MANAGEMENT DISCUSSION AND ANALYSIS

RE - eNERGISING THE POWER SECTOR

It has been a tumultuous year for power sector marked by several ups and downs. The cancellation of 204 coal blocks due to Hon'ble Supreme Court's decision followed by an aggressive e-auction of the coal mines, a new scheme of reverse e-auction of gas for revival of stranded and partly - stranded gas power plants, Government of India (GoI) in RE – Invest 2015 gave a push to the world's largest renewable capacity expansion program being run in India. These measures coupled with reforms in the loss-laden electricity distribution sector, have been aimed to re-energise the sector, however, the road that lies ahead of us is dotted with challenges.

GROWTH ALONG THE POWER VALUE CHAIN

The GoI has accelerated measures to resolve the issues confronting the sector. Some of the highlights of the year are as under:


Highest coal production growth in 23 years - 8.3%


Highest ever Capacity Addition ~22.57 GW (excluding RES*)


Highest ever increase in transmission lines & sub station capacity (22101 ckm and 65554 MVA respectively)


₹1.09 lakh crore investment in sub-transmission and distribution through DDUGJY and IPDS


Per Capita Consumption crosses 1000 units**; Lowest ever energy deficit - 3.6%

*Renewable Energy Sources; Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY); Integrated Power Development Scheme (IPDS); ** Provisional. (Source: Ministry of Power (MoP) ; Central Electricity Authority (CEA))

INDUSTRY STRUCTURE AND PERFORMANCE

A chain is as strong as its weakest link, the same is true for the power value chain, each link has to keep pace with the other to achieve a sustainable performance in future. The developments, achievements and issues in various segments of the industry have been discussed in the ensuing paragraphs.

1. Capacity and Generation

The addition to total installed capacity during financial year 2014-15 was ~26464 MW (including RES), a growth of 10.8% over previous year installed capacity. The capacity addition excluding RES during the first 3 years of 12th Plan is 61014 MW which has not only exceeded the capacity addition of 54964 MW of the entire 11th Plan but also constitutes 68.9% of the total 12th Plan target of 88537 MW (Source : CEA , MoP).

Segmentation of Generation and Capacity				
Installed Capacity (MW)				
Ownership	**11th Plan end**	**% Mix**	**31.03.2015**	**% Mix**
State	85918.65	43	95078.84	35
Private*	54275.75	27	104122.17	38
Central	59682.63	30	72521.16	27
Total	**199877.03**	**100**	**271722.17**	**100**
*excluding captive capacity; (Source: CEA)				

Electricity generation has crossed 1 trillion units and registered a growth of 8.4%, the highest in 20 years. (Source : CEA , MoP)

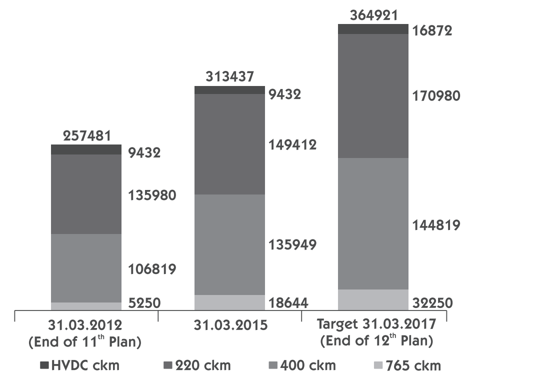
Generation (BUs)						
Fuel	**2014-15**	**% Mix**	**Centre**	**State**	**Private**	**Bhutan**
Thermal	878.32	84	308.05	299.26	271.01	-
Nuclear	36.10	3	36.10	-	-	-
Hydro	129.24	12	50.96	67.54	10.74	-
Bhutan import	5.01	1	-	-	-	5.01
Total	**1048.67**	**100**	**395.11**	**366.80**	**281.75**	**5.01**
% Mix (sector wise)			38	35	27	0
(Source: CEA)						

While private sector has almost doubled the capacity in 3 years and increased its share to 38%, however, it has the least share of 27% in actual generation. The all India Plant Load Factor (PLF) of thermal capacity for financial year 2014-15 has dropped to 64.46% from 65.56% in financial year 2013-14 (Source: CEA). The expected rise in demand due to industrial and GDP growth are likely to improve PLFs.

To keep up the pace of capacity addition and generation, GoI has proposed 5 new Ultra Mega Power Projects (UMPPs) of 20 GW attracting an investment of more than ₹1 lakh crore.

2. Transmission

The transmission network (at voltages of 220 kV and above) in the country has grown at a rate of 6-7% p.a. till now in the 12th Plan and is in line to achieve the target for the plan period.



(Source: CEA); HVDC: High Voltage Direct Current

Inter-regional transmission capacity has become 46450 MW as on 31.03.2015 and has increased at 18.7% p.a. since end of 11th plan.

The AC substation transformation capacity has increased to 582600 MVA as on 31.03.2015 at the rate of 13.4% p.a. and the HVDC substation capacity has increased to 13500 MW as on 31.03.2015 at 11.5% p.a. in the last 3 years. (Source: CEA)

Over the next few years, the demand for transmission capacity is expected to increase significantly, driven primarily by significant increases in generation capacity and also due to requirements of open access, inter-regional transfers and integration of renewable power in the system.

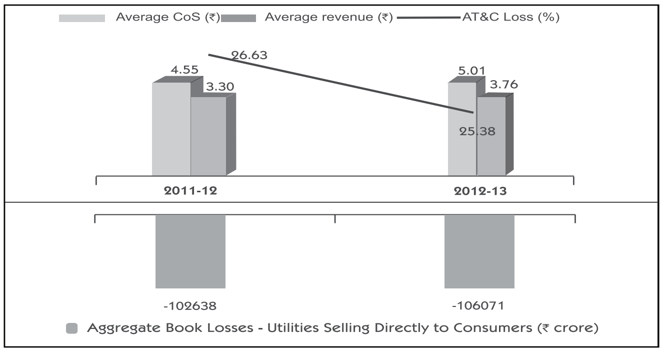
Initiatives for the future:

- National Smart Grid Mission: has been approved to bring efficiency in power supply network and facilitate reduction in losses and outages.
- Green Energy Corridor: Projects amounting to ₹ 38,000 crore are being rolled out to ensure evacuation of renewable energy.

3. Distribution

The electricity business is not merely about setting up power generation stations and transmission systems, but equally, and probably more crucially, about retailing electricity and recovering the cost of service from consumers. Despite several schemes for revival of the distribution segment the financial and operational health of the discoms remains bleak.

The average tariff has increased in the past few years, but the rise has not been commensurate with the increase in the cost of supply. The consistent revenue gap, coupled with high AT&C losses have piled up huge losses for the state utilities.



(Source: PFC Report 2012-13); CoS: Cost of Supply, AT&C: Aggregate Technical and Commercial; Losses are without subsidy

To improve the distribution segment's performance following new initiatives have been launched:

DDUGJY for rural India entails:

- Separation of agricultural and non-agricultural feeders.
- New transformers and up-gradation of last mile infrastructure.

IPDS for urban areas entails:

- Smart metering for large consumers and tamper proof meters at homes.
- Comprehensive sub-transmission and distribution infrastructure up-gradation.
- Underground cabling and high tech gas insulated sub-station transformers in densely populated areas.

Electricity Act is being amended to give consumers a choice to choose and change power service provider like a mobile connection. Competition will lead to lower tariffs and better service.

Power sector cannot deliver its social commitment until it is commercially and financially viable, and hence strengthening the distribution segment should be done on war footing to bring long term sustainability.

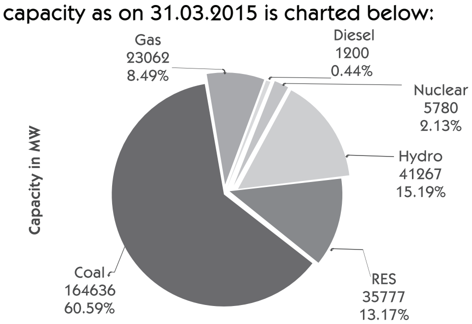
4. Power Trading

Power trading market accounts for an average of ~7-9% of total generation. The total power traded in financial year 2014-15 is 80 BUs (provisional) as against 83 BUs in previous financial year. (Source: Central Electricity Regulatory Commission (CERC) reports)

Open access to consumers, share of merchant power in upcoming independent power plants, improving financial health of discoms who would buy merchant power at market prices instead of load shedding, regional imbalances of energy and peak deficit, resolution of constraints of power flow to southern region, establishment of distribution franchisees etc. are some drivers for power trading business in India.

5. Fuel

Coal is the mainstay of power sector in India. The fuel mix of installed capacity as on 31.03.2015 is charted below:



(Source: CEA); RES (Ministry of New and Renewable Energy (MNRE))

Coal production in the country has risen significantly and leading the way is Coal India Limited (CIL) the country's single largest coal producer. Raw coal production by CIL in financial year 2014-15 is ~494 MT an increase of 7% over previous fiscal. GoI has also set an ambitious target of doubling CIL's production to ~1000 MT by 2020. (Source: CIL website and MoP)

Brisk steps have been taken by GoI to address the potential crisis from cancellation of 204 coal blocks by Supreme Court. Out of the above 29 coal blocks have been auctioned, 38 coal blocks have been allotted to PSUs and the reallocation of remaining mines is targeted for financial year 2015-16. (Source : Ministry of Coal)

The idea of coal linkage rationalisation had been mooted in 2010 and a new inter-ministerial task force was set up in June 2014. This exercise will enable linking plants with their nearest coal mines to ensure minimum transportation of coal, unclog railway network and pass on savings of ~$1billion (~₹ 6000 crore) to consumers (Source: MoP).

GoI has also implemented scheme for utilisation of Gas based Power Generation Capacity - a scheme for supply of imported Re-gasified Liquefied Natural Gas ("e-Bid RLNG") to the 14035 MW of fully stranded gas based plants (plants with no supply of domestic gas) and 9845 MW of partly stranded plants (with limited availability of domestic gas). The plants are selected based on reverse e-bidding mechanism for the financial support given by the Government, so that the net price of power for the Discoms is available at or below ₹ 4.70/unit and ₹ 3.39/unit respectively for the two categories of power plants. The scheme also envisages sacrifices to be made collectively by all stake holders i.e. GoI, State Govt., re-gasifier, gas supplier, transporter, power developer, banks, etc. to make the RLNG viable for power generation. The scheme is valid for two years i.e. till March, 2017 (Source: MoP).

Renewables – *a double revolution in the making*

The quest for energy independence, economic growth and environmental sustainability increasingly suggests the importance of renewable energy sources. The mining, transporting and burning of coal is associated with heavy social and environmental costs, hence the thrust on developing sustainable renewable power is quintessential.

