



POWERFUL PACE OF GROWTH

Changing lives as
we grow.

8th Annual Report 2010-11

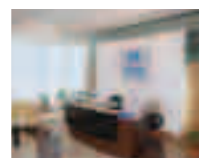


TATA POWER TRADING COMPANY LIMITED

Shaping India's Vibrant Power Market

CONTENTS

AGM Notice	06
Director's Report	09
Management Discussion and Analysis	13
Auditors' Report	16
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules forming part of Balance Sheet	23
Schedules forming part of Profit and Loss Account	26
Notes forming part of the Accounts	27



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.

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

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”

Team TPTCL



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 a bright 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 40 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 Managing 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 23 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 36 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. | YES Bank

AGM NOTICE

The Eighth Annual General Body Meeting of Tata Power Trading Company Limited was held on Thursday, 30th day of June 2011 at 3.00pm 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, 2011 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 appoint a Director in place of Mr. Sunil Wadhwa, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Sethi, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

Special Business

6. 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 198, 269, 309, 311 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 appointment of Mr. Rajendra S. Mirji, as Manager of the Company, for the period from 1st June 2011 to 31st May 2012, 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. Rajendra S. Mirji.

RESOLVED FURTHER THAT the Board be and is hereby authorized 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 Body Meeting i.e; by 3.00pm on 28th June, 2011.
- 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 in annexed.
- d) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing 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.

AGM NOTICE

- f) Members are requested to bring their admission slips along with 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 11.00am to 1.00pm upto date of the Annual General Meeting.

By Order of the Board of Directors,

T. N. RAMAKRISHNAN

Company Secretary

Mumbai, 31st May 2011.

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 No. 6 of the accompanying Notice dated 31st May 2011.

Item No. 6 : Consequent to the end of term of Mr. Amulya Charan as Managing Director of the Company, the Board of Directors of the Company has passed a circular resolution dated 30th May, 2011 for the appointment of Mr. Rajendra S. Mirji as Manager from 1st June 2011 to 31st May 2011, subject to the consent of the Members.

Mr. Rajendra S. Mirji is the Deputy General Manager in The Tata Power Co. Ltd. He has worked with The Tata Power Company Limited for over 27 years and has worked experience in areas such as thermal power plant operations, training, performance monitoring, business excellence and business development. He was deputed to the Company from 1st January 2007. He is a B.E. in Mechanical Engineering from the University of Karnataka and a M. Tech. in Mechanical Engineering from the Indian Institute of Technology, Powai. As a certified business excellence assessor he has participated in BE Assessments of several Tata as well as non Tata Companies on behalf of TQMS and CII-Exim.

The Board is of the view that the appointment of Mr. Rajendra S. Mirji as Manager will be beneficial for properly guiding the company through its phase of leadership transition.

BOARD OF
DIRECTORS'
PASSED A
CIRCULAR
RESOLUTION
FOR THE
APPOINTMENT
OF MANAGER
SUBJECT TO
THE CONSENT
OF THE
MEMBERS.

AGM NOTICE

The principal terms and conditions relating to the appointment of Mr. Rajendra S. Mirji as Manager are as follows :

MEMBERS
ARE
ENTITLED TO
APPOINT A
PROXY FOR
VOTING
WHO NEED
NOT TO BE A
CORPORATE
MEMBER OF
THE
COMPANY.

1. Period : From 1st June 2011 to 31st May 2012.
2. Remuneration :
 - a. Mr. Rajendra S. Mirji 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 in the capacity of the Manager.
 - 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, may deem fit.
 - c. The Manager 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.
 - d. The Manager 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.
 - e. If any time the Manager ceases to be in the employment of Tata Power for any cause or whatsoever, he shall cease to be the Manager of the Company.
 - f. The appointment may be terminated by either party giving to the other party 15 days 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 Body Meeting for their approval.

The Board commends the Resolution at Item No. 6 of the accompanying Notice for approval by the Members.

By Order of the Board of Directors,
T. N. RAMAKRISHNAN
Company Secretary

Mumbai, 31st May 2011

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

DIRECTORS' REPORT

To the Members,

The Directors are pleased to present their Eighth Annual Report on the business and operations of the Company and the statement of account for the year ended 31st March 2011.

1. FINANCIAL RESULTS

	FY 2011 (Rupees Crores)	FY 2010 (Rupees Crores)
Units Traded (MUs)	4354	4075
(a) Revenue from Power Supply	1,931.28	2,275.24
(b) Income from Advisory Services/Consultancy	1.83	0.54
(b) Other Income	2.68	1.32
(c) Total Income	1,935.79	2,277.10
(d) Cost of Power Purchased	1,901.45	2,254.29
(e) Operating, Administration and other finance charges	21.89	10.93
(f) Total Expenditure	1,923.34	2,265.22
(g) Profit Before Taxes	12.45	11.88
(h) Provision for Taxation	3.31	3.64
(i) Net Profit After Tax	9.14	8.24
(j) Balance brought forward from the previous year	16.94	11.08
(k) Balance	26.08	19.32
which the Directors have appropriated as under to :		
(l) Interim Preference Dividend		1.08
(m) Interim Equity Dividend		
(n) Proposed Equity Dividend		0.40
(o) Additional Income-tax on Dividend	3.20	
(p) General Reserve	0.53	0.25
	0.70	0.65
TOTAL	4.43	2.38
(q) Balance carried to Balance Sheet	21.65	16.94

