SUBSIDIARY COMPANIES

NTPC ELECTRIC SUPPLY COMPANY LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report on the working of the Company for the financial year ended on 31st March 2013 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS (₹ Crore)

	2012-13	2011-12
Total Revenue	**28.92**	**55.66**
Total Expenses	53.58	44.54
Profit/(Loss) before Tax	**(24.66)**	**11.12**
Tax expenses	(0.07)	3.46
Profit/(Loss) after Tax	**(24.59)**	**7.66**

Revenue for the current year was lower than last year mainly due to the last 10% amount for the completed Rajiv Gandhi Grameen Vidyutikaran Yojana projects, not being released by Rural Electrification Corporation Limited, as franchisees are yet to be put in place by state government/Discoms and reduction in final executed cost of some projects as compared to awarded/amended cost, affecting total service charges that can be realized by the Company. Though manpower was rationalized during the financial year under review, employee cost has registered a net increase due to allocation of additional amount of ₹14.87 Crore by NTPC Limited relating to employee benefits on revision of the method of allocation of such expenses to subsidiary and JV companies.

DIVIDEND

During the financial year 2012-13, Directors have not recommended any dividend.

OPERATIONAL REVIEW

Your Company is engaged in the electricity distribution sector in various capacities.

Your Company's distribution Joint Venture Company, KINESCO Power and Utilities Private Limited, engaged in retail distribution of electricity in an industrial area of Kochi, Kerala, recorded sales of ₹30.31 crore during the financial year 2012-13. KINESCO has incurred a loss of ₹3.33 crore during the financial year 2012-13. The loss is mainly due to payment of an amount of ₹3.38 crore to Kerala State Electricity Board towards accumulated arrears on account of revision of the bulk supply tariff for the period 01.01.2011 to 30.06.2012 based on the directions of the Hon'ble Kerala State Electricity Regulatory Commission.

During the financial year under review, your Company has undertaken rural electrification projects on deposit work basis under the Rajiv Gandhi Grameen Vidyutikaran Yojana in the states of West Bengal, Jharkhand, Chhattisgarh, Odisha and Madhya Pradesh. During this period, 2842 villages were electrified and 25204 nos. Below Poverty Line (BPL) connections were provided. Cumulative achievement till 31st March 2013 is 32,398 villages and 26.08 Lakh BPL connections.

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

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

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

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2013.

AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREON

The Comptroller & Auditor General of India (C&AG) has appointed M/s Bhudladia & Company, Chartered Accountants as the Statutory Auditor of the Company for the financial year 2012-13.

In their report, the Statutory Auditors of the Company have drawn attention of the members to two issues. The first such issue pertains to the Accounting Policy No.5.1.1 of the company by which the Company recognizes revenue from project management services for service charges alone and not on gross basis i.e. for the entire value of contracts including service charges. In their report, the Auditors have mentioned that such practice is in alignment with an expert opinion from ICAI on the matter but they are not in agreement with such opinion. The practice adopted by the Company is in line with the opinion of the Expert Advisory Committee of the ICAI.

The second issue highlighted by the Auditors pertains to Note no. 17(a) and 17(b) to the Financial Statements regarding Employees Benefits expenses, wherein the Auditors have stated that superannuation and provident fund liabilities, which are allocated and charged to the company by its parent i.e NTPC Limited according to the corporate policy, are defined benefit schemes and that the Company has not made requisite disclosures as per provisions of Accounting Standard 15 (AS 15) relating to such schemes. The aforesaid treatment has been done as the parent company has allocated superannuation and provident fund liabilities on a fixed percentage basis and since the Company has no further liability apart from such annual charge to its accounts, the scheme, as it applies to the Company, is a defined contribution plan which does not need such disclosures as suggested by the Auditors.

C&AG REVIEW

A Supplementary Audit was conducted by the Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated June 25, 2013 communicated that on the basis of audit, nothing significant was noticed giving rise to any comments upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act,1956. A letter from C&AG on the accounts of the company for the financial year 2012-13 is placed after the report of Statutory Auditors of your Company.

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

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

PARTICULARS OF EMPLOYEES

As per Notification No. GSR 289(E) dated 31 March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ₹ 60 lakh or more per annum, employed throughout the financial year or, ₹5 lakh per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report. However, during the period under review the Company had no employees of the category, falling, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2012-13 and of the loss of the company for that period;
iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
iv) the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

During the financial year under review Shri S.P. Singh, consequent upon superannuation from services of NTPC Limited has ceased to be the Director of the Company w.e.f. February 28, 2013 (A/N).

The Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri U.P. Pani, Director (Human Resources), NTPC Limited as an Additional Director of the Company. Shri U.P. Pani holds office up to the date of this Annual General Meeting and is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing his candidature for the office of Director liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956, Dr. Arup Roy Choudhury, Chairman shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for re-appointment.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 15, 2013

(Dr. Arup Roy Choudhury)
Chairman

ANNEXURE-1

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

DISTRIBUTION

The Electricity Act, 2003 requires the state governments to set up State Electricity Regulatory Commissions for rationalization of energy tariffs and formulation of policy within each state. As of March 31, 2013, all the states, have set up their Regulatory Commissions. In addition, two Joint Electricity Regulatory Commissions have been set up for Manipur & Mizoram and Goa & UTs. 18 state electricity boards have so far been unbundled into separate generation, transmission and distribution companies. The aim is to bring in reforms in sector for efficient operation of the state electricity boards.

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

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

There is substantial potential for reform and growth in distribution sector where industrial and commercial consumers are willing to pay commensurate tariffs for quality and reliable power. Keeping this in mind, your Company is contemplating tie ups with best players in electricity distribution sector to explore new opportunities.

Development of Renewable Energy Sources (RES)

Today, the total installed capacity of the nation stands at 223626 MW and RES, at 27542 MW, accounts for 12.32% of this total. The Electricity Regulators have made it mandatory for the Discoms to source certain percentage of its input power requirement through Renewable Energy sources, to be increased progressively each year. The Government, in its quest for long-term energy and environmental security, is seeking to enhance the share of renewable power in the overall energy basket. Over longer term, the importance of RES would be more strategic in view of its important role in mitigating the effects of climate change. It is imperative for India to build a certain level of self-reliance in renewable technologies of the future. 79% of renewable energy is contributed by wind power generation where potential exists for 45000 to 65000 MW of on-shore wind power.

Going by emerging trends, it is amply clear that green technology is set to be the next growth sector.

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

STRENGTH AND WEAKNESS

Your Company's strength lies in its association with a strong promoter viz. NTPC Limited having a formidable track record in power project, engineering, construction, commissioning, operation and maintenance for the last 38 years. NTPC's formidable network, rapport and credibility with customer utilities, Discoms, its down stream power market and trading arm are added advantages to your Company.

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

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

OPPORTUNITIES AND OUTLOOK

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

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

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

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

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

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

With the sanction of 14 Smart Grid pilot projects in the country, your Company is looking towards this opportunity for contributing in technological up-gradation of the power sector in the country.

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

With the increasing demand gap, the power sector is looking towards large infusion of investments. State owned transmission companies are seeking to augment bulk power transmission capacity. Your Company sees opportunities in not only the EPC area but in ownership model as well where prospects of dedicated transmission lines exist.

RISKS AND CONCERNS

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

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

Today, total manpower strength of the Company is 112 spread over around 28 locations across the country. In the event of a sharp decline in revenue stream, it may not be possible to sustain such large manpower resource. The frittering away of manpower which has gathered experience and capability in distribution engineering and execution is another concern. In absence of any sustainable revenue your Company, to address this concern, has been repatriating manpower back to NTPC Limited.

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR

Operations

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

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

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

During the financial year 2012-13, against target of 13 un-electrified and de-electrified villages (UE/DE) villages set by the Govt. of India in the MoU, your Company achieved 22 UE/DE villages and against the target of 50477 BPL connections, your Company has achieved a performance of 25204 connections. Further, against cumulative target of charging of 1876 UE/DE villages, 1407 villages were energized. Energization of 487 villages (balance 469 villages plus 18 villages added subsequently in the scope), for reasons beyond the control of your Company, could not be achieved owing to: non-availability of forest clearances, non-availability of railways clearances, pending RCE sanction for Ranchi and sub-transmission problems. The balance left over works is proposed to be taken up in the financial year 2013-14.

In implementation of electrical distribution network within 5 kms. radius of NTPC projects/stations, work has been taken up in 8 projects/stations where work is in progress and is expected to be completed by 2nd quarter of financial year 2013-14.

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

Your Company has also undertaken turnkey execution job on deposit work basis for construction power work for upcoming NTPC power projects at Lara, Gadarwara & Darlipalli and power evacuation arrangement for NTPC solar projects at Faridabad & Rajgarh. Your Company has also undertaken Works of power supply arrangement at 33/0.4 kV substation of NTPC-BHEL JV (NBPPL) and 22/11 kV substation at KINFRA park - Palakkad for KINESCO.

Your Company has booked an order worth ₹86 Crore from other than GOI schemes for the first time in one year.

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

Project Management Consultancy Services

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

- setting up 220 KV sub-station, switchyard & connected facilities for BPCL, Kochi Refinery Ltd.
- construction and augmentation of 66/11 kV sub-stations for UT of Chandigarh.

Financial Performance

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

(₹ Crore)

	2012-13	2011-12
Sales	**16.34**	46.09
Other income	**12.58**	9.57
Total	**28.92**	55.66

Revenue from RGGVY projects during the financial year 2012-13 contributed approx. 37.5% of total sales as compared to 79% in the previous financial year. Interest from banks contributed approx. 93% of the total other income as compared to 99% in the previous financial year.

The decrease in total income during the current financial year was due to reduction in business volume of the Company and non-release of last 10% amount for completed RGGVY projects by REC, as franchisees were yet to put in place by state government/ Discoms and reduction in final executed cost of some projects as compared to the awarded/amended cost, affecting total service charges that can be realized by the Company.

The expenditure incurred by your Company on account of Employee benefits expense and Administration & other expenses for the current financial year as well as previous financial year is as follows:

(₹ Crore)

	2012-13	2011-12
Employee benefits expense	**41.27**	29.37
Administration & other expenses	**12.13**	16.24
Prior period items (net)	**-**	(1.27)
Total operating expenses	**53.40**	44.34

The increase in total operating expenses was mainly due to increase in employee benefit expense. During the current financial year the Company had rationalized manpower but employee cost had registered a net increase due to allocation of additional amount of ₹14.87 Crore, by NTPC, relating to employee benefits on revision of methodology of allocation of such expenses to subsidiary and joint venture companies.

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

(₹ Crore)

	2012-13	2011-12
Total operating expenses	**53.40**	44.34
Depreciation and amortization expense	**0.18**	0.20
Total expenses including operating expenses	**53.58**	44.54

The depreciation cost as compared to total expense is negligible since the fixed assets are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹2.19 crore as on 31.3.2013.

(₹ Crore)

	2012-13	2011-12
Profit /(Loss) before tax	**(24.66)**	11.12
Tax expenses	**(0.07)**	3.46
Profit /(Loss) for the year	**(24.59)**	7.66

During the current financial year, the Company has incurred a loss of ₹24.59 Crore as compared to profit of ₹7.66 Crore during the previous financial year. The Company during the current financial year has incurred a loss due to reduction in the business volume, non-release of last 10% amount for completed RGGVY projects and allocation of additional amount of ₹14.87 Crore, by NTPC, relating to employee benefits on revision of methodology of allocation of such expenses to subsidiary and joint venture companies.

Your Company is taking appropriate steps for realization of last 10% amount for completed RGGVY projects from REC.

Reserves & Surplus

During the current financial year after transferring the loss of ₹24.59 Crore, the Reserves & Surplus has reduced to ₹27.92 Crore as compared to ₹52.50 Crore during the previous financial year

Current Assets

The current assets at the end of the current year were ₹822.41 crore as compared to ₹941.52 crore in previous year.

(₹ Crore)

	31.3.2013	31.3.2012
Trade receivables	**11.94**	8.00
Cash and bank balances	**788.07**	920.54
Short-term loans and advances	**1.02**	0.57
Other current assets	**21.38**	12.41
Total Current Assets	**822.41**	941.52

The decrease in current assets was mainly on account of utilization of cash and bank balances for progressive contract payments.

Current Liabilities

During the financial year 2012-13, current liabilities have decreased to ₹826.00 crore as compared to ₹912.27 crore in the financial year 2011-12 mainly on account of decrease in other current liabilities relating to deposit works.

(₹ Crore)

	31.3.2013	31.3.2012
Trade payables	**10.31**	7.33
Other current liabilities	**815.69**	899.13
Short-term provisions	**-**	5.81
Total Current Liabilities	**826.00**	912.27

Cash Flow Statement

(₹ Crore)

	2012-13	2011-12
Opening Cash and cash equivalents	**920.54**	919.01
Net cash from operating activities	**(133.24)**	(0.73)
Net cash from investing activities	**6.58**	6.92
Net cash flow from financing activities	**(5.81)**	(4.66)
Net Change in Cash and cash equivalents	**(132.47)**	1.53
Closing cash and cash equivalents	**788.07**	920.54

The closing cash and cash equivalents for the financial year ended March 31, 2013 has decreased to ₹788.07 crore from ₹920.54 crore.

Financial Indicators

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

	2012-13	2011-12
Capital employed in ₹Crore	**27.99**	52.58
Net worth in ₹Crore	**27.99**	52.58
Return on capital employed (PBT/CE)	**(88.10%)**	21.15%
Return on net worth (PAT/NW)	**(87.85%)**	14.57%
Dividend as % of equity capital	**-**	6180
Earning per share in ₹	**(3038.77)**	946.59

The capital employed as well as net worth has decreased due to loss incurred during the financial year 2012-13.

Human Resources

As on 31st March 2013, there were 122 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious targets, the Company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Today, your Company is proud to state that it has built a competent manpower base required for its growth in the distribution sector.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : July 15, 2013

(Dr. Arup Roy Choudhury)
Chairman

NTPC ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**809100**	809100
Reserves and surplus	3	**279150280**	525017525
		279959380	525826625
Non-current liabilities			
Deferred tax liabilities (net)	4	**-**	713226
Current liabilities			
Trade payables	5	**103117041**	73277495
Other current liabilities	6	**8156846435**	8991326864
Short-term provisions	7	**18407**	58129657
		8259981883	9122734016
TOTAL		**8539941263**	9649273867
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	**9124148**	10110196
Non-current investments	9	**3100000**	3100000
Long Term Loan & Advances	10	**303562589**	220816685
		315786737	234026881
Current assets			
Trade receivables	11	**119440482**	80045156
Cash and bank balances	12	**7880725638**	9205369740
Short-term loans and advances	13	**10150633**	5756425
Other current assets	14	**213837773**	124075665
		8224154526	9415246986
TOTAL		**8539941263**	9649273867
Significant accounting policies	1		

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

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Ramesh Kumar) Partner M. No.-503354	(R K Srivastava) Chief Executive Officer	(A K Singhal) Director	(Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 29th April 2013

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

(Amount in ₹)

Particulars	Note	31.03.2013	31.03.2012
Revenue from operations	15	**163452184**	460966868
Other income	16	**125770574**	95704689
Total revenue		**289222758**	556671557
Expenses			
Employee benefits expense	17	**412713545**	293721385
Depreciation and amortization expense	8	**1811667**	2006179
Administration & other expenses	18	**121278017**	162428359
Prior period expenditure	19	**-**	(12723512)
Total expenses		**535803229**	445432411
Profit/(Loss) before tax		**(246580471)**	111239146
Tax expense:			
Current tax			
Current year		**-**	36083000
Earlier years		**-**	(1490792)
Deferred tax			
Current year		**(713226)**	57999
Earlier years		**-**	-
Total tax expense		**(713226)**	34650207
Profit/(Loss) for the year		**(245867245)**	76588939
Earnings per equity share (Par value of ₹ 10/- each)	21		
Basic		**(3,038.77)**	946.59
Diluted		**(3,038.77)**	946.59

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

There are no extraordinary items in the above periods.

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Ramesh Kumar) Partner M. No.-503354	(R K Srivastava) Chief Executive Officer	(A K Singhal) Director	(Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 29th April 2013

NTPC ELECTRIC SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(Amount in ₹)

		31.03.2013	31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax		(246580471)	111239146
Adjustment for:			
Depreciation		1811667	2006179
Provisions		-	18,407
Interest Received		(117142574)	(94290078)
Operating Profit before Working Capital Changes		(361911378)	18973654
Adjustment for:			
Trade & Other Receivables	(39395326)		5866919
Trade Payables & Other Liabilities	(844017902)		80655152
Other Current Assets	54476		753997
Loans & Advances	(4394208)	(887752960)	(3650797)
Cash generated from operations		(1249664338)	102598926
Direct Taxes Paid		82745904	109850946
Net Cash from Operating Activities - A		(1332410242)	(7252021)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(825619)	(1393509)
Interest Received		66703009	70592047
Net cash flow from Investing Activities - B		65877390	69198538
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(50000000)	(40000000)
Tax on Dividend		(8111250)	(6644000)
Net Cash flow from Financing Activities - C		(58111250)	(46644000)
Net Increase/Decrease in Cash & Cash equivalents (A + B + C)		(1324644102)	15302518
Cash & cash equivalents (Opening balance) (see Note below)		9205369740	9190067223
Cash & cash equivalents (Closing balance) (see Note below)		7880725638	9205369740

Note: Cash & Cash equivalents consist of Balance with Banks. Cash and cash equivalent included in the cash flow statement comprise of following balance sheet amounts as per Note 12.

Cash & cash equivalents	-	106426725
Demand deposit included in other bank balance	7880725638	9098943015
	7880725638	9205369740

As per our report of even date

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Ramesh Kumar) Partner M. No.-503354	(R K Srivastava) Chief Executive Officer	(A K Singhal) Director	(Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 29th April 2013

NTPC ELECTRIC SUPPLY COMPANY LIMITED

Note No. 1 Significant Accounting Policies

1 BASIS OF PREPARATION

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

2 USE OF ESTIMATES

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

3 FIXED ASSETS

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

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

4 INVESTMENTS

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

5 PROFIT AND LOSS ACCOUNT

5.1 INCOME RECOGNITION

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

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

5.2 EXPENDITURE

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

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

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

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

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

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

5.2.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.

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

5.2.8 The liabilities for employee benefits are accounted for on the basis of allocation of such expenses made by the parent company, in accordance with the corporate policy.

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

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

6 PROVISIONS AND CONTINGENT LIABILITIES

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

7 CASH FLOW STATEMENT

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

Note No. 2 Share Capital

(Amount in ₹)

As at	31.03.2013	31.03.2012
EQUITY SHARE CAPITAL		
AUTHORISED		
10,000,000 shares of par value of ₹ 10/- each (previous year 10,000,000 shares of par value of ₹ 10/- each)	**100000000**	100000000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
80,910 shares of par value of ₹ 10/- each (previous year 80,910 shares of par value of ₹ 10/- each) are held by the holding company, NTPC Ltd. and its nominees	**809100**	809100

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

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

c) 80,910 equity shares valuing ₹ 8,09,100 (previous year 80,910 equity shares valuing ₹ 8,09,100) are held by the holding Co. i.e. NTPC Ltd. and its nominees.

Note No. 3 Reserves and Surplus

(Amount in ₹)

As at	31.03.2013	31.03.2012
Reserves		
General reserve		
As per last balance sheet	**74859000**	67200000
Add:Transfer from surplus balance in the statement of profit & loss	**-**	7659000
Closing balance	**74859000**	74859000
Surplus		
As per last balance sheet	**450158525**	439339836
Add: Profit for the year from statement of profit & loss	**(245867245)**	76588939
Less: Transfer to general reserve		7659000
Proposed dividend	**-**	50000000
Tax on proposed dividend	**-**	8111250
Net surplus	**204291280**	450158525
Total	**279150280**	525017525

a) The Company has proposed final dividend for the year 2012-13 @ ₹ **NIL** per equity share par value of ₹ 10/- each (previous year ₹ 617.97 per equity share)

Note No. 4 Deferred Tax Liabilities (Net)

The item-wise details of deferred tax liability are as

(Amount in ₹)

	As at 01.04.2012	Additions/ (Adjustments) during the year	As at 31.03.2013
Difference of book depreciation and tax depreciation	713226	(112592)	**600634**
Less: Deferred tax assets on unabsorbed depreciation		(600634)	**(600634)**
Total	713226	(713226)	**-**

a) The net decrease during the year in the deferred tax liability of ₹ 1,12,592 (previous year increase ₹ 57,999) has been credited to statement of Profit & Loss.

b) Deferred tax assets on unabsorbed depreciation and carried forward losses has not been recognised to the extent there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The net increase during the year in the deferred tax assets of ₹ 6,00,634 (previous year NIL) has been credited to statement of Profit & Loss.

Note No. 5 Trade Payables

(Amount in ₹)

As at	31.03.2013	31.03.2012
For goods and services	**103117041**	73277495
Total	**103117041**	73277495

a) No amounts are payable to Micro, Small and Medium Enterprises during the year as well as previous year.

Note No. 6 Other Current Liabilities

(Amount in ₹)

As at	31.03.2013	31.03.2012
Book overdraft	**11174200**	6463918
Advances from customers and others	**159061650**	215771331
Other payables		
Tax deducted at source and other statutory dues	**1321963**	6145046
Amount received against deposit works	**7602172277**	8593672929
Payables to Employees	**28717980**	31730971
Others	**354398365**	137542669
Total	**8156846435**	8991326864

a) Other payables - others include amounts payable to the Holding Company, NTPC Limited amounting to ₹ 35,43,80,435 (Previous Year ₹ 13,75,24,739).

b) No amounts are payable to Micro, Small and Medium Enterprises during the year as well as previous year.