35777 MW grid interactive RES capacity as on 31.03.2015 (MW)

Wind	Solar	Others
23444	3744	8589

(Source : MNRE)

GoI has set an ambitious target of renewable energy capacity of 175000 MW by 2022 comprising of 100000 MW Solar, 60000 MW Wind, 10000 MW Biomass and 5000 MW Small Hydro Power. The solar target will principally comprise of 40 GW rooftop and 60 GW through large and medium scale grid connected solar power projects. The new solar target is expected to abate over 170 million tonnes of CO_2 over its lifecycle. *(Source: MoP)*

Thus, we might be looking at a twin energy revolution in India. The first revolution is a shift from fossil fuels (mainly coal) to renewables (primarily solar). As a consequence of the first, the second revolution will be a transformation of the industry in which we shall see much more distributed power generation, many more market participants and a more flexible grid.

RAPID PROGRESS IN RENEWABLE ENERGY

"We are like tenant farmers chopping down the fence around our house for fuel when we should be using Natures inexhaustible sources of energy — sun, wind and tide. ... I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait until oil and coal run out before we tackle that"

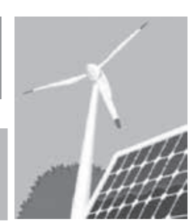
– Thomas Edison

1112 MW Highest ever increase in solar capacity

Target increased by more than **5X** times from **32 GW to 175 GW by 2022**

42% Increase in Solar Capacity during 2014-15

RE-INVEST 2015 1st Renewable Energy Global Investors Meet & Expo



(Source : MoP)

Considering the massive potential of renewable energy in the country and the incentives doled out by GoI, the targets looks achievable but not before overcoming several challenges like - high cost of renewable power; financing the huge capacity given the off take risks due to the poor financial health of buyers; enforcing renewable purchase obligations; huge land requirement; parallel investment in infrastructure for evacuation of power; ensuring grid stability; flexible grid; thermal backup when renewable is offline etc.

6. Demand and Supply

The energy requirement registered a growth of 6.5% and peak demand grew at 9.0% during the financial year 2014-15. The energy and peak deficit during financial year 2014-15 was 3.6% and 4.7% and is likely to go further down to 2.1% and 2.6% respectively, despite very high shortages likely to be experienced by southern region (Source : Load Generation and Balance Report 2015-16) . The demand is believed to be suppressed due to poor financial health of discoms who find supplying power at existing tariffs unviable.

The energy requirement will go up once the latent demand is unlocked. Industrial consumption is the maximum and most remunerative in India, growth in industrial activity will fuel power demand in the country. Further, still large population to the tune of ~28 crore are without access to power. The per capita consumption of power in India still remains abysmal at 1010 units (provisional) for financial year 2014-15. GoI has also set a target to provide 24x7 Power for all by 2019 (Source: CEA; MoP). Given the above scenario the long term outlook for power demand remains strong.

7. Major Regulatory Developments in the Sector

Some of the important Regulatory developments of 2014-15 are as follows:

1. Central Electricity Regulatory Commission (Power System Development Fund) Regulations 2014 (PSDF):

CERC in June 2014 issued the CERC (Power System Development Fund) Regulations 2014.

The main constituent of the PSDF are congestion charges, deviation settlement charges, regional load despatch centre reactive energy charges, additional transmission charges arising out of short term open access transactions and any other charges as maybe notified by the Commission from time to time.

This fund can be utilized for the purposes of transmission systems of strategic importance, installation of reactive energy generators, special protection schemes, for relieving congestion and for projects having a bearing on the grid security. Recently the e-bid RLNG scheme for stranded gas plants has also been a beneficiary of PSDF.

2. The Electricity (Amendment) Bill, 2014 :

Introduced in Lok Sabha in December 2014 seeks to amend the Electricity Act, 2003. Primarily, it seeks to segregate the distribution network from the electricity supply business. It also seeks to introduce multiple supply licensees in the market.

It also seeks to promote provision of electricity through Smart Grid and install smart meters for proper accounting and measurement of the consumption and metering of electricity.

3. Proposed amendments to National Tariff Policy :

Ministry of Power has proposed several changes to the National Tariff Policy. Some changes are significant, like the proposal to substantially increase solar renewable purchase obligation (from 3% by 2022 to 8% by March 2019), to remove inter-state transmission charges on renewable power, permits third party sale of un-requisitioned power for better utilization of generating capacity etc.

4. Renewable Energy Act: A draft Renewable Energy Act has been prepared by MNRE. The draft Act proposes institutional structure, supportive eco–system, economic and financial framework, constitution and operation of national and state level funds to promote the production of energy from renewable energy sources in order to reduce dependence on fossil fuels. MNRE is presently seeking comments of stakeholders on the draft Act.

Opportunities ahead – moving the Indian power juggernaut

GoI is planning to auction five new UMPPs in the plug and play mode, with coal linkages and clearances in place, to ensure faster execution. GoI's move to introduce competition in the distribution segment (as proposed in the amendments to Electricity Act 2003), could offer new business opportunities and investment in building stronger networks and infrastructure. Other exciting opportunities in the pipeline lie in the distribution segment due to launching of DDUGJY for agriculture feeder separation and IPDS for improving urban power infrastructure. The renewable push and other encouraging developments of the sector are the building blocks for reinforcing the investment sentiments in the power sector which accounts for the highest share of investment in infrastructure space in India.

OUTLOOK AND OPPORTUNITIES FOR THE COMPANY

Strategic focus of the Company

Your Company will continue to be an integrated power player across the value chain which gives it a competitive edge in the market. However, the focus areas will be to scale up generating capacity through a mix of conventional and non-conventional fuel sources, developing own coal mines and providing other value adding services like power trading , consultancy etc.

The key is not to add capacity alone, but to see that the capacity which has been added is financially viable and also does not become stranded. Our Board of Directors give investment approval only after having in place 5 basic requirements viz. land, water, environment clearance, fuel supply arrangements and power purchase agreement(s) (PPAs) in place.

In-organic growth opportunities

Your Company is also evaluating acquisition of power plants at attractive valuations for adding capacity after analysing the technical and financial viability of the project(s). Considering a lot of capacity of private/state developers is stranded there is a good scope of consolidation in the sector.

Fuel Security

There is a lot of GoI focus on improving coal supplies over the next five years; accordingly the Company expects to receive better coal supplies under its long term coal supply agreements. Coupled with its captive coal mines, your Company strives to ensure long term fuel security.

Some of our coal blocks got cancelled as a consequence of Supreme Court's decision; however we have been reallocated 8 captive coal mines (considering Chatti Bariatu-South has been merged with Chatti Bariatu) with estimated geological reserves of ~5 billion tonnes.

Your Company led the coal rationalisation initiative of GoI by entering into a coal swapping arrangement for Sipat Super Thermal Power Project with Gujarat State Electricity Corporation Limited to reduce transport costs and avoid criss-cross movement of coal to decongest the railway network.

Renewable Energy

While coal will remain the mainstay of the Company's power portfolio, however given the importance of renewable energy globally and for India, it will see enhanced focus in the coming years to achieve sustainable generation mix. Your Company has commissioned Koldam (4x200 MW), its first hydro project and is also committed to add 10 GW of own renewable power capacity, select solar power developers for 15 GW under Jawaharlal Nehru National Solar Mission in next 5 years and be involved in sale and purchase of solar power. Your Company takes cognisance of the challenges of adding renewable energy capacity in India and will add capacity progressively.

Off-take and realisation

Although looking at the energy and peak deficit numbers one tends to question the future demand, however your Company believes that the ground reality will be different once the structural reforms in the distribution segment of the sector shows results in the financial health of the discoms and the economic growth of the country accelerates.

Almost, the entire output of the Company's power stations has been contracted under long term PPAs. Further, your Company produces power at a very competitive cost, the average tariff for financial year 2014-15 was ₹3.28/kWh. Low cost of power mitigates off-take risks. Your Company for the 12th consecutive year realised 100% of its dues and is confident of maintaining its track record in future also.

Leveraging on strengths for delivering better future performance

Your Company derives competitive edge from its strengths and is confident of meeting future challenges in the sector.

a. Project Management

Your Company has adopted an integrated system for the planning, scheduling, monitoring and controlling of approved projects under implementation. To coordinate and synchronise all the support functions of project management it relies on a three-tiered project management system known as the Integrated Project Management Control System which integrates its engineering management, contract management and construction management control centres.

Your company has successfully effected standardization, bulk ordering of 660 MW and 800 MW units and Engineering Procurement and Construction (EPC) contracting to reduce engineering time and thereby reduce project execution time.

b. Operational efficiency

The operating performance of your Company has been considerably above the national average. During the financial year 2014-15, PLF of coal stations was 80.23% against all India PLF of 64.46%. Over the years, your Company has consistently operated at much higher operating efficiency as compared to All India operating performance.

In order to sustain the impressive operational efficiency levels, your Company's strategy includes:

- With the aim of improving system wide reliability, reducing maintenance costs and outages, Special Analytics and Computational Services Centre has been established. It provides early warning of slowly evolving equipment problems to the remotely located plant personnel.
- Use of tools for data acquisition and analysis for on-site efficiency evaluation and math-modeling tools like Performance Evaluation of Power System Efficiencies for verifying equipment and system efficiencies, Steam path audit for estimation of solid particle erosion and efficiency of steam turbine components etc.
- Enhancing quality of plant overhauls to target zero forced outage by design.
- Implementation of Overhauling Performance Index for systematic and advanced planning of overhauls.
- Creation of peer group knowledge teams for each equipment to harmonize the best practices at enterprise level.
- Use of a comprehensive Performance Evaluation Matrix for relative evaluation of the performance of various power plants over a set of comprehensive performance indicators to create an environment of in-house challenge and competition.
- Use of Process Interface (PI) System and PI System based applications for real time efficiency and loss calculations for ensuring early actions to minimize station losses.
- A structured Auxiliary Power Consumption (APC) reduction programme has been formulated to optimise APC during start up and low load operation.

c. Human Resources

Your Company has been conferred with various HR awards over the years by reputed institutions. Your Company has a highly talented team of committed professionals and has been able to induct, develop and retain the best talent. The commitment of the employees is also reflected in terms of financial parameters such as sales/employee, PAT/per employee, value added/per employee etc. We have a pool of ~24,000 employees creating value for the Company. NTPC has a very low executive attrition rate.

d. Sound Corporate Governance

Your Company's corporate governance practices has been recognised and awarded at several forums. It enjoys the confidence of investors and all other stakeholders alike. Your Company not only believes in adopting best practices but also includes public interest in its corporate priorities and has developed extensive social outreach programmes.

e. Robust financials and systems

Your Company has strong financial systems in place. It believes in prudent management of its financial resources and strives to reduce the cost of capital. It has robust financials leading to strong cash flows which are being progressively deployed in generating assets. Your Company has a strong balance sheet coupled with low gearing and healthy coverage ratios. As a result, your Company has been able to raise resources for its capital expansion projects at very competitive interest rates.

