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 Tenth Annual Report on the working of the Company for the financial year ended on 31st March 2012 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ Crore)

	2011-12	2010-11
Total Revenue	**55.66**	**64.05**
Total Expenditure	44.54	54.96
Profit before exceptional and extraordinary items & tax	**11.12**	**9.09**
Exceptional and extraordinary items	-	-
Profit before Tax	**11.12**	**9.09**
Less: Tax expenses	3.46	3.08
Profit after Tax	**7.66**	**6.01**

DIVIDEND

Your Directors have recommended a dividend of ₹ 5 Crore @ ₹ 617.97 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 is engaged in the electricity distribution sector in various capacities.

Your Company's distribution Joint Venture Company, KINESCO Power and Utilities Private Limited, engaged in retail distribution of electricity in an industrial area of Kochi, Kerala, recorded sales of ₹22.33 crore during the financial year 2011-12 with PAT of ₹ 1.49 crores.

Your Company has received 'Excellent' rating against the achievement of MoU target for the reporting period thereby achieving this rating for six years in succession.

During the year, your Company has undertaken rural electrification projects on deposit work basis under the Rajiv Gandhi Grameen Vidyutikaran Yojana in the states of West Bengal, Jharkhand, Chhattisgarh, Orissa and Madhya Pradesh. During this period, 3855 villages were electrified and 261115 Below Poverty Line (BPL) connections were provided. The cumulative achievement till 31st March 2012 is 29,567 villages and 2584377 BPL connections.

Your Company has also undertaken turnkey execution job on deposit work basis for setting up electrical distribution network within 5 kms. of NTPC projects/stations.

Your Company has undertaken the Project Management Consultancy Services for setting up 220 KV substation, switchyard & connected facilities related to CEMP - II for BPCL - Kochi Refinery Ltd., Kochi. The project has since been commissioned on 10th May 2012.

Your Company is developing a comprehensive Corporate Plan mapping out business opportunities in short, medium and long term period and for outlining an operating model to galvanize your Company into a well-directed action path.

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 2012.

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 2011-12.

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no. 16 to the Financial Statements. The note explains the basis for accounting of employee benefits expense. The same is treated as per the Accounting Policy adopted by the Company. The Statutory Auditors had sought opinion on the matter from the Institute of Chartered Accountants of India. The Institute has given an opinion on 20th April 2012. Your Company has sought review of the opinion. Till such time, the existing practice is continued.

C&AG REVIEW

C&AG, vide letter dated June 7, 2012, has decided not to review the report of the Auditors on the accounts of the Company for the financial year ended March 31, 2012 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 after 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

As per Notification No. GSR 289(E) dated 31 March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ₹ 60 lakh or more per annum, employed throughout the financial year or, ₹5 lakh per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report. However, such particulars shall be made available to the shareholders on a specific request made by them during the course of this Annual General Meeting.

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 2011-12 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

The Board of Directors, consequent upon nomination received from its holding company viz. NTPC Limited, had appointed Shri N.N. Misra, Director (Operations), in place of Shri Sharad Anand, as Additional Director of the Company. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Sharad Anand during their association with the Company. Shri N.N. Misra holds office up to the date of this Annual General Meeting but is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing candidature of Shri N.N. Misra for the office of Director liable to retire by rotation.

The Board of Directors of your Company consists of Shri Arup Roy Choudhury, Chairman, Shri A.K. Singhal, Director, Shri S.P. Singh, Director and Shri N.N. Misra, Director.

In accordance with the provisions of Companies Act, 1956, Shri S.P. Singh, 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 17, 2012

(Arup Roy Choudhury)
Chairman

ANNEXURE-1

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, 2012, 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. Keeping this in mind, your Company is contemplating tie ups with best players in electricity distribution sector to explore new opportunities.

Development of Renewable Energy Sources (RES)

Today, the total installed capacity of the nation stands at 199877 MW and RES, at 24503 MW, accounts for 12.26% of this total. 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 37 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 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.

Considering that the North to South transmission corridor will come up by 2014 only, your Company would initially focus on distribution in industrial areas of Northern and Central India.

With a major increase in capacity addition in generation sector in the country, there is an imminent requirement of extensive capacity addition in 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.

The development of the Delhi Mumbai Industrial Corridor offers an excellent opportunity for your Company in not only the development of transmission & distribution infrastructure but also in retail distribution of power in the industrial cities that are planned to be developed in the influence region of the corridor.

With the implementation of the R-APDRP Part - B scheme being taken up by various Discoms, your Company is looking forward to the business in the distribution strengthening projects.

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 the increasing demand gap, the power sector is 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.

RISKS AND CONCERNS

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

Although 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 inability to make a perceptible presence in the distribution sector under prevalent scenario.

Today, total manpower strength of the Company is 145 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 absence of any sustainable revenue your Company, to address this concern, has been 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 firm 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 2011-12, against target of 252 un-electrified and de-electrified villages (UE/DE) villages set by the Govt. of India in the MoU, your Company achieved 273 UE/DE villages. Against the target of 68000 BPL connections, your Company achieved a performance of 261115 connections. Further, against the cumulative target of charging of 14551 UE/DE villages, charging documents in respect of 14553 villages were submitted and 12843 villages were energized. Energization of the balance 1708 villages, for reasons beyond the control of your Company, could not be achieved owing to: non-availability of forest clearances (240), non-availability of railways clearances (74), LWE affected areas (85), RCE pending sanction (796), sub-transmission problems (263) and inadequate power allocation (250). These are proposed to be taken up on receipt of requisite clearances.

In the implementation of electrical distribution network within 5 kms. radius of NTPC projects/stations, work has been taken up in 8 projects/stations where the awards were placed during the financial year 2011-12.

Your Company has undertaken turnkey execution job on deposit work basis for setting up sub-station, transmission line and associated system for the coal mining project of NTPC at Pakri Barwadih, Jharkhand.

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.
- construction and augmentation of 66/11 kV sub-stations for UT of Chandigarh.
- validating the cost estimate, prepared by M/s MECON, of the electrical packages of M/s SAIL, Bhilai's expansion programme.

Financial Performance

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

(₹ Crore)

	2011-12	2010-11
Sales	**46.09**	57.25
Other income	**9.57**	6.80
Total	**55.66**	64.05

Revenue from RGGVY projects during the financial year 2011-12 contributed approx. 79% of total sales as compared to 84% in the previous financial year. Interest from banks contributed approx. 99% of the total other income as compared to 90% 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 Employee benefits expense and Administration & other expenses for the current year as well as previous year is as follows:

(₹ Crore)

	FY 2011-12	FY 2010-11
Employee benefits expense	**29.37**	32.17
Administration & other expenses	**16.24**	16.16
Prior period items (net)	**(1.27)**	-
Total operating expenses	**44.34**	48.33

The decrease in total operating expenses was due to decreased employee costs.

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

(₹ Crore)

	FY 2011-12	FY 2010-11
Total operating expenses	**44.34**	48.33
Depreciation and amortization expense	**0.20**	0.19
Finance costs	**-**	6.44
Total expenses including operating expenses	**44.54**	54.96

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 ₹2.12 crore as on 31.3.2012.

(₹ Crore)

	FY 2011-12	FY 2010-11
Profit before tax	**11.12**	9.09
Tax expenses	**3.46**	3.08
Profit for the year	**7.66**	6.01

During the period under review, the profit before tax increased due to increase in other income and decrease in interest charges.

The profit for the year has increased to ₹ 7.66 crore as compared to ₹ 6.01 crore in the previous financial year.

Reserves & Surplus

A sum of ₹ 0.77 crore has been added to General Reserve after appropriating dividend and dividend tax during the current year as compared to ₹ 0.61 crore during the previous year.

Current Assets

The current assets at the end of the current year were ₹ 963.60 crore as compared to ₹ 952.48 crore last year.

(₹ Crore)

	31.3.2012	31.3.2011
Trade receivables	**8.00**	8.59
Cash and bank balances	**920.54**	919.01
Short-term loans and advances	**22.66**	14.77
Other current assets	**12.40**	10.11
Total Current Assets	**963.60**	952.48

The increase was mainly on account of increase in cash and bank balances and short-term loans and advances. The major amount of outstanding trade receivables of ₹ 4.38 crore, constituting approx. 55% of the total, was due against invoices raised in March 2012 on PGCIL for third party inspection services.

Current Liabilities

During the financial year 2011-12, current liabilities have increased to ₹912.27 crore as compared to ₹903.06 crore in the financial year 2010-11 mainly on account of increase in retention funds for the RGGVY projects.

(₹ Crore)

	31.3.2012	31.3.2011
Trade payables	**7.11**	3.17
Other current liabilities	**899.35**	894.97
Short-term provisions	**5.81**	4.92
Total Current Liabilities	**912.27**	903.06

Cash Flow Statement

(₹ Crore)

	FY 2011-12	FY 2010-11
Opening Cash and cash equivalents	**919.01**	1103.70
Net cash from operating activities	**(0.73)**	(186.36)
Net cash from investing activities	**6.92**	6.35
Net cash flow from financing activities	**(4.66)**	(4.68)
Net Change in Cash and cash equivalents	**1.53**	(184.69)
Closing cash and cash equivalents	**920.54**	919.01

The closing cash and cash equivalents for the financial year ended March 31, 2012 has increased marginally to ₹ 920.54 crore from ₹ 919.01 crore.

Financial Indicators

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

	FY 2011-12	FY 2010-11
Capital employed in ₹Crore	**52.58**	50.73
Net worth in ₹Crore	**52.58**	50.73
Return on capital employed (PBT/CE)	**21.15%**	17.92%
Return on net worth (PAT/NW)	**14.57%**	11.85%
Dividend as % of equity capital	**6180**	4944
Earning per share in ₹	**946.59**	743.42

The capital employed as well as net worth has increased due to profits earned during the financial year 2011-12.

Human Resources

As on 31st March 2012, there were 148 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
Dated : 17th July 2012

(Arup Roy Choudhury)
Chairman

NTPC ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT

₹

Particulars	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**809100**	809100
Reserves and surplus	3	**525017525**	506539836
		525826625	507348936
Non-current liabilities			
Deferred tax liabilities (net)	4	**713226**	655227
Current liabilities			
Trade payables	5	**71080123**	31717626
Other current liabilities	6	**8993524236**	8949664010
Short-term provisions	7	**58129657**	49211570
		9122734016	9030593206
TOTAL		**9649273867**	9538597369
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	**10128118**	10740787
Intangible assets	8	**-**	-
Non-current investments	9	**3100000**	3100000
		13228118	13840787
Current assets			
Trade receivables	10	**80045156**	85912075
Cash and bank balances	11	**9205369740**	9190067223
Short-term loans and advances	12	**226573110**	147663575
Other current assets	13	**124057743**	101113709
		9636045749	9524756582
TOTAL		**9649273867**	9538597369
Significant accounting policies	1		

The accompanying notes form an integral part of these financial statements.

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Puneet Singla) Partner M. No.-506277 | (R K Srivastava) Chief Executive Officer | (A K Singhal) Director | (Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 3rd May 2012

NTPC ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

₹

Particulars	Note	31.03.2012	31.03.2011
Revenue from operations (net)	14	**460966868**	572589470
Other income	15	**95704689**	67953955
Total revenue		**556671557**	640543425
Expenses			
Employee benefits expense	16	**293721385**	321689389
Finance costs	17	**-**	64361447
Depreciation and amortization expense	8	**2006179**	1921997
Administration & other expenses	18	**162428359**	161587988
Prior period items (net)	19	**(12723512)**	-
Total expenses		**445432411**	549560821
Profit before exceptional and extraordinary items & tax		**111239146**	90982604
Exceptional items		**-**	-
Profit before extraordinary items and tax		**111239146**	90982604
Extraordinary items		**-**	-
Profit before tax		**111239146**	90982604
Tax expense:			
Current tax			
Current year		**36083000**	30803000
Earlier years		**(1490792)**	-
Deferred tax			
Current year		**57999**	29804
Earlier years		**-**	-
Total tax expense		**34650207**	30832804
Profit for the year		**76588939**	60149800
Earnings per equity share (Par value of ₹ 10/- each)			
Basic		**946.59**	743.42
Diluted		**946.59**	743.42

The accompanying notes form an integral part of these financial statements.

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Puneet Singla) Partner M. No.-506277 | (R K Srivastava) Chief Executive Officer | (A K Singhal) Director | (Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 3rd May 2012

NTPC ELECTRIC SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

₹

		31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax		**111239146**	90982604
Adjustment for:			
Depreciation		**2006179**	1921997
Provisions		**18407**	-
Interest Received		**(94290078)**	(61488641)
Provisions written back		**-**	(45458)
Operating Profit before Working Capital Changes		**18973654**	31370502
Adjustment for:			
Trade & Other Receivables	**5866919**		120446042
Trade Payables & Other Liabilities	**80655152**		(1981831932)
Other Current Assets	**753997**		14424757
Loans & Advances	**(3650797)**	**83625272**	6093031
Cash generated from operations		**102598926**	(1809497600)
Direct Taxes Paid		**109850946**	54081250
Net Cash from Operating Activities - A		**(7252021)**	(1863578850)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		**(1393509)**	(1004828)
Interest Received		**70592047**	64465618
Net cash flow from Investing Activities - B		**69198538**	63460790
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		**(40000000)**	(40000000)
Tax on Dividend		**(6644000)**	(6798000)
Net Cash flow from Financing Activities - C		**(46644000)**	(46798000)
Net Increase/Decrease in Cash & Cash equivalents (A + B + C)		**15302518**	(1846916060)
Cash & cash equivalents (Opening balance)		**9190067223**	11036983283
Cash & cash equivalents (Closing balance)		**9205369740**	9190067223

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

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

For & on behalf of the Board of Directors

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

Place : New Delhi
Dated : 3rd May 2012

NTPC ELECTRIC SUPPLY COMPANY LIMITED

Note No. 1

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 Tangible 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

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 less.

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 off prospectively at the revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.

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'.

Note No. 2 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
10,000,000 shares of par value of ₹ 10/- each (previous year 10,000,000 shares of par value of ₹ 10/- each)	**100000000**	100000000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
80,910 shares of par value of ₹ 10/- each (previous year 80,910 shares of par value of ₹ 10/- each) are held by the holding company, NTPC Ltd. and its nominees	**809100**	809100

a) During the year, the Company has not issued/bought back any shares.

b) The Company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time.

c) In the event of liquidation of the Company, the holders of the equity shares will be entitiled to receive remaining assets of the Company, after distribution of all prefential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) NTPC Ltd. holds all 80,910 equity shares of the Company and no other share holder of the Company holds more than 5 percent of the equity shares.

Note No. 3 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
Reserves		
General reserve		
As per last balance sheet	**67200000**	61100000
Add:Transfer from surplus balance in the statement of profit & loss	**7659000**	6100000
Closing balance	**74859000**	67200000
Surplus		
As per last balance sheet	**439339836**	431934036
Add: Profit for the year from statement of profit & loss	**76588939**	60149800
Less: Transfer to general reserve	**7659000**	6100000
Dividend paid		
Tax on dividend paid		
Proposed dividend	**50000000**	40000000
Tax on proposed dividend	**8111250**	6644000
Net surplus	**450158525**	439339836
Total	**525017525**	506539836

a) The Company has proposed final dividend for the year 2011-12 @ ₹ **617.97** per equity share par value of ₹ 10/- each (previous year ₹ 494.38 per equity share)

Note No. 4 to the Financial Statements
The item-wise details of deferred tax liability are as:

₹

	As at 01.04.2011	Additions/ (Adjustments) during the year	As at 31.03.2012
DEFERRED TAX LIABILITIES (Net)			
Difference of book depreciation and tax depreciation	655227	57999	**713226**
Less: Deferred tax assets			
Provisions & other disallowances for tax purposes	-	-	**-**
Disallowances u/s 43B of the Income Tax Act, 1961			
Total	655227	57999	**713226**

a) The net increase during the year in the deferred tax liability of ₹ 57,999 (previous year increase ₹ 29,804) has been debited to statement of profit & loss.

b) Deferred tax assets and Deferred tax liabilities have been offset as they relate to the same governing laws.

Note No. 5 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
TRADE PAYABLES		
For goods and services	**71080123**	31717626
Total	**71080123**	31717626

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

Note No. 6 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Book overdraft	**6463918**	7361113
Advances from customers and others	**215771331**	380476146
Other payables		
Tax deducted at source and other statutory dues	**6145046**	10110835
Amount received against deposit works	**8593672929**	8440941192
Others	**171471012**	110774724
Total	**8993524236**	8949664010

a) Other payables - others include amounts payable to contractors, employees and Holding Company, NTPC Limited.

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

Note No. 7 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
SHORT TERM PROVISIONS		
Provision for employee benefits		
As per last balance sheet	**2567570**	3811992
Additions during the year	**-**	-
Amounts paid during the year	**2567570**	-
Amounts reversed during the year	**-**	1244422
Closing balance	**-**	2567570
Provision for proposed dividend		
As per last balance sheet	**40000000**	40000000
Additions during the year	**50000000**	40000000
Amounts used during the year	**40000000**	40000000
Amounts reversed during the year	**-**	-
Closing balance	**50000000**	40000000
Provision for tax on proposed dividend		
As per last balance sheet	**6644000**	6798000
Additions during the year	**8111250**	6644000
Amounts paid during the year	**6644000**	6798000
Amounts reversed during the year	**-**	-
Closing balance	**8111250**	6644000
Provision for shortage in fixed assets pending investigation		
As per last balance sheet	**-**	45458
Additions during the year	**18407**	-
Amounts adjusted during the year	**-**	45458
Amounts reversed during the year	**-**	-
Closing balance	**18407**	-
Total	**58129657**	49211570

Note No. 8 to the Financial Statements

NON-CURRENT ASSETS

TANGIBLE ASSETS

₹

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Temporary erection	190550	-	-	**190550**	190550	-	-	**190550**	**-**	-
Furniture and fixtures	6481467	-	-	**6481467**	3331447	247234	-	**3578681**	**2902786**	3150020
Office equipment	4942764	47867	16090	**4974541**	791540	332161	4367	**1119334**	**3855207**	4151224
EDP, WP machines and satcom equipment	7264008	1341942	69477	**8536473**	3824464	1426784	66977	**5184271**	**3352202**	3439544
Assets held for disposal valued at net book value or net realisable value whichever is less	-	-	(89267)	**89267**	-	-	(71345)	**71345**	**17922**	-
Total	**18878789**	**1389809**	**(3700)**	**20272298**	**8138001**	**2006179**	**-**	**10144180**	**10128118**	**10740787**
Previous year	17888775	1043301	53287	**18878789**	6292499	1860316	14814	**8138001**	**10740787**	11596276

INTANGIBLE ASSETS

₹

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Software	936895	-	-	**936895**	936895	-	-	**936895**	**-**	-
Total	936895	-	-	**936895**	936895	-	-	**936895**	**-**	-
Previous year	936895	-	-	**936895**	875215	61680	-	**936895**	**-**	61680

Deduction/adjustments from gross block and amortisation for the year includes:

	Gross Block		Depreciation	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**
Assets capitalised with retrospective effect / Write back of excess capitalisation	**3700**	-	-	-
	3700	-	-	-

Note No. 9 to the Financial Statements

₹

As at			**31.03.2012**	**31.03.2011**
NON-CURRENT INVESTMENTS	**Number of shares Current Year / (Previous Year)**	**Face value per share Current Year / (Previous Year) (₹)**		
Trade				
Equity instruments (fully paid up - unless otherwise stated)				
Unquoted				
Joint Venture Companies				
KINESCO Power and Utilities Pvt. Ltd.	50000 (50000)	10 (10)	500000	500000
Share application money pending allotment in:				
KINESCO Power and Utilities Pvt. Ltd.			2600000	2600000
Total			3100000	3100000

a) Investments have been valued considering the significant accounting policy no. 4 disclosed in Note no. 1 to these financial statements.

Note No. 10 to the Financial Statements

₹

As at	**31.03.2012**	**31.03.2011**
TRADE RECEIVABLES		
(Considered good, unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured	**2592353**	298478
Other receivables - Unsecured	**77452803**	85613597
Total	**80045156**	85912075

Note No. 11 to the Financial Statements

₹

As at	**31.03.2012**	**31.03.2011**
CASH & BANK BALANCES		
Cash & cash equivalents		
Balances with banks		
- Current accounts	**105216487**	306497156
Cheques & drafts on hand	**1210238**	-
Other bank balances		
Deposits with original maturity of more than three months	**9098943015**	8883570067
Total	**9205369740**	9190067223

a) Other bank balances - deposits include ₹ **786,92,67,349** (Previous year ₹ 786,49,89,529) towards advances received from REC Ltd.

Note No. 12 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
SHORT TERM LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
ADVANCES		
Others		
Unsecured	5756425	2105628
Advance tax deposit & tax deducted at source	431197238	400107732
Less: Provision for current tax	210380553	254549785
	220816685	145557947
Total	226573110	147663575

a) Others include CENVAT recoverable.

Note No. 13 to the Financial Statements

₹

As at	31.03.2012	31.03.2011
OTHER CURRENT ASSETS		
Interest accrued on :		
Term deposits	123069240	99371209
Others	988503	1742500
Total	124057743	101113709

a) Others include interest amount recoverable from contractors against mobilisation advance.

Note No. 14 to the Financial Statements

₹

For the period ended	31.03.2012	31.03.2011
REVENUE FROM OPERATIONS		
Consultancy, project management and supervision fees (including turnkey construction projects)	460966868	572544012
	460966868	572544012
Provisions written back		
Others	-	45458
	-	45458
Total	460966868	572589470

Note No. 15 to the Financial Statements

₹

For the period ended	31.03.2012	31.03.2011
OTHER INCOME		
Interest from		
Others		
Indian banks	94290078	61488641
Interest from income tax refunds	1414611	6441816
Other non-operating income		
Miscellaneous income	-	16513
Profit on disposal of fixed assets	-	6985
Total	95704689	67953955

a) ₹ **64,16,15,379** (previous year ₹ 45,17,84,557) 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 and transferred to amount received against deposit works under Other Current Liabilities - Other payables - Others (Note No. 6).

Note No. 16 to the Financial Statements

₹

For the period ended	31.03.2012	31.03.2011
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	264311656	282960160
Contribution to provident and other funds	21519341	24727947
Staff welfare expenses	7890388	14001282
Total	293721385	321689389

a) Employee benefits expense include ₹ **56,57,078** (Previous year ₹ 1,88,90,019) 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.

b) The Institute of Chartered Accountants of India has given an opinion on 20th April 2012 regarding disclosure requirements for defined benefit plans in case of group administration plans and accounting for provident fund contribution in case of provident fund trust run by the holding company, as per accounting Standard 15 - Employee Benefits. The Company is seeking review on the opinion. Till such time existing practice is continued.

Note No. 17 to the Financial Statements

₹

For the period ended	31.03.2012	31.03.2011
FINANCE COSTS		
Interest on		
Others	-	64361447
Total	-	64361447

Note No. 18 to the Financial Statements

₹

For the period ended		31.03.2012	31.03.2011
ADMINISTRATION & OTHER EXPENSES			
Power charges	840719		682044
Less: Recovered from contractors & employees	-		-
		840719	682044
Rent	4315443		4291505
Less: Recoveries	-		-
		4315443	4291505
Repairs & maintenance			
Others		3305900	46179261
Insurance		35150	419129
Training & recruitment expenses	47000		121454
Less: Fees for application and training	-		-
		47000	121454
Communication expenses		8291697	4215396
Travelling expenses		29046925	30083774
Tender expenses	3903630		767200
Less: Receipt from sale of tenders	324000		119250
		3579630	647950
Payment to auditors (refer details below)		112700	105650
Advertisement and publicity		-	26664
Security expenses		4468111	720600
Entertainment expenses		1317031	1533312
Expenses for guest house	482234		353890
Less: Recoveries	-		-
		482234	353890
Brokerage & commission		17000	11350
Community development and welfare expenses	599893		-
Less: Grants-in-aid	-		-
		599893	-
Books and periodicals		133500	124154
Professional charges and consultancy fees	83030622		48616539
Less: Grants-in-aid	-		-
		83030622	48616539
Legal expenses		3072	12450
EDP hire and other charges		1133738	1107729
Printing and stationery		1041839	1192748
Hiring of vehicles		17992640	18849454
Bank charges		16401	2558
Miscellaneous expenses		2598707	2290377
		162409952	161587988

Note No. 18 to the Financial Statements

₹

For the period ended		31.03.2012	31.03.2011
Provisions for			
Shortage in stores		18407	-
		18407	-
Total		162428359	161587988
a) Details in respect of payment to auditors:			
As auditor			
Audit fee	66000		66000
Tax audit fee	21000		24500
Reimbursement of expenses	25700		15150
		112700	105650

Note No. 19 to the Financial Statements

₹

For the period ended	31.03.2012	31.03.2011
PRIOR PERIOD ITEMS (NET)		
REVENUE	-	-
EXPENDITURE		
Employee benefits expense	(12723512)	-
Net Expenditure/(Revenue)	(12723512)	-

a) Excess provision of previous years towards superannuation benefits.