Note No. 7 Short Term Provisions

(Amount in ₹)

As at	31.03.2013	31.03.2012
Provision for employee benefits		
As per last balance sheet	**-**	2567570
Amounts paid during the year	-	2567570
Closing balance	**-**	-
Provision for proposed dividend		
As per last balance sheet	**50000000**	40000000
Additions during the year	**-**	50000000
Amounts used during the year	**50000000**	40000000
Closing balance	**-**	50000000
Provision for tax on proposed dividend		
As per last balance sheet	**8111250**	6644000
Additions during the year	**-**	8111250
Amounts paid during the year	**8111250**	6644000
Closing balance	**-**	8111250
Provision for shortage in fixed assets pending investigation		
As per last balance sheet	**18407**	-
Additions during the year	**-**	18407
Closing balance	**18407**	18407
Total	**18407**	58129657

Note No. 8 Non-Current Assets

TANGIBLE ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Temporary erection	190550	-	-	**190550**	190550	-	-	**190550**	**-**	-
Furniture and fixtures	6481467	20108	-	**6501575**	3578681	261604	-	**3840285**	**2661290**	2902786
Office equipment	4974541	612661	-	**5587202**	1119334	338224	-	**1457558**	**4129644**	3855207
EDP, WP machines and satcom equipment	8536473	192850	-	**8729323**	5184270	1211839	-	**6396109**	**2333214**	3352203
Total	**20183031**	**825619**	**-**	**21008650**	**10072835**	**1811667**	**-**	**11884502**	**9124148**	**10110196**
Previous year	18878789	1389809	(3700)	**20272298**	8138001	2006179	-	**10144180**	**10128118**	10740788

INTANGIBLE ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Software	936895	-	-	**936895**	936895	-	-	**936895**	**-**	-
Total	**936895**	-	-	**936895**	936895	-	-	**936895**	**-**	-
Previous year	936895	-	-	**936895**	936895	-	-	**936895**	**-**	-

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

	Gross Block		Depreciation / Amortisation	
	31.03.2013	**31.03.2012**	**31.03.2013**	**31.03.2012**
Assets capitalised with retrospective effect / Write back of excess capitalisation	**-**	3700	-	-
	-	3700	-	-

Note No. 9 Non-Current Investment

(Amount in ₹)

As at	Number of shares Current Year / (Previous Year)	Face value per share Current Year / (Previous Year) (₹)	31.03.2013	31.03.2012
Trade				
Equity instruments (fully paid up - unless otherwise stated)				
Unquoted				
Joint Venture Companies				
KINESCO Power and Utilities Pvt. Ltd.	50000 (50000)	10 (10)	500000	500000
Share application money pending allotment in:				
KINESCO Power and Utilities Pvt. Ltd.			2600000	2600000
Total			3100000	3100000

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

NOTE NO. 10 Long Term Loans and Advances
(Considered good, unless otherwise stated)

(Amount in ₹)

As at	31.03.2013	31.03.2012
ADVANCES		
Advance tax deposit & tax deducted at source	**513943142**	431197238
Less: Provision for current tax	**210380553**	210380553
Total	**303562589**	220816685

Note No. 11 Trade Receivables
(Considered good, unless otherwise stated)

(Amount in ₹)

As at	31.03.2013	31.03.2012
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured	**36236669**	2592353
Others - Unsecured	**83203813**	77452803
Total	**119440482**	80045156

Note No. 12 Cash & Bank Balances

(Amount in ₹)

As at	31.03.2013	31.03.2012
Cash & cash equivalents		
Balances with banks		
- Current accounts	**-**	105216487
Cheques & drafts on hand	**-**	1210238
Other bank balances		
Deposits with original maturity of more than three months but not more than twelve months	**7880725638**	9098943015
Total	**7880725638**	9205369740

a) Other bank balances - deposits include ₹**645,98,05,664** (Previous year ₹786,92,67,349) towards advances received from REC Ltd. for RGGVY works.

Note No. 13 Short Term Loans And Advances
(Considered good, unless otherwise stated)

(Amount in ₹)

As at	31.03.2013	31.03.2012
ADVANCES		
Others (unsecured)		
Cenvat credit receivables	**6042904**	5634483
Others	**4107729**	121942
Total	**10150633**	5756425

a) Others include prepaid rent and amount recoverable from Joint venture company i.e. KINESCO.

Note No. 14 Other Current Assets

(Amount in ₹)

As at	31.03.2013	31.03.2012
Interest accrued on :		
Term deposits		
Deposit Work Amount of REC Ltd.	**162446259**	123069240
Others	**50439565**	-
Advance to Contractors	**934027**	988503
	213819851	124057743
Assets held for disposal	**17922**	17922
Total	**213837773**	124075665

Note No. 15 Revenue From Operations

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Consultancy, project management and supervision fees (including turnkey construction projects)	**163452184**	460966868
Total	**163452184**	460966868

Note No. 16 Other Income

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Interest from		
Others		
Indian banks	**117142574**	94290078
Interest from income tax refunds	**-**	1414611
Other non-operating income		
EMD forfeited	**8628000**	-
Total	**125770574**	95704689

a) Interest from Indian bank is net of ₹ **66,20,53,855** (previous year ₹ 64,16,15,379) towards interest earned on investment of advances received from REC Ltd. is not the income of the Company as it is attributable to REC Ltd. and has been transferred to amount received against deposit works under Other Current Liabilities - Other payables - Others (Note No. 6).

Note No. 17 Employee Benefits Expense

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Salaries and wages	**384426859**	264311656
Contribution to provident and other funds	**16563215**	21519341
Staff welfare expenses	**11723471**	7890388
Total	**412713545**	293721385

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

b) Employee benefits expense include ₹ **4,15,40,924** for the year (Previous year ₹ 56,57,078) towards leave, Superannuation and other benefits in respect of employees posted on secondment basis from the NTPC Ltd. (holding company).

c) Employee benefits expense include ₹ **10,71,78,672** towards leave, superannuation and other benefits pertaining to earlier years i.e. 01.01.2007 to 31.03.2012 being additional provisions made during the current year due to change in the methodology of allocation of such provisions, according to the corporate policy.

Note No. 18 Administration & Other Expenses

(Amount in ₹)

For the period ended		31.03.2013	31.03.2012
Power charges		**794303**	840719
Rent		**3674966**	4315443
Repairs & maintenance		**148390**	3305900
Insurance		**27909**	35150
Training & recruitment expenses		**376800**	47000
Communication expenses		**7178403**	8291697
Travelling expenses		**28104488**	29046925
Tender expenses	**6961137**		3903630
Less: Receipt from sale of tenders	**379125**		324000
		6582012	3579630
Payment to auditors (refer details below)		**196650**	112700
Advertisement and publicity		**10000**	-
Security expenses		**3840212**	4468111
Entertainment expenses		**1319093**	1317031
Expenses for guest house		**436434**	482234
Brokerage & commission		**-**	17000
Community development and welfare expenses		**2298107**	599893
Books and periodicals		**95885**	133500
Professional charges and consultancy fees		**46940507**	83030622
Legal expenses		**10500**	3072

Note No. 18 Administration & Other Expenses

(Amount in ₹)

For the period ended		31.03.2013	31.03.2012
EDP hire and other charges		**762949**	1133738
Printing and stationery		**871321**	1041839
Hiring of vehicles		**15095287**	17992640
Bank charges		**1803**	16401
Miscellaneous expenses		**2508803**	2598707
Loss on disposal/write-off of fixed assets		**3195**	-
		121278017	162409952
Provisions for			
Shortage in fixed assets		**-**	18407
		-	18407
Total		**121278017**	162428359
a) Details in respect of payment to auditors:			
As auditor			
Audit fee	**80000**		66000
Tax audit fee	**26000**		21000
Reimbursement of expenses	**90650**		25700
		196650	112700

Note No. 19 Prior Period Expenditure

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Employee benefits expense	**-**	(12723512)
Total	**-**	(12723512)

Other Notes

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

21 **Discloure as per Accounting Standard - 20 on 'Earnings Per Share'**

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

	Current Year	Previous Year
Net Profit after Tax used as numerator - ₹	**(245,867,245)**	76,588,939
Weighted average number of equity shares used as denominator	**80,910**	80,910
Earning Per Share (Basic & Diluted) - ₹	**(3,038.77)**	946.59
Face value per share - ₹	**10.00**	10.00

22 **Discloure as per Accounting Standard - 19 on 'Leases'**

Operating Leases:

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Note No. 17 - Employees' benefit expenses include ₹ **1,94,61,405** (Previous year ₹ 2,15,92,778) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps amounting to ₹ **36,74,966** (Previous year ₹ 43,15,443) are shown as Rent in Note No. 18 - Administration and other expenses.

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

Joint Venture Entities:

Company	Proportion of ownership interest as on (excluding Share Application Money)	
	31.03.2013	**31.03.2012**
KINESCO Power and Utilities Pvt. Ltd.	**50%**	50%

The above entity is incorporated in India. The Company's share of the assets, liabilities, contingent liabilities and capital commitment as at 31st March 2013 and income and expenses for the year based on unaudited accounts are given below:

(Amount in ₹)

A	Assets	31.03.2013	31.03.2012
	Non-current assets	**96,143,796**	80,582,886
	Current assets	**36,027,498**	35,343,380
	Total	**132,171,294**	115,926,266
B	**Equity & liabilities**		
	Shareholders' funds	**11,914,857**	16,768,246
	Non-current liabilities	**9,013,076**	6,485,599
	Current liabilities	**111,243,362**	92,672,422
	Total	**132,171,295**	115,926,267
C	**Contingent liabilities**	**8,464,414**	14,921,685
D	**Capital commitments**	**34,467,456**	24,500
		Current Year	Previous Year
E	**Income**	**152,751,509**	113,380,323
F	**Expenses**	**166,684,717**	101,787,646

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

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

(Amount in ₹)

Sl.	Particulars	Current Year	Previous Year
1	Amount of revenue recognised on consultancy contract on deposit work basis	**128,567,204**	398,430,383
2	Amount disbursed for consultancy contracts on deposit work basis	**2,767,266,090**	3,769,951,000
3	Amount of advance received from customers for consultancy contracts on deposit work basis	**825,125,009**	2,431,368,000
4	Gross amount due from customers for consultancy contracts on deposit work as an asset	**Nil**	Nil
5	Gross amount due to customers for consultancy contracts on deposit work basis as a liability	**Nil**	Nil

26 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ **Nil** (Previous year ₹ Nil). Company has a commitment to further investment to the JV to the extent of ₹ 9,00,000.

27 Contingent Liabilities:

According to the order No. 29/commissioner/Noida/2012-13 dated 10.10.2012 of Commissioner Service Tax, an amount of ₹ 4,62,15,07,284 (including ₹ 2,31,07,53,642 as penalty) is imposed as additional service tax payable for the period 2006-07 to 2010-11. This is a pass through item the liability of which is on REC Ltd as per terms of contract. The order of the Commissioner is challenged before CESTAT and is pending disposal. Further Service Tax matter is pending for the year 2011-12 before the Commissioner of Customs, Central Excise and Service Tax, Noida amounting to ₹ 20,85,97,984.

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

(Amount in ₹)

Particulars	Current Year	Previous Year
a) Expenditure in foreign currency:		
Others	**Nil**	90,476

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

For Bhudladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Ramesh Kumar) Partner M. No.-503354	(R K Srivastava) Chief Executive Officer	(A K Singhal) Director	(Arup Roy Choudhury) Chairman

Place : New Delhi
Dated : 29th April 2013

AUDITORS' REPORT

To the Members of

NTPC ELECTRIC SUPPLY COMPANY LTD.

We have audited the accompanying financial statements of M/s NTPC Electric Supply Company Limited, New Delhi (a wholly owned subsidiary of NTPC Ltd.) which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

In our opinion and to the best of our information and according to the explanations given to us the financial statements, read with point 3 below, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(a) In the case of Balance sheet, of the state of affairs of the Company as at 31st March 2013;

(b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a Statement on the matters specified in paragraph 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

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

   b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

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

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211of the Companies Act, 1956, except for items covered by point 3 below;

e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

3. Attention is drawn to:

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

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

c) Note 17 (a) and 17(b) to the Financial Statements, in respect of Employee Benefits, according to which ₹ 4,15,40,924.00 being superannuation provision for F.Y. 2012-13 and ₹ 10,71,78,672.00 being difference towards superannuation liability of earlier years since F.Y. 2006-07 till 2011-12 have been provided for in the accounts of the current year. According to the accounting policy in respect of Employee Benefits, stated in Note 1 to Financial statements - Paragraph 5.2.8, superannuation and provident fund liabilities are allocated and charged to the company by its parent ie NTPC LTD., according to the corporate policy. Both these liabilities are defined benefit liabilities according the schemes in force. However the method of disclosure made in the financial statements are not in compliance of paragraph 33-35 of AS 15.

For Bhudladia & Company
Chartered Accountants
Firm's Reg. No. 002511N

(CA. Ramesh Kumar)
(Partner)
Membership No.: 503354

Place : New Delhi
Date : 29th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date on the statement of accounts of M/s NTPC Electric Supply Company Ltd., New Delhi for the year ended on 31st March 2013)

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

(b) The fixed assets of the Company are verified by the management at the intervals of two years. Physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which is in our opinion considered reasonable having regard to the size and nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the explanations given to us, there is no disposal of fixed assets during the year.

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

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

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

(v) (a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangement of the Company, referred to in Section 301 of the Companies Act, 1956, which requires to be entered in the register required to be maintained under that section.

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

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

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

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

(ix) (a) The Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues, with appropriate authorities *Being a wholly owned subsidiary of M/s NTPC Ltd. all the employees are on secondment basis, therefore Provident fund on their salaries is being deposited by the holding company.*

(b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2013.

(c) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2013 as given herein below:

Statue	Nature of Dues	Amount (₹)	Forum where disputes are pending
Income Tax Act, 1961	TDS on perks Income Tax	49,85,286/-	High Court, Allahabad
Finance Act, 1994	Service Tax on Deposit works	462,15,07,284/-	CESTAT, Delhi

(x) The Company has no accumulated losses as at the end of the relevant year and immediately preceding financial year. The company has incurred cash losses during the financial year covered by our audit.

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

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

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

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

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

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

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

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

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

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

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

For Bhudladia & Company
Chartered Accountants
Firm's Reg. No. 002511N

(CA. Ramesh Kumar)
(Partner)
Membership No.: 503354

Place : New Delhi
Date : 29th April, 2013

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

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 April 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of NTPC Electric Supply Company Limited, New Delhi for the year ended 31 March 2013. This supplemnentary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

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

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

Place: New Delhi
Dated: 25 June, 2013

NTPC HYDRO LIMITED

(A wholly-owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 11th Annual Report on the performance of the Company for the financial year ended 31st March, 2013 together with the Audited Accounts and Auditors' Report thereon.

OPERATIONAL REVIEW

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

Lata Tapovan HEP is being developed as a regional power station with 12% free power to the State of Uttarakhand for which all requisite statutory clearances have been obtained and physical possession of land required for the project has also been obtained. Rammam HEP, Stage – III is being developed for the benefit of West Bengal and Sikkim. All requisite statutory clearances and physical possession of land have been obtained. Infrastructure Development activities like construction of approach road and bridges are under progress.

Your Company has awarded Civil Hydro Mechanical Package and Electro Mechanical Works EPC Contract Package for Lata Tapovan HEP. Packages for Rammam HEP are under various stages of bidding. Both projects are slated for commissioning during the 13th plan period.

With a view to reduce entity costs, synergy of operation, reduction in overhead expenditure, enhanced efficiency, better administrative control and optimum utilization of resources, the Board of Directors in its 36th meeting held on December 17, 2010 had accorded in-principle approval for merger of NTPC Hydro Limited (NHL) with NTPC Limited.

After approval of Ministry of Power, in accordance with the provision of Section 391 of the Companies Act, 1956 a petition was filed with Ministry of Corporate Affairs (MCA), Government of India for approval of the Scheme. MCA vide order dated 20th December, 2012 read with order dated 21st January, 2013, had directed convening the meeting of the Shareholders of the Company, which was held on 24th May, 2013 and the Scheme was approved by the requisite majority. MCA is being approached for fixation for final date of hearing of petition.

FINANCIAL REVIEW

The financial highlights of the Company are as under:

(₹. in Crore)

Particulars	F/Y 2012-13	F/Y 2011-12
Paid-up Share Capital	121.36	121.36
Share Capital Deposit – Pending Allotment	0.20	0.20
Fixed Assets (Net)	32.75	22.38
Capital Work in progress	96.44	86.24

During the financial year 2012-13, in order to meet the funds requirement, the Company has borrowed interest free unsecured loan of ₹ 32.27 crore from the holding Company i.e. NTPC Limited.

MANAGEMENT DISCUSSION & ANALYSIS

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March, 2013.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) vide letter No. CA. V/COY/ CENTRAL GOVT., NTPHYD (1) / 660 dated 24.08.2012 has appointed M/s Rohtas & Hans, Chartered Accountants as the Statutory Auditors of the Company for the financial year 2012-13. M/s Rohtas & Hans has conducted statutory audit of the books of accounts for the financial year 2012-13. Copy of Audit Report is appended with the Financial Statements.

COMPTROLLER & AUDITOR GENERAL REVIEW

As per Section 619 (3) (b) of the Companies Act, 1956, Supplementary Audit of financial statements of the Company for the year ended on 31st March, 2013 was conducted by the Comptroller and Auditor General of India (C&AG). C&AG vide letter dated 6th June, 2013 have communicated that on the basis of audit nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. Copy of the letter received from C&AG is placed after the report of the Statutory Auditors.

BOARD OF DIRECTORS

Presently, the Board of Directors comprises Dr. Arup Roy Choudhury, Chairman and S/Shri A.K. Singhal, B.P.Singh, A.K.Jha, Directors of the Company.

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

During the financial year 2012-13, four meetings of the Board of Directors were held on 3rd May, 2012, 17th July, 2012, 20th November, 2012 and 19th February, 2013 respectively.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, your Company has constituted an Audit Committee of the Board of Directors. Presently, the Audit Committee comprises Shri A.K. Singhal, Shri B.P.Singh and Shri A.K.Jha, Directors of the Company.

During the year under review two meetings of the Audit Committee were held on 3rd May, 2012 and 20th November, 2012 respectively.

PARTICULARS OF EMPLOYEES

Particulars of employees, having earning over the amount specified under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are as under:

Employed for Part of the Year:

Name	Designation and Nature of duties	Remu-neration (₹.)	Qualification	Date of Commence-ment of Employment	Exp. (Yrs)	Age (Yrs)	Last Employ-ment held	Remarks
Shri S.M.Haq	AGM (Civil) Rammam-III	4359137	B.Sc. (Engg.), Civil	12.10.1981	32	60	-	Superan-nuated on 30.11.2012

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

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

During the period under review, there was a payment of ₹1,78,33,201 (US$ 3,28,859) to Bharat Heavy Electricals Limited (BHEL) in respect of Electro Mechanical EPC Package, however, there was no earning in foreign currency.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. in the preparation of the Annual Accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2013 and of the loss of the Company for the said period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the annual accounts for the financial year ended 31st March, 2013, ongoing concern basis.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 23 July, 2013

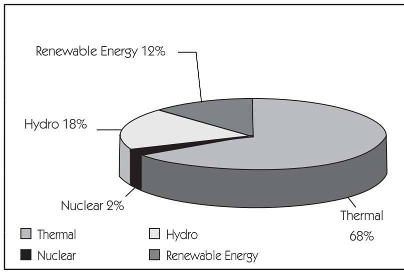
(Dr. Arup Roy Choudhury)
Chairman

ANNEXURE-I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENT

Electric power plays an important role in the growth of an economy. The Indian power sector has seen substantial growth since independence and as on 31st March, 2013, the total installed capacity in India was 223343.60 MW out of which, share of Thermal, Hydro, Nuclear and Renewable energy sources were as follows:



	Installed Capacity
Thermal	151530.49
Nuclear	4780.00
Hydro	39491.40
Renewable Energy	27541.71
Total	**223343.60**

Source: Central Electricity Authority

In all sources of generation of power, Hydro Power has been identified as a reliable, affordable and environment friendly source of power. As per the re-assessment studies done by Central Electricity Authority in the year 1987, our country has been endowed with enormous hydro power potential i.e. 84000 MW at 60% load factor. However, as on 31st March, 2013, installed capacity of hydro electric projects in India was only 39491.40 MW.

II. STRENGTHS

The Company is presently executing two projects namely, Lata Tapovan Hydro Electric Project (171 MW), located in Chamoli District of Uttarakhand and Rammam Hydro Electric Project, Stage – III (120 MW) located in Darjeeling District of West Bengal. The Company has received all statutory clearances for both projects and has awarded Civil Hydro Mechanical Package and Electro Mechanical Works EPC Contract Package for Lata Tapovan HEP. Packages for Rammam HEP are under various stages of bidding. Both projects are slated for commissioning during the 13th plan period.

The Company has entered into Power Purchase Agreements, for Lata Tapovan Hydro Electric Project which provide for opening of Letter of Credit, Default Escrow Arrangement and first charge on the Incremental receivables with a view to secure realization of payment. Power Purchase Agreement for Rammam Hydro Electric Project with West Bengal Electricity Board has been finalized and likely to be signed soon.

III. OPPORTUNITIES

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

IV. OUTLOOK

India is endowed with economically exploitable and viable hydro potential assessed to be about 84000 MW at 60% load factor (148701 MW installed capacity). In addition, 6780 MW in terms of installed capacity from Small, Mini, and Micro Hydel schemes have been assessed. However, presently installed capacity of Hydro Power of the country is 39491.40 MW only. Therefore, there is huge potential in the areas of Hydro Power which is yet to be harnessed.

V. RISK & CONCERNS/WEAKNESSES/ THREATS

During the year 2012-13, there was an increase of approx. 12% in total installed capacity in the country. However, there was an increase of only 1.3% in hydro power. Environmental & Forest Clearance, lack of infrastructure facilities like roads & construction power, issues relating to land acquisition and Rehabilitation & Resettlement, apportionment of catchment area treatment among various beneficiaries etc. are some of the areas of concern which have marred development of Hydro Power in the country. In addition to above, hydroelectric power plant has complex structures and involves large amounts of capital with a long gestation period. This situation imposes uncertainty factors with considerably high risks. The construction phase is identified as a critical phase in hydropower projects where many unforeseen factors such as geological surprises occur.

