

Racing ahead with the times



7th Annual Report 2009-10



TATA POWER TRADING COMPANY LIMITED
Shaping India's Vibrant Power Market



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About Us

TATA POWER TRADING COMPANY LTD. IS A WHOLLY OWNED SUBSIDIARY OF THE TATA POWER COMPANY LTD.

The Tata Power Company Limited is India's oldest and largest private sector power utility with an installed generation capacity of 2,971 MW as on 31st March 2010. The Company has emerged as a pioneer in the Indian power sector, with a track record of performance, customer care and sustained growth. Tata Power has a presence in all areas of power sector viz. Generation (thermal, hydro, solar and wind), Transmission and Distribution.

Tata Power Trading Company Ltd. was incorporated on 31st December, 2003 and registered as a Limited Company on 16th February, 2004.

Tata Power Trading is the first company in India to be awarded a power trading license by Central Electricity Regulatory Commission on 9th June 2004. The Company has progressively upgraded from Category 'A' license in 2004 to Category 'F' on 9th June 2005 and again to Category 'I' on 16th February 2009 which continues to entitle it to trade unlimited power. Tata Power Trading has become a trailblazer in the power trading arena with a host of innovative initiatives.

Tata Power Trading has been at the forefront in shaping India's vibrant power trading market. With access to Technical, Managerial and Financial resources of its parent company, it is uniquely equipped to provide an unmatched range of services, customer care and complete payment security for its customers at the most competitive rates. As an extremely well knit organization, it has domain expertise in all the segments of Power Trading whether it be Marketing, Commercial or Operations, supported ably by the Finance, Legal and Administrative functions.

In a short span of time after receiving the license, Tata Power Trading has catalyzed the flow of electricity across the length and breadth of the country helping bridge the demand and supply gap of the various utilities.



Vision

- To be a leading and the most admired power trading company in India.

Mission

- To serve our customers and partners through innovative and effective power trading solutions and associated services; rendered with transparency, speed, reliability, safety and efficiency.
- To create value for all the stakeholders through unique combination of talent, knowledge, skills and technology.

Core Values

- **Integrity:** Honesty, fairness and transparency in our conduct and transactions.
- **Trust:** Faith and belief in each other.
- **Care:** Being concerned about the well being of all employees and stakeholders.
- **Collaboration:** Excellence through teamwork, within employees and partners.
- **Agility:** Speedy, responsive and proactive, achieved through empowering employees.
- **Respect:** Treat all stakeholders with respect and dignity.
- **Excellence:** Bettering standards continuously, with passion and pride.

“I Trust and CARE”

Fueling Progress
Through Expertise



A photograph of a power line tower and transmission lines over a body of water at sunset. The sky is a mix of blue and orange, with the sun low on the horizon. The tower is a lattice structure, and the lines stretch across the frame. The water in the foreground is calm, reflecting the light from the sky and the tower. The overall mood is serene and industrial.

We are dedicated to Empowering Businesses through Partnerships for sourcing and supplying electricity across the length and breadth of the country and beyond...

Board of Directors

Mr. S. Ramakrishnan, **Chairman**



Mr. S. Ramakrishnan holds a B.Tech (Mechanical) degree from IIT, Madras and a Management degree from Indian Institute of Management, Ahmedabad. He joined The Tata Administrative Service in 1972 and during his long tenure handled a multitude of national as well as international projects. He is currently Executive Director (Finance) of The Tata Power Company Ltd. He is also on the Board of several Tata companies.

Mr. Amulya Charan, **Managing Director**



Mr. Amulya Charan is a B.E. (Mechanical) from the University of Roorkee, India and Post-Graduate Diploma in Business Administration from Indian Institute of Management, Ahmedabad. He has an overall experience of 38 years in various industries, ranging from consumer goods, international marketing, joint venture promotion, automotive components, information technology, telecom and power sector. He has been with The Tata Group since 1996. He is also on the Board of several Tata companies.

Mr. S. Padmanabhan, **Director**



Mr. Sankaranarayanan Padmanabhan, or 'Paddy' as he is better known is the Executive Director (Operations) at Tata Power and is responsible for all the Company's Operations including the Mumbai License Area business and also the Maharashtra Projects.

Mr. Padmanabhan brings rich experience in large-scale project build up and delivery, global sourcing and value creation in operational efficiencies. He joined TCS in 1982 as a trainee and progressed into various roles. As the Executive Director & Head Global Human Resources of Tata Consultancy Services Limited (TCS), he drove initiatives at TCS's helm to create a multi-lingual and culturally-diverse global workforce and was responsible for over 100,000 employees worldwide. In this capacity, he achieved the highest retention rates at TCS as compared to the overall Indian IT industry, besides creating a world-class training and learning focused organization, capable of integrating over 30,000 new employees every year.

Mr. Sunil Wadhwa, **Director**



Mr. Sunil Wadhwa is the Chief Executive Officer & Executive Director of North Delhi Power Limited (NDPL), a joint venture of Tata Power and Govt. of Delhi. Mr. Wadhwa joined NDPL as Chief Finance Officer in August 2002, when the company started its operations on taking over the erstwhile DVB's distribution business in North/West Delhi. In the last 5 years, NDPL has achieved a record of 50% reduction in Aggregate Technical and Commercial Losses, as compared to the opening loss level. Today, NDPL is acknowledged for excellence in service enhancement and innovative consumer

friendly interfaces.

Mr. Wadhwa has been with Tatas for last 22 years, starting with Hitech Drilling, a joint venture of Tata Group and Schumberger of France in the Oil and Gas drilling business. He was also instrumental in setting up Tata Petrodyne Limited, the oil exploration business of The Tata Group. His last assignment prior to NDPL was with Tata Chemicals as CFO till 2002.

Mr. Ashok Sethi, **Director**



Mr. Ashok Sethi, a metallurgical engineer from IIT, Kharagpur, started his career as a Mechanical Maintenance Engineer at Tata Power's Trombay Thermal Power plant. He was associated with the erection & commissioning of India's first 500 MW thermal unit with multi-fuel firing facility and Quality Assurance & Commissioning of second 500 MW unit. Mr. Sethi subsequently headed Mechanical Maintenance, Planning and Coal handling plant O&M for 1330 MW Trombay station.

He assumed charge of three Hydro power stations of Tata Power in 2004 and in addition, from 2006 he was also responsible for T&D business area. In 2007, as Sr. General Manager he was heading Commercial Operations covering Regulatory, Corporate Sourcing, Fuel procurement and Customer Relations for the License Area-Mumbai.

Mr. Sethi assumed charge as Vice President, Mumbai License Area – Operations from 2008. He is responsible for Thermal & Hydro Stations, Load Control Centre, Revenue collection, Customer relations, Demand Side Management and Fuel logistic for its thermal plants.

During the above tenure, Mr. Sethi has presented number of papers at conferences organized by NITIE, IPE, NTPC, CII etc.