DIRECTORS' REPORT

2. FINANCIAL & OPERATIONAL RESULTS

During the year, the Company reported a Profit after Tax (PAT) of Rs. 9.14 crores, as against Rs. 8.24 crores for the previous year, a growth of 10.92%. The Operating Revenue was lower at Rs. 1,933.11 crores, as against Rs. 2,275.78 crores, a decrease of 15.06%. This is due to drop in the power rates. The Company has a CAGR of 29 % in terms of power traded over the past 5 years.

In addition, to power trading business the Company also provided consultancy services for Energy Management, Coal Supply Facilitation, Project Analysis and Clean Development Mechanism (CDM). The Company earned revenues of Rs. 1.83 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

The Directors of your Company are pleased to recommend a dividend of 20% (Rs. 2 per share) for the approval of shareholders (FY10 dividend of Rs. 2 per share)

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sunil Wadhwa and Mr. Ashok Sethi retire by rotation. Mr. Sunil Wadhwa and Mr. Ashok Sethi being eligible offer themselves for reappointment.

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

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

5. AUDITORS

Members are requested, to appoint Auditors for the current year and authorise the Board of Directors to fix their remuneration. M/s. 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.

6. 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.

DIRECTORS' REPORT

7. 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.28,96,763/- (Rs 6,79,000/-) from Coal Supply Facilitation business. The outgo during the year was Rs. 26,48,670/- (Rs. 1,36,24,133/-) on account of Power Management System software platform, travelling expenses and Sales force (CRM software).

8. 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. S Ramakrishnan, Mr. Amulya Charan and Mr. Sunil Wadhwa. 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.

9. 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. Also workshops on Material Handling & Safety, Safety for Apprentices and Safety for Women were conducted by the Company jointly with Tata Power for various departments of Tata Power.

The Company also conducted a workshop on security called 'Train the Trainer' for the employees of Rallis India (Turbhe)

DURING THE YEAR,
THE COMPANY
ALSO PROVIDED
CONSULTANCY
SERVICES FOR
ENERGY
MANAGEMENT,
COAL SUPPLY
FACILITATION,
PROJECT
ANALYSIS AND
CDM IN ADDITION
TO POWER
TRADING
BUSINESS.

DIRECTORS' REPORT

10. DIRECTORS' 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 :-

THE DIRECTORS
OF THE
COMPANY HAVE
RECOMMENDED
A DIVIDEND OF
20% (Rs. 2 PER
SHARE) FOR THE
APPROVAL OF
SHAREHOLDERS.

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;

11. ACKNOWLEDGEMENT

On behalf of the Directors of the Company, I would like to place on record appreciation to our Shareholders, Clients, Business Associates and Bankers.

The Directors are thankful 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 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, 10th May 2011

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY OVERVIEW

All India generating capacity is about 173,600 MW with an additional 19,500MW of grid connected captive generation. As a result of the de-licensing of Generation after enactment of Electricity Act 2003, a major component of the new capacity addition is being driven by the Independent Power Producers (IPPs) as opposed to State or Central Utilities (in the XIth and the XIIth plan). The Electricity Act has paved the way for capacity addition by the Private Sector and laid foundations of a competitive power sector by shifting away from a regulated cost plus regime.

The Act also recognizes Power Trading as a new segment apart from Generation, Transmission and Distribution. Power Trading has enabled the country as a whole to balance its power surpluses and deficits and has helped to optimally utilize its generation resources. Also, a robust and transparent Power Market ushers the competition in power procurement thereby increasing efficiency and economy in the Electricity sector. 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. Power Trading has been continuously evolving since its inception and the increase in volumes reflects the confidence of market participants. Newer concepts like Open access, Banking of Power, establishment of Distribution Franchisees, and supply of power to SEZs etc. shall lead to the 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 FY 2004-05 to 39 in FY 2010-11.

2. BUSINESS OVERVIEW

2.1 Power Trading

Seasonal variations in the various parts of the country have created opportunities for Power trading in India. Government has also taken various regulatory initiatives and introduced favorable policies to attract private investment which has resulted in many Captives and Independent Power Plants to come up. Power trading industry has good potential in India to prosper and fulfill the Short term and Long term demand of various consumers. The Company has opened Regional offices in Delhi and Chennai in addition to its head office based in Mumbai to expand its reach and to provide better services to our customers.

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 power from surplus States, Captive Power Plants (CPPs), Independent Power Producers (IPPs), and Renewable Energy Sources including wind and small hydro power plants. The Company is playing an active role in procuring renewable energy for many Discoms enabling them to meet their Renewable Purchase Obligations (RPOs).

The Company is actively pursuing the opportunity for being a preferred power procurer for energy intensive businesses, industries and new franchisees that are being established through the Open Access route.

ii) Long Term Power Trading:

The Company has sourced long term power by tying up with power projects located across the country which include thermal power projects based on linked coal and imported coal, 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.