VI. INTERNAL CONTROL SYSTEM

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

VII. FINANCIAL PERFORMANCE

In view of ongoing amalgamation, there was no change in the paid up share capital of the Company. During the financial year 2012-13, there are addition of ₹ 10.37 crore in fixed assets and addition of ₹ 10.20 crore in Capital works in Progress. In order to meet the fund requirement, the Company has taken interest free unsecured loan of ₹ 32.27 crore from NTPC Limited.

VIII. HUMAN RESOURCE

Development of Human resource by imparting training is a continuous process. In the Company, there is a policy of imparting minimum 7 days training in a year. Training programs are generally conducted in association with Power Management Institute, one of the leading training institutes in Power Sector.

IX. ENVIRONMENT PROTECTION

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

X. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 23 July, 2013

(Dr. Arup Roy Choudhury)
Chairman

NTPC Hydro Limited

BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**1,213,595,000**	1,213,595,000
Reserves and surplus	3	**(81,422,821)**	(81,391,473)
		1,132,172,179	1,132,203,527
Share application money pending allotment	4	**2,000,000**	2,000,000
Non-current liabilities			
Other long term liabilities	5	**4,140,421**	8,495,953
Current liabilities			
Short term borrowings	6	**322,727,111**	-
Trade payables	7	**2,240,648**	507,611
Other current liabilities	8	**132,540,959**	8,435,620
Short term provision	9	**5,554,132**	10,351,913
		463,062,850	19,295,144
TOTAL		**1,601,375,450**	1,161,994,624
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	**327,546,385**	223,666,548
Intangible assets	10	**-**	84,460
Capital work-in-progress	11	**964,437,463**	862,434,932
Long-term loans and advances	12	**306,841,634**	71,667,987
		1,598,825,482	1,157,853,927
Current assets			
Cash and bank balances	13	**2,524,921**	1,887,625
Short-term loans and advances	14	**25,000**	2,242,215
Other current assets	15	**47**	10,857
		2,549,968	4,140,697
TOTAL		**1,601,375,450**	1,161,994,624
Significant accounting policies	1		

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

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

For Rohtas & Hans
Chartered Accountants
Firms' Regn. No. 04372N

(Parveen Kumar Singhal)	(Manish Kumar)	(A.K. Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman

Membership No. 090700
Place : New Delhi
Date : 29 April, 2013

NTPC Hydro Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	Note	31.03.2013	31.03.2012
Other income	16	**-**	-
Total revenue		**-**	-
Expenses			
Employee benefit expense	17	**-**	-
Depreciation and amortization expense	10	**-**	-
Generation, administration & other expenses	18	**31,348**	64,781
Prior period items (net)	19	**-**	-
Total expenses		**31,348**	64,781
Profit / (Loss) before tax		**(31,348)**	(64,781)
Tax expense		**-**	-
Profit / (Loss) for the year		**(31,348)**	(64,781)
Significant accounting policies	1		
Expenditure During Construction Period (net)	20		
Earnings per equity share (Par value of ₹10/- each)			
Basic		-	-
Diluted		-	-

The accompanying notes form an integral part of these financial statements.
There are no exceptional or extraordinary items in above periods.

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

For Rohtas & Hans
Chartered Accountants
Firms' Regn. No. 04372N

(Parveen Kumar Singhal)	(Manish Kumar)	(A.K. Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman

Membership No. 090700

Place : New Delhi
Date : 29 April, 2013

NTPC Hydro Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED

(Amount in ₹)

Particulars	31.03.2013		31.03.2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period Adjustment		**(31,348)**		(64,781)
Operating Profit before Working Capital Changes				
Adjustment for :				
Current Liabilities	**26,335,483**		(1,553,851)	
Other Long Term Liabilities	**(4,355,532)**		2,898,253	
Loans and Advances	**2,217,215**		(1,929,966)	
Other Current Assets	**10,810**		(546)	
		24,207,976		(586,110)
Net cash flow from Operating Activities - A		**24,176,628**		(650,891)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		**(346,266,443)**		(70,547,529)
Net cash used in Investing Activities - B		**(346,266,443)**		(70,547,529)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Share Capital Deposit		**-**		71,000,000
Borrowings from Holding Co.		**322,727,111**		-
Net cash flow from Financing Activities - C		**322,727,111**		71,000,000
Net Increase / Decrease in Cash & Cash Equivalents (A+B+C)		**637,296**		(198,420)
Cash & Cash Equivalents (Opening Balance)		**1,887,625**		2,086,045
Cash & Cash Equivalents (Closing Balance)		**2,524,921**		1,887,625

Note : 1. Cash & Cash equivalents consists of balances with banks amounting ₹24,98,296 (Previous Year : ₹18,61,000) and deposits as security with state authorities which are not available for use ₹26,625 (Previous Year : ₹ 26,625). [Note -13]

2. Previous year figures have been regrouped / rearranged whereever considered necessary.

The accompanying notes form an integral part of these financial statements

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

For Rohtas & Hans
Chartered Accountants
Firms' Regn. No. 04372N

(Parveen Kumar Singhal)	(Manish Kumar)	(A.K. Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman

Membership No. 090700

Place : New Delhi
Date : 29 April, 2013

NOTES ON ACCOUNTS

Note No. 1 SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under 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. 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 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 relatable to land in possession are treated as cost of land.
6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

D. CAPITAL WORK-IN-PROGRESS

1. 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.
2. Deposit works/ cost plus contracts are accounted for on the basis of statements of account received from the contractors.
3. Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

E. 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 arising from settlement/translation of long term foreign currency monetary items are adjusted in the carrying cost of related assets.
4. Other exchange differences are recognized as income or expense in the period in which they arise.

F. EXPENDITURE

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

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

3. Depreciation on addition to / deductions from fixed assets during the year is charged on pro-rata basis from / up to the month in which the asset is available for use / disposal.
4. Assets costing upto ₹ 5000/- are fully depreciated in the year of acquisition.
5. Cost of software recognized as intangible assets, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use or 25 years, whichever is less.
6. Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009.
7. Capital expenditure on asset not owned by the company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
8. Leasehold land and buildings are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.
9. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
10. Prepaid expenses and prior period expenses /income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

G. 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.

H. PROVISIONS AND CONTINGENT LIABILITIES

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

I. CASH FLOW STATEMENT

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

NTPC Hydro Limited

Note No. 2 : SHARE CAPITAL (Amount in ₹)

As at	31.03.2013	31.03.2012
EQUITY SHARES CAPITAL		
Authorised Shares		
50,00,00,000 shares of par value ₹ 10/- each (Previous year 50,00,00,000 shares of par value ₹10/- each)	**5,000,000,000**	5,000,000,000
Issued, Subscribed and fully paid-up shares		
12,13,59,500 shares of par value ₹ 10/- each (Previous year 121,359,500 shares of par value ₹10/- each)	**1,213,595,000**	1,213,595,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period	**No. of Shares**	**Amount in ₹**	No. of Shares	Amount in ₹
At the beginning of the period	**121,359,500**	**1,213,595,000**	113,959,500	1,139,595,000
Issued during the period	**-**	**-**	7,400,000	74,000,000
Outstanding at the end of the Period	**121,359,500**	**1,213,595,000**	121,359,500	1,213,595,000

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

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

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

d. Details of shareholders holding more than 5% shares in the Company :

Particulars	31.03.2013		31.03.2012	
	No. of shares	**%age of holding**	No. of shares	%age of holding
NTPC & its nominees	**121,359,500**	**100**	121,359,500	100

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

As at	31.03.2013	31.03.2012
Surplus in the statement of profit & loss		
As per last financial statements	**(81,391,473)**	(81,326,692)
Add : During the year transfer from statement of P&L	**(31,348)**	(64,781)
Total	**(81,422,821)**	(81,391,473)

Note No.4 : SHARE APPLICATION MONEY PENDING ALLOTMENT (Amount in ₹)

As at	31.03.2013	31.03.2012
Share application money pending allotment	**2,000,000**	2,000,000
Total	**2,000,000**	2,000,000

Disclosures :

1. The share application money pending allotment is the balance of fund received from NTPC Ltd, the holding company against which shares are not yet allotted.
2. The no. of shares issued on the balance of share application money pending allotment will be 2,00,000 @ ₹10/- per share.
3. There will be no premium on this share allotment.
4. The company has sufficient authorized capital to cover the share capital amount after this proposed allotment of shares but the Board of Directors of NTPC Hydro Limted in its 43rd meeting held on 03.05.2012 & Board of Directos of NTPC Ltd. in its 382nd meeting held on 10.05.2012 has approved a scheme of amalgamation of NTPC Hydro Limited with NTPC Limited and NTPC Ltd. has given a declaration to BSE that there shall be no alteration in the share capital of NTPC Hydro Limited prior to the scheme of amalgamation becoming effective.
5. As this amount is non-refundable and non interest bearing, no interest will accrue on the amount due for refund.

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

As at	31.03.2013	31.03.2012
Trade payables (Other than MSMED)	**20,421**	149,034
Payable for capital expenditure - Others (Other than MSMED)	**4,120,000**	8,346,919
Total	**4,140,421**	8,495,953

Note No. 6 : SHORT TERM BORROWINGS (Amount in ₹)

As at	31.03.2013	31.03.2012
Unsecured Interest free Loan from NTPC Ltd.	**32,27,27,111**	-
Total	**32,27,27,111**	-

Unsecured interest free loan from NTPC Ltd. (Holding Company) has been sanctioned as fund requirement till proposed amlgamation.

Note No. 7 : TRADE PAYABLES

As at	31.03.2013	31.03.2012
For goods and services (Other than MSMED)	**2,240,648**	507,611
Total	**2,240,648**	507,611

Note No. 8 Other Current Liabilities (Amount in ₹)

As at	31.03.2013	31.03.2012
Payable for capital expenditure - Others (Other than MSMED)	**90,585,112**	7,452,335
Other payables		
Tax deducted at source and other statutory dues	**2,297,881**	968,641
Others *	**7,575**	14,644
Payable to NTPC Ltd. (Holding Company)	**39,650,391**	-
Total	**132,540,959**	8,435,620

* Others include payable towards electricity bills, telephone bills etc.

Note No. 9 : SHORT TERM PROVISIONS (Amount in ₹)

As at	31.03.2013	31.03.2012
Provision for employee benefits		
As per last balance sheet	**10,351,913**	3,876,872
Additions during the year	**3,279,572**	6,479,112
Amount paid during the year	**1,237,390**	-
Amount reversed during the year	**6,871,311**	4,071
Closing balance	**5,522,784**	10,351,913
Provision for shortage in fixed assets pending investigation		
As per last balance sheet	**-**	-
Additions during the year	**31,348**	-
Closing balance	**31,348**	-
Total	**5,554,132**	10,351,913

Note No. 10 : FIXED ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deductions/ Adjustments	**As at 31.03.2013**	Upto 01.04.2012	For the year	Deductions/ Adjustments	**Upto 31.03.2013**	**As at 31.03.2013**	**As at 31.03.2012**
TANGIBLE ASSETS **Land :** (including development expenses)										
Freehold	156,618,560	-	(41,968,737)	**198,587,297**	-	-		-	**198,587,297**	**156,618,560**
Leasehold*	17,534,711	-	(78,462,518)	**95,997,229**	2,491,082	3,200,586	(12,249,573)	**17,941,241**	**78,055,988**	**15,043,629**
Plant and machinery	83,325	-	-	**83,325**	33,538	3,629	-	**37,167**	**46,158**	**49,787**
Furniture and fixtures	3,160,933	-	662,736	**2,498,197**	1,660,426	129,894	303,557	**1,486,763**	**1,011,434**	**1,500,507**
Office equipment	1,682,469	-	291,056	**1,391,413**	864,802	83,694	226,280	**722,216**	**669,197**	**817,667**
EDP, WP machines and satcom equipment	4,438,107	-	1,064,108	**3,373,999**	2,967,529	358,305	966,511	**2,359,323**	**1,014,676**	**1,470,578**
Electrical Installations	82,569	-	-	**82,569**	18,460	4,185	-	**22,645**	**59,924**	**64,109**
Capital expenditure on assets not owned by the Company	48,101,711	-	-	**48,101,711**	-	-	-	-	**48,101,711**	**48,101,711**
Total	231,702,385	-	(118,413,355)	**350,115,740**	8,035,837	3,780,293	(10,753,225)	**22,569,355**	**327,546,385**	**223,666,548**
Previous year	231,490,773	102,516	(109,096)	**231,702,385**	7,029,467	1,258,506	252,136	**8,035,837**	**223,666,548**	**224,461,306**

1. **Deduction / adjustment from gross block and depreciation /amortisation for the year includes :** (Amount in ₹)

	Gross Block		Depreciation / Amortisation	
	31.03.2013	31.03.2012	**31.03.2013**	31.03.2012
Cost adjustment#	(120,431,255)	(133,096)	(12,249,573)	252,136
Disposal of Assets		24000	-	-
Others (represents inter company transfer)*	2,017,900	-	1,496,348	-
Total	**(118,413,355)**	(109,096)	**(10,753,225)**	252,136

2. The execution of lease agreement of 187.328 acres lease hold land at Lata Tapovan Hydro Power Project of value ₹ 9,59,97,229 (Previous year 187.328 acres, value ₹ 1,75,34,711) is awaiting completion for legal formalities.
3. # Value addition in existing assets through adjustment pertains to value addition in already acquired land.
4. *Certain tangible assets are transfered from NTPC Hydro Limited to NTPC Ltd (holding company) with prior consent of NTPC Ltd., in line with secheme of merger.

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deductions/ Adjustments	**As at 31.03.2013**	Upto 01.04.2012	For the year	Deductions/ Adjustments	**Upto 31.03.2013**	**As at 31.03.2013**	**As at 31.03.2012**
INTANGIBLE ASSETS										
Software	570,596	-	237,544	**333,052**	486,136	84,460	237,544	**333,052**	**-**	**84,460**
Total	570,596	-	237,544	**333,052**	486,136	84,460	237,544	**333,052**	**-**	**84,460**
Previous Year	570,596	17,114	17,114	**570,596**	299,484	187,128	476	**486,136**	**84,460**	**271,112**

1. **Deduction / adjustment from gross block and depreciation /amortisation for the year includes :** (Amount in ₹)

	Gross Block		Depreciation / Amortisation	
	31.03.2013	31.03.2012	**31.03.2013**	31.03.2012
Cost adjustment#	-	17114		476
Others (represents inter company transfer)*	237544	-	237544	-
Total	**237,544**	17,114	**237,544**	476

2. *Certain intangible assets are transfered from NTPC Hydro Limited to NTPC Ltd (holding company) with prior consent.

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

(Amount in ₹)

	31.03.2013	31.03.2012
Charged to Profit & Loss	**-**	-
Transferred to expenditure during construction period (net) - Note 20	**3,864,753**	1,445,634
Total	**3,864,753**	1,445,634

Note No. 11 : CAPITAL WORK IN PROGRESS (Amount in ₹)

	As at 01.04.2012	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2013
Roads, bridges, culverts & helipads	45,817,747	10,764,603	-	-	**56,582,350**
Hydraulic works, barrages, dams, tunnels and power channel	208,518,960	97,700,000			**306,218,960**
Electrical installations	10,050	-	-	-	**10,050**
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	56,091,181	1,743,567#	894,585	-	**56,940,163**
Expenditure towards diversion of forest land	81,520,537	-	78,462,518	-	**3,058,019**
Expenditure during construction period (net)	470,476,457	71,151,465*	1	-	**541,627,921**
Total	**862,434,932**	**181,359,635**	**79,357,104**	**-**	**964,437,463**
Previous year	790,905,993	71,528,936	(3)	-	**862,434,932**

Includes previous year expenditure amounting ₹ 12,65,000 pertaing to GSI related to Lata Tapovan H.E.P

* Brought forward from expenditure during construction period (net) - Note 20

Note No. 12 : LONG TERM LOANS AND ADVANCES (Amount in ₹)

As at	31.03.2013	31.03.2012
Capital Advances		
Unsecured - considered good		
Covered by bank guarantee	**291,890,337**	16,393,679
Others*	**14,951,297**	55,274,308
Total	**306,841,634**	71,667,987

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

Note No. 13 : CASH & BANK BALANCES (Amount in ₹)

As at	31.03.2013	31.03.2012
Cash & cash equivalents		
Balances with banks		
- Current accounts	**2,498,296**	1,861,000
Other bank balances		
Deposits with original maturity of more than three months but not more than twelve months #	**26,625**	26,625
Total	**2,524,921**	1,887,625

Represents bank deposits amounting to ₹ 26,625/- (Previous year ₹ 26,625/-) deposited with Sikkim Sales Tax Authorites as security which is not available for use.

Note No.14 : SHORT TERM LOANS AND ADVANCES (Amount in ₹)

As at	31.03.2013	31.03.2012
Advances - Unsecured considered good		
Due from NTPC Ltd. (holding company)	**-**	2,217,215
Security Deposit (Unsecured)*	**25,000**	25,000
Total	**25,000**	2,242,215

* Represents bank deposits amounting to ₹ 25,000/- (Previous year ₹ 25,000/-) deposited with Trade Tax Authorites, Noida as security deposit.

Note No. 15 : OTHER CURRENT ASSETS (Amount in ₹)

As at	31.03.2013	31.03.2012
Interest accrued on Term Deposit	**47**	10,857
Total	**47**	10,857

Note No. 16 : OTHER INCOME (Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Interest from		
Contractors	**-**	276,331
Indian banks	**3,270**	3,937
Other non-operating income		
Miscellaneous income	**6,394**	94,231
	9,664	374,499
Less: Transferred to expenditure during construction period (net) - Note 20	**9,664**	374,499
Total	**-**	-

Note No. 17 EMPLOYEE BENEFIT EXPENSE (Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Salaries and wages	**17,812,762**	39,282,340
Contribution to provident and other funds	**19,256,392**	2,733,939
Staff welfare expenses	**716,668**	1,157,516
	37,785,822	43,173,795
Less: Transferred to expenditure during construction period (net) - Note 20	**37,785,822**	43,173,795
Total	**-**	-

a. All the employees of the company are on secondment from the holding company i.e. NTPC Ltd.

b. Employee Benefits Expenses include ₹ 36,49,431 for the year (Previous year ₹ 11,53,462) towards leave, superannuation and other benefits in respect of employees posted on secondment basis from the NTPC Ltd. (holding company).

c. Employee Benefits Expenses include ₹1,42,69,957 towards leave, superannuation and other benefits pertaining to earlier years i.e. 01.01.2007 to 31.03.2012 being additional provisions made during the current year due to change in the methodology of allocation of such provisions, according to the revised Corporate HR policy of Holding Company i.e. NTPC Limited.

Note No. 18 : ADMINISTRATION & OTHER EXPENSES (Amount in ₹)

For the period ended		31.03.2013		31.03.2012
Power charges		**102,651**		294,770
Water charges		**-**		1,020
Rent		**828,348**		3,882,291
Repairs & maintenance				
Buildings		**-**		1,394,831
Others		**629,747**		1,265,178
Insurance		**6,299**		14,475
Training & recruitment expenses		**-**		64,781
Communication expenses		**3,520,725**		1,278,776
Travelling expenses		**1,172,834**		2,386,039
Tender expenses		**2,113,357**		-
Payment to auditors				
- As Audit Fee	80,000		80,000	
- As Reimbursement of Service Tax	9,888		8,240	
		89,888		88,240
Advertisement and publicity		**30,000**		5,000
Security expenses		**436,704**		416,636
Entertainment expenses		**122,207**		293,521
Expenses for guest house	705,366		699,174	
Less: Recoveries	18,578		16,035	
		686,788		683,139

Note No. 18 : ADMINISTRATION & OTHER EXPENSES

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Community development and welfare expenses	147,350	651,620
Books and periodicals	14,270	39,914
Professional charges and consultancy fees	774,847	66,180
Legal expenses	5,382	8,679
EDP hire and other charges	452,548	605,373
Printing and stationery	103,277	66,738
Hiring of vehicles	694,541	836,628
Bank Charges	5,110	-
Miscellaneous expenses	347,739	195,540
	12,284,612	14,539,369
Less: Transferred to expenditure during construction period (net) - Note 20	12,284,612	14,474,588
Sub Total	-	64,781
Provisions for		
Shortage in Fixed Assets	31,348	-
Sub Total	31,348	-
Total	31,348	64,781

Note No. 19 : PRIOR PERIOD ITEMS (NET)

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Expenditure		
Employee benefits expense	-	(8,981,426)
Depreciation and amortisation	12,249,573	109,695
Communication Expenses	4,976,369	-
Net Expenditure	17,225,942	(8,871,731)
Less: Transferred to Expenditure during construction period (net)-Note 20	17,225,942	(8,871,731)
Total	-	-

Note No. 20 : EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

(Amount in ₹)

For the period ended		31.03.2013		31.03.2012
A. Employee benefits expense				
Salaries and wages		17,812,762		39,282,340
Contribution to provident and other funds		19,256,392		2,733,939
Staff welfare expenses		716,668		1,157,516
Total (A)		37,785,822		43,173,795
B. Depreciation and amortisation		3,864,753		1,445,634
C. Generation , administration and other expenses				
Power charges		102,651		294,770
Water charges		-		1,020
Rent		828,348		3,882,291
Repairs & maintenance				
Buildings		-		1,394,831
Others		629,747		1,265,178
Insurance		6,299		14,475
Communication expenses		3,520,725		1,278,776
Travelling expenses		1,172,834		2,386,039
Tender expenses		2,113,357		-
Audit fee				
- As Audit Fee	80,000		80,000	
- As Reimbursement of Service Tax	9,888		8,240	
		89,888		88,240
Advertisement and publicity		30,000		5,000
Security expenses		436,704		416,636
Entertainment expenses		122,207		293,521
Expenses for Guest house	705,366		699,174	
Less: Receipt from guest house	18,578		16,035	
		686,788		683,139
Community development and welfare expenses		147,350		651,620
Books and periodicals		14,270		39,914
Professional charges and consultancy fee		774,847		66,180
Legal expenses		5,382		8,679
EDP Hire and other charges		452,548		605,373
Printing and stationery		103,277		66,738
Expenses on hiring of vehicle		694,541		836,628
Bank Charges		5,110		-
Miscellaneous expenses		347,739		195,540
Total (C)		12,284,612		14,474,588
Total (A+B+C)		53,935,187		59,094,017
D. Less: Other income				
Interest from contractors		-		276,331
Interest others		3,270		3,937
Miscellaneous income		6,394		94,231
Total (D)		9,664		374,499
E. Prior period items (net)		17,225,942		(8,871,731)
Grand total (A+B+C-D+E)*		71,151,465		49,847,787

* Balance carried to capital work-in-progress - (Note 11)

NOTES ON ACCOUNT

21. Estimated amount of contract remaining to be executed on capital account and not provided for ₹12,33,39,89,470 (Previous year ₹ 21,98,39,000), considering a maximum 20% escalation of contract value, wherever applicable.

