

CONSOLIDATED BALANCE SHEET AS AT

Particulars	Note	₹ Crore	
		31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	8,245.46	8,245.46
Reserves and surplus	3	66,030.35	60,139.10
		74,275.81	68,384.56
Deferred revenue	4	1,430.06	854.48
Fly ash utilisation fund		126.98	58.96
Minority interest		595.59	485.05
Non-current liabilities			
Long-term borrowings	5	54,851.94	47,059.57
Deferred tax liabilities (net)	6	764.49	671.65
Other long term liabilities	7	1,791.57	2,469.03
Long-term provisions	8	623.49	568.52
		58,031.49	50,768.77
Current liabilities			
Short-term borrowings	5A	150.16	39.40
Trade payables	9	5,045.39	4,391.67
Other current liabilities	10	12,213.50	9,362.10
Short-term provisions	11	3,393.02	2,267.15
		20,802.07	16,060.32
TOTAL		155,262.00	136,612.14
ASSETS			
Non-current assets			
Goodwill on consolidation		0.62	0.62
Fixed assets			
Tangible assets	12	50,915.55	44,654.36
Intangible assets	12	217.40	208.85
Capital work-in-progress	13	50,396.99	41,091.99
Intangible assets under development	13	1.27	0.03
Non-current investments	14	4,922.88	6,545.33
Long-term loans and advances	15	4,626.74	4,961.85
Other non-current assets	15A	1,375.16	463.40
		112,456.61	97,926.43
Current assets			
Current investments	16	1,622.46	1,812.00
Inventories	17	4,177.91	3,910.83
Trade receivables	18	6,681.02	1,746.27
Cash and bank balances	19	18,091.67	17,859.83
Short-term loans and advances	20	2,962.28	3,889.83
Other current assets	21	9,270.05	9,466.95
		42,805.39	38,685.71
TOTAL		155,262.00	136,612.14

Significant accounting policies

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

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

This is the Balance Sheet referred to in our report of even date

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

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

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

(O.P.Bagla)
Partner
M No.008858

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

(S.Narasimhan)
Partner
M No.206047

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

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

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

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

(Sanjay Agrawal)
Partner
M No.072867

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note	₹ Crore	
		31.03.2012	31.03.2011
Revenue from operations (gross)	22	66,365.89	57,920.64
Less: Electricity duty / Excise duty		472.64	313.47
Revenue from operations (net)		65,893.25	57,607.17
Other income	23	2,938.00	2,401.01
Total revenue		68,831.25	60,008.18
Expenses:			
Fuel		43,302.66	36,414.35
Electricity purchased		9.09	7.90
Employee benefits expense	24	3,249.73	2,922.26
Cost of material and services		325.18	247.14
Finance costs	25	2,134.72	1,725.75
Depreciation and amortization expense	12	3,107.09	2,719.69
Generation, administration & other expenses	26	3,881.58	5,240.89
Prior period items (net)	27	(316.06)	(1,662.13)
Total expenses		55,693.99	47,615.85
Profit before tax		13,137.26	12,392.33
Tax expense:			
Current tax			
Current year		3106.33	2,546.14
Earlier years		154.84	56.02
Deferred tax			
Current year		386.63	181.49
Earlier years		(293.90)	260.45
Less : MAT credit recoverable		31.30	-
Total tax expense		3,322.60	3,044.10
Profit for the year		9,814.66	9,348.23
Significant accounting policies	1		
Expenditure during construction period (net)	28		
Earnings per equity share (Par value of ₹ 10/- each)			
Basic		11.90	11.34
Diluted		11.90	11.34

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

There are no exceptional or extraordinary items in the above periods.

Total Income includes ₹ **3,662.27 crore** (previous year ₹ 2,448.46 crore) share of jointly controlled entities.

Total Expenditure includes ₹ **3,025.57 crore** (previous year ₹ 2,129.75 crore) share of jointly controlled entities.

The profit after tax is inclusive of ₹ **1.87 crore** (previous year (-) ₹ 5.17 crore) towards minority interest and ₹ **476.88 crore** (previous year ₹ 239.76 crore) towards share of jointly controlled entities.

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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M.No.072209

Place : New Delhi
Dated : 10th May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED

	₹ Crore	
	31.3.2012	31.3.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	13,137.26	12,392.33
Adjustment for:		
Depreciation/Amortisation	3,107.09	2,719.69
Prior period depreciation/amortisation	(0.43)	(1,170.72)
Provisions	75.83	1,552.77
Deferred revenue on account of advance against depreciation	(73.58)	(818.79)
Deferred Foreign Currency Fluctuation Asset/Liability	(876.83)	(58.28)
Deferred Income from foreign currency fluctuation	792.00	90.46
Interest charges	4,818.92	3,801.05
Guarantee Fee & other Finance charges	98.68	64.62
Interest/Income on Bonds/Investment	(750.93)	(852.93)
Dividend Income	(60.16)	(21.13)
Provisions Written Back	(317.32)	(7.84)
Operating Profit before Working Capital Changes	6,813.27	5,298.90
Adjustment for:		
Trade receivables	(3,400.03)	(2,850.90)
Inventories	(96.95)	(252.20)
Trade payables, provisions and other liabilities	858.96	1,477.14
Loans & Advances and other current assets	(348.75)	(963.61)
Cash generated from operations	(2,986.77)	(2,589.57)
Direct Taxes Paid	16,963.76	15,101.66
Net Cash from Operating Activities - A	(1,901.79)	(3,034.16)
B. CASH FLOW FROM INVESTING ACTIVITIES	15,061.97	12,067.50
Purchase of Fixed Assets	(15,932.47)	(13,735.84)
Purchase of Investments	(23,630.00)	(15,848.17)
Sale of Investments	25,433.87	19,268.07
Interest/Income on Bonds/Investments received	821.12	923.12
Dividend received	60.16	21.13
Net cash used in Investing Activities - B	(13,247.32)	(9,371.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	10,823.38	10,570.82
Repayment of long term borrowings	(3,651.79)	(4,308.44)
Grant Received/Ash utilisation reserve etc.	189.24	327.50
Interest paid	(4,721.80)	(3,742.01)
Guarantee fee & other finance charges paid	(98.68)	(64.62)
Dividend paid	(3,550.10)	(3,149.16)
Tax on dividend	(573.06)	(523.08)
Net Cash flow from Financing Activities - C	(1,582.81)	(888.99)
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	231.84	1,806.82
Cash and cash equivalents at the beginning of the year (see Note 1 below)	17,859.83	16,053.01
Cash and cash equivalents at the end of the year (see Note 1 below)	18,091.67	17,859.83

NOTES

1 Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 19:

Cash and cash equivalents	1,090.53	646.26
Demand deposits included in other bank balances	16,919.18	17,160.83
Other bank balances-Others*	81.96	52.74
Cash and cash equivalents as restated (Note-19-Cash and bank balances)	18,091.67	17,859.83

* Amounts which are not available for use towards:

1) Unclaimed dividend	11.49	10.25
2) Margin money kept with RBI earmarked for fixed deposits from public	1.77	30.80
3) Deposited as security with Government and other authorities	12.99	11.69
4) Margin money with banks	55.71	-
	81.96	52.74

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

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

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Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

This is the Cash flow statement referred to in our report of even date

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Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

Notes to the Consolidated Financial Statements for the year ended 31st March 2012

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, the relevant provisions of the Companies Act, 1956 including accounting standards notified there under and the provisions of the Electricity Act, 2003 to the extent applicable.

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. Grants-in-aid

1. Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works 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.
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. 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.

D. Fixed assets

1. Tangible assets are carried at historical cost less accumulated depreciation/amortisation.
2. Expenditure on renovation and modernisation of tangible 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 tangible assets.
5. Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating 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.

E. 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.

F. Oil and gas exploration costs

1. The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
2. Cost of surveys and prospecting activities conducted in search of oil and gas is expensed off in the year in which these are incurred.
3. Acquisition and exploration costs are initially capitalized as 'Exploratory wells-in-progress' under Capital work-in-progress. Such exploratory wells in progress are capitalised in the year in which the producing property is created or is written off in the year when determined to be dry/abandoned.
4. All wells under 'Exploratory Wells-in-Progress' which are more than two years old from the date of completion of drilling are charged to statement of profit and loss, except those wells which have proven reserves and the development of the fields in which the wells are located has been planned.

G. Development of coal mines

Expenditure on exploration and development of new coal deposits is capitalized as 'Development of coal mines' under capital work-in-progress till the mines project is brought to revenue account.

H. Foreign currency transactions

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

5. Other exchange differences are recognized as income or expense in the period in which they arise.

I. 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.

J. Investments

1. Current investments are valued at lower of cost and fair value determined on an individual investment basis.
2. Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.
3. Premium paid on long term investments is amortised over the period remaining to maturity.

K. Inventories

1. Inventories are valued at the lower of, cost determined on weighted average basis, and net realizable value.
2. The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

L. Income recognition

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.
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.
3. Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. H is adjusted in depreciation or sales, as the case may be.
4. Exchange differences arising from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability' during construction period and adjusted from the year in which the same becomes recoverable/payable.
5. The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
6. 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.
7. Income from consultancy 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 expenditure are recognized as other income, as per the terms of consultancy service contracts.
8. Scrap other than steel scrap is accounted for as and when sold.
9. 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.

M. 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 the CERC Tariff Regulations, 2009 in accordance with Section 616 (c) of the Companies Act, 1956.
2. Depreciation on the assets of the coal mining, oil & gas exploration and consultancy business, is charged on straight line method following the rates specified in Schedule XIV of the Companies Act, 1956.
3. Depreciation on the following assets is provided based on their estimated useful life:

a) Kutch 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

4. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
5. Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.
6. Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is 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.
7. Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged 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.

8. Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.
9. Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
10. 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.
11. 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.
12. Land acquired for mining business under Coal Bearing Areas (Acquisition & Development) Act, 1957 is amortised on the basis of balance useful life of the project. Other leasehold land acquired for mining business is amortised over the lease period or balance life of the project whichever is less.
13. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
14. Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.
15. Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
16. Prepaid expenses and prior period expenses/income of items of ₹ 100,000/- and below are charged to natural heads of accounts.
17. 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.

N. Employee benefits

1. Defined contribution plan:

Company's contributions paid/payable during the year to provident fund is recognised in the statement of profit and loss. The same is paid to a fund administered through a separate trust.

2. Defined benefit plan:

Company's liability towards gratuity, leave benefits (including compensated absences), post retirement medical facility and other terminal benefits are determined by independent actuary, at year end using the projected unit credit method. Past service costs are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of profit and loss. Liability for gratuity as per actuarial valuation is paid to a fund administered through a separate trust.

3. Short term employee benefits

These are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

O. Leases

1. Finance lease

- 1.1 Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.
- 1.2 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. M.1 or M.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.
- 1.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

2. 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.

P. Impairment

The carrying amount of cash generating units is reviewed at each balance sheet date where there is any indication of impairment based on internal/external indicators. An impairment loss is recognised in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating units. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

Q. 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.

R. Cash flow statement

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

Notes forming part of Consolidated Financial Statements
2. Share capital

	₹ Crore	
As at	31.03.2012	31.03.2011
Equity share capital		
Authorised		
10,00,00,00,000 shares of par value of ₹10/- each (previous year 10,00,00,00,000 shares of par value of ₹10/- each)	<u>10,000.00</u>	<u>10,000.00</u>
Issued, subscribed and fully paid-up		
8,24,54,64,400 shares of par value of ₹10/- each (previous year 8,24,54,64,400 shares of par value of ₹10/- each)	<u>8,245.46</u>	<u>8,245.46</u>

3. Reserves and surplus

	₹ Crore	
As at	31.03.2012	31.03.2011
Capital reserve		
As per last financial statements	362.82	282.44
Add : Transfer from surplus in the statement of profit & loss	0.44	6.87
Add : Grants received during the year	76.98	113.18
Less : Adjustments during the year	48.91	39.67
Closing balance	<u>391.33</u>	<u>362.82</u>
Securities premium account	<u>2,228.11</u>	<u>2,228.11</u>
Foreign currency translation reserve	<u>(0.83)</u>	<u>-</u>
Bonds redemption reserve		
As per last financial statements	2,231.66	1,986.72
Add : Transfer from surplus in the statement of profit & loss	482.38	494.94
Less : Transfer to surplus in the statement of profit & loss	325.00	250.00
Closing balance	<u>2,389.04</u>	<u>2,231.66</u>
General reserve		
As per last financial statements	55,087.18	49,871.20
Add : Transfer from surplus in the statement of profit & loss	5,348.20	5,216.14
Less: Adjustments during the year	47.25	0.16
Closing balance	<u>60,388.13</u>	<u>55,087.18</u>
Surplus in the statement of profit & loss		
As per last financial statements	229.33	3.35
Add : Profit for the year from statement of profit & loss	9,814.66	9,348.23
Write back from bond redemption reserve	325.00	250.00
Less : Transfer to bond redemption reserve	482.38	494.94
Transfer to capital reserve	0.44	6.87
Transfer to general reserve	5,348.20	5,216.14
Dividend paid	2,887.92	2,473.63
Tax on dividend paid	465.41	410.84
Proposed dividend	473.29	662.18
Tax on proposed dividend	76.78	107.65
Net surplus	<u>634.57</u>	<u>229.33</u>
Total #	<u>66,030.35</u>	<u>60,139.10</u>

Includes (-) ₹ 511.66 crore (previous year (-) ₹ 171.70 crore) share of jointly controlled entities.