MANAGEMENT DISCUSSION & ANALYSIS

The long term power market is currently in transition from a Regulated cost plus regime to a Competitively bid market. The company is actively partnering with developers to participate in upcoming Case I bids by the Utilities. This will also help the company to de-risk its business model by converting some part of its large portfolio of merchant power to long term transactions.

iii) Trading through Power Exchange:

CERC has permitted trading of Electricity through Power exchange w.e.f. June 2008. Currently, two exchanges viz. Indian Energy Exchange (IEX) and Power Exchange of India (PXI) are in operation in India which facilitate an on-line platform for physical Day-Ahead and Term Ahead Weekly contracts.

Tata Power Trading is a registered Trading Cum Clearing Member of both exchanges. It trades Power through these Exchange on behalf of its clients. This is one more platform for Tata Power Trading to optimize the sale of power from its esteemed clients to optimize their sale and purchase of power. Skilled experts in real time dispatch in our operations department ensure high level of dependable power transactions. Tata Power Trading Company has a total of 219 clients on the Exchanges. The Company issues advisory to Exchange clients providing them with the bidding strategy as well as market information.

2.2 Fuel Trading Services

The Company along with The Tata Power Company has an expertise and extensive relations with coal suppliers in India as well as outside India. The Company plans to offer services related to coal procurement and freight facilitation thereby contributing to project success. Company is also actively exploring opportunities in domestic and international fuel trading.

2.3 Renewable Energy Certificates (REC)

The Company provides advisory to Renewable Energy developers to guide them through the process of issuance of the Renewable Energy Certificates (REC) and to facilitate the trading of RECs in the Power Exchanges.

2.4 Clean Development Mechanism (CDM)

There has been an increasing concern for reducing green house gas emissions all over the world. The Company has an established team of professionals with a high level of technical and financial expertise to exploit this opportunity. Currently, the Company offers Clean Development Mechanism Approval Services, Carbon Portfolio Management Services and CER Trading services for renewable energy projects.

2.5 Advisory Services

The Company offers Consultancy Services to Discoms/CPPs/IPPs on matters pertaining to power dispatch, scheduling, evacuation, project formulation, operation and maintenance. The company also provides Energy billing and regulatory advisory services to large power projects. The Company deploys its staff to provide end to end solution and also to train the staff of the clients.

MANAGEMENT DISCUSSION & ANALYSIS

3. OUTLOOK

India's economy is growing at about 8% to 9% and aspires to grow at this rate for the next decade. For sustaining its high growth path, Electricity is going to be a necessary input across all sectors including industry, commercial and agriculture. At present, India has Power deficit of nearly 10% with a peak deficit of 12%. 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. In addition, Open Access to consumers enables them to procure power directly from various sources enabling consumer choice and fostering competition in the supply business. This provides a unique opportunity for a Trading Company to supply power at competitive rates to the consumers while also optimizing generation resources. With growth in participation from both the Supply and the Demand side, opportunities for power trading are expected to increase.

4. RISK AND CONCERNS

The financial condition of the Distribution sector is a matter for concern for the entire sector; this is limiting their purchases and constraining their ability to pay for power procured. 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 undispached due to load shedding by Discoms. In addition, the unwillingness of Discoms to allow for Open Access to their consumers in spite of the provisions in the Act is acting as a barrier to further growth and competition in the sector. Another constraint for the growth of trading is the unavailability of adequate transmission corridors for short term trading of power across the country.

The company enters into customized contracts with various counter parties including Discoms, Industrial Consumers, as well as CPPs and IPPs. Timely settlement of disputes arising out of non adherence to contractual terms by counterparties is a challenge. Lack of clarity in jurisdiction and delay with respect to outcome of petitions filed in various SERCs, CERC and the Appellate Tribunal may also affect business performance.

The company is actively engaged with the Government and Regulators in order to accelerate the reforms in the Distribution sector to improve the efficiency and to achieve sustainable growth for the sector.

* POWER TRADING

- SHORT TERM
- MEDIUM TERM
- LONG TERM
- EXCHANGES

* FUEL TRADING SERVICES

* RENEWABLE ENERGY CERTIFICATES

* CLEAN DEVELOPMENT MECHANISM

* ADVISORY SERVICES.

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, 2011, 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 misstatement. 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, 2011;
 - (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, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 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, 10th May, 2011

AUDITORS' REPORT

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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going status of the Company.
- (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 function 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.

THERE IS AN
ADEQUATE
INTERNAL
CONTROL
SYSTEM WITH
REGARD TO
PURCHASE
OF FIXED
ASSETS AND
THE SALE OF
GOODS AND
SERVICES.

AUDITORS' REPORT

(vii) As informed to us by the Management, the 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, 2011 for a period of more than 6 months from the date they became payable.
- (c) Details of 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, 2011 are given below:

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

- (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, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) 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.
- (xii) In our opinion and according to the information and explanations given to us, no term loans have been availed by the Company.
- (xiii) 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.
- (xiv) 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.
- (xv) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no material 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, 10th May, 2011

We are uniquely positioned to understand your business needs due to our association with our parent company which has presence in all the segments of power sector spanning Generation, Transmission, Distribution, with capacities in Thermal, Hydro and Renewable energy space.