Mr. U. S. Bapat, **Director**



Mr. U. S. Bapat is B.E. (Electrical). He has a Post-Graduate Diploma in Management and Masters in Marketing Management from Jamunlal Bajaj Institute, Mumbai University. He has overall experience of over 35 years in the Power Industry. He has during the service handled several functions like Engineering and Planning, Transmission and Distribution & Operations and Maintenance & Hydro and Thermal Generation. At present he is Vice President, Operation (Eastern Region) for Tata Power Company Ltd.

Company Information

COMPANY SECRETARY

Mr. T. N. Ramakrishnan

AUDITORS

Delloite Haskins & Sells, 12, Annie Besant Road, Opp. Shivsagar Estate, Worli, Mumbai 400 018.

REGISTERED OFFICE

Carnac Receiving Station, 34, Sant Tukaram Road, Carnac Bunder, Mumbai 400 009.

CORPORATE OFFICE

Tata Power Mahalaxmi, Receiving Station, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

BANKERS

HDFC Bank Ltd.

ICICI Bank Ltd.

State Bank of India

State Bank Patiala

Standard Chartered Bank Ltd.

Notice

The Seventh Annual General Meeting of Tata Power Trading Company Limited was held on Wednesday, 30th day of June 2010 at 3:00 p.m. in the Conference Room of The Tata Power Company Limited, Bombay House, 24, Homi Mody Street, Mumbai 400 001 to transact the following business :-

Ordinary Business

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
- 2) To confirm the declaration and payment of Interim Dividend on 6% Non-Cumulative Redeemable Preference Shares.
- 3) To confirm the declaration and payment of Interim Dividend on Equity Shares.
- 4) To appoint a Director in place of Mr. S. Ramakrishnan, who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint a Director in place of Mr. S. Padmanabhan, who retires by rotation and being eligible offers himself for re-appointment.
- 6) To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

- 7) Re-appointment of Mr. Amulya Charan as the Managing Director of the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, (the Act), read with Schedule XIII of the Act, the Company hereby approves the re-appointment of **Mr. Amulya Charan**, as **Managing Director** of the Company, for the period from 1st June 2010 to 31st March 2011, upon the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Amulya Charan.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

Notes

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- b) Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting i.e. by 3 p.m. on 28th June, 2010.
- c) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business to be transacted at the Annual General Meeting is annexed.
- d) 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 in their behalf at the Meeting.
- e) 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.
- f) Members are requested to bring their admission slips alongwith copy of the report and accounts to the Annual General Meeting.

- g) All the documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all the working days between 11:00 a.m. to 1:00 p.m. upto the date of the Annual General Meeting.

By Order of the Board of Directors,

T. N. Ramakrishnan

Company Secretary

Mumbai, 6th May 2010

Registered Office: Carnac Receiving Station, 34, Sant Tukaram Road, Carnac Bunder, Mumbai 400 009.

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 of the accompanying Notice dated 6th May 2010.

Item No. 7: The Members had, at the Annual General Meeting of the Company held on 6th July 2007, approved the appointment and terms of remuneration of Mr. Amulya Charan for the period from 1st June 2007 to 31st May 2010.

The Board of Directors of the Company has, at its meeting held on 6th May 2010, subject to the consent of the Members, approved of the re-appointment of Mr. Amulya Charan as Managing Director from 1st June 2010 to 31st March 2011.

Mr. Amulya Charan is the Vice-President at The Tata Power Company Limited (Tata Power) and has been deputed to the Company as its Managing Director. He is also a Director on the Board of many Tata Companies. He is a B.E. in Mechanical Engineering from the University of Roorkee and holds a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad.

The Board is of the view that the re-appointment of Mr. Amulya Charan as Managing Director will be beneficial for properly guiding the company through its phase of tremendous growth in the rapidly evolving power trading industry.

The principal terms and conditions relating to the re-appointment of Mr. Amulya Charan as Managing Director are as follows:

1. Period:

From 1st June 2010 to 31st March 2011.

2. Remuneration:

- a) Mr. Amulya Charan will continue to draw remuneration from Tata Power. However, the Company will not reimburse to Tata Power any amount(s) for services directly rendered by him to the Company.
- b) The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretions, deem fit.
- c) If, at any time, the Managing Director ceases to be a Director of the Company for any cause, whatsoever, he shall cease to be the Managing Director.
- d) The Managing Director shall, subject to the supervision and control of the Board of Directors, be entrusted and shall perform such duties as may, from time to time, be delegated/entrusted to him.
- e) The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying and selling commission nor shall he, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Central Government.
- f) If Mr. Amulya Charan ceases to be a Managing Director, he shall cease to be a Director of the Company.
- g) If any time the Managing Director ceases to be in the employment of Tata Power for any cause or whatsoever, he shall cease to be the Managing Director of the Company.
- h) The appointment may be terminated by either party giving to the other party six months' notice.

In compliance with Schedule XIII of the Act, the terms of appointment specified above are now being placed before the Members in the Annual General Meeting for their approval.

Mr. Amulya Charan is concerned or interested in the Resolution at Item No. 7 of the Notice.

This may also be treated as an abstract of the terms of appointment of Mr. Amulya Charan for the purposes of Section 302 of the Act.

The Board commends the Resolution at Item No. 7 of the accompanying Notice for approval by the Members.

By Order of the Board of Directors,

T. N. Ramakrishnan

Company Secretary

Mumbai, 6th May 2010

Registered Office: Carnac Receiving Station, 34, Sant Tukaram Road, Carnac Bunder, Mumbai 400 009.

The image shows a vast industrial interior, likely a power plant, characterized by its high ceiling and complex infrastructure. Several large, light-colored cylindrical generators are arranged in a row, each with a dark top section. These are surrounded by an intricate network of green-painted pipes, valves, and electrical conduits. The floor is a mix of concrete and metal grates. In the background, more machinery and structural elements are visible, including a red forklift. The lighting is warm and yellowish, creating a sense of a busy, well-maintained facility.

We are uniquely positioned to understand
your business needs
due to our association with our parent company
which is present in all areas of the power sector
viz. Generation, Transmission and Distribution.

Directors' Report

To the Members,

The Directors are pleased to present their Seventh Annual Report on the business and operations of the Company and the statement of account for the year ended 31st March 2010.

1. Financial Results

	FY 2010 (Rupees Crores)	FY 2009 (Rupees Crores)
Units traded (MUs)	4075	2996
Revenue from Power Supply (Net)	2,356.16	2,167.29
Income from Advisory Services/Consultancy	0.54	0.90
Other Income	2.34	5.05
Total Income	2,359.04	2,173.24
Cost of Power Purchased	2,336.14	2,155.26
Operating, Administration and other finance charges	11.02	6.55
Total Expenditure	2,347.16	2,161.81
Profit Before Taxes	11.88	11.43
Provision for Taxation	3.64	3.80
Net Profit After Tax	8.24	7.63
Balance brought forward from the previous year	11.08	5.78
Balance	19.32	13.41
which the Directors have appropriated as under to :		
Interim Preference Dividend	1.08	
Proposed Preference Dividend		1.08
Interim Equity Dividend	0.40	
Proposed Equity Dividend		0.40
Additional Income-tax on Dividend	0.25	0.25
General Reserve	0.65	0.60
Total	2.38	2.33
Balance carried to Balance Sheet	16.93	11.08

2. Financial & Operational Results

During the year, the Company reported a Profit After Tax (PAT) of Rs. 8.24 crores, as against Rs. 7.63 crores for the previous year, a growth of 8%. The Operating Revenue is also higher at Rs. 2,356.69 crores, as against Rs. 2,168.19 crores, a growth of 8.7%.