4. Deferred revenue

	₹ Crore	
As at	31.03.2012	31.03.2011
On account of advance against depreciation	718.47	792.05
On account of income from foreign currency fluctuation	711.59	62.43
Total #	<u>1,430.06</u>	<u>854.48</u>

Includes ₹ Nil (previous year ₹ Nil) share of jointly controlled entities.

a) Advance against depreciation (AAD) was an element of tariff provided under the Tariff Regulations for 2001-04 and 2004-09 to facilitate debt servicing by the generators since it was considered that depreciation recovered in the tariff considering a useful life of 25 years is not adequate for debt servicing. Though this amount is not repayable to the beneficiaries, keeping in view the matching principle, and in line with the opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), this was treated as deferred revenue to the extent depreciation chargeable in the accounts is considered to be higher than the depreciation recoverable in tariff in future years. Since AAD is in the nature of deferred revenue and does not constitute a liability, it has been disclosed in this note separately from shareholders funds and liabilities.

Notes forming part of Consolidated Financial Statements

- b) In line with significant accounting policy no. L.2. of the Company (Note 1) and the revised CERC order for 2004-09, an amount of ₹ 34.39 crore (previous year ₹ 79.75 crore) has been recognized after reversal/deferment of revenue of ₹ 39.19 crore (previous year ₹ 11.55 crore) during the year from the AAD and included in energy sales (Note 22).
- c) Foreign exchange rate variation (FERV) on foreign currency loans and interest thereon is recoverable from/payable to the customers in line with the Tariff Regulations. Keeping in view the opinion of the EAC of ICAI, the Company is recognizing deferred foreign currency fluctuation asset by corresponding credit to deferred income from foreign currency fluctuation in respect of the FERV on foreign currency loans or interest thereon adjusted in the cost of fixed assets, which is recoverable from the customers in future years as provided in accounting policy no. L.3 (Note 1). This amount will be recognized as revenue corresponding to the depreciation charge in future years. Since the amount does not constitute a liability to be discharged in future periods hence it has been disclosed in this note separately from shareholder's funds and liabilities.

5. Long-term borrowings

As at	31.03.2012	31.03.2011
₹ Crore		
Bonds		
Secured		
8.48% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 1 st May 2023 (Seventeenth issue - private placement) ¹	50.00	50.00
9.00% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each with five equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 11 th year and in annual installments thereafter upto the end of 15 th year respectively commencing from 25 th January 2023 and ending on 25 th January 2027 (Forty second issue - private placement) ⁱⁱⁱ	500.00	-
8.93% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 19 th January 2021 (Thirty seventh issue - private placement) ⁱⁱⁱ	300.00	300.00
8.73 % Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 31 st March 2020 (Thirty third issue- private placement) ⁱⁱⁱ	195.00	195.00
8.78 % Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 9 th March 2020 (Thirty first issue- private placement) ⁱⁱⁱ	500.00	500.00
11.25% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in five equal annual installments commencing from 6 th Nov 2019 and ending on 6 th Nov 2023 (Twenty seventh issue - private placement) ⁱⁱⁱ	350.00	350.00
7.89% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 5 th May 2019 (Thirtieth issue - private placement) ⁱⁱⁱ	700.00	700.00
8.65% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 4 th February 2019 (Twenty ninth issue - private placement) ⁱⁱⁱ	550.00	550.00
7.50% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 12 th January 2019 (Nineteenth issue - private placement) ⁱⁱ	50.00	50.00
11% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 21 st November 2018 (Twenty eighth issue - private placement) ⁱⁱⁱ	1,000.00	1,000.00
8.00% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 10 th April 2018 (Sixteenth issue -private placement) ¹	100.00	100.00
9.2573% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 2 nd March 2018 and ending on 2 nd March 2032 (Forty third issue - private placement) ⁱⁱⁱ	75.00	-
9.6713 % Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 23 rd December 2017 and ending on 23 rd December 2031 (Forty first issue - private placement) ⁱⁱⁱ .	75.00	-
9.558 % Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 29 th July 2017 and ending on 29 th July 2031 (Fortieth issue - private placement) ⁱⁱⁱ	75.00	-
9.3896% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 9 th June 2017 and ending on 9 th June 2031 (Thirty ninth issue - private placement) ⁱⁱⁱ	105.00	-
9.17% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 22 nd March 2017 and ending on 22 nd March 2031 (Thirty eighth issue - private placement) ⁱⁱⁱ . Securitised during the current year.	75.00	75.00

Notes forming part of Consolidated Financial Statements

As at	31.03.2012	31.03.2011
8.8086% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 15 th December 2016 and ending on 15 th December 2030 (Thirty sixth issue - private placement) ⁱⁱⁱ	75.00	75.00
8.785% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 15 th September 2016 and ending on 15 th September 2030 (Thirty fifth issue - private placement) ⁱⁱⁱ	120.00	120.00
8.71% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 10 th June 2016 and ending on 10 th June 2030 (Thirty fourth issue - private placement) ⁱⁱⁱ	150.00	150.00
8.8493% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 25 th March 2016 and ending on 25 th March 2030 (Thirty second issue - private placement) ⁱⁱⁱ	105.00	105.00
9.37% Secured non-cumulative non-convertible redeemable taxable bonds of ₹70,00,000/- each with fourteen separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty fifth issue - private placement) ⁱⁱⁱ	428.50	500.00
9.06% Secured non-cumulative non-convertible redeemable taxable bonds of ₹70,00,000/- each with fourteen separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty sixth issue-private placement) ⁱⁱⁱ	428.50	500.00
8.6077% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 9 th September 2011 and ending on 9 th March 2021 (Twenty fourth issue - private placement) ^{iv}	400.00	450.00
8.3796% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 5 th August 2011 and ending on 5 th February 2021 (Twenty third issue - private placement) ^{iv}	400.00	450.00
8.1771% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 2 nd July 2011 and ending on 2 nd January 2021 (Twenty second issue - private placement) ^{iv}	400.00	450.00
7.7125% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 2 nd August 2010 and ending on 2 nd February 2020 (Twenty first issue - private placement) ^v	700.00	800.00
7.552% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 23 rd September 2009 and ending on 23 rd March 2019 (Twentieth Issue - private placement) ^{vi}	300.00	350.00
5.95% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each with five equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual instalments thereafter upto the end of 10 th year respectively from 15 th September 2003 (Eighteenth issue - private placement) ^{vii}	100.00	200.00
9.55% Secured non-cumulative non-convertible taxable redeemable bonds of ₹10,00,000/- each with ten equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of the 6 th year and in annual instalments thereafter upto the end of 15 th year respectively from 30 th April 2002 (Thirteenth issue - Part B - private placement) ^{viii}	375.00	450.00
9.55% Secured non-cumulative non-convertible taxable redeemable bonds of ₹10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6 th year and upto the end of 15 th year respectively from 18 th April 2002 (Thirteenth issue -Part A - private placement) ^{viii}	375.00	450.00

Notes forming part of Consolidated Financial Statements

	₹ Crore	
As at	31.03.2012	31.03.2011
Foreign Currency Notes		
Unsecured		
5.625 % Fixed rate notes due for repayment on 14 th July 2021	2,581.50	-
5.875 % Fixed rate notes due for repayment on 2 nd March 2016	1,548.90	1,356.90
Term Loans		
From banks and financial institutions		
Secured		
Foreign currency loan (Guaranteed by GOI) ^x	99.09	256.56
Rupee loans ^x	8,039.08	7,278.43
Unsecured		
Foreign currency loans (Guaranteed by GOI)	2,999.49	2,763.23
Other foreign currency loans	5,799.66	5,387.81
Rupee loans	24,726.49	21,083.51
Deposits		
Unsecured		
Fixed deposits	0.47	12.39
Long term maturities of finance lease obligations (Secured) ^x	0.26	0.74
Total #	54,851.94	47,059.57

Includes ₹ 7,932.53 crore (previous year ₹ 7,199.36 crore) share of jointly controlled entities.

a) **Details of terms of repayment and rate of interest in respect of term loans**

₹ Crore

Particulars	Non current portion		Current portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Term loans				
From banks				
Secured				
Foreign currency loan (guaranteed by GOI)	99.09	256.56	186.38	157.91
Rupee loans	8,039.08	7,278.43	425.33	197.77
Unsecured				
Foreign currency loans (guaranteed by GOI)	2,999.49	2,763.23	183.64	121.16
Other foreign currency loans	5,799.66	5,387.81	865.68	647.39
Rupee loans	24,726.49	21,083.51	2,435.68	1,880.17
Fixed deposits (unsecured)	0.47	12.39	11.79	0.87

- i) Secured foreign currency loan (guaranteed by the GOI) carry floating rate of interest linked to currency weighted LIBOR and is repayable in three semiannual installments as of 31st March 2012.
 - ii) Unsecured foreign currency loans (guaranteed by the GOI) carry fixed rate of interest ranging from 1.80% p.a. to 2.30% p.a. and are repayable in twenty eight to thirty eight semiannual installments as of 31st March 2012.
 - iii) Unsecured other foreign currency loans include loans of ₹ 1,290.35 crore (previous year ₹ 1,267.68 crore) which carry fixed rate of interest ranging from 3.85% p.a. to 4.31% p.a., loans of ₹ 5,186.32 crore (previous year ₹ 4,533.04 crore) which carry floating rate of interest linked to 6M LIBOR/6M EURIBOR and a loan of ₹ 188.67 crore (previous year ₹ 234.48 crore) which carry floating rate of interest linked to the cost of borrowings of the Multilateral Agency Lender. These loans are repayable in one to twenty eight semi-annual installments as of 31st March 2012 commencing after moratorium period if any, as per the respective loan agreements.
 - iv) Unsecured rupee term loans carry interest ranging from 5.71 % to 12.75 % p.a. with monthly/quarterly/half-yearly rests. These loans are repayable in quarterly/half-yearly installments as per the terms of the respective loan agreements. The repayment period extends from a period of five to fifteen years after a moratorium period of three to five years.
 - v) Unsecured fixed deposits carry interest @ 6.75% to 8.00% p.a. payable quarterly/monthly for non-cumulative schemes and on maturity in case of cumulative schemes compounded quarterly. The deposits are repayable during a period of one to three years from the date of issue.
 - vi) Secured rupee term loans generally carry interest linked to AAA bond yield, 225 to 250 bps above base rate and fixed interest rate ranging from 7.71% to 11.20 % p.a., with monthly/quarterly/half-yearly rests. These loans are repayable in quarterly/half-yearly installments as per the terms of the respective loan agreements. The repayment period extends from a period of four to fifteen years after a moratorium period of six months from the COD, or three to five years after the moratorium period.
- b) The finance lease obligations are repayable in installments as per the terms of the respective lease agreements generally over a period of four years.
- c) There has been no defaults in repayment of any of the loans or interest thereon as at the end of the year.

Notes forming part of Consolidated Financial Statements

Details of securities

- I Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- II Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- III Secured by (I) English mortgage, on first pari passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Thermal Power Project by extension of charge already created.
- IV Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of the title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
- V Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Barh Super Thermal Power Project on first pari-passu charge basis, ranking pari passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
- VI Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
- VII Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- VIII Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- IX Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Bankers first charge on certain movable assets hypothecated to them for working capital requirement.
- X (i) Secured by all moveable & immoveable, present and future assets belonging to Joint Venture entity at Vallur.
(ii) Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Bhilai Expansion Project (CPP - III) belonging to Joint Venture entity.
(iii) Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of CPP-II at Rourkela, Durgapur, Bhilai & Corporate office belonging to Joint Venture entity.
(iv) Secured by first charge by way of hypothecation of all moveable assets of Indira Gandhi Super Thermal Power Project (3 X 500 MW) Coal Based Thermal Power Project at Jhajjar Distt. in state of Haryana belonging to Joint Venture entity, comprising its movable plant and machinery, machinery spares, tools and accessories, furniture fixture, vehicles and all other movable assets, present and future, including intangible assets, goodwill, uncalled capital receivable of the project except for specified receivables on which first charges would be of working capital lenders present and future and
Secured by first charge by way of mortgage by deposit of title deed of lands (approx 2049.11 acres) and other immovable properties of Indira Gandhi Super Thermal Power Project (3 x 500 MW) coal based thermal power project at Jhajjar district in State of Haryana together with all buildings and structure erected/ constructed/ standing thereon and all plant and machinery, and equipment attached to the earth or permanently fastened to the earth comprised therein, in respect of which the Joint venture entity is as a owner seized and possessed of and otherwise well and fully entitled to both present and future assets.
(v) Secured by English mortgage/ hypothecation of all present and future fixed and movable assets of Nabinagar TPP (4x250 MW) of Bharitiya Rail Bijilee Company Ltd., a subsidiary company, as first charge, ranking pari passu with charge already created with PFC for 60% of total debts and balance 40% with REC.
(vi) Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at village Anjanwel Guhagar, Distt. Ratnagiri belonging to Joint Venture entity.
- XI Secured against fixed assets obtained under finance lease.
- XII Security cover mentioned at sl. no. I to VIII is above 100% of the debt securities outstanding.

