SUBSIDIARY COMPANIES

NTPC ELECTRIC SUPPLY COMPANY LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To
Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report on the working of the Company for the financial year ended on 31st March 2011 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ crore)

	2010-11	2009-10
Total Income/Revenue	**64.05**	79.96
Total Expenditure	54.96	40.28
Prior period income/expenditure (net)	-	(0.72)
Profit before Tax	**9.09**	40.40
Less: Tax	3.08	13.81
Profit after Tax	**6.01**	26.59
Balance brought forward	43.19	23.98
Balance available for appropriation	**49.20**	50.57
Transfer to General Reserve	0.61	2.70
Proposed Dividend	4.00	4.00
Tax on proposed Dividend	0.66	0.68
Surplus carried forward	**43.93**	43.19

DIVIDEND

Your Directors have recommended a dividend of ₹ 4 Crore @ ₹ 494.38 per equity share on the face value of fully paid-up equity share capital of ₹ 10/- each. The dividend shall be paid after your approval at the Annual General meeting.

OPERATIONAL REVIEW

Your Company has received 'Excellent' rating against the achievement of MoU target for the years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 in succession.

Your Company's distribution Joint Venture Company, KINESCO Power and Utility Private Limited, which took over operations in Kakkanad Industrial area at Kochi, Kerala from the erstwhile licensee w.e.f. February 1, 2010, recorded sales of ₹ 18.74 crores during the financial year 2010-11 and a maiden PAT of ₹ 0.46 crore.

Under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), a flagship programme of the Government of India introduced in March 2005 with the objective of providing access to electricity to all villages and rural households, the Company is carrying out project implementation in 29 districts in the states of Madhya Pradesh, Chhattisgarh, Orissa, Jharkhand and West Bengal for electrifying more than 38000 villages and providing about 31 lac Below Poverty Line household connections. The Company is also carrying out various consultancy assignments in distribution sector.

Your Company has also been assigned the work of providing electricity within 5 kms. area of NTPC projects under the "Aaanchalik Jyoti Kiran Yojana"

A detailed discussion on operations and performance for the year is given in "Management Discussion and Analysis", Annexure - I included as a separate section to this report.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2011.

AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREON

The Comptroller & Auditor General of India (C&AG) has appointed M/s Bhudladia & Company, Chartered Accountants as the Statutory Auditor of the Company for the financial year 2010-11.

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no. 7 and 10 of schedule 19 to the financial statements. The note explains the basis for accounting of employee benefits and recognition of income from consultancy contracts, respectively. The same are treated as per the Accounting Policy adopted by the Company. The Statutory Auditors had sought expert opinion on the matter from the Institute of Chartered Accountants of India, which is still awaited.

C&AG REVIEW

C&AG, vide letter dated May 16, 2011, has decided not to review the report of the Auditors on the accounts of the Company for the financial year ended March 31, 2011 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed with the report of Statutory Auditors of your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as your Company does not own any manufacturing facility. During the period under review there are no foreign exchange earnings and outgo.

PARTICULARS OF EMPLOYEES

During the period under review the Company had no employees of the category, falling, under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2010-11 and of the profit of the company for that period;

iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv) the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Shri Arup Roy Choudhury, Chairman & Managing Director, NTPC Limited, consequent upon nomination received from NTPC Limited, has been appointed as an Additional Director and designated as Chairman of the Company w.e.f. September 3, 2010. Shri R.S. Sharma, consequent upon superannuation from services of NTPC Limited has ceased to be the Chairman of the Company w.e.f. August 31, 2010 (A/N).

During the financial year under review the Board of Directors, consequent upon nomination received from its holding company viz. NTPC Limited, had also appointed Shri S.P. Singh, Director (HR), NTPC and Shri Sharad Anand, ED (Engg.), NTPC in place of Shri S.C. Pandey, as Additional Directors of the Company. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.S. Sharma and Shri S.C. Pandey during their association with the Company. Shri Arup Roy Choudhury, Shri S.P. Singh and Shri Sharad Anand hold office up to the date of this Annual General Meeting but are eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing their candidature for the office of Director liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956, Shri A.K. Singhal, Director shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support, contribution and co-operation extended by the Ministry of Power, various state governments, state utilities, customers, contractors, vendors, the Auditors, the Bankers, NTPC Limited and the untiring efforts made by all employees to ensure that the company continues to perform and excel.

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 4, 2011

(ARUP ROY CHOUDHURY)
Chairman

ANNEXURE-I
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

DISTRIBUTION

The Electricity Act 2003, requires the state governments to set up State Electricity Regulatory Commissions for rationalization of energy tariffs and formulation of policy within each state. As of March 31, 2011, all the states, except Arunachal Pradesh, have set up their Regulatory Commissions. In addition, two Joint Electricity Regulatory Commissions have been set up for Manipur & Mizoram and Goa & UTs. 18 state electricity boards have so far been unbundled into separate generation, transmission and distribution Companies. The aim is to bring in reforms in sector for efficient operation of the state electricity boards.

In India, the power transmission and distribution system is a three-tier structure comprising of distribution networks, state grids and regional grids. The distribution networks are owned by the distribution licensees and the state grids are primarily owned and operated by respective state utilities. In order to facilitate the transmission of power among neighbouring states, state grids are interconnected to form regional grids.

Despite unbundling and corporatizing, the state governments are reluctant for privatization and acquisition of the state owned discoms by other players and thus there has not been any substantial initiative or action towards this objective. The service quality till last mile connectivity still remains poor. Revenue realization in distribution sector continues to be low causing poor financial health of state owned discoms. Franchisee model is an option which the state governments have been considering. On the whole, even franchisee model has not thrown up any major opportunity on a large scale.

There is substantial potential for reform and growth in distribution sector where industrial and commercial consumers are willing to pay commensurate tariffs for quality and reliable power.

Development of Renewable Energy Sources (RES)

Today, the total installed capacity of the nation stands at 173626 MW and RES, at 18454 MW, accounts for 10.6% of this total. This is targeted to grow to 200000 MW by 2012 of which RES is expected to contribute 25000 MW. The Electricity Regulators have made it mandatory for the discoms to source certain percentage of its input power requirement through Renewable Energy sources, to be increased progressively each year. The Government, in its quest for long-term energy and environmental security, is seeking to enhance the share of renewable power in the overall energy basket. Over longer term, the importance of RES would be more strategic in view of its important role in mitigating the effects of climate change. It is imperative for India to build a certain level of self-reliance in renewable technologies of the future. 79% of renewable energy is contributed by wind power generation where potential exists for 45000 to 65000 MW of on-shore wind power.

With the launch of Jawaharlal Nehru National Solar Mission, India has embarked upon an ambitious path to tap the vast and inexhaustible solar source. Going by emerging trends, it is amply clear that green technology is set to be the next growth sector.

Your Company is watching these developments closely with a view to occupy the space created by such opportunities.

STRENGTH AND WEAKNESS

Your Company's strength lies in its association with a strong promoter viz. NTPC Limited having a formidable track record in power project, engineering, construction, commissioning, operation and maintenance for the last 36 years. NTPC's formidable network, rapport and credibility with customer utilities, Discoms, its down stream power market and trading arm are added advantages to your Company.

The professional manpower from NTPC Ltd., on secondment at your Company, has been able to leverage the knowledge gained from power project engineering and execution to the distribution sector as well.

Your Company is exposed to the risk arising out of (i) delay in release of funds from owners /clients in the execution of deposit works on their behalf. (ii) project handing over and (iii) the risk of reduction in profit margins in case of time overrun of such projects.

OPPORTUNITIES AND OUTLOOK

The Electricity Act 2003, provides an opportunity to bulk consumers with a load of more than 1 MW to source their power requirement from anywhere in the country through Open Access for which the state utility is obliged to provide necessary clearances. This provides an opportunity in various industrial and Special Economic Zones (SEZ) which are being promoted by private players as well as the state industrial development corporations wherein a contiguous geographical area of all such consumers can be earmarked and power fed from upcoming power plants of NTPC and its JVs. Today, wherever major industrial development is taking place, this business model offers tremendous opportunity as quality and reliable power can be assured to these growing industries.

With a major increase in capacity addition in the generation sector in the country, there is an imminent requirement of extensive capacity addition in the transmission/ sub-transmission sector also for evacuation of this power. Another great opportunity is foreseen in development of transmission/sub-transmission infrastructure in different states of the country on Build-Operate-Own mode. Your Company is watching development in this sector closely so as to take advantage of the opportunity which it may offer in near future.

With the uncertainty in privatization and acquisition of state owned discoms by other players, the Company feels that growing need of various industrial and SEZs in the country offer excellent opportunities in electricity distribution. A recent amendment to Electricity Act, 2003, provides that a developer of a SEZ shall be deemed to be a licensee for the purpose of distribution of electricity within the SEZ. Towards this, your Company may foray into distribution of electricity as a licensee by forging alliances with developers wherein pre-identified group of industrial and commercial consumers can be serviced by arranging required input power from upcoming power plants of NTPC and its JVs. Your Company is also exploring the possibility of alliance with Government owned SEZs for retail distribution of power in these SEZs. Exploratory actions have been initiated in this direction. If successful, this model can be replicated in various such places across the country.

For value enhancement, your Company is also looking forward in developing transmission/sub-transmission projects on Build-Operate-Own mode.

The Government of India has launched the scheme of supply of reliable power to areas within a radius of 5 kms. of Power Stations set up by Central Public Sector Undertakings called Aaanchalik Jyoti Kiran Yojana. Your Company shall now implement the scheme for all the power stations of NTPC Ltd.

To advance its operational and financial stability, one of the key opportunities the Company foresees is in RES in general and wind projects in particular. Your Company is looking towards this opportunity with great interest and is planning to conduct specific studies for generating green power by wind farms in locations having high wind energy potential.

The above opportunities shall also mitigate concerns towards proper utilization and deployment of experienced manpower resource available with the Company.

With a bright outlook of an economic growth projected at more than 9%, the country is witnessing huge potential investments in core infrastructure areas. With the increasing demand gap, the power sector is also looking towards large infusion of investments. State owned transmission companies are seeking to augment bulk power transmission capacity. Your Company sees opportunities in not only the EPC area but in ownership model as well where prospects of dedicated transmission lines exist and is likely to explore more possibilities in this business segment.

RISKS AND CONCERNS

So far the main thrust area of your Company has been project implementation on deposit work basis under RGGVY. This activity is expected to last another 12-15 months after which a sudden decline in the revenue stream is foreseen which is perceived as a major concern.

Although the new Electricity Act, 2003 provides ample opportunities to new players in the field of retail distribution but in reality the state owned discoms have not implemented the same in spirit. The Act envisaged growth of electricity distribution business through private licensees, introduction of open access and phased withdrawal of cross subsidy. But, so far, these regulations are quite far from realization. Therefore, one of the major risks anticipated by your Company is the inability to make a perceptible presence in the distribution sector under the prevalent scenario.

Today, total manpower strength of the Company is 170 spread over more than 30 locations across the country. In the event of a sharp decline in revenue stream, it may not be possible to sustain such large manpower resource. The frittering away of manpower which has gathered experience and capability in distribution engineering and execution is another concern. In the absence of any sustainable revenue, your Company, to address this concern, shall explore the possibility of repatriating manpower back to NTPC Limited.

INTERNAL CONTROL

Your Company has adequate internal control systems and procedures in place commensurate with the size and nature of its business. Your Company has adopted the internal control system of its holding company viz. NTPC Limited. The authorities vested in various levels are exercised within framework of appropriate checks and balances. The effectiveness of the checks and balances and internal control systems are reviewed during internal audit carried out by Internal Audit Department of NTPC Limited. An independent internal audit is also carried out by experienced firms of Chartered Accountants in close co-ordination with departments of the Company and Internal Audit Department of NTPC Limited.

PERFORMANCE DURING THE YEAR

Operations

During the year under review, your Company has undertaken rural electrification projects under RGGVY in the states of Madhya Pradesh, Chhattisgarh, Orissa, Jharkhand and West Bengal.

The scheme was launched in April 2005 by merging all ongoing rural electrification schemes. The programme aims at electrifying all villages and habitations, providing access to electricity to all rural households and providing electricity connection to Below Poverty Line (BPL) families free of charge. Under the programme, 90% grant is provided by the Govt. of India and 10% as loan by Rural Electrification Corporation Limited (REC) to the State Governments. REC has been appointed as a nodal agency for the programme.

NTPC Limited had entered into a Memorandum of Understanding with REC for implementing and achieving objectives of the programme. Your Company, on behalf of NTPC, is working as an implementing agency.

During the financial year 2010-11, against target of 5100 un-electrified and de-electrified villages (UE/DE) villages set by the Govt. of India in the MoU, your Company achieved 4315 UE/DE villages, the balance 785 UE/DE villages could not be achieved due to requirement of forest clearance which was to be provided by the Utilities. Further, against the target of 12.5 lac BPL connections, your Company achieved a performance of 12.52 lac connections. With this, the cumulative achievement till 31.03.2011 is 25712 villages (14433 UE/DE and 11279 PE villages) and 23.23 lac BPL connections.

Your Company has now set an ambitious target of charging of cumulative 14551 UE/DE villages for the year 2011-12.

Your Company also provided Third Party Inspection Agency (TPIA) services of rural electrification projects for PGCIL.

Project Management Consultancy Services

Your Company, during the year, has also provided Project Management Consultancy Services for the following assignments:

- setting up 220 KV sub-station, switchyard & connected facilities for BPCL, Kochi Refinery Ltd.
- Pre-award Contract Management Services for Orissa Power Transmission Corporation Ltd.
- Augmentation of 66/11 kV sub-station for UT of Chandigarh

Financial Performance

The main revenue of your Company has been realized by consultancy, project management and supervision fees.

(₹ Crore)

	2010-11	2009-10
Sales	**57.25**	75.76
Other income	**6.80**	4.20
Total	**64.05**	79.96

Revenue from RGGVY projects during the financial year 2010-11 contributed approx. 84% of total sales as compared to 87% in the previous financial year. Interest from banks contributed approx. 90% of the total other income as compared to 99% in the previous financial year.

The decrease in total income was due to reduction in business volume of the Company.

The expenditure incurred by your Company on account of Employees' remuneration and Administrative expenses for the current year as well as previous year is as follows: (₹ Crore)

	2010-11	2009-10
Employees' remuneration and benefits	**32.17**	26.37
Administrative and other expenses	**16.16**	13.61
Total operating expenses	**48.33**	39.98

The increase in total operating expenses was due to increased employee costs and charges towards TPIA services rendered by NHPC Ltd.

The total expenses including operating expenses of the Company are as follows:-

(₹ Crore)

	2010-11	2009-10
Total operating expenses	**48.33**	39.98
Depreciation	**0.19**	0.29
Provision, Interest & finance Charges	**6.44**	0.01
Total Expenses including operating expenses	**54.96**	40.28

During the financial year under review the Company had provided ₹ 6.44 crore as current year expenditure towards interest earned on investment of advances received from Rural Electrification Corporation Limited (REC), in the previous years. The depreciation cost as compared to total expense is negligible since the fixed assets are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹ 1.98 crore as on 31.3.2011.

(₹ Crore)

	2010-11	2009-10
Profit before tax and prior period adjustments	**9.09**	39.68
Prior period income/ expenditure(net)	**-**	(0.72)
Profit before tax	**9.09**	40.40
Provision for current, deferred and fringe benefit tax	**3.08**	13.81
Net profit after tax	**6.01**	26.59

During the period under review, the profit before tax decreased due to reduced business volume of deposit work.

The net profit after tax has decreased to ₹ 6.01 crore as compared to ₹ 26.59 crore in the previous financial year.

Reserves & Surplus

A sum of ₹ 0.61 crore has been added to Reserves and Surplus after appropriating dividend and dividend tax during the current year as compared to ₹ 2.7 crore during the previous year.

Current Assets, Loans and Advances

The current assets, loans and advances at the end of the current year were ₹ 952.48 crore as compared to ₹ 1149.23 crore last year.

(₹ Crore)

	31.3.2011	31.3.2010
Sundry debtors	**8.59**	20.63
Cash and bank balances	**919.01**	1103.70
Other current assets	**10.11**	11.85
Loans and advances	**14.77**	13.05
Total Current Assets, Loans and Advances	**952.48**	1149.23

The decrease was mainly on account of decrease in sundry debtors and cash and bank balances. The major amount of outstanding sundry debtors, constituting approx. 95%, was due against invoice raised in March 2011 on PGCIL for TPIA services. The realization of these dues is expected in the financial year 2011-12.

Current Liabilities and Provisions

During the financial year 2010-11, current liabilities and provisions have decreased to ₹ 903.06 crore as compared to ₹ 1101.26 crore in the financial year 2009-10 mainly on account of disbursement of deposit work funds received from REC Ltd. for the RGGVY projects.

(₹ Crore)

	31.3.2011	31.3.2010
Liabilities	**898.14**	1096.20
Provisions	**4.92**	5.06
Total Liabilities and Provisions	**903.06**	1101.26

Cash Flow Statement (₹ Crore)

	2010-11	2009-10
Opening Cash and cash equivalents	**1103.70**	604.42
Net cash from operating activities	**(186.36)**	506.00
Net cash used in investing activities	**6.35**	(3.79)
Net cash flow from financing activities	**(4.68)**	(2.93)
Net Change in Cash and cash equivalents	**(184.69)**	499.28
Closing cash and cash equivalents	**919.01**	1103.70

The closing cash and cash equivalents for the financial year ended March 31, 2011 has decreased to ₹ 919.01 crore from ₹ 1103.70 crore due to increase in payments made for deposit works.

Financial Indicators

The various performance indicators for the current year as compared to previous year are as under:

	2010-11	2009-10
Capital employed in ₹ Crore	**50.73**	49.38
Net worth in ₹ Crore	**50.73**	49.38
Return on capital employed (PBT/CE)	**17.92%**	81.81%
Return on net worth (PAT/NW)	**11.85%**	53.85%
Dividend as % of equity capital (basic/average)	**4944**	4944
Earning per share in ₹	**743.42**	3286.38

The capital employed as well as net worth has increased due to profits earned during the financial year 2010-11.

Human Resources

As on 31st March 2011, there were 170 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious targets, the Company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Today, your Company is proud to state that it has built a competent manpower base required for its growth in the distribution sector.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "forward-looking" statements within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the markets in which the Company operates, changes in Government regulations & policies, tax laws and other statutes and incidental factors.

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 04, 2011

(ARUP ROY CHOUDHURY)
Chairman

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. FIXED ASSETS

3.1 Fixed Assets are carried at historical cost less accumulated depreciation.

3.2 Intangible assets are stated at their cost of acquisition less accumulated amortisation.

4. INVESTMENTS

4.1 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

5. PROFIT AND LOSS ACCOUNT

5.1 INCOME RECOGNITION

5.1.1 Income from consultancy, project management and supervision services is accounted for on the basis of actual progress / technical assessment of work executed, in line with the terms of respective consultancy contracts. Claims for reimbursement of incidental expenditure are recognised as other income, as per the terms of consultancy service contracts. Income from Project Management Services is accounted for on the service charges earned.

5.1.2 Interest / surcharge recoverable on advances to suppliers as well as warranty claims / liquidated damages wherever there is uncertainty of realization / acceptance are not treated as accrued and are therefore accounted for on receipt / acceptance.

5.2 EXPENDITURE

5.2.1 Depreciation is charged on straight line method following the rates specified in Schedule XIV of the Companies Act, 1956.

5.2.2 Depreciation on the following assets is provided based on their estimated useful life:

a	Personal Computers and Laptops including peripherals	5 years
b	Photocopiers and Fax Machines	5 years
c	Water Coolers and Refrigerators	12 years

5.2.3 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

5.2.4 Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.

5.2.5 Cost of software recognized as intangible assets is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.

5.2.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.

5.2.7 Expenses on ex-gratia payments under voluntary retirement scheme and training and recruitment are charged to revenue in the year incurred.

5.2.8 The liabilities towards employee benefits are ascertained by the Holding Company i.e. NTPC Limited on actuarial valuation. The company provides for such employee benefits as apportioned by the Holding Company.

5.2.9 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.

5.2.10 Pre-paid expenses and prior period expenses/income of items of ₹ 1,00,000/- and below are charged to natural heads of accounts.

6. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

7. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

NTPC ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH 2011

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	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	**809100**	809100
Reserves & surplus	2	**506539836**	493034036
Deferred tax liability		**655227**	625423
TOTAL		**508004163**	494468559
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		**19815684**	18825670
Less: Depreciation		**9074896**	7167713
Net Block		**10740788**	11657957
INVESTMENTS	4	**3100000**	3100000
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	5	**85912075**	206358117
Cash and bank balances	6	**9190067223**	11036983283
Other current assets	7	**101113709**	118515443
Loans and advances	8	**147663575**	130478356
		9524756582	11492335199
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	9	**8981381637**	10961969147
Provisions	10	**49211570**	50655450
		9030593207	11012624597
Net current assets		**494163375**	479710602
TOTAL		**508004163**	494468559

Notes on accounts 19

Schedules 1 to 19 and accounting policies form integral part of accounts.

As per our attached report of even date
For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Puneet Singla)	**(Vishwaroop)**	**(A K Singhal)**	**(Arup Roy Choudhury)**
Partner	Chief Executive Officer	Director	Chairman

Place: New Delhi
Dated: 07th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2011

₹

	Schedule	31.03.2011	31.03.2010
INCOME			
Sales	11	**572544012**	757563215
Provisions written back	12	**45458**	-
Other income	13	**67953955**	42017646
Total		**640543425**	799580861
EXPENDITURE			
Employees' remuneration and benefits	14	**321689390**	263657155
Administration and other expenses	15	**161585430**	136106657
Depreciation		**1921997**	2913281
Provisions	16	-	45458
Interest & finance charges	17	**64364005**	62243
Total		**549560821**	402784793
Profit before Tax & Prior Period Adjustments		**90982604**	396796068
Prior Period income/expenditure (net)	18	**-**	(7214855)
Profit before tax		**90982604**	404010923
Provision for:			
Current tax		**30803000**	137790000
Deferred tax		**29804**	320039
		30832804	138110039
Profit after tax		**60149800**	265900884
Balance brought forward		**431934036**	239831152
Balance available for appropriation		**492083836**	505732036
Transfer to General Reserve		**6100000**	27000000
Dividend			
Interim		**-**	-
Proposed		**40000000**	40000000
Tax on Dividend			
Interim		**-**	-
Proposed		**6644000**	6798000
Balance carried to Balance Sheet		**439339836**	431934036
Earning Per Share (Equity shares, face value ₹10/- each) - Basic and Diluted - Non annualised		**743.42**	3286.38

As per our attached report of even date
For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Puneet Singla)	**(Vishwaroop)**	**(A K Singhal)**	**(Arup Roy Choudhury)**
Partner	Chief Executive Officer	Director	Chairman

Place: New Delhi
Dated : 07th May, 2011

NTPC ELECTRIC SUPPLY COMPANY LIMITED

Schedule 1
CAPITAL

	31.03.2011	31.03.2010 (₹)
Authorised		
10,000,000 equity shares of ₹ 10/- each (Previous year 10,000,000 equity shares of ₹ 10/- each)	**100000000**	100000000
Issued, Subscribed and Paid-Up		
80,910 equity shares of ₹ 10/- each (Previous year 80,910 equity shares of ₹ 10/- each) are held by the holding company, NTPC Ltd. and its nominees.	**809100**	809100

Schedule 2
RESERVES AND SURPLUS

	31.03.2011	31.03.2010 (₹)
General Reserve		
As per last Balance Sheet	**61100000**	34100000
Add: Transfer from Profit & Loss Account	**6100000**	27000000
	67200000	61100000
Surplus, balance in Profit & Loss Account	**439339836**	431934036
Total	**506539836**	493034036

Schedule 3
FIXED ASSETS

₹

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions / Adjustments	**As at 31.03.2011**	As at 01.04.2010	For the year	Deductions / Adjustments	Up to 31.03.2011	**As at 31.03.2011**	As at 31.03.2010
TANGIBLE ASSETS										
Temporary erection	190549	-	-	**190549**	190549	-	-	190549	**-**	-
Furniture, fixtures & other office equipment	10415547	1014375	5690	**11424232**	3597062	526421	495	4122988	**7301244**	6818485
EDP & WP machines	7282679	28926	47597	**7264008**	2504888	1333895	14319	3824464	**3439544**	4777791
INTANGIBLE ASSETS										
Software	936895	-	-	**936895**	875215	61680	-	936895	**-**	61680
Total	**18825670**	**1043301**	**53287**	19815684	**7167713**	**1921997**	**14814**	**9074896**	10740788	**11657957**
Previous period	13490095	5146844	(188731)	**18825670**	4163224	2913281	(91208)	7167713	**11657957**	9326871

Schedule 4
INVESTMENTS
(Valuation as per Accounting Policy No. 4)

	Number of shares Current Year / (Previous Year)	Face value per share Current Year / (Previous Year) (₹)	31.03.2011	31.03.2010 (₹)
LONG TERM				
Unquoted (fully paid-up)				
Equity Shares in Joint Venture Companies:				
KINESCO Power and Utilities Private Ltd.	50000 (50000)	10 (10)	**500000**	500000
Share application money pending allotment in:				
KINESCO Power and Utilities Private Ltd.			**2600000**	2600000
Total			**3100000**	3100000

Schedule 5
SUNDRY DEBTORS

	31.03.2011	31.03.2010
(Considered good, unless otherwise stated)		
Debts outstanding over six months		
Unsecured	**298478**	107199668
Other debts		
Unsecured	**85613597**	99158449
Total	**85912075**	206358117

Schedule 6
CASH AND BANK BALANCES

	31.03.2011	31.03.2010
Balances with scheduled banks		
Current Account	**306497156**	-
Term Deposit Account	**8883570067**	11036983283
Total	**9190067223**	11036983283

Schedule 7
OTHER CURRENT ASSETS

	31.03.2011	31.03.2010
Interest accrued on short term deposits with Indian banks	**99371209**	102348186
Other recoverables	**1742500**	16167257
Total	**101113709**	118515443

Schedule 8
LOANS & ADVANCES

		31.03.2011	31.03.2010
(Considered good, unless otherwise stated)			
ADVANCES			
Others			
Unsecured		**604095**	1763411
CENVAT recoverable			
Unsecured		**1501533**	6435249
DEPOSITS			
Advance tax & tax deducted at source	**400107732**		443915391
Less: Provision for taxation	**254549785**		321635694
		145557947	122279697
Total		**147663575**	130478356

Schedule 9
CURRENT LIABILITIES

	31.03.2011	31.03.2010 (₹)
Sundry Creditors		
For goods and services		
Other than Micro & Small Enterprises	**62037062**	91656160
Book overdraft	**7361113**	79426112
Deposits, retention money from contractors and others	**2269082**	1484088
	71667258	172566360
Advances from customers and others	**380476146**	587112819
Other liabilities	**10128522**	38665738
Amount received against deposit works	**8440941192**	10076776688
Amount payable to NTPC Ltd.	**78168519**	86847543
Total	**8981381637**	10961969147

Schedule 10
PROVISIONS

	31.03.2011	31.03.2010
Income/Fringe Benefit tax		
As per last Balance Sheet	**-**	-
Additions during the year	**30803000**	137790000
Amount adjusted during the year	**(223746785)**	(183845694)
Less: Set off against taxes paid	**254549785**	321635694
	-	-
Proposed Dividend		
As per last Balance Sheet	**40000000**	25000000
Additions during the year	**40000000**	40000000
Amounts used during the year	**40000000**	25000000
	40000000	40000000
Tax on Proposed Dividend		
As per last Balance Sheet	**6798000**	4248750
Additions during the year	**6644000**	6798000
Amounts used during the year	**6798000**	4248750
	6644000	6798000
Employee benefits		
As per last Balance Sheet	**3811992**	18552469
Additions during the year	**-**	-
Amounts used/reversed during the year	**1244422**	14740477
	2567570	3811992
Others		
As per last Balance Sheet	**45458**	-
Additions during the year	**-**	45458
Amounts used during the year	**45458**	-
	-	45458
Total	**49211570**	50655450

Schedule 11
SALES

	31.03.2011	31.03.2010
Consultancy, project management and supervision fees	**572544012**	757563215
Total	**572544012**	757563215

Schedule 12
PROVISIONS WRITTEN BACK

	31.03.2011	31.03.2010
Others	**45458**	-
Total	**45458**	-

Schedule 13
OTHER INCOME

		31.03.2011	31.03.2010
			₹
Reimbursables billed to clients		**11809**	216036
Interest from Indian Banks (Gross) (Tax deducted at source ₹ 64872199, Previous period ₹ 57485910)	**513273198**		399113336
Less: Transferred to amount received against deposit works - Schedule 9	**451784557**		357311726
		61488641	41801610
Interest on Income Tax refunds		**6441816**	-
Others		**4704**	-
Profit on disposal of fixed assets		**6985**	-
Total		**67953955**	42017646

Schedule 14
EMPLOYEES' REMUNERATION AND BENEFITS

	31.03.2011	31.03.2010
Salaries, wages, bonus, allowances & benefits	**282960160**	225805546
Contribution to provident and other funds	**24727947**	25156602
Welfare expenses	**14001282**	12695007
Total	**321689390**	263657155

Schedule 15
ADMINISTRATION AND OTHER EXPENSES

		31.03.2011	31.03.2010
Power charges		**682044**	471463
Rent		**4291505**	4428865
Repairs and maintenance			
Others	**46179261**		37921986
		46179261	37921986
Insurance		**419129**	27752
Training and recruitment expenses		**121454**	108550
Communication expenses		**4215396**	3583358
Traveling expenses		**30083774**	29422319
Tender expenses	**767200**		200915
Less: Receipt from sale of tenders	**119250**		13546
		647950	187369
Payment to Auditors		**105650**	120291
Advertisement & publicity		**26664**	277000
Security expenses		**720600**	-
Entertainment expenses		**1533312**	1413419
Expenses for transit camp		**353890**	694346
Brokerage & commission		**11350**	33000
Books and periodicals		**124154**	111139
Professional charges & consultancy fees		**48616539**	35093276
Legal expenses		**12450**	-
EDP hire and other charges		**1107729**	971672
Printing and stationary		**1192748**	1010304
Expenses on hiring of vehicles		**18849454**	17248251
Miscellaneous expenses		**2290377**	2982301
Total		**161585430**	136106657

Schedule 16
PROVISIONS

	31.03.2011	31.03.2010
Others	**-**	45458
Total	**-**	45458

Schedule 17
INTEREST AND FINANCE CHARGES

	31.03.2011	31.03.2010
Interest on:		
Others	**64361447**	3908
Finance Charges:		
Bank charges	**2558**	58335
Total	**64364005**	62243

Schedule 18
PRIOR PERIOD INCOME/EXPENDITURE (NET)

	31.03.2011	31.03.2010
INCOME	**-**	-
EXPENDITURE		
Salary, wages, bonus, allownaces & benefits	**-**	(7198232)
Depreciation	**-**	(16623)
Total	**-**	(7,214,855)

SCHEDULE - 19
NOTES ON ACCOUNTS

1) The Company is operating in a single segment, that is providing consultancy, project management and supervision services.

