26	545.15
c) Cash and Cash Equivalents.....	589.33	584.26
d) Short term Loans and Advances.....	1,981.86	1,272.06
e) Other Current Assets.....	44.79	35.06
	<u>3,915.38</u>	<u>2,818.14</u>

## Notes forming part of the Consolidated Financial Statements

	31st March 2012 ₹ crore	31st March 2011 ₹ crore
<b>V. REVENUE</b>		
a) Revenue from Operations.....	9,190.91	6,566.33
b) Other Income.....	6.79	2.55
	<u>9,197.70</u>	<u>6,568.88</u>
<b>VI. EXPENSES</b>		
a) Royalty towards Coal Mining.....	1,101.12	765.83
b) Cost of Fuel.....	1,232.28	851.10
c) Coal Processing Charges.....	1,953.22	1,667.52
d) Raw Material Consumed.....	347.37	341.68
e) Increase in Stock-in-Trade and Work-in-Progress.....	(170.57)	(14.72)
f) Employee Benefit Expense.....	302.53	210.49
g) Other Expenses.....	2,188.93	856.37
h) Depreciation/Amortisation.....	308.01	211.15
i) Finance Costs.....	41.82	28.42
j) Tax Expense.....	718.35	626.35
	<u>8,023.06</u>	<u>5,544.19</u>
<b>VII. PROFIT AFTER TAX.....</b>	<b><u>1,174.64</u></b>	<b><u>1,024.69</u></b>
<b>VIII. OTHER MATTERS</b>		
a) Contingent Liabilities.....	1,709.86	1,160.72
b) Capital Commitments.....	275.03	165.97
	<u>1,984.89</u>	<u>1,326.69</u>

46. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure. Figures below ₹ 50,000 are denoted by <sup>1</sup>\*1.

Signatures to Notes "1" to "46"  
For and on behalf of the Board,

R. N. TATA  
Chairman

ANIL SARDANA  
Managing Director

S. RAMAKRISHNAN  
Executive Director

Mumbai, 22nd May, 2012.

H. M. MISTRY  
Company Secretary

## Gist of the Financial Performance for the year 2011-12 of the Subsidiary Companies

Sr. No.	Name of the Subsidiary	Capital !	Reserves and Surplus	Total Assets @	Total Liabilities #	Total Investments \$	Turnover ##	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed Dividend * ₹ crore
1	NELCO Limited	22.82	11.25	183.25	156.96	7.78	147.34	(12.53)	(0.39)	(12.14)	-
2	Chemical Terminal Trombay Limited	1.86	33.76	17.80	7.53	25.36	21.44	6.60	1.37	5.23	1.68
3	AF-Taab Investment Company Limited	11.37	116.60	17.25	4.45	115.17	8.80	5.45	0.34	5.11	1.71
4	Tata Power Trading Company Limited	16.00	55.62	134.48	65.36	2.50	1,928.24	19.86	5.80	14.06	3.20
5	Tatanet Services Limited	0.06	1.91	29.79	27.82	-	38.21	0.92	0.34	0.58	-
6	Maithon Power Limited	1,334.92	(182.21)	4,566.51	3,413.80	-	370.13	(174.15)	-	(174.15)	-
7	Powerlinks Transmission Limited	468.00	45.84	1,292.22	810.49	32.10	299.24	140.55	28.20	112.35	45.35
8	Coastal Gujarat Power Limited	4,112.08	(2,207.91)	15,931.20	14,034.95	4.52	10.12	(2,180.54)	-	(2,180.54)	-
9	Industrial Energy Limited	333.85	112.35	1,097.10	745.53	94.63	440.55	97.51	19.50	78.01	-
10	Bhivpuri Investments Limited	4.08	1,199.34	174.93	1,184.57	2,213.05	310.56	254.53	31.89	222.64	-
11	Bhira Investments Limited	4.10	(243.96)	1,822.43	5,425.80	3,363.51	750.22	402.03	66.89	335.14	-
12	Khopoli Investments Limited	0.03	(63.84)	1,709.60	1,794.16	20.76	29.88	(24.26)	-	(24.26)	-
13	Tata Power Renewable Energy Limited (formerly Industrial Power Infrastructure Limited)	27.06	0.86	364.00	340.15	4.07	14.26	1.82	0.87	0.95	-
14	Industrial Power Utility Limited	0.11	(0.09)	0.03	-	-	-	-	-	-	-
15	Tata Power Delhi Distribution Limited (formerly North Delhi Power Limited)	552.00	1,345.15	7,562.86	5,684.82	19.11	5,355.58	427.93	89.28	338.65	-
16	Trust Energy Resources Pte. Limited	574.67	(66.95)	1,103.82	769.23	173.13	475.33	(10.47)	1.85	(12.33)	-
17	Energy Eastern Pte. Limited	3.40	(3.21)	12.59	12.40	-	38.09	(1.23)	0.04	(1.27)	-
18	PT Sumber Energi Andalan Tbk (formerly PT Itamaraya Tbk)	23.26	(21.32)	6.77	4.84	-	0.47	(1.35)	(0.29)	(1.05)	-
19	Tata Power Green Energy Limited	0.05	(0.01)	0.04	0.01	-	-	(0.01)	-	(0.01)	-
20	NDPL Infra Limited	0.05	-	0.19	0.14	-	0.07	-	-	-	-
21	Dugar Hydro Power Limited	28.00	(0.15)	29.64	1.79	-	0.05	(0.15)	-	(0.15)	-

! Share Capital includes Share application money pending allotment.