Notes forming part of Consolidated Financial Statements

5A. Short term borrowings

	₹ Crore	
As at	31.03.2012	31.03.2011
Loans repayable on demand		
From Banks		
Secured		
Cash Credit	150.16	39.40
Total #	<u>150.16</u>	<u>39.40</u>

Includes ₹ 109.94 crore (previous year ₹ Nil) share of jointly controlled entities.

a) The cash credit is fully secured against Inventory and Trade Debtors of Kanti Bijlee Utpadan Nigam Ltd. with interest as per prevailing bank norms.

b) Power Finance Corporation Ltd. has ceded first pari passu charge to the extent of ₹ 325 crores on the fixed assets, revenue and receivables of Aravali Power Company Pvt. Ltd. in favour of its working capital lender (Punjab National Bank). Rate of interest charged by the bank is 1% above bank base rate.

c) There has been no defaults in payment of interest as at the end of the year.

6. Deferred tax liabilities (net)

	₹ Crore		
	As at 01.04.2011	Additions/ Adjustments during the year	As at 31.03.2012
Deferred tax liability			
Difference of book depreciation and tax depreciation	6,265.08	(63.09)	6,201.99
Less: Deferred tax assets			
Provisions & other disallowances for tax purposes	1,301.94	(148.86)	1,153.08
Disallowances u/s 43B of the Income Tax Act, 1961	<u>323.00</u>	<u>6.82</u>	329.82
	4,640.14	78.95	4,719.09
Recoverable from beneficiaries	3,968.49	(13.89)	3,954.60
Total #	<u>671.65</u>	<u>92.84</u>	<u>764.49</u>

Includes ₹ 126.15 crore (previous year ₹ 68.62 crore) share of jointly controlled entities.

a) The net increase during the year in the deferred tax liability of ₹ 92.84 crore (previous year ₹ 441.94 crore) 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.

7. Other long-term liabilities

	₹ Crore	
As at	31.03.2012	31.03.2011
Trade payables	5.41	10.39
Deferred foreign currency fluctuation liability	134.43	96.67
Other liabilities		
Payable for capital expenditure	1,644.76	2,352.67
Others	6.97	9.30
Total #	<u>1,791.57</u>	<u>2,469.03</u>

Includes ₹ 4.46 crore (previous year ₹ 415.28 crore) share of jointly controlled entities.

a) In line with accounting policies no.L.3 (Note 1), deferred foreign currency fluctuation liability to the extent of ₹ 37.76 crore (previous year ₹ 35.49 crore) has been made during the year.

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

8. Long-term provisions

	₹ Crore	
As at	31.3.2012	31.03.2011
Provision for employee benefits		
Opening balance	568.52	667.82
Additions/ (adjustments) during the year	45.33	(99.30)
Closing balance	613.85	568.52
Contractual obligations		
Opening balance	-	-
Additions during the year	9.78	-
Amounts adjusted during the year	0.14	-
Amounts reversed during the year	-	-
Closing balance	9.64	-
Total #	<u>623.49</u>	<u>568.52</u>

Includes ₹ 19.79 crore (previous year ₹ 15.72 crore) share of jointly controlled entities.

a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no.38.

Notes forming part of Consolidated Financial Statements

9. Trade payables

₹ Crore

As at	31.03.2012	31.03.2011
For goods and services	5,045.39	4,391.67
Total #	5,045.39	4,391.67

Includes ₹ 209.42 crore (previous year ₹ 181.09 crore) share of jointly controlled entities.

10. Other current liabilities

₹ Crore

As at	31.03.2012	31.03.2011
Current maturities of long term debts		
Secured		
Bonds	693.00	650.00
Foreign currency loans (Guaranteed by GOI)	186.38	157.91
Rupee loans	425.33	197.77
Unsecured		
Foreign currency loans (Guaranteed by GOI)	183.64	121.16
Other foreign currency loans	865.68	647.39
Rupee loans	2,435.68	1,880.17
Fixed deposits	11.79	0.87
Current maturities of finance lease obligations	0.49	0.59
Interest accrued but not due on borrowings	522.32	435.90
Interest accrued and due on borrowings	10.70	-
Unpaid dividends*	11.50	10.27
Unpaid matured deposits and interest accrued thereon*	0.17	0.18
Unpaid matured bonds and interest accrued thereon*	0.59	0.60
Book overdraft	3.64	9.34
Advances from customers and others	419.27	1,452.83
Payable for capital expenditure	4,410.88	2,951.54
Other payables		
Tax deducted at source and other statutory dues	169.17	146.08
Others	1,863.27	699.50
Total #	12,213.50	9,362.10

Includes ₹ 1,453.54 crore (previous year ₹ 593.82 crore) share of jointly controlled entities.

* Represents the amounts which have not been claimed by the investor/holders of the equity shares/bonds/ fixed deposits. Out of the above, no amount is due for payment to Investor Education and Protection Fund.

- a) Details in respect of rate of interest and terms of repayment of secured and unsecured current maturity of long term debts indicated above are disclosed with the details of long terms borrowings in note no.5.
- b) Other payables - others include deposits received from contractors, customers and amounts payable to employees.
- c) Payable for capital expenditure includes the amount reimbursable to GOI in terms of public notice no.38 dated 5th November, 1999 and public notice no.42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounting to ₹ 7.17 crore (previous year ₹ 7.17 crore). No interest has been provided on the reimbursable amount as there is no stipulation for payment of interest in the public notices cited above.
- d) Payable for capital expenditure includes liabilities towards equipment suppliers pending evaluation of performance and guarantee test results of steam/turbine generators at some of the stations. Pending settlement, liquidated damages for shortfall in performance of these equipments, if any, have not been recognised.

Notes forming part of Consolidated Financial Statements

11. Short-term provisions

	31.03.2012	31.03.2011
As at		
		₹ Crore
Provision for employee benefits		
Opening balance	1,183.28	1,388.66
Additions/ (adjustments) during the year	(19.61)	(205.38)
Closing balance	1,163.67	1,183.28
Provision for proposed dividend		
Opening balance	662.18	675.53
Additions during the year	473.29	662.18
Amounts used during the year	662.18	675.53
Closing balance	473.29	662.18
Provision for tax on proposed dividend		
Opening balance	107.65	112.03
Additions during the year	76.78	107.65
Amounts paid during the year	107.65	112.03
Closing balance	76.78	107.65
Provision for obligations incidental to land acquisition		
Opening balance	309.69	299.91
Additions during the year	138.46	39.31
Amounts paid during the year	25.58	24.06
Amounts reversed during the year	45.60	5.47
Closing balance	376.97	309.69
Provision for tariff adjustment		
Additions during the year	14.69	-
Amounts adjusted during the year	1,526.45	-
Amounts reversed during the year	312.75	-
Closing balance	1,228.39	-
Provision for shortage in fixed assets pending investigation		
Opening balance	1.00	0.85
Additions during the year	0.74	0.64
Amounts adjusted during the year	0.07	0.02
Amounts reversed during the year	0.36	0.47
Closing balance	1.31	1.00
Others		
Opening balance	3.35	5.53
Additions during the year	42.89	2.96
Amounts adjusted during the year	(26.37)	5.13
Amounts reversed during the year	-	0.01
Closing balance	72.61	3.35
Total #	3,393.02	2,267.15

Includes ₹ 167.37 crore (previous year ₹ 60.86 crore) share of jointly controlled entities.

- a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no.38.
- b) 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 the Company has been approved by the Ministry of Power, GOI, vide their letter dated 1st December 2011. The proposed scheme is under discussions with employees' representatives. Pending formation of a separate trust, an amount of ₹ 174.55 crore (previous year ₹ 94.56 crore) for the year and ₹ 301.50 crore up to 31st March 2012 (upto the previous year ₹ 468.78 crore) has been provided and included in provision for employee benefits. An initial investment of ₹ 1.00 crore was made in LIC on 31st March 2012 out of the above said provision. During the year, a review of provision 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 ₹ 341.83 crore was written back through Note 27 - 'Prior period items (net)'.
 - c) Other provisions includes ₹ 41.19 crore (previous year ₹ Nil) towards the cost of unfinished minimum work programme demanded by the Ministry of Petroleum and Natural Gas (MoPNG) included interest thereon in relation to block AA-ONN-2003/2.
 - d) Provision for tariff adjustment - amount adjusted during the year represent the amount transferred from 'Other current assets -Unbilled revenue' (Refer Note 21 c).

Notes forming part of Consolidated Financial Statements
12. Tangible assets

₹ Crore

	Gross Block			As at 31.03.2012	Depreciation/Amortisation			Net Block		
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land :										
(including development expenses)										
Freehold	2,413.34	486.07	(86.81)	2,986.22	-	-	-	-	2,986.22	2,413.34
Leasehold	561.32	121.18	(42.14)	724.64	113.68	27.31	(0.69)	141.68	582.96	447.64
Roads,bridges, culverts & helipads	528.65	3.85	(4.13)	536.63	154.93	26.94	0.01	181.86	354.77	373.72
Building :										
Freehold										
Main plant	3,186.61	472.27	(44.25)	3,703.13	1,161.23	94.67	(1.72)	1,257.62	2,445.51	2,025.38
Others	2,178.55	170.86	(21.63)	2,371.04	783.29	102.53	1.11	884.71	1,486.33	1,395.26
Leasehold	51.35	-	0.39	50.96	22.08	2.81	0.15	24.74	26.22	29.27
Temporary erection	32.51	5.63	3.20	34.94	31.60	2.41	0.87	33.14	1.80	0.91
Water supply, drainage & sewerage system	621.84	18.99	(2.09)	642.92	276.08	21.93	(0.24)	298.25	344.67	345.76
MGR track and signalling system	1,108.20	116.32	(43.45)	1,267.97	558.20	34.95	-	593.15	674.82	550.00
Railway siding	339.16	87.43	(6.94)	433.53	137.72	19.77	0.02	157.47	276.06	201.44
Earth dam reservoir	200.46	97.63	(0.13)	298.22	82.12	13.26	-	95.38	202.84	118.34
Plant and equipment	65,971.43	6,032.19	(1,676.66)	73,680.28	29,990.14	3,003.25	54.09	32,939.30	40,740.98	35,981.29
Furniture and fixtures	377.20	29.06	0.29	405.97	222.54	16.76	1.11	238.19	167.78	154.66
Vehicles including speedboats										
Owned	11.46	1.18	0.45	12.19	5.83	0.68	0.49	6.02	6.17	5.63
Leased	2.64	-	0.57	2.07	1.41	0.56	0.54	1.43	0.64	1.23
Office equipment	127.50	18.36	1.92	143.94	66.44	8.37	1.85	72.96	70.98	61.06
EDP, WP machines and satcom equipment	360.85	18.35	4.01	375.19	238.95	26.02	4.96	260.01	115.18	121.90
Construction equipments	151.17	9.76	(0.22)	161.15	73.53	10.78	1.68	82.63	78.52	77.64
Electrical installations	321.69	21.72	6.65	336.76	141.13	12.32	0.37	153.08	183.68	180.56
Communication equipments	90.19	4.89	0.24	94.84	45.17	4.77	0.65	49.29	45.55	45.02
Hospital equipments	27.35	2.27	0.28	29.34	14.87	0.83	0.26	15.44	13.90	12.48
Laboratory and workshop equipments	33.73	7.84	(0.08)	41.65	13.00	1.56	1.30	13.26	28.39	20.73
Capital expenditure on assets not owned by the Company	210.42	8.53	(0.66)	219.61	121.53	18.48	(0.10)	140.11	79.50	88.89
Assets of Government	2.84	-	-	2.84	-	-	-	-	2.84	2.84
Less:Grants from Government	2.84	-	-	2.84	-	-	-	-	2.84	2.84
Assets held for disposal valued at net book value or net realisable value whichever is less	2.21	0.03	0.16	2.08	-	-	-	-	2.08	2.21
Total #	78,909.83	7,734.41	(1,911.03)	88,555.27	34,255.47	3,450.96	66.71	37,639.72	50,915.55	44,654.36
Previous year	71,423.76	6,742.40	(743.67)	78,909.83	32,657.49	2,864.61	1,266.63	34,255.47	44,654.36	38,766.27

Includes ₹ 5,449.59 crore (previous year ₹ 5259.29 crore) share of jointly controlled entities.

- The conveyancing of the title to **10,860 acres** of freehold land of value ₹ **584.02 crore** (previous year 12,378 acres of value ₹ 697.27 crore) and buildings & structures valued at ₹ **136.60 crore** (previous year ₹ 135.58 crore), as also execution of lease agreements for **9,483 acres** of land of value ₹ **337.36 crore** (previous year 9,627 acres, value ₹ 299.99 crore) in favour of the Company are awaiting completion of legal formalities.
- Leasehold land includes **819 acres** valuing ₹ **29.67 crore** (previous year 819 acres valuing ₹ 29.67 crore) acquired on perpetual lease and accordingly not amortised.
- Land does not include cost of **1,192 acres** (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- Land includes **1,237 acres** of value ₹ **14.90 crore** (previous year 1,245 acres of value ₹ 15.03 crore) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
- Land includes an amount of ₹ **124.77 crore** (previous year ₹ 118.74 crore) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- Possession of land measuring **98 acres** (previous year 98 acres) consisting of **79 acres** of free-hold land (previous year 79 acres) and **19 acres** of lease hold land (previous year 19 acres) of value ₹ **0.21 crore** (previous year ₹ 0.21 crore) was transferred to Uttar Pradesh Raja Vidut Utpadan Nigam Ltd. (erstwhile UPSEB) for a consideration of ₹ **0.21 crore**. Pending approval for transfer of the said land, the area and value of this land has been included in the total land of the Company. The consideration received from erstwhile UPSEB is disclosed under note -10 - 'Other Current Liabilities -as other liabilities'.
- The Company is executing a thermal power project in respect of which possession certificates for **1,489 acres** (previous year 1,489 acres) of land has been handed over to the Company and all statutory and environment clearances for the project have been received. Subsequently, a high power committee has been constituted as per the directions of GOI to explore alternate location of the project since present location is stated to be a coal bearing area. During the year, the High Power Committee has recommended to the Group of Ministers not to shift the present location of the plant. Aggregate cost incurred up to 31st March 2012, ₹ **194.45 crore** (previous year ₹ 190.19 crore) is included in tangible assets/CWIP and long-term loans & advances.