Operating Revenue is higher mainly on account of increase in power trading business. The Company has a CAGR of 122% in terms of power traded.

In addition, to power trading business the Company also provided consultancy services for Energy Management, Coal Supply Facilitation, Project Analysis and Clean Development Mechanism (CDM). The Company earned revenues of Rs. 0.54 crores from advisory services/consultancy business during the year.

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

3. Dividend

In March 2010, the Company paid an interim dividend of Rs. 0.60/- per share on Cumulative Redeemable Preference Shares (6%) – same as last year's final dividend and an interim dividend of Rs. 2/- per share on Equity Shares (20%) – same as last year's final dividend, for the year ended 31st March 2010. Keeping in view the interim dividend, the Directors decided not to recommend any final dividend.

4. Rights Issue

During the previous year, the Company came out with a rights issue of equity shares in the ratio of 7:1. The rights issue was priced at Rs. 25/- per share at a premium of Rs. 15/- per share. The issue of Rs. 35 Crore, was fully subscribed and the shares were allotted as on 30th March 2010.

5. Redemption of Preference Shares

During the previous year, the Company redeemed 1,80,00,000 6% Cumulative Redeemable Preference Shares at par.

6. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. Ramakrishnan and Mr. S. Padmanabhan retire by rotation. Mr. S. Ramakrishnan and Mr. S. Padmanabhan being eligible offer themselves for re-appointment.

Mr. Amulya Charan was appointed as a Managing Director of the Company from 1st June 2007 to 31st May 2010. The Board, subject to approval in the Annual General Meeting, has re-appointed Mr. Amulya Charan as Managing Director of the Company from 1st June 2010 to 31st March 2011.

None of the Directors of the Company are disqualified under section 274 (1) (g) of the Companies Act, 1956.

7. Auditors

Members would be requested, as usual, to appoint Auditors for the current year and authorise the Board of Directors to fix their remuneration. Messrs Deloitte Haskins & Sells (DHS), the present Auditors who retire at the conclusion of the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to be re-appointed and have given a certificate to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Act.

8. Disclosure of Particulars

Particulars of Employees: Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is not applicable as all the managers, executives and officers are employees of The Tata Power Co. Ltd. and are deputed to the Company.

9. Conservation of Energy, Technology absorption and Foreign exchange earnings and Outgo

The Company does not fall under any of the industries covered by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. Hence, the requirements of disclosure in relation to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo are not given.

During the year, the Company earned a Foreign Exchange of Rs. 6,79,000 (Nil) from Coal Supply Facilitation business, however the receipt is expected in FY11. The outgo during the year was Rs. 1,36,24,133 (Rs. 77,59,491/-) on account of implementation Power Management System software platform and traveling expenses for employees.

10. Corporate Governance

Board of Directors of the Company has constituted Audit and Remuneration committees, even though it is not a listed company.

The Company has an Audit Committee comprising of three Directors, viz. Mr. Sunil Wadhwa, Mr. S. Ramakrishnan and Mr. Amulya Charan. Mr. Sunil Wadhwa is the Chairman of the Audit Committee.

The Company has a Remuneration Committee comprising of three Directors, viz. Mr. S. Ramakrishnan, Mr. S. Padmanabhan and Mr. Sunil Wadhwa. Mr. S. Ramakrishnan is the Chairman of the Remuneration Committee.

The Company has a Finance Committee comprising of three Directors, viz. Mr. S. Ramakrishnan, Mr. Amulya Charan and Mr. Ashok Sethi. Mr. S. Ramakrishnan is the Chairman of the Finance Committee.

11. Social Responsibility

The Company is committed to discharging its responsibility as a good corporate citizen. As part of its social responsibility, the Company conducted following activities:

A training workshop on safety was conducted for various organizations/institutes like BSES Hospital (Andheri), JNPT (Uran), Income Tax Office (Andheri), etc.

12. Director's Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for 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;

13. Acknowledgement

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

The Directors thank the clients, vendors, investors, business associates and bankers for their continued support during the year. The Directors place on record their appreciation of the contribution made by employees at all levels. The Company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

On behalf of the Board of Directors,
S. Ramakrishnan
Chairman

Mumbai, 6th May 2010

Management Discussion and Analysis

1. Industry overview

The Electricity Act 2003 introduced “Power Trading” as an important new segment of Power Industry in addition to Generation, Transmission and Distribution segments. Since then, Power Trading has been continuously evolving and improving. New products and entities such as Banking of Power, Power Exchange, Power Distribution Franchisees etc are contributing to maturing of the Industry. The total installed power generation capacity in India today stands at 159.4 GW, which has shown a 7.7% increase y-o-y. It is encouraging to note that in the same time, total power traded has shown a robust growth of 30.9% and now accounts for 4.08% of the electricity transacted as a percentage of total power generated in India. The Trading Licensees collectively traded 24.8 BUs and the Power Exchanges transacted 5.8 BUs of energy which accounts for 3.3% and 0.8% of the total power generated in India respectively.

2. Opportunities & Threats in Power Trading

Last year, a unique combination of factors led to a situation of supply exceeding demand in the short term market, during the period from June 2009 till March 2010. As a result, merchant market prices remained subdued for this period. Some of these unique factors were economic slowdown, poor monsoon in the initial phase, heavy rains in the states of Karnataka and Andhra Pradesh during later phase of the monsoon season. This situation resulted in converting several traditional bulk power consuming industries into suppliers of power through open access, as they started exporting surplus power from their captive generation capacities. The surpluses occurred primarily on account of reduction in consumption of power owing to a dip in demand of their core products.

Overall, the last financial year saw an energy deficit of 10.1% and a peak power deficit of 13.3%. In the Power Sector, the Government has introduced several policy initiatives to attract private investments.

Other noteworthy developments that occurred during the year and that have significant potential to strengthen the sector were;

- **Market Determined Trading Margin:** CERC has lifted the cap on trading margin on all types of trades except the trades where power is purchased and also sold on short term basis. The trading margin for all other trades shall now be decided by the market force. This development will lead to emergence of innovative products for managing risks and reward equation.
- **Connectivity for Power Plants:** CERC has now mandated PGCIL to ensure connectivity to large thermal power plants (>500 MW), hydro power plants (>250 MW) and large consumers (>100 MW). This is expected to relieve the developers of their worries regarding evacuation of power from their power projects.
- **Resolution of Anomaly Related to Power Exchange Member Operation:** Power exchanges agreed to amend their rules and procedures to protect interest of power trading licensees vis-à-vis other non licensed members of the power exchanges enlisted primarily for increasing the volume of business at exchanges.

i) Short Term Power Trading:

The Company is actively involved in meeting the short term power requirement of various state utilities and distribution companies (Discoms) by procuring the power from surplus states, Captive Power Plants (CPPs), liquid fuel based power plants and renewable energy sources including small hydro power plants.