Other Notes

20 The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

22 Discloure as per Accounting Standard - 20 on 'Earnings 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 - ₹	76,588,939	60,149,800
Weighted average number of equity shares used as denominator	80,910	80,910
Earning Per Share (Basic & Diluted) - ₹	946.59	743.42
Face value per share - ₹	10.00	10.00

23 Discloure as per Accounting Standard - 19 on 'Leases'

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. Note No. 16 - Employees' benefit expenses include ₹ **2,15,92,778** (Previous year ₹ 2,00,27,309) 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 ₹ **43,15,443** (Previous year ₹ 42,91,505) are shown as Rent in Note No. 18 - Administration and other expenses.

24 Discloure as per Accounting Standard - 27 on 'Financial Reporting of Interests in Joint Ventures'

Joint Venture Entities:

Company	Proportion of ownership interest as on (excluding Share Application Money)	
	31.03.2012	31.03.2011
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 2012 and income and expenses for the year based on audited accounts are given below:

₹/lacs

A	Assets	31.03.2012	31.03.2011
	Non-current assets	805.83	674.95
	Current assets	353.44	205.53
	Total	1,159.27	880.48
B	Equity & liabilities		
	Shareholders' funds	167.68	27.98
	Non-current liabilities	64.86	56.85
	Current liabilities	926.73	795.65
	Total	1,159.27	880.48
C	Contingent liabilities	149.22	25.42
D	Capital commitments	0.25	-
		Current Year	Previous Year
E	Income	1,133.81	943.81
F	Expenses	1,051.27	879.10

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

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

27 Information in respect of consultancy contracts on deposit work basis:

₹/lacs

Sl.	Particulars	Current Year	Previous Year
1	Amount of revenue recognised on consultancy contract on deposit work basis	3984.30	4841.34
2	Amount disbursed for consultancy contracts on deposit work basis	37699.51	54653.28
3	Amount of advance received from customers for consultancy contracts on deposit work basis	24313.68	30551.50
4	Gross amount due from customers for consultancy contracts on deposit work as an asset	Nil	Nil
5	Gross amount due to customers for consultancy contracts on deposit work basis as a liability	Nil	2.23

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

29 Contingent Liabilities:

- Company's liability towards reimbursement of Income Tax on HRR perks amounting to ₹ **49,85,286** (Previous year ₹ 49,85,286) stayed by the Hon'ble Allahabad High Court.
- Disputed Service Tax matter is pending before the Commissioner of Customs, Central Excise and Service Tax, Noida amounting to ₹ **231.20** crores plus interest (Previous year ₹ NIL) on deposit work funds received from REC Ltd. The Company has taken up the matter and the same is under consideration of Ministry of Finance. In case the Company is required to pay the amount, the same shall be claimed from REC Ltd. as per para 5.1 (d) of the MOU between REC & the Company.

30 Other disclosures as per Schedule VI of the Companies Act, 1956

₹

Particulars	Current Year	Previous Year
a) Expenditure in foreign currency:		
Others	90,476	42,901

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

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Puneet Singla)
Partner

(R K Srivastava)
Chief Executive Officer

(A K Singhal)
Director

(Arup Roy Choudhury)
Chairman

Place : New Delhi
Dated : 3rd May 2012

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 2012, 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 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 reasonable basis for our opinion.

3. As required by the Companies (Auditor's 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 appropriate, 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 The company's Accounting policy No. 5.1.1 of recognising revenue from Project Management Services for the service charges alone is in alignment with an expert opinion from ICAI on the matter which states that the Project Management Services rendered by the company are covered under the scope of Accounting Standard-7, yet the income from the same needs to be recognised only for the service charges alone. We are not in agreement with the said Expert Opinion as AS-7 does not prescribe any revenue recognition on net basis for a construction contract, instead it has to be on gross basis. The matter is referred back to ICAI for reconsideration.

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

   4.3 Note 16 to the Financial Statements, in respect of Employee Benefits in which disclosure requirements as per Accounting Standards 15-Employee Benefits, in the case of defined benefit liabilities have not been complied with. Further provident fund benefits although are defined benefits, are treated as defined contribution for accounting, following the practice of its parent company and the consequential effect on financial statements cannot be ascertained.

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 foregoing paragraphs, the said accounts read with the Accounting Policies and the Notes forming part of the financial statements, 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 2012;

      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

(CA. Puneet Singla)
Partner
Membership No.: 506277

Place : New Delhi
Date : 3rd May 2012

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 2012)

(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 reasonable having regard to the size and nature of its assets. No material discrepancies were noticed 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 explanations 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 explanations 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.

   In view of (v)(a) above, the clause (v)(b) of paragraph 4 of CARO is not applicable.

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

(vii) In our opinion, the Company has an internal audit system 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, Sales Tax, Wealth Tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues, with appropriate authorities. Being a wholly owned subsidiary 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 explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2012.

(c) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2012 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, Allahabad

(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 institution, 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 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, 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. Consequently, 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 loams.

(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

(CA. Puneet Singla)
Partner
Membership No.: 506277

Place : New Delhi
Date : 3rd May 2012

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 2012.

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2012 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 03 May 2012.

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 2012 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

(Praveen Kumar Singh)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 07 June, 2012

NTPC HYDRO LIMITED

(A wholly-owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 10th Annual Report on the performance of the Company for the financial year ended 31st March, 2012 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 for which 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. 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 are under various stages of bidding. These projects are slated for commissioning during 12th Plan and early 13th 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 beneficiaries.

With a view to reduce entity costs, synergy of operation, reduction in overhead expenditure, enhanced efficiency, better administrative control and optimum utilization of resources, your Board of Directors in its 43rd meeting held on May 3, 2012 has approved a scheme of amalgamation of NTPC Hydro Limited with NTPC Limited.

FINANCIAL REVIEW

The financial highlights of the Company are as under:

(₹. in Crore)

Particulars	F/Y 2011-12	F/Y 2010-11
Paid-up Share Capital	121.36	113.96
Share Capital Deposit – Pending Allotment	0.20	0.50
Capital Work in progress	86.24	79.09

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion analysis 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 2012.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C& AG) vide letter dated 17th September 2011 appointed M/s KSMN & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2011-12. M/s KSMN & Company had conducted statutory audit of the books of accounts for the financial year 2011-12. Copy of Audit Report is appended to Financial Statements.

Auditor in their report has made observation regarding delay in allotment of shares beyond the prescribed time limit under Unlisted Public Co. (Preferential Allotment) Rules 2011. In this regard, it may be noted that Company is a wholly owned subsidiary of NTPC Limited and all equity shares of the Company are held by NTPC Limited and its seven nominees, as permissible under Section 49 (3) of the Companies Act, 1956. These seven nominees of NTPC Limited are holding shares in their official capacity as employees of NTPC Limited. Therefore, any allotment of shares made to NTPC Limited is not preferential allotment and as such Unlisted Public Co. (Preferential Allotment) Rules 2011 are not applicable.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) vide letter dated 22nd May 2012 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, 2012 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 placed after 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. Presently, the Audit Committee Comprises of Shri A.K. Singhal, Shri B.P.Singh and Shri A.K.Jha, Directors of the Company.

During the year under review two meetings of the Audit Committee were held on 29th April 2011 and 28th December 2011 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 2012, 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 2012 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 2012, on going concern basis.

BOARD OF DIRECTORS

Consequent upon superannuation from the service of NTPC Limited Shri D.K.Jain, ceased to be Director of the Company w.e.f. 30th June 2012. 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 nominated Shri A.K.Jha as a Director of the Company in place of Shri D.K.Jain. Shri A.K.Jha 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 A.K.Singhal, 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 : New Delhi
Dated : 17.07.2012

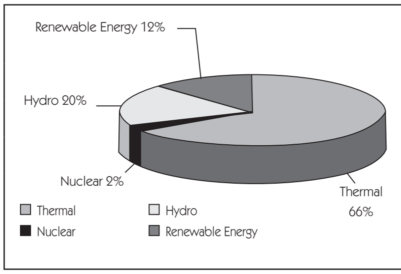
(Arup Roy Choudhury)
Chairman

ANNEXURE-I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENT

Availability of reliable power at affordable rate is sine qua none for growth of any economy. Hydro Power has been identified as a reliable and affordable source of Power. As on 31st March, 2012, the total installed capacity in India were 199877.03 MW out of which, share of Thermal, Hydro, Nuclear and Renewable energy sources were as follows:



	Installed Capacity
Thermal	131603.18
Nuclear	4780.00
Hydro	38990.40
Renewable Energy	24503.45
Total	**199877.03**

Source: Central Electricity Authority

Our Country has been endowed with enormous hydro power potential, last assessed to be 84000 MW at 60% load factor. However, installed capacity of hydro electric projects was only 38,990.40 MW as on 31st March 2012.

II. STRENGTHS

The 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. The Company has received all statutory clearances for both projects and infrastructure development activities are presently being carried out. Both the projects are under various stages of bidding and slated for commissioning during the 12th Plan and early 13th plan period.

With a view to reduce entity costs, synergy of operation, reduction in overhead expenditure, enhanced efficiency, better administrative control and optimum utilization of resources, the Board of Directors in its 43rd meeting held on May 3, 2012 has approved a scheme of amalgamation of NTPC Hydro Limited with NTPC Limited.

The company has entered in to Power Purchase Agreements, for Lata Tapovan Hydro Electric Project which 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 with West Bengal Electricity Board has been finalized and likely to be signed soon.

III. OPPORTUNITIES

With a view to meet the growing demand of power, in recent years, the Government of India (GOI) has accorded a high priority to the development of Hydro Potential in the country and Government has taken a number of policy initiatives to address the issues impending the development of Hydro Power. Various reforms and initiatives like ranking study of potential hydro sites by CEA, 50000 MW Hydro Electric initiatives, National Water Policy, Hydro Policy-2008 etc. have been taken by the GOI to accelerate development of Hydro Power in the Country and to address various problems which have impeded the development of Hydro Power from time to time.

IV. OUTLOOK

As per the assessment of CEA, the country is endowed with hydro potential of approx. 148701 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 38,990.40 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 etc. are some of the areas of concern which have marred development of Hydro Power in the Country. In addition to above, Hydroelectric power plant has complex structures and involves large amounts of capital with a long-running construction period. This situation imposes uncertainty factors with considerably high risks. The construction phase is identified as a critical phase in hydropower projects where many unforeseen factors occur.

VI. INTERNAL CONTROL SYSTEM

The Company has adequate Internal Control system at its projects and administrative offices. The 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 Limited.

VII. FINANCIAL PERFORMANCE

During the financial year paid-up share capital of the Company has increased from ₹ 113.96 crore to ₹ 121.36 crore. The capital work in progress has increased from ₹. 79.09 crore to ₹ 86.24 Crore. The projects undertaken by the Company are in construction stage, therefore all the administrative expenditures of the Company except expenditure of Rs. 0.65 lakh, incurred on training, are transferred to Capital work in Progress.

VIII. HUMAN RESOURCE

Development of Human resource by imparting training is a continuous process. In the 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, the 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, GOI. 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 : 17.07.2012

(Arup Roy Choudhury)
Chairman

NTPC Hydro Limited
BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**1213595000**	1139595000
Reserves and surplus	3	**(81391473)**	(81326692)
		1132203527	1058268308
Share application money pending allotment	4	**2000000**	5000000
Non-current liabilities			
Other long term liabilities	5	**8495953**	5597700
		8495953	5597700
Current liabilities			
Trade payables	6	**507611**	352756
Other current liabilities	7	**8435620**	16619367
Short-term provisions	8	**10351913**	3876872
		19295144	20848995
TOTAL		**1161994624**	1089715003
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	**223666548**	224461306
Intangible assets	9	**84460**	271112
Capital work-in-progress	10	**862434932**	790905993
Long-term loans and advances	11	**71667987**	71767987
Total		**1157853927**	1087406398
Current assets			
Cash and bank balances	12	**1912625**	2086045
Short-term loans and advances	13	**2217215**	212249
Other current assets	14	**10857**	10311
Total		**4140697**	2308605
TOTAL		**1161994624**	1089715003
Significant accounting policies Note No.	1		

The accompanying notes form an integral part of these financial statements.

As per our report of even date — For and on behalf of the Board of Directors

For M/s KSMN & Company
Chartered Accountants
Firms' Regn. No. 001075N

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

Place : New Delhi
Date : 3rd May 2012

NTPC Hydro Limited
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	Note	31.03.2012	31.03.2011
Other income	15	**-**	-
Total revenue		**-**	-
Expenses			
Employee benefits expense	16	**-**	-
Finance costs		**-**	-
Depreciation and amortization expense		**-**	-
Generation, administration & other expenses	17	**64781**	-
Prior period items (net)	18	**-**	-
Total expenses		**64781**	-
Profit / (Loss) before exceptional and extraordinary items & tax		**(64781)**	-
Exceptional items		**-**	-
Profit / (Loss) before extraordinary items and tax		**(64781)**	-
Extraordinary Items		**-**	-
Profit / (Loss) before tax		**(64781)**	-
Tax expense		**-**	-
Profit / (Loss) for the year		**(64781)**	-
Significant accounting policies Note No.	1		
Expenditure During Construction Period (net)	19		
Earnings per equity share (Par value of ₹10/- each)			
Basic		-	-
Diluted		-	-

The accompanying notes form an integral part of these financial statements.

As per our report of even date — For and on behalf of the Board of Directors

For M/s KSMN & Company
Chartered Accountants
Firms' Regn. No. 001075N

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

Place : New Delhi
Date : 3rd May 2012

CASH FLOW FOR THE PERIOD ENDED

(Amount in ₹)

	Particulars	31.03.2012		31.03.2011	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax and Prior Period Adjustment		**(64781)**		-
	Operating Profit before Working Capital Changes				
	Adjustment for :				
	Current Liabilities	**(1553851)**		(16738034)	
	Other Long Term Liabilities	**2898253**			
	Loans and Advances	**(1904966)**		4145677	
	Other Current Assets	**(546)**		4178	
			(561110)		(12588179)
	Net cash flow from Operating Activities - A		**(625891)**		(12588179)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets & CWIP & Construction Advance		**(70547529)**		(108030619)
	Net cash used in Investing Activities - B		**(70547529)**		(108030619)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Share Capital Deposit		**71000000**		119104600
	Net cash flow from Financing Activities - C		**71000000**		119104600
	Net Increase / Decrease in Cash & Cash Equivalents (A+B+C)		**(173420)**		(1514198)
	Cash & Cash Equivalents (Opening Balance)		**2086045**		3600243
	Cash & Cash Equivalents (Closing Balance)		**1912625**		2086045

As per our report of even date — For and on behalf of Board of Directors

For M/s KSMN & Company
Chartered Accountants
Firms' Regn. No. 001075N

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

Place : New Delhi
Date : 3rd May 2012

NOTES ON ACCOUNTS

Note No. 1 SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

C. FIXED ASSETS

1. Fixed Assets are carried at historical cost less accumulated depreciation / amortisation.
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. Intangible assets are stated at their cost of acquisition less accumulated amortisation.
4. Capital expenditure on assets not owned by the Company relating to generation of electricity business is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
5. Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

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

D. CAPITAL WORK-IN-PROGRESS

1. In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
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.
3. Deposit works/ cost plus contracts are accounted for on the basis of statements of account received from the contractors.
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.

E. STATEMENT OF PROFIT AND LOSS

EXPENDITURE

1. Depreciation on the assets of the generation of electricity business is charged on straight line method following the rates and methodology notified by CERC Tarrif Regulations, 2009 provided under Section 616 (c) of the Companies Act, 1956 except for the following assets based on their estimated useful life :
2. Depreciation on the following asset is provided 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

3. Depreciation on addition 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.
4. Assets costing upto ₹ 5000/- are fully depreciated in the year of acquisition.
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 less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tarrif Regulations, 2009.
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 off prospectively at the rates and methodology notified by CERC Tarrif Regulations, 2009 / revised useful life determined based on rates specified in schedule XIV of the Companies Act, 1956.
7. Capital expenditure on asset not owned by the company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
8. Leasehold land and buildings relating to generation of electricity business are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tarrif Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.
9. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
10. Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
11. Prepaid expenses and prior period expenses /income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

F. LEASES

FINANCE LEASE

1. Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.
2. Depreciation on the assets taken on finance lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1 or 12.2.2. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is less.
3. Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

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.

G. 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.

H. 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

Note No. 2 : EQUITY SHARE CAPITAL

(Amount in ₹)

As at	31.03.2012	31.03.2011
Authorised Shares		
500,000,000 shares of par value of ₹10/- each (Previous year 500,000,000 shares of par value of ₹10/- each)	5000000000	5000000000
Issued, Subscribed and fully paid-up shares		
121359500 shares of ₹10/- each (Previous year 113,959,500 shares of par value of ₹10/- each)	1213595000	1139595000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period	**No. of Shares**	**Amount in ₹**	No. of Shares	Amount in ₹
At the beginning of the period	113959500	1139595000	100799040	1007990400
Issued during the period	7400000	74000000	13160460	131604600
Outstanding at the end of the Period	121359500	1213595000	113959500	1139595000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

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

c. Shares held by holding / ultimate holding Company and / or their subsidaries / associates.

All the shares of the Company is owned by the holding Company i.e. NTPC Limited and it's nominees.

Note No. 3 : RESERVES AND SURPLUS (Amount in ₹)

As at	31.03.2012	31.03.2011
Surplus		
Opening Balance	**(81326692)**	(81326692)
Add : During the year transfer from P&L Statement	**(64781)**	
Closing balance	**(81391473)**	(81326692)
Total	**(81391473)**	(81326692)

Note No.4 : SHARE APPLICATION MONEY PENDING ALLOTMENT (NON-REFUNDABLE)

Share application money pending allotment	**2000000**	5000000
Total	**2000000**	5000000

Disclosures -

1. The share application money pending allotment shown above is non refundable, hence not a part of current liabilities.
2. The share application money pending allotment is the balance of fund received from NTPC Ltd, the holding company against which shares are not yet allotted.
3. The share allotment will be done with the approval of Board of Directors, alongwith reconciled inter-company balance with NTPC Ltd. upto the date of allotment of share
4. The no. of shares issued on the balance of share application money pending allotment will be 200000 @ 10/- per shares.
5. There will be no premium on this share allotment.
6. The shares will be issued before 31st March 2013.
7. The company has sufficient authorized capital (₹ 5000000000) to cover the share capital amount after this proposed allotment of shares.
8. As this amount is non-refundable and non interest bearing, no interest will accrue on the amount due for refund.
9. The allotment of share against the balances of application money pending allotment is always completed before the end of next financial year.

Note No. 5 : OTHER LONG TERM LIABILITIES (Amount in ₹)

As at	31.03.2012	31.03.2011
Trade payables (Other than MSMED)	**149,034**	109,066
Payable for capital expenditure - Others (Other than MSMED)	**8,346,919**	5,488,634
Total	**8,495,953**	5,597,700

Note No. 6 : TRADE PAYABLES (Amount in ₹)

As at	31.03.2012	31.03.2011
For goods and services (Other than MSMED)	**507611**	352756
Total	**507611**	352756

Note No. 7 Other Current Liabilities (Amount in ₹)

As at	31.03.2012	31.03.2011
Payable for capital expenditure - Others (Other than MSMED)	**7,452,335**	11,764,208
Other payables		
Tax deducted at source and other statutory dues	**968,641**	1,020,867
Others *	**14,644**	42,126
NTPC Ltd. (Holding Company)	**-**	3,792,166
Total	**8,435,620**	16,619,367

*Others includes establishment related payments like telephone, electricity, water etc.

Note No. 8 : SHORT TERM PROVISIONS (Amount in ₹)

As at	31.03.2012	31.03.2011
Provision for employee benefits		
As per last balance sheet	**3876872**	4512303
Additions during the year	**6479112**	2894963
Amounts paid during the year	**-**	3507327
Amounts reversed during the year	**4071**	23067
Closing balance	**10351913**	3876872
Total	**10351913**	3876872

Note No. 9 : FIXED ASSETS (Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deductions/ Adjustments	**As at 31.03.2012**	Upto 01.04.2011	For the year	Deductions/ Adjustments	**Upto 31.03.2012**	**As at 31.03.2012**	**As at 31.03.2011**
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold	156,618,560			**156,618,560**	-			**-**	**156,618,560**	**156,618,560**
Leasehold*	17,534,711			**17,534,711**	1,910,947	580,135	-	**2,491,082**	**15,043,629**	**15,623,764**
Plant and machinery	78,825	4,500	-	**83,325**	25,408	8,130	-	**33,538**	**49,787**	**53,417**
Furniture and fixtures	3,184,933	-	24,000	**3,160,933**	1,536,055	148,371	24,000	**1,660,426**	**1,500,507**	**1,648,877**
Office equipment	1,656,919	25,550	-	**1,682,469**	776,955	87,845	(2)	**864,802**	**817,667**	**879,965**
EDP, WP machines and satcom equipment	4,232,545	72,466	(133,096)	**4,438,107**	2,765,825	429,840	228,136	**2,967,529**	**1,470,578**	**1,466,720**
Electrical Installations	82,569	-	-	**82,569**	14,277	4,185	2	**18,460**	**64,109**	**68,292**
Capital expenditure on assets not owned by the Company	48,101,711	-	-	**48,101,711**	-	-	-	**-**	**48,101,711**	**48,101,711**
Total	231,490,773	102,516	(109,096)	**231,702,385**	7,029,467	1,258,506	252,136	**8,035,837**	**223,666,548**	**224,461,306**
Previous year	229,168,144	471,633	(1,850,996)	**231,490,773**	5,448,346	1,362,570	(218,551)	**7,029,467**	**224,461,306**	**223,719,798**
INTANGIBLE ASSETS										
Software	570,596	17,114	17,114	**570,596**	299,484	187,128	476	**486,136**	**84,460**	**271,112**
Total	570,596	17,114	17,114	**570,596**	299,484	187,128	476	**486,136**	**84,460**	**271,112**
Previous Year	570,596	-	-	**570,596**	109,285	190,199	-	**299,484**	**271,112**	**461,311**

Depreciation / Amortisation of Tangible and Intangible Assets for the year is allocated as given below:

	31.03.2012	31.03.2011
Transferred to expenditure during construction period (net) - Note 19	**1,445,634**	1,552,769

*The execution of lease agreement of 187.328 acres lease hold land situated at Lata Tapovan Hydro Power Project of value ₹ 175.35 lacs (Previous year 187.328 acres, value ₹ 175.35 lacs) is awaiting completion for legal formalities.

Note No. 10 : CAPITAL WORK IN PROGRESS (Amount in ₹)

	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
Roads, bridges, culverts & helipads	27039851	18777896	-	-	**45817747**
Hydraulic works, barrages, dams, tunnels and power channel	208518960				**208518960**
Electrical installations	-	10050	-	-	**10050**
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	53197978	2893203	-	-	**56091181**
Expenditure towards diversion of forest land	81520537	-	-	-	**81520537**
Expenditure during construction period (net)	420628667	49847787	(3)	-	**470476457**
Total	**790905993**	**71528936**	**(3)**	**-**	**862434932**
Previous year	683358940	107547053	-	-	**790905993**

Note No. 11 : LONG TERM LOANS AND ADVANCES (Amount in ₹)

As at	31.03.2012	31.03.2011
Capital Advances		
Unsecured		
Covered by bank guarantee	**16,393,679**	16,393,679
Others*	**55,274,308**	55,274,308
Sub Total	**71,667,987**	71,667,987
Security Deposit (Unsecured)		
Deposit with Customs, Port trust & others	**-**	100,000
Total	**71,667,987**	71,767,987

* Others include balances lying with Land Dept., Dist.Darjeeling, Govt. of West Bengal and Geological Survey of India.