2) Earning per share:
The elements considered for calculation of Earning Per Share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (₹)	**6,01,49,800**	26,59,00,884
Weighted average number of equity shares used as denominator	**80,910**	80,910
Earning per share (₹) – Basic & Diluted	**743.42**	3,286.38
Face value per share (₹)	**10.00**	10.00

3) Disclosure regarding Operating Leases:
The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Schedule 14 - Employees' remuneration and benefits include ₹ 2,00,27,309 (Previous year ₹ 1,93,54,842) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps amounting to ₹ 42,91,505 (Previous year ₹ 44,28,865) are shown as Rent in Schedule 15 - Administration and other expenses.

4) The item-wise details of deferred tax liability (net) are as under: ₹

	31.03.2011	31.03.2010
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	**6,70,327**	6,09,971
ii) Provisions disallowed for tax purposes	**(15,100)**	15,452
Less: Deferred tax assets		
i) Provisions disallowed for tax purposes	**-**	-
Deferred Tax Liability (Net)	**6,55,227**	6,25,423

The net increase in the deferred tax liability of ₹ 29,804 (Previous year increase ₹ 3,20,039) has been debited to Profit and Loss Account.

5) Interest in Joint Venture Entities:

Company	Proportion of ownership interest as on (excluding Share Application Money)	
	31.03.2011	31.03.2010
KINESCO Power and Utilities Pvt. Ltd.	**50%**	50%

The above entity is incorporated in India. The Company's share of the assets, liabilities, contingent liabilities and capital commitment as at 31st March 2011 and income and expenses for the year based on unaudited accounts are given below: ₹/lacs

		31.03.2011	31.03.2010
A	Assets		
	• Long Term Assets	**674.95**	670.28
	• Current Assets	**205.75**	92.30
	Total	**880.70**	762.58
B	Liabilities		
	• Long Term Liabilities	**85.13**	33.35
	• Current Liabilities & Provisions	**795.57**	729.23
	Total	**880.70**	762.58
C	Contingent Liabilities	**25.42**	-
D	Capital Commitments	**-**	-
		Current Year	Previous Year
E	Income	**943.81**	145.84
F	Expenses	**879.83**	145.32

6) All the employees of the Company are on secondment from the Holding Company, i.e. NTPC Ltd.

7) Employees' remuneration and benefits include ₹ 1,88,90,019 (Previous year ₹ 1,63,37,914) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell gift on retirement and economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation, being defined benefits, at the year end. Therefore, disclosures in compliance of AS - 15 are not being made as the same are being done by the Holding Company.

8) The common services being utilized by the Company for it's' office at NOIDA are provided without any charges by the Holding Company.

9) ₹ 45,17,84,557 (Previous year ₹ 35,73,11,726) towards interest earned on investment of advances received from REC Ltd. is not the income of the Company as it is attributable to REC Ltd. and therefore has been reduced from interest income (Schedule - 13) and transferred to amount received against deposit works (Schedule - 9).

10) The Company recognizes revenue from Project Management Services only for services charges by differentiating it from Project Management Services, which are falling under the scope of AS - 7, as the former are on 'Deposit Work' basis, as per Accounting Policy 5.1.1. As per AS - 7, Project Management Services are included within the scope of 'Construction Contracts' under which proportionate completion method using gross value of the contract has been prescribed. An opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India has been sought on this issue pending which Accounting Policy 5.1.1 is followed.
Information in respect of cost plus consultancy contracts: ₹/lacs

	Current Year	Previous Year
Amount of revenue recognised on cost plus consultancy contract on deposit work basis	**4841.34**	6594.59
Amount disbursed for cost plus consultancy contracts	**54653.28**	70273.96
Amount of advance received from customers for cost plus consultancy contracts	**30551.50**	112934.66
Gross amount due from customers for contract works as an asset	**Nil**	Nil
Gross amount due to customers for contract works as a liability	**2.23**	Nil

11) Payment to the Statutory Auditors (Schedule 15) ₹

	Current Year	Previous Year
Audit Fees	**66,000**	72,500
Tax audit Fees	**24,500**	21,000
Reimbursements - Traveling Expenses - Service Tax	 **15,150** **-**	 17,160 9,631
	1,05,650	1,20,291

12) Amounts due to Micro, Small and Medium Enterprises are ₹ Nil (Previous year ₹ Nil).

13) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil (Previous year ₹ Nil).

14) Contingent Liabilities - Company's liability towards reimbursement of Income Tax on HRR perks amounting to ₹ 49,85,286 (Previous year ₹ 31,56,706) stayed by the Hon'ble Allahabad High Court.

15) Managerial remuneration paid/payable to Chief Executive Officer: ₹

	Current Period	Previous Period
Salaries and allowances	**18,86,338**	24,98,958
Contribution to provident fund & other funds including gratuity & group insurance	**1,61,418**	2,72,220
Other benefits	**99,681**	1,58,618

In addition to the above remuneration, the Chief Executive Officer has been allowed the use of staff car, including for private journeys, on payment of ₹ 780 per month, as contained in the Ministry of Finance (BPE) Circular No.2 (18)/pc/64 dt.29.11.64, as amended.

The provisions for / contribution to gratuity, leave encashment and post-retirement medical facilities are ascertained on actuarial valuation done by the Holding Company i.e. NTPC Limited and apportioned on overall basis and hence not ascertainable separately.

16) Previous year's figures have been regrouped/rearranged wherever necessary.

17) Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 0 5 5

Registration No. U 4 0 1 0 8 D L 2 0 0 2 G O I 1 1 6 6 3 5

Balance-Sheet date — Date 3 1 Month 0 3 Year 2 0 1 1

II. Capital Raised during the year (₹ in Thousands)

Public Issue: N I L	Right issue: N I L
Bonus Issue: N I L	Private Placement: N I L

III. Position of Mobilization and Deployment of Funds (Amount in ₹ Thousands)

Total Liability: 9 5 3 8 5 9 7	Total Assets: 9 5 3 8 5 9 7

Source of Funds

Paid-up Capital: 8 0 9	Reserves & Surplus: 5 0 6 5 4 0
Secured Loans: N I L	Unsecured Loans: N I L
Deferred Tax Liability: 6 5 5	

Application of Funds

Net Fixed Assets: 1 0 7 4 1	Investment: 3 1 0 0
Net Current Assets: 4 9 4 1 6 3	Deferred Tax Asset: N I L
Misc. Expenditure: N I L	Accumulated Losses: N I L

IV. Performance of Company(Amount in ₹ Thousands)

Turnover: 5 7 2 5 4 4	Total Expenditure: 5 4 9 5 6 1
Profit Before Tax: 9 0 9 8 3	Profit After Tax: 6 0 1 5 0
Earning Per Share in ₹: 7 4 3 . 4 2	Dividend Rate%: 4 9 4 3 . 7 6

V. Generic Name of three Principal Product/Services of Company
(As per monetary terms)

Item Code No. (ITC Code): N A

Product Description: C o n s u l t a n c y S e r v i c e s

For Bhudladia & Company For and on behalf of Board of Directors
Chartered Accountants

(Puneet Singla)	**(Vishwaroop)**	**(A K Singhal)**	**(Arup Roy Choudhury)**
Partner	Chief Executive Officer	Director	Chairman

Place: New Delhi
Dated: 7th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

₹

		31.03.2011	31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax and Prior Period Adjustments		**90982604**	396796068
Adjustment for:			
Depreciation		**1921997**	2913281
Provisions		**-**	45458
Interest Received		**(61488641)**	(41801610)
Prior period adjustments (net)		**-**	7214855
Provisions written back		**(45458)**	-
Operating Profit before Working Capital Changes		**31370502**	365168052
Adjustment for:			
Trade & Other Receivables	**120446042**		(34218076)
Trade Payables & Other Liabilities	**(1981831932)**		4880505271
Other Current Assets	**14424757**		(3973374)
Loans & Advances	**6093031**	**(1840868102)**	(6607448)
Cash generated from operations		**(1809497599)**	5200874426
Direct Taxes Paid		**54081250**	140859715
Net Cash from Operating Activities - A		**(1863578850)**	5060014711
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		**(1004828)**	(5244367)
Interest Received		**64465618**	(30092790)
Investment in Joint Venture		**-**	(2600000)
Net cash flow from Investing Activities - B		**63460790**	(37937157)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		**(40000000)**	(25000000)
Tax on Dividend		**(6798000)**	(4248750)
Net Cash flow from Financing Activities - C		**(46798000)**	(29248750)
D. OTHERS		**-**	-
Net Increase/Decrease in Cash & Cash equivalents (A + B + C + D)		**(1846916059)**	4992828804
Cash & cash equivalents (Opening balance)		**11036983283**	6044154479
Cash & cash equivalents (Closing balance)		**9190067223**	11036983283

Notes: Cash & Cash equivalents consist of Cash in Hand and Balance with Banks.
Previous period's figures have been regrouped/rearranged wherever necessary.

For Bhudladia & Company For and on behalf of Board of Directors
Chartered Accountants

(Puneet Singla)	**(Vishwaroop)**	**(A K Singhal)**	**(Arup Roy Choudhury)**
Partner	Chief Executive Officer	Director	Chairman

Place: New Delhi
Dated: 7th May, 2011

AUDITORS' REPORT

To the Members of
NTPC ELECTRIC SUPPLY COMPANY LTD.

1. We have audited the attached Balance Sheet of NTPC Electric Supply Company Ltd. (a wholly owned subsidiary of NTPC Ltd.) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's managment. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a resonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 ('CARO'), as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered approriate, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Attention is drawn to:

4.1 Note 10 in Schedule 19-notes on accounts, in respect of income recognition policy for project management services for service charges alone by differentiating them from those covered by Accounting Standard 7, pending expert opinion from ICAI on the matter.

4.2 The fact that technical estimates for the purpose of measurment of income as certified by the management have been relied upon by us.

4.3 Note 7 in Schedule 19-Notes on accounts, in respect of accounting for employee benefits. Compliance with discloure requirments in Accounting Standards 15-Employee Benefits, in the separate financial statement of a subsidary, whether required or not, in the context that the parent holding company is complying with the same in its financial statements in a matter, for which expert opinion from ICAI is awaited.

4.4 Note 7 in Schedule 19-Notes on Accounts, in respect of employee benefits does not specify about the measurment and recognition of provident fund expenses, forming part of employee benefits. According to the information gathered by us, provident fund expenses are defined benefits in the Company, which are accounted for on the basis of actual contribution. An expert opinion of ICAI on the matter whether accounting for the same is required under actuarial valuation or not is awaited.

5. Further to our comments in Annexure referred to in para 3 & 4 above, we report that:
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except for items covered by points 4 above;
   (e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the Company;
   (f) In our opinion, and according to the best of our information and according to the explanations given to us, and subject to forgoing paragraph, the said accounts read with the Accounting Policies and Notes thereon in Schedule 19, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
      a. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
      b. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
      c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Bhudladia & Company
Chartered Accountants
Firm Reg. No. 002511N
(Puneet Singla)
Partner
Membership No.: 506277

Place: New Delhi
Date : 7th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the statement of accounts of M/s NTPC Electric Supply Company Ltd., New Delhi for the year ended on 31st March 2011)

(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
    (b) The fixed assets of the Company are verified by the management at the intervals of two years. During the year physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which is in our opinion considered resonable having regard to the size and nature of its assets. No material discrepancies were notice on such verification.
    (c) In our opinion and according to the explanations given to us, there is no disposal of fixed assets during the year.

(ii) The company does not have any inventory. Consequently, clauses (ii) (a) to (ii) (c) of paragraph 4 of CARO are not applicable to the Company.

(iii) According to information and explainations given to us, the company has not granted or taken any secured or unsecured loans, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (g) of paragraph 4 of CARO are not applicable

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

(v) (a) According to the information and explainations given to us, we are of the opinion that there are no contracts or arrangement of the Company, referred to in Section 301 of the Companies Act, 1956, which requires to be entered in the register required to be maintained under that section.
    (b) According to the information and explainations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during year to ₹ 5,00,000 or more with any party.

(vi) The Company has not accepted any public deposits during the year.

(vii) In our opinion, the Company has an internal audit systems commensurate with the size and nature of its business.

(viii) The maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to the company, as the company has not commenced any activities related to distribution of electricity.

(ix) (a) The Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sale Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues, with appropriate authorities. *Being a wholly owened subsidary of M/s. NTPC Ltd. all the employees are on secondment basis, therefore Provident fund on their salaries is being deposited by the holding company.*
     (b) According to the information and explanation given to us, there are no undisputed statutory dues outstanding for period of more than six months from the date they became payble, as per books of accounts as at 31st March, 2011.
     (c) According to the information and explanation given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2011 as given herein below:

Statue	Nature of Dues	Amount (₹)	Forum where disputes are pending
Income Tax Act, 1961	TDS on perks Income Tax	49,85,286	High Court, Allahbad

(x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) The Company has not taken any loans from any financial institutions, bank or by way of issue of debentures. Consequently, clause (xi) of paragraph 4 of CARO is not applicable.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause (xiii) of paragraph 4 of CARO is not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Consequenly, clause (xiv) of paragraph 4 of CARO is not applicable to the Company.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) The Company has not raised any term loans.

(xvii) According to the information and explanations given to us, the Company has not raised any short term or long-term funds.

(xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.

(xx) According to the information and explanations given to us, the Company has not raised money through a public issue during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For Bhudladia & Company
Chartered Accountants
Firm Reg. No. 002511N
(Puneet Singla)
Partner
Membership No.: 506277

Place: New Delhi
Date : 7th May, 2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 07 May 2011.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC Electric Supply Company Limited, New Delhi for the year ended 31 March 2011 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(M. K. Biswas)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 16th May, 2011

NTPC HYDRO LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 9th Annual Report on the performance of the Company for the financial year ended 31st March, 2011 together with the Audited Accounts and Auditors' Report thereon.

OPERATIONAL REVIEW

Your Company is presently executing two projects namely, Lata Tapovan Hydro Electric Project (171 MW), located in Chamoli District of Uttarakhand and Rammam Hydro Electric Project, Stage – III (120 MW) located in Darjeeling District of West Bengal and West Sikkim District of Sikkim.

Lata Tapovan HEP is being developed as a regional power station with 12% free power to the State of Uttarakhand. In respect of Lata Tapovan HEP, all requisite statutory clearances have been obtained and physical possession of land required for the project has also been obtained.

Rammam HEP, Stage – III, is being developed for the benefit of West Bengal and Sikkim. An interstate agreement between West Bengal and Sikkim in this regard have been signed. All requisite statutory clearances and physical possession of land has been obtained. Infrastructure Development activities like construction of approach road and bridges are under progress.

Both the projects have been planned for implementation through EPC routes and the EPC packages are under various stages of bidding. These projects are slated for commissioning during 12th Plan period.

Your company has entered into Power Purchase Agreements, for Lata Tapovan HEPP and Power Purchase Agreement for Rammam HPP is under discussion with concerned beneficiary.

Your Board of Directors in its 36th meeting has accorded in-principle approval for merger of NTPC Hydro limited with NTPC Limited.

FINANCIAL REVIEW

The financial highlights of the Company are as under:

(₹ in Crore)

Particulars	FY 2010-11	FY 2009-10
Paid-up Share Capital	113.96	100.80
Share Capital Deposit – Pending Allotment	0.5	1.75
Net Block	22.47	22.42
Capital Work in progress	79.09	68.34
Construction Stores & Advances	7.17	7.20
Expenditure transferred to EDC	6.02	7.76

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion analysis report for the year under review as stipulated under the provisions of the DPE Guideline on Corporate Governance is enclosed as Annexure-I.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2011.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C& AG) vide letter dated 22nd August 2009 had appointed M/S KSMN & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2010-11. M/S KSMN & Company had conducted statutory audit of the books of accounts for the financial year 2010-11 and there is no adverse comment, observation or reservation in the Auditors' Report on the accounts of the Company.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) vide its letter dated 16th May 2011 have communicated that C&AG have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2011 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. Copy of the letter received from C&AG is enclosed as an annexure to the report of the Statutory Auditors.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act 1956, your Company has constituted an Audit Committee of the Board of Directors. The Audit Committee Comprises of :

1. Shri A.K. Singhal, Director
2. Shri B.P.Singh, Director
3. Shri D.K.Jain, Director

During the year under review two meetings of the Audit Committee were held on 05th May, 2010 and 17th December, 2010 respectively.

PARTICULARS OF EMPLOYEES

As no employee in the Company is having earning over the amount specified under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 , therefore, particulars of employees are not required to be given.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Since the projects undertaken by the Company are in implementation stages, there are no significant particulars, relating to conservation of energy & technology absorption as required to be given under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

During the period under review, there was no earning or expenditure in foreign currency.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm that:

1. in the preparation of the Annual Accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2011 and of the loss of the company for the said period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the annual accounts for the financial year ended 31st March 2011, on going concern basis.

BOARD OF DIRECTORS

Consequent upon superannuation from the services of NTPC Limited, Shri R.S.Sharma ceased to be the Chairman of the Company w.e.f. 31st August, 2010. Your Board places on record its deep appreciation for the invaluable contribution made by him during his tenure. In exercise of powers conferred under Article 101 of the Articles of Association of the Company, NTPC Limited i.e. holding Company has appointed Shri Arup Roy Choudhury, Chairman & Managing Director, NTPC as Chairman on the Board of your Company w.e.f. 25th September 2010. In terms of Section 260 of the Companies Act, 1956, Shri Arup Roy Choudhury will hold office upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a member of the Company proposing their candidature for the office of Director liable to retire by rotation.

As per the provisions of the Companies Act, 1956, Shri B.P.Singh, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by the NTPC Limited, the holding Company, Ministry of Power & other agencies of Govt. of India, Govt. of Uttrakhand, Govt. of West Bengal, Govt. of Sikkim, Auditors, Bankers and employees of the Company.

For and on behalf of the Board of Directors

Place : Delhi New
Dated : July 06, 2011

(Arup Roy Choudhury)
Chairman

ANNEXURE-I

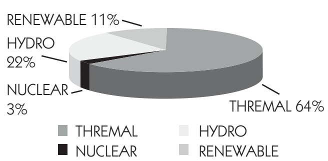
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENT

Energy is the lifeline of modern economies. It constitutes a part of basic infrastructure. The power sector provides one of the most important inputs for the development of a country and availability of reliable and affordable power is critical for its sustainable economic development.

As on 31st March, 2011, the total installed capacity in India was 173626.40 MW out of which, share of Thermal, Hydro, Nuclear and Renewable energy sources were as follows:

INSTALLED CAPACITY (MW)



	Installed Capacity (MW)
Thermal	112824.48
Nuclear	4780.00
Hydro	37567.40
Renewable Energy	18454.52
Total	**173626.40**

(Source: Central Electricity Authority)

Hydro power is a renewable, economic, non polluting and environmentally benign source of energy. Hydro power stations have the inherent ability for instantaneous starting, stopping, load variations etc. and help in improving reliability of power system. In addition to above, in hydro projects the generation cost reduces over time and also have long useful life. Hydro projects help in conserving scarce fossil fuel and also reduce emission of green house gases. Moreover, as hydro projects are mostly located in remote and backward areas, construction of hydro projects and infrastructure associated with the hydro projects help in opening avenues of development of remote and backward areas. The benefits of hydro power as a clean, environment friendly and economically attractive source of energy have now been sufficiently recognised.

Our Country has been endowed with enormous hydro power potential, last assessed to be 84000 MW at 60% load factor which assessed to be about 150000 MW in terms of installed Capacity. However, installed capacity of hydro electric projects was only 37,567 MW as on 31st March 2011.

In addition to above, 6782 MW of installed capacity has been accessed from small, mini and micro hydel schemes.

II. STRENGTHS

Your company is presently executing two projects namely, Lata Tapovan Hydro Electric Project (171 MW), located in Chamoli District of Uttarakhand and Rammam Hydro Electric Project, Stage – III (120 MW) located in Darjeeling District of West Bengal and West Sikkim District of Sikkim. Your Company has received all statutory clearances for both projects and infrastructure development activities are presently being carried out. Both the projects are to be executed on EPC package basis, which are under various stages of bidding.

Strong design and engineering support

Your Company is a wholly owned subsidiary of NTPC Limited. NTPC has installed capacity of more than 34000 MW. Currently, NTPC is developing three hydro projects namely Tapovan Visnugad Hydro Electric Project (520 MW), Koldam Hydro Electric Project (800 MW) and Singrauli CW discharge small hydro project (8MW). With a view to take advantage of expertise of NTPC in engineering, design, contractual and other technical issues, your company has entered into working arrangement with NTPC Limited under which all pre and post award engineering as well as processing and award of EPC packages in respect of Lata Tapovan Hydro Electric Project and Rammam Hydro Electric Project (Stage-III) will be done by NTPC.

Power Purchase Agreements with customers

Your company has entered in to Power Purchase Agreements, for Lata Tapovan Hydro Electric Project, with North Delhi Power Ltd., BSES Yamuna Power Ltd., BSES Rajdhani Power Ltd., Dakshin Haryana Bijlee Vitran Nigam Ltd., Uttar Haryana Bijlee Vitran Ltd, Jaipur Vidyut Vitran Ltd., Ajmer Vidyut Vitran Nigam Ltd. and Jodhpur Vidyut Vitran Nigam Ltd., Himachal Pradesh State Electricity Board, Uttar Pradesh Power Corporation Ltd., Uttarakhand Power Corporation, Govt. of Jammu and Kashmir, Punjab State Power Corporation Ltd. and Electricity wing of Engineering Deptt of Union Territory of Chandigarh. The Power Purchase Agreements provide for opening of Letter of Credit, Default Escrow Arrangement and first charge on the Incremental receivables with a view to secure realization of payment.

Power Purchase Agreement for Rammam Hydro Electric Project is under discussion with concerned beneficiary.

III. OPPORTUNITIES

Hydro power projects not only generate clean energy but also provide drinking water supply, irrigation, increased employment opportunities, industrial development etc. to the region. The Government of India has accorded a high priority to the development of Hydro Potential in the country and in recent years Government has taken a number of policy initiatives to address the issues impending the development of Hydro Power. Various reforms and initiatives like enactment of Electricity Act, 2003, ranking study of potential hydro sites by CEA in 2001, 50000 MW Hydro Electric initiative, National Water Policy-2005 etc. have been taken by the Government of India to accelerate development of Hydro Power in the Country. Further, the cabinet in January 2008 had approved a New Hydro Policy-2008 with a view to address various problems which have impeded the development of Hydro Power from time to time. Under 50000 MW Hydro Electric initiatives, CEA has prepared Pre-feasibility Report for 162 hydro projects in 16 states across India.

Both projects of your company are slated for commissioning during the 12th Plan period.

IV. OUTLOOK

As per the assessment of CEA, the country is endowed with hydro potential of approx. 150000 MW. Further, Hydro power potential at 60% load factor, had been estimated at 84,000 MW. At present, installed Hydro Power Capacity of the Country is 37,567.40 MW only. Therefore, there is huge potential in the areas of Hydro Power which are yet to be harnessed.

V. RISK & CONCERNS/WEAKNESS/ THREATS

Environmental & Forest Clearance, lack of infrastructure facilities like roads & construction power, issues relating to land acquisition and R&R, apportionment of catchment area treatment among various beneficiaries, net present value and its upfront payment for assessing the cost of forest diversion etc. are some of the areas of concern which has marred development of Hydro Power in the Country. Hydro Projects are highly capital intensive and have long gestation periods.

VI. INTERNAL CONTROL SYSTEM

Your Company has adequate Internal Control system at its projects and administrative offices. Your Company is following defined Scheme of Delegation of Power for its employees. In order to ensure that all checks and balances and internal controls are in order, internal audit of all projects and administrative offices are carried out by independent firms of Chartered Accountants and findings of Internal Auditors are placed before the Audit Committee of the Board. Further, being a wholly owned subsidiary of NTPC, the internal control mechanism of the Company is also subject to review periodically by the Internal Audit Department of the NTPC.