Discoms are required to supply a certain percentage of power distributed by them by procuring green power from the renewable energy sources. The Company is playing an active role in procuring renewable energy for many Discoms. Out of the total power traded during the year, approximately 5.5% was contributed by green power sourced from Wind, Biomass, Cogen, and Small Hydro power plants.

The Company has also acted as power procurer for the four franchisees in the state of Maharashtra in Pune, Navi Mumbai, Thane and Pen area. The Company is actively pursuing the opportunity for being a preferred power procurer for several new franchisees that are being established across the country.

ii) Long Term Power Trading:

The Company has continued to build a diversified portfolio of long term sources of power by tying up with power projects including thermal power projects based on linked coal and imported coal, run of the canal hydro power plants, run of the river hydro power plants, renewable sources such as bagasse based cogeneration power plants, biomass based power plants and municipal solid waste based power plants located across the country.

Long term power trading business is aimed at hedging the risk of erosion of short term power trading on account of trend of increasing competition from the power exchanges.

iii) Trading through Power Exchange:

The Power Exchanges have taken a significant role in the day-ahead power trade market. We see good business potential in this emerging segment and the Company has developed a robust portfolio of clients to whom it supplies power by procuring the same through the Power Exchanges thus creating value for customers.

Tata Power Trading is a registered Trading-Cum-Clearing member of both the power exchanges and has been an active player in both the exchanges - buying and selling power on behalf of its clients. Skilled experts in real time dispatch in our Operations department and our Control Centre ensures high level of dependable power transactions. In FY 10, the Company has traded 653 MUs through exchanges.

3. Segment-wise review of the company's business

The Company is primarily engaged in the business of power trading spanning across all parts of India and has contributed to 10% of total power transacted through Trading Licensees last year. The Company is also engaged in providing consultancy and advisory services.

Particulars	Power purchased from			Total Trade
	Discoms	Power Exchanges	CPPs, Co-gens & IPPs	
MUs Traded	957.62	653.35	2464.03	4075

Particulars	Power Trading	Consultancy
Net Revenue Generated (Rs. Crores)	2356.15	0.54

4. Outlook

Government of India (GoI) is encouraging the concept of Merchant Power Plants to meet the continuously growing demand in the country. This would help in developing a robust power trading business in the country.

The outlook for FY 2010-11 is healthy with good scope for growth.

5. Risk and Concerns

Growing tendency on the part of State Governments to prevent export of power from their states by invoking provisions of the Electricity Act 2003 under sections such as 11, 37, 108 etc. is a matter of serious concern and in the Company's view would harm the prospects of interstate trading of power. This trend would certainly raise the risk perception levels about the power sector in the eyes of the private sector developers which may in turn dampen the enthusiasm of the investors. The Company is also concerned about increasing cost of power per unit which has lead to additional trading exposure and increased requirement of working capital.

6. Internal Control Systems and their Adequacy

The Company since its incorporation has been on a periodic basis reviewing its Internal Controls and updating its manuals for various processes like Accounting, Commercial, Tendering, Operations, etc. Internal Audit is conducted on an annual basis by qualified auditors, covering various areas. The Company is implementing a power inventory tracking and risk management system to strengthen process orientation of its Internal Control systems.

7. Discussion on Financial Performance with respect to Operational Performance

The Financial Performance has been very much in line with the Operational Performance as stated in the section on segments above. The revenue streams have been in accordance with the plans.

As for the Operational Performance, since the power flow has to be monitored on round-the-clock basis, a good amount of emphasis has been laid on staffing in the operation area.

8. Material Development in Human Resources/ Industrial Relations Front, including number of people employed

Over a period of six years, since operations have begun, it has been realized that timely action with a high level of accuracy and precision are the key to the success of this business. In this context, talented and qualified manpower plays a vital role. The management is pleased to inform that the attrition rate is quite reasonable and the management has been making serious efforts towards staff recruitment, training and retention.

Auditors' Report

To the Members of Tata Power Trading Company Limited

1. We have audited the attached Balance Sheet of TATA POWER TRADING COMPANY LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account 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. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, the Profit and Loss Account 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;
 - e) in our opinion and to the best of our information and according to 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, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- 5) On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 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, 6th May, 2010

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/activities, clauses (ii), (x), (xiii), (xiv), and (xx) of CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) No fixed assets have been disposed off during the year.
- (ii) 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.
- (iii) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iv) According to the information and explanations given to us, the Company has not entered into any contracts or arrangement with parties, which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year/previous years.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business
- (vii) As informed to us by the Management, Central Government has not prescribed maintenance of cost records for any of the product of the Company under Section 209 (1) (d) of the Companies Act, 1956.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than 6 months from the date they became payable.
 - (c) There were no unpaid disputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess as at 31st March, 2010.

- (ix) 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.
- (x) In our opinion and according to the information and explanations given to us, no guarantees have been given by the Company for loans taken by others from banks and financial institutions.
- (xi) In our opinion and 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.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, no term loans have been availed by the Company.
- (xiv) 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.
- (xv) According to the 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.
- (xvi) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, other than two failed attempts made by outside persons to wrongly withdraw Rs. 25.02 crores from the Company's bank account by using fraudulent cheques, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells,

Chartered Accountants
(Registration No. 117366W)

N. Venkatram

Partner
(Membership No. 71387)

Mumbai, 6th May 2010

We are determined to delight all our Customers through
Transparent, Efficient and Dependable Services
in the areas of Power Trading,
Fuel Management, CDM and related Advisory Services.



Balance Sheet as at 31st March, 2010

	Schedule			As at 31st March, 2009
		Rupees	Rupees	Rupees
Funds Employed :				
1 Share Capital	A		160,000,000	200,000,000
2 Reserves and Surplus	B		398,758,451	124,767,696
Total			558,758,451	324,767,696
Application of Funds :				
3 Fixed Assets	C			
a. Gross Block		27,748,134		3,638,944
Less : Depreciation to date		6,662,934		947,359
			21,085,200	2,691,585
b. Capital Work-in-Progress			-	10,712,805
			21,085,200	13,404,390
4 Investments	D		26,334,753	1,056,838
5 Deferred Tax Asset (Net)			7,427,300	3,848,800
6 Current Assets, Loans and Advances	E			
Sundry Debtors		1,157,857,309		1,271,768,438
Cash and Bank Balances		673,464,990		380,019,114
Loans and Advances		52,608,278		11,081,577
			1,883,930,577	1,662,869,129
Less :				
7 Current Liabilities and Provisions	F			
Current Liabilities		1,377,706,319		1,337,184,594
Provisions		2,313,060		19,226,867
			1,380,019,379	1,356,411,461
Net Current Assets			503,911,198	306,457,668
Total			558,758,451	324,767,696
Notes Forming Part of the Accounts	G			