Note No. 12 : CASH & BANK BALANCES (Amount in ₹)

As at	31.03.2012	31.03.2011
Cash & cash equivalents		
Balances with banks		
- Current accounts	**1861000**	2036045
Deposits with original maturity of more than three months #	**51625**	50000
Total	**1912625**	2086045

\# Includes bank deposits for more than twelve months maturity amounting to 51625/= (previous year 50000/=) is deposited with state tax authorities

Note No.13 : SHORT TERM LOANS AND ADVANCES (Amount in ₹)

As at	31.03.2012	31.03.2011
Loans		
Due from NTPC Ltd. (holding company)	**2,217,215**	-
ADVANCES		
Others*		
Unsecured*	**-**	149,194
Advance tax deposit & tax deducted at source	**-**	63,055
Total	**2,217,215**	212,249

*Others (Unsecured) in previous year include pre-paid expenses related to BSNL.

Note No. 14 : OTHER CURRENT ASSETS (Amount in ₹)

As at	31.03.2012	31.03.2011
Interest accrued on Term Deposit	**10857**	10311
Total	**10857**	10311

Note No. 15 : OTHER INCOME (Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Interest from		
Contractors	**276,331**	-
Indian banks	**3,937**	4,839
Other non-operating income		
Miscellaneous income	**94,231**	83,477
	374,499	88,316
Less: Transferred to expenditure during construction period (net) - Note 19	**374,499**	88,316
Total	**-**	-

Note No. 16 EMPLOYEE BENEFIT EXPENSE (Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Salaries and wages	**39,282,340**	39,108,461
Contribution to provident and other funds	**2,733,939**	3,475,157
Staff welfare expenses	**1,157,516**	1,419,877
	43,173,795	44,003,495
Less: Transferred to expenditure during construction period (net) - Note 19	**43,173,795**	44,003,495
Total	**-**	-

The employees benefits expenses includes 11,53,462 (Previous year 49,49,808) in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling allowance on retirement/death, farewell, gifts on retirement and economic rehabilitation scheme is apportioned by Holding Company i.e. NTPC Limited.

Note No. 17 : ADMINISTRATION & OTHER EXPENSES (Amount in ₹)

For the period ended		31.03.2012		31.03.2011
Power charges		**294770**		110040
Water charges		**1020**		4562
Rent		**3882291**		4788311
Repairs & maintenance				
Buildings		**1394831**		1464868
Others		**1265178**		958717
Insurance		**14475**		15771
Rates and taxes		**-**		503500
Training & recruitment expenses		**64781**		-
Communication expenses		**1278776**		1723799
Travelling expenses		**2386039**		2279854
Tender expenses		**-**		29651
Payment to auditors (refer details below)		**88240**		88240
Advertisement and publicity		**5000**		30000
Security expenses		**416636**		383010
Entertainment expenses		**293521**		193906
Expenses for guest house	699174		571934	
Less: Recoveries	16035		11790	
		683139		560144
Community development and welfare expenses		**651620**		52000
Books and periodicals		**39914**		15113
Professional charges and consultancy fees		**66180**		65240
Legal expenses		**8679**		7645
EDP hire and other charges		**605373**		559026
Printing and stationery		**66738**		27521
Hiring of vehicles		**836628**		683242
Miscellaneous expenses		**195540**		227380
		14539369		14771540
Transferred to expenditure during construction period (net) - Note 19		**14474588**		14771540
Total		**64781**		-
As auditor				
Audit fee		**80000**		80000
Reimbursement of service Tax		**8240**		8240
Total		**88,240**		88,240

Note No. 18 : PRIOR PERIOD ITEMS (NET)

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Expenditure		
Employee benefits expense	**(8,981,426)**	-
Depreciation and amortisation	**109,695**	218,551
Rent	**-**	(305,972)
Net Expenditure	**(8,871,731)**	(87,421)
Less: Transferred to Expenditure during construction period (net)-Note 19	**(8,871,731)**	(87,421)
Total	**-**	-

Note No. 19 : EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

(Amount in ₹)

For the period ended		31.03.2012		31.03.2011
A. Employee benefits expense				
Salaries and wages		**39,282,340**		39,108,461
Contribution to provident and other funds		**2,733,939**		3,475,157
Staff welfare expenses		**1,157,516**		1,419,877
Total (A)		**43,173,795**		44,003,495
B. Depreciation and amortisation		**1,445,634**		1,552,769
C. Generation , administration and other expenses				
Power charges		**294,770**		110,040
Water charges		**1,020**		4,562
Rent		**3,882,291**		4,788,311
Repairs & maintenance				
Buildings		**1,394,831**		1,464,868
Others		**1,265,178**		958,717
Insurance		**14,475**		15,771
Rates and taxes		**–**		503,500
Communication expenses		**1,278,776**		1,723,799
Travelling expenses		**2,386,039**		2,279,854
Tender expenses		**–**		29,651
Audit fee		**88,240**		88,240
Advertisement and publicity		**5,000**		30,000
Security expenses		**416,636**		383,010
Entertainment expenses		**293,521**		193,906
Guest house expenses	699,174		571,934	
Less: Receipt from guest house	16,035	**683,139**	11,790	560,144
Community development expenses		**651,620**		52,000
Books and periodicals		**39,914**		15,113
Professional charges and consultancy fee		**66,180**		65,240
Legal expenses		**8,679**		7,645
EDP Hire and other charges		**605,373**		559,026
Printing and stationery		**66,738**		27,521
Expenses on hiring of vehicle		**836,628**		683,242
Miscellaneous expenses		**195,540**		227,380
Total (C)		**14,474,588**		14,771,540
Total (A+B+C)		**59,094,017**		60,327,804
D. Less: Other income				
Interest from contractors		**276,331**		–
Interest others		**3,937**		4,839
Miscellaneous income		**94,231**		83,477
Total (D)		**374,499**		88,316
E. Prior period items (net)		**(8,871,731)**		(87,421)
Grand total (A+B+C-D-E)*		**49,847,787**		60,152,067

* Balance carried to capital work-in-progress - (Note 10)

NOTES ON ACCOUNT

20. Estimated amount of contract remaining to be executed on capital account and not provided for ₹ 2,198.39 lacs (Previous year ₹ 2360.58 lacs).

21. 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 benefits expenses include ₹ 50,58,270 (Previous year ₹ 54,79,994/=) 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 Note No. 19 Administration and other expenses amounting ₹ 7,83,766/- (Previous year ₹ 47,88,311/=).

22. Amount recoverable from NTPC Ltd., (holding company) has been shown ₹ 22,17,215/= as part of the short term loans & advances. This amount is recoverable from NTPC Ltd. on account of net balance of transactions upto 31st March 2012.

23. 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	64781	0
Weighted Average number of equity shares used as denominator	114080811	101267769
Earning Per Share (Rupees) – Basic	-	-
Weighted Average number of equity shares used as denominator	114084090	101282289
Earning Per Share (Rupees) – Diluted	-	-
Face Value per share (Rupees)	10	10

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

25. 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/-).

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

27. 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 31.03.2012.

28. Board of Directors of NTPC Ltd. (holding company) in its 36th Meeting has accorded in principle approval for merger of NTPC Hydro Ltd. with NTPC Ltd.

29. The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For and on behalf of Board of Directors

As per our report of even date
For M/s KSMN & Company
Chartered Accountants
Firms' Regn. No. 001075N

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

Place : New Delhi
Date : 3rd May 2012

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, 2012 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 over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies(Auditors' Report)Order,2003as amended by the Companies (Auditors' Report) (Amendment) Order,2004 issued by the Central Government of India in terms of sub-section (4A) of section 227of the Companies Act, 1956 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 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 accounts required by law have been kept by the Company so far as appears from our examination of those books;
   (iii) The balance sheet, profit and loss account dealt 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 subsection (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 information and according to the explanations given to us, the said accounts give the information required by the companies 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 2012;
      (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 KSMN & Company
Chartered Accountants
Firms' Registration No. 001075N
(CA Praveen Kumar Verma)
Partner
Membership No. 504686

Place : New Delhi
Date : 3rd May 2012

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 years as per the defined policies of the company which is reasonable having regards to the size of the company and the nature of its assets. No materials discrepancies were noticed on such verification.
(c) In our opinion and according to the information 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(ii) (b), (c), (d), of the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable of 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 Section 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 systems 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 has not commenced any activities relating to the distribution of the electricity.

(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, 2012 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, 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 to 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(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) On the basis of examinations 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 used in not prejudicial to the interest of the company. However, there is a delay in allotment of Shares beyond the prescribed time limit under Unlisted Public Co. (Preferential allotment) rules, 2011

(xix) The Company has not issued any debentures, consequently the provision of clause 4(xix) of the companies (Auditor's 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 KSMN & Company
Chartered Accountants
Firms' Registration No. 001075N
(CA Praveen Kumar Verma)
Partner
Membership No. 504686

Place : New Delhi
Date : 3rd May 2012

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 2012.

The preparation of financial statements of NTPC HYDRO LIMITED, New Delhi, for the year ended 31 March 2012 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 3rd May, 2012.

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 2012 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

(Praveen Kumar Singh)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place : New Delhi
Dated : 22nd May, 2012

NTPC VIDYUT VYAPAR NIGAM LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report on the working of the Company for the financial year ended on 31st March 2012 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)

	2011-12	2010-11
Total Revenue	**69.98**	54.48
Total Expenditure	**10.72**	9.35
Profit before exceptional and extraordinary items & Tax	**59.26**	45.13
Exceptional Items	**107.18**	-
Profit before Tax	**166.44**	45.13
Less: Tax expenses	**54.51**	15.07
Profit for the year	**111.93**	30.06

DIVIDEND

Your Directors have recommended a dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each, for the financial year 2011-12. The dividend shall be paid after your approval at the Annual General Meeting.

ENERGY 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 energy was ₹44.84 Crore from trade of 8529 million units including 2996 million units traded under SWAP arrangements and 329 million units traded under Solar Bundled energy, as compared to margin of ₹28.12 Crore from trade of energy of 6933 million units including 3529 million units traded under SWAP arrangements in the financial year 2010-11. The overall volume of energy traded by Company during the financial year 2011-12 has increased by 23% over last financial year 2010-11.

BUSINESS INITIATIVES

The Government of India has designated your company as the Nodal Agency for Phase I of Jawaharlal Nehru National Solar Mission (JNNSM) with a mandate 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 the power sourced from NTPC coal power stations to Distribution Utilities under Phase I (2010-2013) of JNNSM which envisages setting up of 1000 MW solar capacity.

Your company has conducted the process of Selection of the Solar Power Developers based on the Guidelines issued by the Ministry of New and Renewable Energy for Migration Projects Scheme and for New Projects Scheme under two batches viz. Batch-I and Batch-II.

Under the Migration Projects Scheme of JNNSM, Solar PV Projects of 48 MW Capacity in the States of Rajasthan (35 MW), Maharashtra (11 MW) and Punjab (2 MW) out of 54 MW contracted has been commissioned and Solar Thermal Projects of 30 MW Capacity in the State of Rajasthan are scheduled for commissioning in February, 2013.

Under Batch-I of New Projects Scheme, based on the Selection Process conducted by your Company, Power Purchase Agreements were signed with 35 Solar Power Developers for 610 MW capacity (140MW-Solar PV, 470 MW-Solar Thermal) and corresponding Power Sale Agreements with Buying Utilities/Discoms of the States of Andhra Pradesh, Karnataka, Maharashtra, West Bengal, Rajasthan Odisha, Punjab, Assam, Tamil Nadu, Uttar Pradesh, Chattisgarh and DVC have been concluded and solar capacity has been allocated to them as per principles finalised with MOP/ MNRE.

Solar PV capacity of 125 MW has been commissioned in the States of Rajasthan (100MW), Andhra Pradesh (10MW), Uttar Pradesh (5 MW), Odisha (5 MW) and Tamil Nadu (5MW). The Solar Thermal Projects for 470 MW capacity in the States of Rajasthan (400MW), Andhra Pradesh (50 MW) and Gujarat (20 MW) are scheduled for commissioning in May, 2013.

As on 31st March 2012, a total solar capacity of 173 MW has been commissioned and corresponding capacity allocation of NTPC coal power has been made by Ministry of Power. The sale of bundled power has commenced from October, 2011. During the Financial Year 2011-12, a total of 329 MUs of bundled power (including - 52 MUs of Solar Power) has been supplied by your company to the Discoms of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Odisha.

Under Batch-II of New Projects Scheme, based on the Selection process conducted by your company, Power Purchase Agreements (PPAs) have been signed with selected Solar Power Developers for 27 Projects for 340 MW capacity by 27th January, 2012. The Solar PV projects are scheduled to be commissioned in February, 2013.

Your Company has also been designated as the nodal agency for cross border trading of power with Bangladesh. The Power Purchase Agreement (PPA) for supply of 250 MW power from NTPC stations for 25 years has been signed on February 28, 2012 between NVVN and Bangladesh Power Development Board (BPDB). The Power supply to Bangladesh is expected to commence from July 2013.

Your Company has excelled in many fields including expanding customer base, selling captive power, selling power of Independent Power Producers (IPPs), entering into power banking arrangements and also selling un-requisitioned surplus from NTPC stations. The customer base of the Company has increased to 90 which include private Discoms and also state utilities. The Company has maintained a strong presence in all the five regions of India.

Your Company is trading of power from IPPs viz. M/s Jaiprakash Power Ventures Ltd., Sterlite, BALCO, Jindal Power Limited, Adani Power Limited, Torrent Power Limited and Captive Power Plants of Chhattisgarh, Gujarat and Andhra Pradesh.

Power Banking Arrangement facilitated by the company has resulted in not only stabilizing the power market but also lowering the market price. During the financial year 2011-12 the banking volume was of 2996 million units.

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2011-12, 3782470 MT of Fly Ash was sold as compared to 2337115 MT of Fly Ash sold in the Financial Year 2010-11. The revenue from sale of Ash is taken to fly Ash Utilisation Fund constituted in line with MOEF Notification of November 3, 2009. In accordance with the abovementioned MOEF notification net addition to Ash Fund in 2011-12 is ₹68.01 cr.

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 209 MT of Cenosphere as compared to 600 MT of Cenosphere in the financial year 2010-11.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2012.

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 2011-12.

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

A 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 June 19, 2012 communicated that on the basis of audit, nothing significant was noticed giving rise to any comments 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 2011-12 is placed after 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 ₹0.03 crore in foreign currency has been incurred for travelling of employees during the financial year under review.

PARTICULARS OF EMPLOYEES

As per Notification No. GSR 289(E) dated 31 March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975, it is not necessary for the Company being a Government company to include the particulars of employees drawing salaries of ₹60 lakh or more per annum, employed throughout the financial year or ₹5 lakh per month, if employed for part of the financial year. However, 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 comprising of Shri A.K. Singhal, Shri S.P. Singh and Shri N.N. Misra, Directors of the Company. Three meetings of the Audit Committee were held during the financial year 2011-12. 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 2011-12 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

During the financial year under review the Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri Akhilesh Mishra, Joint Secretary (North), Ministry of External Affairs as an Additional Director of the Company in place of Shri Satish Mehta. Shri Akhilesh Mishra holds office up to the date of this Annual General Meeting and is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing his candidatures for the office of Directors liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956, Shri I.J. Kapoor, 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 — (Arup Roy Choudhury)
Date : July 17, 2012 — Chairman

Annexure-I
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Trading is an essential tool for optimisation of resources and plays an important role in the current market scenario of deficit power as it enables the state utilities to fully utilise the existing and captive sources of generation. The quantum of power being traded in short term has been increasing over the years along with declining trend of prices. As the upcoming IPPs have also entered into short term transactions in addition to long term, this demand for trading is expected to increase further. With the Electricity Act 2003, recognising Trading as a distinct activity, Trading of Electricity has been growing since then. The multi-buyer and multi-seller market model has helped in the growth of trading business with increasing number of trading licensees.

Short term Trading is also essential for balancing the demand with supply besides meeting the contingency demand of States.

The grant of Trading License for Inter-state trading is governed by CERC Regulations, 2009 including its Amendment issued from time to time.

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

During the last four years, 56 traders have obtained licenses for serving the needs of the various clients, out of which 15 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 2011-12 out of the electricity generation of approximately 874 billion units, approximately 67 billion units were traded, representing 7.7% of trading to total generation.

Structure of Power Industries in India*

(i)	Long –Term (89.1%)	779 BU
(ii)	Power Trading (7.7%)	67 BU
(iii)	Balancing Market (UI) (3.2%)	28 BU
	Total	874 BU

The trading of Power in India*

(i)	Bilateral Trading	37 BU
(ii)	Bilateral Direct	15 BU
(iii)	Through Power Exchange	15 BU
	Total	67 BU

*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 27950 MW to 63000 MW by end of 12th Plan period. 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 Bangladesh. The Power Purchase Agreement between the Company and Bangladesh Power Development Board (BPDB) for supply of 250 MW power from NTPC stations for 25 years has been signed on February 28, 2012. The Power supply to Bangladesh is expected to commence from July 2013. Cross border trading of power from Bhutan is expected to commence from 2016-17 with the commissioning of new projects.

Your Company has also been designated as nodal agency under Phase I of the Jawaharlal Nehru National Solar Mission (JNNSM) for buying power from solar power developers in India and selling to distribution utilities after bundling with unallocated equivalent capacity from NTPC power stations. The business under this segment has commenced from this financial year.

Your Company is also selling fly ash from NTPC plant at Dadri, Unchahar Kahalgaon, Ramagundam 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 energy traded by the Company are as follows:

	Fiscal 2012	Fiscal 2011
	Million units	
Trading of energy	**5204**	3404
Trading of energy under Power SWAP Arrangements	**2996**	3529
Trading of Solar Bundled energy	**329**	-
Total	**8529**	6933

During the Financial Year 2011-12, your company traded 8529 million units of power, which includes 329 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has increased by 23% over last year.

In the past three years your company has developed a good customer base and has served over 90 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 resulted in business of 2996 million units during the financial year 2011-12.

In addition to energy trading, your Company is also trading fly ash. The details of the fly ash trading by the Company are as follows:

	Fiscal 2012	Fiscal 2011
	Million Ton	
Fly ash	**3782470**	2337115
Cenosphere	**209**	600

Financial Performance

The main revenue of your Company has been realized by trading of energy of 8529 million units contributing to 69% of total revenue.

₹ in Crore

	2011-12		2010-11	
Energy Sale	**2162.86**		1549.30	
Less: Energy Purchase	**2132.17**	**30.69**	1534.92	14.38
Sale of Solar & Thermal Bundled Energy	**147.09**			
Less: Purchase of Solar Bundled Energy	**144.79**	**2.30**		-
Energy sale under SWAP Arrangements		**11.84**		13.74
Other operating income		**3.76**		5.84
Sale of Fly Ash and Cenosphere	**84.30**		58.02	
Less: Transfer to Fly Ash Utilization Fund	**84.30**	**-**	58.02	-
Other income		**21.39**		20.52
Total		**69.98**		54.48

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 ₹ 68.01 Crore net proceed from sale of fly ash and cenosphere and utilization of fund as per MOEF notification during the current financial year as compared to ₹ 48.34 Crore net proceed transferred during the previous financial year.

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

₹ in Crore

	2011-12	2010-11
Employee benefits expense	**6.91**	5.74
Administration & other expenses	**3.36**	3.38
Prior period items (net)	**(1.16)**	-
Total operating expenses	**9.11**	9.12

Due to notification by the Ministry of Environment and Forest, Government of India, the operating expenses of fly ash business during 2011-12 has been netted off with revenue from sale of fly ash and not included in operating expenses.

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

₹ in Crore

		2011-12		2010-11
Total operating expenses		**9.11**		9.12
Depreciation & amortization expense		**0.04**		0.06
Finance cost:				
a. cash credit	**0.02**		0.01	
b. other	**1.55**	**1.57**	0.16	0.17
Total expenses including operating expenses		**10.72**		9.35

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 ₹0.65 Crore as on 31.3.2012.

₹ in Crore

	2011-12	2010-11
Profit before exceptional and extraordinary items & tax	**59.26**	45.13
Exceptional items	**107.18**	-
Profit before tax	**166.44**	45.13

During the financial year under review the company has earned ₹ 107.18 Crore on account of encashment of EMD, bid bond and performance bank guarantees (PBGs). As per Government guidelines issued under the JNNSM, the solar power plants were to achieve commissioning by the scheduled dates. Failure to do so, led to imposing of liquidate damages in form of encashment of PBG's. Also EMD and Bid bond in respect of a party which failed to enter into legally binding PPA, was encashed.

₹ in Crore

	2011-12	2010-11
Profit before tax	**166.44**	45.13
Tax expenses	**54.51**	15.07
Profit for the year	**111.93**	30.06

Dividend

Your Directors have recommended a dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10/- each, for the financial year 2011-12. The dividend shall be paid after your approval at the Annual General Meeting.

Reserves & Surplus

During the financial year 2011-12, a sum of ₹88 Crore have been added to General Reserve as compared to ₹13 Crore in the previous year.

Current Assets

The current assets at the end of the financial year 2011-12 were ₹697.65 Crore as compared to ₹269.57 Crore in financial year 2010-11 registering an increase of 158%.

₹ in Crore

	31.03.2012	31.03.2011
Inventories	**0.02**	0.02
Trade receivables	**162.07**	56.49
Cash and Bank balances	**339.55**	144.71
Short term loan and advances	**-**	1.78
Other current assets	**196.02**	66.58
Total Current Assets	**697.66**	269.58

The increase was mainly on account of increase in trade receivables, cash and bank balance and Other Current assets. During the financial year under review, trade receivables has increased to ₹162.07 Crore from ₹56.49 Crore. The major amount of receivables has now been recovered from various buyers and balance amount would be realized soon. The Cash and Bank Balance has increased to ₹339.55 Crore from ₹144.70 Crore due to increase in CLTDs/FDRs and the Other Current assets has increased to ₹196.02 Crore from ₹66.58 Crore mainly due to increase in unbilled revenue.

Current Liabilities

During the financial year 2011-12, Current Liabilities have increased to ₹372.47 Crore as compared to ₹101.85 Crore in the financial year 2010-11, mainly on account of increase in trade payables for energy purchase.

₹ in Crore

	31.03.2012	31.03.2011
Trade payables	**323.79**	73.77
Other current liabilities	**19.09**	10.52
Short-term provisions	**29.59**	17.56
Total Current Liabilities	**372.47**	101.85

The short term provisions for the financial year under review have increased to ₹29.59 Crore as compared to ₹17.56 Crore in previous financial year, mainly on account of increase in proposed final dividend, tax thereon and increase in current tax liability due to encashment of bank guarantees of SPDs which could not declare their units commissioned on the scheduled dates as well as receipt of the claimed amounts after pronouncement by the Hon'ble High Court of Andhra Pradesh.

Cash Flow Statement

₹ in Crore

	2011-12	2010-11
Opening cash and cash equivalents	**144.71**	112.22
Net cash from operating activities	**201.82**	38.95
Net cash used in investing activities	**12.01**	5.36
Net cash flow from financing activities	**(18.99)**	(11.82)
Net change in cash and cash equivalents	**194.84**	32.49
Closing cash and cash equivalents	**339.55**	144.71

The closing cash and cash equivalent for the financial year ended March 31, 2012 has increased 2.35 times from ₹144.71 Crore in the previous year to ₹339.55 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2011-12 as compared to financial year 2010-11 are as under: -

₹ in Crore

	Description	2011-12	2010-11
A	i) Capital employed	**197.60**	108.91
	ii) Net worth	**197.60**	108.91
B	i) Return on Capital Employed (PBT/CE)	**84%**	41%
	ii) Return on net worth (PAT/NW)	**57%**	28%
C	Dividend as % of Equity Capital	**100**	75
D	Earning per share in ₹ (EPS) before exceptional item	**20.54**	15.03
E	Earning per share in ₹ (EPS) after exceptional item	**55.97**	15.03

The capital employed as well as net worth has increased due to addition of profit earned during the financial year 2011-12 and such increase has also resulted increase in Return on Capital Employed, Return on Net Worth and EPS of the Company.