VII. FINANCIAL PERFORMANCE

During the financial year Paid-up share Capital of the Company has increased from ₹ 100.80 Crore to ₹ 113.96 crore. The Capital work in progress has increased by ₹ 10.75 Crore. The projects undertaken by the Company are in construction stage, therefore all the administrative expenditures of the Company are transferred to Capital work-in-progress.

VIII. HUMAN RESOURCE

At present, 22 executives are posted in the Company and all employees are on secondment basis from NTPC Limited. Development of Human resource by imparting Training is a continuous process. In your Company, there is a policy of imparting minimum 7 days training in a year. Training programs are generally conducted in association with Power Management Institute, one of the leading training institute in Power Sector.

IX. ENVIRONMENT PROTECTION

As a responsible corporate citizen, your Company is committed for protection of environment and ecological balance in areas around the project. Both projects undertaken by the Company have received environment clearances from the Ministry of Environment & Forests. The Company has made all payments, which were required to be made for compensatory afforestation to the State Governments.

X. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : July 06, 2011

(Arup Roy Choudhury)
Chairman

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. FIXED ASSETS

3.1 Fixed Assets are carried at historical cost less accumulated depreciation.

3.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.

3.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.

3.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.

3.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

3.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

3.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

4. CAPITAL WORK-IN-PROGRESS

4.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.

4.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.

4.3 Deposit work/ cost plus contracts are accounted for on the basis of statements of account received from the contractors.

4.4 Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

5. PROFIT AND LOSS ACCOUNT

EXPENDITURE

5.1 Depreciation is charged on straight line method following the rates and methodology notified by CERC Regulations, 2009 except for the following assets based on their estimated useful life :

1	Personal computers & laptops including peripherals	5 Years
2	Photocopiers & Fax Machines	5 Years
3	Water Coolers and Refrigerators	12 Years

5.2 Depreciation on addition to / deduction from fixed assets during the year is charged on pro-rata basis from / upto the month in which the asset is available for use / disposal.

5.3 Assets costing upto ₹ 5000/- are fully depreciated in the year of acquisition.

5.4 Cost of software recognized as intangible assets, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier. Intangible assets – Others are amortized on straight line method over the period of legal right to use.

5.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged prospectively at the rates and methodology notified by CERC Regulations.

5.6 Capital expenditure on asset not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.

5.7 Leasehold lands and buildings are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Regulations. Leasehold land acquired on perpetual lease is not amortised.

5.8 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

5.9 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognized in the statement of Profit & Loss Account.

5.10 Prepaid expenses and prior period expenses /income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

6. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

7. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

NTPC HYDRO LIMITED
BALANCE SHEET AS AT 31st March 2011

₹

	Schedule No.	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Share Capital	1	**1,139,595,000**	1,007,990,400
Share Capital Deposit-Pending Allotment		**5,000,000**	17,500,000
Total		**1,144,595,000**	1,025,490,400
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	**232,061,369**	229,738,740
Less: Depreciation		**7,328,951**	5,557,631
Net Block		**224,732,418**	224,181,109
Capital Work in Progress	3	**790,905,993**	683,358,940
Construction Stores & Advances	4	**71,667,987**	71,997,329
		1,087,306,398	979,537,378
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	5	**2,086,045**	3,650,243
Loans and Advances	6	**312,249**	4,407,926
Other Current Assets	7	**10,311**	14,489
		2,408,605	8,072,658
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	8	**26,442,624**	43,180,657
Provisions	9	**4,071**	265,671
		26,446,695	43,446,328
Net Current Assets		**(24,038,090)**	(35,373,670)
PROFIT & LOSS ACCOUNT		**81,326,692**	81,326,692
Total		**1,144,595,000**	1,025,490,400
Notes on Accounts	16		

Schedules 1 to 16, significant accounting policies form integral part of accounts.

As per our report of even date
For M/s KSMN & COMPANY
Chartered Accountants
Firm Reg. No. 001075N

For and on behalf of Board of Directors

(Praveen Kumar Verma) Partner, Membership No. 504686
(Manish Kumar) Company Secretary
(A K Singhal) Director
(Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 29th April, 2011

NTPC HYDRO LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

₹

	Schedule No.	Current Year 31.03.2011	Previous Year 31.03.2010
INCOME			
Other Income	10	-	-
EXPENDITURE			
Employees' remuneration and benefits	11	-	-
Administration & other expenses	12	-	
Depreciation	2	-	-
Finance charges	13	-	-
Total Expenditure		-	
Loss before Tax and Prior Period Adjustment		-	
Prior period expenditure	14	-	
Loss before Tax		-	
Less:Allocated to EDC		-	
Loss after Tax		-	
Balance brought forward		(81,326,692)	(81,326,692)
Balance carried to Balance Sheet		(81,326,692)	(81,326,692)
Expenditure During Construction	15	-	
Earning per share(Basic/Diluted)			
Notes on Accounts	16		

Schedules 1 to 16, significant accounting policies form integral part of accounts.

As per our report of even date
For M/s KSMN & COMPANY
Chartered Accountants
Firm Reg. No. 001075N

For and on behalf of Board of Directors

(Praveen Kumar Verma) Partner, Membership No. 504686
(Manish Kumar) Company Secretary
(A K Singhal) Director
(Arup Roy Choudhury) Chairman

Place: New Delhi
Dated: 29th April, 2011

NTPC HYDRO LIMITED
SCHEDULES – FORMING PART OF ACCOUNT

₹

	As at 31.03.2011	As at 31.03.2010
Schedule 1		
CAPITAL		
AUTHORISED		
500,000,000 equity shares of ₹ 10/- each (Previous year 500,000,000 equity shares of ₹ 10/- each)	5,000,000,000	5,000,000,000
ISSUED,SUBSCRIBED AND PAID-UP		
113,959,500 equity shares of ₹ 10/- each fully paid up (Previous year 100,799,040 equity shares of 10/- each fully paid up) held by the holding company, N T P C Limited and its nominees	1,139,595,000	1,007,990,400
Total	1,139,595,000	1,007,990,400

Schedule 2
FIXED ASSETS

₹

Fixed Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2010	Additions	Deductions/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the year	Deductions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land										
(including development expenses)										
Freehold	156,146,927	471,633	-	156,618,560	-	-	-	-	156,618,560	156,146,927
Leasehold	14,248,631	-	(3,286,080)	17,534,711	987,293	580,135	(343,519)	1,910,947	15,623,764	13,261,338
Plant & Machinery	78,825	-	-	78,825	21,347	3,630	(431)	25,408	53,417	57,478
Furniture, Fixtures & other office equipments	4,841,852	-	-	4,841,852	2,097,573	248,523	33,086	2,313,010	2,528,842	2,744,279
EDP WP & SATCOM Equipments	4,232,545	-	-	4,232,545	2,329,503	526,097	89,775	2,765,825	1,466,720	1,903,042
Electrical Installations	82,569	-	-	82,569	12,630	4,185	2,538	14,277	68,292	69,939
Capital expenditure on assets not owned by the company	49,536,795	-	1,435,084	48,101,711	-	-	-	-	48,101,711	49,536,795
INTANGIBLE ASSETS										
Software	570,596	-	-	570,596	109,285	190,199	-	299,484	271,112	461,311
Total	229,738,740	471,633	(1,850,996)	232,061,369	5,557,631	1,552,769	(218,551)	7,328,951	224,732,418	224,181,109
Previous Year	81,494,996	151,306,738	3,062,994	229,738,740	4,266,017	1,360,851	69,237	5,557,631	224,181,109	77,228,979

Depreciation for the year is allocated as given below:-	Current Year	Previous Year
Charged to Profit & Loss Account	1,552,769	1,360,851
Transferred to Expenditure During Construction(Schedule 15)	1,552,769	1,360,851
Total	-	-

Schedule 3
CAPITAL WORK-IN-PROGRESS

	As at 01.04.2010	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2011
Roads, Bridge, Culverts & Helipads	14,045,322	12,994,529	-	-	27,039,851
Dams,Spillways	174,366,000	34,152,960	-	-	208,518,960
Expenditure towards diversion of forest land	81,520,537	-	-	-	81,520,537
Expenditure during construction	360,466,558	60,162,108	-		420,628,666
Survey,Investigation ,Consultancy and Supervision Charges	52,960,523	237,456	-	-	53,197,979
Total	683,358,940	107,547,053	-	-	790,905,993
Previous Year	611,329,703	117,222,638	(3,058,019)	48,251,420	683,358,940

Schedule 4

CONSTRUCTION STORES AND ADVANCES ₹

	As at 31.03.2011	As at 31.03.2010
ADVANCES FOR CAPITAL EXPENDITURE		
Unsecured, considered good	-	-
Covered by bank guarantees	16,393,679	16,431,685
Others	55,274,308	55,565,644
Total	71,667,987	71,997,329

Schedule 5

CASH & BANK BALANCES

Balances with scheduled banks		
Current Accounts	2,036,045	3,600,243
Term Deposit Account*	50,000	50,000
Total	2,086,045	3,650,243

*(Includes ₹ 50000 (Previous Year : 50000) deposited with state tax authorities

Schedule 6

LOANS AND ADVANCES

ADVANCES		
Others		
Unsecured,considered good	149,194	4,163,525
DEPOSITS		
Others	100,000	104,400
ADVANCES		
Advance Tax & Tax Deducted at Source	63,055	140,001
Total	312,249	4,407,926

Schedule 7

OTHER CURRENT ASSETS

Interest Accrued (on Term Deposits)	10,311	14489
Total	10,311	14489

Schedule 8

CURRENT LIABILITIES

Sundry Creditors		
For capital expenditure		
Other than micro & small enterprises	11,796,603	19,233,335
For goods and services		
Other than micro & small enterprises	4,061,432	5,032,073
Deposits,Retention Money from Contractors and Others	5,758,246	2,695,061
Less: Investments held as security	-	-
	21,616,281	26,960,469
Amount payable to NTPC Ltd.	3,792,166	10,004,866
	25,408,447	36,965,335
Other Liabilities	1,034,177	6,215,322
Total	26,442,624	43,180,657

Schedule 9

PROVISIONS

Provision for Employee Benefits		
Opening Balance	265,671	2091825
Addition during the year	-	-
Less : Used During The Year	261,600	1826154
Total	4,071	265671

Schedule 10

Other Income

Income from other source		
Interest Accrued on Deposit (Gross) (Tax deducted at source : Current Year - NIL, Previous Year - NIL)	4,839	4775
Miscellaneous Income	83,477	7437
Liquidated Damages Recovered	-	21528
	88,316	33740
Less: Transferred to Expenditure During Construction-Sch.No.15	88,316	33740
Total	-	-

Schedule 11

EMPLOYEES' REMUNERATION AND BENEFITS ₹

	As at 31.03.2011	As at 31.03.2010
Employees; remuneration and benefits		
Salaries, Wages, Bonus, Allowances & Benefits	39,108,461	53,726,107
Contribution to Provident and Other Funds	3,475,157	5,046,215
Welfare Expenses	1,419,877	2,155,925
	44,003,495	60,928,247
Less: Transferred to Expenditure During Construction-Sch.No.15	44,003,495	60,928,247
Total	-	-

Schedule 12

ADMINISTRATION & OTHER EXPENSES ₹

		Current Year	Previous Year
Power Charges		110,040	208,182
Water Charges		4,562	13,240
Rent		4,788,311	4,982,236
Repairs & Maintenance			
Buildings		1,464,868	1,390,047
Others		958,717	1,234,748
Insurance		15,771	10,630
Communication Expenses		1,723,799	783,587
Payment to Auditors - Audit Fee		88,240	99,270
Advertisement & Publicity		30,000	110,000
Tender Expenses		29,651	1,165,058
Security Expenses		383,010	463,705
Entertainment Expenses		193,906	248,952
Inland Travelling Expenses		2,279,854	2,740,083
Expenses for guest house	571,934		
Less:Recoveries	11,790		
		560,144	708,187
Books and Periodicals		15,113	21,221
Professional charges and consultancy fees		65,240	194,772
Legal Expenses		7,645	1,550
EDP hire and other charges		559,026	531,976
Printing and Stationery		27,521	202,490
Miscellaneous Expenses		227,380	285,913
Rates & Taxes		503,500	109,536
Community Development Expenses		52,000	-
Expenses on Hiring of vehicle		683,242	1,318,412
		14,771,540	16,823,795
Less: Transferred to Expenditure During Construction-Sch.No.15		14,771,540	16,823,795
Total		-	-

Schedule 13

FINANCE CHARGES

Bank Charges	10,041	6,211
Less: Transferred to Expenditure During Construction-Sch.No.15	10,041	6,211
Total	-	-

Schedule 14

PRIOR PERIOD EXPENDITURE

Expenditure		
Salary, wages, bonus, allowances & benefits	-	(1,591,792)
Travelling Expenses	-	148,375
Rent	(305,972)	-
Depreciation	218,551	(64,262)
	(87,421)	(1,507,679)
Less: Transferred to Expenditure During Construction-Sch.No.15	(87,421)	(1,507,679)
Total	-	-

Schedule 15

EXPENDITURE DURING CONSTRUCTION ₹

		Current Year	Previous Year
A. Employees remuneration and other benefits			
Salaries, Wages, Allowandes and Benefits		**39,108,461**	53,726,107
Contribution to provident and other funds		**3,475,157**	5,046,215
Welfare expenses		**1,419,877**	2,155,925
Total (A)		**44,003,495**	60,928,247
B. Administration & Other Expenses			
Power		**110,040**	208,182
Water Charges		**4,562**	13,240
Rent		**4,788,311**	4,982,236
Repair & Maintenance			
Buildings		**1,464,868**	1,390,047
Others		**958,717**	1,234,748
Insurance		**15,771**	10,630
Communication Expenses		**1,723,799**	783,587
Remuneration to Auditors		**88,240**	99,270
Advertisement & Publicity		**30,000**	110,000
Tender Expenses		**29,651**	1,165,058
Security Expenses		**383,010**	463,705
Entertainment Expenses		**193,906**	248,952
Inland Travelling Expenses		**2,279,854**	2,740,083
Guest House Expenses			
	571,934		
Less:Recoveries	11,790		
		560,144	708,187
Books & Periodicals		**15,113**	21,221
Professional Charges and Consultancy Fee		**65,240**	194,772
Legal Expenses		**7,645**	1,550
EDP Hire and other charges		**559,026**	531,976
Printing and Stationary		**27,521**	202,490
Miscellaneous Expenses		**227,380**	285,913
Rates & Taxes		**503,500**	109,536
Community Development Expenses		**52,000**	
Expenses on Hiring of vehicle		**683,242**	1,318,412
Total (B)		**14,771,540**	16,823,795
C. Depreciation		**1,552,769**	1,360,851
Total (C)		**1,552,769**	1,360,851
D. Interest & Finance Charges Capitalised			
Bank Charges		**10,041**	6,211
Total (D)		**10,041**	6,211
E. Fringe Benefit Tax		**-**	
Total (E)		**-**	-
F. Prior Period Expenditure			
Expenditure			
Depreciation		**(87,421)**	(1,507,679)
Total (F)		**(87,421)**	(1,507,679)
G. Other Income		**88,316**	33,740
Total (G)		**88,316**	33,740
Total (A+B+C+D+E+F-G)		**60,162,108**	77,577,685

Schedule 16

NOTES ON ACCOUNT

1. Estimated amount of contract remaining to be executed on capital account and not provided for ₹ 2360.58 lacs (Previous year ₹ 2847.91 lacs). [Net of advances].

2. The execution of lease agreement of 187.328 acres lease hold land of value ₹ 175.35 lacs (Previous year 187.324 acres, value ₹ 142.49 lacs) in favour of the Lata Tapovan Hydro Power Project is still awaiting completion for legal formalities.

3. Disclosure Regarding Operating Leases:

   The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 54,79,994 (Previous year ₹ 65,41,281) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule-12 Administration and other expenses amounting ₹ 47,88,311 (Previous year ₹ 49,82,236).

4. Amount payable to NTPC Ltd. holding company has been shown ₹ 37,92,166 as part of the current liabilities. This amount is payable to NTPC Ltd. on account of net balance of transactions upto 31st March 2011.

5. Earning Per Share

   The elements considered for calculation for Earning per share (Basic and Diluted) are as under: -

	Current Year	Previous Year
Net Loss used as numerator	**0**	0
Weighted Average number of equity shares used as denominator	**101267769**	92632654
Earning Per Share (₹) – Basic	**-**	-
Weighted Average number of equity shares used as denominator	**101267769**	92632654
Earning Per Share (₹) – Diluted	**-**	-
Face Value per share (₹)	**10**	10

6. Balances shown under advances and creditors are subject to confirmation/ reconciliation and consequent adjustment, if any.

7. Contingent Liability: Company's liability towards reimbursement of Income Tax on HRR perks amounting to ₹ 10,12,167 stayed by the Hon'ble Allahabad High Court (Previous year ₹ 5,53,120).

8. All the employees of the company are on secondment from the Holding Company.

9. The employees remuneration and benefits includes ₹ 4949808 (Previous year ₹ 1308374) in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling allowance on retirement/death, long service awards to employees, farewell, gifts on retirement and economic rehabilitation scheme is apportioned by Holding Company i.e. NTPC Limited.

10. In the previous year, the Office of the Comptroller & Auditor General of India expressed an opinion that the rates of depreciation notified by the CERC shall be followed by the holding Company i.e NTPC Ltd. for providing depreciation in the accounts instead of the rates as per the Companies Act, 1956 in respect of generating assets. Accordingly, the Company revised its accounting policies relating to charging of depreciation w.e.f 1st April 2009 considering the rates and methodology notified by the CERC for determination of tariff through Regulations, 2009. In case of certain assets, the Company has continued to charge higher depreciation based on technical assessment of useful life of those assets. Consequent to this change, prior period depreciation written back is ₹ 1,21,049. As a result, transfer to Expenditure During Construction (EDC) for the current year is lowered by ₹ 93470.

11. Managerial remuneration paid/payable to Chief Executive Officer

₹

	Current Year	Previous Year
Salaries and allowances	**2831682**	2649615
Contribution to provident fund & other funds including gratuity & group insurance	**254836**	172032
Other benefits	**151759**	95292

12. Based on information available with the company, there are no suppliers/ contractors/service providers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31.03.2011.

13. Previous year figures have been regrouped / rearranged wherever necessary.

14. Information pursuant to part IV of schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 0 5 5

Registration No. U 4 0 1 0 1 D L 2 0 0 2 G O I 1 1 8 0 1 3

Balance-Sheet date — Date: 3 1, Month: 0 3, Year: 2 0 1 1

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue: N I L	Right issue: 1 3 1 6 0 5
Bonus Issue: N I L	Private Placement: N I L

III. Position of Mobilization and Deployment of funds (Amount in ₹ Thousands)

Total Liability: 1 1 7 1 0 4 2	Total Assets: 1 1 7 1 0 4 2

Source of Funds

Paid-up Capital: 1 1 3 9 5 9 5	Capital Deposit Account: 5 0 0 0
Secured Loans: N I L	Reserves & Surplus: N I L
Deferred Tax Liability: N I L	Unsecured Loans: N I L

Application of Funds

Net Fixed Assets: 1 0 8 7 3 0 6	Investment: N I L
Net Current Assets: - 2 4 0 3 8	Misc. Expenditure: N I L
Accumulated Losses: 8 1 3 2 7	

IV. Performance of Company(Amount in ₹ Thousands)

Turnover (Including Other Income): N I L	Total Expenditure: N I L
Loss before Tax: N I L	Loss after Tax: N I L
Earning per share in ₹: 0 . 0 0	Dividend Rate %: N I L

V. Generic Name of three Principal Product/Services of Company
(As per monetary terms)

Product Description: G E N E R A T I O N O F E L E C T R I C I T Y — Item Code No.: N A

As per our report of even date
For M/s KSMN & COMPANY
Chartered Accountants
Firm Reg. No. 001075N

For and on behalf of Board of Directors

(Praveen Kumar Verma)	(Manish Kumar)	(A K Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman

Membership No. 504686
Place: New Delhi
Dated: 29th April, 2011

Cash Flow Statement for the Period Ended on 31st March 2011

S.N.	Particulars	Current Period 2010-11		Previous Period 2009-10	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax and Prior Period Adjustment				
	Adjustment for:				
	Depreciation				
	Operating Profit before Working Capital Changes				
	Adjustment for:				
	Trade Payables and Other Liabilities	(16738034)		31776122	
	Loans and Advances	4145677		(1539531)	
	Other Current Assets	4178		(4775)	
			(12588179)		30231816
	Cash generated from operations				
	Direct Taxes paid				63055
	Net Cash from Operating Activities-A		(12588179)		30294871
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets & CWIP & Const Advance		(108030619)		(133400339)
	Net cash used in Investing Activities-B		(108030619)		(133400339)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Share Capital Deposits		119104600		98228400
	Net cash flow from Financing Activities-C		119104600		98228400
	Net Increase/Decrease in Cash and Cash equivalents (A-B+C)		(1514198)		(4877068)
	Cash and cash equivalents (Opening Balance)		3600243		8477311
	Cash and cash equivalents (Closing Balance)		2086045		3600243

As per our report of even date
For M/s KSMN & COMPANY
Chartered Accountants
Firm Reg. No. 001075N

For and on behalf of Board of Directors

(Praveen Kumar Verma)	(Manish Kumar)	(A K Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman

Membership No. 504686
Place: New Delhi
Dated: 29th April, 2011

AUDITORS' REPORT

To the Members of
NTPC Hydro Limited

1 We have audited the attached balance sheet of NTPC Hydro Limited, as at 31st March, 2011 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004 issued by the Central Government of India in terms of sub-secction (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropdate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our exaniination of those books;

(iii) The balance sheet, profit and loss account debit with by this report is in agreement with the books of account;

(iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) Being a Government Company, pursuant to GSR 829(E) dated 17.07.2003 issued by the Government of India, provisions of Clause g of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company

(vi) In our opinion and to the best of our infoimation and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;

(b) In the case of the profit and loss account, of the Nil Profit/Loss for the year ended on that date; and

(c) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For K S M N & Company
Chartered Accountants
Firm Registration No. 001075N

(CA Praveen Kumar Verma)
Partner
Membership No. 504686

Place : New Delhi
Date : 29th April, 2011

Annexure referred to in paragraph 3 of our report of even date,

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the fixed assets have been physically verified by the management once in every two year as per the defined policies of the company which is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the infoniahon and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.

(ii) The company does not have any inventory accordingly the provisions of the Clause 4(ii)(a), (b) & (c) are not applicable to the company

(iii) During the year the Company has not granted / taken any loans, secured or unsecured to/from companies, firm, or other parties covered in the register maintained under section 301 of the Company Act, 1956. Therefore, the provisions of clause 4(iii) (b), (c), (d), of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004 are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets & sale of goods. The company has not made any purchase & sale of goods. Further, on the basis of our examination and according to the information and explanation given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.

(v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act,1956. Accordingly, clause 4(v) (b) of the order is not applicable to the Company.

(b) In view of clause (v) (a) above, clause (v) (b) is not applicable.

(vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the company

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 is not applicable to the company as the company has not commenced any activities relating to the distribution of the electilcity.

(ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the Company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees state Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts in respect of the above were in arrears, as at 31st March 2011 for a period of more than six months from the date they become payable.

(b) According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) On the basis of examination of books of accounts and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions.

(xvi) The Company has not taken any term loan during the year.

(xvii) The Company has not raised short-term basis or long term funds during the year.

(xviii) According to the information and explanation given to us, the company has made preferential allotment of shares to NTPC Limited; holding Company covered in the register maintained under Section 301 of Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudical to the interest of the company.

(xix) The Company has not issued any debentures, consequenfly the provision of clause 4(xix) of the companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.

(xx) The Company has not raised any money by public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For K S M N & Company
Chartered Accountants
Firm Registration No. 001075N
(CA Praveen Kumar Verma)
Partner
Membership No. 504686

Place : New Delhi
Date : 29th April, 2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC HYDRO LIMITED FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of NTPC HYDRO LIMITED, New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29th April, 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC HYDRO LIMITED, New Delhi for the year ended 31 March 2011 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(M.K. Biswas)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 16th May, 2011

NTPC Vidyut Vyapar Nigam Limited
(A wholly owned subsidiary of NTPC Limited)
Directors' Report

To

Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report on the working of the Company for the financial year ended on 31st March 2011 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ in Crore)

	FY 2010-11	FY 2009-10
Total Income/Revenue	**78.95**	85.13
Total Expenditure	**33.82**	42.05
Profit before Tax	**45.13**	43.08
Less: Tax	**15.07**	14.69
Profit after tax	**30.06**	28.39
Balance brought forward	**0.79**	1.06
Profit available for appropriation	**30.85**	29.45
Transfer to general reserve	**13.00**	17.00
Dividend-Proposed	**15.00**	10.00
Tax on Dividend- Proposed	**2.43**	1.66
Surplus carried forward	**0.42**	0.79

DIVIDEND

Your Directors have recommended a dividend of ₹ 15 Crore @ ₹ 7.5 per equity share on the face value of fully paid-up equity share capital of ₹ 10 each, for the financial year 2010-11. The dividend shall be paid after your approval at this Annual General meeting.

POWER TRADING-BUSINESS

In accordance with Central Electricity Regulatory Commission (CERC) notification your Company is a trading Licensee under Category I (highest category).

During the financial year under review margin from trade of power was ₹ 28.12 Crore from trade of 6933 million units including 3529 million units traded under SWAP arrangements, as compared to margin of ₹ 21.47 Crore from trade of power of 5549 million units including 2341 million units traded under SWAP arrangements in the financial year 2009-10. The overall volume of power traded by Company during the financial year 2010-11 has increased by 25% over last financial year 2009-10.

BUSINESS INITIATIVES

The Cabinet has approved the Jawaharlal Nehru National Solar Mission (JNNSM) on November 19, 2009 with an aim to have capacity of 20,000 MW of solar power by 2022, with immediate target for 1000 MW by 2013 under Phase I.

Ministry of Power (MOP), Government of India, through a Presidential Directive, on December 22, 2009 has designated your company as the Nodal Agency for Phase I (1000 MW) under JNNSM for purchase of power from the solar power projects connected to grid at 33 KV and above at tariff regulated by CERC and for sale of such power bundled with power sourced from NTPC coal power stations to Distribution Utilities under Phase I (2010-2013) of JNNSM.

MOP and Ministry of New and Renewable Energy (MNRE) have finalised the Guidelines for selection of Projects under Migration and New Projects, which was subsequently notified by MNRE.

Under Migration Projects Scheme of JNNSM, 16 nos. of Solar Power Developers (SPDs) with a total capacity of 84 MW (Solar PV-54 MW, Solar Thermal-30 MW) were selected in 3 states viz. Rajasthan, Maharashtra and Punjab for 66MW, 11MW and 7 MW respectively and Power Purchase Agreements were signed with them on October 15, 2010 and corresponding Power Sale Agreements have been signed with the above State buying Utilities.

The 13 Solar PV Projects of 54 MW capacity are scheduled for commissioning in October, 2011 and 3 Solar Thermal Projects of 30 MW capacity are scheduled for commissioning in February, 2013.

Under New Projects Scheme, 30 Solar Power Developers for Solar PV Projects for a total of 150 MW and 7 Solar Power Developers for Solar Thermal Projects for a total of 470 MW were selected and Letters of Intent issued on December 11, 2010. The Power Purchase Agreements with 36 Solar Power Developers for 615 MW capacity (145MW-Solar PV, 470 MW-Solar Thermal) and corresponding Power Sale Agreements with Buying Utilities/ Discoms of the States of Andhra Pradesh, Karnataka, West Bengal, Rajasthan Orissa, Punjab, Uttar Pradesh and DVC have been concluded and solar capacity has been allocated to them as per principles finalised with MOP/ MNRE.