In terms of our report attached,

For [Deloitte Haskins & Sells](#),
Chartered Accountants

N. Venkatram
Partner

Mumbai, 6th May 2010

For and on behalf of the Board,

S. Ramakrishnan
Chairman

Amulya Charan
Managing Director

T. N. Ramakrishnan
Secretary

Mumbai, 6th May 2010

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Current Year		Previous Year
		Rupees	Rupees	Rupees
Income :				
1 Revenue	1		23,577,167,707	21,719,253,571
2 Other Income	2		13,210,273	13,148,154
Total Income			23,590,377,980	21,732,401,725
Expenditure				
3 Cost of Power Purchased		23,734,107,172		21,901,722,535
Less : Cash Discount Earned		372,661,058		349,166,979
			23,361,446,114	21,552,555,556
4 Operating and Administration Expenses	3		104,309,799	64,623,994
5 Depreciation	C		5,715,575	320,151
6 Interest	4		128,977	586,960
Total Expenditure			23,471,600,465	21,618,086,661
Profit Before Taxes			118,777,515	114,315,064
7 Provision for Taxation				
A) Current Tax		40,000,000		39,000,000
B) Deferred Tax		(3,578,500)		(2,072,800)
C) Fringe Benefit Tax		-		800,000
			36,421,500	37,727,200
8 Provision for Taxation in Respect of Earlier Years				
Current Tax			-	285,250
			36,421,500	38,012,450
Profit After Taxes Before Appropriations			82,356,015	76,302,614
9 Appropriations				
Preference Shares - Interim Dividend Paid		10,800,000		-
Equity Shares - Interim Dividend		4,000,000		-
Preference Shares - Proposed Dividend		-		10,800,000
Equity Shares - Proposed Dividend		-		4,000,000
			14,800,000	14,800,000
10 Additional Income Tax on Dividend			2,515,260	2,515,260
11 Transfer to General Reserve			6,500,000	6,000,000
			23,815,260	23,315,260
12 Balance Carried to Balance Sheet			58,540,755	52,987,354
13 Basic and Diluted Earning Per Share (in Rs.)				
(Face Value Rs.10)			34.20	31.83
Notes Forming Part Of The Accounts	G			

In terms of our report attached,

For Deloitte Haskins & Sells,
Chartered Accountants

N. Venkatram
Partner

Mumbai, 6th May 2010

For and on behalf of the Board,

S. Ramakrishnan
Chairman

Amulya Charan
Managing Director

T. N. Ramakrishnan
Secretary

Mumbai, 6th May 2010

Cash Flow Statement for year ended 31st March, 2010

(In Rupees)

	Year ended 31st March, 2010		Year ended 31st March, 2009	
A Cash Flow from Operating Activities				
Profit before Taxes		118,777,515		114,315,064
Adjustments for:				
Depreciation	5,715,575		320,151	
Interest	128,977		586,960	
Dividend from Current Investments	(13,053,392)		(9,000,078)	
Profit on Sale of Current Investments	(31,338)		(24,168)	
Miscellaneous Expenditure written off	-		320,331	
Provision for Doubtful debts	17,057,806		6,427,252	
		9,817,628		(1,369,552)
Operating Profit before Working Capital Changes		128,595,143		112,945,512
Adjustments for:				
Trade and Other Receivables	55,326,622		(683,032,658)	
Trade and Other Payables	34,006,465		954,171,155	
		89,333,087		271,138,497
Net Cash Generated from Operations		217,928,230		384,084,009
Taxes Paid (including Fringe Benefit Tax)	(39,598,547)		(37,641,603)	
		(39,598,547)		(37,641,603)
Net Cash from Operating Activities A		178,329,683		346,442,406
B Cash Flow from Investing Activities				
Purchase of Fixed Assets and CWIP	(13,396,385)		(11,459,349)	
Purchase of Investment	(19,470,084,527)		(11,205,635,342)	
Sale of Investment	19,444,837,950		11,204,613,544	
Dividend Income	13,053,392		9,000,078	
		(25,589,570)		(3,481,069)
Net Cash used in Investing Activities B		(25,589,570)		(3,481,069)
C Cash Flow from Financing Activities				
Proceeds received from Issue of Equity Shares (net of issue expenses)	348,950,000		-	
Payment on Redemption of Preference Shares	(180,000,000)		-	
Dividend Paid	(25,600,000)		(14,800,000)	
Dividend Tax Paid	(2,515,260)		(2,515,260)	
Proceeds from Borrowings	-		825,000,000	
Repayment of Borrowings	-		(852,695,438)	
Interest Paid	(128,977)		(586,960)	
		140,705,763		(45,597,658)
Net Cash from/(used in) Financing Activities C		140,705,763		(45,597,658)
Net Increase in Cash and Cash Equivalents (A+B+C)		293,445,876		297,363,679
Cash and Cash Equivalents as at 1st April, 2009		380,019,114		82,655,435
Cash and Cash Equivalents as at 31st March, 2010		673,464,990		380,019,114

In terms of our report attached,

For Deloitte Haskins & Sells,
Chartered Accountants

N. Venkatram
Partner

Mumbai, 6th May 2010

For and on behalf of the Board,

S. Ramakrishnan
Chairman

Amulya Charan
Managing Director

T. N. Ramakrishnan
Secretary

Mumbai, 6th May 2010

Schedules forming part of the Balance Sheet as at 31st March, 2010

Sch No.		Rupees	Rupees	Rupees
			As at 31st March, 2010	As at 31st March, 2009
A	Share Capital			
	Authorised Capital			
	20,000,000 Equity Shares of Rs.10 Each		200,000,000	100,000,000
	18,000,000 6% Non-Cumulative Redeemable Preference Shares of Rs. 10 each		180,000,000	180,000,000
			380,000,000	280,000,000
	Issued Subscribed and Paid up			
	16,000,000 (2,000,000 as on 31st March, 2009) Equity Shares of Rs.10 each fully paid.		160,000,000	20,000,000
	(The Company is a wholly owned subsidiary of the Tata Power Company Limited)			
	Nil (18,000,000 as on 31st March, 2009) 6% Non-Cumulative Redeemable Preference Shares of Rs.10 each fully paid held by the holding company. (These shares were redeemed during the year)		-	180,000,000
			160,000,000	200,000,000
B	Reserves and Surplus			
	Securities Premium			
	Opening Balance		-	-
	Add: Received during the year (net of issue expenses of Rs.1,050,000)		208,950,000	-
			208,950,000	-
	General Reserve			
	Opening Balance		14,000,000	8,000,000
	Add: Transfer from Profit And Loss account		6,500,000	6,000,000
			20,500,000	14,000,000
	Profit and Loss account			
	Opening Balance		110,767,696	57,780,342
	Add : Profit for the period		58,540,755	52,987,354
	Closing Balance		169,308,451	110,767,696
			398,758,451	124,767,696
E	Current Assets, Loans and Advances			
a)	Sundry Debtors			
	(Unsecured)			
	Debts outstanding for more than six months	29,150,324		12,092,518
	Other Debts	1,157,857,309		1,271,768,438
	Sundry Debtors	1,187,007,633		1,283,860,956
	Less: Provision for Doubtful debts	29,150,324		12,092,518
			1,157,857,309	1,271,768,438
	Note:			
	Sundry Debtors considered good	1,157,857,309		1,271,768,438
	Sundry Debtors considered doubtful	29,150,324		12,092,518
		1,187,007,633		1,283,860,956

