

## Independent Auditors' Report

**To**  
**The Members of NTPC Limited**  
**Report on the financial statements**

We have audited the accompanying financial statements of NTPC Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

Without qualifying our report, we draw attention to Note No. 33 to the financial statement in respect of accounting of fuel on GCV based pricing system.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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, 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 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<sup>st</sup> October 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.

For O. P. Bagla & Co.  
 Chartered Accountants  
 Firm Reg. No. 000018N

(Rakesh Kumar)  
 Partner  
 M No.087537

For V. Sankar Aiyar & Co.  
 Chartered Accountants  
 Firm Reg. No. 109208W

(M. S. Balachandran)  
 Partner  
 M No. 024282

For K. K. Soni & Co.  
 Chartered Accountants  
 Firm Reg. No. 000947N

(S.S. Soni)  
 Partner  
 M No.094227

For Ramesh C. Agrawal & Co.  
 Chartered Accountants  
 Firm Reg. No. 001770C

(Monika Agrawal)  
 Partner  
 M No. 093769

For PKF Sridhar & Santhanam  
 Chartered Accountants  
 Firm Reg. No. 003990S

(V.Kothandaraman)  
 Partner  
 M No.025973

For A. R. & Co.  
 Chartered Accountants  
 Firm Reg. No. 002744C

(Anil Gaur)  
 Partner  
 M No. 017546

Place : New Delhi  
 Dated : 10<sup>th</sup> May 2013

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in our report of even date to the members of NTPC LIMITED on the accounts for the year ended 31<sup>st</sup> March 2013.

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets  
 (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification to cover all assets over two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
 (c) Substantial part of the fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.  
 (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.
- (iii) (a) The Company has not granted any loans secured or unsecured to any companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.  
 In view of the above, the clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable.  
 (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.  
 In view of the above, the clauses 4(iii) (f) and 4(iii) (g) of the Order 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 the nature of its business for purchase of inventory and fixed assets and for sale of electricity, goods and 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, 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.  
 In view of the above, the clause 4(v)(b) of the Order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed with respect to Section 58A and 58AA, by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
- (viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31<sup>st</sup> March 2013 for a period of more than six months from the date they became payable.  
 (b) The disputed statutory dues aggregating to ₹ 134.43 crore that have not been deposited on account of matters pending before appropriate authorities are detailed below:

Sl.No.	Name of Statute	Nature of dues	Forum where the dispute is pending	₹ Crore
1	Central Sales Tax and Sales Tax/VAT Acts of Various States	Sales Tax/VAT	Additional Commissioner of Sales Taxes	21.06
			Commissioner of Sales Tax	21.32
			Dy. commissioner of Sales/ Commercial Taxes	0.20
			High Court	80.50
			Sales Tax Tribunal	3.88
2	Central Excise Act, 1944	Central Excise Duty/ Service tax	Joint Commissioner (Appeal) Trade tax	1.13
			CESTAT	1.89
3	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax	1.28
			Income Tax Appellate Tribunal/CIT	0.08
			Allahabad High Court	2.55
			Asst. Commissioner Income Tax Officer	0.03 0.51
<b>Total</b>				<b>134.43</b>

- (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) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) 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 short-term basis have been used for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, the Company has created security or charge in respect of the Bonds issued by the Company during the year, except those disclosed in Note 5 of the financial statements.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the company and in accordance with generally accepted auditing practices in India, we have been informed that 2 cases of frauds involving an aggregate amount of ₹0.01 crore towards fraudulent claim/non deposit of rent by the Contractor have been committed on the Company during the year. The Company has taken appropriate action against the employee/contractor and the matters are under investigation.

For O. P. Bagla & Co.  
Chartered Accountants  
Firm Reg. No. 000018N

(Rakesh Kumar)  
Partner  
M No.087537

For K. K. Soni & Co.  
Chartered Accountants  
Firm Reg. No. 000947N

(S.S. Soni)  
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Chartered Accountants  
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(Monika Agrawal)  
Partner  
M No. 093769

For A. R. & Co.  
Chartered Accountants  
Firm Reg. No. 002744C

(Anil Gaur)  
Partner  
M No. 017546

Place : New Delhi  
Dated : 10<sup>th</sup> May 2013

#### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NTPC LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of NTPC Limited, New Delhi for the year ended 31<sup>st</sup> March 2013 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 standards on auditing 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 10 May 2013.

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 Limited, New Delhi, for the year ended 31 March 2013. 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 the behalf of the  
Comptroller & Auditor General of India

Sd/-  
(Brij Mohan)  
Principal Director of Commercial Audit &  
Ex-officio Member Audit Board - III,  
New Delhi

Place : New Delhi  
Dated : 31 May 2013