Notes forming part of Consolidated Financial Statements

- h) Ministry of Power, Government of India vide its notification no. 2/38/99-BTPS (Volume VII) dated 22nd September 2006 transferred land of a power station to the Company on operating lease of 50 years. Lease rent for the year amounting to ₹ 6.18 crore (previous year ₹ 6.13 crore) has been charged to the statement of Profit & Loss.
- i) The Company has received an opinion from the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) on accounting treatment of capital expenditure on assets not owned by the Company wherein it was opined that such expenditure are to be charged to the statement of Profit & Loss as and when incurred. The Company has represented that such expenditure being essential for setting up of a project, the same be accounted in line with the existing accounting practice and sought a review. Pending receipt of communication from ICAI regarding the review, existing treatment has been continued as per the relevant accounting policy.
- j) From the accounting periods commencing on or after 7th December 2006, the Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items relating to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset.
- k) The borrowing costs capitalised during the year ended 31st March 2012 is ₹ 2,782.88 crore (previous year ₹ 2,140.33 crore). The Company capitalised the borrowings costs in the capital work-in-progress (CWIP). Similarly, exchange differences for the year are disclosed in the 'Addition' column of CWIP and allocated to various heads of CWIP in the year of capitalisation through 'Deductions/Adjustment' column of CWIP. Exchange differences in respect of assets already capitalised are disclosed in the 'Deductions/Adjustment' column of fixed assets. Asset-wise details of exchange differences and borrowing costs included in the cost of major fixed assets and CWIP through 'Addition' or 'Deductions/Adjustment' column are given below:

	₹ Crore			
	For the year ended 31 st March 2012		For the year ended 31 st March 2011	
	Exch. difference incl in fixed assets/ CWIP	Borrowing costs incl in fixed assets/ CWIP	Exch. difference incl in fixed assets/ CWIP	Borrowing costs incl in fixed assets/ CWIP
Building :				
Main plant	26.94	70.23	13.77	83.92
Others	3.73	34.16	1.54	17.28
Hydrolic works, barrages, dams, tunnels and power channel	-	238.53	-	119.04
MGR track and signalling system	1.54	7.84	-	2.93
Railway siding	0.03	5.27	0.02	4.11
Plant and equipment	1,026.74	1,899.17	165.40	1,531.79
Others including pending allocation	602.23	527.68	(12.45)	381.26
Total	1,661.21	2,782.88	168.28	2,140.33

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	92.37	3.24	(0.26)	95.87	82.85	7.34	(0.09)	90.28	5.59	9.52
Right of Use - Land	7.79	-	-	7.79	1.32	1.21	0.02	2.51	5.28	6.47
- Others	199.52	3.52	(19.54)	222.58	6.66	8.61	(0.78)	16.05	206.53	192.86
Total #	299.68	6.76	(19.80)	326.24	90.83	17.16	(0.85)	108.84	217.40	208.85
Previous year	103.01	107.42	(89.25)	299.68	65.15	24.62	(1.06)	90.83	208.85	37.86

Includes ₹ 5.33 crore (previous year ₹ 1.89 crore) share of jointly controlled entities.

- a) The cost of right of use of land for laying pipelines amounting to ₹ 6.46 crore (previous year ₹ 6.46 crore) is included above. The right of use, other than perpetual in nature, are amortised over the legal right to use.
- b) Cost of acquisition of the right for drawl of water amounting to ₹ 223.92 crore (previous year ₹ 199.52 crore) is included under Right of Use - Others. The right to draw water is amortized considering the life period of 25 years as per the rates and methodology notified by Regulations, 2009.

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

	₹ Crore	
	31.03.2012	31.03.2011
Charged to Statement of Profit & Loss	3,107.09	2,719.69
Allocated to the fuel cost	180.04	128.91
Transferred to expenditure during construction period (net) - Note 28	37.17	32.16
Transferred to development of coal mines	0.98	0.52
Adjustment with deferred income/expense from deferred foreign currency fluctuation	142.84	7.95
	3,468.12	2,889.23

Notes forming part of Consolidated Financial Statements
13. Capital work-in-progress

					₹ Crore
	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
Development of land	475.92	97.62	12.12	0.29	561.13
Roads, bridges, culverts & helipads	45.71	66.12	4.38	4.16	103.29
Piling and foundation	812.63	138.36	-	-	950.99
Buildings :					
Main plant	2,563.49	886.66	73.68	471.26	2,905.21
Others	444.05	298.89	(18.12)	166.38	594.68
Temporary erection	11.88	10.95	2.39	4.46	15.98
Water supply, drainage and sewerage system	59.85	34.37	2.14	16.66	75.42
Hydraulic works, barrages, dams, tunnels and power channel	2,534.13	918.84	-	-	3,452.97
MGR track and signalling system	241.57	136.92	42.61	116.31	219.57
Railway siding	154.33	165.75	13.23	87.43	219.42
Earth dam reservoir	145.92	25.27	-	97.63	73.56
Plant and machinery	30,066.68	12,890.29	594.90	5,815.89	36,546.18
Furniture and fixtures	6.60	3.53	1.49	2.82	5.82
Vehicles	0.18	-	-	-	0.18
Office equipment	2.36	0.26	(2.89)	0.56	4.95
EDP/WP machines & satcom equipment	2.22	1.05	0.62	2.43	0.22
Construction equipments	0.33	0.29	0.17	-	0.45
Electrical installations	120.76	107.92	0.77	19.05	208.86
Communication equipment	0.35	2.41	(0.32)	1.15	1.93
Hospital equipments	0.19	-	(0.19)	-	0.38
Laboratory and workshop equipments	2.24	-	0.78	-	1.46
Assets under 5 KM scheme of the GOI	-	2.24	-	-	2.24
Capital expenditure on assets not owned by the company	16.52	10.94	0.44	7.21	19.81
Exploratory wells-in-progress	7.65	0.01	-	-	7.66
Development of coal mines	195.05	84.69	-	-	279.74
	<u>37,910.61</u>	<u>15,883.38</u>	<u>728.20</u>	<u>6,813.69</u>	<u>46,252.10</u>
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	281.46	35.11	(1.22)	-	317.79
Difference in exchange on foreign currency loans	(280.32)	937.48	28.48	-	628.68
Expenditure towards diversion of forest land	161.71	10.45	-	-	172.16
Pre-commissioning expenses (net)	54.24	310.36	107.47	-	257.13
Expenditure during construction period (net)	457.29	3,674.71*	(395.52)	-	4,527.52
Less: Allocated to related works	-	4,157.52	-	-	4,157.52
	<u>38,584.99</u>	<u>16,693.97</u>	<u>467.41</u>	<u>6,813.69</u>	<u>47,997.86</u>
Less: Provision for unserviceable works	18.91	3.53	(0.01)	-	22.45
Construction stores (net of provision)	<u>2,525.91</u>	<u>215.74</u>	<u>320.07</u>	<u>-</u>	<u>2,421.58</u>
Total #	<u>41,091.99</u>	<u>16,906.18</u>	<u>787.49</u>	<u>6,813.69</u>	<u>50,396.99</u>
Previous year	33,781.30	15,124.34	1,430.56	6,383.09	41,091.99

Includes ₹ 6,628.60 crore (previous year ₹ 5,046.72 crore) share of jointly controlled entities.

* Brought from expenditure during construction period (net) - Note 28

- Construction stores are net of provision for shortages pending investigation amounting to ₹ 1.28 crore (previous year ₹ 1.44 crore)
- The pre-commissioning expenses during the year amounting to ₹ 617.38 crore (previous year ₹ 130.28 crore) have been included in Tangible Assets/Capital work-in-progress after adjustment of pre-commissioning sales of ₹ 307.02 crore (previous year ₹ 34.96 crore) resulting in a net pre-commissioning expenditure of ₹ 310.36 crore (previous year ₹ 95.32 crore).
- Additions during the year under 'Development of coal mines' includes expenditure during construction period of ₹ 84.69 crore (previous year ₹ 59.24 crore)
- Assets under 5 KM scheme of the GOI:**
Ministry of Power has launched a scheme for electrification of villages within 5 km periphery of generation plants of Central Public Sector Undertakings (CPSUs) for providing reliable and quality power to the project affected people. The scheme provides free electricity connections to below poverty line (BPL) households. The scheme will cover all existing and upcoming power plants of CPSUs. The cost of the scheme will be borne by the CPSU to which the plant belongs. This cost will be booked by the CPSU under the project cost and will be considered by the CERC for determination of tariff.

	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
INTANGIBLE ASSETS UNDER DEVELOPMENT					
Software	0.03	1.24	-	-	1.27
Total #	<u>0.03</u>	<u>1.24</u>	<u>-</u>	<u>-</u>	<u>1.27</u>
Previous year	0.55	-	0.52	-	0.03

Includes ₹ 1.23 crore (previous year ₹ Nil) share of jointly controlled entities.

Notes forming part of Consolidated Financial Statements

14. Non-current Investments

As at	Number of shares/bonds/ securities Current year/ (previous year)	Face value per share/bond/ security Current year/ (previous year) (₹)	31.03.2012	₹ Crore 31.03.2011
Trade				
Equity Instruments (fully paid up-unless otherwise stated)				
Quoted				
Joint Venture Companies				
PTC India Ltd.	12000000 (12000000)	10 (10)	12.00	12.00
			<u>12.00</u>	<u>12.00</u>
Cooperative societies				
Bonds (fully-paid up)				
Unquoted				
8.50 % Tax-Free State Government Special Bonds of the Government of (#)				
Andhra Pradesh	3781950 (5042600)	1000 (1000)	378.20	504.26
Assam	154392 (205856)	1000 (1000)	15.44	20.58
Bihar	5683200 (7577600)	1000 (1000)	568.32	757.76
Chattisgarh	1449660 (1932880)	1000 (1000)	144.97	193.29
Gujarat	2511720 (3348960)	1000 (1000)	251.17	334.90
Haryana	3225000 (4300000)	1000 (1000)	322.50	430.00
Himachal Pradesh	100164 (133552)	1000 (1000)	10.02	13.35
Jammu and Kashmir	1102080 (1469440)	1000 (1000)	110.21	146.94
Jharkhand	2880376 (3840496)	1000 (1000)	288.04	384.05
Kerala	3007200 (4009600)	1000 (1000)	300.72	400.96
Madhya Pradesh	2492520 (3323360)	1000 (1000)	249.25	332.34
Maharashtra	1144200 (1525600)	1000 (1000)	114.42	152.56
Orissa	3308622 (4411496)	1000 (1000)	330.86	441.15
Punjab	1038690 (1384920)	1000 (1000)	103.87	138.49
Rajasthan	435000 (435000)	1000 (1000)	43.50	43.50
Sikkim	102588 (136784)	1000 (1000)	10.26	13.68
Uttar Pradesh	1196970 (15959600)	1000 (1000)	1,196.97	1,595.96
Uttaranchal	1198950 (1598600)	1000 (1000)	119.89	159.86
West Bengal	3522744 (4696992)	1000 (1000)	352.27	469.70
			<u>4,910.88</u>	<u>6,533.33</u>
Total ##			<u>4,922.88</u>	<u>6,545.33</u>
Quoted investments			12.00	12.00
Book value			73.32	100.92
Market value				
Unquoted investments			4,910.88	6,533.33
Book value				

Includes bonds of ₹ 4,910.88 crore (previous year ₹ 4,881.87 crore) permitted for transfer/trading by Reserve Bank of India. Balance can be transferred/traded subject to prior approval of Reserve Bank of India.

Includes ₹ Nil (previous year ₹ Nil) share of jointly controlled entities.

a) Investments have been valued considering the accounting policy J (Note1).

* Equity shares of ₹ 30,200/- (previous year ₹ 30,200/-) held in various Company's employees co-operative societies.

Notes forming part of Consolidated Financial Statements

15. Long-term loans and advances (Considered good, unless otherwise stated)

	₹ Crore	
As at	31.03.2012	31.03.2011
CAPITAL ADVANCES		
Secured	19.64	18.13
Unsecured		
Covered by Bank Guarantee	1,595.31	2,266.85
Others	1,766.27	1,478.00
Considered doubtful	2.19	2.21
Less: Allowance for bad & doubtful advances	2.19	2.21
	<u>3,381.22</u>	<u>3,762.98</u>
SECURITY DEPOSITS (Unsecured)	<u>214.77</u>	<u>129.28</u>
LOANS		
Related parties-Unsecured	0.05	0.07
Employees (including accrued interest)		
Secured	380.55	305.37
Unsecured	138.24	172.28
Loan to state government in settlement of dues from customers-Unsecured	335.04	478.63
Others-Secured	21.42	28.57
	<u>875.30</u>	<u>984.92</u>
ADVANCES		
Contractors & Suppliers, including material issued on loan		
Unsecured	84.85	44.34
Others-Secured	0.16	1.19
	<u>85.01</u>	<u>45.53</u>
MAT credit recoverable	70.44	39.14
Total #	<u><u>4,626.74</u></u>	<u><u>4,961.85</u></u>

Includes ₹ 224.12 crore (previous year ₹ 355.42 crore) share of jointly controlled entities.

a) Other loans represent loans of ₹ 21.42 crore (previous year ₹ 28.57 crore) given to Andhra Pradesh Industrial Infrastructure Company Ltd.(APIIC)

15 A. Other non current assets

	₹ Crore	
As at	31.03.2012	31.03.2011
Long term trade receivables		
Unsecured, considered good	1.42	4.25
Deferred foreign currency fluctuation asset	1,373.74	459.15
Total #	<u><u>1,375.16</u></u>	<u><u>463.40</u></u>

Includes ₹ 1.63 crore (previous year ₹ 4.25 crore) share of jointly controlled entities.

a) In line with accounting policies no.L.3 disclosed in Note 1, deferred foreign currency fluctuation asset has been accounted and ₹ 129.78 crore (previous year (-) ₹ 1.54 crore) being exchange fluctuations on account of interest and finance charges has been recognised as energy sales in Note 22.