BALANCE SHEET as at 31st March, 2011

		Schedule			As at 31st March, 2010
			Rupees	Rupees	Rupees
	Funds Employed :				
1	Share Capital	A		160,000,000	160,000,000
2	Reserves and Surplus	B		452,907,054	398,758,451
	Total			612,907,054	558,758,451
	Application of Funds :				
3	Fixed Assets	C			
a.	Gross Block		28,635,726		27,748,134
	Less : Depreciation to date		13,267,165		6,662,934
				15,368,561	21,085,200
b.	Capital Work-in-Progress			-	-
				15,368,561	21,085,200
4	Investments	D		25,000,000	26,334,753
5	Deferred Tax Asset (Net)			39,369,000	7,427,300
6	Current Assets, Loans and Advances	E			
	Sundry Debtors		1,019,321,554		1,078,780,148
	Cash and Bank Balances		636,689,627		673,464,990
	Loans and Advances		62,663,902		52,608,278
				1,718,675,083	1,804,853,416
	Less :				
7	Current Liabilities and Provisions	F			
	Current Liabilities		1,145,388,475		1,298,629,158
	Provisions		40,117,115		2,313,060
				1,185,505,590	1,300,942,218
	Net Current Assets			533,169,493	503,911,198
	Total			612,907,054	558,758,451
	Notes forming part of the Accounts	G			

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

N. Venkatram

Partner

Mumbai: 10th May, 2011

For and on behalf of the Board,

S. Ramakrishnan

Chairman

Amulya Charan

Managing Director

T.N. Ramakrishnan

Secretary

Mumbai: 10th May, 2011

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2011

	Schedule	Current Year		Previous Year
		Rupees	Rupees	Rupees
Income :				
1	Revenue	1	19,331,156,306	22,757,835,459
2	Other Income	2	26,792,247	13,210,273
	Total Income		19,357,948,553	22,771,045,732
Expenditure				
3	Cost of Power Purchased		19,289,540,460	22,915,562,463
	Less : Cash Discount Earned		275,039,048	372,661,058
			19,014,501,412	22,542,901,405
4	Compensation Expenses/(Income) (Net)			
	Compensation Incurred		236,276,804	55,256,313
	Less: Compensation Earned		223,705,604	56,043,852
			12,571,200	(787,539)
4	Operating and Administration expenses	3	198,496,002	104,309,799
5	Depreciation	C	7,209,124	5,715,575
6	Interest	4	647,112	128,977
	Total Expenditure		19,233,424,850	22,652,268,217
	Profit Before Taxes		124,523,703	118,777,515
7	Provision for Taxation			
	a) Current Tax			
	For the Year		63,000,000	40,000,000
	In respect of earlier years		2,002,000	-
			65,002,000	40,000,000
	b) Deferred Tax		(29,611,298)	(3,578,500)
	c) Fringe Benefit Tax		(2,330,402)	-
			(31,941,700)	(3,578,500)
			33,060,300	36,421,500
	Profit After Taxes Before Appropriations		91,463,403	82,356,015
9	Appropriations			
	Preference Shares - Interim Dividend Paid			10,800,000
	Equity Shares - Interim Dividend			4,000,000
	Equity Shares - Proposed Dividend		32,000,000	-
			32,000,000	14,800,000
10	Additional Income Tax on Dividend		5,314,800	2,515,260
11	Transfer to General Reserve		7,000,000	6,500,000
			44,314,800	23,815,260
12	Balance Carried to Balance Sheet		47,148,603	58,540,755
13	Basic and Diluted Earning Per Share (in Rs.)			
	(Face Value Rs.10)		5.72	34.20
	Notes forming part of the Accounts	G		

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

N. Venkatram

Partner

Mumbai: 10th May, 2011

For and on behalf of the Board,

S. Ramakrishnan

Chairman

Amulya Charan

Managing Director

T.N. Ramakrishnan

Secretary

Mumbai: 10th May, 2011

CASH FLOW STATEMENT for the year ended 31st March, 2011

(In Rupees)