RISK, CONCERNS AND THEIR MANAGEMENT

Your company has an elaborate Enterprise Risk Management framework in place. A functional director level committee called Risk Management Committee (RMC) has been constituted in compliance with the Companies Act, 2013 and Clause-49 of the listing agreement. The RMC is responsible to identify and review the risks and to formulate action plans and strategies to mitigate risks on short term as well as long term basis.

The RMC has identified 26 key risks and out of which following 8 have been classified as the top risks for the company:

- Inadequate fuel supply
- Difficulties in acquisition of land
- Delay in execution of projects
- Risks related to coal mining
- Risks pertaining to Hydro projects
- Compliance of emission, ash utilization and regulatory norms
- Sustaining efficient plant operations
- Risks of not getting schedule

These areas are regularly monitored through reporting of key performance indicators of the identified risks. Exceptions with respect to risk assessment criteria are reported regularly to the Board of Directors. During the financial year 2014-15, Committee meetings have been held for all the quarters to deliberate on strategies.

Internal Control

To ensure regulatory and statutory compliance as well to provide highest level of corporate governance, your Company has robust internal systems and processes in place for smooth and efficient conduct of business and complies with relevant laws and regulations. A comprehensive delegation of power exists for smooth decision making which is being further reviewed to align it with changing business environment and for speedier decision making. Elaborate guidelines for preparation of accounts are followed consistently for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by the experienced firms of Chartered Accountants in close co-ordination with the Company's own Internal Audit Department. Besides, the Company has two committees of the Board viz. Audit Committee and Committee on Management Controls to keep a close watch on compliance with Internal Control Systems.

A well defined internal control framework has been developed identifying key controls. The supervision of operational efficiency of designed key controls is done by Internal Audit. The framework provides elaborate system of checks and balances based on self assessment as well as audit of controls conducted by Internal Audit at the process level. Gap Tracking report for operating efficiency of controls is reviewed by the management regularly and action is taken to further strengthen the Internal Control System by further standardizing systems & procedures and implement process changes, wherever required, keeping in view the dynamic environment in which your Company is operating. The Internal Control Framework system presents a written assessment of effectiveness of Company's internal control over financial reporting by the process owners to facilitate certification by CEO and CFO and enhances reliability of assertion.

FINANCIAL DISCUSSION AND ANALYSIS

A detailed financial discussion and analysis on Financial Statements is furnished below. Figures of previous year have been regrouped/ rearranged wherever necessary. Reference to Note(s) in the following paragraphs refers to the Notes to the Financial Statements for the financial year 2014-15 placed elsewhere in this report:

A. Results from Operations

1 Total Revenue (Note 22 & 23)

		FY 2014-15	FY 2013-14	Change
	Units of electricity sold (MUs)	**225,003**	**217,434**	**3%**
	Revenue	Amount in ₹ Crore		
1	Energy sales (including electricity duty)	73,197.61	72,115.06	**2%**
2	Consultancy & other services	109.78	112.66	**-3%**
3	Energy internally consumed	86.21	83.39	**3%**
4	Interest from beneficiaries	332.82	131.48	**153%**
5	Revenue recognized from deferred foreign currency fluctuation liability	3.12	1.56	**100%**
6	Provisions written back	186.15	199.87	**-7%**
	Revenue from operations (gross)	**73,915.69**	**72,644.02**	**2%**
7	Less:- Electricity duty	669.64	625.09	**7%**
	Revenue from operations (net)	**73,246.05**	**72,018.93**	**2%**
8	Other income	2,116.32	2,645.68	**-20%**
	Total revenue	**75,362.37**	**74,664.61**	**1%**

The revenue of the Company comprises income from energy sales (net of electricity duty), consultancy and other services, interest earned on investments such as term deposits with banks, bonds (issued under One Time Settlement Scheme) and dividend income from subsidiary & joint venture companies and mutual funds. The total revenue for financial year 2014-15 is ₹ 75,362.37 crore as against ₹ 74,664.61 crore in the previous year registering an increase of 1%.

The major revenue comes from energy sales. The tariff for computing energy sales is determined in terms of Central Electricity Regulatory Commission Regulations as notified from time to time which are briefly discussed below:

Tariff for computation of Sale of Energy

The Central Electricity Regulatory Commission (CERC) notified the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (Regulations, 2014) on 21st February, 2014 for the period 2014-19. Pending issue of final/provisional tariff orders under Regulations, 2014 by the CERC, sales have been provisionally recognized on the basis of principles enunciated in Regulations, 2014. As per the Regulations, 2014, the tariff for supply of electricity comprises of two parts i.e. Capacity Charges for recovery of Annual Fixed Cost based on plant availability and Energy Charges for recovery of fuel cost. In addition, Regulations also provide for the recovery of certain miscellaneous charges. The CERC sets tariff for each stage of a station in accordance with the notified tariff regulations/norms.

Capacity Charges

The capacity charges are allowed to be recovered in full if plant availability is at least 83%. If the availability of the plant is lower than 83%, the capacity charges are recovered on a pro-rata basis based on normative parameters as specified in the said Regulations.

Further, under the Regulations, 2014, the provision for the recovery of capacity charges in full at the plant availability of 83% is subject to the review which shall be made after 3 years from 01.04.2014.

Energy Charges

Energy charges for the electricity sold are determined on the basis of landed cost of fuel applied on the quantity of fuel consumption derived on the basis of norms for heat rate, auxiliary power consumption, specific oil consumption etc.

Other Charges

Besides the capacity and energy charges, the other elements of tariff are:

- Deferred tax liability for the period upto 31.03.2009 on generation income is allowed to be recovered from the customers on materialization.
- Cost of hedging in respect of interest and repayment of foreign currency loans and exchange rate fluctuations for the un-hedged portion of interest and repayment of foreign currency loans on a normative basis.

In addition, the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014, provides for charges for the deviations in generation with respect to schedule, payable (or receivable) at rates linked to average frequency to bring grid discipline and security.

Each element of total revenue is discussed below:

Energy sales (including electricity duty)

Your Company sells electricity to bulk customers mainly, electricity utilities owned by State Governments as well as private discoms operating in States. Sale of electricity is made pursuant to long-term Power Purchase Agreements (PPAs) entered into with beneficiaries.

Income from energy sales (including electricity duty) for the financial year 2014-15 was ₹ 73,197.61 crore which constituted 97% of the total revenue. The income from energy sales (including electricity duty) has increased by 2% over the previous year's income of ₹ 72,115.06 crore.

During the year, there is an increase in the commercial capacity by 695 MW as detailed under:-

Project/Unit	Capacity (MW)	Commercial Operation Date
Rajgarh Solar PV	20	30.04.2014
Barh-II Unit #1	660	15.11.2014
Singrauli Solar	15	31.12.2014
Total	**695**	

Further, the commercial capacity of 1565 MW comprising Unit#2 of 500 MW of Vindhyachal-IV, Unit#2 of 500 MW of Rihand-III, Unit#2 of 500 MW of Mouda-I, 5 MW of Solar PV capacity at Faridabad, 10 MW of Solar PV capacity each at Ramagundam, Talcher and Unchahar and 30 MW of Solar PV capacity at Rajgarh which were declared under commercial operation during the financial year 2013-14, were available for the entire financial year 2014-15 as compared to part of financial year 2013-14.

For the financial year 2014-15, pending issue of provisional/final tariff orders w.e.f. 01.04.2014 for all the stations, billing to the beneficiaries was done according to the tariff approved and applicable as on 31.03.2014, as provided in the Regulations, 2014 (Note 22 (a)). The amount provisionally billed for the year ended March 31, 2015 on this basis is ₹ 73,703.99 crore.

Your Company has filed a petition before the Hon'ble High Court of Delhi contesting certain provisions of the Regulations, 2014. Pending issue of provisional/final tariff orders under Regulations, 2014 by the CERC and disposal of the petition, sales have been provisionally recognized on the basis of principles enunciated in Regulations, 2014. The sales provisionally recognized for the year ended March 31, 2015 on this basis is ₹ 73,133.81 crore (Note 22(b)).

Sales include ₹ 679.62 crore pertaining to previous years recognized based on the orders issued by the CERC/Appellate Tribunal for Electricity (Note 22 (c)).

Sales also include (-) ₹ 1,399.42 crore on account of income-tax payable to the beneficiaries as per Regulations, 2004 (Note 22 (d)).

As per Regulations, 2014, the deferred tax liability for the period before 01.04.2009 shall be recovered from the beneficiaries whenever it materializes. Accordingly, sales also include ₹ 113.96 crore on account of deferred tax materialized which is recoverable from beneficiaries (Note 22 (d)).

Sales also include electricity duty on energy sales amounting to ₹ 669.64 crore. The same has been reduced from sales in the statement of profit and loss.

The average tariff for the financial year 2014-15 is ₹ 3.28/kWh as against ₹ 3.30/kWh in the previous year. The average tariff includes adjustments pertaining to previous years. If the impact of such adjustments were to be excluded, the average tariff would be ₹ 3.25/kWh in financial year 2014-15 as against ₹ 3.20/kWh in the previous year.

There has been 100% realization of the dues within the stipulated time frame for the twelfth year in succession. All the beneficiaries have opened and are maintaining Letter of Credit equal to or more than 105% of average monthly billing as per One-Time Settlement Scheme (OTSS). In order to ensure prompt and early payment of bills for supply of energy to beneficiaries, your Company has formulated a rebate scheme by way of providing graded incentive for early payment based on the bills raised on state utilities who are the members of NTPC's rebate scheme.

Under OTSS, tri-partite agreements are valid up to October 31, 2016. For the period beyond October 2016, the supplies to state utilities shall be covered by an escrow arrangement. The supplementary agreements signed with state utilities have a provision of keeping a first charge on their revenue streams for supplies made by your Company. Under the supplementary agreements, the state utilities have agreed to provide payment security through execution of the hypothecation agreement and the default escrow agreement. Further, this will be over and above the LC requirement of 105% of average monthly billing. Moreover, your Company can resort to regulation/diversion of power supply to third party at the risk and cost of defaulting utilities in case of non-payment of dues.

Consultancy and other services

Accredited with an ISO 9001:2008 certification, the Consultancy Division of your Company undertakes consultancy and turnkey project contracts for domestic and international clients in the different phases of power plants viz. engineering, project management, construction management, operation & maintenance of power plants, Research & Development, Management Consultancy etc.

During the financial year 2014-15, Consultancy Division posted an income of ₹ 100.78 crore as against ₹ 105.28 crore achieved in the last financial year. In the financial year 2014-15, it has recorded a profit after tax of ₹ 20.39 crore as against ₹ 19.23 crore in the last financial year. A total of 25 orders valued at ₹ 65.95 crore were secured by the division during the year.