Human Resources

As on 31st March 2012, 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 : 17th July 2012

(Arup Roy Choudhury)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED
BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**200,000,000**	200,000,000
Reserves and surplus	3	**1,775,976,299**	889,094,005
		1,975,976,299	1,089,094,005
Fly Ash Utilization Fund	4	**1,269,751,597**	589,596,896
Non-current liabilities			
Deferred tax liabilities (Net)	5	**139,907**	149,151
Other Long term liabilities	6	**8,532,069**	2,801,016
		8,671,976	2,950,167
Current liabilities			
Trade payables	7	**3,237,905,641**	737,704,635
Other current liabilities	8	**190,850,328**	105,194,394
Short-term provisions	9	**295,934,691**	175,596,848
		3,724,690,660	1,018,495,877
Total		**6,979,090,532**	2,700,136,945
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	**2,471,855**	2,836,683
Intangible assets	10	**-**	-
Long-term loans and advances	11	**30,000**	1,530,000
		2,501,855	4,366,683
Current assets			
Inventories	12	**152,735**	226,025
Trade receivables	13	**1,620,715,226**	564,954,398
Cash and bank balances	14	**3,395,504,005**	1,447,042,306
Short-term loans and advances	15	**35,000**	17,793,864
Other current assets	16	**1,960,181,711**	665,753,669
		6,976,588,677	2,695,770,262
TOTAL		**6,979,090,532**	2,700,136,945
Significant Accounting Policies	1		
Other Notes	25		

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our report of even date

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

For and on behalf of Board of Directors

(Nitin Mehra) Company Secretary
(A.K.Singhal) Director
(Arup Roy Choudhury) Chairman

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	NOTE No.	31.03.2012	31.03.2011
Revenue from operations	17	**485,990,422**	339,542,873
Other income	18	**213,844,876**	205,226,941
Total Revenue		**699,835,298**	544,769,814
Expenses:			
Cost of fly ash/ash products	19	**-**	-
Employee benefits expense	20	**69,137,718**	57,430,389
Finance costs	21	**15,679,624**	1,721,053
Depreciation and amortization expense	10	**417,403**	566,034
Administration & other expenses	22	**33,603,108**	33,755,191
Prior Period Items(net)	23	**(11,596,403)**	-
Total expenses		**107,241,450**	93,472,667
Profit before exceptional and extraordinary items & tax		**592,593,848**	451,297,147
Exceptional items	24	**1,071,775,001**	-
Profit before extraordinary items and tax		**1,664,368,849**	451,297,147
Profit before tax		**1,664,368,849**	451,297,147
Tax expense:			
Current tax		**545,050,799**	150,727,389
Deferred tax		**(9,244)**	(12,134)
Profit/(Loss) for the year		**1,119,327,294**	300,581,892
Earnings per equity share (Par value of ₹ 10/- each) before Exceptional items			
Basic		**20.54**	15.03
Diluted		**20.54**	15.03
Earnings per equity share (Par value of ₹ 10/- each) after Exceptional items			
Basic		**55.97**	15.03
Diluted		**55.97**	15.03
Significant Accounting Policies	1		
Other Notes	25		

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our report of even date

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

For and on behalf of Board of Directors

(Nitin Mehra) Company Secretary
(A.K.Singhal) Director
(Arup Roy Choudhury) Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

(₹)

		Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**1,664,368,849**	451,297,147
Adjustment for:			
Depreciation	417,403		566,034
Interest Charges	15,524,979		1,621,580
Interest income	(169,202,423)		(76,304,879)
Increase in Fly Ash Utilization Fund	680,154,701		483,369,269
		526,894,660	409,252,004
Operating Profit before Working Capital Changes		**2,191,263,509**	860,549,151
Adjustment for:			
Trade and other receivables	(2,060,935,723)		(244,862,790)
Inventories	73,290		385,271
Trade payable and other liabilities	2,590,324,895		(66,455,850)
Loans and advances	(255,793,000)		(3,723,497)
		273,669,462	(314,656,866)
Cash generated from operations		**2,464,932,971**	545,892,285
Direct taxes paid		**(446,722,508)**	(156,394,420)
Net Cash from Operating Activities-A		**2,018,210,463**	389,497,865
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(57,185)		(456,014)
Disposal of fixed assets	4,610		
Interest on Investments Received	137,332,276		62,401,543
Income Tax on Interest on Investments	(17,169,736)		(8,330,789)
Net Cash used in Investing Activities -B		**120,109,965**	53,614,740
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		**(150,000,000)**	(100,000,000)
Tax on dividend		**(24,333,750)**	(16,608,750)
Interest Paid		**(15,524,979)**	(1,621,580)
Net Cash flow from Financing Activities-C		**(189,858,729)**	(118,230,330)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		**1,948,461,699**	324,882,275
Cash and Cash equivalents (Opening balance) *		**1,447,042,306**	1,122,160,031
Cash and Cash equivalents (Closing balance)*		**3,395,504,005**	1,447,042,306

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.

As per our report of even date	For and on behalf of Board of Directors		
For Aiyar & Co. Chartered Accountants Firm Registration No.001174N	**(Nitin Mehra)** Company Secretary	**(A.K.Singhal)** Director	**(Arup Roy Choudhury)** Chairman
(C. Chuttani) Partner M.No.90723			

Place : New Delhi
Dated : 3rd May 2012

Note No. 1 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.

3.3. Fixed Assets acquired out of fly ash utilization fund are directly charged to the fly ash utilization fund.

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. STATEMENT OF PROFIT AND LOSS

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 and liquidated damages are 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) 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 Rs.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 less.

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'.

SHAREHOLDERS' FUNDS

NOTE NO. 2 share capital

(Amount in ₹)

As at	31.03.2012	31.03.2011
Equity Share Capital		
AUTHORISED		
2,00,00,000 shares of par value of ₹10/- each (Previous year 2,00,00,000 shares of par value of ₹10/- each)	**200,000,000**	200,000,000
Issued, subscribed and fully paid-up		
2,00,00,000 shares of par value of ₹ 10/- each (Previous year 2,00,00,000 shares of par value of ₹ 10/- each)	**200,000,000**	200,000,000

a) During the year , the company has not issued/bought back any equity shares.

b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their shareholding at the meetings of shareholder subject to approval of the shareholders.

c) During the year ended 31st March 2012, an amount of ₹10/-(previous year ₹7.50/-) per share is proposed as dividend for distribution to equity shareholders.

d) All shares are held by the Holding Company i.e. NTPC Limited and its' nominees.

NOTE NO. 3 Reserves and Surplus

(Amount in ₹)

As at	31.03.2012	31.03.2011
General Reserve		
As per last Balance Sheet	**884,883,956**	754,883,956
Add: Transfer from Surplus in the Statement of Profit and Loss	**880,000,000**	130,000,000
Closing balance	**1,764,883,956**	884,883,956
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	**4,210,049**	7,961,907
Add:- Profit after tax for the year from Statement of Profit & Loss	**1,119,327,294**	300,581,892
Less : Transfer to General Reserve	**880,000,000**	130,000,000
Proposed dividend	**200,000,000**	150,000,000
Tax on proposed dividend	**32,445,000**	24,333,750
Net surplus	**11,092,343**	4,210,049
Total	**1,775,976,299**	889,094,005

The Board of Directors has proposed a dividend for the year 2011-12 @ ₹10/- Per equity share (previous year ₹7.50/-) par value of ₹10/- each subject to approval of the shareholders.

NOTE NO. 4 Fly Ash Utilization Fund

(Amount in ₹)

As at		31.03.2012	31.03.2011
As per last balance sheet		**589,596,896**	106,227,627
Add: Transfer from Sales (Note 17)		**843,016,824**	580,162,287
Less: Utilized during the year			
Capital Expenditure (Note 10)	40,462,858		-
Cost of fly ash/ash products (Note 19)	10,355,207		2,205,544
Employees' benefits Expenses (Note 20)	55,935,453		55,768,507
Administration & Other Expenses (Note 22)	56,108,605		38,818,967
		162,862,123	96,793,018
Total		**1,269,751,597**	589,596,896

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 ₹84,30,16,824/- (previous year ₹58,01,62,287/-) has been transferred.

The company during the year utilized a sum of ₹16,28,62,123/-(previous year ₹9,67,93,018/-) towards direct/indirect expenses(including capital expenses) as determined and approved by the management.The indirect expenses such as employee cost, administration and other expenses amounting to ₹4,65,53,160/- (previous year ₹5,98,67,837/-) have been allocated in the ratio of gross margin on sales of power and fly ash. and its products.The other incomes has not been considered 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.

Non-Current Liabilities

NOTE NO. 5 Deferred Tax Liabilities (Net)

(Amount in ₹)

Particulars	As at 01.04.2011	Additions/ Adjustments during the year	As At 31.03.2012
Difference of book depreciation and tax depreciation	149,151	(9,244)	**139,907**
Total	149,151	(9,244)	**139,907**
Previous Year	161,285	(12,134)	**149,151**

The net decrease during the year in the deferred tax liability is ₹9,244/-(previous year ₹12,134/-) has been credited to Statement of Profit and Loss.

NOTE NO.6 Other Long Term Liabilities

(Amount in ₹)

As at	31.03.2012	31.03.2011
Deposits from customers	**8,532,069**	2,801,016
Total	**8,532,069**	2,801,016

Disclosure regarding Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

Current Liabilities

NOTE NO. 7 Trade Payables

(Amount in ₹)

As at	31.03.2012	31.03.2011
- For Goods & Services		
- Energy	**3,196,122,098**	731,982,349
- Open Access Charges(OAC)	**38,500,198**	3,593,061
- Other Services	**3,283,345**	2,129,225
Total	**3,237,905,641**	737,704,635

Disclosure regarding Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

NOTE NO. 8 Other Current Liabilities

(Amount in ₹)

As at	31.03.2012	31.03.2011
Advances from customers and others	46,771,524	40,142,353
Other Payables		
- Tax Deducted at Source and other statutory dues	4,326,720	3,530,234
- Deposits from contractors and others	13,810,587	38,551,086
- Payable to Holding Company	13,373,815	12,540,121
- Payable to Employees	14,403,886	10,430,600
- Encashment of Bank Guarantees*	98,163,396	-
- Stale Cheques	400	-
Total	190,850,328	105,194,394

* Represents the amount received, as per the directive from Hon'ble High Court of Delhi, for encashment of Bank Guarantee of ₹9,65,50,000/- along with accrued interest which is required to be kept under a separate account till the matter is settled through arbitration.

Disclosure regarding Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

Current Liabilities

NOTE NO. 9 Short Term Provisions

(Amount in ₹)

As at	31.03.2012	31.03.2011
Provision for Employee Benefits		
As per last Balance Sheet	1,263,098	1,056,502
Additions during the year	-	320,664
Amounts paid during the year	1,062,773	114,068
Amounts reversed during the year	200,325	-
Closing balance	-	1,263,098
Provision for Current Tax		
As per last Balance Sheet	689,325,593	-
Additions during the year	560,575,778	-
Less: Set off against taxed paid	1,186,411,680	-
Closing balance	63,489,691	-
Provision for Proposed Dividend		
As per last Balance Sheet	150,000,000	100,000,000
Additions during the year	200,000,000	150,000,000
Amounts paid during the year	150,000,000	100,000,000
Closing balance	200,000,000	150,000,000
Provision for tax on Proposed Dividend		
As per last Balance Sheet	24,333,750	16,608,750
Additions during the year	32,445,000	24,333,750
Amounts paid during the year	24,333,750	16,608,750
Closing balance	32,445,000	24,333,750
Total	295,934,691	175,596,848

Non-Current Assets

NOTE NO. 10 Fixed Assets

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. Tangible Assets										
Plant and machinery(including associated civil works)	1,195,000	-	-	1,195,000	94,604	56,763	-	151,367	1,043,633	1,100,396
Furniture and fixtures	756,068	57,185	-	813,253	124,730	48,225	-	172,955	640,298	631,338
Office equipment	1,073,399	-	-	1,073,399	549,094	182,077	-	731,171	342,228	524,305
EDP, WP machines and satcom equipment	3,301,185	-	92,198	3,208,987	2,720,541	130,338	87,588	2,763,291	445,696	580,644
Total (A)	6,325,652	57,185	92,198	6,290,639	3,488,969	417,403	87,588	3,818,784	2,471,855	2,836,683
B. Assets created from Fly Ash Utilization Fund										
Plant & Machinery	-	3,419,707	-	3,419,707	-	-	-	-	3,419,707	-
Furniture and fixtures	-	45,754	-	45,754	-	-	-	-	45,754	-
Office equipment	-	135,334	-	135,334	-	-	-	-	135,334	-
Roads,bridges,culverts	-	35,284,854	-	35,284,854	-	-	-	-	35,284,854	-
Temporary erection	-	1,577,209	-	1,577,209	-	-	-	-	1,577,209	
Total	-	40,462,858	-	40,462,858	-	-	-	-	40,462,858	-
Less: Set off against Fly Ash Utilization Fund(Note 4)	-	40,462,858	-	40,462,858	-	-	-	-	40,462,858	-
Total (B)	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B)	6,325,652	57,185	92,198	6,290,639	3,488,969	417,403	87,588	3,818,784	2,471,855	2,836,683
Previous Year	5,869,638	456,014	-	6,325,652	2,991,460	497,509	-	3,488,969	2,836,683	2,878,178

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
C. Intangible Assets										
Software	241,078	-	-	241,078	241,078	-	-	241,078	-	-
TOTAL	241,078	-	-	241,078	241,078	-	-	241,078	-	-
Previous Year	241,078	-	-	241,078	172,553	68,525	-	241,078	-	68,525

Non-Current Assets

NOTE NO. 11 Long Term Loans and Advances

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,considered good, unless otherwise stated)		
Deposits	30,000	1,530,000
Total	**30,000**	1,530,000

Current Assets

NOTE NO. 12 Inventories

(Amount in ₹)

As at	31.03.2012	31.03.2011
Stock-in-Trade-Cenosphere	152,735	226,025
Total	**152,735**	226,025

Stock-in-Trade-Cenosphere has been valued considering the significant accounting policy no.5.1 of Note no. 1 to these financial statements and it represents the collection cost.

NOTE NO. 13 Trade Receivables

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,Considered good, unless otherwise stated)		
Energy		
Outstanding for a period exceeding six months	**419,569,425**	-
Others	**994,045,468**	390,458,201
Open Access Charges(OAC)		
Outstanding for a period exceeding six months	**489,604**	-
Others	**206,610,729**	174,496,197
Total	**1,620,715,226**	564,954,398

Unbilled revenue of ₹1,61,57,48,854/- (previous year ₹61,05,73,959/-) is stated in Note No. 16, Other current assets.

NOTE NO. 14 Cash & Bank Balances

(Amount in ₹)

As at	31.03.2012	31.03.2011
Cash & cash equivallents		
Balances with banks		
- Current Accounts	**2,956,026**	10,630,349
Other bank balances		
Bank deposits with more than three months maturity	**3,392,502,979**	1,436,366,957
Others-Security Deposit with Sales Tax Authorities	**45,000**	45,000
Total	**3,395,504,005**	1,447,042,306

Cash & bank balances include fly ash utilization fund balance.

Current Assets

NOTE NO. 15 Short Term Loans and Advances

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,considered good, unless otherwise stated)		
Advances		
Others		
State Load Dispatch Center(SLDCs)	**35,000**	125,000
	35,000	125,000
Advance tax deposit & tax deducted at source	**-**	706,994,457
Less:- Provisions for taxations	**-**	689,325,593
	-	17,668,864
Total	**35,000**	17,793,864

NOTE NO. 16 Other Current Assets

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,considered good, unless otherwise stated)		
Interest Accrued on Term deposits	**63,999,857**	32,129,710
Other Recoverables	**245,533,000**	-
Deposits	**34,900,000**	23,050,000
	344,432,857	55,179,710
Unbilled revenues	**1,615,748,854**	610,573,959
Total	**1,960,181,711**	665,753,669

NOTE NO.17 Revenue from Operations

(Amount in ₹)

For the year ended			31.03.2012	31.03.2011
Sales				
Energy Sales	21,628,639,801			15,493,019,006
Less : Energy Purchase	21,321,681,496			15,349,194,705
		306,958,305		143,824,301
Sale of Solar & Thermal Bundled Energy	1,470,963,522			-
Less : Purchase of Solar Bundled Energy	1,447,935,803			-
		23,027,719		-
Energy Sales under Swap arrangements		118,416,451		137,330,823
			448,402,475	281,155,124
Fly Ash		835,559,845		568,474,221
Cenosphere		7,456,979		11,688,066
		843,016,824		580,162,287
Less: Transferred to Fly Ash Utilization Fund (Note 4)		843,016,824		580,162,287
			-	-
			448,402,475	281,155,124
Other Operating Income				
Rebate on energy purchase		360,137,339		303,136,135
Less:Rebate on energy sale		322,549,392		244,748,386
			37,587,947	58,387,749
TOTAL			**485,990,422**	339,542,873

a) 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).

b) Sale of energy under Swap arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognised for ₹11,84,16,451/- (previous year ₹13,73,30,823/-).540 MUs (previous year 602 MUs) energy supplied by the sellers under Swap arrangements are yet to be returned back by the buyers.

c) Sale of energy includes compensation received of ₹37,10,78,714/-(previous year ₹1,30,46,400/-) due to lesser drawal of power by the buyers.

d) Energy purchase includes compensation payment of ₹33,39,19,947/- (previous year ₹1,29,33,504/-) due to lesser drawal of power by the Company.

NOTE NO. 18 Other Income

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Interest		
From Banks	**169,202,423**	76,304,879
Other non-operating income		
Earnest Money/Security Deposit forfeited	**15,604,707**	77,247,890
Application Processing Fee-Solar	**21,800,000**	43,800,000
Surcharge received from Customers	**6,879,066**	877,424
RTI Application fee	**90**	40
Miscellaneous Income	**358,590**	6,996,708
Total	**213,844,876**	205,226,941

NOTE NO. 19 Cost of Fly Ash/Ash Products

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
--Fly Ash	**9,755,926**	709,787
--Cenosphere	**599,281**	1,495,757
	10,355,207	2,205,544
Less:Transferred to Fly Ash Utilization Fund (Note 4)	**10,355,207**	2,205,544
Total	**-**	-

NOTE NO. 20 Employee Benefits Expenses

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Salaries and wages	**111,382,632**	97,371,114
Contribution to provident and other funds	**8,459,350**	8,364,160
Staff welfare expenses	**5,231,189**	7,463,622
	125,073,171	113,198,896
Less: Transferred to Fly Ash Utilization Fund (Note 4)	**55,935,453**	55,768,507
Total	**69,137,718**	57,430,389

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

b) Company pays fixed contribution to provident fund at predetermined rates to a separate trust through its holding company i.e. NTPC Limited.

c) Employee benefit expenses includes payment of ₹ 55,21,216/-(previous year ₹1,48,28,333/-) in respect of gratuity, leave, post retirement medical facility, settlement allowance, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited based on acturial valuation at the end of the year. The same are paid to the holding company.

Employee benefits expenses also includes an amount of ₹53,54,016/- (previous year ₹25,37,032/-) in respect of pension as apportioned by the Holding Company i.e. NTPC Limited at the end of the year. The same are paid to the holding company..

d) Employer benefits expenses includes Managerial Remuneration paid/payable to Chief Executive Officer:

(Amount in ₹)

	Current Year	Previous Year
Salaries and wages	**2852215**	2553152
Contribution to provident and other funds	**234143**	216043
Staff welfare expenses	**99192**	156871
	3185550	2926066

NOTE NO. 21 FINANCE COSTS (Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Interest on :		
Cash Credit	**154,645**	98,353
Others*	**15,524,979**	1,622,700
Total	**15,679,624**	1,721,053

*Includes interest accrued on account of deferrment of advance tax of ₹1,55,24,979/- (Previous year ₹16,21,580/-)under the provisions of Income Tax Act,1961.

NOTE NO. 22 Administration & Other Expenses

(Amount in ₹)

For the year ended		31.03.2012	31.03.2011
Power charges		**1,217,402**	1,527,447
Rent		**31,121,036**	29,084,055
Open access charges		**236,664**	1,220,373
Repairs & maintenance			
Office	839,707		2,023,407
Others	351,991		433,815
		1,191,698	2,457,222
Insurance		**-**	66,774
Rates and taxes		**3,000,000**	3,000,000
Training & recruitment expenses		**89,983**	17,500
Communication expenses		**710,514**	538,457
Inland Travel		**7,865,293**	5,686,347

NOTE NO. 22 Administration & Other Expenses

(Amount in ₹)

For the year ended		31.03.2012	31.03.2011
Foreign Travel		**475,701**	731,164
Tender expenses	3,481,185		3,446,095
Less: Receipt from sale of tenders	380,000		530,000
		3,101,185	2,916,095
Payment to auditors			
Audit fee to statutory auditors	56,180		50,000
Tax audit fee	11,030		(1,030)
Other services	-		(1,030)
		67,210	47,940
Advertisement and publicity		**200,000**	8,024,654
Entertainment expenses		**981,420**	1,015,283
Brokerage & commission		**237,554**	367,430
Ash utilisation & marketing expenses		**15,564,999**	3,646,216
Books and periodicals		**21,915**	15,592
Professional charges and consultancy fees		**19,609,150**	7,354,635
Legal expenses		**805,748**	1,792,220
EDP hire and other charges		**239,767**	174,152
Printing and stationery		**577,838**	614,118
Hiring of vehicles		**234,135**	380,020
Surcharge		**303,758**	-
Bank charges/LC Charges		**540,623**	235,460
Miscellaneous expenses		**1,318,120**	1,661,004
		89,711,713	72,574,158
Less: Transferred to Fly Ash Utilization Fund (Note 4)		**56,108,605**	38,818,967
Total		**33,603,108**	33,755,191

NOTE NO. 23 Prior Period Items (Net)

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Revenue	**-**	-
Expenditure		
Employee Benefit expenses	**(11,596,403)**	-
Net Expenditure/(Revenue)	**(11,596,403)**	-

In terms of guidelines of Department of Public Enterprises (DPE), Government of India (GOI), issued vide OM:2(70)/08-DPE(WC)-GL-XIV/08 dated 26.11.2008 and OM:2(70)/08-DPE(WC)-GL-VII/09 dated 02.04.2009, the defined contribution pension scheme formulated by NTPC has been approved by the Ministry of Power (MOP), GOI, vide their letter dated 1st December 2011. As per the approval, the pension scheme will be managed through a separate trust to be formed for the purpose and the trust shall be managed by Board of trustees consisting members of both employers and employees. The proposed scheme is under discussions with employees representatives for their acceptance and finalization.Pending formation of a seperate trust a review of provision that existed as at 1st April 2011 was carried out considering the requirement of above mentioned guidelines of DPE, and the excess over the requirement amounting to ₹1,15,96,403/- was written back.

NOTE NO. 24 Exceptional Items

As per the Presidential directive dated 22.12.2009 from Ministry of Power, Government of India(GOI) ,NVVN was appointed the nodal agency for the Phase-I of Jawahar Lal Nehru National Solar Mission(JNNSM) 2009-13 to enter into Power Purchase Agreements(PPAs) with Solar Power Developers to purchase power for the solar power projects connected at 33 kv and above grid at tariff regulated by CERC and enter into back to back Power Sale Agreements(PSAs) with the Distribution Utilities for sale of such power bundled with the power sourced from NTPC (unallocated power).

Under the above scheme the Government of India issued guidelines for migration of existing solar power developers (SPD) to the scheme. Further guidelines for selection of new solar developers and commissioning of Phase-I Batch-I units by the SPD's within the specific time schedule were issued. Wherever the time schedule was not adhered to by the SPD's with regard to the commissioning of units i.e. under the migration scheme and phase-I batch-I the NVVN levied liquidated damages for non-performance as per the terms and conditions of MoU and PPAs by encashment of bank guarantees aggregating to ₹84,45,05,001/-.

The phase-I batch-II of JNNSM was notified on 03.10.2011. One of the parties where letter of intent was issued but the party could not establish the minimum required net-worth for selection at the time of verification of documents, the bank guarantees of ₹22,72,70,000/- were encashed by NVVN as per terms and conditions of Request for Selection (RfS) and the same has been upheld by the Hon'ble High Court of Andhra Pradesh.

NOTE NO. 25 Other Notes

a) The financial statements for the year ended 31st March 2011 has been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

c) Disclosure regarding leases:

The Company's significant leasing arrangement are in respect of operating leases of the premises for residential use of the employees amounting to ₹1,27,20,072/- (Previous year ₹1,14,57,702/-) and are included in Note 20-Employees Benefits Expense. Similarly, lease payments in respect of premises for offices amounting to ₹3,11,21,036/- (Previous year ₹2,90,48,758/-) are shown in Rent in Note 22-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 cancellable.

d) Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

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

	Current Year	Previous Year
i) Net profit after Tax before exceptional items used as numerator (₹)	**410,805,429**	300,581,892
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**20.54**	15.03
Face Value per share- (₹)	**10.00**	10.00

ii) Net profit after Tax used as numerator (₹)	**1,119,327,294**	300,581,892
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**55.97**	15.03
Face Value per share- (₹)	**10.00**	10.00

e) There are no external/internal indicators which leads to any impairement of assets of the company as required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules, 2006.

f) Information in respect of Micro, Small and Medium Enterprises as at 31st March 2012 as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Amount
a) Amount remaining unpaid to any supplier:	
Principal amount	NIL
Interest due thereon (₹)	NIL
b) Amount of interest paid in terms of section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day. (₹)	NIL
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act (₹)	NIL
d) Amount of interest accrued and remaining unpaid (₹)	NIL
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSMED Act (₹)	NIL

g) Contingent Liabilities:

1) 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.