22. Above (Note No. 21) includes estimated amount of contract remaining to be executed on capital account, in foreign currency, not hedged by a derivative instrument or otherwise is $ 43,80,590 equivalent ₹ 24,05,38,197 (Previous year NIL).

23. Disclosure Regarding Operating Leases:

    The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees benefits expenses include ₹ 29,20,466 (Previous year ₹ 50,58,270) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule Note No. 18 Administration and other expenses amounting ₹ 8,28,348 (Previous year ₹ 38,82,291).

24. Amount payable to NTPC Ltd., (holding company) has been shown ₹ 3,96,50,391 as part of the other current liabilities (Previous Year ₹ 22,17,215 as part of short term loans & advances). In addition to ₹ 32,27,27,111 (Previous year : NIL) sanctioned as unsecured interest free loan has been shown as short term borrowing from holding company i.e. NTPC Ltd.

25. Income /Expenses of NTPC Hydro Limited – Head Quarter is allocated to projects on the basis of capital expenditure for the period.

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

27. Based on information available with the company, there are no suppliers/ contractors/service providers who are registered as micro, small or medium enterprise under " The Micro, Small and Medium Enterprises Development Act, 2006" as on 31.03.2013.

28. Earning Per Share

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

	Current Year	Previous Year
Net Loss used as numerator	31348	64781
Weighted Average number of equity shares used as denominator	121359500	114080811
Earning Per Share (Rupees) – Basic	-	-
Weighted Average number of equity shares used as denominator	121559500	114084090
Earning Per Share (Rupees) – Diluted	-	-
Face Value per share (Rupees)	10	10

29. The Board of Directors in its 36th meeting held on December 17th , 2010 has accorded in-principle approval for merger of NTPC Hydro Limited (NHL) with NTPC Limited, subject to approval of Ministry of Power.

Ministry of Power vide letter no. 5/5/2012-Th-II dated 10th April 2012 has decided to allow for amalgamation of NTPC Hydro Limited with NTPC Limited subject to approval of competent authority in terms of Section 391-394 of the Companies act 1956 after following due process. Subsequently, the Board of Directors of NTPC Hydro Limited in its 43rd meeting held on 3rd May 2012 has approved the Scheme of Amalgamation of NTPC Hydro Limited with NTPC Limited (Scheme)

In accordance with the provision of Section 391 of the Companies Act 1956 a petition was filed on 28th Aug 2012 with Ministry of Corporate Affairs (MCA), Government of India for approval of the Scheme. The petition was heard by MCA on 19th December 2012.

MCA vide order dated 20th December 2012 has directed convening the meeting of the Shareholders of NHL, which is scheduled to be held on 24th May 2013.

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

For Rohtas & Hans
Chartered Accountants
Firms' Regn. No. 04372N

(Parveen Kumar Singhal)	(Manish Kumar)	(A.K. Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman

Membership No. 090700

Place : New Delhi
Date : 29 April, 2013

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
NTPC Hydro Limited

1. We have audited the accompanying financial statements of NTPC Hydro Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies.
2. Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
   (b) In the case of the Profit and Loss Account, Loss of ₹ 31,348/- for the year ended on the that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. As require by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
6. As require by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) the balance sheet, Statement of profit and loss, and cash flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (e) Being a Government Company, pursuant to GSR 829(E) dated 17.07.2003 issued by the government of India, provisions of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.
   (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For ROHTAS & HANS
Chartered Accountants
Firms' Registration No. 004372N

(Parveen Kumar Singhal)
Partner
Membership No. 090700

Date : 29 April, 2013
Place : New Delhi

The Annexure referred to in paragraph 5 of the Our Report of even date to the members of NTPC Hydro Limited On the Accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

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

(b) As explained to us, all the fixed assets have been physically verified by the management once two year as per the defined policies of the company which is reasonable having regards to the size of the company and the nature of its assets. Adjustment in shortage is created in the books of accounts.

(c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year and therefore does not affect the going concern assumption.

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

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses 4 (iii) (b), (c), (d), (e) (f) and (g) of the companies (Auditors Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company. However, the company has taken unsecured interest free loan from holding company i.e., NTPC Ltd. amounting to ₹ 32,27,27,111/-

(iv) In our opinion and according to the information and explanations given to us, there is generally adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weakness in the internal controls has been noticed.

(v) (a) As per information & explanation given to us, we are of the opinion, that there are no transition that need to be entered into the register maintained under section 301 of the Act' 1956. Accordingly, Clause (v) (b) of the order is not applicable of the company.

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

(vii) As per information & explanations given by the management, the Company has an internal audit system through its Internal audit department of holding company i.e. NTPC Limited which commensurate with its size and the nature of its business.

(viii) As per information & explanations given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 is not applicable to the company, as the company has not commenced any activities relating to the distribution of the electricity.

(ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, of the Company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees state Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanation given to us, there were no outstanding statutory dues as on 31st March, 2013 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, there is no amount payable in respect of Income Tax, Wealth tax, Service tax, Sales Tax, Custom Duty and Excise Duty which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

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

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

(xiv) According to the information and explanation given to us, the Company is not dealing in or trading in Shares, Mutual funds & other Investments.

(xv) According to the information and explanation given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

(xvi) Based on our audit procedures and on the information given by the management, we report the Company has not raised term loans during the year.

(xvii) Based on the information and explanation given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) Based on the audit procedures performed and the information and explanation given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debenture, consequently the provision of clause (xix) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

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

(xxi) Based on the audit procedures performed and the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For ROHTAS & HANS
Chartered Accountants
Firms' Registration No. 004372N

(Parveen Kumar Singhal)
Partner
Membership No. 090700

Date : 29 April, 2013
Place : New Delhi

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

The preparation of financial statements of NTPC Hydro Limited, New Delhi, for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 April 2013.

I, on behalf of the Comptroller and Auditors General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of NTPC Hydro Limited, New Delhi for the year ended 31 March 2013. This supplemnentary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounding records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

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

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

Place: New Delhi
Dated: 06 June, 2013

NTPC VIDYUT VYAPAR NIGAM LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report on the working of the Company for the financial year ended on 31st March 2013 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ in Crore)

	2012-13	2011-12
Total Revenue	**3075.32**	2379.18
Total Expenditure	**3012.28**	2319.92
Profit /(Loss) before exceptional and extraordinary items	**63.04**	59.26
Exceptional Items	**(115.82)**	107.18
Profit/(Loss) before Tax	**(52.78)**	166.44
Tax expenses	**(17.94)**	54.51
Profit/(Loss) for the year	**(34.84)**	111.93

DIVIDEND

During the financial year 2012-13, Directors have not recommended any dividend.

ENERGY TRADING-BUSINESS

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

During the financial year under review margin from trade of energy was ₹43.04 Crore from trade of 8382 million units including 1520 million units traded under SWAP arrangements and 1590 million units traded under Solar Bundled energy, as compared to margin of ₹44.82 Crore from trade of energy of 8529 million units including 2996 million units traded under SWAP arrangements and 329 million units traded under Solar Bundled energy in the financial year 2011-12. The overall volume of energy traded by Company during the financial year 2012-13 has marginally decreased by 1.7% over last financial year 2011-12.

BUSINESS INITIATIVES

The Government of India has designated your company as the Nodal Agency for Phase I of Jawaharlal Nehru National Solar Mission (JNNSM) with a mandate for purchase of power from the solar power projects connected to grid at 33 KV and above at tariff regulated by CERC and for sale of such power bundled with the power sourced from NTPC coal power stations to Distribution Utilities under Phase I (2010-2013) of JNNSM which envisages setting up of 1000 MW solar capacity.

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

Under the Migration Projects Scheme of JNNSM, Solar PV Projects of 48 MW Capacity out of 54 MW contracted has been commissioned in the States of Rajasthan (35 MW), Maharashtra (11 MW) and Punjab (2 MW).

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

A Solar PV capacity of 130MW under Batch-I has been commissioned in the States of Rajasthan (100MW), Andhra Pradesh (10MW), Uttar Pradesh (5 MW), Karnataka (5 MW), Odisha (5 MW) and Tamil Nadu (5MW). The Solar Thermal Projects for 470 MW capacity in the States of Rajasthan (400MW), Andhra Pradesh (50 MW) and Gujarat (20 MW) are expected to be commissioned in financial year 2013-2014.

Under Batch-II, out of capacity of 340 MW, solar capacity of 290 MW have been commissioned in the states of Rajasthan (285 MW) and Maharashtra(5 MW).

As on 31st March 2013, a total solar capacity of 468 MW has been commissioned and corresponding allocation of NTPC coal power has been made by Ministry of Power. During the financial year 2012-13, a total of 1590 MUs of bundled power (including - 351 MUs of Solar Power) has been supplied by your company to the Discoms of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Odisha.

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

Your Company has excelled in many fields including expanding customer base, selling captive power, selling power of Independent Power Producers (IPPs), entering into power banking arrangements etc. The customer base of your Company has increased to 100 which include private Discoms and also utilities. The Company has maintained a strong presence in all the five regions of India.

Your Company is also participating in Case-I tenders of various utilities. The Company has received Letter of Intent from Kerala State Electricity Board for supply of 300 MW from Chattisgarh (CSPDCL) for 3 years starting from March, 2014 to February, 2017

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2012-13, 4198471 MT of Fly Ash was sold as compared to 3782470 MT of Fly Ash sold in the financial year 2011-12. The Ash sale revenue contributes to Ash Fund constituted in line with MOEF Notification of November 3, 2009. Net Addition to Ash Fund in 2012-13 was of ₹108 Crore (including an interest of ₹20 Crore) as against ₹68 Crore (including an interest of ₹ Nil) in the financial year 2011-12.

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has sold 240 MT of Cenosphere as compared to 209 MT of Cenosphere in the financial year 2011-12.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at Annexure-I.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) have appointed M/s Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2012-13.

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

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no. 3(a) and 4(b) regarding treatment of interest on Fly Ash Utilization Fund. The Ministry of Environment & Forest, Government of India vide notification dated 03.11.2009, required the Company to keep amounts collected from sale of fly Ash and Fly Ash products in a separate account. As notification did not specify on treatment of interest on such funds, interest income earned on these funds is being considered as other income. Your Company has transferred interest income (net of taxes) to Fly Ash Utilization Fund as compared to earlier practice to retain the income under Reserves & Surplus. The said treatment has been carried out with retrospective effect by transferring an amount of ₹19.69 Crore from Reserves & Surplus to Fly Ash Utilization Fund. Till further clarification by Ministry of Environment & Forest, Government of India on treatment of interest income, above mentioned practice is followed based on recommendation of C&AG.

The Statutory Auditors of the Company have also drawn attention of the members to Note no. 7 and 25, in respect of funds realized by the Company on account of non-performance by the Solar Power Developers under the Jawahar Lal Nehru Solar Mission. In pursuance of communication received from the Ministry of New & Renewable Energy, Government of India, an amount of ₹7.66 Crore for financial year 2010-11, ₹107.15 Crore for financial year 2011-12 and interest accrued thereon of ₹1.01 Crore have been reversed during the year under exceptional items thereby affecting the profit/loss for the year to the said extent with consequent effect on Reserves & Surplus. An amount of ₹13.95 Crore as liquidated damages received in the current year on late commissioning of Solar Power Plants is credited to "Retention on A/c encashment (Solar)". Further, an amount of ₹8.41 Crore is also transferred on account of accrued interest for the current year in the said retained amount. The treatment has been done as per the aforesaid communication and the same will be followed till further orders.

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller & Auditor General of India (C&AG), vide letter dated May 23, 2013, has decided not to review the report of the Statutory Auditors on the accounts of the Company for the financial year ended March 31, 2013 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed after report of Statutory Auditors of your Company.

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

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of

Directors) Rules, 1988, as your Company does not own any manufacturing facility.

During the financial year under review the Company did not have any foreign currency earnings. An expenditure of ₹0.02 crore in foreign currency has been incurred for travelling of employees during the financial year under review.

PARTICULARS OF EMPLOYEES

As per Notification No. GSR 289(E) dated 31 March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975, it is not necessary for the Company being a Government company to include the particulars of employees drawing salaries of ₹60 lakh or more per annum, employed throughout the financial year or ₹5 lakh per month, if employed for part of the financial year. However, such particulars shall be made available to the shareholders on a specific request made by them during the course of this Annual General Meeting.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, your Company has an Audit Committee of the Board comprising of Shri A.K. Singhal, Shri I.J. Kapoor and Shri N.N. Misra, Directors of the Company. Two meetings of the Audit Committee were held during the financial year 2012-13. The senior-most Director on the Audit Committee Chaired the meeting and quorum is of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2012-13 and of the loss of the company for that period;

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

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

BOARD OF DIRECTORS

During the financial year under review Shri S.P. Singh, has ceased to be the Director of the Company w.e.f. February 28, 2013 (A/N), consequent upon superannuation from services of NTPC Limited.

The Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri U.P. Pani, Director (Human Resources), NTPC Limited as an Additional Director of the Company. Shri U.P. Pani holds office up to the date of this Annual General Meeting and is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing his candidatures for the office of Director liable to retire by rotation.

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place : New Delhi (Dr. Arup Roy Choudhury)
Date : July 15, 2013 Chairman

Annexure-I
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

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

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

During the last four years, 63 traders have obtained licenses for serving the needs of the various clients, out of which 21 nos. of licensees have been revoked / surrendered / cancelled. The traders are issued license under categories I, II or III depending on the volume of units proposed to be traded and net worth. During 2012-13 out of the electricity generation of approximately 907 billion units, approximately 74 billion units were traded, representing 8.17% of trading to total generation.

Structure of Power Industries in India*

(i)	Long –Term (89.1%)	808 BU
(ii)	Power Trading (8.2%)	74 BU
(iii)	Balancing Market (UI) (2.7%)	25 BU
	Total	907 BU

The trading of Power in India*

(i)	Bilateral Trading	37 BU
(ii)	Bilateral Direct	15 BU
(iii)	Through Power Exchange	23 BU
	Total	74 BU

*Source: CERC

STRENGTH AND WEAKNESS

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

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

OPPORTUNITIES AND THREATS

Ministry of Power, Government of India plans to enhance the existing inter regional power transfer capacity of 29750 MW to 63000 MW by end of 12th Plan period. This would provide considerable opportunities for enhancement of trading volumes. Many Independent Power Producers are setting up generation capacities reserved as merchant capacity for sale in the market. This will provide opportunity to the Company for capturing such merchant capacity for trading.

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

OUTLOOK

Your Company has been designated as one of the nodal agencies for cross border trading of power with Bhutan and Bangladesh. The Power Purchase Agreement between the Company and Bangladesh Power Development Board (BPDB) for supply of 250 MW power from NTPC stations for 25 years has been signed on February 28, 2012. The Power supply to Bangladesh is expected to commence from August/September 2013. Cross border trading of power from Bhutan is expected to commence from 2016-17 with the commissioning of new projects.

Your Company has also been designated as nodal agency under Phase I of the Jawaharlal Nehru National Solar Mission (JNNSM) for buying power from solar power developers in India and selling to distribution utilities after bundling with unallocated equivalent capacity from NTPC power stations. The business under this segment during the financial year 2012-13 was 1590 MUs.

Your Company is also selling fly ash from NTPC plant at Dadri, Unchahar Kahalgaon, Ramagundam and Badarpur.

RISKS AND CONCERNS

The trading margin capped by CERC for electricity trading limits revenues of trading companies. The risk gets further enhanced due to large number of private players offering lower trading margin than the capped trading margin. Your Company continues to focus on increasing its market share in power trading with emphasis on back-to-back arrangements in order to mitigate risks while making endeavors to increase the business.

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR

Operations

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

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

	Fiscal 2013	Fiscal 2012
Trading of energy	Million units	
Power	**5272**	5204
Solar Bundled Power	**1590**	329
Power SWAP Arrangements	**1520**	2996
Total	**8382**	8529

During the Financial Year 2012-13, your company traded 8382 million units of power, which includes 1590 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has marginally decreased by 1.7% over last year.

In the past three years your company has developed a good customer base and has served over 100 customers including State Government/Private Power Utilities, Captive Power Generators etc. in all five regions in the country.

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

	Fiscal 2013	Fiscal 2012
	Metric Ton	
Fly ash	**4198471**	3782470
Cenosphere	**240**	209

Financial Performance

The main revenue of your Company has been realized by trading of energy of 8382 million units contributing to 99% of total revenue.

₹ in Crore

	2012-13		2011-12	
Sales				
Bilateral energy	**2244.49**		2162.84	
Solar & Thermal Bundled Energy	**756.47**		147.10	
Energy under SWAP Arrangements	**5.78**	**3006.74**	11.84	2321.78
Other operating income		**36.22**		36.01
Fly Ash and Cenosphere	**108.86**	**-**	84.30	-
Less: Transfer to Fly Ash Utilization Fund	**108.86**	**-**	84.30	-
Other income		**32.36**		21.38
Total		**3075.32**		2379.17

The Ministry of Environment and Forest, Government of India, through its notification dated November 3, 2009, directed that the amount collected from sale of fly ash and fly ash based products should be kept in a separate account head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100 % fly ash utilization level is achieved; thereafter as long as 100% fly ash utilization levels are maintained, the thermal power station would be free to utilize the amount collected for other development programmes also and in case, there is a reduction in the fly ash utilization levels in the subsequent year(s), the use of financial return from fly ash shall get restricted to development of infrastructure or facilities and promotion or facilitation activities for fly ash utilization until 100% fly ash utilization level is again achieved and maintained.

In view of the above notification during the current financial year the Company has transferred to fly ash utilization fund an amount of ₹88 Crore net proceed from sale of fly ash and cenosphere as compared to ₹68 Crore net proceed transferred during the previous financial year.

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

₹ in Crore

	2012-13	2011-12
Purchase of energy	**2963.70**	2276.96
Rebate on energy sale	**36.40**	32.25
Employee benefits expense	**7.98**	6.91
Administration & other expenses	**4.15**	3.34
Prior period items (net)	**-**	(1.16)
Total operating expenses	**3012.23**	2318.30

Due to notification by the Ministry of Environment and Forest, Government of India, the operating expenses of fly ash business during 2012-13 has been netted off with revenue from sale of fly ash, hence not included in operating expenses.

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

₹ in Crore

	2012-13		2011-12
Total operating expenses	**3012.23**		2318.30
Depreciation & amortization expense	**0.05**		0.04
Finance cost:			
a. cash credit	**-**	0.02	
b. other	**-**	1.55	1.57
Total expenses including operating expenses	**3012.28**		2319.91

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹0.84 Crore as on 31.3.2013.

₹ in Crore

	2012-13	2011-12
Profit/(Loss) before exceptional and extraordinary items & tax	**63.04**	59.26
Exceptional items	**(115.82)**	107.18
Profit /(Loss)before tax	**(52.78)**	166.44

During the financial year under review the Company has recognized loss of ₹115.82 Crore under the head "Exceptional Items", as per the directions received from the Ministry of New and Renewable Energy (MNRE) and clarifications sought thereafter.

As per the aforesaid directive the following amounts were debited to exceptional item and kept as "Retention on A/c BG encashment (solar)":-

(i) ₹7.66 Crore (gross) received in financial year 2010-11;

(ii) ₹107.15 Crore (gross) received in the previous year 2011-12 by way of encashment of Bank Guarantee; and

(iii) accrued interest of ₹1.01 Crore (gross) upto 31.03.2012 on amount invested on account of "Retention on A/c BG encashment (solar)".

₹ in Crore

	2012-13	2011-12
Profit/(Loss) before tax	**(52.78)**	166.44
Tax expenses	**(17.94)**	54.51
Profit /(Loss) for the year	**(34.84)**	111.93

Dividend

Due to losses incurred by the Company during the financial year 2012-13, Directors have not recommended any dividend.

Reserves & Surplus

In view of the observations of C&AG, a separate bank account was opened during current year for accounting receipts for sale of fly ash/ ash products. As observed by Government Auditors, interest earned on fly ash utilization fund during previous financial years and current financial year was transferred to Fly Ash Utilization Fund from Reserves & Surplus.

During the financial year 2012-13, total interest of ₹19.69 Crore, on fly ash utilization fund, consisting of ₹7.63 Crore (net of income tax) pertaining to period starting from 03.11.2009 to 31.03.2012 and ₹12.06 Crore (net of income tax) pertaining to current financial year was transferred from Reserve and surplus to fly ash utilization fund.

During the financial year 2012-13 an amount of ₹12.06 Crore was transferred from

General Reserve to Surplus in the Statement of Profit and Loss.

Current Assets

The current assets at the end of the financial year 2012-13 were ₹935.60 Crore as compared to ₹697.66 Crore in financial year 2011-12 registering an increase of 34%.

₹ in Crore

	31.03.2013	31.03.2012
Inventories	**0.01**	0.02
Trade receivables	**158.36**	162.07
Cash and Bank balances	**523.03**	339.55
Short term loan and advances	**2.92**	3.49
Other current assets	**251.28**	192.53
Total Current Assets	**935.60**	697.66

The increase was mainly on account of increase in cash and bank balance and Other Current assets. During the financial year under review, trade receivables has decreased to ₹158.36 Crore from ₹162.07 Crore. The major amount of receivables has now been recovered from various buyers and balance amount would be realized soon. The Cash and Bank Balance has increased to ₹523.03 Crore from ₹339.55 Crore due to increase in CLTDs/FDRs and the Other Current assets has increased to ₹251.28 Crore from ₹192.53 Crore mainly due to increase in unbilled revenue.