Energy Internally Consumed

Energy internally consumed relates to own consumption of power for construction works at stations, township power consumption, etc. It is valued at variable cost of generation and is shown in 'Revenue from Operations' with a debit to corresponding expense head under power charges. There is an increase of 3% in the value of energy internally consumed during the year over the previous year mainly due to increase in fuel cost.

Interest from beneficiaries

CERC Regulations provide that where after the truing-up, the tariff recovered is less than the tariff approved by the CERC, the Company shall recover from the beneficiaries the under recovered amount along-with simple interest. Accordingly, the interest recoverable from the beneficiaries amounting to ₹ 332.82 crore has been recognised as Interest from beneficiaries.

Provisions written back

During the financial year 2014-15, the Company has written back provisions made in earlier years amounting to ₹ 186.15 crore in comparison to ₹ 199.87 crore in the financial year 2013-14. Provision written back includes a write back of ₹ 180.16 crore on account of tariff adjustments during the financial year 2014-15 as against ₹ 162.56 crore in the financial year 2013-14.

Other Income (Note 23)

'Other income' mainly comprises interest income from bonds issued under One Time Settlement Scheme (OTSS), income from term deposits with banks, dividend from investments in mutual funds and equity investment in subsidiary & joint venture companies and miscellaneous income.

'Other income' in financial year 2014-15 was ₹ 2,116.32 crore as compared to ₹ 2,645.68 crore in the financial year 2013-14. Broadly, the break-up of other income is as under:

₹ Crore

	FY 2014-15	FY 2013-14
Interest on OTSS bonds /Loan to State Government	263.35	409.39
Income from investment in bank term deposits, mutual funds, gain on sale of current investment	1,421.23	1,667.65
Dividend from JVs and Subsidiary Companies/Interest from Subsidiary Company	117.65	73.67
Income earned on other heads such as hire charges, profit on disposal of assets, etc.	515.99	600.92
Total	**2,318.22**	**2,751.63**
Less: Transfer to EDC/development of coal mines	88.84	54.62
Less: Transfer to Deferred Foreign Currency Fluctuation Asset/Liability	113.06	51.33
Net other income	**2,116.32**	**2,645.68**

Interest income from OTSS bonds (including loan to State Government) for financial year 2014-15 is ₹ 263.35 crore as compared to ₹ 409.39 crore in financial year 2013-14. The reduction in interest income to the extent of ₹ 146.04 crore is due to redemption of OTSS bonds amounting to ₹ 1,636.96 crore and repayment of loan in lieu of settlement of dues to State Government amounting to ₹ 95.73 crore. The Company has earned income of ₹ 1,421.23 crore during the financial year 2014-15 on account of term deposits made in banks and investments in mutual funds as against ₹ 1,667.65 crore earned last year. The income from investment in bank term deposits and mutual funds has registered a decline of 15% from last financial year attributed to decrease in earnings on account of lower interest rates as well as decrease in average annual investment from ₹ 18,213 crore in financial year 2013-14 to ₹ 16,653 crore in financial year 2014-15.

We have earned ₹ 90.61 crore as dividend from our investments in joint venture companies and ₹ 26.00 crore as dividend from investments made in subsidiary companies. Further, ₹ 1.04 crore has been earned as interest from loan of ₹ 3.43 crore (as at March 31, 2015) extended to Kanti Bijlee Utpadan Nigam Limited, one of our subsidiary companies. Also, an amount of ₹ 515.99 crore has been earned from various other sources mainly consisting of net gain in foreign currency transactions & translations of ₹ 128.38 crore, sale of scrap ₹ 80.18 crore, surcharge received from beneficiaries ₹ 49.97 crore, interest from contractors ₹ 49.67 crore, interest on loans to employees ₹ 31.13 crore and miscellaneous income of ₹ 134.10 crore, etc.

2 Expenses (Note 24, 25 & 26)

2.1 Expenses related to operations

	FY 2014-15		FY 2013-14	
Commercial generation (MUs)	**240,847**		**232,996**	
Expenses	₹ Crore	₹ per kWh	₹ Crore	₹ per kWh
Fuel	48,845.19	2.03	45,829.71	1.97
Employee benefits expense	3,669.78	0.15	3,824.78	0.16
Generation, administration and other expense	4,979.31	0.21	4,543.85	0.20
Total	**57,494.28**	**2.39**	**54,198.34**	**2.33**

The expenditure incurred on fuel, employee benefits expense and generation, administration and other expenses for the financial year 2014-15 was ₹ 57,494.28 crore as against the expenditure of ₹ 54,198.34 crore incurred during the previous year. In terms of expenses per unit of power produced, it was ₹ 2.39 per unit in financial year 2014-15 as against ₹ 2.33 per unit in financial year 2013-14. Component-wise, there has been an increase in the fuel cost and generation, administration and other expenses. However, employee benefits expense has marginally decreased. The increase in commercial generation due to commercial operation of new units i.e. units declared under commercial operations during the year as well as units declared under commercial operation during financial year 2013-14 which were under operation for part of the previous year as against under operation for full year during the current year has resulted in an additional operational expenditure of ₹ 2,623.45 crore.

A discussion on each of these components is given below:

2.1.1 Fuel

Expenditure on fuel constituted 85% of the total expenditure relating to operations. Expenditure on fuel was ₹ 48,845.19 crore in financial year 2014-15 in comparison to ₹ 45,829.71 crore in financial year 2013-14 representing an increase of about 7%. The break-up of fuel cost in percentage terms is as under:

	FY 2014-15	FY 2013-14
Fuel cost (₹ Crore)	**48,845.19**	**45,829.71**
	% break-up	
Coal	89%	89%
Gas	8%	8%
Oil	1%	1%
Naphtha	2%	2%

For the financial year 2014-15, the expenditure towards coal has increased, which is partly due to higher coal consumption on account of increase in coal based generation and partly due to higher average price of coal during the financial year 2014-15 as compared to previous year. A part of the increase in expenditure is also attributable to higher blending ratio of costlier imported coal.

The expenditure towards gas has also increased, although there is a decrease in the gas consumption on account of decrease in generation from the gas based units, however due to the higher average price of gas during the financial year 2014-15 as compared to previous year there is an increase in the total gas cost.

The average price of other component of fuel cost i.e. oil and naphtha have also shown marginal change in terms of average price. The average price of oil has decreased while the average price of naphtha has increased during the financial year 2014-15 as compared to the average prices of oil and naptha in the previous year.

An increase of ₹ 2,312.29 crore in fuel cost is attributable to new commercial capacity added during the year as well as on commercial capacity added during previous year which was operational for part of the previous year as compared to full year operations during the current year.

Over all, fuel cost per unit generated increased to ₹ 2.03 in financial year 2014-15 from ₹ 1.97 in financial year 2013-14.

The power plants of the Company use coal and natural gas as the primary fuels. Oil is used as a secondary fuel for coal-fired plants and naphtha as an alternate fuel in gas-fired plants. Under the tariff norms set by the CERC, your Company is allowed to pass on fuel charges through the tariff, provided the Company meets certain operating parameters.

The detail of fuel supply position is discussed elsewhere in the Director's Report.

2.1.2 Employees benefits expense (Note 24)

Employees' remuneration and benefits expenses include salaries & wages, bonuses, allowances, benefits, contribution to provident & other funds and welfare expenses.

Employees benefits expense have decreased by 4% from ₹ 3,824.78 crore in financial year 2013-14 to ₹ 3,669.78 crore in financial year 2014-15. The decrease in the Employees benefits expense is reflected due to higher expenses in the financial year 2013-14 on account of additional contribution made towards the implementation of defined contribution pension scheme in that year.

Of the total increase in employees benefits expense, an increase of ₹ 65.94 crore is attributable to new commercial capacity added during the year as well as on commercial capacity added during previous year which was operational for part of the previous year as compared to full year operations during the current year.

In terms of expenses per unit of generation, it is ₹ 0.15 in financial year 2014-15 as compared to ₹ 0.16 in previous financial year. These expenses account for approximately 6% of operational expenditure in financial year 2014-15.

2.1.3 Generation, Administration and Other Expenses (Note 26)

Generation, administration and other expenses consist primarily of repair and maintenance of buildings, plant and machinery, power and water charges, security, insurance, training and recruitment expenses and expenses towards travel, communication and provisions. These expenses are approximately 9% of operational expenditure in financial year 2014-15. In absolute terms, these expenses increased to ₹ 4,979.31 crore in financial year 2014-15 from ₹ 4,543.85 crore in financial year 2013-14 registering an increase of 10%. In terms of expenses per unit of generation, it is ₹ 0.21 in financial year 2014-15 as compared to ₹ 0.20 in previous financial year. An increase of ₹ 245.22 crore is on account of new commercial capacity added during the year as well as on commercial capacity added during previous year which was operational for part of the previous year as compared to full year operations during the current year.

Repair & maintenance expenses constitute 40% of total generation, administration and other expenses and have increased to ₹ 1,991.26 crore from ₹ 1,852.33 crore in previous year, resulting in an increase of 8%.

During the financial year 2014-15, the Company had made provisions amounting to ₹ 224.78 crore. This includes a provision of ₹ 148.10 crore towards tariff adjustments, ₹ 41.95 crore towards unserviceable capital work-in-progress, ₹ 13.97 crore towards obsolescence in stores, ₹ 5.00 crore towards unfinished minimum work programme for oil and gas exploration and ₹ 4.63 crore towards permanent diminution in the value of investment by the Company in two of its joint venture company i.e. BF-NTPC Energy Systems Ltd. ₹ 3.35 crore and Pan-Asian Renewables Pvt. Ltd. ₹ 1.28 crore.

2.2 Finance Costs (Note 25)

The finance costs for the financial year 2014-15 were ₹ 2,743.62 crore in comparison to ₹ 2,406.59 crore in financial year 2013-14. The details of interest and other borrowing costs are tabulated below:

₹ Crore

	FY 2014-15	FY 2013-14
Interest on:		
Borrowings	5,605.25	4,793.69
Others	3.32	26.23
Total interest	**5,608.57**	**4,819.92**
Other borrowing costs	104.16	153.56
Total	**5,712.73**	**4,973.48**
Less: Transfers to		
Expenditure during construction period	2,881.28	2,488.85
Development of coal mines	87.83	78.04
Net interest and Other borrowing costs	**2,743.62**	**2,406.59**

Interest on borrowings (including interest during construction) has increased by 17% over last financial year due to increase in long term borrowings (net of repayment) during the year by ₹ 18,825.12 crore mainly on account of issue of bonus debentures amounting to ₹ 10,306.83 crore. In addition, the average cost of borrowing has increased to 8.07% in financial year 2014-15 from 7.81% in previous financial year. The increase in the average cost of borrowing is on account of higher rate of interest on new Rupee borrowings.