2) Disputed Income Tax Matters:

Disputed Income Tax matters pending before various Appellate Authorities amounting to ₹1,26,35,887/-(Previous year ₹57,89,628/-) are disputed by the Company and Contested before various Appellate Authorities. However, the Company has paid said amount under protest. The case of Assessment year 2008-09 was disposed off in favour of the Company but are stated to be disputed before higher authorities by the concerned department.In such case, the company estimated possible refunded of ₹48,06,063/-.

3) Liability, if any,on account of late payment to suppliers is unaccertainable.

4) 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/-(Previous year ₹7,65,65,000/-) before the Hon'ble Delhi High Court.

h) Quantitative information: (As certified by the Management)

	Current Year	Previous Year
1) Trading of energy (MUs)		
Power	**5204**	3404
Solar Bundled Power	**329**	-
Power Under Swap Arrangements	**2996**	3529
2) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	**3782470**	2337115
Cenosphere	**209**	600
i) Expenditure in foreign currency (₹):		
Travelling Expenses	**277,421**	292,562

j) Segment information :

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. As such there is no reportable segment as at 31.03.2012.

k) Figures in the Financial Statements have been rounded off to nearest rupee.

As per our report of even date

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)
Partner
M.No.90723

Place : New Delhi
Dated : 3rd May 2012

For and on behalf of Board of Directors

(Nitin Mehra)	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Company Secretary	Director	Chairman

AUDITOR'S 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 2012, the Statement of Profit and Loss 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 (Auditor's 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 checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in the paragraphs 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet,Statement of Profit and Loss 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 Financial statements read with the Accounting Policies and Notes thereon 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, 2012,

      ii. in the case of Statement of Profit and Loss, 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's Reg. No. 001174N

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 3rd May 2012

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the financial statements for the year ended 31st March 2012.

(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 reasonable 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 systems 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 weaknesses in internal control systems.

(v) (a) According to the information and explanations 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 company i.e. NVVN are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, 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 explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax, etc. in arrear as at 31.03.2012 for a period of more than six month from the date they became payable.

(b) According to the information and explanations given to us, there are no dues 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 provision 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 has 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's Reg. No. 001174N

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 3rd May 2012

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, 2012

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2012 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 03 May 2012.

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 2012. 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

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III, New Delhi

Place : New Delhi
Dated : 19 June, 2012

KANTI BIJLEE UTPADAN NIGAM LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2012.

PERFORMANCE OF THE COMPANY

Pursuant to Memorandum of Agreement dated 26.12.2005 between NTPC, Government of Bihar and Bihar State Electricity Board for reviving and operating Stage-I (2X110 MW), your Company is doing renovation and modernization (R&M) of existing units of Muzaffarpur Thermal Power Plant (MTPP). The work of R&M of main plant has been awarded to Bharat Heavy Electricals Limited (BHEL) and of the balance of plant is being done by the Company itself.

The R&M of Unit#1 is nearing completion. Boiler hydro test, boiler light up and turbine box-up work has been completed. Unit#1 is expected to be operational by September 2012. Unit#2 has been taken up for R&M with effect from 29.03.2012. Unit#2 is expected to be operational by March 2013.

Unit#2 of Stage-I generated 207.39 MUs during the financial year 2011-12 as against 319.57 MUs generated during the last year. The average PLF was 21.46% as against 33.16% during the corresponding period last year. The loss in generation was due to non-availability of funds for meeting fuel and other expenses for generation as BSEB expressed its inability to pay actual cost of generation.

Your Company is implementing expansion of MTPP by adding 2X195 MW units in the available land. Out of 31 packages, 23 packages have been awarded and balance packages are at different stages of award. The main plant package was awarded to BHEL. Boiler drum #3 was lifted on 06.03.2012. Roads, drain and culverts have been completed in priority area in view of monsoon. The various activities pertaining to erection of ESP#3, ESP#4, Boiler#3 and Boiler#4 under Main Plant Package, works of TG deck of Unit # 3 & 4, structural erection of TG hall & ESP/VFD # 3 control room, foundation works of Bunker # 3 & 4, ESP/VFD # 4 control room, CWPH & CW fore bay, CW channel excavation, foundation works of Fuel oil pump house, Fire water pump house, Fire water tank, Water system control building, Canteen building & Permanent store under Main Plant Civil, CW, Offsite Civil Works, Chimney and Chimney Elevator package, activities of casting basin raft for cooling tower package, Aerator, Sump & Pump House of pre-treatment plant package, Land acquisition for ash dyke, ash pipe line corridor and makeup water pump house are in progress.

Your Company has already signed Power Purchase Agreement (PPA) with DVC, Jharkhand, Odisha, West Bengal, Sikkim and Bihar for 90.3% of the installed capacity from Stage-II. The balance 9.7% capacity which has remained unallocated shall be allocated by Ministry of Power.

Your Company has signed agreement with NTPC Electric Supply Company Limited for provision of supply of electricity in 5 km area around central power plants as per the scheme of Government of India. The estimated cost of the project would be ₹ 18.71 crore.

To take care of environmental norms, a contract has been awarded to a Govt. laboratory to carry out quality checks of ambient air, drinking water, effluent water and stack monitoring. Ambient Air Quality Monitoring is being done to keep check on emission of pollutants in the air and at the same time the effluents discharged in the water are also checked so as to maintain the quality of the air and water around the project.

Your Company incurred ₹5,00,000 towards community kitchen in Sadar Hospital in Muzaffarpur as its endeavour to become responsible corporate citizen.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2012 are as under:-

(₹)

Balance Sheet Items as at	31.03.2012	31.03.2011
Paid-up Share Capital	5,27,87,24,600	88,50,75,370
Reserves and Surplus	3,53,61,34,208	2,83,38,74,679
Share Capital Deposit Pending Allotment	39,00,41,201	2,56,15,22,337
Non-current liabilities	4,98,36,97,403	40,22,91,856
Current liabilities	1,85,12,44,178	1,41,27,50,129
Non-current assets	14,46,80,48,481	7,31,45,63,641
Current assets	1,57,17,93,109	78,09,50,730

(₹)

Items from Statement of Profit and Loss for the year ended	31.03.2012	31.03.2011
Total Revenue	1,27,76,04,700	51,06,40,298
Total Expenses	1,20,02,58,656	65,64,67,060
Profit/ (Loss) before Tax	7,73,46,044	(14,58,26,762)
Total Tax Expenses	2,37,98,042	-
Profit/ (Loss) for the year	5,35,48,002	(14,58,26,762)

Revenue Recognition:

Central Electricity Regulatory Commission as per terms of Tariff Regulations, 2009 (Regulation 2009), has issued provisional Tariff Order dated 23.02.2012 in respect of KBUNL. The energy bills for the period upto March 2012 have since been raised/ revised. The revenue recognition from sale of energy includes fixed charges of ₹37.94 crore for intermittent periods of plant shut down due to shortage of fuel on account of non-payment of energy dues and are based on the availability declared by the company in line with the Regulation 2009/ Power Purchase Agreement.

Information under Schedule VI of the Companies Act, 1956 & applicable accounting standards

The information as per Schedule VI of the Companies Act, 1956 & applicable accounting standards is as under:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012 is ₹ 1454,42,29,577 (previous year ₹ 1225,02,14,284).

b) Foreign currency exposure not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount (₹)	
		31.03.2012	31.03.2011
Unexecuted amount of contracts remaining to be executed	USD	92,09,752	-
	JPY	1,21,42,767	-

c) The conveyancing of the title to 291.34 acres of freehold land of value ₹ 54,41,42,649 (previous year Nil) and also registration of lease agreements for 838.53 acres of leasehold land of value ₹ 33 (previous year 838.53 acres, value ₹ 33) in favour of the Company are awaiting completion of legal formalities.

d) Borrowing costs capitalised during the year are ₹ 22,75,10,417 (previous year ₹ 2,83,46,419).

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 2012.

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

Your Company has initiated a proposal for energy audit at MTPP for further reduction in Auxiliary power consumption. CFLs have been installed in townships, office and plant for conserving energy. After the R&M of both the units (2X110MW) is completed, consumption of auxiliary power and fossil fuel would be reduced.

During the period under review, the Company had made payment of USD 27,451 and JPY 27,01,436 towards contractual payment and there was no earning in the foreign exchange. There was no earning or outgo in foreign exchange during the financial year 2010-11.

AUDIT COMMITTEE

During the year, the Audit Committee of the Board of Directors comprised 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 on 02.05.2011 and 17.11.2011.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 14.09.2011 had appointed M/s B.B. Mathur & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2011-12. The Statutory Auditors has submitted their report on the financial statements and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India, through letter dated 22.06.2012, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2012 under section 619(4) of the Companies Act,1956. As advised by the Office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG for the year 2011-12 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

COST AUDITORS

As per the requirements of the Cost Accounting Records (Electricity Industry) Rules, 2001, the Board, in its meeting held on 17.11.2011, has appointed M/s Musib & Co., Cost Accountants, Mumbai as the Cost Auditors of the Company for the financial year 2011-12.

The due date for filing Cost Audit Report for the financial year ended 31.03.2012 is 27.09.2012 and the Cost Audit Reports shall be filed within prescribed time period.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in Annex-2 to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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 2011-12 and of the profit of the company for that 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 on a going concern basis.

BOARD OF DIRECTORS

As per the provisions of the Companies Act, 1956, Shri A.K Singhal and Shri P.K Rai, Directors shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

Your Directors acknowledge, with deep sense of appreciation, the 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
Dated : 25th July 2012

(Arup Roy Choudhury)
Chairman

Annex-1 to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SECTOR AND DEVELOPMENTS

Overview of the power sector:

Power is one of the prime movers of economic development. Power sector is at a crucial juncture of its evolution from a controlled environment to a competitive, market driven regime which endeavors to provide affordable, reliable and quality power at reasonable prices to all sectors of the economy. The liberalization and globalization of the economy is leading to an increased tempo in industrial and commercial activities and this, coupled with penetration of technology in the day-to-day life of the common man, is expected to result in a high growth in power demand.

India has reached a level of about 813.3 kilowatt hour (kwh) per capita per year consumption. The comparable figures for Japan are about 7,800 kwh, for South Korea about 7,000 kwh, for China about 1,380 kwh, for USA about 13,000 kwh, for OECD countries about 8,050 kwh and world average is about 2,430 kwh. Thus, in terms of per capita electricity consumption, India is far behind many countries, and as a matter of fact, behind even the world average. India, the world's second-fastest growing economy, desperately needs to improve its electricity infrastructure to reduce peak hour power shortages and provide electricity to millions of rural households, as well as keeping its resource-hungry industry on the move. It is accordingly essential that development of the Power Sector should be commensurate with the overall economic growth of the nation.

The 12th Five Year Plan (2012-2017)

The Working Group on Power constituted by the Planning Commission to formulate the 12th Five year plan for the Power sector has estimated the capacity addition requirement of about 75,785 MW on all India basis. It banks upon the private sector to contribute over 55% of this addition during the plan period. Fuel-wise, nearly 85% of this capacity is expected to be based on thermal generation while the expectation from nuclear generation is pegged at mere 3.7% or 2,800 MW only.

Capacity addition in 12th five year plan					
	Hydro	Thermal	Nuclear	Total	%share
Central	5,632	11,426	2,800	19,858	26.20
State	1,456	12,340	-	13,796	18.20
Private	2,116	40,015	-	42,131	55.59
Total	9,204	63,781	2,800	75,785	100.00
%share	12.14	84.16	3.69	100.00	

As per the 18th Electric Power Survey Report, peak demand of 199,540 MW and energy requirement of 1,354,874 BUs has been estimated by the end of 12th Five Year plan (i.e. in the year 2016-17). At the end of 11th Five Year Plan (i.e. in the year 2011-12), the country was facing peak shortage of 13,815 MW (10.6%) and energy shortage of 79,313 MUs (8.5%).

GENERATION

Existing Installed Capacity

The total installed capacity in the country as on March 31, 2012 is 1,99,877.03 MW.

The total thermal capacity, including coal, gas stations and diesel generation accounts for about 65.84% of installed capacity of the country followed by hydro capacity at 19.51%. Nuclear capacity accounts for 2.39% and the balance 12.26% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	1,31,603.18	65.84
Nuclear	4,780.00	2.39
Hydro	38,990.40	19.51
R.E.S.*	24,503.45	12.26
Total	**1,99,877.03**	**100**

* Renewable Energy Sources

Source: CEA Executive Summary

Existing Generation

The sector-wise Electricity Generation Target and achievement during financial year 2011-12 were as under:

Total Generation	Target (Million Units)	Achievement (Million Units)	% of achievement
Thermal	712,234	708,805.94	99.52
Hydro	112,050	130,511.47	116.48
Nuclear	25,130	32,286.56	128.48
Bhutan (Import)	5,586	5,284.51	94.60
Total	**855,000**	**876,888.48**	**102.56**

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The all-India thermal PLF was 73.32% during 2011-12 as against 74.97% during financial year 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 consortium led by 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 commissioning 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 also been awarded to Bharat Heavy Electricals Limited. Balance of plant of Stage-I is being carried out by the Company itself.

Weakness/ Threats:

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

RISKS 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 & 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 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 notified under Section 211(3C) of the Companies Act, 1956. The Company has 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. The scope of the Audit Committee includes compliance with Internal Control Systems.

FINANCIAL DISCUSSION AND ANALYSIS

For financial year 2011-12, the financial statements were drawn in accordance with the Schedule VI to the Companies Act, 1956.

Unit#2 (110 MW)of Stage-I of the plant was declared commercial on 15.10.2010 at 60% capacity. It generated 207.39 MUs at a PLF of 21.46%. The availability on bar was 30.87%. Corresponding to same period during previous year, Unit#2 generated 319.57 MUs at a PLF of 33.16%. The generation loss was on account of inability of BSEB, the beneficiary to pay the actual cost of generation. Unit#2 has since been taken up for renovation and modernization (R&M) and is expected to be operational by March 2013. Provisional tariff order for Unit#2 was received on 23.02.2012 on the basis of which revised bills have been raised. Unit#1 of Stage-I is already under R&M and is expected to be operation by September 2012. The construction activities of Stage-II are in progress and the details of progress are given in the Directors' Report.

During the financial year 2011-12, 28,55,87,200 no. of shares were issued to NTPC and 15,37,77,723 no. of shares were issued to BSEB. The ratio of share capital (₹5,27,87,24,600) between NTPC and BSEB was 64.93:35.07 at the end of financial year 2011-12. The share application money pending allotment at the end of financial year amounted to ₹ 39,00,41,201, out of which shares amounting to ₹ 21,59,09,760 were allotted in April 2012.

The grants received from Backward Region Grants Fund (Rashtriya Sam Vikas Yojna) was credited to capital reserve account initially and the same was treated as income in the same proportion as the depreciation written off on the assets acquired out of grants. The capital reserve stood at ₹ 3,62,91,91,783 as against ₹ 2,98,04,80,256 after adjustments towards depreciation and other adjustments. The Reserves & Surplus after taking into consideration profit and loss was ₹ 3,53,61,34,208 and ₹ 2,83,38,74,679 respectively as at 31.03.2012 and 31.03.2011.

The investment approval accorded by the Board on 06.03.2010 stipulated debt equity ratio of 70:30 for Stage-II. The completed cost of the project was estimated as ₹ 3344.67 crores. Accordingly, loan of ₹ 2341. 28 crore was tied-up with the consortium of banks led by State Bank of India during September 2011 secured on all assets of the project, present and future, movable and immovable. The rate of interest for the loan is 2.45% per annum above SBI Base Rate (floating) with monthly rest. As per the term of this loan agreement, repayment shall be on quarterly basis over a period of 15 years after the end of 3 years moratorium. The outstanding Rupee loan from the holding company i.e. NTPC Limited stood at ₹ 17,14,28,572 on which the Company is paying regular interest (at par with SBAR as adjusted to half yearly rests with a year of 365 days) since September 2008.

The current liabilities stood at ₹1,85,12,44,178 which included ₹13,10,00,000 towards provision for obligations incidental to land acquisition.

The net tangible assets as at 31.03.2012 were ₹ 2,13,53,55,833 as against ₹ 1,60,03,09,604 as at 31.03.2011. The net intangible assets as at 31.03.2012 were ₹ 8,13,229 and as at 31.03.2011 were ₹ 87,921. The capital work-in-progress was ₹10,07,43,03,791 as on 31.03.2012 as compared to ₹ 2,39,77,55,453 as on 31.03.2011. The total non-current assets was ₹ 14,46,80,48,481 as at 31.03.2012 and ₹7,31,45,63,641 as at 31.03.2011.

The revenue from operations amounting to ₹1,27,52,85,705 as against ₹ 48,58,07,318 accounted for during last year. The revenue from operations, inter-alia, included energy sales, energy internally consumed and capital grants recognised as income during the year. The total expenses were ₹ 1,20,02,58,656 which included fuel, employee benefit expense, finance cost, depreciation and amortisation expenses, generation, administration & other expenses and net of prior period items as against the expense for the last year of ₹ 65,64,67,060. The total tax is ₹ 2,37,98,042 and the profit for the year after tax was ₹ 5,35,48,002.

HUMAN RESOURCE

Presently, the Company has total strength of 172 employees, out of which, 131 executive and 6 non-executive employees are deputed from NTPC, 26 employees are deputed from BSEB and 9 employees are on the rolls of KBUNL. Out of the total strength, the company has employed 13 SC candidates, 7 ST candidates and 13 OBC 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 ₹20,85,28,337 towards employee benefits.

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 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 — **(Arup Roy Choudhury)**
Dated : 25th July 2012 — **Chairman**

Annex-2

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 WHOSE REMUNERATION EXCEEDED ₹ 60,00,000/- PER ANNUM AND ₹ 5,00,000/- PER MENSUM FOR THOSE EMPLOYED FOR THE PART OF THE YEAR.

A. EMPLOYEES EMPLOYED FOR THE WHOLE OF THE YEAR:

Sl No	Name (Surname first & in Alphabetical order)	Emp No	Designation & nature of duties	Remuneration (₹)	Qualification	Experience (Yrs)	Date of commencement of employment	Age (Yrs)	Last Employment held
1	2	3	4	5	6	7	8	9	10
NIL									

B. EMPLOYEES EMPLOYED FOR PART OF THE YEAR

Sl No	Name (Surname first & in Alphabetical order)	Emp No	Designation & nature of duties	Remuneration (₹)	Qualification	Experience (Yrs)	Date of commencement of employment	Age (Yrs)	Last Employment held	Remarks
1	2	3	4	5	6	7	8	9	10	11
1	Das Radhe Shyam	21378	Dy Manager (Stores)	2,152,782	BA, Diploma in Mat Mgt	28	22.08.1983	60	NTPC Ltd	Superannuation dt-31.07.2011
2	Jha Satish Chandra	4330	GM(F&A)	2,791,378	C.A.	24	01.07.1987	60	NTPC Ltd	Superannuation dt-31.07.2011

KANTI BIJLEE UTPADAN NIGAM LTD.
BALANCE SHEET AS AT

(Amount in ₹)

PARTICULARS	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**5,278,724,600**	885,075,370
Reserves and surplus	3	**3,536,134,208**	2,833,874,679
Share application money pending allotment	4	**390,041,201**	2,561,522,337
Non-current liabilities			
Long-term borrowings	5	**4,639,202,788**	180,000,001
Deferred tax liabilities (net)	6	**13,610,122**	-
Other Long term liabilities	7	**330,884,493**	222,291,855
Current liabilities			
Short term borrowing	8	**402,162,655**	393,987,321
Trade payables	9	**369,403,130**	159,316,678
Other current liabilities	10	**912,642,218**	829,383,907
Short-term provisions	11	**167,036,175**	30,062,223
Total		**16,039,841,590**	8,095,514,371
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	**2,135,355,833**	1,600,309,604
Intangible assets	12	**813,229**	87,921
Capital work-in-progress	13	**10,074,303,791**	2,397,755,453
Long-term loans and advances	14	**2,257,575,628**	3,316,410,663
Current assets			
Inventories	15	**187,555,564**	24,207,989
Trade receivables	16	**557,489,418**	430,925,118
Cash and bank balances	17	**672,704,981**	224,230,096
Short-term loans and advances	18	**15,910,037**	96,725,896
Other current assets	19	**138,133,109**	4,861,631
Total		**16,039,841,590**	8,095,514,371
Significant accounting policies	1		

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors

(Ruchi Aggrawal) Company Secretary | **(V.C.Gupta)** Director | **(Arup Roy Choudhury)** Chairman

As per our report of even date
For B.B. Mathur & Co.
Chartered Accountants
(Firm Regn. No.-000290N)

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 4th May 2012

KANTI BIJLEE UTPADAN NIGAM LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	Note	31.03.2012	31.03.2011
Revenue from operations (Gross)	20	**1,275,285,705**	485,807,318
Other income	21	**2,318,995**	24,832,980
Total Revenue		**1,277,604,700**	510,640,298
Expenses:			
Fuel		**751,550,615**	353,324,562
Employee benefits expense	22	**90,178,845**	104,094,008
Finance costs	23	**83,747,950**	36,978,326
Depreciation and amortization expense	12	**219,553,944**	109,807,983
Generation, administration & other expenses	24	**64,456,257**	52,263,791
Prior period items (Net)	25	**(9,228,955)**	(1,610)
Total expenses		**1,200,258,656**	656,467,060
Profit /(Loss) before exceptional and extraordinary items & tax		**77,346,044**	(145,826,762)
Exceptional items		**-**	-
Profit/(Loss) before extraordinary items and tax		**77,346,044**	(145,826,762)
Extraordinary Items		**-**	-
Profit/(Loss) before tax		**77,346,044**	(145,826,762)
Tax expense:			
Current tax			-
Current year		**10,187,920**	
Deferred tax			
Current year		**13,610,122**	-
Total tax expense		**23,798,042**	-
Profit for the year		**53,548,002**	(145,826,762)
Expenditure during construction period (Net)	26		
Significant accounting policies	1		
Earning Per Equity share(Par value of ₹ 10/- each)			
Basic		**0.15**	(1.66)
Diluted		**0.14**	(1.66)

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors

(Ruchi Aggrawal) Company Secretary | **(V.C.Gupta)** Director | **(Arup Roy Choudhury)** Chairman

As per our report of even date
For B.B. Mathur & Co.
Chartered Accountants
(Firm Regn. No.-000290N)

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 4th May 2012

CASH FLOW STATEMENT

(Amount in ₹)

FOR THE YEAR ENDED MARCH 31,		2012	2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax and after Prior Period Adjustments		**77,346,044**	(145,826,762)
Adjustment for:			
Depreciation/Amortisation	**219,553,944**		116,929,795
Provisions	**(1,285,284)**		336,890
Interest income	**(33,074,786)**		(8,301,390)
Interest charge	**193,472,150**		
Guarantee fee & other finance charges	**135,274,054**	**513,940,078**	-
Operating Profit before Working Capital Changes		**591,286,122**	(36,861,467)
Adjustment for:			
Trade and other receivables	**(126,564,300)**		(299,684,317)
Inventories	**(163,347,575)**		(14,859,804)
Trade Payables & Other Liabilities	**538,911,353**		932,735,907
Loans & advances	**1,139,650,894**		(96,195,918)
Other Current Assets	**(133,271,478)**	**1,255,378,894**	(2,266,876)
Cash generated from operations		**1,846,665,016**	482,867,525
Income Tax/Advance Tax Paid		**(3,545,520)**	-
Net Cash from Operating Activities - A		**1,843,119,496**	482,867,525
B. CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		**(8,437,230,936)**	(4,258,495,216)
Interest income		**33,074,786**	8,301,390
Net Cash Flow from Investing Activities - B		**(8,404,156,150)**	(4,250,193,826)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long term borrowing		**4,467,378,121**	227,398,542
Grants-in-aid received		**648,711,527**	1,105,573,106
Proceeds from Issue of Share Capital/Share Capital Deposit		**2,222,168,094**	2,517,722,337
Interest paid		**(193,472,150)**	-
Guarantee fee & other finance charges		**(135,274,054)**	-
Net Cash Flow from Financing Activities - C		**7,009,511,538**	3,850,693,985
Net increase/Decrease in cash and cash equivalents (A+B+C)		**448,474,885**	83,367,685
Cash and cash equivalents (Opening Balance)		**224,230,096**	140,862,411
Cash and cash equivalents (Closing Balance)		**672,704,981**	224,230,096

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.