Current Liabilities

During the financial year 2012-13, Current Liabilities have increased to ₹603.94 Crore as compared to ₹374.92 Crore in the financial year 2011-12, mainly on account of increase in trade payables for energy purchase.

₹ in Crore

	31.03.2013	31.03.2012
Trade payables	**438.38**	323.79
Other current liabilities	**165.56**	19.09
Short-term provisions	**-**	32.04
Total Current Liabilities	**603.94**	374.92

The short term provisions for the financial year under review have become nil as compared to ₹32.04 Crore in previous financial year, mainly on account of payment of dividend and there is no provision of dividend during current financial year.

Cash Flow Statement

₹ in Crore

	2012-13	2011-12
Opening cash and cash equivalents	**339.55**	144.71
Net cash from operating activities	**186.92**	201.82
Net cash used in investing activities	**19.80**	12.01
Net cash flow from financing activities	**(23.24)**	(18.99)
Net change in cash and cash equivalents	**183.48**	194.84
Closing cash and cash equivalents	**523.03**	339.55

The closing cash and cash equivalent for the financial year ended March 31, 2013 has increased by 54% from ₹339.55 Crore in the previous year to ₹523.03 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2012-13 as compared to financial year 2011-12 are as under:-

₹ in Crore

	Description	2012-13	2011-12
A	i) Capital employed	**143.06**	197.60
	ii) Net worth	**143.06**	197.60
B	i) Return on Capital Employed (PBT/CE)	**(37%)**	84%
	ii) Return on net worth (PAT/NW)	**(24%)**	57%
C	Dividend as % of Equity Capital	**-**	100
D	Earning per share in ₹ (EPS) before exceptional item	**21.30**	20.54
E	Earning per share in ₹ (EPS) after exceptional item	**(17.42)**	55.97

During the financial year 2012-13, the capital employed as well as net worth has decreased. The decrease is mainly on account of reduction in Reserve & Surplus due to transfer of total interest of ₹19.69 Crore to fly ash utilization fund and transfer of ₹12.06 Crore to Surplus in the Statement of Profit and Loss and recognition of loss of ₹115.82 Crore as exceptional item.

Human Resources

As on 31st March 2013, there were 52 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 man days of training every year.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 15, 2013

(Dr. Arup Roy Choudhury)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED

BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note No.	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**200,000,000**	200,000,000
Reserves and surplus	3	**1,230,591,152**	1,775,976,299
		1,430,591,152	1,975,976,299
Fly Ash Utilization Fund	4	**2,349,334,677**	1,269,751,597
Non-current liabilities			
Deferred tax liabilities (Net)	10	**-**	139,907
Other Long term liabilities	5	**9,906,036**	8,532,069
		9,906,036	8,671,976
Current liabilities			
Trade payables	6	**4,383,807,302**	3,237,905,641
Other current liabilities	7	**1,655,595,363**	190,850,328
Short-term provisions	8	**-**	320,449,813
		6,039,402,665	3,749,205,782
TOTAL		**9,829,234,530**	7,003,605,654
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	**4,207,524**	2,471,855
Intangible assets	9	**14,700**	-
Deferred tax assets (net)	10	**179,268,996**	-
Long-term loans and advances	11	**289,761,188**	24,565,122
		473,252,408	27,036,977
Current assets			
Inventories	12	**134,246**	152,735
Trade receivables	13	**1,583,544,255**	1,620,715,226
Cash and bank balances	14	**5,230,290,672**	3,395,484,005
Short-term loans and advances	15	**29,205,705**	34,935,000
Other current assets	16	**2,512,807,244**	1,925,281,711
		9,355,982,122	6,976,568,677
TOTAL		**9,829,234,530**	7,003,605,654
Significant Accounting Policies	1		

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

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N
(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : May 2, 2013

For and on behalf of Board of Directors

(Nitin Mehra)	**(N.K.Sharma)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Company Secretary	Chief Executive Officer	Director	Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	NOTE No.	31.03.2013	31.03.2012
Revenue from operations	17	30,429,610,119	23,577,920,449
Other income	18	323,571,108	213,844,876
Total Revenue		30,753,181,227	23,791,765,325
Expenses			
Purchase of energy	19	29,637,035,567	22,769,617,299
Rebate on energy sale		363,962,495	322,549,392
Cost of fly ash/ash products	20	-	-
Employee benefits expense	21	79,769,148	69,137,718
Finance costs	22	2,629	15,679,624
Depreciation and amortization expense	9	573,782	417,403
Administration & other expenses	23	41,469,043	33,366,444
Prior period items(net)	24	-	(11,596,403)
Total expenses		30,122,812,664	23,199,171,477
Profit/(Loss) before exceptional and extraordinary items & tax		630,368,563	592,593,848
Exceptional items	25	(1,158,216,659)	1,071,775,001
Profit/(Loss) before extraordinary items and tax		(527,848,096)	1,664,368,849
Extraordinary Items		-	-
Profit/(Loss) before tax		(527,848,096)	1,664,368,849
Tax expense:			
Current tax		-	545,050,799
Deferred tax		(179,408,903)	(9,244)
Total Tax expense		(179,408,903)	545041555
Profit/(Loss) for the year		(348,439,193)	1,119,327,294
Significant Accounting Policies	1		
Earnings per equity share (Par value of ₹ 10/- each) before Exceptional items			
Basic		21.30	20.54
Diluted		21.30	20.54
Earnings per equity share (Par value of ₹ 10/- each) after Exceptional items			
Basic		(17.42)	55.97
Diluted		(17.42)	55.97

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

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N
(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : May 2, 2013

For and on behalf of Board of Directors

(Nitin Mehra)	**(N.K.Sharma)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Company Secretary	Chief Executive Officer	Director	Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED

(Amount in ₹)

		31.03.2013	31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		(527,848,096)	1,664,368,849
Adjustment for:			
Depreciation	573,782		417,403
Interest Charges	2,629		15,524,979
Interest income	(303,520,421)		(169,202,423)
Increase in Fly Ash Utilization Fund	882,637,126		680,154,701
		579,693,116	526,894,660
Operating Profit before Working Capital Changes		51,845,020	2,191,263,509
Adjustment for:			
Trade and other receivables	(735,043,233)		(2,060,955,723)
Inventories	18,489		73,290
Trade payable and other liabilities	2,612,020,663		2,590,324,895
Loans and advances	251,262,295		(255,793,000)
		2,128,258,214	273,649,462
Cash generated from operations		2,180,103,234	2,464,912,971
Direct taxes paid		(310,853,283)	(446,722,508)
Net Cash from Operating Activities-A		1,869,249,951	2,018,190,463
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(2,352,927)		(57,185)
Disposal of fixed assets	28,776		4,610
Interest on Investments Received	240,176,092		137,332,276
Income Tax on Interest on Investments	(39,847,596)		(17,169,736)
Net Cash used in Investing Activities -B		198,004,345	120,109,965
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(200,000,000)	(150,000,000)
Tax on dividend		(32,445,000)	(24,333,750)
Interest Paid		(2,629)	(15,524,979)
Net Cash flow from Financing Activities-C		(232,447,629)	(189,858,729)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		1,834,806,667	1,948,441,699
Cash and Cash equivalents (Opening balance) *		3,395,484,005	1,447,042,306
Cash and Cash equivalents (Closing balance)*		5,230,290,672	3,395,484,005

NOTES
1. Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks.
2. Previous year figures have been regrouped/rearranged wherever necessary.

*Includes ₹ **25000/-** (Previous year ₹ 25000/-) deposited as security with Sales Tax Authority which is not available for use.

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N
(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : May 2, 2013

For and on behalf of Board of Directors

(Nitin Mehra)	**(N.K.Sharma)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Company Secretary	Chief Executive Officer	Director	Chairman

1 SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

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

B. USE OF ESTIMATES

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

C. FLY ASH UTILISATION FUND

1. Sale of fly ash/ ash products are accounted for based on rates agreed with the customers. Amounts collected are kept under separate account head "fly ash utilization fund" in accordance with the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India.
2. Interest earned (net of Income Tax) on "Fly Ash utilization fund" is credited to the fund.

D. FIXED ASSETS

1. Tangible Assets are carried at historical cost less accumulated depreciation.
2. Intangible assets are stated at their cost of acquisition less accumulated amortisation.
3. Fixed Assets acquired out of fly ash utilization fund are directly charged to the fly ash utilization fund.

E. 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.

F. INVENTORIES

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

G. INCOME RECOGNITION

1. Sale of energy is accounted for based on rates agreed with the customers.
2. Interest earned (net of Income Tax) on "Fly Ash utilization fund" is credited to the fund.
3. The surcharge on late payment/overdue4 trade receivables for sale of energy and liquidated damages are recognized when no significant uncertainty as to measurability or collectability exists.

H EXPENDITURE

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

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

2. Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
3. Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.
4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or estimated life of 3 years, whichever is less.
5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research & development are charged to revenue in the year incurred.
6. Prepaid expenses and prior period expenses/income of items of ₹ 1,00,000/- and below are charged to natural heads of accounts.
7. The contributions in respect of liabilities for employee benefits expense towards leave, superannuation and other benefits in respect of employees posted on secondment basis are accounted for as determined and apportioned by the holding company i.e. NTPC Limited at a fixed percentage as per the stated policy.

I. 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.

J. PROVISION AND CONTINGENT LIABILITIES

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

K. CASH FLOW STATEMENT

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

2 SHARE CAPITAL

(Amount in ₹)

As at	31.03.2013	31.03.2012
Equity Share Capital		
Authorised		
2,00,00,000 shares of par value of ₹10/- each (Previous year 2,00,00,000 shares of par value of ₹10/- each)	**200,000,000**	200,000,000
Issued, subscribed and fully paid-up		
2,00,00,000 shares of par value of ₹ 10/- each (Previous year 2,00,00,000 shares of par value of ₹ 10/- each)	**200,000,000**	200,000,000

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

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

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

d) Details of shareholders holding more than 5% shares in the company:

Particulars	31.03.2013		31.03.2012	
	No. of shares	**%age holdings**	No. of shares	%age holdings
NTPC Limited and its nominees	**20000000**	**100**	20000000	100

3 RESERVES AND SURPLUS

(Amount in ₹)

As at	31.03.2013	31.03.2012
General Reserve		
As per last financial statements	**1,764,883,956**	884,883,956
(Less)/Add: Transfer to/from Surplus in the Statement of Profit and Loss	**(120,649,969)**	880,000,000
Less: Transfer to fly ash utilisation fund (interest) (Note 4)	**76,295,985**	-
Closing balance	**1,567,938,002**	1,764,883,956
Surplus in the Statement of Profit and Loss		
As per last financial statements	**11,092,343**	4,210,049
Add:- Profit/(Loss) after tax for the year from Statement of Profit & Loss	**(348,439,193)**	1,119,327,294
(Add)/Less:Transfer from/to General Reserve	**(120,649,969)**	880,000,000
Less:Transfer to fly ash utilisation fund (interest) (Note 4)	**120,649,969**	-
Proposed dividend	**-**	200,000,000
Tax on proposed dividend	**-**	32,445,000
Net surplus/(deficit)	**(337,346,850)**	11,092,343
Total	**1,230,591,152**	1,775,976,299

a) During the current year, interest estimated at ₹ **7,62,95,985/-** (net of income tax) pertaining to the period from 03.11.2009 to 31.03.2012 and ₹ 12,06,49,969/- (net of income tax) pertaining to the current year on Fly ash utilisation fund has been transferred to "Fly ash utilisation fund" (Note 4).

b) The company has proposed final dividend for the year 2012-13 @ ₹ 'Nil' per equity share of par value ₹ 10/- each (previous year ₹ 10/- per equity share).

4 FLY ASH UTILIZATION FUND

(Amount in ₹)

As at	31.03.2013	31.03.2012
As per last financial statements	1,269,751,597	589,596,896
Add: Transfer from sales (Note 17)	1,088,620,403	843,016,824
Transfer from reserve and surplus (Interest) (Note 3)	196,945,954	-
Less: Utilized during the year		
Capital expenditure (Note 9)	466,999	40,462,858
Cost of fly ash/ash products (Note 20)	23,438,456	10,355,207
Employee benefits expense (Note 21)	69,405,332	55,935,453
Administration & other expenses (Note 23)	112,672,490	56,108,605
	205,983,277	162,862,123
Total	2,349,334,677	1,269,751,597

a) The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. As per the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India, the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance with the said notification, the company has created a fly ash utilization fund in its books of accounts, to which the entire sale proceeds of fly ash and cenosphere for the year amounting to ₹ **1,08,86,20,403/-** (previous year ₹ 84,30,16,824/-) has been transferred.

b) Further, during current year, interest estimated to have been earned on the fund amounting to ₹19,69,45,954/- (₹ 7,62,95,985/- (net of income tax) pertaining to the period from 03.11.2009 to 31.03.2012 and ₹12,06,49,969/- (net of income tax) pertaining to the current year) has been transferred from "Reserve and surplus" (Note 3).

c) During the current year the company utilized a sum of ₹ **20,59,83,277/-**(previous year ₹16,28,62,123/-) towards direct/indirect expenses (including capital expenses) as determined and approved by the management. The indirect expenses of ₹ 7,39,56,243/- on account of employee cost, administration and other expenses have been allocated in the ratio of gross margin on sale of power and fly ash & its products.

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

5 OTHER LONG TERM LIABILITIES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Deposits from customers	9,906,036	8,532,069
Total	9,906,036	8,532,069

Disclosure with respect to Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note 30.

6 TRADE PAYABLES

(Amount in ₹)

As at	31.03.2013	31.03.2012
- Energy	4,363,829,303	3,196,122,098
- Open access charges(OAC)	14,652,495	38,500,198
- Other services	5,325,504	3,283,345
Total	4,383,807,302	3,237,905,641

Disclosure with respect to Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note 30.

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Advances from customers and others	35,752,127	46,771,524
Payable for capital expenditure	106,850	-
Other Payables		
- Tax Deducted at Source and other statutory dues	3,813,614	4,326,720
- Deposits from contractors and others	21,876,854	13,810,587
- Payable to Holding Company	88,217,273	13,373,815
- Payable to Employees	19,912,266	14,403,886
- Retention on A/c BG encashment (Solar)	1,378,038,503	-
- Others	107,877,876	98,163,796
Total	1,655,595,363	190,850,328

a) Other payables-Retention on A/c BG encashment (solar)comprises of:

1.1) The liquidated damages of ₹ 7,65,65,000/- (gross) (received in financial year 2010-11) and ₹ 1,07,15,75,000/-(gross) (received in the previous year 2011-12) by way of BG encashment have been transferred to "Retention on A/c BG encashment (solar)".

1.2) Interest accrued amounting to ₹ 1,00,76,659/- (gross) upto 31.03.2012 on the amount invested out of BG encashment (solar) is also credited to the said account.

2.1) An amount of ₹ 13,95,00,000/- received as liquidated damages in the current year on late commissioning of solar power plants is credited to "Retention on A/c BG encashment (solar)".

2.2) Interest accrued amounting to ₹ 8,40,70,447/- (gross) for the current year on the amount invested out of BG encashment (solar) has also been credited to the said account.

3) ₹ 37,48,603/- on account of legal expenses has been debited to "Retention on A/c BG encashment (solar)".

4) Interest on refund,if any, received from the income tax department on account of above shall be credited to "Retention on A/c BG encashment (solar)".

5) The above treatment is made as per the directions received from the Ministry of New and Renewable Energy (MNRE) vide letter ref. no. 29/5/2010-11/JNNSM(ST) dated 29.06.2012 and clarifications thereafter.

b) Other payables-Others include the amount received on encashment of the Bank Guarantee of ₹ **9,50,65,000/-** (previous year ₹ 9,50,65,000/-) along with accrued interest of ₹ **1,28,03,887/-** (previous year ₹ 30,98,396/-) thereon which is required to be invested in Fixed Deposit as per the directive from the Hon'ble High Court of Delhi till the matter is settled through arbitration.

8 SHORT TERM PROVISIONS

(Amount in ₹)

As at	31.03.2013	31.03.2012
Provision for employee benefits		
Opening balance	-	1,263,098
Additions during the year	-	-
Amounts paid during the year	-	1,062,773
Amounts reversed during the year	-	200,325
Closing balance	-	-
Provision for current tax		
Opening balance	88,004,813	689,325,593
Additions during the year	-	560,575,778
Less: Set off against taxes paid	88,004,813	1,161,896,558
Closing balance	-	88,004,813
Provision for proposed dividend		
Opening balance	200,000,000	150,000,000
Additions during the year	-	200,000,000
Amounts paid during the year	200,000,000	150,000,000
Closing balance	-	200,000,000
Provision for tax on proposed dividend		
Opening balance	32,445,000	24,333,750
Additions during the year	-	32,445,000
Amounts paid during the year	32,445,000	24,333,750
Closing balance	-	32,445,000
Total	-	320,449,813

9 FIXED ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
A. Tangible Assets										
Plant and machinery (including associated civil works)	1,195,000	-	-	**1,195,000**	151,367	56,762	-	**208,129**	**986,871**	1,043,633
Furniture and fixtures	813,253	138,192	-	**951,445**	172,955	56,424	-	**229,379**	**722,066**	640,298
Office equipment	1,073,399	165,568	-	**1,238,967**	731,171	148,665	-	**879,836**	**359,131**	342,228
EDP, WP machines and satcom equipment	3,208,987	1,919,121	485,782	**4,642,326**	2,763,291	309,138	461,493	**2,610,936**	**2,031,390**	445,696
Comunication equipments	-	111,146	-	**111,146**	-	3,080	-	**3,080**	**108,066**	-
Total (A)	6,290,639	2,334,027	485,782	**8,138,884**	3,818,784	574,069	461,493	**3,931,360**	**4,207,524**	2,471,855
B. Assets created from Fly Ash Utilization Fund										
Plant & Machinery	3,419,707	-	-	**3,419,707**	-	-		**-**	**3,419,707**	3,419,707
Furniture and fixtures	45,754	-	-	**45,754**	-	-	-	**-**	**45,754**	45,754
Office equipment	135,334	-	-	**135,334**	-	-	-	**-**	**135,334**	135,334
Roads,bridges,culverts	35,284,854	-		**35,284,854**	-	-	-	**-**	**35,284,854**	35,284,854
Temporary erection	1,577,209	-	(466,999)	**2,044,208**	-	-	-	**-**	**2,044,208**	1,577,209
Total	40,462,858	-	(466,999)	**40,929,857**	-	-	-	**-**	**40,929,857**	40,462,858
Less: Set off against Fly Ash Utilization Fund(Note 4)	40,462,858	-	(466,999)	**40,929,857**	-	-	-	**-**	**40,929,857**	40,462,858
Total (B)	-	-	-	**-**	-	-	-	**-**	**-**	-
Grand Total (A+B)	6,290,639	2,334,027	485,782	**8,138,884**	3,818,784	574,069	461,493	**3,931,360**	**4,207,524**	2,471,855
Previous Year	6,325,652	57,185	92,198	**6,290,639**	3,488,969	417,403	87,588	**3,818,784**	**2,471,855**	2,836,683

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
C. Intangible Assets										
Software	241,078	18,900	4,487	**255,491**	241,078	(287)	-	**240,791**	**14,700**	-
TOTAL	**241,078**	**18,900**	**4,487**	**255,491**	**241,078**	**(287)**	**-**	**240,791**	**14,700**	**-**
Previous Year	241,078	-	-	**241,078**	241,078	-	-	241,078	-	-

10 DEFERRED TAX ASSET/(LIABILITY) (NET)

(Amount in ₹)

As at	31.03.2013	31.03.2012
Deferred tax asset		
On account of carry forward losses for tax purposes	**179,546,717**	-
Less: Deferred tax liability		
Difference of book depreciation and tax depreciation	**277,721**	139,907
Total	**179,268,996**	(139,907)

a) The net increase in deferred tax asset of ₹ 17,94,08,903/- (Previous Year decrease in deferred tax liability credited to statement of profit and loss ₹ 9,244/-) has been credited to statement of Profit and Loss.

b) Deferred tax aset and deferred tax liability have been offset as they relate to the same governing law.

11 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,considered good, unless otherwise stated)		
Deposits	**2,550,000**	50,000
Advances		
Advance tax & tax deducted at source	**1,537,112,559**	713,840,715
Less:- Provision for taxation	**1,249,901,371**	689,325,593
	287,211,188	24,515,122
Total	**289,761,188**	24,565,122

12 INVENTORIES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Stock-in-Trade-Cenosphere	**134,246**	152,735
	134,246	152,735

Stock-in-Trade-Cenosphere has been valued considering the significant accounting policy No. F.1 of Note 1 to these financial statements.

13 TRADE RECEIVABLES

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,Considered good, unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Energy	**845,757,221**	419,569,425
Open Access Charges(OAC)	**973,261**	489,604
	846,730,482	420,059,029
Others		
Energy	**593,478,695**	994,045,468
Open Access Charges(OAC)	**143,335,078**	206,610,729
	736,813,773	1,200,656,197
Total	**1,583,544,255**	1,620,715,226

Unbilled revenue of ₹ **2,38,54,63,058/-** (previous year ₹ 1,61,57,48,854/-) is stated in Note 16 Other Current Assets.

14 CASH & BANK BALANCES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Cash & cash equivallents		
Balances with banks		
- Current Accounts	**633,765,481**	2,956,026
- Current Account-Fly Ash	**619,825**	-
Other bank balances		
Bank deposits with original maturity of more than three months but not more than twelve months	**4,595,880,366**	3,392,502,979
Others-Term deposit as security with Sales Tax Authorities, not available for use	**25,000**	25,000
Total	**5,230,290,672**	3,395,484,005

Cash & bank balances include fly ash utilization fund balance and retention on A/c of BG encashment (solar).