Notes forming part of Consolidated Financial Statements

16. Current investments

₹ Crore

As at			31.03.2012	31.03.2011
	Number of bonds/ securities Current year/ (previous year)	Face value per bond/ security Current year/ (previous year) (₹)		
Bonds (fully-paid up)				
Unquoted				
8.50% Tax-Free State Government Special Bonds of the Government of^(c)				
Andhra Pradesh	1260650 (1260650)	1000 (1000)	126.07	126.07
Assam	51464 (51464)	1000 (1000)	5.15	5.15
Bihar	1894400 (1894400)	1000 (1000)	189.44	189.44
Chattisgarh	483220 (483220)	1000 (1000)	48.32	48.32
Gujarat	837240 (837240)	1000 (1000)	83.73	83.73
Haryana	1075000 (1075000)	1000 (1000)	107.50	107.50
Himachal Pradesh	33388 (33388)	1000 (1000)	3.34	3.34
Jammu and Kashmir	367360 (367360)	1000 (1000)	36.74	36.74
Jharkhand	960120 (960120)	1000 (1000)	96.01	96.01
Kerala	1002400 (1002400)	1000 (1000)	100.24	100.24
Madhya Pradesh	830840 (830840)	1000 (1000)	83.08	83.08
Maharashtra	381400 (381400)	1000 (1000)	38.14	38.14
Orissa	1102874 (1102874)	1000 (1000)	110.29	110.29
Punjab	346230 (346230)	1000 (1000)	34.62	34.62
Rajasthan	- (145000)	1000 (1000)	-	14.50
Sikkim	34196 (34196)	1000 (1000)	3.42	3.42
Uttar Pradesh	3989900 (3989900)	1000 (1000)	398.99	398.99
Uttaranchal	399650 (399650)	1000 (1000)	39.96	39.96
West Bengal	1174248 (1174248)	1000 (1000)	117.42	117.42
Sub-Total			<u>1,622.46</u>	<u>1,636.96</u>
Investment in Mutual Funds (Un-quoted)				
Canara Robeco Liquid Super-IP-DDR			-	175.04
Sub-Total			-	175.04
Total #			<u>1,622.46</u>	<u>1,812.00</u>
# Includes ₹ Nil (previous year ₹ Nil) share of jointly controlled entities.				
Unquoted investments				
Book value			1,622.46	1,812.00

- a) Investments have been valued considering the accounting policy no.J (Note 1).
- b) The above investments are unquoted and hence market value is not applicable.
- c) Entire bonds are permitted by Reserve Bank of India for transfer/trading.
- d) Super IP-DDR is the nature of the scheme. IP-DDR stands for Institutional Plan - Daily Dividend Reinvestment

Notes forming part of Consolidated Financial Statements
17. Inventories

	₹ Crore	
As at	31.03.2012	31.03.2011
Coal	1,258.91	1,306.58
Fuel oil	261.23	211.33
Naphtha	177.04	155.30
Stores and spares	2,080.13	1,871.96
Chemicals & consumables	48.00	49.89
Loose tools	6.25	5.60
Steel Scrap	25.66	18.19
Others	382.14	345.26
	<u>4,239.36</u>	<u>3,964.11</u>
Less: Provision for shortages	2.24	2.36
Provision for obsolete/ unserviceable items/ diminution in value of surplus inventory	59.21	50.92
Total #	<u><u>4,177.91</u></u>	<u><u>3,910.83</u></u>
# Includes ₹ 456.28 crore (previous year ₹ 269.27 crore) share of jointly controlled entities.		
Inventories include material in transit		
Coal	87.58	49.63
Components and spares	51.23	61.06
Chemicals & consumables	0.25	0.09
Loose tools	0.16	0.34
Others	1.43	42.14
	<u>140.65</u>	<u>153.26</u>

- a) Inventory items, other than steel scrap and material-in-transit, have been valued considering the accounting policy no.K.1 (Note 1). Steel scrap has been valued at estimated realisable value. Material-in-transit has been valued at cost.
- b) Other inventories include items of steel, cement, ash bricks etc.

18. Trade Receivables

	₹ Crore	
As at	31.03.2012	31.03.2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	107.18	64.98
Considered doubtful	840.70	841.69
Less: Allowance for bad & doubtful receivables	840.70	841.69
	<u>107.18</u>	<u>64.98</u>
Other- Unsecured, considered good	6,573.84	1,681.29
Total #	<u><u>6,681.02</u></u>	<u><u>1,746.27</u></u>

Includes ₹ 622.69 crore (previous year ₹ 203.15 crore) share of jointly controlled entities.

19. Cash and bank balances

	₹ Crore	
As at	31.03.2012	31.03.2011
Cash & cash equivalents		
Balances with banks		
- Current accounts	543.83	382.47
- Deposits with original maturity upto three months	544.75	293.97
Cheques & drafts on hand	1.83	0.31
Cash on hand	0.02	0.13
Others (stamps in hand)	0.10	0.05
Other bank balances		
Deposits with original maturity of more than three months ^(a)	16,919.18	17,160.83
Others (*)	81.96	22.07
Total #	<u><u>18,091.67</u></u>	<u><u>17,859.83</u></u>

Includes ₹ 520.25 crore (previous year ₹ 445.55 crore) share of jointly controlled entities.

a) Includes bank deposits with original maturity of more than twelve months amounting to ₹ 9.44 crore (previous year ₹ 14.74 crore).

* Not available for use to the Company and include:

Unpaid dividend account balance	11.49	10.25
Balance with Reserve Bank of India ^{##}	1.77	0.13
Security with government authorities:		
As per court orders	0.10	0.10
As per demand	12.89	11.59
Margin money with banks	55.71	-
	<u>81.96</u>	<u>22.07</u>

^{##} Represents amount kept with Reserve Bank of India in terms of Rule 3 A of the Companies (Acceptance of Deposits) Rules, 1975 towards margin money for fixed deposits from public.

Notes forming part of Consolidated Financial Statements

20. Short-term loans and advances (Considered Good, Unless Otherwise Stated) ₹ Crore

As at	31.03.2012	31.03.2011
LOANS		
Related parties		
Unsecured	0.03	0.04
Employees (including accrued interest)		
Secured	70.67	52.20
Unsecured	83.73	83.12
Considered doubtful	0.22	0.25
Loan to state government in settlement of dues from customers (Unsecured)	95.73	95.73
Others		
Secured	28.58	21.43
Unsecured	0.27	0.02
Less: Allowance for bad & doubtful loans	0.22	0.25
	279.01	252.54
ADVANCES		
Related parties		
Unsecured	1.64	2.27
Employees		
Unsecured	10.07	11.70
Considered doubtful	0.08	0.08
Contractors & suppliers, including material issued on loan		
Secured	5.60	2.24
Unsecured	960.18	761.57
Considered doubtful	1.64	0.44
Others		
Unsecured	104.99	120.89
Considered doubtful	1.01	-
Less: Allowance for bad & doubtful advances	2.73	0.52
	1,082.48	898.67
Advance tax deposit & tax deducted at source	10,370.99	10,141.41
Less: Provision for current tax	8,770.20	7,402.79
	1,600.79	2,738.62
Total #	2,962.28	3,889.83

Includes ₹ 186.06 crore (previous year ₹ 114.11 crore) share of jointly controlled entities.

a) Other loans represent loans of ₹ 28.58 crore (previous year ₹ 21.43 crore) given to APIIC.

b) Other advances mainly represent advances given to gratuity trust of ₹ 7.06 crore (previous year ₹ 39.20 crore) and prepaid expenses amounting to ₹ 54.49 crore (previous year ₹ 52.56 crore).

21. Other current assets ₹ Crore

As at	31.03.2012	31.03.2011
Interest accrued :		
Bonds	312.14	382.33
Term deposits	804.91	630.10
Others	18.68	43.69
	1,135.73	1,056.12
Claims recoverable		
Unsecured, considered good	1,848.46	1,650.02
Considered doubtful	13.02	12.95
Less: Provision for doubtful claims	13.02	12.95
	1,848.46	1,650.02
Unbilled revenue	5,966.52	6,688.55
Security deposits (Unsecured)*	306.47	64.49
Others	12.87	7.77
Total #	9,270.05	9,466.95

Includes ₹ 193.59 crore (previous year ₹ 124.08 crore) share of jointly controlled entities.

* Includes ₹ 163.46 crore (previous year ₹ 37.06 crore) sales tax deposited under protest with Sales Tax Authorities

a) Others include amount recoverable from contractors and other parties towards hire charges, rent/electricity, etc.

b) Claims recoverables include ₹ 766.12 crore (previous year ₹ 748.82 crore) towards the cost incurred upto 31st March 2012 in respect of one of the hydro power projects, the construction of which has been discontinued on the advice of the Ministry of Power, GOI. Management expects that the total cost incurred, anticipated expenditure on the safety and stabilisation measures, other recurring site expenses and interest costs as well as claims of various packages of contractors/vendors for this project will be compensated in full by the GOI. Hence no provision is considered necessary.

c) Unbilled revenues includes ₹ 5,411.93 crore (previous year ₹ 5,424.80 crore) billed to the beneficiaries after 31st March for energy sales. The amount for the year ended as at 31st March 2011 is after adjustment of provision for tariff adjustment of ₹ 1,526.45 crore. This provision has been shifted to 'Provision for tariff adjustment' (Note 11) during the year consequent to billing to the beneficiaries.

Notes forming part of Consolidated Financial Statements

22. Revenue from operations (gross)

	31.03.2012	31.03.2011
For the period ended		
Energy sales (including electricity duty)	64,840.13	57,196.75
Consultancy, project management and supervision fees (including turnkey construction projects)	464.74	438.04
Sale of goods (including excise duty)	126.09	97.14
	65,430.96	57,731.93
Energy internally consumed	85.61	64.71
Other operating revenues		
Interest from customers	515.31	116.16
Recognized from deferred foreign currency fluctuation liability	0.16	-
Miscellaneous income	16.53	-
Provisions written back		
Tariff adjustment	312.75	-
Doubtful debts	0.14	-
Doubtful loans, advances and claims	0.14	0.04
Doubtful construction advances	0.03	0.01
Shortage in construction stores	0.34	0.11
Shortage in stores	1.10	1.92
Obsolescence in stores	1.02	5.15
Unserviceable capital works	-	0.15
Others	1.80	0.46
	317.32	7.84
Total #	66,365.89	57,920.64

Includes ₹ 3662.79 crore (previous year ₹ 2440.20 crore) share of jointly controlled entities.

- a) The Central Electricity Regulatory Commission (CERC) notified the Tariff Regulations, 2009 in January 2009, and also notified First and Second Amendment in May and June 2011 (Regulations, 2009). In line with the Regulations, 2009, during the year, CERC has issued provisional/final tariff orders w.e.f. 1st April 2009 for all the stations except Talcher Thermal Power Station (TTPS). Beneficiaries are billed in accordance with the said provisional/final tariff orders except for TTPS where it is done on provisional basis. The amount billed for the year ended 31st March 2012 on this basis is ₹ 59,965.57 crore (previous year ₹ 51,935.33 crore).
- b) The CERC has issued final tariff orders for some of the stations under the Regulations, 2009, considering the year-wise projected capital expenditure for the tariff period 2009-14. Sales for these stations has been recognised at ₹ 13,196.36 crore for the year ended 31st March 2012 by truing up capital expenditure to arrive at the capacity charges (previous year ₹ 11,320.96 crore). For all other stations, pending determination of station-wise final tariff by the CERC, sales have been provisionally recognized at ₹ 47,486.43 crore for the year ended 31st March 2012 (previous year ₹ 42,222.49 crore) on the basis of principles enunciated in the said Regulations, 2009.
- c) Sales include ₹ 547.78 crore for the year ended 31st March 2012 (previous year ₹ 800.87 crore) pertaining to previous years recognized based on the orders issued by the CERC/Appellate Tribunal for Electricity (APTEL).
- d) (i) The Company aggrieved over many of the issues as considered by the CERC in the tariff orders for its stations for the period 2004-09 had filed appeals with the APTEL. The APTEL disposed off the appeals favourably directing the CERC to revise the tariff orders as per directions and methodology given. Some of the issues decided in favour of the Company by the APTEL were challenged by the CERC in the Hon'ble Supreme Court of India. Subsequently, the CERC has issued revised tariff orders for most of the stations for the period 2004-09, considering the judgment of APTEL subject to disposal of appeals pending before the Hon'ble Supreme Court of India. Consequently, the impact of the aforesaid issues amounting to (-) ₹ 49.16 crore for the year ended 31st March 2012 (previous year ₹ Nil) has been recognised as sales and included in b) above. Consequently, 'Provision for Tariff Adjustment' of equivalent amount has been reversed.
(ii) Pursuant to the issuance of second amendment to Regulations, 2009, sales amounting to (-) ₹ 263.59 crore has been adjusted and reflected in b) and c) above during the year ended 31st March 2012. Corresponding provision for tariff adjustment created in 2010-11 has also been reversed during the year.
- e) Sales include (-) ₹ 266.14 crore for the year ended 31st March 2012 (previous year ₹ 338.51 crore) on account of income-tax recoverable/ payable from/to customers as per Regulations, 2004. Sales also include ₹ 37.77 crore (previous year ₹ 21.72 crore) for the year ended 31st March 2012 on account of deferred tax materialized which is recoverable from customers as per Regulations, 2009.
- f) Electricity duty on energy sales amounting to ₹ 428.65 crore (previous year ₹ 278.01 crore) has been reduced from sales in the statement of profit and loss.
- g) Energy internally consumed is valued at variable cost of generation and the corresponding amount is included in power charges (Note-26).
- h) Regulations, 2009 provides that where after the truing-up, the tariff recovered is less than the tariff approved by the Commission under the Regulations, 2009, the generating Company shall recover from the beneficiaries the under-recovered amount along-with simple interest at the rate equal to the short-term prime lending rate of State Bank of India as on 1st April of the respective year. Accordingly, the amount recoverable from the customers along-with interest has been accounted and disclosed under 'other operating revenues'.