Sch No.		Rupees	Rupees	
			As at 31st March, 2010	As at 31st March, 2009
b)	Cash and Bank Balances			
	Current Accounts with Scheduled Banks		673,464,990	380,019,114
	Total Current Assets		1,831,322,299	1,651,787,552
c)	Loans and Advances			
	Unsecured Considered good-unless otherwise stated			
(i)	Other Advances		948,533	1,067,006
(ii)	Deposits		51,659,745	10,014,571
	Total Loans and Advances		52,608,278	11,081,577
	Total Current Assets, Loans and Advances		1,883,930,577	1,662,869,129
F	Current Liabilities and Provisions			
	Current Liabilities			
	Sundry Creditors -Micro and Small Enterprises (Refer Note No.2 to Schedule 'G')		-	-
	Sundry Creditors –Others		1,358,566,338	1,332,675,151
	Deposit Received From Customers		2,835,000	1,935,000
	Interim Dividend Payable		4,000,000	-
	Additional Income Tax On Dividends Payable		2,515,260	-
	Other Liabilities		9,789,721	2,574,443
	Total Current Liabilities		1,377,706,319	1,337,184,594
	Provisions			
	Provision for Taxation (Net)		2,313,060	1,911,607
	Provision for Proposed Dividends		-	14,800,000
	Provision for Additional Income Tax On Dividends		-	2,515,260
	Total Provisions		2,313,060	19,226,867
	Total Current Liabilities and Provisions		1,380,019,379	1,356,411,461

Schedules forming part of the Balance Sheet as at 31st March, 2010

Schedule "C" - Fixed Assets

	Gross Block				Depreciation				Net Block	
	As at 1st April, 2009	Additions For the Year	Deductions For the Year	As at 31st March, 2010	As at 1st April, 2009	For the Year	Deductions for the Year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
A Intangible Assets										
Computer Software	-	20,459,726	-	20,459,726	-	4,603,438	-	4,603,438	15,856,288	-
B Tangible Assets										
1 Computers	1,389,775	689,488	-	2,079,263	352,311	272,474	-	624,785	1,454,478	1,037,464
2 Furniture, Fixtures and Office Equipment	884,748	1,432,587	-	2,317,335	141,378	637,492	-	778,870	1,538,465	743,370
3 Motor Vehicles	1,364,421	1,527,389	-	2,891,810	453,670	202,171	-	655,841	2,235,969	910,751
2009 - 10	3,638,944	24,109,190	-	27,748,134	947,359	5,715,575	-	6,662,934	21,085,200	2,691,585
2008 - 09	2,892,400	746,544	-	3,638,944	627,208	320,151	-	947,359	2,691,585	-

Schedule "D" Investments

Other Investments - Unquoted - Current	Opening (Units)	Purchased (Units)	Sold (Units)	Closing Balance (Units)	Face Value as at 31st March, 2010	Cost as at 31st March, 2010	Cost as at 31st March, 2009
					Rupees	Rupees	Rupees
Trade Investments							
Ordinary Shares - (Unquoted) fully paid up Power Exchange India Ltd.	-	2,500,000	-	2,500,000	25,000,000	25,000,000	-
Other Investments - Current							
Other Securities - (Unquoted)							
Templeton India Cash Management							
- Dividend Reinvestment	105,683	9,460,925	9,433,133	133,475	1,334,750	1,334,753	1,056,838
						26,334,753	1,056,838

During the year, the company acquired and sold the following Investments:

Particulars	No. of units	Purchase Cost
a) Birla Sun Life Cash Plus - Institutional Prem. - Daily Dividend - Reinvestment	588,735,405	5,898,834,392
b) Birla Sun Life Saving Fund - Institutional - Daily Dividend - Reinvestment	15,000,909	150,111,099
c) HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	278,532,412	2,962,582,145
d) SBI - Magnum Insta Cash Fund - Daily Dividend Option	174,286,847	2,919,356,980
e) SBI - Premier Liquid Fund - Super Institutional - Daily Dividend	3,987,453	40,004,120
f) ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	68,417,705	6,843,089,013
g) ICICI Prudential Institutional Liquid Plan - Daily Dividend Option	1,688,417	20,008,084
h) ICICI Prudential Flexible Income Plan Premium - DDR	1,897,668	200,649,971
i) UTI Liquid Cash Plan Institutional - Daily Income Re-investment	309,815	315,839,472
j) Templeton India Cash Management - Dividend Reinvestment	9,327,450	93,274,498
		<u>19,443,749,774</u>

Schedules forming part of the Profit and Loss Account

Sch No.		Rupees	Rupees	Rupees
				Year ended 31st March, 2009
1	Revenue:			
a)	Revenue from Power Supply	23,889,501,470		22,021,314,142
	Less: Cash Discount Allowed	327,929,026		348,400,837
			23,561,572,444	21,672,913,305
b)	Income from Advisory Services		5,429,000	9,035,498
c)	Compensation Accrued (Net)		787,539	37,304,768
d)	Liability Written back		9,378,724	-
			23,577,167,707	21,719,253,571
2	Other Income:			
a)	Dividend from Current Investments		13,053,392	9,000,078
b)	Profit on Sale of Current Investments		31,338	24,168
c)	Delay Payment Charges Received		125,543	4,123,908
			13,210,273	13,148,154
3	Operation and Administration Expenses:			
a)	Payments to and Provision For Employees Salaries		-	12,600
b)	Stores, Oil Etc Consumed		449,332	715,084
c)	Rental of Land, Buildings, Plant and Equipments Etc.		5,907,724	3,989,998
d)	Repairs and Maintenance to Furniture, Vehicles Etc.		125,087	175,300
e)	Other Operation Expenses		16,281,910	17,157,820
f)	Auditors' Remuneration (Refer Note 3 Of Schedule "G")		1,792,440	1,584,930
g)	Cost of Services Procured		30,153,181	17,900,373
h)	Miscellaneous Expenses		16,080,710	8,055,775
i)	Tata Brand Equity		7,015,056	6,672,442
j)	Amount Written Off - Miscellaneous Expenditure		-	320,331
k)	Insurance		18,031	27,410
l)	Bad Debts		9,428,522	1,584,679
m)	Provision for Doubtful Debts (Net)		17,057,806	6,427,252
			104,309,799	64,623,994
4	Interest and Finance Charges:			
a)	Interest on Short Term Borrowings		128,977	529,128
b)	Interest on Delayed Payment of Advance Tax		-	57,832
			128,977	586,960