15 SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,considered good, unless otherwise stated)		
Advances		
Others*	**3,364,305**	35,000
Deposits	**25,841,400**	34,900,000
Total	**29,205,705**	34,935,000

* Others include advances given to arbitrators ₹ **27,37,505/-** (previous year ₹ 'Nil') and to Indian Energy Exchange of ₹ **5,61,800/-** (previous year ₹ 'Nil').

16 OTHER CURRENT ASSETS

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,considered good, unless otherwise stated)		
Interest Accrued on Term deposits	**127,344,186**	63,999,857
Other Recoverables	**-**	245,533,000
	127,344,186	309,532,857
Unbilled revenues*	**2,385,463,058**	1,615,748,854
Total	**2,512,807,244**	1,925,281,711

* Unbilled revenues are for sales of energy for which the bills have been raised to customers subsequent to the reporting date.

17 REVENUE FROM OPERATIONS

(Amount in ₹)

For the year ended		31.03.2013	31.03.2012
Sales			
Bilateral energy	22,444,881,453		21,628,403,137
Solar & thermal bundled energy	7,564,750,557		1,470,963,522
Energy under swap arrangements	57,809,715		118,416,451
		30,067,441,725	23,217,783,110
Fly Ash	1,076,166,984		835,559,845
Cenosphere	12,453,419		7,456,979
		1,088,620,403	843,016,824
Less: Transferred to Fly Ash Utilization Fund (Note 4)		**1,088,620,403**	843,016,824
		-	-
		30,067,441,725	23,217,783,110
Other Operating Income			
Rebate on energy purchase		**362,168,394**	360,137,339
TOTAL		**30,429,610,119**	23,577,920,449

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

b) Sale of bilateral energy includes compensation received of ₹ **2,11,79,344/-** (previous year ₹37,10,78,714/-) due to lesser supply/drawl of power by the supplier /buyers and open access charges on energy trading borne by the company.

c) (i) Sale of energy under Swap arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognised for ₹**5,78,09,715/-** (previous year ₹11,84,16,451/-).

(ii) 454 Mus (previous year 540 Mus) energy supplied by the sellers under Swap arrangements are yet to be returned back by the buyers.

18 OTHER INCOME

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Interest from		
Banks*	**303,520,421**	169,202,423
Other non-operating income		
Earnest Money/Security Deposit forfeited	**444,653**	15,604,707
Application Processing Fee-Solar	**-**	21,800,000
Surcharge received from Customers	**1,759,342**	6,879,066
RTI Application fee	**50**	90
Miscellaneous Income #	**17,846,642**	358,590
Total	**323,571,108**	213,844,876

* Excludes interest earned on Solar BG Retention A/c of ₹ **8,40,70,447/-** (previous year ₹ 'Nil') shown under "Retention on A/c BG encashment (solar)" (Note 7).

\# Miscellaneous income includes ₹ **1,36,30,994/-** (previous year ₹ 'Nil') on A/c of old liability of KSEB lying unadjusted for more than three years written back .

19 PURCHASE OF ENERGY

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Purchase of energy		
Bilateral energy	**22,183,565,757**	21,321,681,496
Solar & thermal bundled energy	**7,453,469,810**	1,447,935,803
Total	**29,637,035,567**	22,769,617,299

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

b) Bilateral energy purchase includes compensation payment of ₹ **2,10,87,434/-** (previous year ₹ 33,39,19,947/-) due to lesser supply/drawl of power by the Company.

20 COST OF FLY ASH/ASH PRODUCTS

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
--Fly Ash	**23,097,658**	9,755,926
--Cenosphere	**340,798**	599,281
	23,438,456	10,355,207
Less:Transferred to Fly Ash Utilization Fund (Note 4)	**23,438,456**	10,355,207
Total	**-**	-

21 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Salaries and wages	**136,671,018**	111,382,632
Contribution to provident and other funds	**6,917,293**	8,459,350
Staff welfare expenses	**5,586,169**	5,231,189
	149,174,480	125,073,171
Less: Transferred to Fly Ash Utilization Fund (Note 4)	**69,405,332**	55,935,453
Total	**79,769,148**	69,137,718

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

b) Employee benefits expense include ₹ **1,71,17,972/-** for the year (previous year net credit ₹ 7,21,171/-) towards leave, superannuation and other benefits in respect of employees posted on secondment basis from the NTPC Ltd. (holding company).

c) Employee benefits expense include ₹**1,34,00,970/-** towards leave, superannuation and other benefits pertaining to earlier years i.e. 01.01.2007 to 31.03.2012 being additional provisions made during the current year due to change in the methodology of allocation of such provisions in accordance with the corporate policy.

d) Employee benefits expense includes Managerial Remuneration paid/ payable to Chief Executive Officer ₹ **31,60,492/-** (previous year ₹ 31,85,550/-).

22 FINANCE COSTS

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Interest on :		
Cash Credit	**-**	154,645
Others	**2,629**	15,524,979
Total	**2,629**	15,679,624

Others include interest accrued on account of deferment of advance tax under the provisions of the Income Tax Act, 1961 during the previous year.

23 ADMINISTRATION & OTHER EXPENSES

(Amount in ₹)

For the year ended		31.03.2013	31.03.2012
Power charges		**1,236,904**	1,217,402
Rent		**35,535,169**	31,121,036
Repairs & maintenance			
Office	1,974,293		839,707
Others	5,222,714		351,991
		7,197,007	1,191,698
Insurance		**17,374**	-
Rates and taxes		**6,823,146**	3,000,000
Training & recruitment expenses		**173,855**	89,983
Communication expenses		**2,191,005**	710,514
Inland Travel		**9,027,299**	7,865,293
Foreign Travel		**263,334**	475,701
Tender expenses	2,764,841		3,481,185
Less: Receipt from sale of tenders	400,000		380,000
		2,364,841	3,101,185
Payment to auditors			
Audit fee to statutory auditors	112,360		56,180
Tax audit fee	16,854		11,030
		129,214	67,210
Advertisement and publicity		**165,520**	200,000
Entertainment expenses		**706,199**	981,420
Brokerage & commission		**384,015**	237,554
Community development and welfare expenses		**1,175,593**	-
Ash utilisation & marketing expenses		**56,721,890**	15,564,999
Books and periodicals		**10,645**	21,915

23 ADMINISTRATION & OTHER EXPENSES

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Professional charges and consultancy fees	**24,529,517**	19,609,150
Legal expenses	**97,914**	805,748
EDP hire and other charges	**288,238**	239,767
Printing and stationery	**653,458**	577,838
Hiring of vehicles	**600,569**	234,135
Surcharge	**-**	303,758
Bank charges/LC Charges	**1,685,025**	540,623
Miscellaneous expenses	**2,163,802**	1,318,120
	154,141,533	89,475,049
Less: Transferred to Fly Ash Utilization Fund (Note 4)	**112,672,490**	56,108,605
Total	**41,469,043**	33,366,444

24 PRIOR PERIOD ITEMS (NET)

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Revenue	**-**	-
Expenditure		
Employee Benefits expense	**-**	(11,596,403)
Net Expenditure/(Revenue)	**-**	(11,596,403)

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

25 EXCEPTIONAL ITEMS

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Bank guarantee encashment-solar	**(1,148,140,000)**	1,071,775,001
Interest on bank guarantee encashment-solar	**(10,076,659)**	-
	(1,158,216,659)	1,071,775,001

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

Under phase- I of JNNSM, the Government of India issued guidelines for migration of existing solar power developers (SPDs) to this Scheme. Further guidelines were issued for selection of new solar power developers and commissioning of solar power units by the SPDs under Batch I & II. Wherever, the SPDs defied the provisions of Guidelines issued by GOI, Request for Selection (RfS)/ letters of Intents (LOIs) issued by NVVN and Memorandum of Understandings (MOUs)/ Power Purchase agreements (PPAs) entered in between NVVN and SPDs, BGs given by SPDs upto the stage of detection of misrepresentation /committing the default, were encashed.

During current year ₹ 7,65,65,000/- (gross) (received in financial year 2010-11) and ₹ 1,07,15,75,000/-(gross) (received in the previous year 2011-12) by way of BG encashment with reference to the above Guidelines along with the interest accrued amounting to ₹ 1,00,76,659/- (gross) upto 31.03.2012 on the amount invested out of BG encashment (solar) and taken as income in the earlier years under other income/ exceptional items by NVVN has been reversed and kept as "Retention on A/c BG encashment (solar)" as per the directions received from the Ministry of New and Renewable Energy (MNRE) vide letter ref. no. 29/5/2010-11/JNNSM(ST) dated 29.06.2012 and clarifications thereafter.

26. 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.

27. Disclosure regarding leases:

The Company's significant leasing arrangement are in respect of operating leases of the premises for residential use of the employees amounting to ₹ 1,03,58,826/- (Previous year ₹ 1,27,20,072/-) and are included in Note 21- "Employees Benefits Expense". Similarly, lease payments in respect of premises for offices amounting to ₹ 3,55,35,169/- (Previous year ₹ 3,11,21,036/-) are shown in Rent in Note 23-"Administration and Other Expenses". The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and these leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable.

28. Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

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

	Current Year	Previous Year
i) Net profit/(loss) after Tax before exceptional items used as numerator(₹)	**425,970,673**	410,805,429
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**21.30**	20.54
Face Value per share- (₹)	**10.00**	10.00

	Current Year	Previous Year
ii) Net profit/(loss) after Tax used as numerator (₹)	**(348,439,193)**	1,119,327,294
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**(17.42)**	55.97
Face Value per share- (₹)	**10.00**	10.00

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

30. Disclosure in respect of Micro, Small and Medium Enterprises as at 31st March 2013 as required by Micro, Small and Medium Enterprises Development Act, 2006 is ₹ 'Nil' (previous year ₹ 'Nil').

31. Contingent Liabilities:

a) Disputed Income Tax Matters:
During the current year all the Income Tax matters pending before various Appellate Authorities are decided in favour of the Company. The contingent liability of ₹ 'Nil' (Previous period ₹1,26,35,887/-) has been estimated.

b) Claims against the Company not acknowledged as debts in respect of:
Claims made by Kerala State Electricity Board (KSEB) towards energy charges, contingent liability of ₹'Nil' (Previous year ₹1,37,91,836/-) has been estimated.

c) Liability, if any, on account of late payment to suppliers is unascertainable.

d) Others:

- various solar power developers challenged the encashment/ forfeiture of EMD/Bid bond under provisions of PPA before arbitrator/High Courts. The contingent liability of ₹ **89,74,74,338/-** including interest thereon (previous year ₹ 7,65,65,000/-) has been estimated.
- One party has challenged the invocation of BG of ₹ **1,27,51,781/-** including interest thereon (previous year ₹ 1,09,51,781/-)on the ground of non conclusion of contract with the company for ash business.
- One of the customer has approached state regulatory commission and has claimed ₹ **23,30,55,860/-** including interest thereon (previous year ₹ 20,27,00,660/-) for default in power supply.

32. Quantitative information: (As certified by the Management)

		Current Year	**Previous Year**
a)	Trading of energy (MUs)		
	Power	**5272**	5204
	Solar Bundled Power	**1590**	329
	Power Under Swap Arrangements	**1520**	2996
b)	Trading of Fly Ash / Cenosphere (MTs)		
	Fly Ash	**4198471**	3782470
	Cenosphere	**240**	209

33. Estimated amount of contract remaining to be executed on capital account and not provided for as at 31st March 2013 is ₹ 3,57,611/- (previous year ₹ Nil).

34. Expenditure in foreign currency (₹):

Travelling Expenses	**150,926**	277,421

35. Segment information :
The Company's principal businesses are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per Accounting Policy no.C.1. As such there is no reportable segment as at 31.03.2013.

36. The company's management is of the opinion that its domestic transactions with related parties are at arms length and will not have any impact on financial statements for the year ended 31.03.2013.

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

38. Previous year figures have been regrouped / rearranged wherever considered necessary.

As per our report of even date

For and on behalf of Board of Directors

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

(Nitin Mehra) Company Secretary

(N.K.Sharma) Chief Executive Officer

(A.K.Singhal) Director

(Arup Roy Choudhury) Chairman

(C. Chuttani)
Partner
M.No.90723

Place : New Delhi
Dated : May 2, 2013

AUDITOR'S REPORT

To the Members of

NTPC VIDYUT VYAPAR NIGAM LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NTPC VIDYUT VYAPAR NIGAM LIMITED ("the Company")**, which comprise the Balance sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss , of the loss for the year ended on that date; and

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

EMPHASIS OF MATTER

Without qualifying our report:

1. We draw your attention to Note 3 (a) & 4 (b) of the financial statements regarding creation & utilization of Fly Ash fund. The Ministry of Environment & Forest, Government of India vide notification dated 03.11.2009, requiring NVVN to keep in a separate account the collection from sale of Fly Ash and Fly Ash products. The notification did not specify on the treatment of interest on such funds and as such the interest income earned on these funds was considered by NVVN as other income, pending clarification from the Ministry of Environment & Forest. The said clarification is still awaited. However, the company while continuing to treat the interest income on these funds as income of NVVN transferred the interest income (net of tax) to Fly Ash Utilization Fund as compared to earlier practice to retain the income under Reserves & Surplus. The said treatment has been carried out retrospectively i.e. with effect from date of notification by transfer from General Reserve to Fly Ash Utilization Fund aggregating to ₹19,69,45,954/- thereby effecting the balances of Reserves & Surplus & Fly Ash Utilization Fund to the said extent.
2. Note 7 and 25 in respect of funds realized by NVVN on account of non performance by the Solar Power Developers under the Jawahar Lal Nehru National Solar Mission (JNNSM) amounting to ₹ 7,65,65,000/- (gross) for the financial year 2010-11 and ₹ 107,15,75,000/- (gross) for the financial year 2011-12. The said amount together with interest accrued thereon of ₹ 100,76,659/- upto 31.03.2012 were treated as income of the company under the head other income for the year 2010-11 and as exceptional item/ other income for the year 2011-12. During the year in pursuance of communication received from the Ministry of New & Renewable Energy, Government of India the amounts so received are to be kept in separate account and not to be considered as income of NVVN. In view thereof, the amount received during the year on account of non-performance and interest thereon has been treated accordingly. Further amounts so received up to 31.03.2012 have been reversed during the year under Exceptional item thereby effecting the profit/loss for the year to the said extent with consequent effect on Reserves & Surplus.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the **Annexure (A)** a statement on the matters specified in paragraphs 4 and 5 of the Order.

1. As required by section 227(3) of the Act, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (e) Being a Government Company, pursuant to the Notification No. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
   (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Aiyar & Co.
Chartered Accountants
Firm's Reg. No. 001174N

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 2nd May, 2013

ANNEXURE (A) TO THE INDEPENDENT AUDITOR'S REPORT

Statement referred to in our report of even date to the members of **NTPC VIDYUT VYAPAR NIGAM LIMITED** on the financial statements for the year ended 31st March 2013.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ix) (a) The employees of the company i.e. NVVN are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, the holding company is regular in depositing statutory dues including dues like Provident Fund with appropriate authorities. Moreover, Income Tax and Sales Tax are being deposited by the company. According to the information and explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax, etc. in arrear as at 31.03.2013 for a period of more than six month from the date they became payable.

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

(x) The company has no accumulated losses as at 31st March 2013, however it has incurred cash loss during the financial year covered by our audit but has not incurred cash loss in the immediately preceding financial year

(xi) In our opinion and according to the information and explanations given to us, the company has not taken any loan from the financial institutions, banks or raised money against debentures. Accordingly, the para (xi) of order is not applicable to the company.

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

(xiii) The company is not a chit fund or a Nidhi / Mutual Benefit Fund/Society. Therefore, the provisions of clause 4 (xiii) (a), (b), (c) & (d) of the order are not applicable to the company.

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

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

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

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

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

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

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

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

For Aiyar & Co.
Chartered Accountants
Firm's Reg. No. 001174N

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 2nd May, 2013

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

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 02 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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

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

Place : New Delhi
Dated : 23 May, 2013

KANTI BIJLEE UTPADAN NIGAM LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting Seventh Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2013.

PERFORMANCE OF THE COMPANY

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

The R&M of Unit#1 of Stage-I has been completed and the unit has been synchronized on 5th July 2013. The R&M of Unit#2 of Stage-I is in progress and is expected to be completed by March 2014.

Your Company is implementing expansion of MTPP by adding 2X195 MW units in the available land. Out of 31 packages, 28 packages have been awarded and balance packages are at different stages of award.

Castings have been completed for TG deck#3, chimney shell, ID fan#3A, ID fan#3B. boiler drum for Unit#4 has been lifted. Erection of condenser of Unit#3, TG deck of Unit#3, FD fan#3A, EOT crane, flue can of chimney of Unit#3 have been started. Concreting for operating floor slab of CW pump house and boiler hydro test for Unit#3 has been completed. Other activities regarding Unit#3 and Unit#4 are in progress.

To take care of environmental norms, your Company has awarded contract to SGS India Private Limited to carry out quality checks of ambient air, drinking water, effluent water and stack monitoring. Ambient Air Quality Monitoring, analysis of drinking water and effluent water was done on monthly basis at plant and township area to keep check on emission of pollutants in the air and to maintain the quality of the air and water around the project. Stack monitoring could not be done as R&M work of Unit #1 and 2 was in progress.

Although, there was no generation of ash during the last year as the plant was under R&M, then also, ash accumulated earlier was utilized to the tune of 90,077 Cum in civil construction activities.

Your Company organized environmental awareness program amongst employees and people in and around plant. World Environment Day was celebrated on 05.06.2013. On this day, seeds were planted; employees and other people took environment walk, took oath for polythene free environment and distributed eco-friendly carry bags to avoid use of polythene bags.

The Board of your Company has approved the proposal for rehabilitation and resettlement plan for Stage-II for ₹ 20.03 crore which, inter-alia, includes R&R plan, community development activities and infrastructure development activities.

Your Company distributed blankets to 300 persons below poverty line and so called Mahadalit families in Kanti Block and two numbers of high mast lights have been installed for public convenience, one at Public Health Centre and other at Kanti Chowk as a part of community development and welfare activities.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2013 are as under:-

(Amout in ₹)

Balance Sheet Items as at	31.03.2013	31.03.2012
Paid-up Share Capital	5,49,46,34,360	5,27,87,24,600
Reserves and Surplus	3,64,89,18,572	3,53,61,34,208
Share Capital Deposit Pending Allotment	88,61,43,347	39,00,41,201
Non-current liabilities	12,00,93,73,109	4,98,36,97,403
Current liabilities	2,39,68,28,220	1,85,12,44,178
Non-current assets	23,64,21,85,583	14,46,97,92,046
Current assets	79,37,12,025	1,57,00,49,544
Items from Statement of Profit and Loss for the year ended	**31.03.2013**	**31.03.2012**
Total Revenue	9,92,85,679	1,27,76,04,700
Total Expenses	24,07,44,185	1,20,02,58,656
Profit/ (Loss) before Tax	(14,14,58,506)	7,73,46,044
Total Tax Expenses	(1,24,10,916)	2,37,98,042
Profit/ (Loss) for the year	(12,90,47,590)	5,35,48,002

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2013.

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

Energy audit was done during November 2012 at MTPP for further reduction in Auxiliary power consumption. CFLs have been installed in townships, office and plant for conserving energy. After the R&M of both the units (2X110MW) is completed, consumption of auxiliary power and fossil fuel would be reduced.

During the period under review, there was no earning in the foreign exchange. The outgo in foreign exchange was INR 2,57,043 (Euro 3,753).

AUDIT COMMITTEE

As on 31.03.2013, the Audit Committee of the Board of Directors comprised S/Shri A.K. Singhal, N.N. Misra and V.C. Gupta, Directors as members of the Committee. However, due to change in Directors, the Board reconstituted the Audit Committee on 30.04.2013 and presently, the Audit Committee comprises S/Shri A.K. Singhal, N.N. Misra, V.C. Gupta, S. Roy and Anand Kishore (IAS), Directors as members of the Committee.

One meeting of the Audit Committee was held during the year on 04.05.2012.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 03.08.2012 had appointed M/s B.B. Mathur & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2012-13. The Statutory Auditors has submitted their report on the financial statements and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL OF INDIA REVIEW

The Comptroller & Auditor General of India, through letter dated 17.06.2013, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2013 under section 619(4) of the Companies Act,1956. As advised by the Office of the Comptroller & Auditor General of India (C&AG), the contents of letter dated 17.06.2013 of C&AG for the year 2012-13 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

COST AUDITORS

As per the requirements of the Cost Accounting Records (Electricity Industry) Rules, 2001, the Board, in its meeting held on 28.09.2012, had appointed M/s Musib & Co., Cost Accountants, Mumbai as the Cost Auditor of the Company for the financial year 2012-13.

The Board, in its Meeting held on 30.04.2013, had appointed M/s V.P. Gupta, Cost Accountants as the Cost Auditor of the Company for the financial year 2013-14.

The due date for filing consolidated Cost Audit Report in XBRL format for the financial year ended March 31, 2012 was September 27, 2012 which was subsequently extended upto 28th February 2013 through General Circular No. 2/2013 dated 31.01.2013 issued by Ministry of Corporate Affairs and the Cost Audit Report for your Company was filed with the Central Government on 27.02.2013. The due date for filing consolidated Cost Audit Report for the financial year ended March 31, 2013 is September 27, 2013 and the consolidated Cost Audit Report as prescribed for the financial year 2012-13 shall be filed within the prescribed time period.

PARTICULARS OF EMPLOYEES

As per provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, every company is required to provide particular of employees whose remuneration is more than ₹ 60 lac per financial year, if employed for whole of the year or more than ₹ 5 lac per month, if employed for part of the year in the Directors' Report.

However, as per notification dated 31.03.2011 issued by Ministry of Corporate Affairs, amending aforesaid provisions of the Companies (Particulars of Employees) Rules, 1975 has exempted Government companies for not including such particular in the Directors' Report. As your Company is a Government Company, such particulars have not been included as part of Director's Report.