		Year ended 31st March, 2011	Year ended 31st March, 2010
A. Cash Flow from Operating Activities			
Profit before Taxes		124,523,703	18,777,515
Adjustments for:			
Depreciation		7,209,124	5,715,575
Interest		647,112	128,977
Dividend from Current Investments		(26,750,687)	(13,053,392)
Profit on Sale of Current Investments		-	(31,338)
Loss on sale of Fixed Assets		434,417	
Provision for Doubtful debts		96,389,609	17,057,806
		77,929,575	9,817,628
Operating Profit before Working Capital Changes		202,453,278	128,595,143
Adjustments for:			
Trade and Other Receivables		(46,986,639)	55,326,622
Trade and Other Payables		(146,725,422)	34,006,465
		(193,712,061)	89,333,087
Net Cash Generated from Operations		8,741,216	217,928,230
Taxes Paid		(64,512,745)	(39,598,547)
		(64,512,745)	(39,598,547)
Net Cash from Operating Activities	A	(55,771,528)	178,329,683
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets and CWIP		(2,252,014)	(13,396,385)
Sale of Fixed Assets		325,111	
Purchase of Investment		(17,614,114,986)	(19,470,084,527)
Sale of Investment		17,615,449,739	19,444,837,950
Dividend Income		26,750,687	13,053,392
		26,158,538	140,705,763
Net Cash used in Investing Activities	B	26,158,538	140,705,763
C. Cash Flow from Financing Activities			
Issue of Equity Shares (net of issue expenses)		-	348,950,000
Redemption of Preference Shares		-	(180,000,000)
Dividend Paid		(4,000,000)	(25,600,000)
Dividend Tax Paid		(2,515,260)	(2,515,260)
Interest Paid		(647,112)	(128,977)
		(7,162,372)	40,705,763
Net Cash from/(used in) Financing Activities	C	(7,162,372)	140,705,763
Net Increase in Cash and Cash Equivalents (A+B+C)		(36,775,363)	293,445,876
Cash and Cash Equivalents as at 1st April, 2010		673,464,990	380,019,114
Cash and Cash Equivalents as at 31st March, 2011		636,689,627	673,464,990

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

N. Venkatram

Partner

Mumbai: 10th May, 2011

For and on behalf of the Board,

S. Ramakrishnan

Chairman

Amulya Charan

Managing Director

T.N. Ramakrishnan

Secretary

Mumbai: 10th May, 2011

SCHEDULES forming part of the Balance Sheet as at 31st March, 2011

	Rupees	Rupees	Rupees
		As at 31st March, 2011	As at 31st March, 2010
A Share Capital			
Authorised Capital			
20,000,000 Equity Shares of Rs. 10 each		200,000,000	200,000,000
18,000,000 6% Non-Cumulative Redeemable Preference Shares of Rs 10 each		18,00,00,000	18,00,00,000
		380,000,000	380,000,000
Issued Subscribed and Paid Up			
16,000,000 (16,000,000 as on 31st March, 2010) Equity Shares of Rs.10 each fully paid. (The Company is a wholly owned subsidiary of The Tata Power Company Limited)		160,000,000	160,000,000
		160,000,000	160,000,000
B Reserves and Surplus:			
Securities Premium			
Opening Balance		208,950,000	-
Add: Received during the year (net of issue expenses of Rs.1,050,000)			208,950,000
		208,950,000	208,950,000
General Reserve			
Opening Balance		20,500,000	14,000,000
Add: Transfer from Profit and Loss account		7,000,000	6,500,000
		27,500,000	20,500,000
Profit and Loss Account			
Opening Balance		169,308,451	110,767,696
Add : Profit for the Period		47,148,603	58,540,755
Closing Balance		216,457,054	169,308,451
		452,907,054	398,758,451
E Current Assets, Loans and Advances			
a) Sundry Debtors			
(Unsecured)			
Debts outstanding for more than six months	108,207,344		29,150,324
Other Debts	1,035,637,993		1,078,780,148
Sundry Debtors	1,143,845,337		1,107,930,472
Less: Provision for Doubtful debts	124,523,783		29,150,324
		1,019,321,554	1,078,780,148
Note:			
Sundry Debtors considered good	1,019,321,554		1,078,780,148
Sundry Debtors considered doubtful	124,523,783		29,150,324
	1,143,845,337		1,107,930,472

SCHEDULES forming part of the Balance Sheet as at 31st March, 2011

	Rupees	Rupees	Rupees
		As at 31st March, 2011	As at 31st March, 2010
b) Cash and Bank Balances			
Current Accounts with Scheduled Banks		636,689,627	673,464,990
Total Current Assets		1,656,011,181	1,752,245,138
c) Loans and Advances			
Unsecured Considered good-unless otherwise stated			
(i) Other Advances	4,144,488		948,533
(ii) Deposits	59,535,564		51,659,745
	63,680,052		52,608,278
Less: Provision for Doubtful advances	1,016,150		-
		62,663,902	52,608,278
(iii) Advance Payment of Taxes (Net)			-
Total Loans and Advances		62,663,902	52,608,278
Total Current Assets, Loans and Advances		1,718,675,083	1,804,853,416
F Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors -Micro and Small Enterprises (Refer Note no.2 to Schedule 'G')			-
Sundry Creditors -Others		1,125,734,588	1,279,489,177
Deposit received from Customers		3,935,000	2,835,000
Interim Dividend Payable			4,000,000
Additional Income Tax on Dividends Payable			2,515,260
Other Liabilities		15,718,888	9,789,721
Total Current Liabilities		1,145,388,476	1,298,629,158
Provisions			
Provision for Taxation (Net)		2,802,315	2,313,060
Provision for Interim Dividend			-
Provision for Proposed Dividends		32,000,000	-
Provision for Additional Income Tax on Dividends		5,314,800	-
Total Provisions		40,117,115	2,313,060
Total Current Liabilities and Provisions		1,185,505,590	1,300,942,218