Notes forming part of Consolidated Financial Statements

23. Other income

	₹ Crore	
For the period ended	31.03.2012	31.03.2011
Interest from		
Long-term investments (tax-free)	659.38	799.76
Others		
Loan to state government in settlement of dues from customers	42.72	50.85
Loan to employees	25.55	20.60
Interest from contractors	39.28	23.06
Indian banks	1,679.41	1,243.18
Interest from income tax refunds	100.42	1.87
Less : Refundable to customers	<u>34.47</u>	-
Others	12.23	17.32
Dividend from		
Long-term investments in		
Joint ventures	60.16	21.13
Current investments in		
Mutual funds	91.55	53.17
Other non-operating income		
Surcharge received from customers	1.39	10.90
Hire charges for equipment	3.26	2.59
Net gain in foreign currency transactions & translations (other than considered as finance cost)	61.25	31.49
Miscellaneous income*	319.76	181.27
Profit on disposal of fixed assets	<u>13.40</u>	<u>8.37</u>
	3,075.29	2,465.56
Less: Transferred to expenditure during construction period (net)-Note 28	73.09	33.00
Transferred to development of coal mines	2.95	0.06
Transferred to deferred foreign currency fluctuation asset/liability	61.25	31.49
Total #	<u>2,938.00</u>	<u>2,401.01</u>

Includes ₹ 43.47 crore (previous year ₹ 43.72 crore) share of jointly controlled entities.

* As per the presidential directive dated 22.12.2009 by MOP, GoI, NVVN Limited, a subsidiary of the company was appointed as the nodal agency for the phase I of the Jawahar Lal Nehru National Solar Mission 2009-13 to enter into power purchase agreement with solar power developers. Due to non performance as to the guidelines issued in this regard, an amount of ₹ 107.18 crore has been recovered from the prospective solar power developers and included in miscellaneous income.

Notes forming part of Consolidated Financial Statements

24. Employee benefits expense

₹ Crore

For the period ended	31.03.2012	31.03.2011
Salaries and wages	3,365.80	2,940.80
Contribution to provident and other funds	317.30	352.90
Staff welfare expenses	310.18	311.74
	3,993.28	3,605.44
Less: Allocated to fuel cost / Ash utilisation fund	173.95	178.46
Transferred to development of coal mines	32.00	28.98
Transferred to expenditure during construction period (net)- Note 28	537.60	475.74
Total #	3,249.73	2,922.26

Includes ₹ 113.94 crore (previous year ₹ 84.23 crore) share of jointly controlled entities.

Disclosures required by AS 15 in respect of provision made towards various employees benefits is made in Note 38.

25. Finance costs

₹ Crore

For the period ended	31.03.2012	31.03.2011
Interest on		
Bonds	831.50	805.35
Foreign currency term loans	205.71	177.52
Rupee term loans	3,170.07	2,397.48
Public deposits	1.24	1.24
Foreign currency bonds/notes	184.32	162.75
Others	75.87	82.55
	4,468.71	3,626.89
Other Borrowing Costs		
Bonds servicing & public deposit expenses	2.18	1.85
Guarantee fee	38.47	35.65
Management fee	10.97	25.92
Foreign currency bonds/notes expenses	17.10	-
Up-front fee	28.83	2.94
Others	1.13	(1.33)
	98.68	65.03
Exchange differences regarded as an adjustment to interest costs	350.21	174.16
Sub-Total	4,917.60	3,866.08
Less: Transferred to expenditure during construction period (net)-Note 28	2,749.14	2,132.73
Transferred to development of coal mines	33.74	7.60
Total #	2,134.72	1,725.75

Includes ₹ 416.17 crore (previous year ₹ 296.87 crore) share of jointly controlled entities.

Notes forming part of Consolidated Financial Statements

26. Generation, administration & other expenses

For the period ended	31.03.2012	31.03.2011
		₹ Crore
Power charges	244.98	152.68
Less: Recovered from contractors & employees	18.35	16.32
	226.63	136.36
Water charges	345.00	307.00
Stores consumed	48.02	38.55
Rent	35.18	30.21
Less: Recoveries	8.16	6.81
	27.02	23.40
Load dispatch centre charges	43.53	98.35
Repairs & maintenance		
Buildings	149.78	129.41
Plant & machinery		
Power stations	1,676.32	1,465.19
Construction equipment	0.95	0.73
	1,677.27	1,465.92
Others	103.22	108.90
Insurance	103.78	96.27
Interest payable to customers	(67.57)	3.61
Rates and taxes	27.41	26.01
Water cess & environment protection cess	25.72	38.59
Training & recruitment expenses	73.99	73.05
Less: Fees for application and training	1.34	4.77
	72.65	68.28
Communication expenses	41.80	37.80
Travelling expenses	185.87	161.88
Tender expenses	23.98	27.82
Less: Receipt from sale of tenders	2.34	2.88
	21.64	24.94
Payment to auditors	2.99	3.09
Advertisement and publicity	12.69	14.98
Security expenses	314.32	260.25
Entertainment expenses	14.28	13.82
Expenses for guest house	17.89	15.03
Less: Recoveries	2.23	1.37
	15.66	13.66
Education expenses	10.14	25.50
Brokerage & commission	3.35	2.85
Community development and welfare expenses	59.33	80.19
Less: Grants-in-aid	0.24	0.43
	59.09	79.76
Ash utilisation & marketing expenses	6.32	2.32
Less: Sale of ash products	0.06	0.23
	6.26	2.09
Directors sitting fee	0.30	0.31
Books and periodicals	2.01	1.61
Professional charges and consultancy fees	52.10	48.02
Legal expenses	16.60	15.85
EDP hire and other charges	15.17	16.36
Printing and stationery	12.67	13.23
Oil & gas exploration expenses	14.34	3.64
Rebate to customers	662.60	747.32

Notes forming part of Consolidated Financial Statements

	₹ Crore	
For the period ended	31.03.2012	31.03.2011
Reimbursement of L.C.charges on sales realisation	4.10	4.96
Bank charges	4.22	5.87
Net loss in foreign currency transactions & translations (other than considered as finance cost)	37.24	6.64
Miscellaneous expenses	157.97	131.00
Stores written off	0.15	0.05
Survey & investigation expenses written off	7.74	4.53
Loss on disposal/write-off of fixed assets	<u>66.48</u>	<u>62.22</u>
	4,524.24	4,242.88
Less: Allocated to fuel cost / Ash utilisation fund	243.79	214.67
Transferred to development of coal mines	12.92	14.11
Transferred to deferred foreign currency fluctuation asset/liability	17.64	0.05
Transferred to expenditure during construction period (net) - Note 28	<u>444.14</u>	<u>325.93</u>
	3,805.75	3,688.12
Provisions for		
Tariff adjustments	14.69	1,526.45
Doubtful debts	1.01	5.39
Doubtful loans, advances and claims	0.05	0.25
Shortage in stores	1.26	1.47
Obsolescence in stores	10.77	8.84
Shortage in construction stores	0.79	0.33
Unserviceable capital work-in-progress	3.54	9.29
Unfinished minimum work programme for oil and gas exploration	41.19	-
Others	<u>2.53</u>	<u>0.75</u>
	75.83	1,552.77
Total #	3,881.58	5,240.89
Spares consumption included in repairs and maintenance	865.49	880.19

Includes ₹ 275.09 crore (previous year ₹ 289.11 crore) share of jointly controlled entities.

Interest payable to customers includes reversal of ₹ 198.83 crore provided in earlier years towards interest payable to beneficiaries as per APTEL order which was set aside by the Hon'ble Supreme Court of India during the year.

27. Prior period items (Net)

	₹ Crore	
For the period ended	31.03.2012	31.03.2011
Revenue		
Sales	9.00	520.68
Others	<u>2.23</u>	<u>0.03</u>
	11.23	520.71
Expenditure		
Employee benefits expense	(328.22)	(2.49)
Finance costs	(0.44)	39.76
Depreciation and amortisation	(0.43)	(1,170.72)
Repairs and maintenance	(1.98)	26.32
Professional consultancy charges	0.64	(0.04)
Rates & taxes	0.24	0.70
Rent	1.23	(0.03)
Others	<u>2.04</u>	<u>0.53</u>
	(326.92)	(1,105.97)
Net Expenditure/(Revenue)	(338.15)	(1,626.68)
Less: Transferred to expenditure during construction period (net)-Note 28	(20.25)	35.45
Development of coal mines	<u>(1.84)</u>	<u>-</u>
Total #	(316.06)	(1,662.13)

Includes ₹ 0.86 crore (previous year ₹ 23.41 crore) share of jointly controlled entities.

Notes forming part of Consolidated Financial Statements

28. Expenditure during construction period (net)

₹ Crore

For the period ended	31.03.2012	31.03.2011
A. Employee benefits expense		
Salaries and wages	471.88	400.94
Contribution to provident and other funds	37.01	37.88
Staff welfare expenses	28.71	36.92
Total (A)	537.60	475.74
B. Finance costs		
Interest on		
Bonds	467.08	504.95
Foreign currency term loans	99.93	86.26
Rupee term loans	1,824.03	1,460.49
Foreign currency bonds/notes	104.91	37.47
Others	-	0.02
Other borrowing costs		
Foreign currency bonds/notes expenses	10.47	-
Management/arrangers/upfront fee	20.77	21.55
Others	36.70	7.36
Exchange differences regarded as an adjustment to interest costs	185.25	14.63
Total (B)	2,749.14	2,132.73
C. Depreciation and amortisation	37.17	32.16
D. Generation, administration & other expenses		
Power charges	172.27	87.12
Less: Recovered from contractors & employees	2.10	1.15
	170.17	85.97
Water charges	47.88	58.93
Rent	5.40	4.51
Repairs & maintenance		
Buildings	8.35	7.82
Construction equipment	0.59	0.24
Others	21.89	16.81
	30.83	24.87
Insurance	2.12	0.86
Rates and taxes	2.54	1.52
Communication expenses	6.46	5.74
Travelling expenses	36.39	32.65
Tender expenses	5.34	9.44
Less: Income from sale of tenders	0.10	0.15
	5.24	9.29
Payment to auditors	0.05	0.06
Advertisement and publicity	0.89	0.51
Security expenses	50.08	44.32
Entertainment expenses	2.92	2.37
Guest house expenses	3.94	3.23
Education expenses	0.02	0.16
Books and periodicals	0.35	0.71
Community development expenses	2.92	1.77
Professional charges and consultancy fee	15.67	5.91
Legal expenses	2.28	4.09
EDP hire and other charges	1.34	1.47
Printing and stationery	1.49	1.21
Miscellaneous expenses	55.16	35.78
Total (D)	444.14	325.93
Total (A+B+C+D)	3,768.05	2,966.56
E. Less: Other income		
Hire charges	2.79	1.61
Sale of scrap	8.29	0.59
Interest from contractors	33.40	20.18
Interest others	19.68	9.65
Miscellaneous income	8.93	0.97
Total (E)	73.09	33.00
F. Prior period items (net)	(20.25)	35.45
Grand total (A+B+C+D-E+F) #	3,674.71*	2,969.01

* Carried to capital work-in-progress - (Note 13)

Includes ₹ 446.50 crore (previous year ₹ 489.93 crore) share of jointly controlled entities.

Notes forming part of Consolidated Financial Statements

29. The consolidated financial statements for the year ended 31st March 2011 had been prepared as per the pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended 31st March 2012 have been prepared considering the provisions of 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 consolidated financial statements.
30. Amount in the financial statements are presented in ₹ crore (upto two decimals) except for per share data and as other-wise stated. Certain amounts, which do not appear due to rounding off, are incorporated separately through foot notes.