Further, any member desirous of obtaining such particulars may write to the Company. Also, such particulars shall be made available to the shareholder(s) on a specific request made by them during Annual General Meeting scheduled for 23.07.2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2012-13 and of the loss of the company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the Annual Accounts on a going concern basis.

BOARD OF DIRECTORS

Shri Lallan Prasad ceased to be the Director of the Company with effect from 09.02.2013 on ceasing to be the official of Bihar State Power Generation Company Limited (BSPGCL) (erstwhile Bihar State Electricity Board).

Shri U.P. Pani ceased to be the Director of the Company with effect from 23.03.2013 and in his place, NTPC had nominated Shri S. Roy, RED (East-I), NTPC as Director on the Board of your Company with effect from 23.03.2013.

Shri Anand Kishore (IAS), Managing Director, BSPGCL has been nominated by BSPGCL and appointed as the Director by the Board of your Company with effect from 30.04.2013.

Shri P.K. Rai ceased to be to the Director of the Company with effect from 05.06.2013 on ceasing to be the official of BSPGCL. In his place, BSPGCL has nominated Shri Sandeep Poundrik (IAS), Chairman, BSPGCL as Director of the Company. The Board has appointed him as the Director with effect from 11.06.2013.

Shri V.C. Gupta ceased to be to the Director of the Company with effect from 05.07.2013 on ceasing to be the official of BSPGCL.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri P.K. Rai, Shri U.P. Pani, Shri Lallan Prasad and Shri V.C. Gupta during their association with the Company.

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

ACKNOWLEDGEMENT

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

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Auditors, Bankers, Contractors, Vendors and Consultants of the Company.

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

For and on behalf of the Board of Directors

Place : New Delhi **(Dr. Arup Roy Choudhury)**
Dated: 23rd July 2013 **Chairman**

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

INDUSTRY SECTOR AND DEVELOPMENTS

The Power Sector in India has made rapid strides during the last six decades in the field of generation, transmission, distribution and utilization of electricity. The installed generating capacity in the country in 1947 was 1,362 MW which catered to power requirements of urban centres and adjoining areas with electrification of around 1,500 Villages. The power generating capacity in the country has since grown manifold to 2,23,343 MW at the end of March 2013.

GENERATION

Review of Installed Capacity & Capacity Addition during financial year 2012-13

The total installed capacity in the country as on March 31, 2013 was 223,343.60 MW with State Sector having a share of 39.91%, followed by Private Sector with 30.83% share and balance 29.26% contributed by Central Sector entities.

Sector	Total Capacity (MW)	% share
State	89,124.62	39.91
Private	68,859.04	30.83
Central	65,359.94	29.26
Total*	**223,343.60**	**100.00**

(Source: CEA)

Capacity addition of 20,622.80 MW during financial year 2012-13 exceeded the target of 17,956.30 MW with maximum contribution of 54.59% by Private Sector, followed by Central Sector of 26.17%.

Sector	Capacity Addition (MW)	% share
State	3,968.00	19.24
Private	11,257.50	54.59
Central	5,397.30	26.17
Total*	**20,622.80**	**100.00**

* Excluding RES which includes Small Hydro Project, Biomass Power, Urban & Industrial Waste Power, Wind Energy and Solar Power

The total thermal capacity, including gas and diesel stations accounts for about 67.85% of installed capacity of the country followed by hydro capacity at 17.68%. Nuclear stations account for 2.14% and the balance 12.33% is contributed by RES.

Existing Generation

The total power generation in the country during financial year 2012-13 was 912.06 BU as compared to 876.89 BU during last year, registering a growth of 4.01%.

Sector wise and fuel wise break-up of generation in BU for the financial year 2012-13 and financial year 2011-12 is detailed as under:

Sector	FY 2012-13	FY 2011-12	Fuel	FY 2012-13	FY 2011-12
Central	375.97	364.00	Thermal	760.68	708.81
State	347.15	367.96	Hydro	113.72	130.51
Private	184.15	139.65	Nuclear	32.87	32.29
Others*	4.79	5.28	Others*	4.79	5.28
Total	**912.06**	**876.89**	**Total**	**912.06**	**876.89**

*Import from Bhutan (Source: CEA)

Of the total National Generation during financial year 2012-13, the State Sector contributed 38%, Central Sector utilities contributed 41% where as Private Sector has contributed 20%. The overall generation during the year was ~ 2 % less than the program/target.

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The PLF has shown a decline during financial year 2012-13 vis-à-vis financial year 2011-12.

Sector wise PLF (Thermal) (%)

Sector	FY 2012-13	FY 2011-12	Change
Central	79.18	82.01	-2.83
State	65.54	68.35	-2.81
IPP	62.16	67.27	-5.11
Private	75.69	76.19	-0.5
All India	69.93	73.47	-3.54

PLF of thermal stations declined from 73.47% to 69.93%. The decline in PLF was mainly on account of shortage / poor quality of coal , backing down/ shut down of units on account of low schedule from beneficiary states and delay in stabilization of new units.

Demand and Supply Position

The power supply position in the country during 2009-10 to 2012-13:

Year	Energy				Peak			
	Require-ment	Availa-bility	Surplus/ Deficits (-)		Peak Demand	Peak Met	Surplus/ Deficits(-)	
	(MU)	(MU)	(MU)	(%)	(MW)	(MW)	(MW)	(%)
2009-10	8,30,594	7,46,644	83,950	-10.1	1,19,166	1,04,009	15,157	-12.7
2010-11	8,61,591	7,88,355	73,236	-8.5	1,22,287	1,10,256	12,031	-9.8
2011-12	9,37,199	8,57,886	79,313	-8.5	1,30,006	1,16,191	13,815	-10.6
2012-13	9,95,500	9,08,574	86,926	-8.7	1,35,453	1,23,294	12,159	-9.0

The power supply position in Eastern Region and Bihar during 2012-13 and anticipated power supply position in Eastern Region and Bihar during 2013-14 is as under:

Particulars	Year 2012-13			Year 2013-14 (Anticipated)		
	Req (MU)	Avail (MU)	Surplus/ (Deficit)	Req (MU)	Avail (MU)	Surplus/ (Deficit)
Energy Requirement						
Eastern Region	1,07,457	1,02,510	(4,947 MUs) (4.6%)	1,19,632	1,31,880	12,248 MUs 10.2%
Bihar	15,409	12,835	(2,574 MUs) (16.7%)	15,268	12,361	(2,906 MUs) (19.0%)
Peak Requirement						
Eastern Region	16,655	15,415	(1,240 MUs) (7.4%)	18,257	19,700	1,443 MUs 7.9%
Bihar	2,295	1,784	(511 MUs) (22.3%)	2,750	1,954	(796 MUs) (29.0%)

From the above, it is evident that there have been energy and peak shortages in the Eastern Region as well as in Bihar during the year 2012-13. In the year 2013-14, though sufficient energy is available in the Eastern Region, energy and peak shortages still remains in Bihar.

SWOT ANALYSIS

Strength/ Opportunity:

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

The other promoter i.e. Bihar State Holding Power Company Limited (erstwhile Bihar State Electricity Board) is also the beneficiary of the Company.

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

Weakness/ Threats:

Your Company has been facing constraint in tie-up of coal and tie-up of funds for working capital. The area in which the plant is located experiences heavy rainfall and floods.

RISK AND CONCERN

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

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

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

Financial Risks includes tie-up of working capital loan required for Stage-I and term loan for construction of ash dyke and AWRS for Stage-I.

The Company is in the process of tying up loan with Canara Bank and State Bank of India.

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

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

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

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

The Company has approved Rehabilitation and Resettlement Plan for Stage-II for ₹ 20.03 crore towards its commitment to society.

INTERNAL CONTROL

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

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

FINANCIAL DISCUSSION AND ANALYSIS

Both the units of Stage-I of MTPP were under renovation and modernization. Construction work is in progress for Stage-II (2X195 MW) of the project.

During the financial year 2012-13, 1,44,13,033 number of shares were issued to NTPC and 71,77,943 number of shares were issued to Bihar State Power Generation Company Limited (BSPGCL) (erstwhile BSEB). The ratio of share capital (₹ 5,49,46,34,360) between NTPC and BSEB was 65:35 at the end of financial year 2012-13. The share application money pending allotment at the end of financial year amounted to ₹ 88,61,43,347.

The grants received from Backward Region Grants Fund (Rashtriya Sam Vikas Yojna) was credited to capital reserve account initially and the same was treated as income in the same proportion as the depreciation written off on the assets acquired out of grants. The grants received during the year was ₹ 40 crore and ₹ 9,15,53,365 was recognised as Income.

Your Company has drawn secured term loan of ₹ 8,32,51,04,927 from consortium led by State Bank of India and secured loan of ₹ 2,68,60,00,000 till 31.03.2013 from other parties for Stage-II (2X195 MW) expansion project. The unsecured loan from the Holding Company stood at ₹ 8,85,71,429 at the end of the financial year. Your company has made no defaults in repayment of any of the loans or interest thereon as at the end of the year. The current liabilities stood at ₹ 239,68,28,220.

The net tangible assets as at 31.03.2013 were ₹ 2,31,04,23,747 as against ₹ 2,13,53,07,988 as at 31.03.2012. The net intangible assets as at 31.03.2013 were ₹ 4,36,392 as against as at 31.03.2012 were ₹ 8,13,229. The capital work-in-progress was ₹ 19,58,53,08,393 as on 31.03.2013 as compared to ₹10,07,43,03,791 as on 31.03.2012. The current assets stood at ₹ 79,37,12,025 as on 31.03.2013, while the current assets as on 31.03.2012 were ₹ 157,00,49,544 .

Borrowing costs attributable to the fixed assets during construction, renovation and modernisation have been capitalised. Such borrowing costs have been 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. The borrowing costs capitalised during the year ended 31.03.2013 was ₹ 83,10,72,290.

There was no generation of electricity during the year as both the units of Stage-I were under R&M. The other operating revenue included amount of grants received from the Central Government and adjusted as income in the same proportion as depreciation written off on the assets acquired out of grants and amount of provisions written back. The revenue from operations thus amounted to ₹ 9,87,92,528 and other income (interest from banks, sale of scrap etc) amounted to ₹ 4,93,151. The total expenses were ₹ 24,07,44,185 which included employee benefit expense, finance cost, depreciation and amortisation expenses, generation, administration & other expenses and net of prior period items. The total amount of expenditure during construction net of income and prior period items was ₹ 1,32,58,04,198 which was carried to CWIP.

The deferred tax expense amounted to (₹ 1,24,10,916). The loss for the year was ₹ 12,90,47,590, which was transferred to reserves and surplus.

HUMAN RESOURCE

Presently, the Company has total strength of 197 employees, out of which, 166 employees are deputed from the Holding Company i.e. NTPC Limited (including 12 ETs), 22 employees are deputed from BSEB and 9 employees are on the rolls of KBUNL. Out of the total strength, the company has employed 19 SC candidates, 10 ST candidates and 35 OBC candidates as a socially responsible and conscious organisation.

The Company is paying adequate perks and also making employees part of profit sharing by giving Profit Related Payment. They are being imparted training for their professional up gradation from time to time as an endeavour of your company to become a learning organisation. The Company had paid ₹ 32,48,68,199/- towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses. This included ₹ 5,23,81,147 towards leave, superannuation and other benefits pertaining to earlier years i.e. 01.01.2007 to 31.03.2012 being additional provision made during the current year due to change in the methodology of debit of such provisions by the Holding Company, i.e. NTPC Limited. Out of ₹ 32,48,68,199/-, the amount transferred to Expenditure during Construction was ₹ 28,54,61,950/-.

During the year, the Company organised four meetings with the employees/ representatives to know their problems and to resolve the same to make the environment congenial.

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

OUTLOOK

The company's outlook is very bright. It will generate sufficient revenue for growth and development of the company once the plant becomes operational. It will also boost employment opportunities to the local inhabitants.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi **(Dr. Arup Roy Choudhury)**
Dated: 23rd July 2013 **Chairman**

KANTI BIJLEE UTPADAN NIGAM LTD.
BALANCE SHEET AS AT

(Amount in ₹)

PARTICULARS	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**5,494,634,360**	5,278,724,600
Reserves and surplus	3	**3,648,918,572**	3,536,134,208
Share application money pending allotment	4	**886,143,347**	390,041,201
Non-current liabilities			
Long-term borrowings	5	**11,099,676,356**	4,639,202,788
Deferred tax liabilities (net)	6	**1,199,206**	13,610,122
Other Long term liabilities	7	**908,497,547**	330,884,493
Current liabilities			
Short term borrowing	8	**350,535,236**	402,162,655
Trade payables	9	**419,146,810**	369,403,130
Other current liabilities	10	**1,393,758,745**	912,642,218
Short-term provisions	11	**233,387,429**	167,036,175
Total		**24,435,897,608**	16,039,841,590
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	**2,310,423,747**	2,135,307,988
Intangible assets	12	**436,392**	813,229
Capital work-in-progress	13	**19,585,308,393**	10,074,303,791
Long-term loans and advances	14	**1,746,017,051**	2,259,367,038
Current assets			
Inventories	15	**230,040,626**	187,555,564
Trade receivables	16	**433,220,337**	557,489,418
Cash and bank balances	17	**108,542,401**	672,704,981
Short-term loans and advances	18	**19,348,033**	14,118,627
Other current assets	19	**2,560,628**	138,180,954
Total		**24,435,897,608**	16,039,841,590
Significant accounting policies	1		

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

For and on behalf of the Board of Directors

(Ruchi Aggrawal)	**(P.K.Rai)**	**(Arup Roy Choudhury)**
Company Secretary	Director	Chairman

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

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 01 May 2013

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

(Amount in ₹)

PARTICULARS	Note	31.03.2013	31.03.2012
Revenue from operations(Gross)	20	**98,792,528**	1,275,285,705
Other income	21	**493,151**	2,318,995
Total Revenue		**99,285,679**	1,277,604,700
Expenses:			
Fuel		**-**	751,550,615
Employee benefits expense	22	**39,406,249**	90,178,845
Finance costs	23	**10,174,602**	83,747,950
Depreciation and amortization expense	12	**228,189,425**	219,553,944
Generation, administration & other expenses	24	**16,067,093**	64,456,257
Prior period items (Net)	25	**(53,093,184)**	(9,228,955)
Total expenses		**240,744,185**	1,200,258,656
Profit/(Loss) before tax		**(141,458,506)**	77,346,044
Tax expense:			
Current tax		**-**	10,187,920
Deferred tax		**(12,410,916)**	13,610,122
Total tax expense		**(12,410,916)**	23,798,042
Profit/(Loss) for the year		**(129,047,590)**	53,548,002
Expenditure during construction period (Net)	26		
Significant accounting policies	1		
Earning Per Equity share (Par value of ₹ 10/- each)	31		
Basic		**(0.25)**	0.15
Diluted		**(0.22)**	0.14

The accompanying notes form an integral part of these financial statements.
There are no exceptional or extra ordinary items in the above periods

For and on behalf of the Board of Directors

(Ruchi Aggrawal)	**(P.K.Rai)**	**(Arup Roy Choudhury)**
Company Secretary	Director	Chairman

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

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 01 May 2013

CASH FLOW STATEMENT

(Amount in ₹)

FOR THE YEAR ENDED MARCH 31,		2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax and after Prior Period Adjustments		**(141,458,506)**	77,346,044
Adjustment for:			
Depreciation/Amortisation	**228,189,425**		219,553,944
Provisions	**2,565,954**		(1,285,284)
Interest income	**(20,547)**		(33,074,786)
Interest charge	**10,174,602**		193,472,150
Guarantee fee & other finance charges	**1,340,545**	**242,249,979**	135,274,054
Operating Profit before Working Capital Changes		**100,791,473**	591,286,122
Adjustment for:			
Trade and other receivables	**124,269,081**		(126,564,300)
Inventories	**(42,485,062)**		(163,347,575)
Trade Payables & Other Liabilities	**1,174,824,515**		538,911,353
Loans & advances	**508,120,581**		1,139,650,894
Other Current Assets	**135,620,326**	**1,900,349,441**	(133,271,478)
Cash generated from operations		**2,001,140,914**	1,846,665,016
Income Tax/Advance Tax Paid		**-**	(3,545,520)
Net Cash from Operating Activities - A		**2,001,140,914**	1,843,119,496
B. CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		**(9,086,767,158)**	(8,437,230,936)
Interest income		**20,547**	33,074,786
Net Cash Flow from Investing Activities - B		**(9,086,746,611)**	(8,404,156,150)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long term borrowing		**6,408,846,149**	4,467,378,121
Grants-in-aid received		**241,831,954**	648,711,527
Proceeds from Issue of Share Capital/ Share Capital Deposit		**712,011,906**	2,222,168,094
Interest paid		**(839,906,347)**	(193,472,150)
Guarantee fee & other finance charges		**(1,340,545)**	(135,274,054)
Net Cash Flow from Financing Activities - C		**6,521,443,117**	7,009,511,538
Net increase/Decrease in cash and cash equivalents (A+B+C)		**(564,162,580)**	448,474,884
Cash and cash equivalents (Opening Balance)		**672,704,981**	224,230,096
Cash and cash equivalents (Closing Balance)		**108,542,401**	672,704,981

NOTES:
1. Cash and cash equivalents consists of Cash in hand and balance with Banks
2. Previous year's figures have been regrouped/rearranged wherever necessary.

For and on behalf of the Board of Directors

(Ruchi Aggrawal)	**(P.K.Rai)**	**(Arup Roy Choudhury)**
Company Secretary	Director	Chairman

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

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 01 May 2013

KANTI BIJLEE UTPADAN NIGAM LIMITED
Notes to the Financial Statements for the year ended 31st March 2013

Note No. – 1 SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under and the provisions of Electricity Act 2003 to the extent applicable.

2. USE OF ESTIMATES

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

3. GRANTS-IN-AID

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

4. FIXED ASSETS

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

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

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

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

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

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

5. CAPITAL WORK-IN-PROGRESS

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

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

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

6. FOREIGN CURRENCY TRANSACTIONS

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

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

6.3 Foreign exchange differences arising from settlement / translation of long term foreign currency monetary items are adjusted in the carrying cost of related assets.

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

7. BORROWING COSTS

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

8. INVENTORIES

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

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

9. INCOME RECOGNITION

9.1 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 the tariff rates are yet to be approved, provisional rates are adopted.

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

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

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

9.5 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.

10. EXPENDITURE

10.1 Depreciation on the assets is charged on straight line method following the rates and methodology notified by the CERC Tariff Regulations, 2009 provided under Section 616 (c) of the Companies Act, 1956.

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

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

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

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

10.5 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use or 25 years whichever is less.

10.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009.

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

10.8 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.

10.9 Expenditure for community development is charged off to revenue.

10.10 Leasehold land 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.

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

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

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

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

10.15 Transit and handling losses of coal as per norms are included in cost of coal.

11. OPEARATING 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.

12. 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.

13. CASH FLOW STATEMENT

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

NOTE NO. 2 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	**31.03.2013**	31.03.2012
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
1,000,000,000 equity shares of par value of ₹ 10/- each (Previous year 1,000,000,000 shares of par value of ₹ 10/- each)	**10,000,000,000**	10,000,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
54,94,63,436 equity shares of par value of ₹ 10/- each fully paid up (Previous year 52,78,72,460 equity shares of par value of ₹ 10/- each fully paid-up)	**5,494,634,360**	5,278,724,600

a) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT BEGINNING & AT THE END OF THE YEAR

Particulars	2012-13	2011-12
Number of shares outstanding at the beginning of the year	**527,872,460**	88,507,537
Shares issued during the year	**21,590,976**	439,364,923
Number of shares outstanding at the close of the year	**549,463,436**	527,872,460

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

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

Holding Company- NTPC Ltd. - 35,71,51,233 Equity shares of ₹ 10/- each (Previous year 34,27,38,200 Equity shares of ₹ 10/- each)

d) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF SHARES IN THE COMPANY:

Particulars	31.03.2013		31.03.2012	
	No. of shares	%age holding	No. of shares	%age holding
NTPC LTD.	**357,151,233**	**65.00**	342,738,200	64.93
BSPGCL	**192,312,203**	**35.00**	185,134,260	35.07

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

As at	31.03.2013	31.03.2012
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	**3,629,191,783**	2,980,480,256
Add: Grants received during the year	**400,000,000**	750,000,000
Less: Grants recognised as Income	**91,553,365**	47,143,579
Less: Adjustments during the year	**66,614,681**	54,144,894
Closing Balance	**3,871,023,737**	3,629,191,783
Surplus in the statement of Profit and Loss		
As per last balance sheet	**(93,057,575)**	(146,605,577)
Add(Less):-Profit/(Loss) after tax for the year from Statement of Profit & Loss	**(129,047,590)**	53,548,002
Closing Balance	**(222,105,165)**	(93,057,575)
Total	**3,648,918,572**	3,536,134,208

NOTE NO. 4 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2013	31.03.2012
SHARE APPLICATION MONEY PENDING ALLOTMENT		
Share application money	**886,143,347**	390,041,201

1. 8,86,14,334 Equity shares of ₹ 10/- each shall be issued againest the Share application money.
2. The shares are likely to be allotted in the financial year 2013-14.
3. The authorised share capital of the Company is sufficient to cover the share capital amount on allotment of shares out of above share application money.
4. No amount is refundable out of above share application money and no interest is payable.