SCHEDULES forming part of the Balance Sheet as at 31st March, 2011

Schedule "C" - Fixed Assets

Particulars	Gross Block (At Cost)				Depreciation And Amortisation				Net Block	
	As at 1st April, 2010	Additions For the Year	Deductions For the Year	As at 31st March, 2011	As at 1st April, 2010	For the Year	Deductions for the Year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
A Intangible Assets										
Computer Software	20,459,726	-	-	20,459,726	4,603,438	6,137,918	-	10,741,356	9,718,370	15,856,288
B Tangible Assets										
1 Computers	2,079,263	943,554	-	3,022,817	624,785	232,921	-	1,054,136	1,968,681	1,454,478
2 Furniture, Fixtures and Office Equipment	2,317,335	1,308,460	-	3,625,795	778,870	671,580	-	1,254,020	2,371,775	1,538,465
3 Motor Vehicles	2,891,810		1,364,421	1,527,389	655,841	166,705	604,893	217,653	1,309,736	2,235,969
2010 - 11	27,748,134	2,252,014	1,364,421	28,635,727	6,662,934	7,209,124	604,893	13,267,165	15,368,562	21,085,200
2009 - 10	3,638,944	24,109,190	-	27,748,134	947,359	5,715,575	-	6,662,934	21,085,200	-

Schedule "D" - Investments

Other Investments - Unquoted - Current	Opening (Units)	Purchased (Units)	Sold (Units)	Closing Balance (Units)	Face Value as at 31st March, 2011 Rupees	Cost as at 31st March, 2011 Rupees	Cost as at 31st March 2010 Rupees
A) Trade Investments							
Ordinary Shares - (Unquoted) fully paid up							
Power Exchange India Ltd.	2,500,000	-	-	2,500,000	25,000,000	25,000,000	25,000,000
B) Other Investments - Current							
Other Securities - (Unquoted)							
Templeton India Cash Management - Dividend Reinvestment	133,475	4,147	137,622	-	-	-	1,334,753
						25,000,000	26,334,753

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	279,543,960	2,800,890,707
b) Birla Sun Life Saving Fund - Institutional - Daily Dividend - Reinvestment	87,708,245	877,678,867
c) HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	104,202,552	1,108,340,028
d) HDFC Cash Management Fund - Treasury Plan - Daily Dividend Reinvestment	27,454,008	275,404,880
d) SBI - Magnum Insta Cash Fund - Daily Dividend Option	497,293,033	8,329,807,494
f) ICICI Prudential Liquid Super Institutional Plan - Dividend Daily	38,649,264	3,865,792,805
g) ICICI Prudential Flexible Income Plan Premium - Daily Dividend	3,368,409	356,158,732
j) Templeton India Cash Management - Dividend Reinvestment	4,147	41,473
		17,614,114,986

SCHEDULES forming part of the Profit and Loss Account

		Rupees	Rupees	Rupees
				As at 31st March, 2010
1	Revenue:			
a)	Revenue from Power Supply	19,512,696,138		23,067,590,908
	Less: Cash Discount allowed	214,349,080		327,929,026
			19,298,347,058	22,739,661,882
b)	Revenue from Power banking sale		3,903,271	3,365,853
c)	Income from Advisory Services		18,298,723	5,429,000
d)	Liability Written back		10,607,254	9,378,724
			19,331,156,306	22,757,835,459
2	Other Income:			
a)	Dividend from Current Investments		26,750,687	13,053,392
b)	Profit on sale of Current Investments		-	31,338
c)	Gain on exchange		41,560	-
d)	Delay Payment Charges received		-	125,543
			26,792,247	13,210,273
3	Operation And Administration Expenses:			
a)	Stores, Oil etc consumed		10,602	449,332
b)	Rental of Land, Buildings, Plant and Equipments etc.		7,161,997	5,907,724
c)	Repairs and Maintenance to Furniture, Vehicles etc.		635,817	125,087
d)	Other Operation Expenses		20,118,386	16,281,910
e)	Auditors' Remuneration (Refer note 3 of Schedule "G")		1,870,688	1,792,440
f)	Cost of Services Procured		38,249,412	30,153,181
g)	Miscellaneous Expenses		25,837,682	16,080,710
h)	Tata Brand Equity		7,743,966	7,015,056
i)	Insurance		43,426	18,031
j)	Bad Debts		-	9,428,522
k)	Provision for Doubtful Debts (Net)		96,389,609	17,057,806
l)	Loss on sale of Fixed Assets		434,417	-
			198,496,002	104,309,799
4	Interest And Finance Charges:			
a)	Interest on Short Term Borrowings		123,010	128,977
b)	Interest on delayed payment of Advance Tax		524,102	-
			647,112	128,977

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 and mobile phones are depreciated at the rate of 100%.

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

DELAYED
PAYEMENT
CHARGES FOR
POWER SUPPLY,
ON THE
GROUND OF
PRUDENCE, ARE
RECOGNIZED
WHEN
RECOVERY IS
VIRTUALLY
CERTAIN.