For the financial year 2014-15, an amount of ₹ 2,881.28 crore relating to finance costs of projects under construction was capitalized while the corresponding amount for the previous year was ₹ 2,488.85 crore. Thus, finance costs capitalized registered an increase of 16%. In addition, ₹ 87.83 crore has been capitalized in respect of development of coal mines as against ₹ 78.04 crore in previous year.

2.3 Depreciation and amortization expense (Note 12)

The depreciation and amortization expense charged to the statement of profit and loss during the financial year 2014-15 was ₹ 4,911.65 crore as compared to ₹ 4,142.19 crore in financial year 2013-14, registering an increase of 19%. This is due to increase in the gross block by ₹ 11,485.53 crore i.e. from ₹ 1,16,992.06 crore in the previous financial year to ₹ 1,28,477.59 crore in the current financial year. The increase in gross block is largely on account of increase in commercial capacity by 695 MW resulting in additional capitalization on account of commercial declaration of new units as discussed under "Energy Sales". The depreciation on new units capitalized during the year is on pro-rata basis.

Further, depreciation for units declared commercial during financial year 2013-14 aggregating to 1565 MW as already discussed under "Energy Sales" has been charged for the entire financial year 2014-15 as against a pro-rata charge during the financial year 2013-14. The impact on depreciation on this account for the financial year 2014-15 is ₹ 560.27 crore.

As per the accounting policy of the Company, depreciation on the assets of the generation of electricity business is charged on straight line method following the rates and methodology notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013 and depreciation on the assets of the coal mining, oil & gas exploration and consultancy business, is charged on straight line method following the rates specified in Schedule II of the Companies Act, 2013.

In case of certain assets, the Company has continued to charge higher depreciation based on technical assessment of useful life of those assets.

2.4 Prior Period Items (net)

Certain elements of income and expenditure have been charged to the profit and loss account relating to previous years. For the financial year 2014-15 a net amount of ₹ 333.83 crore was booked as prior period income whereas in the financial year 2013-14 a net amount of ₹ 12.84 crore was accounted as prior period expense. The increase is mainly on account of advance against depreciation of ₹ 208.32 crore and interest on land compensation cases amounting to ₹ 132.86 crore (Note 27 (a)&(b))

3 Profit Before Tax & Exceptional items

The profit of the Company before tax and exceptional items is tabulated below:

₹ Crore

	FY 2014-15	FY 2013-14
Total revenue	75,362.37	74,664.61
Less:		
Expenditure related to operations	57,494.28	54,198.34
Finance cost	**2,743.62**	**2,406.59**
Depreciation and amortization expenses	4,911.65	4,142.19
Prior period items (net)	**(333.83)**	**12.84**
Profit Before Tax & Exceptional Items	**10,546.65**	**13,904.65**

4 Tax Expense

The Company provides for current tax in accordance with provisions of Income Tax Act, 1961 and for deferred tax considering the accounting policy of the Company.

Provision for Current tax

A provision of ₹ 326.44 crore has been made towards current tax for the financial year 2014-15 as against the provision of ₹ 2,793.60 crore made in financial year 2013-14. The decrease in current tax by ₹ 2,467.16 crore is due to an adjustment towards provision for taxation on account of favorable orders by CIT (Appeals) for earlier years and on account of decrease in profit.

Provision for Deferred tax

The deferred tax liability related to the period upto March 31, 2009 is recoverable from customers as and when the same materializes. However, the deferred tax liability/asset for the period after 01.04.2009 to 31.03.2014 is to the account of the Company.

For the period commencing from 01.04.2014, CERC Regulations, 2014 provide for grossing up of the return on equity based on effective tax rate for the financial year based on the actual tax paid during the year on the generation income. Deferred asset for deferred tax liability for the year will be reversed in future years when the related deferred tax liability forms a part of current tax. Accordingly, the same has been accounted as "Deferred asset for deferred tax liability".

The deferred tax liability arisen during the year on account of timing difference is ₹ 888.75 crore as against the provision of ₹ 136.31 crore made in financial year 2013-14.

Details of tax provision

	FY 2013-14 (₹ Crore)		
	Current tax	**Deferred tax**	**Total**
Provision for FY 2013-14	3,230.56	136.31	3,366.87
Adjust. for earlier years	(436.96)	-	(436.96)
Net prov. as per statement of P&L	2,793.60	136.31	2,929.91

	FY 2014-15 (₹ Crore)		
	Current tax	**Deferred tax**	**Total**
Provision for FY 2014-15	2,278.97	888.75	3,167.72
Adjust. for earlier years	(1,952.53)	-	(1,952.53)
Adjust. for Deferred asset for deferred tax liability	-	(959.40)	(959.40)
Net prov. as per statement of P&L	326.44	(70.65)	255.79

Net provision of tax for the financial year 2014-15 is ₹ 255.79 crore in comparison to ₹ 2,929.91 crore in the financial year 2013-14, a decrease of ₹ 2,674.12 crore.

5 Profit After Tax

The profit of the Company after tax is tabulated below:

₹ Crore

	FY 2014-15	FY 2013-14
Profit Before Tax & Exceptional items	**10,546.65**	**13,904.65**
Less:- Tax expense	255.79	2,929.91
Profit After Tax	**10,290.86**	**10,974.74**

The profit after tax has declined by 6%.

6 Segment-wise Performance

For the purpose of compiling segment-wise results, the business of the Company is segregated into 'Generation' and 'Other Business'. The Company's principal business is generation and sale of bulk power. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

The profit before Unallocated corporate interest and other income/ Unallocated corporate expenses, interest and finance charges, in the generation business for the financial year 2014-15 was ₹ 12,554.39 crore as against ₹ 14,974.80 crore for financial year 2013-14. The loss before Unallocated corporate interest and other income / Unallocated corporate expenses, interest and finance charges from 'Other Business' comprising of consultancy, coal mining and oil exploration was ₹ 4.45 crore for financial year 2014-15 as against a profit of ₹ 16.23 crore in the previous financial year. (Note 41)

B. Financial Position

The items of the Balance Sheet are as discussed under:

1 Net Worth

The net worth of the Company at the end of financial year 2014-15 decreased to ₹ 81,657.35 crore from ₹ 85,815.32 crore in the previous year, a decrease of 5%. Similarly, Book Value Per Share (BVPS) also decreased from ₹ 104.08 to ₹ 99.03. Major reason for the same are tabulated below:

	Net Worth (₹ crore)	BVPS (₹)
Opening Balance as on 01.04.2014	85,815.32	104.08
Add: Profit/ EPS for the year	10,290.86	12.48
Less: Dividend & dividend tax*	2,478.78	3.00
Less: Bonus debentures & dividend tax thereon	12,367.59	15.00
Add: Creation of fly ash utilisation reserve fund	401.14	0.48
Less: Other direct adjustments to Reserves	3.60	0.00
Balance as on 31.03.2015	81,657.35	99.03

*includes proposed dividend & tax thereon

During the financial year 2014-15, the Company carried out the first of its kind capital restructuring by any PSU by capitalizing its free reserves and issuing bonus debentures out of it as a reward to shareholders under a scheme of arrangement approved by the shareholders and Ministry of Corporate Affairs (MCA). The Company issued one non-convertible, secured redeemable debenture of face value ₹ 12.50 for every one equity share of ₹ 10.00 to its members aggregating to ₹ 10,306.83 crore. Consequently, an amount of ₹ 10,306.83 crore was debited to the General Reserve and equivalent amount was credited to the bond capital. As per the Income Tax Act, 1961 bonus debentures are deemed dividend under section 2(22)(b), accordingly dividend distribution tax has also been paid out of General Reserves amounting to ₹ 2,060.76 crore at the rate of 19.9941%.

The issuance of bonus debentures has resulted in optimal utilization of capital and has a positive impact on reported Return on Equity (RoE) of the Company. The debt-equity ratio of the Company has increased to 1.05 from 0.78 as at previous year end. After issue of bonus debentures, the Company is comfortably leveraged and this issuance has not impacted its debt raising abilities.

With the issuance of bonus debentures, the Company has rewarded the shareholders by ₹ 12.50 per share in addition to ₹ 2.50 per share distributed/to be distributed as cash dividend during the year.

2 Deferred Revenue

Deferred revenue (Note 4) consists of two items detailed as under:

₹ Crore

Deferred revenue on account of	As at March 31	
	2015	2014
Advance Against Depreciation (AAD)	409.20	692.55
Income from foreign currency fluctuation	984.95	917.33
Total	**1,394.15**	**1,609.88**

Advance Against Depreciation (AAD) was an element of tariff provided under the CERC Tariff Regulations for the period 2001-04 and 2004-09 to facilitate debt servicing by the generators since it was considered that depreciation recovered in the tariff, considering a useful life of 25 years, is not adequate for debt servicing. Though this amount is not repayable to the beneficiaries, keeping in view the matching principle, and in line with the opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), this was treated as deferred revenue to the extent depreciation chargeable in the accounts is considered to be higher than the depreciation recoverable in tariff in future years. The balance AAD as at 31.03.2014 was reviewed considering the accounting and excess of depreciation charged in the books over the depreciation recovered in tariff, amounting to ₹ 208.32 crore has been recognised as prior period sales. Further, an amount of ₹ 75.03 crore (previous year ₹ 16.05 crore) has been recognized during the year from the AAD and included in energy sales as per the related accounting policy.

Foreign exchange rate variation (FERV) on foreign currency loans and interest thereon is recoverable from/payable to the customers in line with the Tariff Regulations. Keeping in view the opinion of the EAC of ICAI, the Company is recognizing deferred foreign currency fluctuation asset by corresponding credit to deferred income from foreign currency fluctuation in respect of the FERV on foreign currency loans adjusted in the cost of fixed assets, which is recoverable from the customers in future years as per accounting policy. This amount will be recognized as revenue corresponding to the depreciation charge in future years. The amount does not constitute a liability to be discharged in future periods and hence, it has been disclosed separately from shareholder's funds and liabilities.