As per our report of even date

For and on behalf of the Board of Directors

(Ruchi Aggrawal) Company Secretary

(V.C.Gupta) Director

(Arup Roy Choudhury) Chairman

As per our report of even date

For B.B. Mathur & Co.
Chartered Accountants
(Firm Regn. No.-000290N)

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 4th May 2012

KANTI BIJLEE UTPADAN NIGAM LIMITED

Note No. – 1

SIGNIFICANT ACCOUNTING POLICIES YEAR 2011-12

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

3.1 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.

3.2 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.

3.3 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

4.1 Fixed assets are carried at historical cost less accumulated depreciation/ amortisation.

4.2 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.

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

4.4 Capital expenditure on assets not owned by the Company relating to generation of electricity business is reflected as a distinct item in capital work-in-progress till the period of completion and thereafter in the fixed assets.

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

4.6 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.

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

5. CAPITAL WORK-IN-PROGRESS

5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as capital work-in-progress.

5.2 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.

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

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

6. FOREIGN CURRENCY TRANSACTIONS

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

6.2 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.

6.3 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.

6.4 Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.

6.5 Other 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/exploration, 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.

8. INVENTORIES

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

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

9. STATEMENT OF PROFIT AND LOSS

9.1 INCOME RECOGNITION

9.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case of power stations where the tariff rates are yet to be approved, provisional rates are adopted.

9.1.2 Advance against depreciation considered as deferred revenue in earlier years is included in sales, to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.

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

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

9.1.5 Scrap other than steel scrap is accounted for as and when sold.

9.1.6 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

9.2 EXPENDITURE

9.2.1 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 Tariff Regulations, 2009 provided under Section 616 (c) of the Companies Act, 1956.

9.2.2 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.	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

9.2.3 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.

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

9.2.5 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 less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.

9.2.6 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 off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009/ revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.

9.2.7 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 off prospectively over the revised useful life determined by technical assessment.

9.2.8 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.

9.2.9 Leasehold land and buildings relating to generation of electricity business are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.

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

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

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

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

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

9.2.15 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 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.

11. CASH FLOW STATEMENT

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

NOTE NO. 2 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2012	31.03.2011
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
1,000,000,000 equity shares of par value of ₹ 10/- each (Previous year 1,000,000,000 shares of par value of ₹ 10/- each)	**10,000,000,000**	10,000,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
52,78,72,460 equity shares of par value of ₹ 10/- each fully paid up (Previous year 8,85,07,537 equity shares of par value of ₹ 10/- each fully paid-up)	**5,278,724,600**	885,075,370

RECONCILAITION OF NUMBER OF SHARES OUTSTANDING AT BEGINNING & AT THE END OF THE YEAR

Number of Shares at the Beginning of the year	88507537
Shares issued during the year (NTPC-285587200, BSEB-153777723)	439364923
Shares bought back & other movement -	
Number of Shares Outstanding at the closing of the year	527872460

SHARES IN RESPECT OF EACH CLASS IN THE COMPANY HELD BY ITS HOLDING COMPANY OR ITS ULTIMATE HOLDING COMPANY INCLUDING SHARES HELD BY OR BY SUBSIDIARIES OR ASSOCIATES OF THE HOLDING COMPANY OR THE ULTIMATE HOLDING COMPANY IN AGGREGATE:

Holding Company- NTPC Ltd. - 34,27,38,200 Equity shares of ₹ 10 each

SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% OF SHARES

NTPC LTD. -(64.93%)-34,27,38,200 Equity Shares of ₹10/- each

BSEB - (35.07%)-18,51,34,260 Equity shares of ₹ 10/- each

(Previous year : 57151000 equity shares of ₹ 10 each held by NTPC Ltd. and their nominees and 31356537 equity shares ₹ 10 each fully paid up held by BSEB and their nominees.)

The Company has only one class of equity shares having at par value of ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

NOTE NO. 3 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	**2,980,480,256**	1,874,907,150
Add: Grants received during the year/period	**750,000,000**	1,129,144,894
Less: Grants utilised as depreciation for the year on assets created out of the grants	**47,143,579**	23,571,788
Less: Adjustments during the year/period	**54,144,894**	-
Sub-Total	**3,629,191,783**	2,980,480,256
Surplus in the statement of Profit and Loss as per last balance sheet	**(146,605,577)**	(778,815)
Add(Less):-Profit/(Loss) after tax for the year from Statement of Profit & Loss	**53,548,002**	(145,826,762)
Sub-Total	**(93,057,575)**	(146,605,577)
Total	**3,536,134,208**	2,833,874,679

NOTE NO. 4 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at		31.03.2012	31.03.2011
SHARE APPLICATION MONEY PENDING ALLOTMENT			
Share application money not exceeding the issued capital and not refundable		**390,041,201**	2,561,522,337
NTPC Ltd.	₹ 144130337		
BSEB	₹ 245910864		
		390,041,201	2,561,522,337

1. Equity shares of ₹ 10/- each in the ratio of 65:35 to be issued to the above shareholders at par.
2. 215909760 nos. of equity shares has been allotted in April 2012. The balance amount is proposed to be allotted in the FY 2012-13.
3. The authorised share capital of the Company is ₹ 1000 crores which is sufficient to cover the share capital amount on allotment of shares out of above share application money.
4. No amount is refundable out of above share application money.

NOTE NO. 5 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
LONG TERM BORROWINGS		
Term Loans		
From Banks		
Secured 1		
Rupee Loan	**4,504,917,073**	-
From Other parties		
Secured 2		
Rupee Loan	**134,285,715**	180,000,001
Total	**4,639,202,788**	180,000,001

1. a) Loan from consortium led by SBI for Stage-2 {Secured by a first priority charge on all assets of the Project, present & future, movable & immovable including land of 1212.05 acres less the land (240 acres) on which Stage-1 Main Plant is situated and plant & machinery, machinery spares, tools and accessories etc.) The security will rank pari-pasu with all term lenders of the project.

   b) Total sanctioned amount of Rupee term loan is ₹ 2341 crores. Repayment period 15 years and repayment to start from 30.09.2014 on quarterly basis.

   c) The rate of interest is 2.45% per annum above SBI Base Rate (floating) with monthly rest.

2 a) Loan from Holding company NTPC Ltd. (Secured against the assets and/ or future assets and/or current assets of the borrower by way of Equitable Mortgage by deposit of title deeds.

   b) Repayable in 7 years on half yearly basis starting from 30th Sep 2008.

   c) The rate of interest is at per with SBAR (State Bank Advance Rate) as adjusted to half yearly rests with a year of 365 days.

NOTE NO. 6 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
DEFERRED TAX LIABILITIES (NET)		
Difference of book depreciation and tax depreciation	**25,366,750**	-
Less: Deferred tax assets		-
Provisions & Other disallowances for tax purposes	**11,756,628**	-
Disallowances u/s 43B of the Income Tax Act, 1961		
Deferred tax liabilities (net)	**13,610,122**	-

NOTE NO. 7 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
OTHER LONG TERM LIABILITIES		
Trade Payable	**65,410**	-
Other Liabilities		
Payable For capital Expenditure	**330,819,083**	222,291,855
TOTAL	**330,884,493**	222,291,855

a) Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-27

NOTE NO. 8 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
SHORT TERM BORROWINGS		
Cash Credit Loan	**402,162,655**	393,987,321
TOTAL	**402,162,655**	393,987,321

Cash credit towards Working Capital requirement for Stage-1 from State Bank of India, Commercial Branch, Patliputra, Patna.

Repayable on demand

Secured against Inventory and book debts of Stage-I

NOTE NO. 9 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
TRADE PAYABLES		
For Goods & Services	**369,403,130**	159,316,678
TOTAL	**369,403,130**	159,316,678

Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-27.

NOTE NO. 10 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Current maturity of long term debts		
Secured		
Loan From NTPC Ltd.	**37,142,857**	37,142,857
Payable for Capital Expenditure	**597,994,555**	584,009,192
Other Payables		
Tax deducted at source and other statutory dues	**15,125,534**	30,743,420
Deposit From Contractors & Others	**5,769,690**	6,540,848
Others	**256,609,582**	170,947,590
TOTAL	**912,642,218**	829,383,907

Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-27.

Other Payables- 'Others' includes:-

a)	NTPC Ltd.-	158,353,252
b)	BSEB-	69,275,394
c)	Others payable to employee & others	28,980,936

NOTE NO. 11 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
As per last Balance Sheet	**30,062,223**	24,822,209
Additions during the year/period	**4,107,023**	5,783,269
Amounts paid during the year/period	**4,775,471**	543,255
	29,393,775	30,062,223
Provision for current tax		
As per last balance sheet	**-**	
Additions during the year	**10,187,920**	
Less: Set off against taxes paid	**3,545,520**	
Closing balance	**6,642,400**	
Provision for obligations incidental to land acquisition		
As per last balance sheet	**-**	-
Additions during the year	**131,000,000**	-
Amounts paid during the year	**-**	-
	131,000,000	-
Total	**167,036,175**	30,062,223

NOTE NO. 12 TO THE FINANCIAL STATEMENTS

NON-CURRENT ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deduction/ Adjustment	**As at 31.03.2012**	Upto 01.04.2011	For the year	Deduction/ Adjustment	**Upto 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold		744,000,985		**744,000,985**					**744,000,985**	
Leasehold	33			**33**	4	1		**5**	**28**	29
Roads, bridges, culverts & helipads	12,430,863			**12,430,863**	2,391,022	418,893		**2,809,915**	**9,620,948**	10,039,841
Building :										
Freehold										
Main plant	113,508,719			**113,508,719**	31,505,461	6,471,974		**37,977,435**	**75,531,284**	82,003,258
Others	191,498,666			**191,498,666**	30,690,291	7,328,965		**38,019,256**	**153,479,410**	160,808,375
Water Supply, drainage & sewerage system	4,444,628			**4,444,628**	882,613	148,455		**1,031,068**	**3,413,560**	3,562,014
MGR track and signalling system	18,393,666			**18,393,666**	919,683	1,839,367		**2,759,050**	**15,634,616**	17,473,983
Plant and machinery (including associated civil works)	1,412,081,340	55,080	(4040445)	**1,416,176,865**	100,487,496	201,073,722	(368891)	**301,930,109**	**1,114,246,756**	1,311,593,845
Furniture and fixtures	7,341,533	1,325,491		**8,667,024**	1,917,905	573,943		**2,491,848**	**6,175,176**	5,423,627
Office equipment	2,855,489	1,445,294		**4,300,783**	1,303,892	278,002		**1,581,894**	**2,718,889**	1,551,597
EDP, WP machines and satcom equip.	4,690,718	2,895,387		**7,586,105**	2,526,291	1,198,633		**3,724,924**	**3,861,181**	2,164,428
Construction equipments	5,462,417	1,876,094		**7,338,511**	279,987	830,616		**1,110,603**	**6,227,908**	5,182,430
Electrical Installations	366,565			**366,565**	27,030	53,536		**80,566**	**285,999**	339,535
Communication Equipments	112,567			**112,567**	2,859	7,126		**9,985**	**102,582**	109,708
Hospital Equipments	34,946			**34,946**	25,857	423		**26,280**	**8,666**	9,089
Assets held for disposal valued at net book value or net realisable value whichever is less	47,845			**47,845**					**47,845**	47,845
Total	**1,773,269,995**	**751,598,331**	**(4040445)**	**2,528,908,771**	**172,960,391**	**220,223,656**	**(368891)**	**393,552,938**	**2,135,355,833**	**1,600,309,604**
	334,000,329	1,439,962,478	692,811	**1,773,269,995**	56,811,101	117,994,130	1,064,333	**172,960,391**	**1,600,309,604**	278,057,656

Deduction/Adjustment from gross block and depreciation/amortisation for the year includes:

	Gross Block		Depreciation/ Amortisation	
	31.03.2012	31.03.2011	**31.03.2012**	31.03.2011
Cost adjustment including exchange difference	**(4040445)**	(6800)	**(368991)**	
Assets capitalised with retrospective effect/write back of excess capitalisation		(33)		(3)
Others		699644		1064336
	(4040445)	692811	**(368991)**	1064333

A) Leasehold Land includes 838.53 Acres valuing ₹ 33 acquired on lease for 33 years.

B) Freehold Land includes 291.34 Acres of value ₹ 613000985/- of land in possession of the company.

INTANGIBLE ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deduction/ Adjustment	**As at 31.03.2012**	Upto 01.04.2011	For the year	Deduction/ Adjustment	**Upto 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
Software	868428	1406114		**2274542**	780507	680806		**1461313**	**813229**	87,921
Total	868428	1406114		**2274542**	780507	680806		**1461313**	**813229**	87,921
Previous year	868428	-	-	**868428**	605736	174771	-	**780507**	**87921**	262,692

Depreciation/amortisation of Tangible and Intangible Assets for the year is allocated as given below:

	31.03.2012	31.03.2011
Charged to Statement of Profit & Loss	**219553944**	109807983
Transferred to expenditure during construction period (net)-Note-26	**1350518**	8186148
	220904462	117994131

NOTE NO. 13 TO THE FINANCIAL STATEMENTS

NON CURRENT ASSETS

(Amount in ₹)

	As at 01.04.2011	Addition	Deduction/ Adjustment	Capitalised	**As at 31.03.2012**
CAPITAL WORK-IN-PROGRESS					
Development of land	103,783,517	178,593,618			**282,377,135**
Roads, bridges, culverts & helipads	609,634	469,005			**1,078,639**
Buildings :					
Main plant		1,165,294,196			**1,165,294,196**
Others	2,023,762	29,271,237			**31,294,999**
Temporary erection	42,221,321	19,762,641			**61,983,962**
MGR track and signalling system	1,068,728	126,251,955			**127,320,683**
Plant and machinery	1,044,040,365	5,210,096,682			**6,254,137,047**
Furniture and fixtures		134,899			**134,899**
Construction equipments	393,447	2,949,250			**3,342,697**
	1,194,140,774	**6,732,823,483**			**7,926,964,257**
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	405,567,561	127,778,524			**533,346,085**
Expenditure during construction period (net)-Note 26		412,552,855			**412,552,855**
Less: Allocated to related works		412,552,855			**412,552,855**
	405,567,561	**127,778,524**	**-**		**533,346,085**
Construction stores (At Cost)					
Steel	4,855,409		(928,270,780)		**933,126,189**
Cement	899,239		(14,513,372)		**15,412,611**
Others	792,292,470		121,480,705		**670,811,765**
Sub-total	798,047,118		(821,303,447)		**1,619,350,565**
Less: Provision for Shortages			(5,357,116)		**5,357,116**
Sub-total	**798,047,118**	**-**	**(815,946,331)**	**-**	**1,613,993,449**
Total	**2,397,755,453**	**6,860,602,007**	**(815,946,331)**	**-**	**10,074,303,791**
Previous Year	1,468,733,116	1,694,559,565	128,381,777,050	1,435,202,567	**2,397,755,453**

NOTE NO. 14 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	**31.03.2012**	31.03.2011
LONG TERM LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
CAPITAL ADVANCES		
Unsecured		
Covered by Bank Guarantee	**1,720,534,156**	1,217,166,610
Others	**526,779,993**	2,088,955,176
Deposit with Customs port trust & others (Unsecured)	**10,261,479**	10,288,877
Total	**2,257,575,628**	3,316,410,663

NOTE NO. 15 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	**31.03.2012**	31.03.2011
INVENTORIES		
Coal	**17,373,003**	14,503,502
Fuel oil	**11,718,487**	9,300,244
Components and spares	**13,354,011**	628,177
Chemicals & consumables	**1,780,933**	3,120
Steel Scrap	**60,000,000**	0
Others	**85,757,050**	597,451
	189,983,484	25,032,494
Less: Provision for shortages	**1,582,302**	40,495
Less: Provision for diminution in value of obsolete/ unserviceable/surplus inventory	**845,618**	784,010
Total	**187,555,564**	24,207,989
Inventories include material in transit		
Coal	**-**	8,534,037
Chemicals & consumables	**-**	60,016
	-	8,594,053

a) Inventory items, other than steel scrap and material-in -transit, have been valued considering the significant accounting policy no. 8 disclosed in Note no. -1 to these financial statement. Steel scrap has been valued at estimated realisable value. Material-in-transit has been valued at cost.

b) Other Inventories includes items of steel, cement of Stage-I etc.

NOTE NO. 16 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	**31.03.2012**	31.03.2011
TRADE RECEIVABLES		
(Considered good, unless otherwise stated)		
Other receivables-Unsecured	**557,489,418**	430,925,118
Total	**557,489,418**	430,925,118

NOTE NO. 17 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	**31.03.2012**	31.03.2011
CASH & BANK BALANCES		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	**42,781,803**	9,179,826
Deposits with original maturity of less than three months	**599,250,735**	215,050,270
Deposits with original maturity of more than three months	**30,672,443**	-
Total	**672,704,981**	**224,230,096**

NOTE NO. 18 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	**31.03.2012**	31.03.2011
SHORT TERM LOANS & ADVANCES		
ADVANCES		
Employees (including imprest)		
Unsecured	**-**	5,000
Contractors & Suppliers, including material issued on loan		
Unsecured	**13,756,602**	94,261,459
Others		
Unsecured	**362,025**	668,027
	14,118,627	94,934,486
Advance tax deposited & tax deducted at source	**1,791,410**	1,791,410
Total	**15,910,037**	96,725,896

NOTE NO. 19 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
OTHER CURRENT ASSETS		
Interest accrued :		
Term deposits	1,845,591	4,861,631
	1,845,591	4,861,631
Claims Recoverable		
Unsecured, considered good	8,450,000	-
	8,450,000	-
Unbilled Revenue	127,837,518	-
Total	138,133,109	4,861,631

NOTE NO. 20 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
REVENUE FROM OPERATIONS		
Sales		
Energy Sales	1,179,727,250	485,486,584
Total -Sales	1,179,727,250	485,486,584
Energy Internally Consumed	985,761	320,734
Other operating revenues		
Capital grants recognised as Income during the year	47,143,579	
Interest from customers	47,414,972	-
Provision written back	-	-
Shortage in stores	14,143	-
Total	94,572,694	-
Total	1,275,285,705	485,807,318

a) The Central Electricity Regulatory Commission (CERC) notified the tariff vide its order dtd. 23.02.2012 in respect of petition no-271/2010. The tariff order notified provisional annual fixed charges (capacity charges) and energy charges for the period w.e.f. 15.10.2010 in respect of MTPS Stage-I (Unit-2).

b) Sales of ₹ 30.87 crores pertaining to previous year have been recognized based on the orders issued by the CERC.

c) Energy internally consumed is valued at variable cost of generation and the corresponding amount is included in power charges (Note-24).

NOTE NO. 21 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
OTHER INCOME		
Interest from		
Others		
Indian Banks	33,074,786	8,301,390
Interest from Contractor	12,663,042	901,356
Sub Total	45,737,828	9,202,746
Other non-operating income		
Miscellaneous income	3,603,071	24,587,508
Other Receipts from Contractors/ Suppliers	8,450,000	
Sale of Scrap	68,566,704	-
Sub Total	80,619,775	24,587,508
Total	126,357,603	33,790,254
Less : Transferred to expenditure during construction period (net) - Note 26	124,038,608	8,957,274
Total	2,318,995	24,832,980

NOTE NO. 22 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	184,762,284	189,909,454
Contribution to provident and other funds	15,042,474	15,154,372
Staff welfare expenses	8,723,579	15,658,643
Sub Total	208,528,337	220,722,469
Less: Allocated to fuel cost	5,942,027	3,773,691
Transferred to expenditure during construction period (net) - Note 26 (net) -Note 23	112,407,465	112,854,770
Total	90,178,845	104,094,008

Disclosures required by AS 15 in respect of provision made towards various employee benefits is made in note no-1

NOTE NO. 23 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
FINANCE COSTS		
Interest on :		
Rupee term loans	109,728,570	-
Cash Credit Loan	53,394,004	33,746,998
Others (Loan From Holding Company)	30,349,576	31,577,747
	193,472,150	65,324,745
Other Borrowing Costs :		
Guarantee fee	2,369,115	-
Up-front fee	132,904,939	-
Sub-Total	135,274,054	-
Less: Transferred to Expenditure during construction period (net)- Note 26	244,998,254	28,346,419
Total	83,747,950	36,978,326

NOTE NO. 24 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
GENERATION, ADMINISTRATION & OTHER EXPENSES		
Power charges	28,500,501	320,734
Less: Recovered from contractors & employees	1,666,146	232,815
	26,834,355	87,919
Stores consumed	2,803,428	266,537
Rent	339,927	0
Repairs & maintenance		
Buildings	3,507,837	7,614,108
Plant & Machinery	69,326,466	45,957,743
	72,834,303	53,571,851
Others	4,459,039	295,803
Insurance	15,149,484	7,206,495
Rates and taxes	713,033	63,184
Water cess & environment protection cess	239,702	316,971
Training & recruitment expenses	241,791	145,257
Communication expenses	2,924,368	2,018,188
Travelling expenses	14,237,712	12,279,242
Tender expenses	3,252,700	2,104,294
Less: Receipt from sale of tenders	52,875	188,852
	3,199,825	1,915,442
Payment to auditors	181,091	109,169
Advertisement and publicity	40,000	19,200
Security expenses	62,020,027	53,139,482
Entertainment expenses	856,848	557,530
Expenses for guest house	5,090,077	4,395,675
Less: Recoveries	80,030	59,555
	5,010,047	4,336,120
Brokerage & commission	58,610	0
Ash utilisation & marketing expenses	0	191,095
		191,095
Books and periodicals	24,631	0
Professional charges and consultancy fees	7,713,935	2,104,244
Legal expenses	9,148	15,905,100
EDP hire and other charges	544,943	934,937
Printing and stationery	812,511	341,367
Hiring of vehicles	4,090,455	4,012,040
Bank charges	3,223,005	1,248,701
Miscellaneous expenses	3,372,279	6,135,272
	231,934,497	167,201,146
Less: Allocated to fuel cost	5,519	0
Less: Transferred to Expenditure during Construction period(net)-Note 26	175,185,503	115,274,245
	56,743,475	51,926,901
Provisions for		
Shortage in stores	1,582,302	0
Obsolescence in stores	773,364	336,890
Shortage in construction stores	5,357,116	0
Total Provision	7,712,782	336,890
Total	64,456,257	52,263,791
a) Spares consumption included in repairs and maintenance	19,973,753	11,679,321
b) Details in respect of payment to auditors:		
As auditor		
Audit fees	86,545	55,150
Tax audit fee	20,000	0
In other capacity		
Other services	10,000	33,090
Reimbursement of expenses	64,546	20,929
	181,091	109,169

NOTE NO. 25 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
PRIOR PERIOD ITEMS (NET)		
EXPENDITURE		
Employee Benefit expenses	(9,228,955)	-
Depreciation & amortisation	-	(364,689)
Rent	2,649,723	-
	(6,579,232)	(364,689)
Net Expenditure/(Income)		
Less: Transferred to Expenditure during construction period (net)-Note- 26	2,649,723	(363,079)
Total	(9,228,955)	(1,610)

NOTE NO. 26 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)		
A. Employee benefits expense		
Salaries and wages	102,109,829	98,654,556
Contribution to provident and other funds	7,200,794	6,805,127
Staff welfare expenses	3,096,842	7,395,087
Total (A)	112,407,465	112,854,770
B. Finance Costs		
Interest on		
Rupee term loans	109,728,570	28,142,373
Guarantee Commission	2,369,115	-
Upfront Fee	132,904,939	-
Others	(4,370)	204,046
Total (B)	244,998,254	28,346,419
C. Depreciation and amortisation	1,350,518	8,186,148
D. Generation , administration and other expenses		
Power charges	27,514,740	-
Less: Recovered from contractors & employees	1,405,395	145,398
	26,109,345	(145,398)
Rent	339,927	-
Repairs & maintenance	-	-
Buildings	-	5,961,567
Others	49,607,186	26,286,535
	49,947,113	32,248,102
Insurance	8,437,950	3,963,710
Rates and taxes	657,533	316,971
Communication expenses	1,939,581	887,842
Travelling expenses	6,548,972	6,551,191
Tender expenses	2,416,707	2,185,523
Less: Income from sale of tenders	4,500	106,852
	2,412,207	2,078,671
Advertisement and publicity	40,000	19,200
Security expenses	44,902,220	42,793,191
Entertainment expenses	493,400	178,936
Guest house expenses	3,493,692	2,449,000
Payment to auditors	127,854	35,526
Brokerage & Commission	5,995	-
Books & periodical	5,820	-
Professional charges and consultancy fee	6,581,944	1,677,759
Legal expenses	4,800	15,905,100
EDP Hire and other charges	21,883	6,000
Printing and stationery	293,598	207,032
Miscellaneous expenses	23,161,596	6,101,412
Total (D)	175,185,503	115,274,245
Total (A+B+C+D)	533,941,740	264,661,582

NOTE NO. 26 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
E. Less: Other Income		
Interest From Bank	32,713,400	7,495,910
Interest from contractors	12,410,875	901,356
Sale of scrap	68,566,704	-
Other Receipts from Contractors/ Suppliers	8,450,000	
Miscellaneous income	1,897,629	560,008
TOTAL (E)	124,038,608	8,957,274
F. Prior Period Items (net)	2,649,723	(363,079)
GRAND TOTAL (A+B+C+D-E+F)*	412,552,855	255,341,230

*** Balance carried to Capital Work-in-progress - (Note 13)**

NOTE NO. 27 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006		
For Goods and Services	453,012	54,349
For Capital Expenditure	3,275,421	125,110
Total	3,728,433	179,459

NOTE NO-28 FINANCIAL YEAR 2011-12

Notes on Accounts:

1. As per the MOU dt.9th May 2006, Govt. of India sanctioned a grant of ₹ 4,71,00,00,000 through Govt. of Bihar for renovation & modernization of the taken over station under RSVY grant. M/s BHEL has been paid an advance of ₹ 2,40,00,00,000 till 31.03.2012 and KBUNL has been paid ₹ 1,30,00,00,000 out of the sanctioned amount and the same have been accounted as 'Grants-in-Aid' in Note -3.
2. An amount of ₹ 14,48,45,478/- has been booked as 'fuel expenses'; payable to coal companies for short lifting of coal during the year as per Coal Supply Agreement. Out of the above, an amount of ₹ 11,84,08,041/- shall be billed as energy charges to the customers after their consent to the CSA provisions.
3. Disclosure as per Accounting Standard-15:

   Employees' remuneration and benefits includes ₹ 80,40,337 (previous year ₹ 2,96,97,049) 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.