NOTES FORMING PART OF THE ACCOUNTS

Cost of Computer Software recognized as intangible asset, is amortised on Straight Line Method over a period of legal right to use.

e) 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.

f) Revenue Recognition:

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

g) Segment Reporting:

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

h) Taxes on Income:

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

i) 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.

NOTES FORMING PART OF THE ACCOUNTS

3. Details of Auditors' Remuneration: (inclusive of service tax)

Particulars	2010-11	2009-10
Audit Fees	1,103,000	976,220
Taxation Matters	165,450	165,450
Other Services	602,238	650,770
Out of Pocket Expenses	Nil	Nil
Total	1,870,688	1,792,440

The remuneration disclosed above excludes fees of Rs. Nil (31st March, 2010 – Rs.330,900) for professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

4. Deferred Tax:

Particulars	2010-11	2009-10
Deferred Tax Liability:		
Depreciation	(2,335,400)	(2,480,700)
Total Deferred Tax Liability	(2,335,400)	(2,480,700)
Deferred Tax Asset:		
Provision for Doubtful debts and advances	41,704,400	9,908,000
Total Deferred Tax Asset	41,704,400	9,908,000
Net	39,369,000	7,427,300

Deferred Tax (Liability) / Asset as at 31st March, 2011 comprises of:

5. (a) Managerial Remuneration:

Particulars	2010-11	2009-10
1) Salaries and Allowances	Nil	Nil
2) Contribution to Provident Fund	Nil	Nil
3) Commission to Director	Nil	Nil
4) Remuneration paid to Managing Director on deputation from the Holding Company*	Nil	1,800,000
Total	Nil	1,800,000

* Represents amounts charged by the Holding Company.

(b) (i) C.I.F. Value of Imports:

Particulars	2010-11	2009-10
1) Capital Goods	Nil	8,599,482

(b) (ii) Expenditure in foreign currency:

Particulars	2010-11	2009-10
11) Professional and consultation fess	2,168,996	2,648,670

NOTES FORMING PART OF THE ACCOUNTS

6. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" as notified under the Companies (Accounting Standards) Rules, 2006 is as follows:

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

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

(b) Details of Transactions/Balances outstanding:

Particulars	TPCL	NDPL	TERPL
Transactions during the year			
Purchase of Power	6,142,133,595	-	-
	6,167,024,027	74,726,675	-
Cash Discount earned	92,557,579	-	-
	104,760,347	1,494,534	-
Sale of Power	3,381,920,806	2,586,274,766	-
	133,761,120	1,895,830,589	-
Cash Discount given	47,936,858	2,296,320	-
	2,615,203	717,976	-
Revenue from Power Banking Sale	-	265,555	-
	-	1,957,442	-
Rendering of services	200,000	-	2,896,763
	-	-	679,000
Receiving of services	31,200,000	-	-
	30,559,162	-	-
Compensation paid (Net)	96,966,400	-	-
	16,417,585	-	-
Dividend paid	-	-	-
	25,600,000	-	-
Deposit Given	-	5,000,000	-
	-	-	-
Repayment of Preference Shares	-	-	-
	180,000,000	-	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	TPCL	NDPL	TERPL
Transactions during the year			
Balance outstanding as at 31st March, 2011			
Other receivable	-	17,523,104	-
	-	29,581,132	679,000
Equity Dividend payable	-	-	-
	4,000,000	-	-
Other payable	392,493,488	-	-
	791,260,216	-	-
Guarantees given on behalf of the Company	-	-	-
	500,000,000	-	-

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 11	As at 31st March 10
	(Rs.)	(Rs.)
Mr. Amulya Charan*	Nil	1,800,000
Total	Nil	1,800,000

* included in Cost of Services provided.

7. Earning in Foreign Exchange:

	2010-11	2009-10
Consultancy Income	2,896,763	679,000

8. The year-end foreign currency exposures of Rs. Nil [(31st March, 2010 - USD 15,037.08 (Rs.679,000))] 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 2010-11	FY 2009-10
Net Profit after tax but before appropriations	91,463,403	82,356,015
Less: Dividend on Preference Shares	Nil	(10,800,000)
Less: Additional Income Tax on Preference Dividend	Nil	(1,835,460)
Profit Attributable to Equity Share Holders	91,463,403	69,720,555
The weighted average number of Equity Shares	16,000,000	2,038,356
Basic/Diluted Earnings Per Share	5.72	34.20

NOTES FORMING PART OF THE ACCOUNTS

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

Particulars	FY 2010-11	FY 2009-10
Net Profit before Taxes as per Profit & Loss Account	124,523,703	118,777,515
Add: Managerial Remuneration	Nil	1,800,000
Add: Provision for Doubtful Debts	96,389,609	17,057,806
Less: Profit on sale of Investments	Nil	31,338
Add: Loss on sale of Investments	Nil	Nil
Net Profit as per Section 349 of the Companies Act, 1956	220,913,312	137,603,983
Limits specified under the Companies Act, 1956 – 5%	11,045,666	6,880,199
Commission payable to Managing Director/Whole time Director	Nil	Nil

The Company has not paid any remuneration to Mr. Amulya Charan (Managing Director) and no reimbursements have been made in respect of his remuneration, if any, paid by The Tata Power Company Ltd.