3 Non-Current and Current Liabilities

Details of non-current and current liabilities are discussed below:

a. Borrowings:

Total borrowings as at 31.03.2015 were ₹ 85,995.34 crore in comparison to ₹ 67,170.22 crore as at 31.03.2014. Current maturities out of long term borrowings have been shown under current liabilities. Details of the total borrowings are as under:

₹ Crore

	As at March 31	
	2015	2014
Long term borrowings in non-current liabilities (Note 5)	78,532.33	62,405.75
Current maturities of long term borrowings included in other current liabilities (Note 10)	7,463.01	4,764.47
Total borrowings	**85,995.34**	**67,170.22**

A summary of the borrowings outstanding is given below:

₹ Crore

	Non-current liabilities		Other current liabilities		Total borrowings		% Change
	2015	2014	2015	2014	2015	2014	
Secured							
Domestic Bonds	23,017.83 **	12,311.00*	600.00	593.00	23,617.83**	12,904.00*	83%
Foreign currency term loans/ Notes	-	-	-	-	-	-	-
Others	-	-	-	0.05	-	0.05	-100%
Sub-total	**23,017.83**	**12,311.00**	**600.00**	**593.05**	**23,617.83**	**12,904.05**	**83%**
Unsecured							
Foreign currency term loans/ Notes	22,691.87	18,653.01	2,738.15	824.91	25,430.02	19,477.92	31%
Rupee term loans	32,754.50	31,379.36	4,124.86	3,346.08	36,879.36	34,725.44	6%
Others	68.13	62.38	-	0.43	68.13	62.81	8%
Sub-total	**55,514.50**	**50,094.75**	**6,863.01**	**4,171.42**	**62,377.51**	**54,266.17**	**15%**
Total	**78,532.33**	**62,405.75**	**7,463.01**	**4,764.47**	**85,995.34**	**67,170.22**	**28%**

*includes ₹ 1,250.00 crore for which security was created during 2014-15

** including bonus debentures

As on 31.03.2015, the foreign currency loan basket comprises of loans denominated in US Dollar, Japanese Yen and Euro which contributed about 84%, 10% and 6% respectively in the total foreign currency loans.

Over the last financial year, total borrowings have increased by 28%. Debt amounting to ₹ 23,360.37 crore (including bonus debentures of ₹ 10,306.83 crore) was raised during the year 2014-15. The amount raised through term loans, bonds and foreign currency borrowings is used for capital expenditure and refinancing.

Details in respect of proceeds and repayment of borrowings for the year 2014-15 are as under:

₹ Crore

Source	Debt raised	Repayment	Net
Term loan	5,500.00	3,346.08	2,153.92
Domestic bonds	11,306.83*	593.00	10,713.83*
Foreign currency debts	6,547.70	811.50	5,736.20
Others (finance lease/ public deposits)	5.84	0.57	5.27
Total	23,360.37	4,751.15	18,609.22
FERV on foreign currency borrowings			215.90
Total			**18,825.12**

*includes bonus debentures of ₹ 10,306.83 crore

Term loans: Banks and Domestic financial institutions continued to support the capex program of the Company by extending term loans for financing the on-going capacity expansion plans. During the financial year 2014-15, fresh agreements for term loans aggregating ₹ 19,400.00 crore were entered into including the loan agreement of ₹ 10,000.00 crore with State Bank of India. The cumulative amount of domestic loans tied up till 31.03.2015 is ₹ 78,114.35 crore (excluding undrawn loans short-closed as per agreements). During financial year 2014-15, an amount of Rs. 5,500 crore was drawn from domestic banks and financial institutions. The cumulative drawal up to 31.03.2015 was ₹ 57,004.35 crore.

Domestic bonds: During the year, Series 53 bonds amounting to ₹ 1,000 crore were issued at a coupon of 9.17% payable annually with bullet maturity after 10 years. The bonds were issued on private placement basis.

As discussed earlier, Bonus Debentures (Series 54) have been issued on March 25, 2015. These debentures carry a fixed coupon of 8.49% p.a. and will be redeemed in three instalments of ₹ 2.50, ₹ 5.00 and ₹ 5.00 per debenture at the end of 8th, 9th and 10th year respectively, thus deferring immediate cash outflows.

The proceeds of the bonus debenture issue to the extent of ₹ 5,650.00 crore have been utilised for capital expenditure and recoupment of debt as per the objects of the issue by 31.03.2015.

Public deposits: The Company has closed the public deposits scheme w.e.f. 11.05.2013. However, deposits accepted prior to 11.05.2013 were allowed to continue till their respective maturity dates unless required to be paid prior to their maturities in compliance with any statutory requirements. The last such redemption was scheduled to take place in April 2016. However, since Companies Act, 2013, requires elaborate compliance involving substantial expenditure and commitment of manpower; it was decided to pre-pone the repayment of such public deposits maturing beyond 31.03.2015 after sending individual notices to the deposit holders. All such deposits amounting ₹ 0.09 crore and interest thereon upto 31.03.2015 have been repaid.

Foreign currency debts: During the year, the company tied up a syndicated term loan facility of USD 250 million arranged by Mizuho Bank Limited, Singapore branch. The loan carried a floating rate of interest linked to LIBOR and has a door-to-door maturity of 7 years. Further, the Company also made an offering of 4.375% USD 500 million notes due 2024 under its MTN programme during the year. An amount of ₹4,627.70 crore was drawn from the debt tied up during the year. In addition, under the existing loan facilities available from JBIC and KfW, during the year, the Company has drawn and utilised ₹ 1,920.01 crore towards capital expenditure incurred on various projects. In all, the Company has drawn during the year ₹ 6,547.70 crore from foreign currency loans.

As at 31.03.2015, the derivative contract (Currency Interest Rate Swap) outstanding stood at JPY 14.96 crore and principal swap stood at EURO 1.00 crore. (Note 49a)

Repayments: During the year repayments amounting to ₹ 3,346.08 crore and ₹ 811.50 crore were made towards domestic term loans and foreign currency loans respectively. Further, bonds amounting to ₹ 593.00 crore were redeemed during the year. During the year public deposits and finance lease (net) for ₹ 0.57 crore were also discharged.

The Company continues to enjoy highest credit ratings for its bonds programme, borrowings from banks as well as fixed deposits, while Company's International Ratings are at par with sovereign ratings as detailed hereunder:

Credit Rating Agency	Rating	Remarks
Domestic		
CRISIL	CRISIL AAA	Highest ratings
ICRA	ICRA AAA (Stable)	
CARE	CARE AAA	
International		
S&P	BBB-/stable	Equivalent to sovereign ratings
Fitch	BBB-/stable	

The debt to equity ratio at the end of financial year 2014-15 of the Company increased to 1.05 from 0.78 at the end of the previous financial year. The Debt Service Coverage Ratio (DSCR) and Interest Service Coverage Ratio (ISCR) for financial year 2014-15 are 2.44 and 6.72 respectively.

Formula used for computation of coverage ratios DSCR = Earnings before Interest, Depreciation, Tax and Exceptional items/ (Interest net of transferred to expenditure during construction + Principal repayment) and ISCR = Earnings before Interest, Depreciation, Tax and Exceptional items/ (Interest net of transferred to expenditure during construction).

The maturity profile of the borrowings by the Company is as under:

₹ Crore

	Rupee loans incl. bonds	Foreign currency loans	Total
Within 1 year	4,719.59	2,738.02	7,457.61
2 – 3 years	9,489.71	3,953.10	13,442.81
4 – 5 years	10,833.11	3,911.44	14,744.55
6 – 10 years	29,037.60	13,481.24	42,518.84
Beyond 10 years	6,485.31	1,346.22	7,831.53
Total	**60,565.32**	**25,430.02**	**85,995.34**

b. Deferred Tax Liabilities (net):

Deferred tax liabilities (net) (Note 6) have decreased from ₹ 1,051.61 crore as at 31.03.2014 to ₹ 979.07 crore as at 31.03.2015. The decrease in deferred tax liability as on 31.03.2015 as compared to 31.03.2014 is primarily due to the fact that during 2014-15 deferred tax asset materialized is higher as compared to deferred tax liability materialized for the period 2009-14 which is not recoverable/ payable from/ to the beneficiaries as per Tariff Regulations, 2009. The net decrease during the year in the deferred tax liability of ₹ 70.65 crore (previous year increase of ₹ 136.31 crore) has been credited to the Statement of Profit and Loss. Further, an amount of ₹ 1.89 crore has been credited to general reserve during the year 2014-15.

c. Other Long Term Liabilities:

Other long term liabilities (Note 7) primarily consist of liabilities for capital expenditure and deferred foreign currency fluctuation liability. Liabilities for capital expenditure has increased from ₹ 2,353.46 crore as at 31.03.2014 to ₹ 2,617.86 crore as at 31.03.2015 mainly due to new projects going under construction. Liabilities for capital expenditure which are due for payment within 12 months from the reporting date have been classified under 'Other current liabilities'. (Note 10)

Further, as per accounting policy no. M4, exchange differences on account of translation/settlement of foreign currency monetary items which are payable to the beneficiaries in subsequent periods as per CERC tariff regulations are accounted as 'Deferred foreign currency fluctuation liability'. Accordingly, deferred foreign currency fluctuation liability to the extent of ₹ 106.07 crore (previous year ₹ 16.07 crore) has been created during the year and as a result total balance in 'deferred foreign currency fluctuation liability' has risen from ₹ 151.67 crore to ₹ 257.74 crore.

d. Long Term Provisions:

Long term provisions (Note 8) consist of amounts provided towards employees benefits as per actuarial valuation which are expected to be settled beyond a period of 12 months from the Balance Sheet date. Long term provision as at 31.03.2015 was ₹ 1,115.71 crore as compared to ₹ 879.36 crore as at 31.03.2014.

e. Current Liabilities:

The current liabilities as at 31.03.2015 were ₹ 30,519.52 crore as against ₹ 25,279.80 crore as at the end of previous year. The break-up of current liabilities is as under:

₹ Crore

	As at March 31		Y-o-Y Change	% Change
	2015	2014		
Trade payables (Note-9)	5,953.15	6,429.60	(476.45)	-7%
Other current liabilities (Note-10)	16,807.62	11,547.60	5,260.02	46%
Short term provision (Note-11)	7,758.75	7,302.60	456.15	6%
Total	**30,519.52**	**25,279.80**	**5,239.72**	**21%**

The trade payables mainly comprise amount payable towards supply of goods & services, deposits & retention money from contractors. Trade payable has reduced mainly on account of discharge of coal liabilities.

Other current liabilities mainly comprise current maturities of long term borrowings, payable towards capital expenditure and other statutory liabilities. The details of other current liabilities are as under:

₹ Crore

	As at March 31	
	2015	2014
Other current liabilities	16,807.62	11,547.60
Less: Current maturities of long term borrowings and Finance lease obligations	7,463.01	4,764.47
Other current liabilities (net)	**9,344.61**	**6,783.13**

Other current liabilities (net) include amount payable for capital expenditure, interest accrued but not due on borrowings, book overdraft, advances from customers and others, deposits from contractors, gratuity obligations, payables to employees, unpaid dividends etc. Other current liabilities (net) has increased mainly due to increase in payables for capital expenditure which has increased from ₹ 4,540.89 crore as on 31.03.2014 to ₹ 6,421.73 crore as on 31.03.2015 and also due to book overdraft amounting to ₹ 546.01 crore as on 31.03.2015 as compared to ₹ 2.71 crore as on 31.03.2014.