31. BASIS OF CONSOLIDATION

A. The consolidated financial statements relate to NTPC Ltd. (the Company), its Subsidiaries and interest in Joint Ventures.

a) Basis of Accounting:

- The financial statements of the Subsidiary Companies and Joint Ventures in the consolidation are drawn up to the same reporting date as of the Company for the purpose of consolidation.
- The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 - 'Consolidated Financial Statements' and Accounting Standard (AS) 27 - 'Financial Reporting of Interest in Joint Ventures' of Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles.

b) Principles of consolidation:

The consolidated financial statements have been prepared as per the following principles:

- The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together of the like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses and minority interest have been separately disclosed.
- The consolidated financial statements include the interest of the Company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Company's share of each asset, liability, income and expense of a jointly controlled entity is considered as a separate line item.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the notes to the accounts.
- The difference between the cost of investment and the share of net assets at the time of acquisition of shares in the subsidiaries and joint ventures is identified in the financial statements as goodwill or capital reserve, as the case may be.

B. The Subsidiaries and Joint Venture Companies considered in the financial statements are as follows:

Name of the Company	Proportion (%) of Shareholding as on	
	31.03.2012	31.03.2011
Subsidiary Companies:		
1. NTPC Electric Supply Company Ltd.(including its 50% interest in KINESCO Power & Utilities Private Ltd. a joint venture with KINFRA, a statutory body of Government of Kerala)	100	100
2. NTPC Hydro Ltd.(under amalgamation with NTPC Ltd.)	100	100
3. NTPC Vidyut Vyapar Nigam Ltd.	100	100
4. Kanti Bijlee Utpadan Nigam Ltd.	64.93	64.57
5. Bhartiya Rail Bijlee Company Ltd.	74	74
Joint Venture Companies:		
A. Incorporated in India		
1. Utility Powertech Ltd.	50	50
2. NTPC - Alstom Power Services Private Ltd.	50	50
3. NTPC-SAIL Power Company Private Ltd.*	50	50
4. NTPC-Tamilnadu Energy Company Ltd.	50	50
5. Ratnagiri Gas & Power Private Ltd. *	31.52	30.17

Notes forming part of Consolidated Financial Statements

Name of the Company	Proportion (%) of Shareholding as on	
	31.03.2012	31.03.2011
6. Aravali Power Company Private Ltd.*	50	50
7. NTPC-SCCL Global Ventures Private Ltd.*	50	50
8. Meja Urja Nigam Private Ltd.	50	50
9. NTPC - BHEL Power Projects Private Ltd.	50	50
10. BF - NTPC Energy Systems Ltd.*	49	49
11. Nabinagar Power Generating Company Private Ltd.	50	50
12. National Power Exchange Ltd.*	16.67	16.67
13. International Coal Ventures Private. Ltd.*	14.28	14.28
14. National High Power Test Laboratory Private Ltd.	25	25
15. Transformers & Electricals Kerala Ltd.	44.6	44.6
16. Energy Efficiency Services Ltd. *	25	25
17. CIL NTPC Urja Private Ltd.*	50	50
18. Anushakti Vidyut Nigam Ltd.*	49	-
19. Pan-Asian Renewables Private Ltd.*	50	-
B. Incorporated outside India		
1. Trincomalee Power Company Ltd.*	50	-

* The financial statements are un-audited.

- C. Anushakti Vidyut Nigam Ltd. was incorporated on 27th January 2011 with 51% shares held by Nuclear Power Corporation India Ltd. Subscription money towards equity was received during the year and as such considered for consolidation from the current year.
- D. Pan-Asian Renewables Private Ltd. was incorporated on 14th October 2011 in which 50% shares held by the Company and balance equally held by Asian Development Bank and Kyuden International Corporation a wholly owned subsidiary of Kyushu Electric Power Company Inc..
- E. Trincomalee Power Company Ltd. was incorporated on 26th September 2011 in which shares are to be held by the Company and Ceylon Electricity Board, Sri Lanka equally.
- F. Board of directors of the company has accorded the in-principal approval for amalgamation of NTPC Hydro Limited, a 100% subsidiary company, with NTPC limited.
- G. i) The Company along-with some public sector undertakings has entered into Production Sharing Contracts (PSCs) with GOI for three exploration blocks namely KG- OSN-2009/1, KG-OSN-2009/4 and AN-DWN-2009/13 under VIII round of New Exploration Licensing Policy (NELP VIII) with 10% participating interest (PI) in each of the blocks.

Based on the un-audited statement of the accounts for the above blocks forwarded by M/s Oil & Natural Gas Corporation Ltd., the operator, the Company's share in respect of assets and liabilities as at 31st March 2012 and expenditure for the year included in the consolidated financial statements are given below:

Item	2011-12 (Un-audited)	2010-11 (Un-audited)
Expenses	3.61	3.11
Assets	0.03	0.03
Liabilities	0.95	3.14
Capital Commitments	88.48	81.03

- ii) Exploration activities in the block AA-ONN-2003/2 were abandoned due to unforeseen geological conditions & withdrawal of the operator. Attempts to reconstitute the consortium to accomplish the residual exploratory activities did not yield result. In the meanwhile, MoPNG demanded from the Company the cost of unfinished minimum work programme of US\$ 7.516 million. During the year, provision of ₹ 41.19 crore along-with interest has been made. The Company has sought waiver of the claim citing force majeure conditions at site leading to discontinuation of exploratory activities.

Notes forming part of Consolidated Financial Statements

The Company has accounted for expenditure of ₹ 0.18 crore for the financial year 2011-12 towards the establishment expenses of M/s Geopetrol International, the operator to complete the winding-up activities of the Block. The Company's share in the assets and liabilities as at 31st March 2012 and expenditure for the year is as under:

Item	2011-12 (Un-audited)	2010-11 (Un-audited)
Expenses	0.18	0.43
Assets	14.64	14.64
Liabilities	2.10	1.92
Contingent liabilities	67.57	78.50

₹ Crore

32. a) Certain loans & advances and creditors in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential 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.

33. The coal price notification No 222021 /1/ 2008-CRC-UU dated 31.12.2011 issued by Ministry of Coal (MoC) proposed migration from Useful Heat Value (UHV) based to Gross Calorific Value (GCV) based pricing of coal, and also increased the coal prices. This was superseded by notification dated 31.01.2012, partially rolling back the increase in coal prices. Various stakeholders including power utilities and MOP have expressed concern on the switchover from existing UHV to GCV based pricing of coal, without having put in place the prerequisite technical and legal framework. The issue is under deliberation at MOP and Central Electricity Authority with MoC for an early resolution.

Pending resolution of the issues, stations are continuing to make payment and accounting of coal as per the pre-migrated system of UHV based pricing of coal and the difference between the amounts billed by the coal companies and the payments made/accounted for has been shown as contingent liability. Since, fuel cost is a pass through component of tariff, the revision of price will not have any adverse impact on the profits of the Company.

34. The levy of transit fee/entry tax/VAT on supplies of fuel to some of the power stations has been paid under protest as the matters are subjudice at various courts. In case the Company gets refund from fuel suppliers/tax authorities on settlement of these cases, the same will be passed on to respective beneficiaries.

NTPC Vidyut Vyapar Nigam Ltd. (NVVN) inter-alia engaged in sale of fly ash & its products given by the company at cost. Consequent to the gazette notification D.O.S.O 2804(E) dated 3rd November 2009, issued by the Ministry of Environment and Forest (MOEF) GOI, the NVVN has created fly ash utilisation fund in compliance of notification, a sum of ₹ 68.02 crore (previous year ₹ 48.34 crore) has been transferred in the reserve during the year after netting of related/allocable cost of ₹ 16.29 crore (previous year ₹ 9.67 crore) from the sale proceeds of the products.

35. **Disclosure as per Accounting Standard - 9 on 'Revenue Recognition'**

Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1st April 1986 to 31st May 2006 amounting to ₹ 115.58 crore (previous year ₹ 115.58 crore) being balance receivable in terms of the management contract with the GOI has not been recognised.

36. **Disclosure as per Accounting Standard - 11 on 'Effects of Changes in Foreign Exchange Rates'**

The effect of foreign exchange fluctuation during the year is as under:

- i) The amount of exchange differences (net) debited to the Statement of Profit & Loss is ₹ 19.60 crore (previous year debit of ₹ 6.50 crore).
- ii) The amount of exchange differences (net) debited to the carrying amount of Fixed Assets is ₹ 1,671.05 crore (previous year debit of ₹ 170.04 crore).

37. **Disclosure as per Accounting Standard - 12 on 'Accounting for Government Grants'**

Revenue grant recognised during the year is ₹ 0.24 crore (previous year ₹ 0.43 crore).

38. **Disclosure as per Accounting Standard - 15 on 'Employee Benefits'**

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of

Notes forming part of Consolidated Financial Statements

₹ 186.36 crore (Previous year ₹ 191.88 crore) to the funds for the year is recognised as expense and is charged to the Statement of Profit and Loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

B. Gratuity & Pension

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 0.10 crore on superannuation, resignation, termination, disablement or on death.

The Company has a scheme of pension at one of the stations in respect of employees taken over from erstwhile State Government Power Utility. In respect of other employees of the Company, pension scheme is yet to be implemented as stated in Note above.

The existing schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised on the basis of actuarial valuation.

C. Post-Retirement Medical Facility (PRMF)

The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the Company hospitals/empanelled hospitals. They can also avail treatment as out-patient subject to a ceiling fixed by the Company. The liability for the same is recognised on the basis of actuarial valuation.

D. Terminal Benefits

Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of employees taken over from erstwhile State Government Power Utility at another station. The liability for the same is recognised on the basis of actuarial valuation.

E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 73.33 % of the earned leave is en-cashable while in service, and upto a maximum of 300 days on separation. Half-pay leave is en-cashable only on separation beyond the age of 50 years up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

The above mentioned schemes (C, D and E) are unfunded and are recognised on the basis of actuarial valuation.

The summarised position of various defined benefits recognised in the Statement of Profit and Loss, Balance Sheet are as under: (Figures given in { } are for previous year)

i) Expenses recognised in Statement of Profit & Loss

	₹ Crore			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current service cost	60.03 {54.63}	11.12 {9.82}	42.67 {38.72}	5.09 {4.32}
Interest cost on benefit obligation	101.41 {85.82}	26.61 {19.65}	55.86 {47.10}	16.35 {13.40}
Expected return on plan assets	(82.94) {(79.22)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	1.56 {48.78}	29.38 {45.29}	88.02 {86.22}	25.94 {16.58}
Expenses recognised in the Statement of Profit & Loss	80.06 {110.01}	67.11 {74.76}	186.55 {172.04}	47.38 {34.30}

ii) The amount recognised in the Balance Sheet

	₹ Crore			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.03.2012	1,298.60 {1193.04}	371.11 {313.07}	746.01 {656.81}	229.83 {192.53}
Fair value of plan assets as at 31.03.2012	1,169.90 {1039.04}	- {-}	- {-}	- {-}
Net liability recognised in the Balance Sheet	128.70 {154.00}	371.11 {313.07}	746.01 {656.81}	229.83 {192.53}

Notes forming part of Consolidated Financial Statements

iii) Changes in the present value of the defined benefit obligations:

	₹ Crore			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 01.04.2011	1,193.04 {1072.82}	313.07 {245.65}	656.81 {588.81}	192.53 {167.67}
Interest cost	101.41 {85.82}	26.61 {19.65}	55.86 {47.10}	16.35 {13.40}
Current service cost	60.03 {54.63}	11.12 {9.82}	42.67 {38.72}	5.09 {4.32}
Benefits paid	(69.86) {(74.77)}	(9.07) {(7.34)}	(97.35) {(104.04)}	(10.08) {(9.44)}
Net actuarial (gain)/ loss on obligation	13.98 {54.54}	29.38 {45.29}	88.02 {86.22}	25.94 {16.58}
Present value of the defined benefit obligation as at 31.03.2012	1,298.60 {1193.04}	371.11 {313.07}	746.01 {656.81}	229.83 {192.53}

iv) Changes in the fair value of plan assets:

	₹ Crore			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 01.04.2011	1,039.04 {992.59}	- {-}	- {-}	- {-}
Expected return on plan assets	82.94 {79.24}	- {-}	- {-}	- {-}
Contributions by employer	101.39 {32.72}	- {-}	- {-}	- {-}
Benefit paid	(65.89) {(71.27)}	- {-}	- {-}	- {-}
Net actuarial gain/(loss)	12.42 {5.76}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.03.2012	1,169.90 {1039.04}	- {-}	- {-}	- {-}

v) The effect of one percentage point increase/decrease in the medical cost of PRMF will be as under:

	₹ Crore	
Particulars	Increase by	Decrease by
Service and interest cost	4.22	(6.50)
Present value of obligation	31.35	(47.14)

F. Other Employee Benefits

Provision for long service award and family economic rehabilitation scheme amounting to ₹ **4.85 crore** (previous year ₹ 2.76 crore) for the year have been made on the basis of actuarial valuation at the year end and debited to the Statement of Profit & Loss.

39. Disclosure as per Accounting Standard - 16 on 'Borrowing Costs'

Borrowing costs capitalised during the year are ₹ **2,782.88 crore** (previous year ₹ 2,140.33 crore).