11. Contingent Liabilities on account of:-

- Contractual Commitment - Rs. Nil (31st March, 2010 - Rs. 32,566,630) and
- Power Banking Arrangement - Rs. 355,624,500 (31st March, 2010 – Rs. Nil)
- Taxation Matters – Rs. 188,526 (31st March, 2010 – Rs. Nil)

12. Capital Commitment not provided for Rs. Nil (31st March, 2010 Rs. Nil).

13. Total number of units purchased and sold during the year – 4,238 MUs (31st March, 2010 – 3,991 MUs) excluding under banking arrangement – 116 MUs (31st March, 2010 - 84 MUs).

14. Previous year's figures are regrouped wherever necessary, to confirm to this year's classification.

For and on behalf of the Board,

S. Ramakrishnan
Chairman

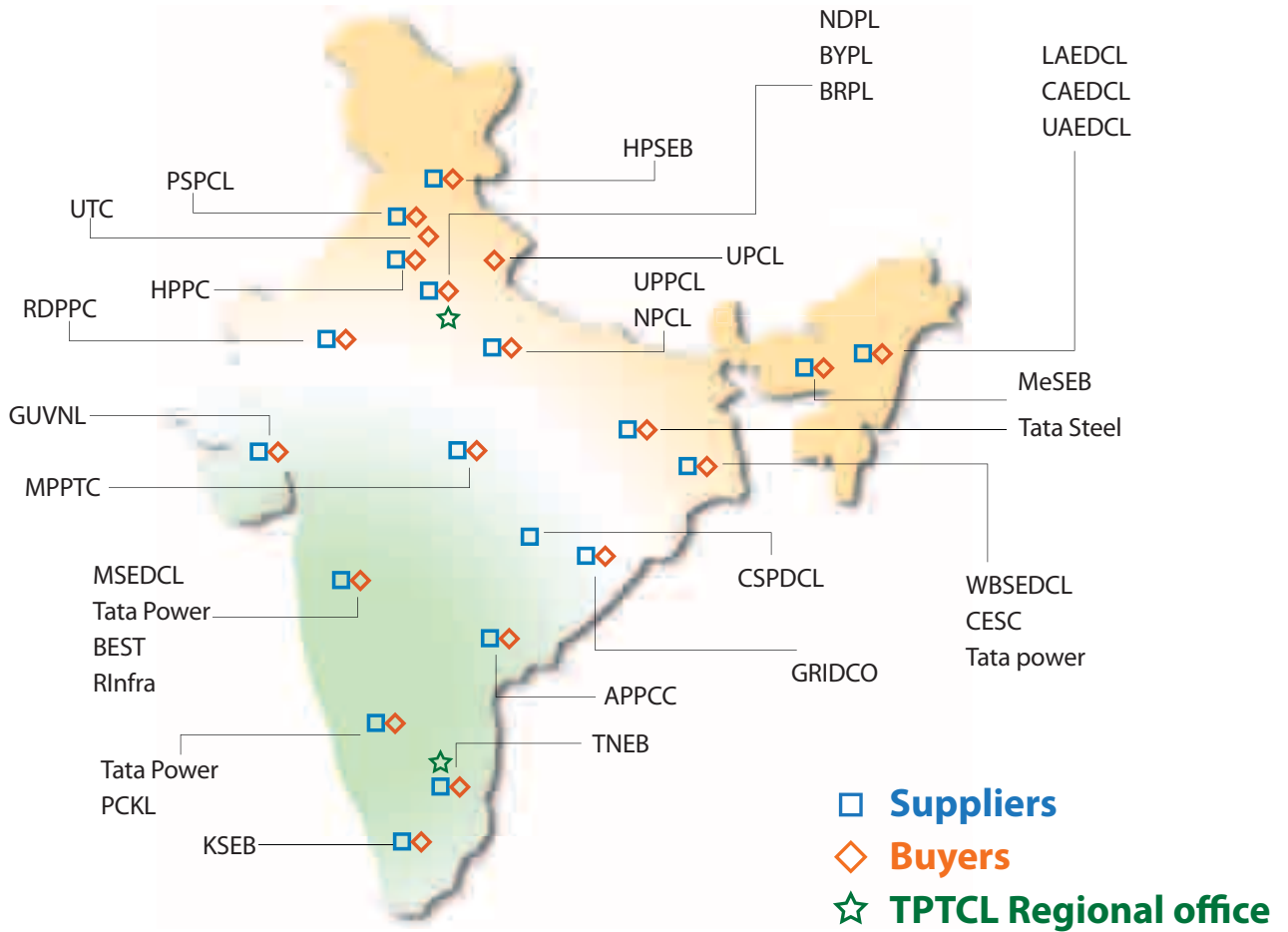
Amulya Charan
Managing Director

T.N. Ramakrishnan
Secretary

Mumbai: 10th May, 2011

OUR FOOTPRINTS

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



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 (WBSEDCL)

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

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 (WBSEDCL)

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

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