Meetings were convened by MOP on April 21, 2011 and June 3, 2011 regarding allocation of equivalent MW of power from NTPC coal stations for bundling with solar power from Migration Projects and New Projects.

The balance available capacity of 301 MW Solar PV shall be taken up under Batch Second of Phase-I (i.e. 2011-12), for which selection process is being taken up shortly as per the guidelines of MNRE.

Your Company has excelled in many fields including expanding customer base, selling captive power, selling of Independent Power Producers (IPP) Power, entering into power banking arrangements and also selling un-requisitioned surplus power from NTPC stations. The customer base of the Company has increased to 65 which include private Discoms and also utilities. The Company had made strong presence in all the five regions of India.

Your Company has started trading of power from IPP viz. Jindal Power Limited, Adani Power Limited, Torrent Power Limited and Captive Power Plants of Chhattisgarh, Gujarat and Andhra Pradesh. This new business initiative has contributed significantly to the company's business volumes.

Power Banking arrangement – a new initiative by the company has resulted in not only stabilizing the power market but also lowering the market price. The banking volume of 2341 million units in financial year 2009-10 has been increased to 3529 million units during the financial year 2010-11.

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2010-11, 2337115 MT of fly ash was sold as compared to 759056 MT of fly ash sold in the financial year 2009-10.

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has sold 600 MT of Cenosphere as compared to 553 MT of Cenosphere in the financial year 2009-10.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at Annexure-I.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) have appointed M/s Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2010-11.

There is no adverse comment, observation or reservation in the Auditors' Report on the accounts of the Company.

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

Supplementary Audit was conducted by the Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated May 24, 2011 communicated that on the basis of audit, nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A letter from C&AG on the accounts of the Company for the financial year 2010-11 is placed with the report of Statutory Auditors of your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as your Company does not own any manufacturing facility.

During the financial year under review the Company did not have any foreign currency earnings. An expenditure of ₹0.29 Crore in foreign currency has been incurred for travelling of employees during the financial year under review.

PARTICULARS OF EMPLOYEES

During the period under review the Company had no employees of the category, falling, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, your Company has an Audit Committee of the Board of Directors comprising of Shri A.K. Singhal, Shri S.P. Singh and Shri N.N. Misra, Directors of the Company. Two meetings of the Audit Committee were held during the financial year 2010-11. The senior-most Director on the Audit Committee Chaired the meeting and quorum is of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2010-11 and of the profit of the company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

Shri Arup Roy Choudhury, Chairman & Managing Director, NTPC Limited, consequent upon nomination received from NTPC Limited, has been appointed as an Additional Director and designated as Chairman of the Company w.e.f. September 3, 2010. Shri R.S. Sharma, consequent upon superannuation from services of NTPC Limited has ceased to be the Chairman of the Company w.e.f. August 31, 2010 (A/N).

Shri Chandan Roy, consequent upon superannuation from services of NTPC Limited has ceased to be the Director of the Company w.e.f. July 31, 2010 (A/N).

During the financial year under review the Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri S.P. Singh, Director (HR), NTPC and Shri N.N. Misra, Director (Operations), NTPC, as Additional Directors of the Company.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.S. Sharma and Shri Chandan Roy during their association with the Company. Shri Arup Roy Choudhury, Shri S.P. Singh and Shri N.N. Misra hold office up to the date of this Annual General Meeting but are eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing their candidatures for the office of Directors liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956, Shri Satish C. Mehta, Director shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for reappointment.

ACKNOWLEDGMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by NTPC Limited, the Central Electricity Regulatory Commission, the valued customers of the Company, various State Electricity Boards, the Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 14, 2011

(ARUP ROY CHOUDHURY)
Chairman

ANNEXURE - I
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The inadequacy of generation has characterized the Power Sector operation in India. There is an inherent diversity in demand from various States and Regions resulting in periods of seasonal surplus in one area and period of deficit in another.

Diversities between availability and consumption of power leads to significant potential for trading and providing cheap and reliable power to consumers in deficit area. Trading is essential for resource optimization and meeting short-term demand by utilizing surpluses available. The need to meet the challenges posed by growing demands for power by buying power from surplus regions and supplying to deficit regions was felt in late nineties. The Electricity Act 2003, enacted on June 10, 2003 envisaged a multi-buyer and multi-seller market model, wherein, electricity trading is a critical element in the value chain to develop a competitive market for electricity. The Act recognizes trading in power as a distinct business activity.

The grant of Trading License for Inter-state trading is governed by CERC Regulations, 2009 including its Amendment dated 2nd June, 2010.

CERC has capped at a trading margin of 7 paisa per kWh in case the sale price is exceeding ₹ 3 per kWh and 4 paisa per kWh where sale price is less than or equal to ₹ 3 per kWh for short term trading. However, transactions through power swapping/ banking are out of purview of the CERC Regulations for Short Term Trading.

During the last four years, 50 traders have obtained licenses for serving the needs of the various clients, out of which 9 nos. of licensees have been surrendered/ cancelled. The traders are issued license under categories I, II or III depending on the volume of units proposed to be traded and net worth. During 2010-11 out of the electricity generation of approximately 810 billion units, approximately 54 billion units were traded, representing 6.6% of trading to total generation.

Structure of Power Industries in India*

(Billion Units)

(i)	Long –Term (90%)	728
(ii)	Power Trading (6.6%)	54
(iii)	Balancing Market (UI)(3.4%)	28
	Total	**810**

The trading of Power in India*

(i)	Bilateral Trading	30
(ii)	Bilateral Direct	10
(iii)	Through Power Exchange	14
	Total	**54**

*source: CERC

STRENGTH AND WEAKNESS

Your Company's strength lies in its association with strong promoter viz. NTPC Limited having formidable network, established rapport, credibility with potential buyers & sellers and backed with professional manpower from NTPC.

Your Company is exposed to credit risk due to buyer's inability to make timely payments without any strong payment security mechanism in place.

OPPORTUNITIES AND THREATS

Ministry of Power, Government of India plans to enhance the existing inter regional power transfer capacity of 20750 MW to 32650 MW by 2012. This would provide considerable opportunities for enhancement of trading volumes. Many Independent Power Producers are setting up generation capacities reserved as merchant capacity for sale in the market. This will provide opportunity to the Company for capturing such merchant capacity for trading.

In recent times the number of private traders has increased and they are trading power without proper back-to-back payment security mechanism. In view of the above your company is having the threat of non timely payment by buyers.

OUTLOOK

Your Company has been designated as one of the nodal agencies for cross border trading of power with Bhutan and the nodal agency for Bangladesh. Cross border trading of power from Bhutan is expected to commence from 2013-14 with the commissioning of new projects. The Company has also been designated as nodal agency under JNNSM Phase I for buying power from solar power developers in India and selling to distribution utilities after bundling with unallocated capacity from NTPC power stations. The business under this segment is expected to commence from 2011-12 onwards.

In line with the National Electricity Policy, 15% of power may be sold outside long term PPAs from NTPC stations. Your Company and NTPC shall sign MOU for marketing of such power.

Your Company is also selling fly ash from NTPC plant at Dadri, Unchahar and Kahalgaon. The Company is also in the process of starting sale of fly ash from Ramagundam, Farakka and Badarpur.

RISKS AND CONCERNS

The trading margin capped by CERC for electricity trading limits revenues of trading companies. The risk gets further enhanced due to large number of private players offering lower trading margin than the capped trading margin. Your Company continues to focus on increasing its market share in power trading and is taking appropriate initiatives to increase its business.

INTERNAL CONTROL

Your Company has adequate internal control systems and procedures in place commensurate with the size and nature of its business. Your Company has adopted the internal control system of its holding company viz. NTPC Limited. The authorities vested in various levels are exercised within framework of appropriate checks and balances. Effectiveness of all checks and balances and internal control systems is reviewed during internal audit carried out by Internal Audit Department of NTPC Limited. An independent internal audit is also carried out by experienced firms of Chartered Accountants in close co-ordination with departments of the Company and Internal Audit Department of NTPC Limited. The Internal Audit Reports are regularly reviewed by the Audit Committee of the Board of Directors.

PERFORMANCE DURING THE YEAR

Operations

Your company has been issued license under category "I" which allows trading of 1000 million units and above every year without any upper limit.

The details of the power traded by the Company are as follows:

	FY 2010-11	FY 2009-10
	Million units	
Purchase & sale of power	**3404**	3208
Sale of power under Power SWAP Arrangements	**3529**	2341
Total	**6933**	5549

During the financial year 2010-11, your company traded 6933 million units of power, representing over 23% of total bilateral trading volume through traders. The overall volume of power traded by Company has increased by 25% over last year.

In past three years your company has developed a good customer base and has served over 65 customers including State Government / Private Power Utilities, Captive Power Generators etc. in all five regions in the country.

Your Company had pioneered the innovative arrangement called Power SWAP Arrangements which during the financial year 2010-11, resulted in business of 3529 million units as compared to 2341 million units in financial year 2009-10.

Financial Performance

The main revenue of your Company has been realized by trading of power of 6933 million units contributing to 62% of total revenue.

₹ in Crore

	FY 2010-11		FY 2009-10	
Sale of Power	**1549.30**		1829.49	
Less: Power Purchase	**1534.92**	**14.38**	1816.96	12.53
Power under SWAP Arrangements		**13.73**		8.94
Rebate on power purchase		**30.31**		35.89
Sale of fly Ash/ash products (Before 03.11.2009)		**-**		14.15
Sale of Fly Ash and Cenosphere	58.02		13.15	
Less: Transfer to Fly Ash Utilization Fund	58.02		13.15	-
other Income		**20.53**		13.62
Total		**78.95**		85.13

During the financial year 2010-11, the Company had traded 6933 million units as compared to 5549 million units in financial year 2009-10. In addition to power trading, your Company is also trading fly ash. During the financial year 2010-11, the Company had sold 2337115 MT of fly ash as compared to 759056 MT during financial year 2009-10. The Company had also traded 600 MT of Cenosphere during the financial year under review as compared to 553 MT of Cenosphere during financial year 2009-10. The Ministry of Environment and Forest, Government of India, through its notification dated November 3, 2009, directed that the amount collected from sale of fly ash and fly ash based products should be kept in a separate account head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100 % fly ash utilization level is achieved; thereafter as long as 100% fly ash utilization levels are maintained, the thermal power station would be free to utilize the amount collected for other development programmes also and in case, there is a reduction in the fly ash utilization levels in the subsequent year(s), the use of financial return from fly ash shall get restricted to development of infrastructure or facilities and promotion or facilitation activities for fly ash utilization until 100% fly ash utilization level is again achieved and maintained.

In view of the above notification the Company had created fly ash utilization fund and transferred an amount of ₹58.02 Crore received from sale of fly ash and cenosphere during the current financial year as compared to ₹13.15 Crore transferred during the previous financial year for the period starting from November 3, 2009 (i.e. date of notification) to March 31, 2010.

The expenditure incurred on open access charges for the current year as well as previous year is negligible. The Total operating expenses of the Company are as follows:-

₹ in Crore

	2010-11	2009-10
Open access charges	**0.12**	0.01
Cost of Ash/Ash products	-	0.05
Rebate on power sale	**24.48**	31.35
Other operating expenses	**8.97**	10.53
Total operating expenses	**33.57**	41.94

Due to the Ministry of Environment and Forest, Government of India, notification operating expenses of only ₹ 2.22 Crore relating to fly ash business up to November 2, 2009 was included in the operating expenses. However, the full operating expenses of fly ash business during 2010-11 has been netted off with revenue from sale of fly ash and not included in operating expenses.

During the financial year 2010-11, the rebate on power sale is ₹ 24.48 Crore as compared to ₹31.35 Crore in the previous year.

The Total expenses including operating expenses of the Company are as follows:-

₹ in Crore

	2010-11	2009-10
Total operating expenses	**33.57**	41.94
Depreciation	**0.06**	0.07
Interest & Finance Charges	**0.19**	0.04
Total Expenses including operating expenses	**33.82**	42.05

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹0.66 Crore as on 31.3.2011.

₹ in Crore

	2010-11	2009-10
Profit before tax	**45.13**	43.08
Provision for current and deferred tax	**15.07**	14.69
Net profit after tax	**30.06**	28.39

During the financial year under review even after transferring entire amount received from trade of fly ash and cenosphere to fly ash utilization fund the Company has earned the net profit after tax of ₹30.06 Crore as compared to ₹28.39 Crore earned in financial year 2009-10.

Dividend

Your Directors have recommended a dividend of ₹15 Crore @ ₹ 7.5 per equity share on the face value of fully paid-up equity share capital of ₹ 10/- each, for the financial year 2010-11. The dividend shall be paid after your approval at this Annual General meeting.

Reserves & Surplus

During the financial year 2010-11 a sum of ₹13 Crore have been added to General Reserve.

Current Assets, Loans and Advances

The current assets, loans and advances at the end of the financial year 2010-11 were ₹269.73 Crore as compared to ₹ 209.63 Crore in financial year 2009-10 registering an increase of 29%.

₹ in Crore

	31.03.2011	31.03.2010
Inventories	**0.02**	0.06
Sundry Debtors	**117.55**	93.07
Cash and Bank balances	**144.71**	112.22
Other Current assets	**3.21**	1.82
Loans and Advances	**4.24**	2.46
Total Current Assets, Loans and Advances	**269.73**	209.63

The increase was mainly on account of increase in Sundry Debtors and cash and bank balance. During the financial year under review Sundry Debtors has increased to ₹ 117.55 Crore from ₹ 93.07 Crore. The major amount of debtors has now been recovered from various buyers and balance amount would be realized soon. The Cash and Bank Balance has increased to ₹ 144.71 Crore from ₹ 112.22 Crore due to increase in CLTDs/FDRs.

Current Liabilities and Provisions

During the financial year 2010-11 Current Liabilities have decreased to ₹ 84.57 Crore as compared to ₹ 91.23 Crore in the financial year 2009-10, mainly on account of decrease in sundry creditors for power purchase.

₹ in Crore

	31.03.2011	31.03.2010
Liabilities	**84.57**	91.23
Provisions	**17.56**	11.77
Total Liabilities and Provisions	**102.13**	103.00

The provisions for the financial year under review have increased to ₹ 17.56 Crore as compared to ₹ 11.77 Crore in previous financial year, mainly on account of increase in proposed final dividend and tax thereon.

Cash Flow Statement

₹ in Crore

	2010-11	2009-10
Opening Cash and cash equivalents	**112.22**	121.65
Net cash from operating activities	**38.79**	(8.56)
Net cash used in investing activities	**5.36**	8.49
Net cash flow from financing activities	**(11.66)**	(9.36)
Net Change in Cash and cash equivalents	**32.49**	(9.43)
Closing cash and cash equivalents	**144.71**	112.22

The closing cash and cash equivalent for the financial year ended March 31, 2011 has increased 1.29 times from ₹ 112.22 Crore in the previous year to ₹144.71 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2010-11 as compared to financial year 2009-10 are as under: -

₹ in Crore

	Description	2010-11	2009-10
A	i) Capital employed	**108.91**	96.28
	ii) Net worth	**108.91**	96.28
B	i) Return on Capital Employed (PBT/CE)	**41.44%**	44.74%
	ii) Return on net worth (PAT/NW)	**27.60%**	29.49%
C	Dividend as % of Equity Capital (basic/average)	**75**	50
D	Earning per share in ₹ (EPS)	**15.03**	14.20

The capital employed as well as net worth has increased due to addition of profit earned during the financial year 2010-11. The EPS of the Company has increased due to increase in profitability. The Return on Capital Employed and Return on Net Worth has reduced because of the increase in base figures of capital employed and net worth are not in proportion to an increase in revenue from trading of power and interest from investment of surplus funds and in the year 2009-10 the revenue included the receipt from sale of fly ash (₹ 12.07 Crore PBT and ₹ 7.97 Crore PAT) up to November 2, 2009

Human Resources

As on 31st March 2011, there were 53 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 man days of training every year.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describes the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the markets in which the Company operates, changes in Government regulations & policies, tax laws and other statutes and incidental factors.

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 14, 2011

(ARUP ROY CHOUDHURY)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. FIXED ASSETS

3.1. Fixed Assets are carried at historical cost less accumulated depreciation.

3.2. Intangible assets are stated at their cost of acquisition less accumulated amortisation.

4. FOREIGN CURRENCY TRANSACTIONS

4.1. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

4.2. At the balance sheet date, foreign currency monetary items are reported using the closing rate.

5. INVENTORIES

5.1. Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.

5.2. The diminution in value of obsolete / unserviceable items is ascertained on review and provided for.

6. PROFIT AND LOSS ACCOUNT

6.1. INCOME RECOGNITION

6.1.1. Sale of energy are accounted for based on rates agreed with the customers.

6.1.2. Sale of fly ash/ ash products are accounted for based on rates agreed with the customers. Amounts collected are kept under separate account head "fly ash utilization fund" in accordance with the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India.

6.1.3. The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

6.2. EXPENDITURE

6.2.1. Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets based on their estimated useful life as mentioned below:

a) Personal Computers and Laptops including peripherals	5 Years
b) Photocopiers and Fax Machines	5 Years
c) Air conditioners, Water coolers and Refrigerators	12 Years

6.2.2. Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

6.2.3. Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.

6.2.4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is earlier.

6.2.5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

6.2.6. Prepaid expenses and prior period expenses/income of items of ₹1,00,000/- and below are charged to natural heads of accounts.

6.2.7. The liabilities towards employee benefits are ascertained and provided annually by the Holding Company i.e. NTPC Ltd. on actuarial valuation at the year end as per Accounting Standard (AS) 15. The company charges such employee benefits as apportioned by the Holding Company.

7. OPERATING LEASE

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

8. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

9. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

BALANCE SHEET AS AT 31st MARCH 2011

(₹)

	Schedule No.	31.03.2011	31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**200000000**	200000000
Reserves and Surplus	2	**889094005**	762845863
Sub-total (Shareholders' funds)		**1089094005**	962845863
FLY ASH UTILIZATION FUND	3	**589596896**	106227627
DEFERRED TAX LIABILITY (Net)		**149151**	161285
TOTAL		**1678840052**	1069234775
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**6566730**	6110716
Less: Depreciation		**3730047**	3164013
Net Block		**2836683**	2946703
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	**226025**	611296
Sundry Debtors	6	**1175528357**	930665567
Cash and Bank balances	7	**1447042306**	1122160031
Other Current Assets	8	**32129710**	18226374
Loans and Advances	9	**42373864**	24652547
Sub-total (Current Assets, Loans and Advances)		**2697300262**	2096315815
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	10	**845700045**	912362491
Provisions	11	**175596848**	117665252
Sub-total (Current Liabilities and Provisions)		**1021296893**	1030027743
Net Current Assets		**1676003369**	1066288072
TOTAL		**1678840052**	1069234775
Notes on accounts	18		

Schedules 1 to 18 and accounting policies form an integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(₹)

	Schedule No.	Current Year	Previous Year
INCOME			
Sales	12	**281155124**	356244155
Rebate on power purchase		**303136135**	358937862
Other income	13	**205226941**	136156532
Total		**789518200**	851338549
EXPENDITURE			
Open access charges		**1220373**	130000
Cost of fly ash/ash products	14	**-**	546606
Employees' remuneration and benefits	15	**57430389**	65555706
Administration & other expenses	16	**32299358**	39707385
Rebate on power sale		**244748386**	313522931
Depreciation		**566034**	674460
Interest and finance charges	17	**1956513**	408603
Total		**338221053**	420545691
Profit before Tax		**451297147**	430792858
Provision for :			
a) Current tax		**150727389**	146842820
b) Deferred tax		**(12134)**	25649
Total (a+b)		**150715255**	146868469
Profit after tax		**300581892**	283924389
Balance brought forward		**7961907**	10646268
Balance available for appropriation		**308543799**	294570657
Transfer to General Reserve		**130000000**	170000000
Dividend-Proposed		**150000000**	100000000
Tax on Dividend		**24333750**	16608750
Balance carried to Balance Sheet		**4210049**	7961907
Earning Per Share (Equity shares, face value ₹ 10/- each)-Basic and diluted		**15.03**	14.20
Notes on accounts	18		

Schedules 1 to 18 and accounting policies form an integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

SCHEDULES FORMING PART OF ACCOUNTS

	31.03.2011	31.03.2010
		(₹)
Schedule 1		
SHARE CAPITAL		
AUTHORISED		
2,00,00,000 equity shares of ₹ 10/-each (Previous Year 2,00,00,000 equity shares of ₹ 10/-each)	**200000000**	200000000
ISSUED, SUBSCRIBED AND PAID UP		
2,00,00,000 equity shares of ₹ 10/-each fully paid-up (Previous year 2,00,00,000 equity shares of ₹ 10/- each fully paid up). All shares are held by the holding company, NTPC Limited and its' nominees.	**200000000**	200000000
Schedule 2		
RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	**754883956**	584883956
Add: Transfer from Profit & Loss Account	**130000000**	170000000
	884883956	754883956
Surplus in Profit & Loss Account	**4210049**	7961907
Total	**889094005**	762845863

(₹)

Schedule 3		31.03.2011	31.03.2010
FLY ASH UTILIZATION FUND			
As per last Balance Sheet		**106227627**	-
Add: Transfer from Sales (Schedule 12)		**580162287**	131515160
Less: Utilized during the year			
Cost of fly ash ash/ash products (Schedule 14)	**2205544**		1355403
Employees' Remuneration and benefits (Schedule 15)	**55768507**		9426267
Administration & Other Expenses (Schedule 16)	**38818967**		14505863
		96793018	25287533
Total		**589596896**	106227627

Schedule 4

FIXED ASSETS

(₹)

	Gross Block				Depreciation				Net Block	
	As at 1.04.2010	Additions	Deductions/ Adjustments	**As at 31.03.2011**	As at 1.04.2010	For the year	Deductions/ Adjustments	**upto 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
TANGIBLE ASSETS										
Plant & Machinery	1195000	-	-	**1195000**	37842	56762	-	**94604**	**1100396**	1157158
Furniture, fixtures & other office equipment	1373453	456014	-	**1829467**	446699	227125	-	**673824**	**1155643**	926754
EDP & WP machines	3301185	-	-	**3301185**	2506919	213622	-	**2720541**	**580644**	794266
INTANGIBLE ASSETS										
Software	241078	-	-	**241078**	172553	68525	-	**241078**	**-**	68525
Total	**6110716**	**456014**	**-**	**6566730**	**3164013**	**566034**	**-**	**3730047**	**2836683**	**2946703**
Previous year	4291433	1843953	24670	**6110716**	2517464	674460	27911	**3164013**	**2946703**	1773969

	Current Year	Preious Year
Deductions/Adjustments from Gross Block includes		
Disposal/Retirement of assets	**-**	29380
Assets capitalised with retrospective effect	**-**	(4710)
Others	**-**	-
	-	24670
Deductions/Adjustments from Depreciation includes		
Disposal/Retirement of assets	**-**	27911
Others	**-**	-
	-	27911

(₹)

	31.03.2011	31.03.2010
Schedule 5		
INVENTORIES		
(Valuation as per Accounting Policy No.5)		
Cenosphere	**226025**	611296
Schedule 6		
SUNDRY DEBTORS		
(Considered good, unless otherwise stated)		
Debts outstanding over six months		
Unsecured	**-**	-
Other debts		
Unsecured	**1175528357**	930665567
Total	**1175528357**	930665567
Schedule 7		
CASH & BANK BALANCES		
Balances with scheduled banks		
- Current Account	**10630349**	2654668
- Term Deposit Account*	**1436411957**	1119505363
Total	**1447042306**	1122160031

* ₹ 45,000/- (Previous year ₹ 45,000/-) deposited as security with Sales Tax Authority

(₹)

	31.03.2011	31.03.2010
Schedule 8		
OTHER CURRENT ASSETS		
Interest accrued on Term Deposits	**32129710**	18226374
Schedule 9		
LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
RLDCs-open access		
Unsecured	**125000**	1851503
Advance Income/ Fringe Benefit Tax and tax deducted at source	**706994457**	540647668
Less: Provision for taxation	**689325593**	536976624
	17668864	3671044
DEPOSITS		
Deposits with suppliers and others	**24580000**	19130000
Total	**42373864**	24652547

		31.03.2011	31.03.2010
			(₹)
Schedule 10			
CURRENT LIABILITIES			
Sundry Creditors			
For goods and services			
Other than Micro and Small Enterprises		**748135235**	782731049
Holding Company -NTPC Limited		**12540121**	85024537
Deposits, retention money from buyers		**41352102**	21034153
		802027458	888789739
Advances from customers and others		**40142353**	21140610
Other liabilities		**3530234**	2432142
Total		**845700045**	912362491

	31.03.2011	31.03.2010
Schedule 11		
PROVISIONS		
Income/ Fringe Benefit Tax		
As per last balance sheet		
Additions during the year	**152348969**	146842820
Amount adjusted during the year	**(536976624)**	(390133804)
Less: Set off against taxes paid	**689325593**	536976624
	-	-
Proposed dividend		
As per last balance sheet	**100000000**	80000000
Additions during the year	**150000000**	100000000
Amounts used during the year	**100000000**	80000000
	150000000	100000000
Tax on proposed dividend		
As per last balance sheet	**16608750**	13596000
Additions during the year	**24333750**	16608750
Amounts paid during the year	**16608750**	13596000
	24333750	16608750
Employee benefits		
As per last balance sheet	**1056502**	4093248
Additions during the year	**320664**	18760
Amounts reversed during the year	**-**	1699131
Amounts paid during the year	**114068**	1356375
	1263098	1056502
Total	**175596848**	117665252

(₹)

		Current Year	Previous Year
Schedule 12			
SALES			
Power	15493019006		18294915737
Less: Power Purchase	15349194705		18169623104
	143824301		125292633
Power under swap arrangements	137330823		89419146
		281155124	214711779
Fly Ash	568474221		266322943
Cenosphere	11688066		6724593
	580162287		273047536
Less: Transfered to Fly Ash Utilization Fund (Schedule 3)	580162287		131515160
		-	141532376
Total		**281155124**	356244155

	Current Year	Previous Year
Schedule 13		
OTHER INCOME		
Interest (Gross) (Tax deducted at source ₹ 83,30,789/-, Previous year ₹ 1,16,02,442/-)	**76304879**	82303612
Interest/surcharge received from customers	**877424**	314168
Earnest money/Security deposit forfeited	**77247890**	53534909
Miscellaneous income	**50796748**	3262
Gain on Asset Sale	**-**	581
Total	**205226941**	136156532

(₹)

		Current Year	Previous Year
Schedule 14			
COST OF FLY ASH/ASH PRODUCTS			
– Fly Ash	709787		447203
– Cenosphere	1495757		1454806
		2205544	1902009
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)			
– Fly Ash	709787		26472
– Cenosphere	1495757		1328931
		2205544	1355403
Total		**-**	546606

	Current Year	Previous Year
Schedule 15		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	**97371114**	65125850
Contribution to provident and other funds	**8364160**	5900404
Welfare expenses	**7463622**	3955719
	113198896	74981973
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)	**55768507**	9426267
Total	**57430389**	65555706

		Current Year	Previous Year
Schedule 16			
ADMINISTRATION & OTHER EXPENSES			
Power Charges		**1527447**	887100
Rent		**29084055**	26990857
Repairs & Maintenance			
– Office	2023407		2956989
– Others	433815		100433
		2457222	3057422
Insurance		**66774**	-
Rates and taxes		**3000000**	3005000
Training & recruitment expenses		**17500**	12800
Communication expenses		**538457**	639086
Travelling expenses		**6417511**	3780226
Tender expenses	3446095		2699405
Less: Receipt from sale of tenders	530000		280000
		2916095	2419405
Payment to Auditors		**47940**	96513
Advertisement and publicity		**8024654**	10000
Entertainment expenses		**1015283**	452930
Brokerage & commission		**367430**	226071
Ash utilisation & marketing expenses		**3646216**	8008339
Books and periodicals		**15592**	26494
Professional charges and consultancy fee		**7354635**	3077468
Legal expenses		**1792220**	61482
EDP hire and other charges		**174152**	62429
Printing and stationery		**614118**	399486
Miscellaneous expenses		**2041024**	1000140
		71118325	54213248
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)		**38818967**	14505863
Total		**32299358**	39707385

	Current Year	Previous Year
Schedule 17		
INTEREST AND FINANCE CHARGES		
Interest on:		
Cash credit	**98353**	70672
Others	**1622700**	1210
	1721053	71882
Finance Charges:		
Bank charges	**235460**	336721
Total	**1956513**	408603

SCHEDULE 18

NOTES ON ACCOUNTS

1. Balances shown under debtors, advances and creditors in so far as these have not been since realized/discharged or adjusted are subject to confirmation/ reconciliation and consequential adjustment, if any.