   Employees' remuneration and benefits also includes ₹ 39,18,895 (Previous Year ₹ 19,058,066) for the employees on deputation from BSEB towards pension and leave contribution.
4. **Related Party Disclosures: Nil**
5. **Operating leases:**

   The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable. Note 22 - Employee Benefit Expenses include ₹ 48,93,047 (Previous Year ₹ 45,11,244) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for office included under 'Rent' in Note-24 – 'Generation, Administration and Other Expenses'.
6. **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 (₹)	53548002	(145826762)
Weighted average number of equity shares used as denominator	353807122	88507537
Earning per share (₹)	0.15	(1.66)
Diluted Earning Per Share(₹)	0.14	(1.66)
Face value per share (₹)	10/-	10/-

7. Disclosure as required by Micro, Small & Medium Scale Enterprises Act, is NIL.

8. (i) Balances shown under advances, creditors and material lying with contractors 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.

9. Information pursuant to Ministry of Environment & forest 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 (75980 MT) & there is no sale of ash.

   (iii) Pond & Slurry ash is used for site filling of area for Stage-II (195x2 MW) of KBUNL.

10. Figures have been rounded off to nearest rupee.

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

As per our report of even date

For and on behalf of the Board of Directors

(Ruchi Aggrawal)	**(V.C.Gupta)**	**(Arup Roy Choudhury)**
Company Secretary	Director	Chairman

As per our report of even date
For B.B. Mathur & Co.
Chartered Accountants
(Firm Regn. No.-000290N)

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 4th May 2012

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 2012, 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) 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 explanation given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and subject to Note No. 2 in the "Notes to Accounts" 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, 2012

      (ii) in the case of the Profit & Loss Account, of the profit 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 M/s B.B.Mathur & Co.,
Chartered Accountants
Firm Reg. No. 000290N

(Rajneesh Behari Mathur)
Partner
M. No. 088034

Place : New Delhi
Date : 4th May 2012

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 generally maintained proper records showing full particulars including quantitative details and situation of fixed assets. In respect of assets taken over from erstwhile Muzaffarpur Thermal Power Station from Bihar State Electricity Board the records have been matained from the date of such acquisition after due physical verification of such 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 Inventory of the Company has been physically verified by the management at regular intervals. 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 outstanding during the year was ₹ 21,71,42,858/- and the closing balance as on 31st March 2012 was ₹17,14,28,572/-.

(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) The Company does not have its own Internal audit department and the Internal audit of the Company has been entrusted to a firm of Chartered Accountants. In our opinion, the Internal audit system so adopted was commensurate with the size and nature of the business of the Company.

(viii) We have been informed by the management that cost records are being maintained as per section 209 (1)(d) of Companies Act 1956. Further cost auditor has been appointed by the company although the cost audit has not been conducted till the date of signing of this report.

(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 explanations 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) The company does not have accumulated losses of more than 50% of its equity capital and hasn't suffered cash losses during the year. Hence this losses is not applicable.

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

(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 explanations 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 no funds raised on shot-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 M/s B.B.Mathur & Co.,
Chartered Accountants
Firm Reg. No. 000290N

(Rajneesh Behari Mathur)
Partner
M.No. 088034

Place : New Delhi
Date : 4th May 2012

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 2012.

The preparation of financial statements of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi, for the year ended 31 March 2012 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 04 May 2012.

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 financial statement of Kanti Bijlee Utpadan Nigam Limited, New Delhi for the year ended 31 March 2012. 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

(Praveen Kumar Singh)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place : New Delhi
Dated : 22 June 2012

BHARTIYA RAIL BIJLEE COMPANY 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 2012.

PERFORMANCE OF THE COMPANY

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, out of total requirement of 1,596.94 acres of land, 1,328.15 acres of land has been acquired and efforts are being made to acquire balance land. Your Company has adopted Rehabilitation and Resttlement Scheme 2010, as applicable in NTPC, for giving compensation to Project Affected Persons (PAPs).

Your Company has taken number of steps towards rehabilitation and resettlement like awarding ITI scholarships for students of PAPs, providing drinking water through tankers during summer draught in all villages, installation of drinking water pumps in two villages, providing solar street lights in all the villages, construction of crematoriums for villagers, establishing stitching schools for ladies, distributing playing kits among schools in PAPs' villages. The Company is providing mobile health clinic for the Project Affected Villagers.

84% of the total site leveling job and 3.9 Km of plant boundary out of 7.9 Km has been completed. Mechanical erection of structures for boilers are under progress. The civil work is in progress for Boiler Unit#4, mill, bunker, Cooling Water, Coal Handling Plant, Pre-treatment Plant etc. Piling of all the four units of TG has been completed and raft concreting of TG#1 has started. Raft casting of chimney #1 is in progress. Construction work of Lagoon#1 is in progress. The contract packages related to coal transportation are under various stages of award.

Your Company's work was disrupted due to agitation by land oustees for extra compensation and other demands. The Board of your Company has resolved the issue by making payment to the land oustees on the principle of 'One Project One Rate', which was in parity to the compensation paid to other land oustees. The work at site was also disrupted due to bandhs. Your Company, with the help of State Police, has been able to contain the affect of such occurrences.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2012 are as under:- (₹)

Balance Sheet Items as at	31.03.2012	31.03.2011
Paid-up Share Capital	6,88,46,00,000	4,80,00,00,000
Reserves and Surplus	(52,62,166)	(51,18,988)
Share Application Money Pending Allotment	83,00,39,000	2,91,46,39,000
Non-current liabilities	5,83,91,36,906	1,27,29,28,510
Current liabilities	1,28,03,30,186	44,79,93,712
Non-current assets	13,30,87,87,377	7,35,25,75,061
Current assets	1,52,00,56,549	2,07,78,67,173

Items from Statement of Profit and Loss for the year ended	31.03.2012	31.03.2011
Total Revenue	-	-
Total Expenses	1,43,178	2,31,384
Loss for the year	(1,43,178)	(2,31,384)

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

AUDIT COMMITTEE

Audit Committee of the Board of Directors of the Company comprised S/ Shri B.P. Singh, R.K.S. Gahlowt and Sudhir Kumar Saxena, Directors as members. During the financial year 2011-12, one meeting of the Audit Committee was held on 29.04.2011.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2012.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over Rupees Sixty Lac in aggregate, if employed throughout the year or Rupees Five Lac per month in aggregate, if employed for part of the year, as such 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 12.09.2011 has appointed M/s I.P. Pasricha & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2011-2012. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

The comments of the Comptroller & Auditor General of India and management replies thereto are furnished at Annex-2 to this Report.

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 incurred INR 65,94,84,276 (USD 1,02,093 and Euro 98,70,256) towards contractual payment and there was no earning in foreign currency.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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 2011-12 and of the loss of the company for that 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 on a going concern basis.

DIRECTORS

As per the provisions of the Companies Act, 1956, Shri R.K.S. Gahlowt, 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., Power Finance Corporation Limited, Rural Electrification Corporation Limited, 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 (B.P. Singh)
DATE : 27th July 2012 Chairman

Annex-1 to the Directors' Report
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SECTOR AND DEVELOPMENTS

Overview of the power sector:

Power is one of the prime movers of economic development. Power sector is at a crucial juncture of its evolution from a controlled environment to a competitive, market driven regime which endeavors to provide affordable, reliable and quality power at reasonable prices to all sectors of the economy. The liberalization and globalization of the economy is leading to an increased tempo in industrial and commercial activities and this, coupled with penetration of technology in the day-to-day life of the common man, is expected to result in a high growth in power demand.

India has reached a level of about 813.3 kilowatt hour (kwh) per capita per year consumption. The comparable figures for Japan are about 7,800 kwh, for South Korea about 7,000 kwh, for China about 1,380 kwh, for USA about 13,000 kwh, for OECD countries about 8,050 kwh and world average is about 2,430 kwh. Thus, in terms of per capita electricity consumption, India is far behind many countries, and as a matter of fact, behind even the world average. India, the world's second-fastest growing economy, desperately needs to improve its electricity infrastructure to reduce peak hour power shortages and provide electricity to millions of rural households, as well as keeping its resource-hungry industry on the move. It is accordingly essential that development of the Power Sector should be commensurate with the overall economic growth of the nation.

The Twelfth Five Year Plan (2012-2017)

The Working Group on Power constituted by the Planning Commission to formulate the 12th Five year plan for the Power sector has estimated the capacity addition requirement of about 75,785 MW on all India basis. It banks upon the private sector to contribute over 55% of this addition during the plan period. Fuel-wise, nearly 85% of this capacity is expected to be based on thermal generation while the expectation from nuclear generation is pegged at mere 2,800 MW (3.77%) only.

Capacity addition in 12th five year plan					
	Hydro	Thermal	Nuclear	Total	%share
Central	5,632	11,426	2,800	19,858	26.20
State	1,456	12,340	-	13,796	18.20
Private	2,116	40,015	-	42,131	55.59
Total	9,204	63,781	2,800	75,785	100.00
%share	12.14	84.16	3.69	100.00	

As per the 18th Electric Power Survey Report, peak demand of 199,540 MW and energy requirement of 1,354,874 BUs has been estimated by the end of 12th Five Year Plan (i.e. in the year 2016-17). At the end of 11th Five Year Plan (i.e. in the year 2011-12), the country was facing peak shortage of 13,815 MW (10.6%) and energy shortage of 79,313 MUs (8.5%).

GENERATION

Existing Installed Capacity

The total installed capacity in the country as on March 31, 2012 is 1,99,877.03 MW.

The total thermal capacity, including coal, gas stations and diesel generation accounts for about 65.84% of installed capacity of the country followed by hydro capacity at 19.51%. Nuclear capacity accounts for 2.39% and the balance 12.26% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	1,31,603.18	65.84
Nuclear	4,780.00	2.39
Hydro	38,990.40	19.51
R.E.S.*	24,503.45	12.26
Total	**1,99,877.03**	**100.00**

* Renewable Energy Sources

Source: CEA Executive Summary

Existing Generation

The sector-wise Electricity Generation Target and achievement during financial year 2011-12 were as under:

Total Generation	Target (Million Units)	Achievement (Million Units)	% of achievement
Thermal	712,234	708,805.94	99.52
Hydro	112,050	130,511.47	116.48
Nuclear	25,130	32,286.56	128.48
Bhutan (Import)	5,586	5,284.51	94.60
Total	855,000	876,888.48	102.56

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The all-India thermal PLF was 73.32% during 2011-12 as against 75.07% during financial year 2010-11.

SWOT ANALYSIS

Strength/ Opportunity

The Company is backed by strong promoters i.e. Ministry of Railways and NTPC Limited. 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 main plant contractor. The Company has tied up loan with Power Finance Corporation Limited and with Rural Electrification Limited for meeting its debt portion.

Weakness/ Threats:

The major threat the company is facing in acquiring parts of land. There has been increase in prices of coal. The site where the project is located is prone to huge rainfall. Security of the project has been a considerable concern for the company. At times the unsocial elements are causing bandhs and other nuisances at site.

RISKS 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 accidents and natural calamities like fire, earthquake or cyclone etc.

Operational risks are associated with systems, processes & 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.

The risks Company is facing is bandhs and agitation by land oustees. The Company has resolved the matter of agitation by land oustees by giving compensation based on the principle of 'One Rate One Project' in one project and adopting Rehabilitation and Resettlement Scheme, 2010, as applicable in NTPC, for giving compensation to Project Affected People. For overcoming security threats, the Company has established police station at site and has deployed police.

The Company has awarded all the packages for the project. However, for Induced Cooling Tower Package for which the contract was awarded to M/s Lanco Infrastructure Limited (Lanco), Paharpur Cooling Towers Limited, one of the participating bidder has filed the suit alleging non-fulfilment of qualifying requirements by Lanco. The matter is sub-judice in the Supreme Court. The Company is exploring the possibility of alternative arrangement for cooling tower because due to delay in execution of such package, the synchronization of the project might get delayed.

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 notified under Section 211(3C) of the Companies Act, 1956. The Company has implemented SAP in all of its modules like HR, Accounting, Engineering, etc. which helps in retrieving data and maintaining systematic backup.

FINANCIAL DISCUSSION AND ANALYSIS

For financial year 2011-12, the financial statements were drawn in accordance with the revised Schedule VI to the Companies Act, 1956.

During the financial year 2011-12, your company had allotted 20,84,60,000 shares of ₹ 10/- each to NTPC Ltd. and Ministry of Railways in the ratio of 74:26. Share Capital pending allotment stood at ₹ 39,000 and ₹ 83,00,00,000 received from NTPC Limited and Ministry of Railways respectively. The Company had withdrawn cumulative loan of ₹ 5,60,65,04,666 upto the financial year 2011-12 from PFC and REC. The tangible assets after depreciation amounted to ₹1,82,35,84,339 as at 31.03.2012 as against ₹ 1,82,14,10,821 as at 31.03.2011. The intangible assets after depreciation amounted to ₹ 4,73,564 and ₹ 7,90,696 as at 31.03.2012 and 31.03.2011 respectively. The depreciation transferred to Expenditure During Construction (EDC) for the financial year 2011-12 was ₹1,22,96,347. The capital work-in-progress stood at ₹8,46,96,55,673 as at 31.03.2012.

As the project is in construction stage, the income and expenses were transferred to EDC account. The expenses (net of income) transferred to EDC amounted to ₹ 50,70,41,667. The expenses incurred on training & recruitment was charged to statement of profit and loss. The total loss charged to statement of profit and loss was ₹ 1,43,178 which was transferred to reserves and surplus as against ₹ 2,31,384 for the financial year 2010-11.

HUMAN RESOURCE

Presently, the Company has total strength of 109 employees (including 14 Executive Trainees), out of which 108 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 17 SC employees, 7 ST employees and 16 OBC employees out of the total strength of 109 employees.

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 employee benefits expense (salaries & wages, contribution to provident & other funds and staff welfare expenses) was ₹ 14,46,13,098 for the financial year 2011-12.

OUTLOOK

The company's outlook appears to be very bright and will get breakeven 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 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 (B.P. Singh)
DATE : 27 July 2012 Chairman

BHARTIYA RAIL BIJLEE COMPANY LIMITED
BALANCE SHEET AS AT

Amount in ₹

Particulars	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**6,884,600,000**	4,800,000,000
Reserves and surplus	3	**(5,262,166)**	(5,118,988)
		6,879,337,834	4,794,881,012
Share Application money pending allotment	4	**830,039,000**	2,914,639,000
Non-current liabilities			
Long-term borrowings	5	**5,606,504,666**	1,245,531,352
Other long term liabilities	6	**232,632,240**	27,397,158
		5,839,136,906	1,272,928,510
Current liabilities			
Other current liabilities	7	**1,258,043,033**	438,744,787
Short-term provisions	8	**22,287,153**	9,248,925
		1,280,330,186	447,993,712
TOTAL		**14,828,843,926**	**9,430,442,234**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	**1,823,584,339**	1,821,410,821
Intangible assets	9	**473,564**	790,696
Capital work-in-progress	10	**8,469,655,673**	2,327,535,007
Other non-current assets	11	**16,380,060**	-
Long-term loans and advances	12	**2,998,693,741**	3,202,838,537
		13,308,787,377	7,352,575,061
Current assets			
Cash and bank balances	13	**977,836,646**	1,426,802,430
Short-term loans and advances	14	**540,067,564**	647,341,284
Other current assets	15	**2,152,339**	3,723,459
		1,520,056,549	2,077,867,173
TOTAL		**14,828,843,926**	**9,430,442,234**
Significant accounting policies	1		

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors

(K. K. Singh)	(S. K. Saxena)	(B. P. Singh)
Chief Executive Officer	Director	Chairman

This is the Balance Sheet referred to in our report

Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612
Place : New Delhi
Dated : 3rd May 2012

BHARTIYA RAIL BIJLEE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Amount in ₹

Particulars	Note	31.03.2012	31.03.2011
Revenue from operation			
Other income		-	-
Total revenue		-	-
Expenses			
Generation, administration & other expenses	20	**143,178**	231,384
Total expenses		**143,178**	231,384
Profit before exceptional and extraordinary items & tax		**(143,178)**	(231,384)
Profit before extraordinary items and tax		**(143,178)**	(231,384)
Profit before tax		**(143,178)**	(231,384)
Profit for the year		**(143,178)**	**(231,384)**
Expenditure During Construction Period	21		
Earnings per equity share (Par value of ₹ 10/- each)			
Basic		**(0.00)**	(0.00)
Diluted		**(0.00)**	(0.00)

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors

(K. K. Singh)	(S. K. Saxena)	(B. P. Singh)
Chief Executive Officer	Director	Chairman

This is the Profit & Loss Statement referred to in our report

Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612
Place : New Delhi
Dated : 3rd May 2012

CASH FLOW STATEMENT

Amount in ₹

For the year ended March 31,	2012	2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss as per statement of Profit and Loss	**(143,178)**	(231,384)
Adjustment for		
Increase/(Decrease) in Current liabilities	**832,336,474**	88,722,821
Increase/(Decrease) in Other Current Assets	**1,571,120**	(1,946,258)
Increase/(Decrease) in Loans & Advances	**107,273,720**	(693,621)
	941,181,314	86,082,942
Net Cash from Operating Activities-A	**941,038,136**	85,851,558
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets and CWIP	**(6,160,357,112)**	(2,351,524,797)
Long term loan and advances	**204,144,796**	-
Net Cash used in Investing Activities-B	**(5,956,212,316)**	(2,351,524,797)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital	**2,084,600,000**	800,000,000
Proceeds from Share Application money pending allotment	**(2,084,600,000)**	1,453,100,000
Proceeds from Long Term Borrowings	**4,566,208,396**	1,245,531,352
Net Cash flow from Financing Activities-C	**4,566,208,396**	3,498,631,352
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	**(448,965,784)**	**1,232,958,113**
Cash and Cash equivalents (Opening Balance)	**1,426,802,430**	193,844,317
Cash and Cash equivalents (Closing Balance)	**977,836,646**	1,426,802,430

NOTES : 1. Cash and Cash Equivalents consists of Cash in Hand and balance with Banks
2. Figures for Previous year have been regrouped/rearranged wherever necessary.

For and on behalf of the Board of Directors

(K. K. Singh)	(S. K. Saxena)	(B. P. Singh)
Chief Executive Officer	Director	Chairman

This is the cash flow statement referred to in our report

Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612

Place : New Delhi
Dated : 3rd May 2012

NOTE NO.1

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/amortisation.

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/exploration, 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 INCOME RECOGNITION

7.2 EXPENDITURE

7.2.1 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 Tariff Regulations, 2009.

7.2.2 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.	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

7.2.3 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.

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

7.2.5 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 less. Other assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.

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

7.2.7 Leasehold land and buildings are fully amortised over 25 years or lease period whichever is less following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.

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

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

7.2.10 Actuarial gains/losses in respect of ‘Employee Benefit Plans’ are recognised in the statement of Profit & Loss Account.

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

7.2.12 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 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’.

NOTE NO. 2 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
1606,000,000 shares of par value of ₹10/- each, (previous year 1606,000,000 shares of par value of ₹ 10/- each)	**16,060,000,000**	16,060,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
688,460,000 shares of par value of ₹10/- each (509,460,000 shares held by NTPC Ltd and their nominees and 179,000,000 Shares held by Ministry of Railways, Govt. of India and their nominees’) .	**6,884,600,000**	4,800,000,000
(Previous Year 480,000,000 shares of par value of ₹10/- each (355,200,000 shares held by NTPC Ltd and their nominees and 124,800,000 held by Ministry of Railways, Govt. of India and their nominees’)		
Total	**6,884,600,000**	4,800,000,000

a) During the year, the Company has issued 208,460,000 Equity shares.

b) The Company has only one class of equity shares having a par value of ₹10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

c) In the event of liquidation of the Company, the holders of the equity shares will be entitiled to receive remaining assets of the Company, after distribution of all preferencial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d)

NTPC Ltd. holds 74% of the total equity share and	No	509,460,000	
Ministry of Railway holds 26% of the total equity shares	No	179,000,000	
Total Equity shares :	No	688,460,000	
Share holding position as on 31.03.2012		NTPC Ltd	Min. of Railways
Opening Share	No.	355,200,000	124,800,000
Share allotment during the year	No.	154,260,000	54,200,000
Closing Balance of Share	No	509,460,000	179,000,000

NOTE NO. 3 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
Reserves		
Surplus		
As per last balance sheet	**(5,118,988)**	(4,887,604)
Add: Profit for the year from statement of profit & loss account	**(143,178)**	(231,384)
	-	-
Net surplus	**(5,262,166)**	(5,118,988)
Total	**(5,262,166)**	**(5,118,988)**

a) The Company has not proposed any dividend for the year 2011-12

NOTE NO. 4 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHARE APPLICATION MONEY PENDING FOR ALLOTMENT		
Equity Share Capital		
(Amount received for allotment and is pending for allotment)		
Received from NTPC Ltd and	**39,000**	1,542,639,000
Received from Ministry of Railways	**830,000,000**	1,372,000,000
	830,039,000	2,914,639,000

Share allotment to Ministry of Railways will be made after proportionate Loan fund raised from PFC, REC and Equity contribution from NTPC Ltd.

NOTE NO. 5 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
LONG-TERM BORROWINGS		
Term loans		
From Banks / Financial Institutions		
Secured		
Rupee loans	**5,606,504,666**	1,245,531,352
Total	**5,606,504,666**	1,245,531,352

a) Securities - Secured by Equitable mortgage/hypothication (to be created) of all present and future fixed and movable assets of Nabinagar TPP (4*250) MW, as first charge, ranking pari pasu with charge created with PFCfor 60 % of total debts and balance 40% with REC.

b) "The rupee term loans - Interest rate to be charged for facility will be linked to the applicable three year ""AAA"" Bond yield rate with a margin of :

a. 250 bps with reset after 3 years for pre COD and

b. 225 bps with reset after every 3 years for post COD"

Moratorium & Principal repayment Period : The Moratorium period for the project will be up to 6 months from the COD. The facility will be available for a period of 48 months from the date of documentation or till the actual completion of the project plus 06 months (moratorium period), whichever is earlier. The repayment will be for a period of 15 years, begin after 06 months from COD, in 60 quarterly installments. Interest will be charged during construction period and moratorium period.

c) There has been no defaults in repayment of any of the loans or interest thereon as at the end of the year.

NOTE NO. 6 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
OTHER LONG TERM LIABILITIES		
Other liabilities		
Payable for capital expenditure	**201,977,512**	-
Others	**30,654,728**	27,397,158
Total	**232,632,240**	27,397,158

a) Other liabilities - Others include deposits received from contractors, customers and others towards sale of scrap etc.

b) Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No. 22.