Short-term provisions mainly consist of provisions for employee benefits, provision for proposed dividend and tax thereon, provision for obligations incidental to land acquisition, provision for tariff adjustment and some other provisions. As at 31.03.2015, Company had outstanding short term provisions of ₹ 7,758.75 crore as against ₹ 7,302.60 crore as at 31.03.2014. The increase is due to reasons discussed as under:

Provision for obligations incidental to land acquisition as at 31.03.2015 has increased by ₹ 276.30 crore over the previous year i.e. from ₹ 2,822.42 crore as on 31.03.2014 to ₹ 3,098.72 crore as on 31.03.2015. The provision for proposed final dividend remained same at ₹ 1,442.96 crore as on 31.03.2015 as well as on 31.03.2014. However, provision for dividend distribution tax has increased to ₹ 293.75 crore as on 31.03.2015 as compared to ₹ 244.21 crore as on 31.03.2014 due to higher rate of dividend tax.

Provision for tariff adjustment was created in the books of accounts as a prudent and conservative policy in the year 2010-11, to the extent of the impact of the issues challenged by CERC in Supreme Court on the APTEL's judgment. The Appeal is still pending for disposal and the CERC tariff orders are subject to the outcome of this appeal.

Accordingly, provision of ₹ 148.10 crore (previous year ₹ 121.32 crore) has been made during the year and in respect of some of the stations, an amount of ₹ 180.16 crore (previous year ₹ 162.56 crore) has been written back.

Other provisions include ₹58.64 crore (previous year ₹ 53.64 crore) towards cost of unfinished minimum work programme demanded by the Ministry of Petroleum and Natural Gas (MoP&NG) including interest thereon in relation to block AA-ONN-2003/2 [Refer Note 46 (b) (ii)], ₹ 440.35 crore (previous year ₹ 378.52 crore) towards provision for litigation cases and ₹ 6.03 crore (previous year ₹ 6.17 crore) towards provision for shortage in fixed assets pending investigation.

4 Fixed Assets

Fixed assets of the Company are detailed as under:

₹ Crore

	As at March 31		% Change
	2015	2014	
Tangible assets	128,061.50	116,610.59	10%
Intangible assets	416.09	381.47	9%
Total gross block	**128,477.59**	**116,992.06**	**10%**
Total net block	**78,849.07**	**72,110.83**	**9%**
Capital work-in-progress and Intangible assets under development (CWIP)	56,493.49	44,888.67	26%
Capital advances (Note 15)	7,720.69	8,644.98	-11%
Total CWIP & capital advances	**64,214.18**	**53,533.65**	**20%**

During the year, gross block of the Company increased by ₹ 11,485.53 crore over the previous year i.e. 10%. This was mainly on account of declaration of commercial operation of 695 MW during 2014-15 and also capitalisation of some other assets.

Correspondingly, net block has increased by 9%. Capital work-in-progress and capital advances (shown as Long-term loans & advances in Note 15 of Balance Sheet) taken together also increased by ₹ 10,680.53 crore registering an increase of 20% over the last year.

₹ Crore

	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Total gross block	128,477.59	116,992.06	103,245.70	81,830.26	72,755.15
Increase in gross block over previous year	11,485.53	13,746.36	21,415.44	9,075.11	5,905.08
Total CWIP & capital advances	64,214.18	53,533.65	44,036.77	44,569.27	38,270.63
Increase in CWIP & capital advances over previous year	10,680.53	9,496.88	(532.50)	6,298.64	6,166.32
Total increase in gross block & CWIP	22,166.06	23,243.24	20,882.94	15,373.75	12,071.40

If we analyse the trend, combined gross block & CWIP has increased significantly in last 3 years indicating higher capex. Over last 5 years, total CWIP & capital advances have steadily grown at a CAGR of 15%. Similarly, total gross block has also grown at a CAGR of 14% over last 5 years. The gross block is expected to grow significantly higher in near future, as the capacity awarded through bulk tender is expected to be operational in next 2 to 3 years.

5 Investments

Investments have been bifurcated into non-current investments and current investments and discussed accordingly:

₹ Crore

	As at March 31		% Change
	2015	2014	
Non-current investments (Note 14)	7,154.07	8,120.90	-12%
Current investments (Note 16)	1,878.06	1,636.96	15%
Total	**9,032.13**	**9,757.86**	**-7%**

Investments as at year end mainly consist of bonds issued under One Time Settlement Scheme (OTSS) and equity participation in subsidiary and joint ventures companies. Broadly, the break-up of investments is as follows:

₹ Crore

	As at March 31	
	2015	2014
Bonds issued under One Time Settlement Scheme (OTSS Bonds)	1,651.46	3,288.42
Investment in liquid mutual funds	226.60	-
Investment in equity instruments	12.00	12.00
Investment in Joint Ventures	5,299.38	5,090.04
Investment in Subsidiaries	1,842.69	1,367.40
Total investments	**9,032.13**	**9,757.86**

Over the year, the investments decreased by about 7% mainly due to redemption of OTSS bonds. During the year 2014-15, OTSS bonds amounting to ₹ 1,636.96 crore were redeemed as per scheduled redemption and resultantly, the outstanding balance of OTSS bonds reduced from ₹ 3,288.42 crore as on 31.03.2014 to ₹ 1,651.46 crore as on 31.03.2015. Your Company also parked an amount of ₹ 226.60 crore in short term liquid mutual funds. The Company invested (net) ₹ 209.34 crore in following joint venture companies during the year:

₹ Crore

Name of JV company	Amount
NTPC-Tamil Nadu Energy Company Ltd.	0.01
Aravali Power Company Private Ltd.	7.17
Meja Urja Nigam Private Ltd.	128.92
Nabinagar Power Generating Company Private Ltd.	41.00
National High Power Test Laboratory Private Ltd.	9.02
Trincomalee Power Company Ltd.	2.54
Bangladesh-India Friendship Power Co. Pvt. Ltd.	25.31
Total Investment	**213.97**
Less: Provision for diminution in value in	
BF-NTPC Energy Systems Ltd.	(3.35)
Pan-Asian Renewables Private Ltd.	(1.28)
Net Investment	**209.34**

The Company also invested ₹ 475.29 crore in the following subsidiary companies:

₹ Crore

Name of subsidiary company	Amount
Kanti Bijlee Utpadan Nigam Ltd.	137.49
Bhartiya Rail Bijlee Company Ltd.	337.80
Total investment	**475.29**

6 Long Term Loans and Advances

Long term loans and advances (Note 15) include those loans and advances which are expected to be realized after a period of 12 months from Balance Sheet date. Total long term loans and advances as at 31.03.2015 were ₹ 15,527.89 crore as against ₹ 12,777.26 crore as at 31.03.2014. Long term loans and advances consist of advances for capital expenditure and other advances to contractors, security deposits and loans to employees. Break-up of long term loans and advances is as under:

₹ Crore

	As at March 31	
	2015	2014
Total Long term loans & advances	15,527.89	12,777.26
Less: capital advances	7,720.69	8,644.98
Other long term loans & advances	7,807.20	4,132.28

Capital advances have already been discussed along with capital work-in-progress under the head fixed assets. Other long term loans and advances have gone up from ₹ 4,132.28 crore to ₹ 7,807.20 crore, an increase of ₹ 3,674.92 crore. The increase is mainly due to increase in advances to contractors which have gone up from ₹ 607.52 crore to ₹ 2,278.48 crore i.e. by ₹ 1,670.96 crore. Major reason for increase in advances to contractors is due to payment of advance to railways under policy on 'Participative model for rail-connectivity and capacity augmentation projects' issued by Ministry of Railways for providing rail connectivity at projects which is to be adjusted from future freight bills (Note 15g). Advance income tax net of provision for income tax has also gone up from ₹ 2,719.53 crore to ₹ 4,813.48 crore i.e. by ₹ 2,093.95 crore. Long term loans and advances also include a loan of ₹ 47.86 crore (previous year ₹ 143.59 crore) to the Govt. of Delhi subsequent to conversion of the dues of erstwhile DESU under the One Time Settlement Scheme. The Govt. of Delhi pays 8.5% tax-free interest on this loan. Long term loans and advances also include advance tax and tax deducted at source as reduced by provision for current tax.

7 Other Non-Current Assets

As per the opinion of the EAC of the ICAI, exchange differences on account of translation of foreign currency borrowings which are recoverable from the beneficiaries in subsequent periods as per CERC tariff regulations are accounted as 'deferred foreign currency fluctuation asset'. Accordingly, an amount of ₹ 1,230.49 crore has been accounted under this head upto 31.03.2015 (Previous year

₹ 1,360.77 crore) (Note 15A). Deferred foreign currency fluctuation asset has decreased mainly due to appreciation of Indian Rupee against Japanese Yen and Euro.

Other non-current assets also include claims recoverable from Government of India amounting to ₹ 466.28 crore as on 31.03.2015 (previous year ₹ 426.00 crore) in respect of Loharinag-pala Hydro Power Project which has been discontinued on the advice of the Ministry of Power, GoI. This includes an amount of ₹ 214.34 crore (previous year ₹ 176.22 crore) in respect of arbitration award challenged by the Company before High Court. In the event court grants relief to the Company, the amount would be adjusted against 'short term provision- others' (Note 11). Management expects that the total cost incurred, anticipated expenditure on the safety and stabilisation measures, other recurring site expenses and interest costs as well as claims of contractors/ vendors for various packages for this project will be compensated in full by the GoI.

8 Current Assets

The current assets as at 31.03.2015 and 31.03.2014 and the changes therein are as follows:

₹ Crore

	As at March 31		Y-o-Y Change	% Change
	2015	2014		
Current investments (Note 16)	1,878.06	1,636.96	241.10	15%
Inventories (Note 17)	7,453.00	5,373.35	2,079.65	39%
Trade receivables (Note 18)	7,604.37	5,220.08	2,384.29	46%
Cash & bank balances (Note 19)	12,878.81	15,311.37	(2,432.56)	-16%
Short term loans & advances (Note 20)	2,407.59	3,116.04	(708.45)	-23%
Other current assets (Note 21)	5,141.60	9,211.95	(4,070.35)	-44%
Total current assets	**37,363.43**	**39,869.75**	**(2,506.32)**	**-6%**

A major portion of current assets comprised cash and bank balances. As at 31.03.2015, cash and bank balances stood at ₹ 12,878.81 crore being 34% of the total current assets in comparison to ₹ 15,311.37 crore as at 31.03.2014 which was 38% of the total current assets as at that date. Of the cash and bank balance of ₹ 12,878.81 crore, an amount of ₹ 4,656.83 crore represented unutilized portion of bonus debentures. Out of amount lying as cash and bank balances, amount of ₹ 12,583.52 crore was held as term deposits with banks as at 31.03.2015 as against ₹ 15,141.27 crore as at 31.03.2014.