Notes forming part of the Accounts

Schedule "G"

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

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, on accrual basis and in accordance with requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act, which have been notified by the Companies (Accounting Standards) Rules, 2006.

b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/materialized.

c) Fixed Assets

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

d) Depreciation

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

Cost of Computer Software recognized as intangible asset, is amortised on straight line method over a period of legal right to use.

e) Retirement Benefit

Contribution to Provident Fund is accounted on accrual basis with corresponding contribution to recognized fund.

f) Investments

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

g) Revenue Recognition

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

h) Segment Reporting

As the Company's business activity consists only of Power Trading and related consultancy activities, as such there are no separate reportable segments as per the requirements of Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India.

i) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax, which is computed on the basis of enacted / substantively enacted rates, is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods – (See Note 4). Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is reasonable certainty of realization of such assets. Other deferred tax assets are recognised only to the extent there is virtual certainty of realization in future.

j) Provision, Contingent Liabilities and Contingent Assets

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

2. No enterprises have been identified as "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid identification has been done on the basis of information, to the extent provided by the vendors to the Company. This has been relied upon by the Auditors.

3. Details of Auditor's Remuneration

Particulars	2009-10	2008-09
Audit Fees	976,220	898,880
Taxation Matters	165,450	168,540
Other Services	650,770	505,620
Out of Pocket Expenses	Nil	11,890
Total	1,792,440	1,584,930

The remuneration disclosed above excludes fees of Rs. 330,900 (31st March, 2009 – Rs. Nil) for professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

4. Deferred Tax

Deferred Tax (Liability) / Asset as at 31st March, 2010 comprises of:

Particulars	2009-10	2008-09
Deferred Tax Liability		
Depreciation	(2,480,700)	(261,200)
Total Deferred Tax Liability	(2,480,700)	(261,200)
Deferred Tax Asset		
Provision for Doubtful debts	9,908,000	4,110,000
Total Deferred Tax Asset	9,908,000	4,110,000
Net	7,427,300	3,848,800

5. Managerial Remuneration

Managerial Remuneration:

Particulars	2009-10	2008-09
Salaries and Allowances	Nil	12,600
Contribution to Provident Fund	Nil	Nil
Commission to Director	Nil	Nil
Remuneration paid to Managing Director on deputation from the Holding Company*	1,800,000	3,900,000
Total	1,800,000	3,912,600

* Represents amounts charged by the Holding Company.

6. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India is as follows

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

Sr. No.	Name of the related party	Country of origin
	Holding Company:	
1.	The Tata Power Company Ltd. (TPCL)	India
	Fellow Subsidiaries (where transactions have taken place during the year):	
1.	North Delhi Power Ltd. (NDPL)	India
2.	Trust Energy Resources Pte. Ltd. (TERPL)	Singapore
	Key Management Personnel	
1.	Amulya Charan	

b) Details of transactions:

Particulars	TPCL	NDPL	TERL
Purchase of Power	6,167,024,027	74,726,675	-
	1,860,050,107	1,034,512,315	-
Cash Discount earned	104,760,347	1,494,534	-
	34,792,193	20,690,249	-
Purchase of Power under Banking arrangement	-	291,402,581	-
	103,494,377	237,728,457	-
Sale of Power	133,761,120	1,895,830,589	-
	1,126,387,693	250,918,478	-
Cash Discount given	2,615,203	717,976	-
	22,064,850	5,010,154	-
Sale of Power under Banking arrangement	-	468,727,929	-
	-	-	-

Rendering of services	-	-	679,000
	-	-	-
Receiving of services	30,559,162	914,664	-
	<i>20,081,326</i>	<i>405,439</i>	-
Compensation paid	16,417,585	-	-
	-	-	-
Interest Expenditure	-	-	-
	<i>334,360</i>	-	-
Dividend paid	25,600,000	-	-
	<i>14,800,000</i>	-	-
Inter Corporate Deposit taken and repaid	-	-	-
	<i>825,000,000</i>	-	-
Repayment of Preference Shares	180,000,000	-	-
	-	-	-
Balance Outstanding			
Other receivable	-	29,581,132	679,000
	-	-	-
Equity Dividend payable	4,000,000	-	-
	-	-	-
Amount payable in respect of Preference Share	-	-	-
	<i>180,000,000</i>	-	-
Other payable	791,260,216	-	-
	<i>362,855,986</i>	<i>189,215,308</i>	-
Guarantees given on behalf of the Company	500,000,000	-	-
	<i>500,000,000</i>	-	-

Note: Previous year's figures are in italics

c) Details of transactions with Key Management Personnel for the current year:

Key Management Personnel	As at 31st March 10	As at 31st March 09
	Rupees	Rupees
Mr. N.K Gupta	Nil	12,600
Mr. Amulya Charan*	1,800,000	3,900,000
Total	1,800,000	3,912,600

* included in Cost of Services provided.

7. Earning in Foreign exchange

	2009-10	2008-09
Consultancy Income	679,000	Nil

- 8.** The year-end foreign currency exposures of USD 15,037.08 (Rs.679,000) (Previous year Rs. Nil) for amount receivable on account of rendering of services have not been hedged by a derivative instrument or otherwise.

9. Earnings Per Share

Particulars	FY 2009-10	FY 2008-09
Net Profit after tax but before appropriations	82,356,015	76,302,614
Less: Dividend on Preference Shares	(10,800,000)	(10,800,000)
Less: Additional Income Tax on Preference Dividend	(1,835,460)	(1,835,460)
Profit Attributable to Equity Share Holders	69,720,555	63,667,154
The weighted average number of Equity Shares	2,038,356	2,000,000
Basic/Diluted Earning Per Share	34.20	31.83

10. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

Particulars	FY 2009-10	FY 2008-09
Net Profit before Taxes as per Profit & Loss Account	118,777,515	114,315,064
Add: Managerial Remuneration	1,800,000	3,912,600
Add: Provision for Doubtful Debts	17,057,806	6,427,252
Less: Profit on sale of Investments	31,338	24,168
Add: Loss on sale of Investments	Nil	Nil
Net Profit as per Section 349 of the Companies Act, 1956	137,603,983	124,630,748
Limits specified under the Companies Act, 1956 – 5%	6,880,199	6,233,954
Commission payable to Managing Director/Whole time Director	Nil	Nil

- 11.** Contingent Liabilities pertaining to contractual obligation - Rs.32,566,630 (31st March, 2009 Rs. Nil)
- 12.** Capital Commitment not provided for Rs. Nil (31st March, 2009 Rs. 325,000)
- 13.** Total number of units purchased and sold during the year – 4,075 MUs (Previous Year 2,996 MUs) including under banking arrangement – 84 MUs (Previous Year 59 MUs)
- 14.** Previous years figures are regrouped wherever necessary