2. Sales and Purchases of energy (in million units) are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).

3. Sale of power under SWAP arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognized for ₹ 13,73,30,823/- (previous year ₹ 8,94,19,146/-) in schedule 12. 602 MUs power supplied by the sellers under SWAP arrangements are yet to be returned back by the buyers.

4. (a) The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. Consequent to the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India, whereby the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance of the said notification, the company has created a fly ash utilization fund in its accounts to which the entire sale proceeds of fly ash and Cenosphere for the year amounting to ₹ 58,01,62,287/-(previous year ₹13,15,15,160/-) has been transferred. The company utilized a sum of ₹ 9,67,93,018/-(previous year ₹ 2,52,87,533/-) towards direct/indirect expenses as determined and approved by the management. During the year, the indirect expenses such as employee costs, administration and other expenses amounting to ₹ 5,98,67,837/- have been allocated in the ratio of gross margin on sales of power and fly ash & its products as compared to allocation of indirect expenses based on number of employees in the previous year. Due to change in the basis of allocation of indirect expenses, there is an increase in the profit for the current year by ₹2,61,95,422/- with consequent effect in the balance of fly ash utilization fund in the Balance Sheet. The Interest income has been considered as an 'Other Income' and hence not allocated.

   (b) Considering the opinion of the tax consultants, there is a transfer of sale proceeds (income) by overriding effect because the sale proceeds do not belong to the company since it has to be used for specified purposes. The amounts collected shall be a liability being collected as a trustee and there will be no tax liability. Hence, no provision has been made for Income Tax on the net receipts arising on account of sale of fly ash and Cenosphere.

5. Sale of Power includes compensation received of ₹ 1,30,46,400/-(previous year ₹ 52,50,59,097/-) due to lesser drawl of power by the buyers.

6. Power purchase includes compensation payment of ₹ 1,29,33,504/- (previous year ₹ 52,49,34,604/-) due to lesser drawl of power by the Company.

7. Employees' remuneration and benefits include ₹ 1,48,28,333/-(previous year ₹ (-) 8,67,511/-) in respect of gratuity, leave, post retirement medical facility, transfer travelling allowance on retirement / death, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation basis at the end of the year.

8. All the employees of the Company are on secondment basis from its Holding Company i.e. NTPC Limited.

9. Company pays fixed contribution to provident fund at predetermined rates to a separate trust created by the holding company i.e. NTPC Limited.

10. Segment information :

    a) Business Segments:

    The Company's principal business are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per Accounting Policy no. 6.1.2.

    b) Segment Revenue and Expense:

    Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and indirect expenses allocated on a reasonable basis are considered as Segment Expenses.

    c) Segment Assets and Liabilities:

    Segment assets include all operating assets in respective segment comprising of net fixed assets and current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

(₹)

Particulars	Business Segments				Total	
	Energy Trading		Fly Ash/Ash products trading			
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
REVENUE						
Sales	**281155124**	214711779	**-**	141532376	**281155124**	356244155
Other Income	**127829106**	51820650	**1092956**	2031689	**128922062**	53852339
Total	**408984230**	266532429	**1092956**	143564065	**410077186**	410096494
Segment Results	**375522012**	227835995	**1092956**	120691722	**376614968**	348527717
Unallocated Corporate Interest and Other Income					**76304879**	82304193
Unallocated Corporate expenses, interest and finance charges					**1622700**	39052
Income Taxes(Net)					**150715255**	146868469
Profit after Tax					**300581892**	283924389
OTHER INFORMATION						
Segment assets	**1632899913**	1434957896	**837438458**	324641296	**2470338371**	1759599192
Unallocated Corporate and other assets					**229798574**	339663326
Total Assets					**2700136945**	2099262518
Segment Liabilities	**746376357**	842265236	**686653448**	174949242	**1433029805**	1017214478
Unallocated Corporate and other liabilities					**178013135**	119202177
Total Liabilities					**1611042940**	1136416655
Depreciation					**566034**	674460
Non Cash Expenses other than Depreciation						
Capital Expenditure					**456014**	1847194

    d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

11. Disclosure regarding leases:

    Expenses on operating leases of the premises for residential use of the employees amounting to ₹ 1,14,57,702/- (Previous year ₹ 83,16,090/-) are included in Schedule 15-"Employees remuneration and benefits". Similarly, lease payments in respect of premises for offices are shown in Rent in Schedule 16-"Administration and Other Expenses". The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and these leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable.

12. Earnings per share:

    The elements considered for calculation of Earning per share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit/(Loss) after Tax used as numerator (₹)	**3,00,581,892**	28,39,24,389
Weighted average number of equity shares used as denominator	**2,00,00,000**	2,00,00,000
Earning/(Loss) per share (₹)	**15.03**	14.20
Face value per share (₹)	**10**	10

13. In compliance of Accounting Standard –22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the item

wise details of Deferred tax liability (net) are as under:

(₹)

		31.03.2011	31.03.2010
Deferred Tax Liability			
i)	Difference of book Depreciation and tax Depreciation	**1,49,151**	1,61,285
Less: Deferred Tax Assets			
i)	Provisions Disallowed for Tax Purposes	**NIL**	NIL
Deferred tax Liability (Net)		**1,49,151**	1,61,285

The net decrease in deferred tax liability of ₹ **12,134**/- (previous year increase ₹ 25,649/-) has been credited to Profit & Loss Account.

14. As required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules,2006, there has been no impairment loss during the year.

15. Payment to the Statutory Auditors (Schedule 16):

(₹)

	Current Year	Previous Year
Audit Fees	**50,000**	60,000
Tax Audit Fees	**-**	10,000
Certification Fees	**-**	17,500
Reimbursements -Service Tax (Net)	**(2060)***	9,013
	47,940	96,513

* Net of service tax provision reversal of ₹ 7,210/- of previous year.

16. Contingent Liabilities:

a) Claims against the Company not acknowledged as debts in respect of:

Claims made by Kerala State Electricity Board (KSEB) towards energy charges, contingent liability of ₹ 1,37,91,836/- (Previous year ₹ 1,37,91,836) has been estimated.

b) Disputed Income Tax Matters:

Disputed Income Tax matters pending before various Appellate Authorities amounting to ₹ 57,89,628/-(Previous year ₹ 9,83,565/-) are disputed by the Company and Contested before various Appellate Authorities. However, the Company has paid said amount under protest.

c) Others:

One of the Solar Power Developers has challenged the encashment/ forfeiture of Earnest Money Deposit and Bid Bond amounting to ₹ 7,65,65,000/- before the Hon'ble Delhi High Court.

17. Managerial remuneration paid/payable to Chief Executive Officer:

(₹)

	Current Year	Previous Year
Salaries and allowances	**25,53,152**	24,90,838
Contribution to provident fund & other funds including gratuity & group insurance	**2,16,043**	1,96,343
Other benefits	**1,56,871**	1,15,304
Directors' fees	**NIL**	NIL

The provisions for/contribution of gratuity, leave encashment and post-retirement medical facilities etc. are ascertained on actuarial valuation by the Holding Company i.e. NTPC Ltd. and hence not ascertainable separately.

18. Quantitative information:

	Current Year	Previous Year
a) Trading of energy (MUs)		
Power	**3404**	3208
Power Under Swap Arrangements	**3529**	2341
b) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	**2337115**	759056
Cenosphere	**600**	553

19. Expenditure in foreign currency (₹):

a) Traveling Expenses **2, 92,562** NIL

20. Figures have been rounded off to nearest rupees.

21. Previous year figures have been regrouped/ rearranged wherever necessary.

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 055

Registration No. U40108DL2002GOI117584

Balance-Sheet date: Date 31 Month 03 Year 2011

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Right issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

III. Position of Mobilization and Deployment of funds (Amount in ₹ Thousands)

Total Liability	Total Assets
2700137	2700137

Source of Funds

Paid-up Capital	Reserves & surplus
200000	889094
Fly Ash Utilization Fund	**Secured Loans**
589597	NIL
Unsecured Loans	**Deferred Tax Liabilities**
NIL	149

Application of Funds

Net Fixed Assets	Investment
2837	NIL
Net Current Assets	**Misc. Expenditure**
1676003	NIL
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	Total Expenditure
789518	338221
Profit before Tax	**Profit after Tax**
451297	300582
Earning per share in ₹	**Dividend Rate %**
15.03	75

V. Generic Name of three Principal Product/Services of Company
(As per monetary terms)

Product Description:	Item Code No.
TRADING OF ENERGY	NA
TRADING OF FLY ASH AND ASH BASED PRODUCTS	NA

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(₹)

			Current Year	Previous Year
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net profit before tax		**451297147**	430792858
	Adjustment for:			
	Depreciation	566034		674460
	Interest Charges	1621580		
	Interest income	(76304879)		(82303612)
	Gain on Sale of Assets	-		(581)
			(74117265)	(81629733)
	Operating Profit before Working Capital Changes		**377179882**	349163125
	Adjustment for:			
	Trade and other receivables	(244862790)		(309732472)
	Inventories	385271		1045972
	Trade payable and other liabilities	(66455850)		(75891031)
	Loans and advances	(3723497)		(19946503)
	Increase in Fly Ash Utilization Fund	**483369269**		106227627
			168712403	(298296407)
	Cash generated from operations		**545892285**	50866718
	Direct taxes paid		**(158016000)**	(136536758)
	Net Cash from Operating Activities-A		**387876285**	(85670040)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	(456014)		(1848663)
	Disposal of fixed assets	-		2050
	Interest on Investments Received	62401543		98383724
	Income Tax on Interest on Investments	(8330789)		(11602442)
	Net Cash used in Investing Activities -B		**53614740**	84934669
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Dividend paid		**(100000000)**	(80000000)
	Tax on dividend		**(16608750)**	(13596000)
	Net Cash flow from Financing Activities-C		**(116608750)**	(93596000)
	Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		**324882275**	(94331371)
	Cash and Cash equivalents (Opening balance) *		**1122160031**	1216491402
	Cash and Cash equivalents (Closing balance)*		**1447042306**	1122160031

NOTES: 1. Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks.

2. Previous year figures have been regrouped/rearranged wherever necessary.

*Includes ₹ 45000/- (Previous year ₹ 45000/-) deposited as security with Sales Tax Authority.

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner M.No.90723	Company Secretary	Director	Chairman

Place: New Delhi
Dated: 29.04.2011

AUDITORS' REPORT

To the Members of
NTPC VIDYUT VYAPAR NIGAM LIMITED

1. We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such cheques of the books and records of the Company as we considered appropriate and according to the information and explainations given to us, we enclosed in the annexure a statement on the matters specified in the paragraph 4 and 5 of the said Order

4. Further to our comments in the annexure referred to in para 3 above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;

   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e. Being a Government Company, pursuant to the Notification no. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;

   f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 18, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

      ii. in the case of Profit and Loss Account, of the profit for the year ended on that date; and

      iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Aiyar & Co.
Chartered Accountants
Firm Reg. No. 001174N
(C. Chuttani)
Partner
M. No. 90723

Place: New Delhi
Dated: 29th April, 2011

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the accounts for the year ended 31st March 2011.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us the fixed assets have been physically verified by the management at resonable intervals having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) Substantial part of fixed assets has not been disposed off during the year.

(ii) (a) As explained to us inventories have been physically verified by the management at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories.

(iii) (a) The company has not granted any loans secured or unsecured to any company, firm or other party listed in the register maintained under section 301 of the Companies Act, 1956.

In view of clause (iii) (a) above, the clause (iii) (b), (iii) (c) and (iii) (d) are not applicable.

(b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

In view of the clause (iii) (e) above, the clause (iii) (f) and (iii) (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and also for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control system.

(v) (a) According to the information and explanation given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the companies Act, 1956.

(b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.

(vi) The company has not accepted deposits from the public.

(vii) In our opinion, the company has an Internal Audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed maintenance of cost accounts and records under section 209 (1) (d) of the Companies Act, 1956.

(ix) (a) The employees of NVVN are on secondment basis from its holding company i.e. NTPC Ltd. The holding company is regular in depositing statutory dues including dues like Provident Fund with appropriate authorities. Moreover, Income Tax and Sales Tax are being deposited by the company. According to the information and explainations given to us, there are no undisputed Provident fund, Income Tax, Sales Tax, etc. in arrear as at 31.03.2011 for a period of more than six month from the date they became payable.

(b) According to the information and explainations given to us, there no due of Sales Tax, Income Tax and other applicable statutory dues which have not been deposited on account of any dispute.

(x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) (a), (b), (c) & (d) of the Order are not applicable to the company.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order is not applicable to the company.

(xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) The company have not taken term loan during the year and as such provision of para (xvi) of the order is not applicable to the company.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.

(xix) According to the information and explanations given to us, the Company has not issued debentures during the year, therefore the provision of para (xix) of the order is not applicable to the Company.

(xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Aiyar & Co.
Chartered Accountants
Firm Reg. No. 001174N
(C. Chuttani)
Partner
M. No. 90723

Place: New Delhi
Dated: 29th April, 2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2011

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 April 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

For and on behalf of the
Comptroller & Auditor General of India

(M. K. Biswas)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 24th May, 2011

KANTI BIJLEE UTPADAN NIGAM LIMITED
DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2011.

Your Board approved the following Vision and Mission for the Company:

VISION

To become a world class and eco friendly power generating company contributing for the development of the State and Nation.

MISSION

1. Playing a significant role in the growth of the Indian power sector.
2. Maintaining a high standard of social responsibility.
3. Ensuring best monitoring and maintenance practices to develop & operate power plants in cost effective manner.
4. Nurturing an exciting & challenging work environment.
5. Upholding the principles of trust, corporate governance and transparency in all aspects of business.

OPERATIONAL AND COMMERCIAL PERFORMANCE

Your Company placed order for locomotive for MGR under R&M of Stage-I. Contract for Renovation & Modernisation of Boiler, Turbine and Auxiliary Package was awarded to Bharat Heavy Electricals Limited. Further, your Company has awarded contracts for major packages for Stage-II (2X195MW) expansion of the project like main plant, civil works, power transformer package etc. Test pile has been completed and job pile in the area of boiler and chimney has started.

During the year, the power station of the Company had generated 319.57MUs at the availability factor of 46.32%. The plant operated at an average PLF of 33.16 % during the year. The Auxiliary power consumption was 14.52 % of generation as against 14.08 % of generation during last year as sufficient coal could not be procured for shortage of funds. Your Company has requested BSEB for making timely payment towards sale of energy.

Your Board has accorded in-principle approval for tying up loan with the consortium led by State Bank of India for debt portion for Stage-II of the project.

MILESTONES ACHIEVED

Your Company's 220KV bus was charged after a gap of 10 years. Coal feeding through Wagon Tippler commenced during the year giving an advantage over manual coal handling. Restoration of station transformer was done and LP turbine crack was repaired to improve vacuum from -0.87 Kg/cm^2 to -0.92 Kg/cm^2.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2011 are as under:-

(₹)

Particulars	FY 2010-11	FY 2009-10
Paid-up Share Capital	**88,50,75,370**	88,50,75,370
Share Capital Deposit Pending Allotment	**2,56,15,22,337**	4,38,00,000
Reserve & Surplus	**2,98,04,80,256**	1,87,49,07,150
Secured Loans	**61,11,30,179**	38,37,31,637
Net Block	**1,60,03,97,525**	27,80,57,653
Capital Work-in-Progress	**1,59,97,08,335**	1,46,87,33,115
Construction Stores & Advances	**4,10,41,68,904**	1,41,59,18,574
Current Assets, Loans and Advances	**7,912,39,607**	29,52,01,898
Current Liabilities & Provisions	**1,20,39,11,807**	27,11,75,900
Net Sales	**48,58,07,317**	0
Other Income	**2,48,32,980**	0
Expenditure, Prior Period Adjustments and Tax	**65,64,67,059**	7,50,950
Loss after Tax	**14,58,26,762**	7,50,950
Earning Per Share (₹)	**(1.66)**	(0.13)

The financial statements and the performance of the Company have been discussed in the Management Discussion & Analysis section which is at Annex-1 to this Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2011.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Your Company has initiated a proposal for energy audit at MTPS for further reduction in Auxiliary power consumption. After the R&M of both the units (2X110MW) would be completed, consumption of auxiliary power and fossil fuel would be reduced.

Your Company has successfully introduced SAP system in all modules to get leverage from information technology.

During the period under review the Company had no earning or outgo in foreign exchange.

INCLUSIVE GROWTH

As a socially conscious organization, the Company has helped people in need through medical camp organized at Darmali Ramnath Village and sweaters were distributed amongst the school children of Darmali Ramnath Village.

All statutory benefits were extended to contract labour and medical checkup for all contract labour through KBUNL/ Government Hospitals was taken up. Safety training was provided to all the contract labour.

AUDIT COMMITTEE

During the year, the Audit Committee of the Board of Directors had been reconstituted with S/ Shri A.K. Singhal, N.N. Misra, V.C. Gupta and Lallan Prasad, Directors as members of the Committee. Two meetings of the Audit Committee were held during the year i.e. 11.05.2010 and 25.03.2011.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 21.07.2010 had appointed M/s GRA & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2010-2011. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

Comptroller & Auditor General of India (C&AG) vide letter dated 16th May 2011 has decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March 2011 and as such has no comments to make under Section 619(4) of the Companies Act, 1956.

As advised by the office of the C&AG, No comments of C&AG on the accounts of the Company for the year 2010-2011 are being placed with the report of the Statutory Auditors.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over ₹ 60,00,000/- in aggregate if employed throughout the year or ₹ 5,00,000/- per month in aggregate, if employed for part of the year, the particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

i) in the preparation of the annual accounts for the Financial Year ending on 31st March 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of Financial Year 2010-2011 and of the loss of the company for the said period;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv) the Directors had prepared the annual accounts for the Financial Year ending on 31st March 2011, on going concern basis.

BOARD OF DIRECTORS

Shri R.S. Sharma ceased to be the Chairman of the Company with effect from August 31, 2010 on attaining the age of superannuation. Shri Arup Roy Choudhury, CMD, NTPC took over as the Chairman of the Company with effect from September 29, 2010.

Shri R.C. Shrivastav ceased to be the Director w.e.f. June 30, 2010 consequent upon attaining the age of superannuation. Shri R.K. Sharma and Shri Vivek Kumar Singh ceased to be the Director w.e.f. July 27, 2010.

Shri G.J. Deshpande was appointed as the Director of the Company with effect from July 27, 2010 and he ceased to be the Director of the Company w.e.f. December 24, 2010.

Shri V.C. Gupta, Member (Finance & Revenue), BSEB and Shri Lallan Prasad, Member (Generation), BSEB were appointed as the Director of the Company with effect from July 27, 2010 and August 28, 2010 respectively. Shri U.P. Pani, Regional Executive Director (ER-HQ-I), NTPC was appointed as the Director w.e.f. December 24, 2010.

The Board wishes to place on record its deep appreciation for the valuable services rendered by S/ Shri R.S. Sharma, R.C. Shrivastav, R.K. Sharma, Vivek Kumar Singh and G.J. Deshpande during their association with your Company.

As per the provisions of the Companies Act, 1956, Shri N.N. Misra and Shri V.C. Gupta, Directors shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation for co-operation extended by Ministry of Power/ Government of India, Government of Bihar, Bihar State Electricity Board, Planning Commission, Central Electricity Regulatory Commission, Ministry of Environment and Forests and Airports Authority of India.

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Auditors, Bankers, contractors, vendors and consultants of the Company.

We wish to place on record our appreciation for the untiring efforts and contributions by the employees at all levels to ensure that the Company continues to grow and excel.

For and on behalf of the Board of Directors

Place: New Delhi — (Arup Roy Choudhury)
Dated: July 09, 2011 — Chairman

Annex-1 to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SECTOR AND DEVELOPMENTS

Electricity is an essential requirement for all facets of our life. It has been recognized as a basic human need. It is a critical infrastructure on which the socio-economic development of the country depends.

Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the nation has set itself the target of providing access to all households in next five years. As per Census 2001, about 44% of the households do not have access to electricity. Hence meeting the target of providing universal access is a daunting task requiring significant addition to generation capacity and expansion of the transmission and distribution network.

Indian Power sector is witnessing major changes. Growth of Power Sector in India since its Independence has been noteworthy. However, the demand for power has been outstripping the growth of availability. Substantial peak and energy shortages prevail in the country. This is due to inadequacies in generation, transmission & distribution as well as inefficient use of electricity. Very high level of technical and commercial losses and lack of commercial approach in management of utilities has led to unsustainable financial operations. Cross-subsidies have risen to unsustainable levels. Inadequacies in distribution networks has been one of the major reasons for poor quality of supply.

Electricity industry is capital-intensive having long gestation period. Resources of power generation are unevenly dispersed across the country. Electricity is a commodity that can not be stored in the grid where demand and supply have to be continuously balanced. The widely distributed and rapidly increasing demand requirements of the country need to be met in an optimum manner.

GENERATION

Existing Installed Capacity

As the Indian economy continues to surge ahead, its power sector has been expanding concurrently to support the growth rate. The demand for power is growing exponentially and the scope for the growth of this sector is immense.

The total installed capacity in the country as on March 31, 2011 is 173626.40 MW.

The total thermal capacity, including gas stations and diesel generation accounts for about 65% of installed capacity of the country followed by hydro capacity at 21.6%. Nuclear stations account for 2.8% and the balance 10.6% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	112824.48	65%
Hydro	37567.40	21.6%
Nuclear	4780	2.8%
R.E.S.@	18454.52	10.6%
Total	**173626.40**	**100%**

@ Renewable Energy Sources

Source: CEA's Executive Summary

Generation

The total power generation in the country during the year 2010-11 was 811.143 BUs as compared to 771.551 BUs generated during the last year registering a growth of 3.13%.

The sector-wise Electricity Generation Target and achievement during 2010-11 were as under:

Total Generation	Target (Million Units)	Achievement (Million Units)	% of achievement
Thermal	690856.5	664913.61	96.24
Hydro	111352	114295.7	102.64
Nuclear	22000	26284.8	119.48
Total	**824208.5**	**805494.11**	**97.72**

Source: CEA's Executive Summary

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The All-India PLF for the power sector was 75.10% during 2010-11.

SWOT ANALYSIS

Strength/ Opportunity:

In the scenario of high demand versus low supply of power, implementing the Company's project is justified. The Company has tied up loan portion of its financing plan with State Bank of India. It has full support of NTPC, the promoter and major stake holder. The holding Company, i.e. NTPC Limited is providing engineering and management expertise from planning to commission and operating power plant.

R&M of Stage-I (2X110MW) is being done by Bharat Heavy Electricals Limited and Main Plant order of Stage-II (2X195MW) has been awarded to Bharat Heavy Electricals Limited. Balance of plant of Stage-I & Stage-II is being carried out by the Company itself.

Weakness/ Threats:

Your Company has been facing constraint in respect of availability of coal, delayed realisation of sale proceeds from BSEB. The area in which the plant is located experiences heavy rainfall and floods.

RISK AND CONCERN

The risks to which company is exposed and the initiatives taken by the company to mitigate such risks are given below:

Hazard risks are related to natural hazards arising out of accidents and natural calamities like fire, earthquake or cyclone, floods etc.

Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the govt. authorities and company is formulating its own guideline in this regard. Risk arising out of accidents, fire etc is protected through insurance policies and limited through contractual agreements wherever possible.

Financial Risks are concerned with delayed realisation of sale proceeds from BSEB, servicing of debt, etc.

The Company is persistently taking up with BSEB for timely payment of sale proceeds.

Rising prices of Coal & oil and its subsequent impact on cost of energy sales to BSEB needs to be addressed.

Operational risks are associated with systems, processes and people and cover areas such as succession planning, attrition and retention of people, operational failure or interruption, disruption in supply chain, failure of research & development facilities and faulty application of information technology.

The Company has always endeavour to give best to their employees in form of salary, perquisites and other facilities including paying of profit related payment. The Company is employing professional experts of various fields and being deputed from NTPC and BSEB. The Company has taken up expansion plan to succeed in this competitive environment.

The policies and process framework of the company supported by the proactive approach of management mitigate operational risks to great extent.

INTERNAL CONTROL

The Company has robust internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards issued by Institute of Chartered Accountants of India from time to time and as per the guidelines issued from NTPC Limited. The Company has implemented SAP in all modules like HR, Accounting, Engineering, etc. It is helping the Company a lot in retrieving data and maintaining systematic backup.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants in coordination with Internal Audit Department of NTPC Limited. The Company has constituted an Audit Committee this year. The scope of this Committee includes compliance with Internal Control Systems.

FINANCIAL DISCUSSION AND ANALYSIS

During the financial year 2010-11, Unit#2 of Stage-I of the plant was declared commercial on 15.10.2010 at 60% capacity. In the pre-commissioning period, the energy sent out was 169.29 MUs and the total generation was 199.40 MUs. After the plant was declared commercial, the energy sent out was 103.94 MUs and the generation was 120.17 MUs. During the previous year, the energy sent out was 396 MUs and the total generation was 461 MUs. The decrease in generation during the period under review was due to non-payment of dues by BSEB due to which coal could not be procured for generation. During the stability period, billing for energy sent out had been accounted at mutually agreed rate of ₹ 3.65p/kWh. Post COD also, the billing had been done at the mutually agreed rate of ₹ 3.65p/kWh subject to retrospective adjustment on final tariff notification by Central Electricity Regulatory Commission.

During the Financial Year 2010-11, capital work-in-progress amounting to ₹ 1,43,52,02,567/- pertaining to Unit#2 of Stage-I had been capitalized on declaration of Unit#2 commercial. The net block rose to ₹ 1,60,03,97,525/- as on 31.03.2011 from ₹ 27,80,57,653/- as on 31.03.2010. The Capital Work-in-progress was ₹ 1,59,97,08,335/- as on 31.03.2011. The Net Current Assets stood at ₹(-) 41,26,72,200/-.

The net sales made during the period of commercial operation amounted to ₹ 48,58,07,317/- and other income was ₹ 2,48,32,980/-. After deducting the expenditure of ₹ 65,64,68,669/-, there was a loss of ₹ 14,58,26,761/- for the period ending 31.03.2011.