NOTE NO. 7 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Interest accrued and due on borrowings	**107,018,239**	27,498,128
Book overdraft		
Advances from customers and others		
Payable for capital expenditure	**1,108,103,464**	327,461,650
Other payables		
Tax deducted at source and other statutory dues	**17,245,069**	34,523,628
NTPC Ltd	**14,030,982**	15,326,469
Others *	**11,645,279**	33,934,912
Total	**1,258,043,033**	438,744,787

* Other payables - others include deposits received from contractors, customers and others, amounts payable to NTPC, capital exp and employees.

NOTE NO. 8 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHORT TERM PROVISIONS		
Provision for employee benefits		
As per last balance sheet	**9,248,925**	6,947,311
Additions during the year	**13,038,228**	9,248,925
Amounts paid during the year	**-**	6,947,311
Closing balance	**22,287,153**	9,248,925
Total	**22,287,153**	9,248,925

NOTE NO. 9 TO THE FINANCIAL STATEMENTS

NON-CURRENT ASSETS

Amount in ₹

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deductions/ Adjustments	**As at 31.03.2012**	Upto 01.04.2011	For the year	Deductions/ Adjustments	**Upto 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold	1,585,278,764		(162,699)	**1,585,441,463**	-			**-**	**1,585,441,463**	1,585,278,764
Roads, bridges, culverts & helipads	534,632			**534,632**	326,758	133,843		**460,601**	**74,031**	207,874
Temporary erection	13,575,154	20,656		**13,595,810**	6,591,008	7,004,802		**13,595,810**	**-**	6,984,146
Water supply, drainage & sewerage system	124,020	70,933		**194,953**	18,224	31,216		**49,440**	**145,513**	105,796
Plant and machinery	1,361,344			**1,361,344**	148,509	65,708		**214,217**	**1,147,127**	1,212,835
Furniture and fixtures	9,181,633	1,199,094		**10,380,727**	1,185,195	697,611		**1,882,806**	**8,497,921**	7,996,438
Office equipment	2,837,454	1,729,798		**4,567,252**	711,535	619,255		**1,330,790**	**3,236,462**	2,125,919
EDP, WP machines and satcom equipment	5,150,875	51,000		**5,201,875**	1,060,861	772,648		**1,833,509**	**3,368,366**	4,090,014
Construction equipments	19,442,887			**19,442,887**	1,753,137	1,859,561		**3,612,698**	**15,830,189**	17,689,750
Electrical Installations	3,037,587	9,881,162		**12,918,749**	233,121	656,389		**889,510**	**12,029,239**	2,804,466
Communication Equipments	957,508	1,004,822		**1,962,330**	63,320	105,613		**168,933**	**1,793,397**	894,188
Laboratory and workshop equipments		17,747		**17,747**		17,747		**17,747**	**-**	-
Capital expenditure on assets not owned by the Company	192,020,631			**192,020,631**				**-**	**192,020,631**	192,020,631
Total	1,833,502,489	13,975,212	(162,699)	**1,847,640,400**	12,091,668	11,964,393		**24,056,061**	**1,823,584,339**	1,821,410,821
Previous year	1,468,383,773	365,118,986	270.00	1,833,502,489	4,625,667	7,526,816	60,815	12,091,668	1,821,410,821	1,463,758,106

Deduction/adjustments from gross block and depreciation / amortisation for the year includes:

	Gross Block		Depreciation/Amortisation	
	31.03.2012	31.03.2011	**31.03.2012**	31.03.2011
Disposal of assets		270		60545
	-	270.00	-	60,545

a) The conveyancing of the title to 1328.15 acres of freehold land of value ₹158.53 crore (previous year 1328.15 acres of value ₹158.53 crore) in favour of the company. Mutation for the above land has been done in the name of BRBCL.

INTANGIBLE ASSETS

	Gross Block				Amortisation				Net Block	
	As at 01.04.2011	Additions	Deductions/ Adjustments	**As at 31.03.2012**	Upto 01.04.2011	For the year	Deductions/ Adjustments	**Upto 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
Software	1,018,782	17,114		**1,035,896**	228,086	334,246		**562,332**	**473,564**	790,696
Total	1,018,782	17,114		**1,035,896**	228,086	334,246		**562,332**	**473,564**	790,696
Previous year	410,530	608,252		1,018,782	45,135	182,951		228,086	790,696	365,395

Depreciation/amortisation of Tangible and Intangible Assets for the year is allocated as given below:

	31.03.2012	31.03.2011
Transferred to expenditure during construction period (net) - Note 21	**12,296,347**	7,709,767
	12,298,639	7,709,767

NOTE NO. 10 TO THE FINANCIAL STATEMENTS

NON-CURRENT ASSETS

Amount in ₹

	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	**As at 31.03.2012**
CAPITAL WORK-IN-PROGRESS					
Development of land	151,059,693	105,012,295			**256,071,988**
Roads, bridges, culverts & helipads	74,000	61,969			**135,969**
Buildings :					
Main plant	180,419,778	448,480,447			**628,900,225**
Others	28,183,779	99,800,537			**127,984,316**
Temporary erection	1,241,798	229,362			**1,471,160**
Water supply, drainage and sewerage system	49,748	47,789			**97,537**
MGR track and signalling system	1,867,401	202,305,386			**204,172,787**
Plant and machinery	437,050,503	2,358,228,885			**2,795,279,388**
Electrical installations		275,714,052			**275,714,052**
Capital expenditure on assets not owned by the company	19,150,000	27,455,449			**46,605,449**
Sub total :	819,096,700	3,517,336,171	-	-	**4,336,432,871**
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	785,746,251				**785,746,251**
Expenditure during construction period (net)	439,516,438	507,041,667 *		-	**946,558,105**
	2,044,359,389	4,024,377,838			**6,068,737,227**
Less: Provision for unserviceable works					
Construction stores (net of provision)	283,175,618	2,117,742,828		-	**2,400,918,446**
Total	2,327,535,007	6,142,120,666	-	-	**8,469,655,673**
Previous year	833,786,578	1,695,414,843		201,666,414	2,327,535,007

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

NOTE NO. 11 OTHER NON CURRENT ASSETS Amount in ₹

As at	31.03.2012	31.03.2011
Deffered foreign currency fluctuation asset *	16,380,060	-
	16,380,060	-

* In line with accounting policies no.5.1 and 5.2 disclosed in Note 1, deferred foreign currency fluctuation liability to the extent of Rs.1,63,80,060 (previous year Nil) has been made.

NOTE NO. 12 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
LONG TERM LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
CAPITAL ADVANCES		
Secured		
Unsecured		
Covered by bank guarantee	2,897,842,001	3,192,389,997
Others *	93,000,540	8,850,540
	2,990,842,541	3,201,240,537
SECURITY DEPOSITS (Unsecured)	7,851,200	1,598,000
Total	2,998,693,741	3,202,838,537

* Other includes Advance paid to Diesel Locomotive Works and deposit with BSEB for deposit work

NOTE NO. 13 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
CASH & BANK BALANCES		
Cash & cash equivalents		
Balances with banks		
- Current accounts	27,836,646	26,796,591
- Deposits with original maturity of three months or less than three months	950,000,000	1,400,000,000
- Cash in hand	-	5,839
Total	977,836,646	1,426,802,430

NOTE NO. 14 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHORT TERM LOAN AND ADVANCES		
ADVANCES		
Employees		
Unsecured	40,170	8,112
Contractors & Suppliers, including material issued on loan		
Unsecured	527,571,815	644,736,241
	527,611,985	644,744,353
Advance tax deposit & tax deducted at source	12,455,579	2,596,931
Total	540,067,564	647,341,284

NOTE NO. 15 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
OTHER CURRENT ASSETS		
Interest accrued on :		
Short Term deposits	1,163,701	2,130,654
Claims recoverable		
Unsecured, considered good	988,638	1,592,805
Total	2,152,339	3,723,459

NOTE NO. 16 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
OTHER INCOME		
Interest from		
Contractors	34,944,144	11,107,211
Indian banks	64,536,185	10,686,901
Other non-operating income		
Miscellaneous income	1,537,999	793,352,00
	101,018,328	22,587,464
Less: Transferred to expenditure during construction period (net) - Note 21	101,018,328	22,587,464
Total	-	-

NOTE NO. 17 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	125,303,807	109,973,997
Contribution to provident and other funds	9,454,449	9,240,327
Staff welfare expenses	9,854,842	10,515,800
	144,613,098	129,730,124
Less: Transferred to expenditure during construction period (net) - Note 21	144,613,098	129,730,124
Total	-	-

Disclosures required by AS 15 in respect of provision made towards various employees benefits is made in Note-22

NOTE NO. 18 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
FINANCE COSTS		
Interest on		
Rupee term loans	313,415,024	46,647,690
Other borrowing costs		
Up-front fee	-	20,663,326
Others	-	-
	313,415,024	67,311,016
Less: Transferred to expenditure during construction period (net) - Note 21	313,415,024	67,311,016
Total	-	-

NOTE NO. 19 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended		31.03.2012	31.03.2011
GENERATION, ADMINISTRATION & OTHER EXPENSES			
Power charges	16,561,298		7,715,752
Less: Recovered from contractors & employees	64,700		4,512
		16,496,598	7,711,240
Rent	1,791,654		3,810,367
Less: Recoveries	324,449		-
		1,467,205	3,810,367
Repairs & maintenance			
Buildings		3,081,341	7,599,082
Plant & machinery			
Construction equipment	2,143,303		7,802
		2,143,303	7,802
Others			492,268
Insurance		269,122	121,824
License Fee		100,000	

NOTE NO. 19 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended		31.03.2012	31.03.2011
Training & recruitment expenses	143,178		231,384
Less: Fees for application and training	-		-
		143,178	231,384
Postage & Telegram/ courier		34,004	80,160
Communication expenses		5,489,940	1,690,914
Travelling expenses		9,983,005	7,790,859
Tender expenses	2,112,291		5,061,632
Less: Receipt from sale of tenders	54,500		50,640
		2,057,791	5,010,992
Payment to auditors (refer details below) *		123,059	76,151
Advertisement and publicity		81,245	172,961
Security expenses		6,523,053	4,958,146
Entertainment expenses		1,968,810	721,808
Expenses for guest house	1,360,467		868,292
Less: Recoveries	2,860		29,959
		1,357,607	838,333
Community development and welfare expenses	1,724,752		1,445,676
Less: Grants-in-aid	-		-
		1,724,752	1,445,676
Books and periodicals		36,485	19,070
Professional charges and consultancy fees	68,717,084		3,403,225
Less: Grants-in-aid	-		-
		68,717,084	3,403,225
Legal expenses		1,877,547	141,722
EDP hire and other charges		212,797	-
Printing and stationery		559,615	657,218
Hiring of vehicles		6,330,915	7,526,277
Hiring of constn Equipment		11,000	-
DG Set operatng exp		9,793,298	3,799,643
Furnishing Expenses		4,420	401,711
Hiring Ch Office Equipment		33,887	-
Horticulture Expenses		16,451	-
Bank charges		2,479,524	8,465,955
Net loss in foreign currency transactions & translations (other than considered as finance cost)		16,380,060	-
Miscellaneous expenses		1,149,626	1,159,980
		160,646,722	68,334,768
Less: Transferred to deferred foreign currency fluctuation asset/liability		16,380,060	-
Transferred to expenditure during construction period (net) - Note 21		144,123,484	68,103,384
Total		143,178	231,384
* Details in respect of payment to auditors:			
As auditor			
Audit fee	44,944		44,120
Reimbursement of expenses	78,115		32,031
	-	123,059	76,151

NOTE NO. 20 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
PRIOR PERIOD ITEMS (NET)		
EXPENDITURE		
Employee benefits expense	(6,389,009)	-
Depreciation and amortisation	1,051	(60,545)
	(6,387,958)	(60,545)
Net Expenditure/(Revenue) *	(6,387,958)	(60,545)
Less: Transferred to Expenditure during construction period (net) - Note 21	(6,387,958)	(60,545)
Total	-	-

* Includes expenditure on pension provision and prior period depreciaiton

NOTE NO. 21 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended		31.03.2012	31.03.2011
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)			
A. Employee benefits expense			
Salaries and wages		125,303,807	109,973,997
Contribution to provident and other funds		9,454,449	9,240,327
Staff welfare expenses		9,854,842	10,515,800
Total (A)		144,613,098	129,730,124
B. Finance costs			
Interest on			
Rupee term loans		313,415,024	46,647,690
Other Borrowing costs			
Upfront fee		-	20,663,326
Others		-	-
Total (B)		313,415,024	67,311,016
C. Depreciation and amortisation		12,296,347	7,709,767
D. Generation , administration and other expenses			
Power charges	16,561,298		7,715,752
Less: Recovered from contractors & employees	64,700		4,512
		16,496,598	7,711,240
Water charges			
Rent		1,467,205	3,810,367
Repairs & maintenance			
Buildings	3,081,341		7,599,082
Construction equipment	2,143,303		7,802
Others			492,268
		5,224,644	8,099,152
Insurance		269,122	121,824
Rates and taxes			
License Fee		100,000	-
Postage & Telegram/ Courier		34,004	80,160
Communication expenses		5,489,940	1,690,914
Travelling expenses		9,983,005	7,790,859
Tender expenses	2,112,291		5,061,632
Less: Income from sale of tenders	54,500		50,640
		2,057,791	5,010,992
Payment to Auditors		123,059	76,151
Advertisement and publicity		81,245	172,961
Security expenses		6,523,053	4,958,146
Entertainment expenses		1,968,810	721,808
Guest house expenses		1,357,607	838,333

NOTE NO. 21 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
Hire Charges of Vehicle	6,330,915	7,526,277
Hiring of constn Equipment	11,000	-
DG Set operatng exp	9,793,298	3,799,643
Furnishing Expenses	4,420	401,711
Hiring Ch Office Equipment	33,887	-
Horticulture Expenses	16,451	-
Bank Charges	2,479,524	8,465,955
Books and periodicals	36,485	19,070
Community development expenses	1,724,752	1,445,676
Professional charges and consultancy fee	68,717,084	3,403,225
Legal expenses	1,877,547	141,722
EDP Hire and other charges	212,797	-
Printing and stationery	559,615	657,218
Miscellaneous expenses	1,149,626	1,159,980
Total (D)	144,123,484	68,103,384
Total (A+B+C+D)	614,447,953	272,854,291
E. Less: Other income		
Interest from contractors	34,944,144	11,107,211
Interest others	64,536,185	10,686,901
Miscellaneous income	1,537,999	793,352
Total (E)	101,018,328	22,587,464
F. Prior period items (net)	(6,387,958)	(60,545)
Grand total (A+B+C+D-E+F)	507,041,667 *	250,206,282

* Balance carried to capital work-in-progress - (Note 10)

NOTE - 22 TO THE FINANCIAL STATEMENTS

22.01 The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the ompanies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

22.02 Amount in the financial statements are presented in ₹.

22.03 a) Certain loans & advances and creditors, so far as these have since not been realised/discharged or adjusted are subject to confirmation/ reconciliation and consequent adjustment, if any.

b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

Capital Expenditure on Assets not owned by the Company has been capitalised on completion of the job.

22.04 **Disclosure as per Accounting Standard - 16 on 'Borrowing Costs'**

Borrowing costs capitalised during the year are ₹ 313,415,024 (previous year ₹ 67,311,016).

22.05 **Disclosure as per Accounting Standard - AS-17, on 'Segment Reporting'**

- Not applicable

22.06 **Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'**

Related party- NTPC Ltd - Transction during the year ₹ 6,70,62,400. No outstanding liability remains.

22.07 Expenses on operating leases of the premises for residential use of the employees amounting to ₹ 67,96,934 (previous year: ₹ 62,70,980) are included in "Rent Lease Accommodation". Similarly, lease payments in respect of premises for office/transit accommodation are shown as Rent ₹ 17,91,654 (Previous year ₹ 38,10,367) in Note-22 "Administration and other expenses".

NOTE - 22 TO THE FINANCIAL STATEMENTS

22.08 **Disclosure as per Accounting Standard - 20 on 'Earnings 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 - ₹	(143,178)	(231,384)
Weighted average number of equity shares used as denominator for Basic EPS	532,115,000	458,739,726
Earning per share -Basic	(0.00)	(0.00)
Earning per share -Diluted	(0.00)	(0.00)
Face value per share - ₹	10/-	10/-

22.09 **Foreign currency exposure not hedged by a derivative instrument or otherwise:**

Particulars	Currencies	Amount	
		31.03.2012	31.03.2011
Sundry creditors/deposits and retention monies	USD		
	EURO	10,412,539	
Unexecuted amount of contracts remaining to be executed	USD	1,309,161	1,411,254
	EURO	89,862,051	99,732,307

22.10 Foreign currency exposure not hedged by a derivative instrument in respect of unexecuted amount of contracts remaining to be executed are EURO 8,98,62,051 (₹ 621,66,56,688/-) & USD 13,09,161 (₹ 6,75,91,982)

22.11 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.

22.12 Contingent liability: Claims against the company not acknowledged as debts is NIL (Previous year: NIL).

22.13 **Capital and other commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012 is ₹ 38,10,89,71,275 (previous year ₹ 37,94,66,00,179).

22.14 Interest earned to the tune of ₹ 3,49,44,144.00 on advances made to contractors from time to time during the year against their work bills has been set off against the pre-project expenditure capitalized.

22.15 The conveyance of the title of 1,328.15 acres (previous year : 1,328.15 acres) of Freehold Land of Value ₹158.54 crores (previous year : ₹ 158.54 Crs) in possession of the company as on 31.03.2012. Further, an amount of ₹ 25.26 crores (previous year: ₹ 31.26 crores) is appearing as deposit for Land as on 31.03.2012 possession is still awaited.

22.16 All the employees of the company are on secondment posting from the holding company. i.e. NTPC Ltd. except 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.

22.17 The employees remuneration and benefits includes ₹ 6,420,074 (Previous Year: ₹ 5,341,835/-) 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.

22.18 During the year 208,460,000 shares of ₹ 10/- each (154,260,000 shares to NTPC Ltd and 54,200,000 shares to Ministry of Railway) have been allotted on 25.08.2012.

22.19 Company has paid ₹ 430,000.00 during the year on account of Scholarship to poor Students of project affected families, where the land is acquired/to be acquired for company's project as resolved by the Board of Directors in their meeting.

22.20 BRBCL is investing short term parkable surplus fund in STDR and the interest earned against it is charged to IEDC as per NTPC Ltd (Holding company) policy.

For and on behalf of the Board of Directors

(K. K. Singh)	(S. K. Saxena)	(B. P. Singh)
Chief Executive Officer	Director	Chairman

These are the notes referred in Balance Sheet & Statement of Profit & Loss

Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612

Place : New Delhi
Dated : 3rd May 2012

AUDITOR'S REPORT

TO THE MEMBERS OF

BHARTIYA RAIL BIJLEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of **M/s BHARTIYA RAIL BIJLEE COMPANY LIMITED** (a subsidiary company of NTPC Limited) **as at March 31st, 2012** 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 over all financial statements 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 Company (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 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 explanation given to us, we give in the annexure a statement on the matters specified in paragraphs 4 & 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 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 appear from our examination of those books;

   c. The Balance Sheet, Profit & 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 & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standard referred to in sub-section (3C) of section 211 of The Companies Act, 1956;

   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; and

   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statement 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 principal generally accepted in India:

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st , 2012;

      (ii) In the case of the Profit & Loss Account, of the **Loss** for the year ended on that date.

      (iii) In the case of Cash flow statement, of the cash flow for the year ended on that date.

As per our Audit Report of even date attached
For I.P. Pasricha & Co.
Chartered Accountants
FRN No. 000120N

CA Maneet Pal Singh
Partner
M.No. 516612

Place : New Delhi
Date : 3rd May 2012

ANNEXURE REFERRED TO IN OUR AUDIT REPORT

REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF THE **BHARTIYA RAIL BIJLEE COMPANY LIMITED** ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2012

(i) The company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets.

The fixed assets of company have been verified physically by the external audit firm during this financial year and no discrepancies were identified.

In our opinion and according to the information and explanation 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 provision 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 clause 4 (iii) (b), (c) & (d) of the Company (Auditor's Report) Order, 2003 are not applicable to the Company.

However, Share Capital Deposit still has a unadjusted balance of ₹ 83 Crores as on March 31st, 2012 against which no share 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 the 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 register maintained u/s 301 of the Companies Act, 1956. **Company has awarded a Consultancy Contract of ₹ 76.00 Crores (plus statutory dues) to NTPC Limited; holding company. During this year, amount paid / payable is to the tune of ₹ 6.70 Crores (Total payment made including service tax ₹ 84.11 Crores upto 31/03/2012) against this contract. Most of the Director in company are from NTPC Limited, and interest of Director are as required u/s 299 of the 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 and explanations given to us, the Company has not accepted any deposits under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975

(vii) The provisions of the order related to internal audit are not applicable to the company. However, Internal Audit is being conducted by the holding Company, i.e. NTPC Limited.

(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 the generation of electricity.

(ix) A. The employees of the company are on secondment posting from its holding company, i.e. NTPC Limited except one employee on deputation from Ministry of Railways. According to information given to us, holding companies as well as Ministry of Railways are undisputed statutory dues like provident fund with appropriate authorities.

B. According to information and explanations given to us, and records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess as at 31-03-2012 which have not been deposited on account of any dispute.

(x) This Clause is not applicable as the company is not in existence for 5 years or more from the date of registration till March 31st, 2012.

(xi) Company has taken a loan of ₹ 286.10 crores from Power Financial Corporation Limited (PFC) and ₹ 150 crores from Rural Electrification Cooperation Limited (REC), during the year and interest, due, is being paid.

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

(xiii) The provisions of any special statue applicable to chit fund, nidhi mutual benefit fund or mutual benefit society 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 explanation given to us, company has not given any guarantee for loan taken by other from banks or financial Institution during the year.

(xvi) Company has taken a term loan of ₹ 286.10 crores from Power Financial Corporation Limited (PFC) and ₹ 150 crores from Rural Electrification Cooperation Limited (REC) 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 According to the information and explanations given to us, there are no funds raised on short term basis which have been used for the long term investment and vice versa.

(xviii) The company has made preferential allotment of ₹ 208.46 crores share at face value of ₹ 10 each to NTPC Limited and Ministry of Railways, parties and companies covered in the registered maintained under section 301 of the act during the year. In our opinion and according to the information and explanation 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.

As per our Audit Report of even date attached
For I.P. Pasricha & Co.
Chartered Accountants
FRN No. 000120N

CA Maneet Pal Singh
Partner
M.No. 516612

Place : New Delhi
Date : 3rd May 2012

BHARTIYA RAIL BIJLEE COMPANY LIMITED

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 31st March 2012 and Management Replies thereon

Comment	Management Reply
The preparation of financial statements of Bhartiya Rail Bijlee Company Limited, New Delhi, for the year ended 31 March 2012 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 03 May 2012.	
I, on the 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 2012. The 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. Based on my supplementary audit I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report:	
A) Balance Sheet **Current Asset** **Short Term Loans and advances : ₹ 54 crore (Note No.14)** **Contractors & Suppliers including material issued on loan (Unsecured) : ₹ 52.76 crore** The above represents capital advances for procurement of fixed assets which should have been classified as non-current assets as per the guidance note on revised Schedule VI to the Companies Act, 1956 issued by the Institute of Chartered Accountants of India (ICAI). This incorrect classification has resulted in overstatement of 'Short term Loan and Advances' by ₹ 52.76 crore with consequent understatement of 'Long Term Loans and Advances' (Note No. 12) to the same extent.	Noted for compliance w.e.f. the financial year 2012-13.
B) General **Capital and other commitments (Note No. 22.13)** **Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012: ₹3810.90 crore** The above is over stated by ₹ 345.74 Crore due to (i) non adjustment of liabilities already created (₹ 122.58 crore), (ii) taking incorrect values of (a) Letter of Awards in respect of various contract packages (₹ 79.29 crore), (b) advance for capital expenditure (₹ 52.90 crore) & (c) progressive payments (₹ 88.52 crore) and (iii) calculation error (₹ 2.45 crore).	Noted for compliance w.e.f. the financial year 2012-13.
For and on behalf of the Comptroller & Auditor General of India Sd/- (Praveen Kumar Singh) Principal Director of Commercial Audit & Ex-officio Member Audit Board – III, New Delhi Place : New Delhi Dated : 25 June 2012	For and on behalf of the Board of Directors (B.P. Singh) Director Place: New Delhi Dated : 27th July 2012