For and on behalf of the Board,

S. Ramakrishnan

Chairman

Amulya Charan

Managing Director

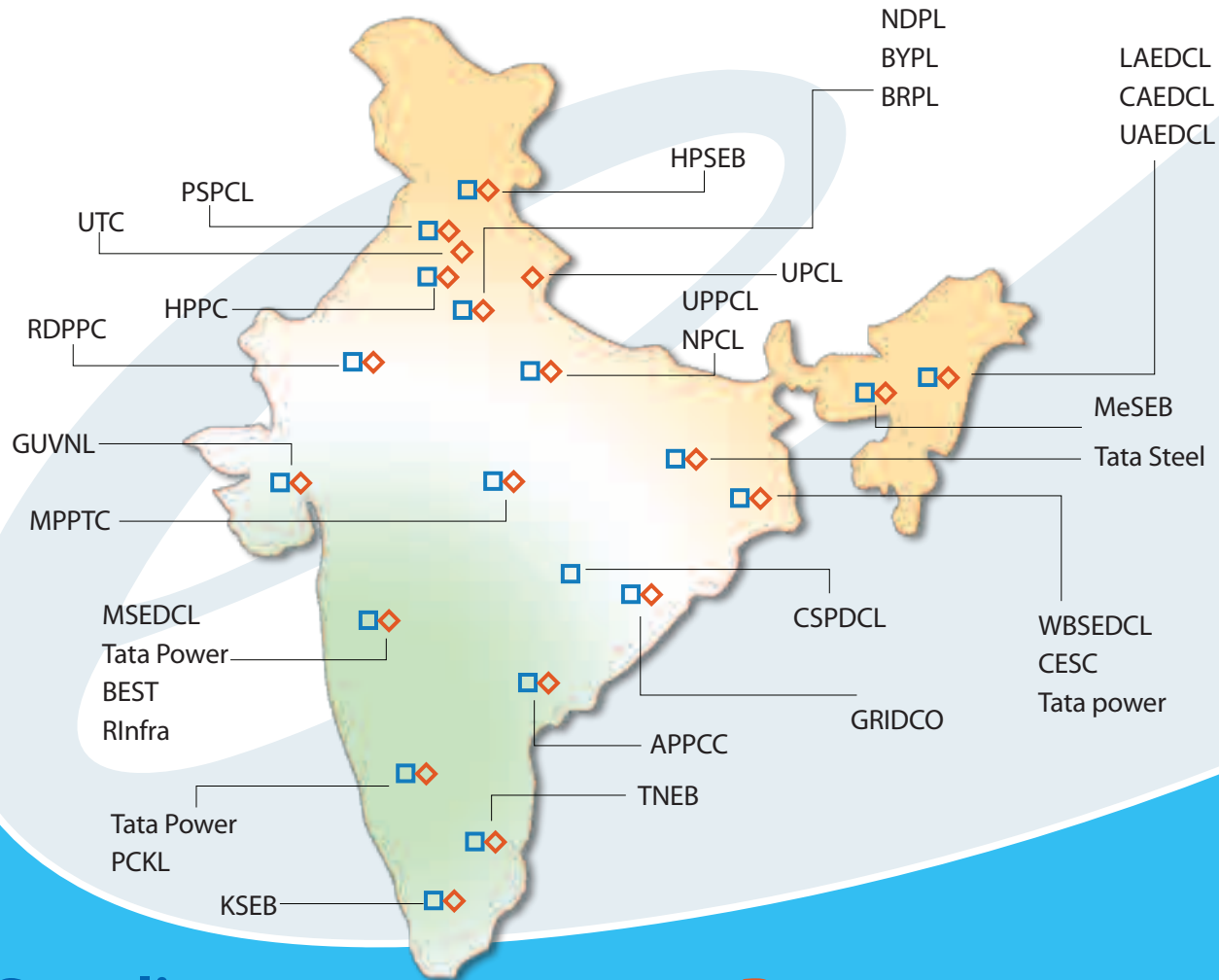
T. N. Ramakrishnan

Secretary

Mumbai, 6th May 2010

Our Esteemed Customers

Our esteemed customer list comprise of most of the State Utilities, CPPs, IPPs, Merchant Power Plants as well as Industrial Consumers.



□ Suppliers:

State owned utilities

- Andhra Pradesh (APPCC)
- Assam
- LAEDCL
- CAEDCL
- UAEDCL
- Chhattisgarh (CSPDCL)
- Gujarat (GUVNL)
- Himachal Pradesh (HPSEB)
- Haryana (HPPC)
- Kerala (KSEB)
- Madhya Pradesh (MPPTC)
- Maharashtra (MSEDCL)
- Meghalaya (MeSEB)
- Orissa (GRIDCO)
- Punjab (PSPCL)
- Rajasthan (RDPPC)
- Tamil Nadu (TNEB)
- Uttar Pradesh (UPPCL)
- West Bengal (WBSSEDCL)

Private Utilities

- Delhi
- NDPL
- BYPL
- BRPL
- Maharashtra - The Tata Power Company Ltd.
- Karnataka - The Tata Power Company Ltd.
- West Bengal
- The Tata Power Company Ltd.
- CESC

Captive Power Plants (CPPs)

- Jharkhand - Tata Steel Ltd.
- CPPs located in various States

IPPs located in various States

Renewable Energy Plants

- Sugar Co-gen power plants in various states
- Bio-mass based plants in various states
- Small Hydro plants in various states

◇ Buyers:

State owned utilities

- Andhra Pradesh (APPCC)
- Assam
- LAEDCL
- CAEDCL
- UAEDCL
- Chandigarh (UTC)
- Gujarat (GUVNL)
- Haryana (HPPC)
- Himachal Pradesh (HPSEB)
- Kerala (KSEB)
- Karnataka (PCKL)
- Madhya Pradesh (MPPTC)
- Maharashtra (MSEDCL)
- Meghalaya (MeSEB)
- Orissa (GRIDCO)
- Punjab (PSPCL)
- Rajasthan (RDPPC)
- Uttarakhand (UPCL)
- Uttar Pradesh (UPPCL)

Tamil Nadu (TNEB)

West Bengal (WBSSEDCL)

Private Utilities

- Delhi -
- NDPL
- BYPL
- BRPL
- Jharkhand - Tata Steel Ltd.
- Maharashtra
- The Tata Power Company Ltd.
- BEST
- Rlnfra
- West Bengal - CESC
- Uttar Pradesh -
- Noida Power Company Ltd.

Industrial Consumers



TATA POWER TRADING COMPANY LIMITED
Shaping India's Vibrant Power Market

Tata Power Mahalaxmi Receiving Station, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Fax: 91 22 6665 8614 / 6631 0849 **Email:** power@tatapowertrading.com | www.tatapowertrading.com

MD's Tel.: 91 22 6717 2851 **Marketing:** 91 22 6717 2856 / 6717 2855 / 6717 2862 / 6717 2881

Operation / Load Despatch: 91 22 6717 2861 **Billing / Commercial:** 91 22 6717 2878 / 6717 2867 **Finance / Accounts:** 91 22 6717 2872