@ Total Assets = Fixed Assets + Current Assets + Non-Current Assets + Deferred Tax Assets + Miscellaneous Expenditure

# Total Liabilities = Debts + Current Liabilities + Non Current Liabilities + Deferred Tax Liabilities + Advance against Depreciation + Capital Grants + Consumer Cont.to Cap. Works + Consumer Security Deposit.

\$ Investments except in case of Investments in Subsidiaries.

## Turnover includes Other Income.

\* Proposed Dividend includes Interim Dividend and Special Interim Dividend.

Exchange rate as on 31.03.2012- ₹ 51.18/5

Gist prepared as per Individual Subsidiary Company's Final Accounts. For Consolidated results; please refer to Consolidated Financial Statements and Notes appearing thereon.

## AWARDS

- ◆ Jojobera Thermal Power Station has won Golden Peacock Environment Management Award 2012.
- ◆ Tata Power was conferred with Powerline Award in the category Best Performing Renewable IPP for growth in generation, capacity addition and installed capacity for the two-year period (2009-10 and 2010-11).
- ◆ Tata Power has won the Infrastructure Excellence Award 2012 in the Energy & Power category for the Ultra Mega Power Project at Mundra, Gujarat.
- ◆ Bronze Award for Meritorious Performance in Power Sector to Bhira Hydro Station for year 2009-10 by the Union Ministry of Power.
- ◆ Bronze Award for Meritorious Performance of Thermal Power Stations to Trombay Combined Cycle G.T. Power Station (180 MW) for year 2010-11 by the Union Ministry of Power.
- ◆ Bronze Medal for Meritorious Performance of Distribution Companies for year 2010-11 by the Union Ministry of Power.
- ◆ Best CFO Award in the Infrastructure category by CNBC TV18 for year 2012 to Mr S Ramakrishnan, Executive Director (Finance), Tata Power.
- ◆ Tata Power's blooms bagged 20 prizes at the 53<sup>rd</sup> Mumbai Rose Show jointly organized by the Mumbai Rose Society and the Maharashtra Nature Park, including the Queen of the Show Award for the 2<sup>nd</sup> best flower.
- ◆ Tata Power Trombay Laboratory was awarded Quality Award 2011 for continuous improvement in quality by the Laboratory Quality Services International (LQSi), South Holland.
- ◆ Tata Power was awarded the top honour for stable and outstanding safety performance, at the 10<sup>th</sup> Annual Greentech Safety Award 2011 by the Greentech Foundation.
- ◆ Tata Power's Jojobera Thermal Power Station has won four awards at the Annual Flower Show at Jamshedpur, organized by Tata Steel, JUSCO and the Horticultural Society, Jamshedpur.
- ◆ Mr Anil Sardana, Managing Director, Tata Power was felicitated with the Energy Administrator of the Year Award 2011 by the Association of Energy Engineers (AEE) India Chapter.



- ◆ 7 QC Teams from Trombay, 2 QC Teams from Hydro, and 1 QC Team from T & D Divisions of Tata Power were awarded Par Excellence, Excellence and Distinguished awards at the National Convention for Quality Concepts (NCQC) .
- ◆ Tata Power's Trombay Thermal Power Station certified for OHSAS 18001, an international Occupational and Safety management specification.
- ◆ Tata Power is ranked 12<sup>th</sup> in Asia amongst Utilities and 42<sup>nd</sup> in the Top 250 Global Utilities. The Platts ranking reflects the Company's strong financial performance that is based on a combination of assets, revenues, profits and return on invested capital.
- ◆ Tata Power's wholly owned subsidiary Coastal Gujarat Power Limited achieved Strong Commitment to HR Excellence Level of recognition in the 2<sup>nd</sup> CII National Excellence Awards.
- ◆ Jojobera thermal power station was awarded with 2 Gold and 1 Silver award for their excellent problem-solving capabilities and contribution towards the quality initiatives by Chapter Convention Quality Circle (CCQC) 2011.
- ◆ Tata Power has won Best Environmental Performance Power Plant of the Year Gold and the Environmental Company of the Year Bronze award constituted by the Asian Power Awards.
- ◆ Asian Leadership Awards has conferred Environmental Leadership Award & Best Corporate Social Responsibility Practice overall Award to Tata Power to recognize the valuable contribution made through its initiative, Tata Power Club Enerji.
- ◆ Quality Circle (QC) teams of Trombay, T&D, Hydro and Belgaum divisions of Tata Power have won 10 Gold, 8 Silver and 3 Bronze Awards of QCFI Mumbai Chapter.
- ◆ Tata Power has won Best Marketing Campaign of the Year Award for Tata Power Club Enerji, Best In-house Magazine Award for Transmission Lines, and Best in-house technical training at the CMO Asia Awards 2011.
- ◆ Jojobera Thermal Power Station has won Global Laurel for Innovation for their innovative model for pumping stored water using air.
- ◆ Trombay Thermal Power Station has won the prestigious Greentech Safety Award 2011 - Gold in thermal power sector for outstanding achievement in Safety Management.
- ◆ Tata Power has been conferred the prestigious BML Munjal Award for Excellence in Learning & Development for the year 2011 in Private sector category.

# Customer Initiatives



Multi-Lingual Customer Portal



Customer Care Centre



Mobile Application Collection Centre



Customer Care Centre



E bill



Hi-tech Touch Screen Payment Kiosk



## **TATA POWER**

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Call on TOLL FREE Investor Helpline for any shareholder information at **1800-209-8484**



**Committed to Cleaner, Greener Energy**