During the Financial Year 2010-11, 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 Regulations, 2009. Consequent to this change, prior period depreciation written back is ₹ 3,64,688/- and depreciation for the year ended 31st March, 2011 is lower by ₹ 65,86,633/-. As a result, loss before tax for the year ended 31St March 2011 is lower by ₹ 65,86,633/-.

HUMAN RESOURCE

Presently, the Company has total strength of 159 employees, out of which, 118 employees are deputed from the Holding Company i.e. NTPC Limited, 32 employees are deputed from BSEB and 9 employees are on the rolls of KBUNL. Out of the total strength, the company has employed 10 SC candidates and 7 ST candidates as a socially responsible and conscious organisation.

The Company is paying adequate perks and also making employees part of profit sharing by giving Profit Related Payment. They are being imparted training for their professional upgradation from time to time as an endeavour of your company to become a learning organisation. The Company had paid ₹ 21,69,48,778/- towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses.

Safe methods are practised in all areas of Operation & Maintenance and Construction & erection activities for the protection of workers against injury and diseases. Occupational safety at workplace is given utmost importance.

OUTLOOK

The company's outlook appears to be very bright. It will generate sufficient revenue for growth and development of the company once there the funds are available and this will also boost employment opportunities to the local inhabitants.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Dated: July 09, 2011

(Arup Roy Choudhury)
Chairman

KANTI BIJLEE UTPADAN NIGAM LIMITED

ACCOUNTING POLICIES 2010-11

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. GRANTS-IN-AID

Grants-in-aid received from the Central Government or other authorities towards capital expenditure are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.

Where the ownership of the assets acquired out of the grants vests with the Government, the grants are adjusted in the carrying cost of such assets.

Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

4. FIXED ASSETS

Fixed Assets are carried on historical cost.

Expenditure on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.

Intangible assets are recorded at their cost of acquisition.

Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.

Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses related to land in possession are treated as cost of land.

In the case if assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.

Administration and general overhead expenses attributable to construction of fixed assets are identified and allocated on a systematic basis and included in the cost of related assets till they are ready for their intended use.

Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

6. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are initially recorded at the rates of exchange rulling at the date of transaction.

At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost. Exchange differences (gain) are adjusted in the cost of related assets to the extent the related exchange loss was regarded as borrowing cost in the earlier periods till the related assets are ready for their intended use.

Exchange differences are recognized as income or expense in the period in which they arise.

7. BORROWING COSTS

Borrowing costs attributable to the fixed assets during construction/renovation and modernization are capitalized. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognized as an expense in the period in which they are incurred.

8. INVENTORIES

Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.

Diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

9. EXPENDITURE

9.1 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 Regulations, 2009.

9.2 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 XIV of the Companies Act, 1956.

9.3 Depreciation on the following assets is provided based on their estimated useful life:

a) Kutcha Roads	2 years
b) Enabling works	
- residential buildings including their internal electrification.	15 years
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 years
c) Personal computers & laptops including peripherals	5 years
d) Photocopiers and Fax Machines	5 years
e) Water coolers and Refrigerators	12 years

9.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

9.5 Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.

9.6 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier. Intangible assets - Others are amortized on straight line method over the period of legal right to use.

9.7 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively at the rates and methodology notified by CERC Regulations.

9.8 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.

9.9 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by CERC Regulations for such items of plant and machinery.

9.10 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.

9.11 Leasehold land and buildings are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Regulations. Leasehold land acquired on perpetual lease is not amortised.

9.12 Land acquired under Coal Bearing Areas (Acquisition & Development) Act, 1957 is amortised on the basis of lease period or balance useful life of the respective project whichever is earlier.

9.13 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

9.14 Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.

9.15 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.

9.16 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.

9.17 Expenses and prior period expenses/income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

9.18 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Transit and handling losses of coal as per norms are included in cost of coal.

10. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

11. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

KANTI BIJLEE UTPADAN NIGAM LTD.
BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in ₹)

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	**885075370.00**	885075370.00
Share Capital Deposit pending Allotment		**2561522337.00**	43800000.00
Reserves and surplus	2	**2980480256.00**	1874907150.00
		6427077963.00	2803782520.00
LOAN FUNDS			
Secured loans	3	**611130179.00**	383731637.00
TOTAL		**7038208142.00**	3187514157.00
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**1774138423.54**	334868757.22
Less: Depreciation		**173740898.42**	56811103.96
Net Block		**1600397525.12**	278057653.26
Capital Work-in-Progress	5	**1599708335.41**	1468733115.70
Construction stores and advances	6	**4104168904.10**	1415918574.31
		7304274764.63	3162709343.27
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**24207989.20**	9685075.00
Sundry Debtors	8	**430925117.50**	131240801.00
Cash and Bank balances	9	**224230095.76**	140862411.46
Other Current Assets	10	**4861631.00**	2594755.08
Loans and Advances	11	**107014773.47**	10818855.50
		791239606.93	295201898.04
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	**1173849583.92**	246353691.31
Provisions	13	**30062223.00**	24822209.00
		1203911806.92	271175900.31
Net current assets		**(412672199.99)**	24025997.73
Profit & Loss account		**146605577.36**	778815.50
TOTAL		**7038208142.00**	3187514156.50
Notes on Accounts	22		

Schedules 1 to 21 and accounting policies form an integral part of accounts.

For and on behalf of the Board of Directors

As per our report of even date
For GRA & Assiciates
Chartered Accountants

(S. K. Agrawal)	**(Ruchi Aggarwal)**	**(P. K. Rai)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M No.093590			

Place : New Delhi
Dated : 2nd May, 2011

KANTI BIJLEE UTPADAN NIGAM LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales (Gross)	14	**485486583.50**	0.00
Energy internally consumed		**320734.20**	0.00
Other income	15	**24832980.04**	0.00
Total		**510640297.74**	0.00
EXPENDITURE			
Fuel		**353324561.67**	0.00
Employees' remuneration and benefits	16	**104094008.10**	0.00
Generation, administration & other expenses	17	**50678199.75**	741820.00
Depreciation		**109807982.70**	0.00
Provisions	18	**336890.46**	0.00
Interest and finance charges	19	**38227027.16**	9130.00
Total		**656468669.84**	750950.00
Profit before Tax and Prior Period Adjustments		**(145828372.10)**	(750950.00)
PriorPeriodincome/expenditure(net)	20	**(1610.24)**	0.00
Profit before tax		**(145826761.86)**	(750950.00)
Provision for :			
Current tax		**0.00**	0.00
Profit after tax		**(145826761.86)**	(750950.00)
Balance brought forward		**(778815.50)**	(27865.50)
Balance carried to Balance Sheet		**(146605577.36)**	(778815.50)
Expenditure during construction period (net)	21		
Earning Per Share (Equity shares, face value ₹10/- each) - Basic and Diluted (₹)		**(1.66)**	(0.13)
Notes on Accounts	22		

Schedules 1 to 21 and accounting policies form an integral part of accounts.

For and on behalf of the Board of Directors

As per our report of even date
For GRA & Assiciates
Chartered Accountants

(S. K. Agrawal)	**(Ruchi Aggarwal)**	**(P. K. Rai)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M No.093590			

Place : New Delhi
Dated : 2nd May, 2011

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
Schedule 1		
SHARE CAPITAL		
AUTHORISED		
1,000,000,000 equity shares of ₹ 10/- each (previous year 100,000,000 equity shares of ₹ 10/- each)	**10000000000.00**	1000000000.00
ISSUED, SUBSCRIBED AND PAID-UP		
88,507,537 equity shares of ₹ 10/- each fully paid-up (previous year 88,507,537 equity shares of ₹ 10/- each fully paid-up)	**885075370.00**	885075370.00
(57151000 held by NTPC Ltd. and their nominees received in cash and 31356537 equity shares fully paid up held by Bihar State Electricity Board and their nominees, in considerartion other than cash. (Previous year: 57151000 equity shares of ₹ 10 each held by NTPC Ltd. and their nominees and31356537 shares ₹ 10 each fully paid up held by BSEB and their nominees)	**885075370.00**	885075370.00

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve-grants from GOI		
As per last Balance Sheet	**1874907150.00**	1124907150.00
Add : Grants received during the year	**1129144894.00**	750000000.00
Less : Grants utilised as depreciation for the year on assets created out of the grants	**(23571788.00)**	
Closing Balance	**2980480256.00**	1874907150.00
Total	**2980480256.00**	1874907150.00
Schedule 3		
SECURED LOANS		
Cash Credit from scheduled banks (Secured against Inventory and Trade Debtors acquired from cash credit Loan)	**393987321.00**	120874493.00
Loan from Holding Company NTPC Ltd (Secured by equitable mortgage through deposit of title deed), (Due for repayment within one year ₹ 37142857.00, Previous year ₹ 45714286.00)	**217142858.00**	262857144.00
Total	**611130179.00**	383731637.00

Schedule 4

FIXED ASSETS

(Amount in ₹)

	Gross Block				Depreciation				Net Block	
	As at 01.04.2010	Additions	Deductions/ Adjustments	**As at 31.03.2011**	Upto 01.04.2010	For the year	Deductions/ Adjustments	**Upto 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
TANGIBLE ASSETS										
Land : (including development expenses)										
Freehold										
Leasehold	0.00		(33.00)	**33.00**		1.19	(3.07)	**4.26**	**28.74**	
Roads, bridges, culverts & helipads	12430863.00	0.00	0.00	**12430863.00**	1958837.14	418893.10	(13291.36)	**2391021.60**	**10039841.40**	10472025.86
Building :										
Freehold										
Main plant	113508719.00	0.00	0.00	**113508719.00**	25746613.91	6471974.33	713127.58	**31505460.66**	**82003258.34**	87762105.09
Others	188064475.00	3434191.00	0.00	**191498666.00**	22946623.07	7157255.42	(586412.80)	**30690291.29**	**160808374.71**	165117851.93
Water Supply, drainage & sewerage system	4444628.00	0.00	0.00	**4444628.00**	812427.84	148454.83	78269.01	**882613.66**	**3562014.34**	3632200.16
MGR track and signalling system	0.00	18393666.00	0.00	**18393666.00**		919683.30	0.00	**919683.30**	**17473982.70**	
Plant and machinery	770385.00	1411310955.19	0.00	**1412081340.19**	109109.29	100379027.68	641.40	**100487495.57**	**1311593844.62**	661275.71
Furniture, fixtures & other office equipment	8237138.48	1953082.99	(6800.00)	**10197021.47**	2298273.73	925381.29	1857.68	**3221797.34**	**6975224.13**	5938864.75
EDP, WP machines and satcom equipment	4360337.44	330381.00	0.00	**4690718.44**	1787636.30	868057.88	129403.28	**2526290.90**	**2164427.54**	2572701.14
Vehicles including speedboats	280545.00	0.00	280545.00	**0.00**	191007.55	47497.85	238505.40	**0.00**	**0.00**	89537.45
Construction equipments	1832516.00	4096846.10	466944.77	**5462417.33**	327707.26	453009.28	500729.65	**279986.89**	**5182430.44**	1504808.74
Electrical installations	0.00	366565.02	0.00	**366565.02**		27030.48	0.00	**27030.48**	**339534.54**	
Communication equipments	35776.00	76790.50	0.00	**112566.50**	141.61	2669.78	(47.11)	**2858.50**	**109708.00**	35634.39
Hospital equipments	34946.00	0.00	0.00	**34946.00**	26987.38	423.30	1553.75	**25856.93**	**9089.07**	7958.62
Assets held for disposal valued at net book value or net realisable value whichever is less	0.00	0.00	(47845.29)	**47845.29**	0.00	0.00	0.00	**0.00**	**47845.29**	
INTANGIBLE ASSETS										
Software	868428.30	0.00	0.00	**868428.30**	605736.28	174770.76	0.00	**780507.04**	**87921.26**	262692.02
Total	334868757.22	1439962477.80	692811.48	**1774138423.54**	56811101.36	117994130.47	1064333.41	**173740898.42**	**1600397525.12**	278057655.86
Previous year	323301752.22	1309651.00	10260552.00	**334868757.22**	29726171.00	16273605.96	10811327.00	**56811103.96**	**278057653.26**	293575581.22

	2011	2010
Deduction/Adjustments from Gross Block for the year includes:	**2011**	2010
Disposal/retirement of assets		0.00
Cost adjustments	**(6800.00)**	0.00
Assets capitalised with retrospective effect / write back of excess capitalisation	**(33.00)**	
Others	**699644.48**	0.00
Total	**692811.48**	0.00
Deduction/Adjustments from Depreciation for the year includes:		
Disposal/Retirement of assets		
Prior Period depreciation due to Assets capitalised with retrospective effect / Write back of excess capitalisation	**(3.07)**	0.00
Others	**1064336.48**	0.00
Total	**1064333.41**	0.00
Deduction/adjustments from depreciation for the year includes:		
Charged to Profit and Loss Account	**109807982.70**	0.00
Depreciation transferred to EDC(net)-(Schedule-21)	**8186147.77**	16273605.96
Total	**117994130.47**	16273605.96

Schedule 5

CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

	As at 01.04.2010	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2011
Development of land		103783517.19	0.00	0.00	103783517.19
Roads, bridges, culverts & helipads		609634.37	0.00	0.00	609634.37
Buildings :					
Main plant		0.00	0.00	0.00	0.00
Others	3387707.45	2070245.66	0.00	3434191.00	2023762.11
Temporary erection		42221321.33	0.00	0.00	42221321.33
MGR track and signalling system		19462394.05	0.00	18393666.00	1068728.05
Plant and machinery	2083564936.14	1276379639.32	906263598.18	1409640612.47	1044040364.81
Construction equipments		2913160.92	(862718.31)	3382433.00	393446.23
Electrical Installations		4759.63	(346905.37)	351665.00	
Sub Total	**2086952643.59**	**1447444672.47**	**905053974.50**	**1435202567.47**	**1194140774.09**
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	11800237.06	393767324.30	0.00	0.00	405567561.36
Pre-commisioning expenses (net)	(630019765.05)	(146652431.85)	(776672197.00)	0.00	0.10
Expenditure during construction period (net) *		255341229.54	0.00	0.00	255341229.54
Less: Allocated to related works	0.00	(255341229.68)		0.00	(255341229.68)
Grand Total	**1468733115.60**	**1694559564.78**	**128381777.50**	**1435202567.47**	**1599708335.41**
Previous year	1294929342.00	173783684.00	(20090.00)	0.00	1468733116.00

* Brought from expenditure during construction period (net) - Schedule 21

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
Schedule 6		
CONSTRUCTION STORES AND ADVANCES		
CONSTRUCTION STORES *		
(At cost)		
Steel	**4855409.52**	1538017.21
Cement	**899238.65**	
Others	**792292469.54**	133212419.00
	798047117.71	134750436.21
Less: Provision for shortages		487615.00
	798047117.71	134262821.21
ADVANCES FOR CAPITAL EXPENDITURE		
Secured		
Unsecured, considered good		
Covered by bank guarantees	**1217166610.69**	
Others	**2088955175.70**	1281655753.10
	3306121786.39	1281655753.10
Total	**4104168904.10**	1415918574.31
* Includes material in transit, under inspection and with contractors	**667236879.00**	0.00
Schedule 7		
INVENTORIES		
(Valuation as per Accounting Policy No. 8)		
Components and spares	**628177.25**	0.00
Loose tools		
Coal	**14503502.00**	9681955.00
Fuel oil	**9300244.16**	
Chemicals & consumables	**3120.00**	3120.00
Others	**597451.25**	-
	25032494.66	9685075.00
Less: Provision for shortages	**40495.00**	
Provision for obsolete/ unserviceable items/	**784010.46**	-
Total	**24207989.20**	9685075.00
Inventories include material in transit, under inspection and with contractors	**8594053.00**	0.00

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
Schedule 8		
SUNDRY DEBTORS		
(Considered good, unless otherwise stated)		
Debts outstanding over six months		
Unsecured,	**0.00**	0.00
	0.00	0.00
Other debts		
Unsecured	**430925117.50**	131240801.00
	430925117.50	131240801.00
Total	**430925117.50**	131240801.00
Schedule 9		
CASH & BANK BALANCES		
Cash In hand (includes cheques, drafts, stamps on hand Current year-nil, previous year ₹100168000/-)	**0.00**	100168000.00
Balances with scheduled banks		
Current accounts (a)	**9179826.04**	6376826.82
Term deposit accounts (b)	**215050269.72**	34317584.64
Total	**224230095.76**	140862411.46
Schedule 10		
OTHER CURRENT ASSETS		
Interest accrued :		
Term deposits	**4861631.00**	2501019.08
Others		93736.00
Total	**4861631.00**	2594755.08
Schedule 11		
LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
LOANS		
ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
Contractors & suppliers, including material issued on loan		
Secured		
Unsecured	**94261459.18**	0.00

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
Schedule 11 (Cont.)		
Employees (including imprest)		
Unsecured	**5000.00**	177309.00
Considered doubtful		0.00
Advance tax & tax deducted at source	**1791410.00**	988718.00
Others		
Unsecured	**668027.29**	1167030.50
	96725896.47	2333057.50
DEPOSITS		
Deposits with customs, port trust and others	**10288877.00**	8485798.00
Total	**107014773.47**	10818855.50

	As at 31.03.2011	As at 31.03.2010
Schedule 12		
CURRENT LIABILITIES		
Sundry creditors		
For capital expenditure		
Micro & small enterprises	**125110.29**	
Others	**788141684.61**	94139195.01
For goods and services		
Micro & small enterprises	**54348.51**	
Others	**176299147.42**	52220646.34
Holding Company- NTPC Limited	**144260262.95**	67760128.13
Deposits, retention money from contractors and others	**26036331.99**	15256320.45
Less: Bank deposits/Investments held as security	**899476.00**	1255500.00
	1134017409.77	228120789.93
Other liabilities	**39832174.15**	18232901.38
Total	**1173849583.92**	246353691.31

	As at 31.03.2011	As at 31.03.2010
Schedule 13		
PROVISIONS		
Employee benefits		
As per last balance sheet	**24822209.00**	15547730.00
Additions during the year	**5783269.00**	12953470.00
Amounts paid during the year	**(543255.00)**	3678991.00
Amounts reversed during the year		
	30062223.00	24822209.00
Total	**30062223.00**	24822209.00

(Amount in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 14		
SALES		
Energy Sales (including electricity duty)	**485486583.50**	0.00
Total	**485486583.50**	0.00

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 15		
OTHER INCOME		
Income from Others		
Interest (Gross) (Tax deducted at source ₹ 802672.00, previous year ₹ 309009.00)		
Indian banks	**8301390.00**	2933282.72
Others	**901356.00**	0.00
Miscellaneous income	**24587508.01**	1752897.41
	33790254.01	4686180.13
Less: Transferred to		
Expenditure during construction period (net) - Schedule 21	**8957273.97**	4686180.13
Total	**24832980.04**	0.00

(Amount in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 16		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	**186135763.54**	148282311.53
Contribution to provident and other funds	**15154372.00**	9343938.41
Welfare expenses	**15658643.01**	9810761.39
	216948778.55	167437011.33
Less: Transferred to expenditure during construction period (net) - Schedule 21	**112854770.45**	167437011.33
Total	**104094008.10**	0.00

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 17		
GENERATION, ADMINISTRATION & OTHER EXPENSES		
Power charges	**320734.20**	0.00
Less: Recovered from contractors & employees	**232815.13**	0.00
	87919.07	0.00
Stores consumed	**266537.20**	3231437.56
Rent		616372.00
Less:Recoveries	**-**	0.00
	0.00	616372.00
Repairs & maintenance		
Buildings	**7614108.48**	1727677.98
Plant & machinery		
Power stations	**45957742.83**	**72185515.62**
	45957742.83	72185515.62
Others	**295803.21**	45351.00
Insurance	**7206494.70**	5316032.00
Rates and taxes	**63184.00**	764786.00
Water cess & environment protection cess	**316971.00**	0.00
Training & recruitment expenses	**145257.00**	254205.00
Less: Fees for application and training	**0.00**	0.00
	145257.00	254205.00
Communication expenses	**2018187.89**	2677138.57
Travelling expenses	**12279241.68**	8924039.00
Tender expenses	**2104294.00**	662982.00
Less: Receipt from sale of tenders	**188852.00**	0.00
	1915442.00	662982.00
Payment to auditors	**109169.00**	107256.00
Advertisement and publicity	**19200.00**	54850.00
Security expenses	**53139482.22**	43592273.57
Entertainment expenses	**557529.87**	389406.00
Expenses for guest house	**4395675.00**	3535124.15
Less:Recoveries	**59555.00**	0.00
	4336120.00	3535124.15
Ash utilisation & marketing expenses	**191094.75**	0.00
Less: Sale of ash products	**0.00**	0.00
	191094.75	0.00
Books and periodicals		75010.00
Professional charges and consultancy fees	**2104244.00**	1006572.00
Legal expenses	**15905100.00**	252913.00
EDP hire and other charges	**934937.00**	170264.00
Printing and stationery	**341366.84**	610674.00
Hiring of vehicles	**9114310.26**	4252027.76
Miscellaneous expenses	**1033002.21**	846080.34
	165952445.21	151297987.55
Less: Transferred to Expenditure during construction period (net) - Schedule 21	**115274245.46**	150556167.55
Total	**50678199.75**	741820.00
Spares consumption included in repairs and maintenance	**11679321.37**	33506566.00

(Amount in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 18		
PROVISIONS		
Obsolete/Dimunition in the value of surplus stores	**336890.46**	447120.00
Shortage in construction stores	**0.00**	40495.00
Sub-Total	**336890.46**	487615.00
Less : Transferred to expenditure during construction period (net)-Schedule 21	**0.00**	487615.00
Total	**336890.46**	0.00
Schedule 19		
INTEREST AND FINANCE CHARGES		
Interest on :		
Rupee term loans	**65324745.00**	40399089.00
Finance Charges :		
Bank charges	**1248700.68**	1361042.00
Others		9130.00
	1248700.68	1370172.00
Sub-Total	**66573445.68**	41769261.00
Less: Transferred to expenditure during construction period (net) - Schedule 21	**28346418.52**	41760131.00
Total	**38227027.16**	9130.00
Schedule 20		
PRIOR PERIOD INCOME/EXPENDITURE (NET)		
INCOME		
Sales	**0.00**	0.00
EXPENDITURE		
Depreciation	**(364688.93)**	10811327.00
Others		22883961.00
	(364688.93)	33695288.00
Net Expenditure/(Income)	**(364688.93)**	33695288.00
Less: Transferred to		
Expenditure during construction period (net)- Schedule 21	**(363078.69)**	33695288.00
Total	**(1610.24)**	0.00
Schedule 21		
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)		
A. Employees remuneration and other benefits		
Salaries, wages, allowances and benefits	**98654556.23**	148282311.53
Contribution to provident and other funds	**6805127.00**	9343938.41
Welfare expenses	**7395087.22**	9810761.39
Total (A)	**112854770.45**	167437011.33
B. Other Expenses		
Power charges	**0.00**	0.00
Less: Recovered from contractors & employees	**145398.34**	0.00
	(145398.34)	0.00
Rent	**0.00**	616372.00
Repairs & maintenance		
Buildings	**5961566.66**	1727677.98
Others	**26286535.40**	75462304.18
	32248102.06	77806354.16
Insurance	**3963709.70**	5316032.20
Rates and taxes	**316971.00**	764786.00
Communication expenses	**887841.71**	2677138.37
Travelling expenses	**6551190.92**	8924039.00
Tender expenses	**2185523.00**	662982.00
Less: Income from sale of tenders	**106852.00**	0.00
	2078671.00	662982.00
Payment to auditors	**35526.00**	107256.00
Advertisement and publicity	**19200.00**	54850.00
Security expenses	**42793191.58**	43592273.52

(Amount in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 21 (Cont.)		
Entertainment expenses	**178936.00**	389406.00
Guest house expenses	**2449000.00**	3535124.40
Books and periodicals	**0.00**	75010.00
Professional charges and consultancy fee	**1677759.00**	1006572.00
Legal expenses	**15905100.00**	252913.00
EDP Hire and other charges	**6000.00**	170264.00
Printing and stationery	**207032.60**	610674.00
Miscellaneous expenses	**6101412.23**	5098108.10
Total (B)	**115274245.46**	151043782.75
C. Depreciation	**8186147.77**	16273605.96
Total (A+B+C)	**236315163.68**	334754400.04
D. Interest and Finance Charges		
Interest on		
Rupee term loans	**28142372.84**	40399089.00
Others	**204045.68**	1361042.00
Total (D)	**28346418.52**	41760131.00
E. Less: Other Income		
Interest from		
Indian banks	**7495910.00**	2933282.72
Miscellaneous income	**1461363.97**	1752897.41
TOTAL (E)	**8957273.97**	4686180.13
F. Prior Period Adjustments	**(363078.69)**	33695288.00
GRAND TOTAL (A+B+C+D-E+F)	**255341229.54***	405523638.91

* Balance carried to Capital Work-in-progress - (Schedule 5)

Schedule-22

Notes on Accounts:

1. The Office of the Comptroller & Auditor General of India expressed an opinion that the rates of depreciation notified by the CERC shall be followed by the Company for providing depreciation in the accounts instead of the rates as per the Companies Act, 1956 in respect of generating assets. Accordingly, the Company revised its accounting policies relating to charging of depreciation w.e.f 1st April 2009 considering the rates and methodology notified by the CERC for determination of tariff through Regulations, 2009. In case of certain assets, the Company has continued to charge higher depreciation based on technical assessment of useful life of those assets. Consequent to this change, prior period depreciation written back is ₹ 3,64,688/-. Depreciation for the year ended 31st March 2011 is lower by ₹ 65,86,633/- . As a result, loss before tax for the year ended 31St March 2011 is lower by ₹ 65,86,633/-

2. (i) Both the units of the transferred station were under renovation & modernization since the date of transfer. Unit no-2 of the station has been declared under commercial operation since 15.10.2010 and ₹ 1,435,202,567/- related to unit no-2 capitalized on 14.10.2010.

   (ii) The infirm power generated from the unit-02 (1 x 110 MW) of plant during the stability period (upto 14.10.2010) has been accounted at mutually agreed rate of ₹ 3.65 p/kWh between BSEB & KBUNL. Energy Charges accrued and related expenses including fuel & other direct expenses during stabilization period has been accounted as pre-commissioning income/expenditure. In-firm power sent out during the F.Y.2010-11(upto 14.10.2010) is 169.29 mu (previous year 396mu).

3. As per the MOU dt.9th May 2006, Govt. of India sanctioned a grant of ₹ 350.00 crore through Govt of Bihar for renovation & modernization of the taken over station under RSVY grant. M/s BHEL has been paid an advance of ₹ 240 crores till 31.03.2011 and KBUNL has been paid ₹ 55 crores out of the sanctioned amount and the same have been accounted as 'Grants-in-Aid' in Schedule 2 as Capital Reserve.

4. (i) Tariff petition has been filed with CERC for fixation of tariff for the period 15.10.2010 to 31.03.2014 vide tariff petition dated 07.10.2010.In the meantime the billing and accounting for the post COD period i:e 15.10.2010 to 31.10.2011 amounting to ₹ 38.95 crore has been made at the rate of ₹ 3.65/unit, the mutually agreed rate between KBUNL and BSEB (applicable for pre-commissioning period) subject to retrospective adjustment on final tariff notification by CERC.