Inventories

Inventories as at 31.03.2015 were ₹ 7,453.00 crore (being 20% of current assets) as against ₹ 5,373.35 crore as at 31.03.2014. Inventories mainly comprise stores and spares and coal which are maintained for operating plants. Stores and spares were ₹ 2,631.31 crore as against ₹ 2,493.77 crore at previous year end. Coal inventory increased from ₹ 1,957.45 crore as at 31.03.2014 to ₹ 3,827.37 crore as at 31.03.2015 due to better coal stocks at stations for smoother operations of power plants.

Trade Receivables

Trade receivables (net) as at 31.03.2015 are ₹ 7,604.37 crore as against ₹ 5,220.08 crore as at 31.03.2014. Trade receivables have increased by 46% over the year, however on number of sales days basis, the same have gone up from 26 days to 38 days. The increase in debtors' balances is mainly due to outstandings of discoms of U.P., Odisha and Bihar. Out of ₹ 7,604.37 crore only an amount of ₹ 17.39 crore was outstanding for more than 6 months. Considering the financial health of our customers and industry standards, average 38 days debtors are at acceptable levels. The Company has collected 100% dues for 12th year in succession.

Keeping in view the requirements of Companies Act, 2013, unbilled revenues are shown under 'Other current assets' in Note 21 of Balance Sheet.

Short term loans and advances

Short term loans and advances as at 31.03.2015 comprise of advances to contractors and suppliers including materials issued on loan, short term advances to employees, security deposits, loans and advances to subsidiary and joint venture companies etc. Short term loans and advances have decreased from ₹ 3,116.04 crore as on 31.03.2014 to ₹ 2,407.59 crore as on 31.03.2015 mainly on account of reduction in adhoc advance to coal companies.

Other Current Assets

Other current assets excluding unbilled revenue are as under:

₹ Crore

	As at March 31	
	2015	2014
Other current assets (Note 21)	5,141.60	9,211.95
Less: Unbilled revenue	2,502.33	6,646.93
Net Other current assets	2,639.27	2,565.02

Other current assets include interest accrued on OTSS Bonds, term deposits with banks, other deposits and claims recoverable. Claims recoverable has increased from ₹ 1,743.26 crore as on 31.03.2014 to ₹ 2,074.46 crore as on 31.03.2015.

Claims recoverable include claims against railways ₹ 1,723.54 crore (previous year ₹ 1,532.86 crore) which are mainly towards diverted out coal wagons.

Unbilled revenue consists of items viz. (i) sales for the month of March which is billed in April; and (ii) other credits which are to be passed on to beneficiaries. For the year 2014-15, the credits which are to be passed on to beneficiaries have already been accounted for in sales. Unbilled revenue of ₹ 2,502.33 crore (previous year ₹ 6,646.93 crore) is net of credits to be passed to beneficiaries at the time of billing and includes ₹ 6,384.00 crore (previous year ₹ 7,069.70 crore) billed to the beneficiaries after 31st March for energy sales.

Cash flows

Cash, cash equivalents and cash flows on various activities is given below:

₹ Crore

	FY 2014-15	FY 2013-14
Opening cash & cash equivalents	**15,311.37**	**16,867.70**
Net cash from operating activities	14,234.70	15,732.18
Net cash used in investing activities	(14,562.60)	(13,979.71)
Net cash flow from financing activities	(1,878.08)	(3,308.99)
Exchange difference arising from translation of foreign currency cash and cash equivalents	0.02	0.19
Change in cash and cash equivalents	(2,205.96)	(1,556.33)
Closing cash & cash equivalents	**13,105.41**	**15,311.37**

Net cash generated from operating activities was ₹ 14,234.70 crore during the year 2014-15 as compared to ₹ 15,732.18 crore in the previous year. Fall is mainly due to lower cash profits.

Net cash used in investing activities was ₹ 14,562.60 crore in financial year 2014-15 as compared to ₹ 13,979.71 crore in the previous year. Cash outflows on investing activities arise from expenditure on setting up power projects, investment of surplus cash in various securities, investments in joint venture & subsidiary companies and tax outflow on income from investing activities. Cash inflows arise from interest from banks and dividend income from joint venture and subsidiary companies and mutual funds. Cash invested on purchase of fixed assets increased to ₹ 17,128.27 crore in financial year 2014-15 from ₹ 16,739.70 crore in previous year. During the year, there was purchase and sale of non-trade investments and redemption of OTSS Bonds. Cash flows from sale of investment (net of purchase of investment) was ₹ 1,636.96 crore.

During the year, the Company used net ₹ 1,878.08 crore of cash for servicing financing activities as against ₹ 3,308.99 crore in the previous year. During the financial year 2014-15, the Company had an inflow of ₹ 23,360.37 crore including proceeds of bonus debentures from long term borrowings as against ₹ 12,366.65 crore in the previous year. Cash used for repayment of long term borrowings during the financial year 2014-15 was ₹ 4,751.15 crore as against ₹ 4,993.49 crore repaid in the previous year. Cash used for paying dividend and the tax thereon during 2014-15 was ₹ 14,796.83 crore as compared to ₹ 5,788.07 crore in the previous year. Dividend and dividend tax paid during the current year also includes amount paid as bonus debentures and dividend tax paid thereon.

FINANCIAL SUMMARY OF SUBSIDIARY COMPANIES

Your Company has four subsidiary companies as at 31.03.2015 out of which two are wholly owned.

A summary of the financial performance of the subsidiary companies and the dividend received/proposed for the financial year 2014-15 from them based on their audited results is given below:

₹ Crore

	Company	NTPC's investment in equity	Total Income	Profit After Tax/ (Loss)	Investment of the subsidiary	NTPC's share of dividend received/ proposed for 2014-15
1	NTPC Electric Supply Company Ltd.!	0.08	23.64	1.26	0.31	-
2	NTPC Vidyut Vyapar Nigam Limited	20.00	3,887.97	43.61	-	20.00
3	Kanti Bijlee Utpadan Nigam Limited	650.00	460.45	17.24	-	-
4	Bhartiya Rail Bijlee Company Limited	1,172.61	-	(0.04)	-	-
	Total	**1,842.69**	**4,372.06**	**62.07**	**0.31**	**20.00**

!NTPC Electric Supply Company Limited (NESCL) holds 50% of share capital amounting to ₹0.05 crore in KINESCO Power and Utilities Pvt. Ltd., a joint venture with KINFRA. In addition ₹0.26 crore of share application money is pending for allotment.

The detailed financial statements and management discussion and analysis of the subsidiaries are included elsewhere in this Annual Report.

FINANCIAL SUMMARY OF JOINT VENTURE COMPANIES

Your Company has interests in the following joint venture companies. Proportion of ownership, financial performance of the companies during the year and the dividend received/proposed for the financial year 2014-15 from them based on results are given below:

₹ Crore

	Company	NTPC's interest (Ex. Share application Money) (%)	NTPC's investment in equity	Total Income	Profit After Tax/ (Loss)
A.	**Joint Venture Companies incorporated in India**				
1	Utility Powertech Ltd.	50	1.00 @	590.78	23.22
2	NTPC Alstom Power services Pvt. Ltd.	50	3.00	69.85	2.62
3	NTPC Tamil Nadu Energy Company Ltd.	50	1,325.61	1,972.81	(86.78)
4	Ratnagiri Gas And Power Private Ltd.*	28.91	974.30	181.73	(1,401.72)
5	NTPC-SAIL Power Company Private Ltd.	50	490.25	1,622.99	227.41
6	Aravali Power Company Private Ltd.	50	1,278.85 @@	4,451.40	179.85
7	NTPC-SCCL Global Venture Pvt. Ltd.*	50	0.05	0.009	0.003
8	Meja Urja Nigam Private Ltd.	50	541.35 #	-	(0.06)
9	NTPC BHEL Power Projects Private Ltd.*	50	50.00	592.52	1.66
10	BF-NTPC Energy Systems Ltd.	49	5.88	0.0001	(0.30)
11	Nabinagar Power Generating Company Private Ltd.	50	511.13	-	-
12	National Power Exchange Ltd.*	16.67	2.19	0.55	0.10
13	National High Power Test Laboratory Private Ltd.	21.63	23.90	-	-
14	Transformers & Electricals Kerala Ltd.*	44.6	31.34	132.35	(32.93)
15	International Coal Ventures Private Ltd.*	0.27	1.40	-	-
16	Energy Efficiency Services Ltd.*	25	22.50	70.30	10.36
17	CIL NTPC Urja Private Ltd.*	50	0.08 ##	0.0003	(0.0017)
18	Anushakti Vidhyut Nigam Ltd.	49	0.05	0.0027	(0.0026)
19	Pan Asian Renewables Private Ltd.*	50	1.50	0.08	(0.84)
B.	**Joint Venture Companies incorporated outside India**				
20	Trincomalee Power Company Limited, Srilanka*	50	9.26	0.59	(0.46)
21	Bangladesh -India Friendship Power Company Private Ltd.*	50	31.43$	-	-
	Total		**5,305.07**	**9,685.96**	**(1,077.87)**

*Financial statements are un-audited
@excluding ₹ 1 crore equity issued as fully paid bonus shares
@@ including share capital pending allotment of ₹ 21.34 crore
# including share capital pending allotment of ₹ 128.92 crore
including share application money pending for allotment of ₹ 0.05 crore
$ including share application money pending for allotment of ₹ 15.90 crore

As may be seen, out of the 21 joint venture companies, 9 companies listed at Sl. No. 1 to 6, 9, 14 and 16 are operational with 6 of them registered an aggregate profit of ₹ 445.12 crore and balance 3 companies has suffered a loss of ₹ 1,521.43 crore in the current financial year. Details about business of the joint venture companies are available elsewhere in the Annual Report.

Consolidated financial statements of NTPC Ltd.

The consolidated financial statements have been prepared in accordance with Accounting Standards (AS)-21 - 'Consolidated Financial Statements' and Accounting Standards (AS)-27 -'Financial reporting of Interests in Joint Ventures' and are included elsewhere in this Annual report.

A brief summary of the results on a consolidated basis is given below:

₹ Crore

	FY 2014-15	FY 2013-14
Total revenue	82,700.95	81,710.75
Profit before Tax	10,456.21	14,485.76
Profit after Tax	9,992.37	11,403.40
Profit after Tax [less Share of Profit/ (Loss)- Minority interest]	9,986.34	11,403.61
Net Cash from operating activities	14,745.85	16,530.84

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and in the Directors' Report, describing the Company's objectives, projections and estimates, contain words or phrases such as "will", "aim", "believe", "expect", "intend", "estimate", "plan", "objective", "contemplate", "project" and similar expressions or variations of such expressions, are "forward-looking" and progressive within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

For and on behalf of the Board of Directors

(Dr. Arup Roy Choudhury)
Chairman & Managing Director
(DIN: 00659908)

Place: New Delhi
Date: 30th July, 2015