40. Disclosure as per Accounting Standard - 17 on 'Segment Reporting'

Segment information:

a) Business Segments

The Company's principal business is generation and sale of bulk power to State Power Utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

b) Segment Revenue and Expense

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

c) Segment Assets and Liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

Notes forming part of Consolidated Financial Statements

₹ Crore

	Business Segments				Total	
	Generation		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees *	64,805.11	56,839.96	653.44	578.50	65,458.55	57,418.46
Other income	679.00	401.86	146.63	38.59	825.63	440.45
Total	65,484.11	57,241.82	800.07	617.09	66,284.18	57,858.91
Segment Result #	13,336.59	12,662.83	192.38	135.39	13,528.97	12,798.22
Unallocated Corporate Interest and Other Income					2,547.07	2,149.27
Unallocated Corporate expenses, interest and finance charges					2,938.78	2,555.16
Profit before Tax					13,137.26	12,392.33
Income/Fringe Benefit Taxes (Net)					3,322.60	3,044.10
Profit after Tax					9,814.66	9,348.23
Other information						
Segment assets	73,203.85	60,004.65	2,243.93	1,626.95	75,447.78	61,631.60
Unallocated Corporate and other assets					79,814.22	74,980.54
Total assets	73,203.85	60,004.65	2,243.93	1,626.95	155,262.00	136,612.14
Segment liabilities	10,803.08	9,497.01	1,794.67	1,330.60	12,597.75	10,827.61
Unallocated Corporate and other liabilities					68,388.44	57,399.97
Total liabilities	10,803.08	9,497.01	1,794.67	1,330.60	80,986.19	68,227.58
Depreciation (including prior period)	3,067.39	1,508.14	2.40	1.77	3,069.79	1,509.91
Non-cash expenses other than Depreciation	15.29	1,542.70	41.19	2.01	56.48	1,544.71
Capital Expenditure	17,710.56	14,638.58	315.31	276.46	18,025.87	14,915.04

* Includes (-) ₹ **54.75 crore** (previous year ₹ 1,180.00 crore) for sales related to earlier years.

Generation segment result would have been ₹ **13,281.54 crore** (previous year ₹ 11,496.69 crore) without including the sales related to earlier years.

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

41. Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

a) Related parties:

i) Joint ventures:

Utility Powertech Ltd., NTPC-Alstom Power Services Private Ltd., BF-NTPC Energy Systems Ltd., Pan-Asian Renewables Private Ltd., Trincomalee Power Company Ltd.

ii) Key Management Personnel:

Shri Arup Roy Choudhury

Chairman and Managing Director

Shri A.K. Singhal

Director (Finance)

Shri I.J. Kapoor

Director (Commercial)

Shri.B.P.Singh

Director (Projects)

Shri D.K. Jain

Director (Technical)

Shri S.P.Singh

Director (Human Resources)

Shri N.N.Mishra

Director (Operations)

Notes forming part of Consolidated Financial Statements

b) Transactions with the related parties at a (i) above are as follows:

₹ Crore

Particulars	Current Year	Previous Year
i) Transactions during the year		
• Contracts for Works/ Services for services received by the Company:		
- Utility Powertech Ltd.	335.47	240.52
- NTPC-Alstom Power Services Private Ltd.	10.10	14.15
• Deputation of Employees:		
- Utility Powertech Ltd.	0.13	0.50
- NTPC-Alstom Power Services Private Ltd	0.82	0.57
- Trincomalee Power Company Ltd.	0.15	-
ii) Dividend Received:		
- Utility Powertech Ltd.	3.00	1.00
- NTPC-Alstom Power Services Private Ltd.	0.30	0.36
iii) Amount recoverable for contracts for works/services received:		
- Utility Powertech Ltd.	0.94	0.60
- NTPC-Alstom Power Services Private Ltd	0.04	0.87
iv) Amount payable for contracts for works/services received:		
- Utility Powertech Ltd.	48.83	47.16
- NTPC-Alstom Power Services Private Ltd	10.44	17.52
v) Amount recoverable on account of deputation of employees:		
- Utility Powertech Ltd.	0.30	0.66
- NTPC-Alstom Power Services Private Ltd	0.33	0.93
- Trincomalee Power company Ltd.	0.15	-

The Company has received bank guarantees from Utility Powertech Ltd. for an amount of ₹ **4.18 crore** (previous year ₹ 4.18 crore).

c) Remuneration to key management personnel for the year is ₹ **2.79 crore** (previous year ₹ 3.06 crore) and amount of dues outstanding to the Company as on 31st March 2012 are ₹ **0.08 crore** (previous year ₹ 0.11 crore).

42. Disclosure as per Accounting Standard - 19 on 'Leases'

a) Finance leases

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

₹ Crore

Particulars	31.03.2012	31.3.2011
a) Obligations towards minimum lease payments		
• Not later than one year	0.52	0.72
• Later than one year and not later than five years	0.28	0.80
• Later than five years	-	-
Total	0.80	1.52
b) Present value of (a) above		
• Not later than one year	0.47	0.61
• Later than one year and not later than five years	0.26	0.73
• Later than five years	-	-
Total	0.73	1.34
c) Finance Charges	0.07	0.18

Notes forming part of Consolidated Financial Statements

b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps for a period of one to two years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Note 24 - Employee benefits expense includes ₹ **83.20 crore** (previous year ₹ 76.99 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are included under 'Rent' in Note 26 - 'Generation, administration and other expenses'. Further, the Company has taken a helicopter on wet lease basis for a period of eleven years and the amount of lease charges is included in 'Miscellaneous expenses' in Note 26.

43. 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 - ₹ crore	9,814.66	9,348.23
Weighted average number of equity shares used as denominator	8,245,464,400	8,245,464,400
Earning per share (Basic and Diluted) - ₹	11.90	11.34
Face value per share - ₹	10/-	10/-

44. Disclosure as per Accounting Standard - 26 on 'Intangible Assets'

Research expenditure charged to revenue during the year is ₹ **29.89 crore** (previous year ₹ 28.30 crore).

45. Disclosure as per Accounting Standard - 28 on 'Impairment of Assets'

As required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules, 2006, the Company has carried out the assessment of impairment of assets. Based on such assessment, there has been no impairment loss during the year.

46. Foreign currency exposure not hedged by a derivative instrument or otherwise:

₹ Crore

Particulars	Currencies	Amount	
		31.03.2012	31.03.2011
Borrowings, including interest accrued but not due thereon.	USD	10,538.98	7,157.37
	JPY	3,378.49	3,125.17
	EURO	423.42	441.21
Sundry creditors/deposits and retention monies	USD	1,228.61	1,189.05
	EURO	859.28	601.76
	Others	34.96	30.31
Sundry debtor and Bank balances	USD	0.82	2.08
Unexecuted amount of contracts remaining to be executed	USD	2,188.14	2,493.04
	EURO	1,566.40	4,197.59
	Others	190.16	25.22

47. Contingent Liabilities:

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

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for ₹ **4,461.01 crore** (previous year ₹ 3,525.43 crore) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The Company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources if any, for settlement of such claims pending resolution.

(ii) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ **1,174.20 crore** (previous year ₹ 1,851.08 crore) has been estimated.

(iii) Fuel Suppliers

Pending resolution of the issues disclosed in Note 32, payments and accounting of coal are being made as per the pre-migrated system of UHV based pricing of coal. The difference between the billing by the coal companies on the revised GCV based price and payment released on pre-revised UHV based price amounts to ₹ **399.39 crore** (previous year ₹ Nil).

Notes forming part of Consolidated Financial Statements

Further, an amount of ₹ 399.42 crore (previous year ₹ 182.22 crore) towards surface transportation charges, custom duty on service margin on imported coal etc. has been disputed by the Company.

(iv) **Others**

In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non-agricultural use, nala tax, water royalty etc. and by others, contingent liability of ₹ 878.95 crore (previous year ₹ 1,065.78 crore) has been estimated.

(v) **Possible Reimbursement**

The contingent liabilities referred to in (i) above, include an amount of ₹ 1,769.70 crore (previous year ₹ 1,495.35 crore) relating to the hydro power project stated in Note 21 - Other current assets, for which Company envisages possible reimbursement from GOI in full. In respect of balance claims included in (i) and in respect of the claims mentioned at (ii) above, payments, if any, by the company on settlement of the claims would be eligible for inclusion in the capital cost for the purpose of determination of tariff as per CERC Regulations subject to prudence check by the CERC. In case of (iii), the estimated possible reimbursement is by way of recovery through tariff as per Regulations, 2009 is ₹ 676.32 crore (previous year ₹ 146.97 crore).

(b) **Disputed Income Tax/Sales Tax/Excise Matters**

Disputed Income Tax/Sales Tax/Excise matters are pending before various Appellate Authorities amounting to ₹ 3,273.96 crore (previous year ₹ 2,547.79 crore) are disputed by the Company and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the Company but are disputed before higher authorities by the concerned departments. In such cases, the company estimated possible reimbursement of ₹ 2,112.02 crore (previous year ₹ 1,793.37 crore).

(c) **Others**

Other contingent liabilities amount to ₹ 365.99 crore (previous year ₹ 408.57 crore).

Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

The contingent liabilities disclosed above include ₹ 78.09 crore (previous year ₹ 123.09 crore) share of jointly controlled entities.

48. **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 ₹ 36,693.87 crore (previous year ₹ 31,496.08 crore) which includes an amount of ₹ 1,848.88 crore (previous year ₹ 2,673.05 crore) in respect of jointly controlled entities.
- Company's commitment towards the minimum work programme in respect oil exploration activities of joint venture operations has been disclosed in Note 31 G.
- Company's commitment in respect of further commitments relating to lease agreements has been disclosed in Note 42.

49. For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.

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

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

(O.P.Bagla)
Partner
M No.008858

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

(S.Narasimhan)
Partner
M No.206047

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

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

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

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

(Sanjay Agrawal)
Partner
M No.072867

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

NTPC Ltd.

- We have audited the attached Consolidated Balance Sheet of NTPC LIMITED (the Company) and its Subsidiaries and Joint Ventures (collectively referred to as NTPC Group) as at 31st March 2012 and also the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of the Subsidiaries and Joint Venture entities.
- The financial statements of the following Subsidiaries and Joint Venture Companies have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these companies is based solely on the report of these auditors. The details of the assets, revenue and net cash flows in respect of these Subsidiaries and Joint Venture entities to the extent to which they are reflected in the consolidated financial statements are given below:

₹ Crore

Name of the Companies	Assets	Revenues	Net Cash Flows
Subsidiaries:			
1) NTPC Electric Supply Company Ltd (including its 50% interest in KINESCO Power & Utilities Pvt. Ltd., a joint venture with KINFRA, a statutory body of Government of Kerala, with assets ₹ 11.60 crore, revenues ₹ 11.34 crore and net cash flows ₹ 1.49 crore which is also audited).	976.53	67.01	3.02
2) NTPC Hydro Ltd. (under amalgamation with NTPC Ltd.)	116.20	-	(0.02)
3) NTPC Vidyut Vyapar Nigam Ltd.	697.91	69.98	194.85
4) Kanti Bijlee Utpadan Nigam Ltd	1603.98	127.76	44.85
5) Bhartiya Rail Bijlee Company Ltd.	1482.88	-	(44.90)
Joint Ventures:			
1) Utility Power tech Ltd.	83.44	201.18	14.53
2) NTPC -Alstom Power Services Pvt. Ltd.	51.71	39.22	(0.52)
3) NTPC-Tamilnadu Energy Company Ltd	3345.96	-	24.00
4) Transformers and Electricals Kerala Ltd.	73.19	90.26	0.91
5) National High Power Test Laboratory Pvt. Ltd	13.65	-	4.28
6) Meja Urja Nigam Pvt Ltd.	143.31	-	(6.42)
7) Nabinagar Power Generating Company Pvt. Ltd.	344.96	-	59.79
8) NTPC-BHEL Power Project Pvt. Ltd	82.51	73.46	(19.30)
Total	9,016.23	668.87	275.07

- The financial statements of the following Joint Ventures are unaudited and in our opinion so far as it relates to the amounts included in respect of the said joint ventures are based solely on the financial statements certified by the management of the respective entities. The details of assets, revenue and net cash flows in respect of these Joint Venture Entities to the extent to which they are reflected in the consolidated financial statement are given below:

Name of the Companies	Assets	Revenues	Net Cash Flows
1) Aravali Power Company Pvt. Ltd.	4241.60	704.47	0.45
2) NTPC- SAIL Power Company Pvt. Ltd.	1730.41	890.07	(48.03)
3) BF-NTPC Energy Systems Ltd.	3.47	0.06	(1.71)
4) Ratnagiri Gas & Power Pvt. Ltd.	4102.73	1646.55	18.09
5) NTPC-SCCL Global Venture Pvt. Ltd.	0.05	-	-
6) National Power Exchange Ltd.	1.44	0.12	(0.30)
7) International Coal Venture Pvt. Ltd.	25.90	-	22.51
8) Energy Efficiency Services Ltd.	31.17	3.18	3.16
9) CIL NTPC Urja Pvt. Ltd.	0.01	-	0.01
10) Anushakti Vidyut Nigam Ltd.	0.05	-	0.05
11) Pan-Asian Renewables Private Ltd.	0.47	-	0.47
12) Trincomalee Power Company Ltd.	5.81	-	5.52
Total	10,143.11	3,244.45	0.22

6. Without qualifying our report, we draw attention to Note no. 22 (a) and 22 (b) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission.
7. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' of the Companies (Accounting Standards), Rules 2006.
8. Further to our comments in para 3 to 6 above, we report that on the basis of the information and explanations given to us and on consideration of the separate audit reports of individual audited financial statements of the NTPC Group to the extent received as stated above, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
 - i) in case of Consolidated Balance Sheet, of the state of affairs of the NTPC Group as at 31st March, 2012;
 - ii) in case of Consolidated Statement of Profit & Loss, of the profit for the year ended on that date; and
 - iii) in case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

(O.P.Bagla)
Partner
M No.008858

For K.K.Soni & Co.
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For A.R. & Co.
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(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012