(ii) Vide clause no. 2.2.3 of Power purchase agreement , the single beneficiary i.e. BSEB is liable to pay the entire capacity charges for any reduction in generation on account of non payment of dues. In line with the PPA clause, capacity charges for the period of plant shutdown during post COD period due to non availability of fuel consequent to non payment of dues by BSEB amounting to ₹ 10,60,08,855/- billed and accounted.

5. Disclosure As Per accounting Standard-15

Employees' remuneration and benefits includes ₹ 29,697,049/-(previous year ₹ 17,705,599/-) in respect of gratuity, leave, post retirement medical facility, transfer traveling allowance on retirement / death, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation basis at the end of the year and for employee on deputation from BSEB {₹ 19,058,066/-(previous year ₹ 13,957,664/-)}.

6. **Related Party Disclosures:**

Remuneration to key management personnel for the year is NIL

(previous year NIL)

7. **Operating leases-**

The Company's significant leasing arrangements are in respect of operating leases of Premises for residential use of employees. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable. Employee's remuneration and benefits include ₹ 45,11,244/-(Previous Year ₹ 53,50,838/-) towards lease payments, net of recoveries, in respect of premises for residential use of employees.

8. **Earning per share :-**

The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:

	Current year	Previous year
Net Profit after tax used as numerator (₹)	**(145827323)**	(750950)
Weighted average number of equity shares used as denominator	**88507537**	5913098
Earning per share (₹)	**(1.65)**	(0.13)
Diluted Earning Per Share (₹)	**-**	-
Face value per share (₹)	**10/-**	10/-

9. Payment to the Statutory auditors:-

	Current Year	Previous Year
Audit Fee (₹)	**55150**	35332
Certification Fee (₹)	**33090**	

10. Interest payable to Micro, Small & Medium scale Enterprises is NIL.

11. Estimated amount of contracts remaining to be executed on Capital account and not provided for is ₹ 1225.02 Crores (Previous Year 139.12 Crores).

12. Value of components, stores and spares parts consumed (indigenous) ₹ 8209.83 lakhs (previous year ₹ 10723.86 lakhs)

13. (i) Licensed capacity – Not applicable.

(ii) Installed capacity – 2x110 MW (Since 15.10.2010 one unit no. 02 has been declared for commercial operation and Unit no 1 is under Renovation & Modernization).

(iii) Quantitative information in respect of Generation and Sale of Electricity :

Pre-Commissioning Period (01.04.10-14.10.10)	**Current year**	Previous year
Generation (in MUs)	**199.40**	461
Sales (in MUs)	**169.29**	396
Commercial period: (14.10.10 to 31.03.11)		
Generation (in MUs)	**120.17**	NIL
Sales (in MUs)	**103.94**	NIL

14. Figures have been rounded off to nearest rupee.

15. Previous year figures have been regrouped /rearranged wherever necessary.

16. (i) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realized/discharged or adjusted are subject to confirmation / reconciliation and consequential adjustment, if any.

(ii) In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

17. Information pursuant to Ministry of Environment & Forests notification no. s. o. 2804(E) New Delhi the 3rd November, 2009 for ash:

(i) Unit no.-2 (1*110MW) has been declared for commercial operation w.e.f:15/10/2010.

(ii) Only slurry ash generated (1.80 Lacs.MT) & there is no sale of ash.

(iii) Pond & Slurry ash is used for site filling of area for Stage-II (2x195MW) of KBUNL.

(iv) For use of Pond ash work shop was organized on 06.02.2010 with brick manufacturers and others.

18. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details

State Code : 0 5 5

Registration No. U 4 0 1 0 2 D L 2 0 0 6 G O I 1 5 3 1 6 7

	Date	Month	Year
Balance-Sheet date	3 1	0 3	2 0 1 1

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Right issue
N I L	N I L
Bonus Issue	**Private Placement**
N I L	N I L

III. Position of Mobilization and Deployment of funds (Amount in ₹ Thousands)

Total Liability	Total Assets
7 0 3 8 2 0 8	7 0 3 8 2 0 8

Source of Funds

Paid-up Capital	Reserves & Surplus
8 8 5 0 7 5	2 9 8 0 4 8 0
Secured Loans	Unsecured Loans
6 1 1 1 3 0	N I L

Application of Funds

Net Fixed Assets	Investment
7 3 0 4 2 7 4	N I L
Net Current Assets	Misc. Expenditure
(-) 4 1 2 6 7 2	N I L

IV. Performance of Company(Amount in ₹ Thousands)

Turnover	Total Expenditure
4 8 5 4 8 6	6 5 6 4 6 9
Profit/Loss before Tax	Profit/Loss after Tax
(-) 1 4 5 8 2 7	(-) 1 4 5 8 2 7
Earning per share in ₹	Dividend Rate%
(-) 1 . 6 6	N I L

V. Generic Name of three Principal Product/Services of Company

(As per monetary terms)

Product Description:	Item Code No.
G E N E R A T I O N O F E L E C T R I C I T Y	N A

For & On Behalf of the Board of Directors

As per our report of even date
For GRA & Associates
Chartered Accountants

(S.K. Agarwal)	**(Ruchi Aggarwal)**	**(P.K. Rai)**	**(A.R. Choudhury)**
Partner	Company Secretary	Director	Chairman
M. No 093590			

Place: New Delhi
Dated: 2nd May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

Amount (₹)

		For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax and Prior Period Adjustments		**(145826762)**	(750950)
Adjustment for:			
Depreciations	**116929795**		0
Provisions	**336890**		0
Interest income	**(8301390)**	**108965295**	0
Operating Profit before Working Capital Changes		**(36861467)**	(750950)
Adjustment for:			
Trade and other receivables	**(299684317)**		(89497452)
Inventories	**(14859804)**		21199180
Trade Payables & Other Liabilities	**932735907**		(172103767)
Loans & advances	**(96195918)**		116566353
Other Current Assets	**(2266876)**	**519728992**	(2277424)
Cash generated from operations		**482867525**	(126864060)
Income Tax/Advance Tax Paid		**0**	(668677)
Net Cash from Operating Activities - A		**482867525**	(127532737)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		**(4258495216)**	(906900091)
Net Cash Flow from Investing Activities - B		**(4258495216)**	(906900091)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Loan		**227398542**	63045351
Grants-in-aid received		**1105573106**	750000000
Interest income		**8301390**	0
Proceeds from Issue of Share Capital/Share Capital Deposit		**2517722337**	313075370
Net Cash Flow from Financing Activities - C		**3858995375**	1126120721
Net increase/Decrease in cash and cash equivalents (A+B+C)		**83367685**	91687893
Cash and cash equivalents (Opening Balance)		**140862411**	49174518
Cash and cash equivalents (Closing Balance)		**224230096**	140862411

NOTES:
1. Cash and cash equivalents consists of Cash in hand and balance with Banks
2. Previous year's figures have been regrouped/rearranged wherever necessary.

For & On Behalf of the Board of Directors

As per our report of even date
For GRA & Associates
Chartered Accountants

(S.K. Agarwal)	**(Ruchi Aggarwal)**	**(P.K. Rai)**	**(A.R. Choudhury)**
Partner	Company Secretary	Director	Chairman
M. No 093590			

Place: New Delhi
Dated: 2nd May, 2011

AUDITOR'S REPORT

To the Members of
KANTI BIJLEE UTPADAN NIGAM LTD.

1. We have audited the attached Balance Sheet of **KANTI BIJLEE UTPADAN NIGAM LTD.** (a Subsidiary of NTPC Ltd.) as at 31st March 2011, the Profit and Loss Account and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of the section 227 of the Companies Act 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
   (b) In our opinion proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of such books.
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of accounts.
   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, subject to notes to accounts annexed thereto, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   (e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provision of clause (g) or sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
   (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India : -
      (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2011
      (ii) in the case of the Profit & Loss Account, of the loss of the Company for the period ended on that date and
      (iii) In the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For GRA & Associates
Chartered Accountants
(Shyam Kishor Agarwal)
Partner
M. No. 093590

Place : New Delhi
Date : 03-05-2011

ANNEXURE TO AUDITORS' REPORT

{Referred to in paragraph (3) of our report of even date}
Re : KANTI BIJLEE UTPADAN NIGAM LTD.

(i) (a) The company has been formed to take over the assets of Muzaffarpur Power Station from BSEB, the fixed assets records of the same has been maintained and physical verification has been done. However in case of purchases made by the company, the records regarding the same are being maintained. In view of the above the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) There is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets and according to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) During the year under reference there has been no substantial disposal of fixed assets of the company.

(ii) (a) The company has been formed to take over the assets of Muzaffarpur Power Station from BSEB, the fixed assets records of the same has been maintained and physical verification has been done. However in case of purchases made by the company, the records regarding the same are being maintained in view of this inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

(b) Not Applicable.

(c) Not Applicable.

(d) Not Applicable.

(e) The company has taken secured loan from NTPC its holding company. The maximum amount involved during the year was ₹ 27,72,87,915/- and the year-end balance of loans taken from such party was ₹ 21,71,42,858/-.

(f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

(g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system.

(v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.

(b) Not Applicable.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits, from the public, covered by the directives issued by the Reserve Bank of India, the provisions of section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its businesses.

(viii) According to the information and explanation given to us and on the basis of records produced for our verification, we are of the opinion that the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, are not applicable on the company.

(ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, and employees state insurance, income tax, sales tax, Wealth Tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the last day of the financial year, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of Income tax, Sale tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.

(x) Not applicable as the company has been formed only on 6th September, 2006 and a period of more than five years has not elapsed since its registration.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

(xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under reference.

(xix) According to the information and explanations given to us the company has not issued any debentures.

(xx) According to the information and explanation given to us the company has not raised any money by way of public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For GRA & Associates
Chartered Accountants
(Shyam Kishor Agarwal)
Partner
M. No. 093590

Place : New Delhi
Date : 03-05-2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF KANTI BIJLEE UTPADAN NIGAM LTD., NEW DELHI FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 3 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors' on the accounts of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi for the year ended 31 March 2011 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(M. K. Biswas)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 16th May, 2011

BHARTIYA RAIL BIJLEE COMPANY LIMITED
DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for the year ended 31st March 2011.

OPERATIONAL REVIEW

Your Company is setting up 4X250 MW Power Project at Nabinagar, Bihar to meet the traction and non-traction electric power requirement of Railways. For setting up this project, 1596.94 acres of land was to be acquired, out of which 1328.15 acres of land has been acquired. The Company is in the process of acquiring balance land of 268.79 acres. Out of total acquired land, for 1040.96 acres of land, mutation has been completed and for balance 287.18 acres of land, mutation is in progress. All major contracts for the aforesaid power project have been awarded except that for Locomotives. Due to non-availability of land for commencement of work by BHEL as per the contractual schedule, the Company made discussions with BHEL for revised effective date and time for completion of facilities and finally agreed at revised installation prices for execution of contract.

Your Company has also signed Power Purchase Agreement with Ministry of Railways for allocation of 90% of power and with Bihar State Electricity Board for allocation of balance 10% power.

The Company has tied up loan with Rural Electrification Corporation and Power Finance Corporation Limited amounting to ₹ 3746.75 crore, which is 70% of the total cost of the Project.

As a proactive measure of securing coal for the project, the Company is able to get Letter of Assurance from Central Coalfields Limited for 5 Million Tonnes Per Annum of Coal on 15.11.2010.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2011 are as under:-

(₹)

Particulars	FY 2010-11	FY 2009-10
Paid-up Share Capital	4,80,00,00,000	4,00,00,00,000
Share Capital Deposit Pending Allotment	2,91,46,39,000	1,46,15,39,000
Secured Loans	1,24,55,31,352	-
Net Block	1,82,22,01,517	1,46,41,23,501
Capital Work in Progress	2,04,43,59,389	82,43,59,877
Construction Stores & Advances	4,12,91,52,396	3,06,56,76,691
Current Assets, Loans and Advances	1,43,47,28,932	19,91,30,940
Current Liabilities	47,53,90,870	9,66,39,613
Net Current Assets	95,93,38,062	10,24,91,327
Loss	51,18,988	48,87,604
Earning Per Share	0.00	0.00

The financial statements and the performance of the Company have been discussed in the Management Discussion & Analysis section which is at Annex-1 to this Report.

AUDIT COMMITTEE

An Audit Committee of the Board of Directors of the Company was constituted in accordance with Section 292A of the Companies Act, 1956 comprising S/ Shri B.P. Singh, R.K.S. Gahlowt and Sudhir Kumar Saxena, Directors as members of the Committee. During the financial year, one meeting of the Audit Committee was held on 06.05.2010.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2011.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over ₹ Sixty Lac in aggregate if employed throughout the year or ₹ Five Lac per month in aggregate, if employed for part of the year, the particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 15th July 2010 has appointed M/s H.S. Madan & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2010-11. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) through letter dated 27th May 2011 has conveyed that a supplementary audit was conducted under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of the Company for the year ended 31 March 2011. On the basis of audit nothing significant has come to the knowledge of C&AG which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

As advised by the office of the C&AG, the above comments of C&AG and Management Replies' thereto on the accounts for the year 2010-11 are being placed with the report of the Statutory Auditors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As a measure to conserve energy, the Company has installed solar lights in the affected villages. During the period under review the Company had no earning in foreign currency. However, there was an outgo of Euro 3,65,693/-.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

i) in the preparation of the annual accounts for the year ended 31st March 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of 31st March 2011 and of the loss of the company for the said period;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv) The Directors had prepared the annual accounts for the year ended 31st March 2011, on going concern basis.

DIRECTORS

Shri Chandan Roy ceased to be the Chairman of the Company w.e.f. 31.07.2010 on attaining the age of superannuation. Shri B.P. Singh, Director (Projects) has taken over as the Chairman of the Company w.e.f. 20.08.2010

Shri A.K. Singhal ceased to be the Director of the Company w.e.f. 20.08.2010 and Shri R.K.S. Gahlowt, Executive Director, NTPC was nominated as a Director on the Board of your Company w.e.f. 20.08.2010.

Shri G.J. Deshpande ceased to be the Director of the Company w.e.f. 09.12.2010 on his transfer from Patna to New Delhi and in his place Shri U.P. Pani, Executive Director was appointed as Director on the Board w.e.f. 09.12.2010.

The Board wishes to place on record its deep appreciation for the valuable services rendered by S/ Shri Chandan Roy, A.K. Singhal and G.J. Deshpande during their association with your Company.

As per the provisions of the Companies Act, 1956, Shri S.K. Saxena, Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

ACKNOWLEDGEMENT:

Your Directors acknowledge with deep sense of appreciation for the co-operation extended by Ministry of Power and Ministry of Railways.

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Auditors, Bankers, contractors, vendors and consultants of the Company.

We wish to place on record our appreciation for the untiring efforts and contributions by the employees at all levels to ensure that the Company continues to grow and excel.

For and on behalf of the Board of Directors
(B.P. Singh)
Chairman

PLACE: New Delhi
DATE: July 07, 2011

Annex-1 to the Directors' Report
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SECTOR AND DEVELOPMENTS

Indian Power sector is witnessing major changes. Growth of Power Sector in India since its Independence has been noteworthy. However, the demand for power has been outstripping the growth of availability. Substantial peak and energy shortages prevail in the country. This is due to inadequacies in generation, transmission & distribution as well as inefficient use of electricity. Very high level of technical and commercial losses and lack of commercial approach in management of utilities has led to unsustainable financial operations. Cross-subsidies have risen to unsustainable levels. Inadequacies in distribution networks has been one of the major reasons for poor quality of supply.

GENERATION

Existing Installed Capacity

The total installed capacity in the country as on March 31, 2011 is 173626.40 MW.

The total thermal capacity, including gas stations and diesel generation accounts for about 65% of installed capacity of the country followed by hydro capacity at 21.6%. Nuclear stations account for 2.8% and the balance 10.6% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	112824.48	65%
Hydro	37567.40	21.6%
Nuclear	4780	2.8%
R.E.S.@	18454.52	10.6%
Total	**173626.40**	**100%**

@ Renewable Energy Sources

Source: CEA's Executive Summary

Existing Generation

The total power generation in the country during the year 2010-11 was 811.143 BUs as compare to 771.551 BUs generated during the last year registering a growth of 3.13%.

The sector-wise Electricity Generation Target and achievement during 2010-11 were as under:

Total Generation	Target (Million Units)	Achievement (Million Units)	% of achievement
Thermal	690856.5	664913.61	96.24
Hydro	111352	114295.7	102.64
Nuclear	22000	26284.8	119.48
Total	**824208.5**	**805494.11**	**97.72**

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The All-India PLF for the power sector was 75.10% during 2010-11.

SWOT ANALYSIS

Strength/ Opportunity:

In the scenario of demand of power by Railways, implementing the Company's project is justified. The Company is backed by strong stakeholders i.e. Ministry of Railways, NTPC Limited and BSEB. The Company is able to acquire major portion of land for establishing the project. NTPC is the consultant for the Company which is having wide experience in engineering and management expertise from planning to commissioning and operating power plants. Also, Bharat Heavy Electricals Limited is the EPC contractor. The Company has tied up loan with Power Finance Corporation Limited and with Rural Electrification Corporation Limited for meeting its debt portion.

Weakness/ Threats:

The major threat the company is facing in acquiring land. There has been increasing prices in the feed stock. The site where the project is located is prone to huge rainfall and floods. Being the area locally disturbed, security is one of the main concern for the project.

OUTLOOK

The company's outlook appears to be very bright and will get break even very soon once the plant is commissioned and production is stabilized. It will generate sufficient revenue for the growth and development of the company and create employment opportunities to the local inhabitants.

RISK AND CONCERN

The risk to which company is exposed and the initiatives taken by the company to mitigate such risks are given below:

Hazard risks are related to natural hazards arising out of nature of product/operation, accidents and natural calamities like fire, earthquake or cyclone etc.

Operational risks are associated with systems, processes and people and cover areas such as succession planning, attrition and retention of people, operational failure or interruption, disruption in supply chain, failure of research & development facilities and faulty application of information technology and non-compliance of regulatory provisions.

As the company is in construction phase of project it is not exposed to all such operational risks.

INTERNAL CONTROL

The Company has robust internal systems and processes for efficient conduct of business. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards issued by Institute of Chartered Accountants of India from time to time and as per the guidelines issued from NTPC Limited. The Company is in the process of implementation of SAP in all modules like HR, Accounting, Engineering, etc. which will help in retrieving data and maintaining systematic backup.

FINANCIAL DISCUSSION AND ANALYSIS

Your Company has prepared the financial statements on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified thereunder.

During the Financial Year 2010-11, your company had allotted 8 crore shares of ₹ 10/- each to NTPC Ltd and Ministry of Railways in the ratio of 74:26. Share Capital pending allotment amounted to ₹ 1,54,26,39,000/- and ₹ 1,37,20,00,000/- of NTPC Limited and Ministry of Railways respectively. The gross block comprising tangible and intangible assets amounted to ₹ 1,83,45,21,271/- and after charging depreciation of ₹ 1,23,19,754/-, the net block was ₹ 1,82,22,01,517/-. Depreciation on the assets of the generation of electricity business is charged on straight line method following the rates and methodology notified by CERC Regulations 2009. Consequent to this change, prior period depreciation written back is ₹ 60,545/- and current year depreciation is lower by ₹ 3,69,025/-. Consequently, fixed assets are higher by ₹ 4,29,570/-.

The expenses relating to training have been charged to Profit and Loss Account. Except the training expenses, employees remuneration & benefits, administration & other expenses, depreciation, interest & finance charges amounting to ₹ 25,02,06,282/- have been charged to Expenditure During Construction Account and transferred to Capital Work-in-progress.

Your Company has completed financial closure for the project by tying up loan of ₹ 2248 crore and ₹ 1498.75 crore from Power Finance Corporation Limited and Rural Electrification Corporation Limited respectively and has drawn loan amount of ₹ 1,24,55,31,352/- from Power Finance Corporation Limited during the year 2010-11.

The Chief Executive Officer of the Company was paid ₹ 30,14,114/- towards salaries, allowances, contribution to PF, gratuity and other benefits during the year in addition to benefit of use of car for official and personal purposes on payment of ₹ 780 per month.

HUMAN RESOURCE

Presently, the Company has total strength of 78 employees, out of which, 77 employees have been deputed from the Holding Company i.e. NTPC Limited and 1 employee has been deputed from Ministry of Railways. As a socially responsible and socially conscious organisation the company has deployed 13 SC employees and 5 ST employees out of the total strength.

The company is paying Performance Related Pay to its employees in order to boost their morale and also extending the facility of retention of family anywhere in India. Quarters have been hired at Dalmianagar as a Temporary Township until Permanent Township at the site is constructed.

The Company had paid ₹ 12,97,30,124/- towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses.

REHABILITATION AND RESETTLEMENT PLAN

The construction activities for establishing ITI have been started which will help PAPs and nearby villagers enhancing their skills. The Company has declared 50mtr land around PAPs residences as homestead land for the purpose of calculating compensation for land acquisition. Your Company has also started stitching and knitting centres for women in surrounding villages w.e.f. 03.04.2011. Mobile Medical Centre has also been started in 7 villages around the site w.e.f. 03.04.2011.

CAUTIONARY STATEMENT

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

For and on behalf of Board of Directors

(B.P. Singh)
Chairman

Place: New Delhi
Dated: July 07, 2011

Bhartiya Rail Bijlee Company Limited

ACCOUNTING POLICIES : 2010-11

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. FIXED ASSETS

3.1 Fixed Assets are carried at historical cost less accumulated depreciation.

3.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.

3.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.

3.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.

3.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

3.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.

3.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

4. CAPITAL WORK-IN-PROGRESS

4.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.

4.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.

4.3 Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

4.4 Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

5. FOREIGN CURRENCY TRANSACTIONS

5.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

5.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

6. BORROWING COSTS

Borrowing costs attributable to the fixed assets during construction/renovation and modernisation are capitalised. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

7. PROFIT AND LOSS ACCOUNT

7.1 **EXPENDITURE**

7.1.1 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 Regulations, 2009.

7.1.2 Depreciation on the following assets is provided based on their estimated useful life:

a) Kutcha Roads	2 years
b) Enabling works - residential buildings including their internal electrification. - non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	 15 years 5 years
c) Personal computers & laptops including peripherals	5 years
d) Photocopiers and Fax Machines	5 years
e) Water coolers and Refrigerators	12 years

7.1.3 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

7.1.4 Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.

7.1.5 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier. Intangible assets - Others are amortized on straight line method over the period of legal right to use.

7.1.6 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.

7.1.7 Leasehold land and buildings are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Regulations. Leasehold land acquired on perpetual lease is not amortised.

7.1.8 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

7.1.9 Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.

7.1.10 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.

7.1.11 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.

7.1.12 Prepaid expenses and prior period expenses/income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

8. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

9. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

BHARTIYA RAIL BIJLEE COMPANY LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

Amount (₹)

	Schedule No.	Current Year 31.03.2011	Previous Year 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	**4,800,000,000**	4,000,000,000
Share Capital Deposit	2	**2,914,639,000**	1,461,539,000
		7,714,639,000	5,461,539,000
LOAN FUNDS			
Secured loan	3	**1,245,531,352**	
TOTAL		**8,960,170,352**	5,461,539,000
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**1,834,521,271**	1,468,794,303
Less: Depreciation		**12,319,754**	4,670,802
Net Block		**1,822,201,517**	1,464,123,501
Capital Work-in-Progress	5	**2,044,359,389**	824,359,877
Construction Stores And Advances	6	**4,129,152,396**	3,065,676,691
		7,995,713,302	5,354,160,069
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	7	**1,426,802,430**	193,844,317
Other Current Assets	8	**2,130,654**	184,396
Loans & Advances	9	**5,795,848**	5,102,227
		1,434,728,932	199,130,940
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	10	**475,390,870**	96,639,613
Provision	11	**-**	-
Net Current Assets		**959,338,062**	102,491,327
Profit and Loss Account		**5,118,988**	4,887,604
TOTAL		**8,960,170,352**	5,461,539,000
Notes on Accounts	18		

Schedules 1 to 18 and accounting policies form an integral part of accounts

For and on behalf of the Board of Directors

As per our Audit Report of even date
For H.S. MADAN & CO.,
Chartered Accountants

H.S. Madan	**A. Chaudhuri**	**S. K. Saxena**	**B. P. Singh**
Partner	Chief Executive Officer	Director	Chairman
M. No. 09036			

Place : Delhi
Date : 29th April, 2011

BHARTIYA RAIL BIJLEE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Amount (₹)

	Schedule No.	Current Year 31.03.2011	Previous Year 31.03.2010
INCOME			
Other Income	12	**-**	-
TOTAL		**-**	-
EXPENDITURE			
Employees Remuneration and Benefits	13	**-**	-
Administration and other expenses / Trg. expenses	14	**231,384**	168,354
Depreciation		**-**	-
Interest and Finance Charges	15	**-**	-
TOTAL		**231,384**	168,354
Prior Period adjustment	16	**-**	-
Profit / (Loss) before Tax		**(231,384)**	(168,354)
Provision for :			
Fringe Benefit Tax			
Earlier Year			9,998
Fringe Benefit Tax transferred to Expenditure during Construction		**-**	-
Profit / (Loss) After Tax		**(231,384)**	(168,354)
Balance(Loss) brought forward		**(4,887,604)**	(4,719,250)
Balance (Loss) carried to Balance Sheet		**(5,118,988)**	(4,887,604)
Expenditure During Construction	17		
Earning Per Share (Equity Shares, face value ₹ 10/-each)- Basic and Diluted (₹)		**0.00**	0.00
Notes on Accounts	18		

Schedules 1 to 18 and accounting policies form an integral part of accounts

For and on behalf of the Board of Directors

As per our Audit Report of even date
For H.S. MADAN & CO.,
Chartered Accountants

H.S. Madan	**A. Chaudhuri**	**S. K. Saxena**	**B. P. Singh**
Partner	Chief Executive Officer	Director	Chairman
M. No. 09036			

Place : Delhi
Date : 29th April, 2011

SCHEDULES FORMING PART OF ACCOUNTS

Amount (₹)

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 1		
CAPITAL		
AUTHORISED		
160,60,00,000 equity shares of ₹ 10/- each	**16,060,000,000**	16,060,000,000
(Previous Year: 160,60,00,000 equity shares of ₹ 10/- each)		
ISSUED, SUBSCRIBED AND PAID-UP		
48,00,00,000 equity shares of ₹10 each fully paid-up (35,52,00,000 equity shares fully paid-up held by NTPC Ltd and their nominees and 12,48,00,000 equity shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)	**4,800,000,000**	4,000,000,000
(Previous year : 40,00,00,000 equity shares of ₹ 10 each fully paid-up consisting of 29,60,00,000 shares fully paid-up held by NTPC Ltd and their nominees and 10,40,00,000 shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)		
Total	**4,800,000,000**	4,000,000,000

Amount (₹)

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 2		
SHARE CAPITAL DEPOSIT		
(Amount received allotment and is pending)		
NTPC Ltd.	**1,542,639,000**	711,539,000
Ministry of Railways, Govt. of India.	**1,372,000,000**	750,000,000
Total	**2,914,639,000**	1,461,539,000
SCHEDULE - 3		
Secured Loan	**1,245,531,352**	-
Due for repayment within one year -NIL		
Secured by English mortgage/hypothecation of all present and future fixed and movable assets of Nabinagar TPP(4*250MW), as first charge, ranking pari passu with charge already created with PFC for 60% of total debt basis.		
Total	**1,245,531,352**	-

SCHEDULE -4
FIXED ASSETS

Amount (₹)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Additions	Deductions/ Adjustments	**As at 31.03.2011**	As at 01.04.10	For the year	Deductions/ Adjustments	**Upto 31.03.2011**	**As at 31.03.11**	As at 31.03.10
TANGIBLE ASSETS										
LAND										
-Freehold	1,438,424,216	146,854,548		**1,585,278,764**				**-**	**1,585,278,764**	1,438,424,216
Roads, Bridges & Culverts	413,865	120,767		**534,632**	163,280.00	172,072	8,594	**326,758**	**207,874**	250,585
Temporary Erections	4,288,796	9,286,358		**13,575,154**	3,111,622.00	3,479,386		**6,591,008**	**6,984,146**	1,177,174
Water Supply, Drainage & Sewerage system- T ship		81,296		**81,296**		8,281		**8,281**	**73,015**	-
Water Supply, Drainage & Sewerage system	21,400	21,324		**42,724**	4,067.00	6,091	215	**9,943**	**32,781**	17,333
Cranes										
Furniture, Fixtures & Other Office Equipments	5,896,996	4,580,129	270.00	**10,476,855**	731,987.00	1,066,880	(14,623)	**1,813,490**	**8,663,365**	5,165,009
Furniture, Fixtures & Other Office Equipments Township		1,542,232		**1,542,232**		82,717	(523)	**83,240**	**1,458,992**	
EDP Equipments	1,767,450	2,267,222		**4,034,672**	334,235.00	675,367	19,397	**990,205**	**3,044,467**	1,433,215
Construction Equipment	15,725,333	3,717,554		**19,442,887**	148,211.00	1,628,645	23,719	**1,753,137**	**17,689,750**	15,577,122
Electrical Installations	1,671,897	1,365,690		**3,037,587**	114,062.00	143,300	24,241	**233,121**	**2,804,466**	1,557,835
Communication Equipments	166,036	1,907,675		**2,073,711**	10,419.00	123,352	(205)	**133,976**	**1,939,735**	155,617
Laboratory & Workshop Equipments	7,784	1,353,560		**1,361,344**	7,784.00	140,725		**148,509**	**1,212,835**	-
Assets not owned by the coy		192,020,631		**192,020,631**				**-**	**192,020,631**	
INTANGIBLE ASSETS								**-**	**-**	
Software	410,530	608,252		**1,018,782**	45,135.00	182,951		**228,086**	**790,696**	365,395
TOTAL	**1,468,794,303**	**365,727,238**	**270**	**1,834,521,271**	**4,670,802**	**7,709,767**	**60,815**	**12,319,754**	**1,822,201,517**	**1,464,123,501**
Previous year ended 31st March, 2010	5,812,868	1,463,094,271	112,836	**1,468,794,303**	1,333,443	3,364,272	26,913	**4,670,802**	**1,464,123,501**	4,479,425

Deduction/Adjustments from Gross Block includes :	**Current year (₹)**	Previous Year (₹)
Disposal/Retirement of assets	**270**	112,836
	270	112,836
Deduction/Adjustments from Depreciation includes :	**Current year (₹)**	Previous Year (₹)
Depreciation changed due to CERC circular	**60,545**	26,913
Disposal/Retirement of assets	**270**	-
	60,815	26,913
Depreciation for the year is allocated as given below:	**Current year (₹)**	Previous Year (₹)
Charged to Profit & Loss Account	**-**	-
Transferred to Expenditure during construction (Schedule-15)	**7,709,767**	3,364,272
	7,709,767	3,364,272

SCHEDULE-5
CAPITAL WORK-IN-PROGRESS

Amount (₹)

	As at 01.04.10	Additions	Deductions/ Adjustments	Capitalised	**As at 31.03.11**
Development of Land	33,089,430	117,970,263	-		**151059693**
Roads, Bridges & Culverts	-	194767	-	120,767	**74,000**
Buildings					
Main Plants		180419778			**180419778**
Others	1,698,114	26,461,876	-		**28159990**
Temporary Erections	516,500	8,793,647	-	9,286,358	**23,789**
Temporary Fencing- Plant	-	1,241,798	-		**1,241,798**
Temporary Construction -Water Supply & Drains -Plant	28,268	124,100	-	102,620	**49,748**
MGR & Track Signaling		1,867,401			**1,867,401**
Main Plant		400,165,861			**400,165,861**
Electrical Installations	-	36,884,642	-	-	**36,884,642**
Communication Equipment	136,038			136,038	**-**
Capital Expenditure on Assets not owned by the Company	104,718,280	106,452,351	-	192,020,631	**19,150,000**
	140,186,630	880,576,484	-	201,666,414	**819,096,700**
Expenditure pending allocation					
Survey, Investigation,Consultancy & Supervision Charges	494,863,091	290,883,160	-	-	**785,746,251**
Expenditure During Construction	189,310,156	250,206,282	-	-	**439,516,438**
	684,173,247	541,089,442	-	-	**1,225,262,689**
TOTAL	**824,359,877**	**1,421,665,926**	**-**	**201,666,414**	**2,044,359,389**
Previous year	232,555,358	593,566,442	-	**1,761,923**	**824,359,877**

Amount (₹)

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 6		
CONSTRUCTION STORES AND ADVANCES		
CONSTRUCTION STORES *		
(At cost)		
Steel	**201,567,198**	4,705,747
Cement	**21,146,160**	220,000
Others	**60,462,260**	4,500,954
	283,175,618	9,426,701
	-	-
	283,175,618	9,426,701
Advance for Capital Expenditure (Unsecured, considered good)		
Covered by Bank Guarantee	**3,192,389,997**	2,762,387,280
Others	**653,586,781**	293,862,710
	3,845,976,778	3,056,249,990
	-	-
	3,845,976,778	3,056,249,990
Total	**4,129,152,396**	3,065,676,691

* includes material in transit, under inspection and with contractors

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 7		
CASH & BANK BALANCES		
Cash on hand	**5,839**	90,191
Balances with Scheduled Banks		
Current Account	**26,796,591**	162,754,126
Term Deposit Account	**1,400,000,000**	31,000,000
Total	**1,426,802,430**	193,844,317

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 8		
OTHER CURRENT ASSETS		
Interest Accrued on term deposits with Indian Banks :	**2,130,654**	184,396
Total	**2,130,654**	184,396

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 9		
LOANS & ADVANCES		
ADVANCES (Unsecured, Considered Good)		
Employees	**8,112**	82,500
Amount Recoverable from others	**3,190,805**	4,270,397
Advance Tax & Tax deducted at source	**2,596,931**	749,330
Total	**5,795,848**	5,102,227

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 10		
CURRENT LIABILITIES		
Sundry Creditors		
For Capital Expenditure		
Other than Micro & Small Enterprises		
NTPC Ltd.	**12,071,232**	23,765,238
Others	**315,390,418**	13,667,976
For Goods & Services		
Other than Micro & Small Enterprises		
NTPC Ltd.	**15,326,469**	20,300,281
Others	**17,557,984**	11,707,086
Deposits, Retention Money from contractors & others	**51,629,996**	11,848,799
Other Liabilities	**63,414,771**	15,350,233
Total	**475,390,870**	96,639,613

Amount (₹)

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 11		
PROVISIONS		
Fringe Benefit Tax		
As per last Balance Sheet		132,803
Adjustment during the year	**-**	9,998
Paid during the year	**-**	142,801
	-	-
Employee Benefits		
As per last Balance Sheet	**-**	647,683
Amount paid/adjusted during the year	**-**	647,683
	-	-
(Provisions are being made by Holding Company NTPC Ltd)		
	-	-

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 12		
OTHER INCOME		
Interest from Indian Banks	**10,686,901**	3,399,732
(Tax deducted at source ₹1847601 Previous year ₹594978/-)		
Interest from Contractors	**11,107,211**	916,951
Liquidated damages recovered	**303,582**	46,588
Other Miscellaneous receipts	**489,770**	44,091
Total	**22,587,464**	4,407,362
Less : Income Transferred to Expenditure During Construction (Schedule-17)	**22,587,464**	4,407,362
	-	-

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 13		
EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, Wages, Bonus, Allowances and Benefits	**109,973,997**	77,121,611
Contribution to Provident and Other Funds	**9,240,327**	5,752,482
Welfare Expenses	**10,515,800**	3,396,898
	129,730,124	86,270,991
Less : Transferred to Expenditure During Construction (Schedule-17)	**129,730,124**	86,270,991
	-	-

		Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 14			
ADMINISTRATION AND OTHER EXPENSES			
Rent		**3,810,367**	3,665,452
Repair & Maintenance			
Office Building		**7,599,082**	676,232
Others		**492,268**	42,972
Insurance		**121,824**	58,989
Rates & taxes		**-**	20,000
Training Expenses		**231,384**	168,354
Communication Expenses		**1,690,914**	3,205,776
Travelling Expenses			
Inland Travel		**7,790,859**	11,462,956
Tender Expenses	**5061632**		
Less: Income from sale of tenders	**50640**	**5,010,992**	7,936,809
Remuneration to Auditors		**44,120**	38,605
Statutory Audit out of pocket exp.		**32,031**	57,705
Advertisement and publicity		**172,961**	262,557
Security Expenses		**4,958,146**	2,113,978
Entertainment Expenses		**721,808**	608,008
Transit Hostel Expenses	**868,292**		858,207
Less:- recoveries	**29,959**	**838,333**	
Brokerage expenses		**-**	12,600
R&R expenses		**1,445,676**	2,034,305
Books & Periodicals		**19,070**	43,795
Wages of daily rated manpower		**3,336,705**	1,903,728
Professional Charges & Consultancy		**66,520**	155,324

Amount (₹)

		Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 14 (Cont.)			
Legal Expenses		**141,722**	7,296
Postage & Courier Charges		**80,160**	56,158
Printing and Stationery		**657,218**	893,878
Expenses on Hiring of Helicopter		**1026525**	
Expenses on Hiring of Vehicles		**6499752**	4,077,621
Hire charges-Office Equipment		**-**	427,250
Operating expenses of Constn Equipmnt		**7,802**	
Operating expenses of D.G. sets		**3,799,643**	433,462
Furnishing Expenses		**401,711**	54,885
Power supply by third party constn power		**7,628,999**	
Power supply by third party township	**86,753**		
Less- Recovery of elect charges from employees	**4,512**	**82,241**	
Miscellaneous Expenses		**1,159,980**	816,534
Loss on disposal/writeoff of fixed assets		**-**	43,804
		59,868,813	42,137,240
Less : Transferred to Expenditure During Construction (Schedule-16)		**59,637,429**	41,968,886
Total		**231,384**	168,354

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 15		
INTEREST AND FINANCE CHARGES		
FINANCE CHARGES		
Bank Charges	**8,465,955**	54,604
Int on Loan from PFC	**46,647,690**	
Front end fees	**20,663,326**	
Total :	**75,776,971**	54,604
Less : Transferred to Expenditure During Construction (Schedule-17)	**75,776,971**	54,604
Total :	**-**	-

	Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 16		
PRIOR PERIOD ADJUSTMENT:		
Prior period deppriciation	**(60,545)**	**-**
Total	**(60,545)**	**-**
Amount transferred to Expenditure During Construction	**(60,545)**	**-**
Total	**-**	**-**

		Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 17			
EXPENDITURE DURING CONSTRUCTION			
A. EMPLOYEES REMUNERATION AND BENEFITS			
Salaries, Wages, Bonus, Allowances and Benefits		**109,973,997**	77,121,611
Contribution to Provident and Other Funds		**9,240,327**	5,752,482
Welfare Expenses		**10,515,800**	3,396,898
Total (A)		**129,730,124**	86,270,991
B. ADMINISTRATION AND OTHER EXPENSES			
Rent		**3,810,367**	3,665,452
Repair & Maintenance			
Leased Buildings		**7,599,082**	676,232
Others		**492,268**	42,972
Insurance		**121,824**	58,989
Rates & Taxes		**-**	20,000
Communication Expenses		**1,690,914**	3,205,776
Travelling Expenses			
Inland Travel		**7,790,859**	11,462,956
Tender Expenses	**5061632**		-
Less: Income from sale of tenders	**50640**	**5,010,992**	7,936,809
Remuneration to Auditors		**44,120**	38,605
Statutory Audit out of pocket exp.		**32,031**	57,705
Advertisement and publicity		**172,961**	262,557

Amount (₹)

		Current Year 31.03.2011	Previous Year 31.03.2010
SCHEDULE - 17 (Cont.)			
Security Expenses		**4,958,146**	2,113,978
Entertainment Expenses		**721,808**	608,008
Transit Hostel Expenses	**868,292**		858,207
less - Recoveries	**29,959**	**838,333**	
Brokerage expenses		**-**	12,600
R&R- expenses		**1,445,676**	2,034,305
Books & Periodicals		**19,070**	43,795
Wages of daily rated manpower		**3,336,705**	1,903,728
Professional Charges & Consultancy		**66,520**	155,324
Legal Expenses		**141,722**	7,296
Postage & Courier Charges		**80,160**	56,158
Printing and Stationery		**657,218**	893,878
Expenses on Hiring of Helicopter		**1026525**	-
Expenses on Hiring of Vehicles		**6499752**	4,077,621
Hire charges-Office Equipment		**-**	427,250
Operating expenses Constn equipmt		**7,802**	-
Operating expenses of D.G. sets		**3,799,643**	433,462
Furnishing Expenses		**401,711**	54,885
Power supply by third party constn power		**7,628,999**	
Power supply by third party township	**86,753**		
Less- Recovery of elect charges from employees	**4,512**	**82,241**	
Miscellaneous Expenses		**1,159,980**	816,534
Loss on disposal/writeoff of fixed assets		**-**	43,804
Total (B)		**59,637,429**	41,968,886
C. DEPRECIATION		**7,709,767**	3,364,272
D. INTEREST AND FINANCE CHARGES			
Bank Charges		**8,465,955**	54,604
Int on Loan from PFC		**46,647,690**	-
Up Front end fees		**20,663,326**	-
Total (D)		**75,776,971**	54,604
E. LESS : OTHER INCOME			
Interest from Indian Banks		**10,686,901**	3,399,732
Interest from Contractors		**11,107,211**	916,951
Liquidated damages recovered		**303,582**	46,588
Other Miscellaneous receipts		**489,770**	44,091
Total (E)		**22,587,464**	4,407,362
F. FRINGE BENEFIT TAX			
Fringe Benefit Tax		**-**	9,998
Total (F)		**-**	9,998
G. PRIOR PERIOD ADJUSTMENT:			
Prior period depreciation		**(60,545)**	-
Total (G)		**(60,545)**	-
GRAND TOTAL (A+B+C+D-E+F+G)		**250,206,282**	127,261,389

SCHEDULE-18

NOTES ON ACCOUNTS:

1. Estimated amount of Contracts remaining to be executed on capital account and not provided for as on 31.03.2011 is ₹ 37,94,66,00,179/- (Previous year: ₹ 30,94,29,98,956/-)
2. The conveyancing of the title of 1,328.15 acres (previous year : 1,259.62 acres) of Freehold Land of Value ₹ 158.53 crores (previous year : ₹ 143.84 Crs) in possession of the company as on 31.03.2011 is awaiting completion of legal formalities. Further, an amount of ₹ 31.26 Crores (previous year: ₹ 10.29 crores) is appearing as deposit for Land as on 31.03.2011 but possession is still awaited.
3. Earning Per Share:

   Earnings per Share has been calculated in accordance with the AS-20.

   The elements considered for calculation of Earnings Per Share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net loss used as numerator (₹)	**(2,31,384)**	(1,68,354)
Weighted average number of equity shares used as denominator. (Nos.)	**45,87,39,726**	34,08,21,918
Earning per Share - Basic and Diluted. (₹)	**(0.00)**	(0.00)

4. Contingent liability: Claims against the company not acknowledged as debts is ₹ NIL (Previous year: NIL).
5. All the employees of the company are on secondment posting from the holding company. i.e. NTPC Ltd. excepting one employee on deputation from Ministry of Railways. Salaries paid to Employees on secondment and other benefits to them have been entered in to the Books of Company on the basis of transfer entries made by NTPC in this regard.
6. Expenses on operating leases of the premises for residential use of the employees amounting to ₹ 62,70,980/- (previous year: ₹ 20,62,841/-) are included in Schedule-13-"Employees Remuneration and Benefits". Similarly, lease payments in respect of premises for offices/transit accommodation are shown on Rent ₹ 38,10,367/- (Previous year ₹ 11,81,237.00) in Schedule-14-"Administration and other expenses".
7. The employees remuneration and benefits includes ₹ 53,41,835/- (Previous Year: ₹ 47,76,559/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, retirement benefits, farewell gift on retirement and economic rehabilitation scheme (for employees on secondment from NTPC Ltd.) as apportioned by Holding company i.e. NTPC Ltd. on actuarial valuation.
8. (a) Certain loans and advances and creditors, so far as these have since not been realized/discharged or adjusted are subject to confirmation/ reconciliation and consequent adjustment, if any.
   (b) in the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.
9. Borrowing cost capitalized during the year is ₹ 6,73,11,016/- (Previous period ₹ Nil)
10. During the year 8,00,00,000 shares of ₹ 10/- each (5,92,00,000 shares to NTPC Ltd and 2,08,00,000 shares to Ministry of Railway) have been allotted on 07.07.2010.
11. Based on information available with the company, there are no suppliers/ contractors/service providers who are registered as micro, small or medium, enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006.
12. Company has paid ₹ 3,80,000.00 during the year on account of Scholarship to poor Students of project effected families, where the land is acquired/to be acquired for company's project as resolved by the Board of Directors in their meeting.
13. Managerial remuneration paid/payable to Chief Executive Officer :

	Current Year (₹)	Previous Year (₹)
Salaries and allowances	**22,46,113**	22,77,169
Contribution to provident fund & other funds including gratuity & group insurance	**1,63,520**	1,47,901
Other Benefits	**6,04,481**	5,35,932

In addition to the above remuneration, the Chief Executive Officer has been allowed the use of car including for private journey, on payment of ₹ 780/- per month.

The provisions for/contribution to gratuity, leave encashment and post retirement medical facilities are ascertained on actuarial valuation done by the holding company on overall Company basis and hence not ascertainable separately.

14. In response to minutes passed in the meeting of Board of Directors of Company held on 9th September, 2008 and later on judgment given by the High Court, Patna dt.12/10/2010, a sum of ₹ 6.00 Crores on account of compensation payable to land effected villagers/persons for their 50 Mts of land surrounding their residences "as residential land" has been created a liability on the assumption basis in the Books of Accounts of Co. at present. However, there may arise more contingent liability in future in this regard.
15. Last year provision made for ₹ 38.50 Lacs on estimate basis in respect of amount payable to M/s DBM Geo Technics (P) Ltd. on account of Soil Investigation Charges has not been adjusted so far, since final bill not submitted by party, as told.
16. Interest earned to the tune of ₹ 1,11,07,211.00 on advances made to suppliers from time to time during the year against their purchase bills has been set off against the pre-project expenditure capitalized.
17. The office of the Comptroller & Auditor General of India expressed an opinion that the rates notified by the CERC shall be followed by the Company for providing depreciation in the accounts instead of the rates as per the Companies Act, 1956 in respect of generating assets. Accordingly, the company revised its accounting policies relating to charging of depreciation w.e.f. 1st April 2009 considering the rates and methodology notified by the CERC for determination of tariff through Regulations, 2009. In case of certain assets the company has continued to charge higher depreciation based on technical assessment of useful life of those assets. Consequent to this change, prior period depreciation written back is ₹ 60,545/- and current year depreciation is lower by ₹ 3,69,025/-. Consequently fixed assets are higher in value by ₹ 4,29,570/-. The impact of charging depreciation as per CERC has been adjusted through EDC.
18. Foreign currency exposure not hedged by a derivative instrument in respect of unexecuted amount of contracts remaining to be executed are EURO 99,732,307/- (₹ 639,38,38,202/-) & USD 1,411,254/- (₹ 6,38,31,018/-)
19. As per AS-17, Segmental Reporting are not applicable.
20. Previous year figures have been re-grouped/re-arranged wherever necessary.
21. Information pursuant to part IV of schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details

Registration No. U40102DL2007PLC170661 — State Code : 055

Balance-Sheet date: Date 31 Month 03 Year 2011

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue: NIL	Right issue: NIL
Bonus Issue: NIL	Private Placement: 800000

III. Position of Mobilization and Deployment of funds (Amount in ₹ Thousands)

Total Liability: 9435561	Total Assets: 9435561

Source of Funds

Paid-up Capital: 4800000	Capital Deposit Account: 2914639
Secured Loans: 1245531	Reserves & Surplus: NIL
Deferred Tax Liability: NIL	Unsecured Loans: NIL

Application of Funds

Net Fixed Assets: 7995713	Investment: NIL
Net Current Assets: 959338	Misc. Expenditure: NIL
Accumulated Losses: 5119	

IV. Performance of Company (Amount in ₹ Thousands)

Turnover (Including other income): NIL	Total Expenditure: 231
Loss before Tax: 231	Loss after Tax: 231
Earning per share in ₹: 0.00	Dividend Rate%: NIL

V. Generic Name of three Principal Product/Services of Company
(As per monetary terms)

Product Description: GENERATION OF ELECTRICITY — Item Code No.: NA

For and on behalf of Board of Directors

As per our Audit Report of even date
For H.S. MADAN & CO.,
Chartered Accountants

H.S. Madan	**A. Chaudhuri**	**S.K. Saxena**	**B. P. Singh**
Partner	Chief Executive Officer	Director	Chairman
M. No. 09036			

Place : Delhi
Date : 29.04.2011

BHARTIYA RAIL BIJLEE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Amount (₹)

	Current Year	Previous year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss as per Profit and Loss Account	**(231,384)**	(168,354)
Adjustment for:		
Depreciation	**-**	-
Operating Loss before Working Capital Changes	**(231,384)**	(168,354)
Adjustment for:		
Sundry Creditors & Provisions	**88,722,821**	42,037,403
Other Current Assets	**(1,946,258)**	(155,043)
Loans & Advances	**(693,621)**	(3,460,202)
	86,082,942	38,422,158
Net Cash from Operating Activities-A	**85,851,558**	38,253,804
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets and CWIP	**(2,351,524,797)**	(1,990,226,848)
Net Cash used in Investing Activities-B	**(2,351,524,797)**	(1,990,226,848)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	**800,000,000**	1,500,000,000
Proceeds from Share Capital Deposit	**1,453,100,000**	450,391,000
Proceeds from Loans from PFC	**1,245,531,352**	
Net Cash flow from Financing Activities-C	**3,498,631,352**	1,950,391,000
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	**1,232,958,113**	(1,582,044)
Cash and Cash equivalents (Opening Balance)	**193,844,317**	195,426,361
Cash and Cash equivalents (Closing Balance)	**1,426,802,430**	193,844,317

NOTES :

Cash and Cash Equivalents consists of Cash in Hand and balance with Banks

Figures for Previous year have been regrouped/rearranged wherever necessary.

For and on behalf of Board of Directors

As per our Audit Report of even date
For H.S. MADAN & CO.,
Chartered Accountants

H.S. Madan	**A. Chaudhuri**	**S.K. Saxena**	**B. P. Singh**
Partner	Chief Executive Officer	Director	Chairman
M. No. 09036			

Place : Delhi
Date : 29.04.2011

AUDITORS' REPORT TO THE MEMBERS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of BHARTIYA RAIL BIJLEE COMPANY LIMITED (a Subsidiary Company of NTPC Ltd.) as at 31st March 2011, and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) Being a Government Company, pursuant to Notification No.GSR 829(E) dated 17/07/2003 issued by the Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and

      (ii) in the case of the Profit and Loss Account of the loss for the year ended on that date.

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For H.S.MADAN & CO.
Chartered Accountants
(H.S. MADAN)
PARTNER
M. No. 09036

Place : Delhi
Date : 29.04.2011

ANNEXURE TO AUDITORS' REPORT

REFFERED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF **BHARTIYA RAIL BIJLEE COMPANY LIMITED** ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

(i) (a) The company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets of the company have not been verified physically by the management during this Financial year. Since, the same is not done every year as per policy of Holding Company, as told.

   (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.

(ii) The Company does not have inventory. Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(iii) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), (c) & (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

   However, Share Capital Deposit still has an unadjusted balance of ₹ 291.46 Crores as on 31/03/2011 against which no shares have been allotted by Company so far.

(iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with the regard to purchase of fixed assets. The company has not made any purchase/sale of goods.

(v) According to the information given to us, there are no transactions that need to be entered in the register maintained U/s 301 of the Act. **Company has awarded a Consultancy Contract of ₹ 76.00 Crores to NTPC Ltd., holding Company. During this year, amount paid/payble is to the tune of ₹ 29.09 Crores (total payment made including service tax is ₹ 77.41 Crores upto**

31/03/2011) against this contract. Most of the Directors in Company are from NTPC Ltd. and Interest of Directors as required U/s 299 of Companies Act has already been disclosed in the Board's Meetings. As per Notification No. GSR 233 dt.31/01/1978 published in the Gazattee of India, Section 3(i) dt.11/02/1978, provisions of Section 297 are not applicable.

(vi) According to the information given to us, Company has not accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975

(vii) The provision of the order related to internal audit are not applicable to the company. However, Internal Audit have been conducted by the Holding Company, i.e. NTPC Ltd.

(viii) The maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the company since it has not commenced any activity related to generation of electricity.

(ix) (a) All employees of the company are on secondment posting from its holding company, i.e. NTPC Ltd. except one employee on deputation from Ministry of Railways. According to information given to us, holding company as well as Ministry of Railways are depositing undisputed statutory dues like provident Fund with appropriate authorities.

(b) According to the information and explanations given to us, and the records of the company exmined by us, there are no dues of income-tax, sales-tax, wealth tax, services tax, customs duty, excise duty and cess as at 31-03-2011 which have not been deposited on account of any dispute. However, sometime TDS amounts have been deposited late, i.e. TDS ₹ 4,27,250.00 payble on 31/03/2010 on payments made to the Professionals was deposited on 30/06/2010. Similarly, TDS ₹ 1,40,091.00 payble on 31/03/2010 on payments made to the Contractors was deposited on 30/06/2010 even E-TDS return file late for 1st and 2nd quarter of the Financial Year 2010-11 in respect of Form No. 26Q and 24Q. TDS on payment, ₹ 54,388.00 made to the Nav Aastha (NGO) on 21/10/2010 on account of medical facilities provided has been made @ 2% only instead of 10%

(x) This clause is not applicable as the company is not in existence for 5 years or more from the date of registration till 31st March, 2011.

(xi) Company has taken a loan of ₹ 124.55 Crores from M/s Power Finance Corporation Ltd. during the year and interest, due, is being paid.

(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.

(xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence, requirements of paragraph 4 (xiv) are not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

(xvi) Company has taken a term loan of ₹ 124.55 Crores from M/s Power Finance Corporation Ltd. during the year as stated in clause (xi) and has applied the same for the purpose for which loan was obtained.

(xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment, and vice-versa.

(xviii) The company has made preferential allotment of 8.00 Crore shares at Face Value of ₹ 10.00 each to NTPC Ltd. and Ministry of Railways, parties and companies covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.

(xix) The Company has not issued any debentures

(xx) The Company has not raised money by public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For H.S.MADAN & CO.
Chartered Accountants

(H.S. MADAN)
PARTNER
M. No. 09036

Place : Delhi
Date : 29.04.2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of BHARTIYA RAIL BIJLEE COMPANY LIMITED, New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 April 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of BHARTIYA RAIL BIJLEE COMPANY LIMITED, New Delhi, for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(M. K. Biswas)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 27 May, 2011