NOTE NO. 5 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2013	31.03.2012
LONG TERM BORROWINGS		
Term Loans		
From Banks		
Secured [1]	**8,325,104,927**	3,430,917,073
From Other parties		
Secured [1]	**2,686,000,000**	1,074,000,000
Unsecured [2]	**88,571,429**	134,285,715
Total	**11,099,676,356**	4,639,202,788

1. a) Loan from consortium led by SBI for expanansion project (2*195MW) is secured by a first priority charge on all assets of the Project, present & future, movable & immovable and land of 987.9293 acres{Stage I land 598.53 acre (transferred from BSPGCL) & stage II land 389.3993 acre (341.22 acre acquired upto 31.03.2013 and advance paid for balance land to DLAO)}. The security will rank pari-pasu with all term lenders of the project. The charge has been created in favor of Security trustee i.e. SBI Cap Trustee Co. Ltd. Legal mortgage of land in favor of security trustee is pending.

   b) Total sanctioned amount of loan and guarantee facility is ₹2341 crores and ₹100 Crores respectively.

   c) The Loan bears floating rate of interest linked to the SBI Base Rate.

   d) The charge with registrar of companies (ROC) was filed on 27.09.2011 and ROC issued certificate of Registration of Mortgage on 28.09.2011, certifying that the Mortgage /charge has been registered for ₹2441.28 crore in their office in accordance with the provisions contained in section 125 to 130 of the Companies Act, 1956 on 28th September 2011. As the requirement of securitization as per Companies Act is complete, the loan has been disclosed as " Secured loan" .

2 a) Loan from Holding company NTPC Ltd.

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

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

   d) Details of non current and current portion

Particulars	Non current portion		Current portion	
	31.03.2013	31.03.2012	**31.03.2013**	31.03.2012
NTPC Ltd	**88,571,429**	134,285,715	**37,142,857**	37,142,857

3 There has been no default in repayment of any of the loans or interest thereon as at the end of the year.

NOTE NO. 6 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	01.04.2012	Addition/ (adjustments) during the year	01.04.2013
DEFERRED TAX LIABILITIES (NET)			
Difference of book depreciation and tax depreciation	25,366,750	(12,471,109)	**12,895,641**
Less: Deferred tax assets	-	-	**-**
Provisions & Other disallowances for tax purposes	11,756,628	(60,193)	**11,696,435**
Disallowances u/s 43B of the Income Tax Act, 1961	-	-	**-**
Total	13,610,122	(12,410,916)	**1,199,206**

a) The net increase during the year in the deferred tax liability of ₹ **(1,24,10,916)** (previous year ₹ 1,36,10,122) has been debited to statement of profit & loss.

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

NOTE NO. 7 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
OTHER LONG TERM LIABILITIES		
Trade Payable	**209,908**	65,410
Other Liabilities		
Payable For capital Expenditure	**908,287,639**	330,819,083
TOTAL	**908,497,547**	330,884,493

Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-33

NOTE NO. 8 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2013	31.03.2012
SHORT TERM BORROWINGS		
Cash Credit Loan	**350,535,236**	402,162,655
TOTAL	**350,535,236**	402,162,655

The Cash Credit loan is secured by hypothecation of stock in trade, Book Debt of Stage-I. The outstanding balance is repayable on demand .The Loan bears floating rate of interest linked to the SBI Base Rate.

NOTE NO. 9 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2013	31.03.2012
TRADE PAYABLES		
For Goods & Services	**419,146,810**	369,403,130
TOTAL	**419,146,810**	369,403,130

Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-33

NOTE NO. 10 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2013	31.03.2012
OTHER CURRENT LIABILITIES		
Current maturity of long term borrowings		
Unsecured		
Loan From NTPC Ltd.	**37,142,857**	37,142,857
Book Overdraft	**25,270,852**	-
Payable for Capital Expenditure	**878,563,974**	597,994,555
Other Payables		
Tax deducted at source and other statutory dues	**115,786,025**	15,125,534
Deposit From Contractors & Others	**15,870,232**	5,769,690
Payable to Employees	**1,874,950**	1,266,046
Payable to NTPC Ltd	**256,744,267**	158,353,252
Others	**62,505,588**	96,990,284
TOTAL	**1,393,758,745**	912,642,218

a) Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-33.

b) Details in respect of rate of interest and terms of repayment of unsecured current maturities of long term borrowings indicated above are disclosed in Note 5.

c) Other payables- Others include amounts payable to employees and BSPGCL.

NOTE NO. 11 TO THE FINANCIAL STATEMENTS (Amount in ₹)

As at	31.03.2013	31.03.2012
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
As per last Balance Sheet	**29,393,775**	30,062,223
Additions during the year	**3,901,599**	4,107,023
Amounts reversed during the year	**207,945**	-
Amounts paid during the year	**-**	4,775,471
	33,087,429	29,393,775
Provision for current tax		
As per last balance sheet	**6,642,400**	-
Additions during the year	**-**	10,187,920
Less: Set off against taxes paid	**6,642,400**	3,545,520
Closing balance	**-**	6,642,400
Provision for obligations incidental to land acquisition		
As per last balance sheet	**131,000,000**	-
Additions during the year	**69,300,000**	131,000,000
	200,300,000	131,000,000
Total	**233,387,429**	167,036,175

NOTE NO. 12 TO THE FINANCIAL STATEMENTS

TANGIBLE ASSETS (Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deduction/ Adjustment	**As at 31.03.2013**	Upto 01.04.2012	For the year	Deduction/ Adjustment	**Upto 31.03.2013**	**As at 31.03.2013**	As at 31.03.2012
Land :										
(including development expenses)										
Freehold	744,000,985	393,189,062	58,729,577	**1,078,460,470**	-	-	-	**-**	**1,078,460,470**	744,000,985
Leasehold	33	-	-	**33**	5	1	-	**6**	**27**	28
Roads, bridges, culverts & helipads	12,430,863	-	-	**12,430,863**	2,809,915	356,997	-	**3,166,912**	**9,263,951**	9,620,948
Building :										
Freehold										
Main plant	113,508,719	-	-	**113,508,719**	37,977,435	6,471,974	-	**44,449,409**	**69,059,310**	75,531,284
Others	191,498,666	-	-	**191,498,666**	38,019,256	6,414,347	-	**44,433,603**	**147,065,063**	153,479,410
Water Supply, drainage & sewerage system	4,444,628	-	-	**4,444,628**	1,031,068	107,191	-	**1,138,259**	**3,306,369**	3,413,560
MGR track and signalling system	18,393,666	-	-	**18,393,666**	2,759,050	1,839,367	-	**4,598,417**	**13,795,249**	15,634,616
Plant and machinery (including associated civil works)	1,416,176,865	4,599,467	(603,426)	**1,421,379,758**	301,930,109	210,858,003	(13,427,289)	**526,215,401**	**895,164,357**	1,114,246,756
Furniture and fixtures	8,667,024	8,275,703	(84,659)	**17,027,386**	2,491,848	1,771,206	(84,659)	**4,347,713**	**12,679,673**	6,175,176
Office equipment	4,300,783	1,365,963	329,987	**5,336,759**	1,581,894	409,707	323,022	**1,668,579**	**3,668,180**	2,718,889
EDP, WP machines and satcom equip.	7,586,105	2,936,593	(565,602)	**11,088,300**	3,724,924	1,364,655	(100,737)	**5,190,316**	**5,897,984**	3,861,181
Construction equipments	7,338,511	5,363,653	-	**12,702,164**	1,110,603	1,056,678	-	**2,167,281**	**10,534,883**	6,227,908
Electrical Installations	366,565	63,424,616	-	**63,791,181**	80,566	2,286,083	-	**2,366,649**	**61,424,532**	285,999
Communication Equipments	112,567	9,900	9,900	**112,567**	9,985	17,026	9,900	**17,111**	**95,456**	102,582
Hospital Equipments	34,946	-	-	**34,946**	26,280	423	-	**26,703**	**8,243**	8,666
Total	**2,528,860,926**	**479,164,957**	**57,815,777**	**2,950,210,106**	**393,552,938**	**232,953,658**	**(13,279,763)**	**639,786,359**	**2,310,423,747**	**2,135,307,988**
	1,773,222,150	751,598,331	(4,040,445)	**2,528,860,926**	172,960,391	220,223,656	(368,891)	**393,552,938**	**2,135,307,988**	1,600,261,759

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

(Amount in ₹)

	Gross Block		Depreciation/ Amortisation	
	31.03.2013	31.03.2012	**31.03.2013**	31.03.2012
Cost adjustment including exchange difference	**58,729,577**	(4,040,445)	**(13,612,685)**	(368,991)
Assets capitalised with retrospective effect/write back of excess capitalisation	**(603,426)**	-	**-**	-
Others	**(310,374)**	-	**332,922**	-
	57,815,777	(4,040,445)	**(13,279,763)**	(368,991)

a) The conveyancing of the title of 341.22 acre of free hold land in possisssion of the company of value ₹ **87,81,60,471** (Previous year 291.34 acre of value ₹61,30,00,985), in favor of the Company are awaiting completion of legal formalities.

b) The borrowing costs capitalised during the year ended 31st March 2013 is ₹ **83,10,72,290** (previous year ₹ 22,75,10,417). The Company capitalised the borrowings costs in the capital work-in-progress (CWIP). Borrowing costs included in the cost of major heads of fixed assets and CWIP through 'Addition' or 'Deductions/Adjsutment' column are given below:

	(Amount in ₹) For the year ended 31st March 2013 Borrowing costs included in fixed assets/CWIP	(Amount in ₹) For the year ended 31st March 2012 Borrowing costs included in fixed assets/CWIP
Building		
Main plant	**190,757,305**	58,929,777
Others	**695,887**	147,583
MGR track	**5,151,282**	-
Railway siding		
Plant and equipment	**634,168,034**	168,433,057
Others	**299,782**	-
Total	**831,072,290**	227,510,417

INTANGIBLE ASSETS (Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deduction/ Adjustment	**As at 31.03.2013**	Upto 01.04.2012	For the year	Deduction/ Adjustment	**Upto 31.03.2013**	**As at 31.03.2013**	As at 31.03.2012
Software	2,274,542	98,711	-	**2,373,253**	1,461,313	475,548	-	**1,936,861**	**436,392**	813,229
Total	**2,274,542**	**98,711**	**-**	**2,373,253**	**1,461,313**	**475,548**	**-**	**1,936,861**	**436,392**	**813,229**
Previous year	868,428	1,406,114	-	**2,274,542**	780,507	680,806	-	**1,461,313**	**813,229**	87,921

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

	31.03.2013	31.03.2012
Charged to Statement of Profit & Loss	**228,189,425**	219,553,944
Transferred to expenditure during construction period (net)-Note-26	**5,239,781**	1,350,518
	233,429,206	220,904,462

NOTE NO. 13 TO THE FINANCIAL STATEMENTS

NON CURRENT ASSETS (Amount in ₹)

	As at 01.04.2012	Addition	Deduction/ Adjustment	Capitalised	**As at 31.03.2013**
CAPITAL WORK-IN-PROGRESS					
Development of land	282,377,135	162,240,424	-	-	**444,617,559**
Roads, bridges, culverts & helipads	1,078,639	379,788	-	-	**1,458,427**
Buildings :					
Main plant	1,165,294,196	1,419,084,807	-	-	**2,584,379,003**
Others	31,294,999	27,562,388	-	-	**58,857,387**
Temporary erection	61,983,962	-	61,983,962	-	**-**
MGR track and signalling system	127,320,683	139,989,680	-	-	**267,310,363**
Plant and machinery	6,254,137,047	7,647,810,950	66,532,002	2,956,092	**13,832,459,903**
Furniture and fixtures	134,899	62,566	-	134,899	**62,566**
EDP/WP Machines & Satcom Equipments	-	7,036,148	-	-	**7,036,148**
Construction equipments	3,342,697	152,640	2,956,092	-	**539,245**
Electrical Installation	-	1,440,654	(61,983,962)	63,424,616	**-**
	7,926,964,257	**9,405,760,045**	**69,488,094**	**66,515,607**	**17,196,720,601**

Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	533,346,085	114,882,975	-	-	**648,229,060**
Pre-commissioning expenses (net)	-	13,408,089	-	-	**13,408,089**
Expenditure during construction period (net)-Note 26	-	1,325,804,198*	-	-	**1,325,804,198**
Less: Allocated to related works	-	1,325,804,198	-	-	**1,325,804,198**
	533,346,085	**128,291,064**	**-**	**-**	**661,637,149**
Construction stores (At Cost)					
Steel	933,126,189	(116,962,101)	-	-	**816,164,088**
Cement	15,412,611	1,703,619	-	-	**17,116,230**
Others	670,811,765	225,424,514	-	-	**896,236,279**
Sub-total	1,619,350,565	110,166,032	-	-	**1,729,516,597**
Less: Provision for Shortages	5,357,116	-	2,791,162	-	**2,565,954**
Sub-total	**1,613,993,449**	**110,166,032**	**(2,791,162)**	**-**	**1,726,950,643**
Total	**10,074,303,791**	**9,644,217,141**	**66,696,932**	**66,515,607**	**19,585,308,393**
Previous Year	2,397,755,453	6,860,602,007	(815,946,331)	-	**10,074,303,791**

* Brought from expenditure during construction period (net) - Note 26

NOTE NO. 14 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
LONG TERM LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
CAPITAL ADVANCES		
Unsecured		
Covered by Bank Guarantee	**1,096,673,293**	1,720,534,156
Others	**637,254,132**	526,779,993
Deposit with Customs port trust & others (Unsecured)	**8,463,400**	10,261,479
Advance tax deposited & tax deducted at source	**3,626,226**	1,791,410
Total	**1,746,017,051**	2,259,367,038

NOTE NO. 15 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
INVENTORIES		
Coal	**78,172,617**	17,373,003
Fuel oil	**71,719,485**	11,718,487
Components and spares	**36,563,594**	13,354,011
Chemicals & consumables	**1,059,884**	1,780,933
Loose tools	**589,641**	-
Steel Scrap	**39,123,360**	60,000,000
Others	**9,247,067**	85,757,050
	236,475,648	189,983,484
Less: Provision for shortages	**6,435,022**	1,582,302
Less: Provision for diminution in value of obsolete/ unserviceable/surplus inventory	**-**	845,618
Total	**230,040,626**	187,555,564

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

b) Other Inventories includes items of steel, cement of Stage-I and other spares.

NOTE NO. 16 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**433,220,337**	106,008,855
Others, unsecured, considered good	**-**	451,480,563
Total	**433,220,337**	557,489,418

NOTE NO. 17 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
CASH & BANK BALANCES		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	**29,203,591**	42,781,803
Deposits with original maturity of less than three months	**79,338,810**	599,250,735
Other bank balance		
Deposits with original maturity of more than three months but not more than 12 months	**-**	30,672,443
Total	**108,542,401**	**672,704,981**

NOTE NO. 18 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
SHORT TERM LOANS & ADVANCES		
ADVANCES		
Contractors & Suppliers, including material issued on loan		
Unsecured	**15,305,470**	13,756,602
Others		
Prepaid Insurance	**4,042,563**	362,025
Total	**19,348,033**	14,118,627

NOTE NO. 19 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2013	31.03.2012
OTHER CURRENT ASSETS		
Interest accrued :		
Term deposits	**88,629**	1,845,591
	88,629	1,845,591
Claims Recoverable		
Unsecured, considered good	**2,424,154**	8,450,000
	2,424,154	8,450,000
Unbilled Revenue	**-**	127,837,518
Asset Held for Disposal	**47,845**	47,845
Total	**2,560,628**	138,180,954

NOTE NO. 20 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
REVENUE FROM OPERATIONS		
Sales		
Energy Sales	-	1,179,727,250
	-	1,179,727,250
Energy Internally Consumed	-	985,761
Other operating revenues		
Grants recognised as Income during the year	91,553,365	47,143,579
Interest from customers	-	47,414,972
Provision written back		
Shortage in stores	1,433,717	14,143
Shortage in Construction stores	5,357,116	-
Obsolescence in stores	448,330	-
	98,792,528	94,572,694
Total	98,792,528	1,275,285,705

NOTE NO. 21 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
OTHER INCOME		
Interest from		
Others		
Indian Banks	20,547	15,586,949
Interest from Contractor	15,400,667	12,663,042
Interest from Income Tax refund	44,148	-
	15,465,362	28,249,991
Other non-operating income		
Miscellaneous income	4,586,341	3,603,071
Other Receipts from Contractors/ Suppliers	3,263,954	8,450,000
Sale of Scrap	12,554,227	68,566,704
	20,404,522	80,619,775
	35,869,884	108,869,766
Less : Transferred to expenditure during construction period (net) - Note 26	35,376,733	106,550,771
Total	493,151	2,318,995

a) Miscellaneous income includes EMD forfeited , LD recovered and township recoveries.

NOTE NO. 22 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	301,378,623	184,762,284
Contribution to provident and other funds	14,443,660	15,042,474
Staff welfare expenses	9,045,916	8,723,579
	324,868,199	208,528,337
Less: Allocated to fuel cost	-	5,942,027
Transferred to expenditure during construction period (net) - Note 26	285,461,950	112,407,465
Total	39,406,249	90,178,845

a) Employee benefits expense include ₹ **3,52,49,043** for the year (previous year ₹ 80,40,337) towards leave,superannuation and other benefits in respect of employees posted on secondment basis from NTPC Ltd and ₹ **39,01,599** for the year (previous year ₹ 39,18,895) in respect of employees posted on deputation from BSPGCL towards pension and leave contribution.

b) Employee benefits expense include ₹ **5,23,81,147** towards leave, superannuation and other benefits pertaining to earlier years i.e. 01.01.2007 to 31.03.2012 being additional provision made during the current year due to change in the methodology of debit of such provisions, by to the holding company NTPC Ltd.

NOTE NO. 23 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
FINANCE COSTS		
Interest on :		
Rupee term loans	808,633,388	92,240,733
Cash Credit Loan	10,174,602	53,394,004
Others (Loan From Holding Company)	21,098,357	30,349,576
Sub-Total	839,906,347	175,984,313
Other Borrowing Costs :		
Guarantee fee	-	2,369,115
Up-front fee	1,340,545	132,904,939
Sub-Total	1,340,545	135,274,054
	841,246,892	311,258,367
Less: Transferred to Expenditure during construction period (net)- Note 26	831,072,290	227,510,417
Total	10,174,602	83,747,950

NOTE NO. 24 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended		31.03.2013	31.03.2012
GENERATION, ADMINISTRATION & OTHER EXPENSES			
Power charges	50,203,750		28,500,501
Less: Recovered from contractors & employees	356,719		1,666,146
		49,847,031	26,834,355
Stores consumed		2,841,863	2,803,428
Rent		1,029,136	339,927
Repairs & maintenance			
Buildings	5,170,315		3,507,837
Plant & Machinery	29,107,040		69,326,466
		34,277,355	72,834,303
Others		1,239,737	4,459,039
Insurance		7,616,620	15,149,484
Rates and taxes		3,293,897	713,033
Water cess & environment protection cess		119,918	239,702
Training & recruitment expenses		929,458	241,791
Communication expenses		6,289,788	2,924,368
Travelling expenses		17,067,635	14,237,712
Foreign Travel		257,043	-
Tender expenses	3,010,980		3,252,700
Less: Receipt from sale of tenders	142,875		52,875
		2,868,105	3,199,825
Payment to auditors		188,963	181,091
Advertisement and publicity		-	40,000
Security expenses		80,398,499	62,020,027
Entertainment expenses		1,208,836	856,848
Expenses for guest house	8,597,234		5,090,077
Less: Recoveries	109,755		80,030
		8,487,479	5,010,047
Brokerage & commission		734,993	58,610
Community development expenses		432,000	-
Books and periodicals		27,426	24,631
Professional charges and consultancy fees		12,545,776	7,713,935
Legal expenses		128,070	9,148
EDP hire and other charges		565,410	544,943
Printing and stationery		1,384,247	812,511
Hiring of vehicles		8,579,030	4,090,455
Bank charges		1,193,903	3,223,005
Miscellaneous expenses		1,568,611	3,372,279
		245,120,829	231,934,497

NOTE NO. 24 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
Less: Allocated to fuel cost	-	5,519
Less: Transferred to Expenditure during Construction period(net)-Note 26	237,906,127	175,185,503
	7,214,702	56,743,475
Provisions for		
Shortage in stores	6,286,437	1,582,302
Obsolescence in stores	-	773,364
Shortage in construction stores	2,565,954	5,357,116
	8,852,391	7,712,782
Total	16,067,093	64,456,257
a) Spares consumption included in repairs and maintenance	9,458,127	19,973,753
b) Details in respect of payment to auditors:		
As auditor		
Audit fees	80,000	86,545
Tax audit fee	20,000	20,000
In other capacity		
Other services	10,000	10,000
Reimbursement of expenses	78,963	64,546
	188,963	181,091

NOTE NO. 25 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended	31.03.2013	31.03.2012
PRIOR PERIOD ITEMS (NET)		
REVENUE		
Grants Recognised	66,614,681	-
	66,614,681	-
EXPENDITURE		
Employee Benefit expenses	-	(9,228,955)
Depreciation & amortisation	13,541,026	-
Rent	236,276	2,649,723
Communication Expenses	1,244,978	-
	15,022,280	(6,579,232)
Net Expenditure/(Income)	(51,592,401)	(6,579,232)
Less: Transferred to Expenditure during construction period (net)-Note- 26	1,500,783	2,649,723
Total	(53,093,184)	(9,228,955)

NOTE NO. 26 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

For the period ended		31.03.2013	31.03.2012
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)			
A. Employee benefits expense			
Salaries and wages		264,119,642	102,109,829
Contribution to provident and other funds		13,187,174	7,200,794
Staff welfare expenses		8,155,134	3,096,842
Total (A)		285,461,950	112,407,465
B. Finance Costs			
Interest on			
Rupee term loans		829,731,745	92,240,732
Guarantee Commission		-	2,369,115
Upfront Fee		1,340,545	132,904,939
Others		-	(4,370)
Total (B)		831,072,290	227,510,416
C. Depreciation and amortisation		5,239,781	1,350,518
D. Generation , administration and other expenses			
Power charges	49,934,184		27,514,740
Less: Recovered from contractors & employees	257,556		1,405,395
		49,676,628	26,109,345
Rent		1,029,136	339,927
Repairs & maintenance			
Buildings	4,302,985		-
Others	27,555,860		49,607,186
		31,858,845	49,947,113
Insurance		7,616,620	8,437,950
Rates and taxes		3,208,175	657,533
Communication expenses		6,215,654	1,939,581
Travelling expenses		16,710,540	6,548,972
Tender expenses	3,010,980		2,416,707
Less: Income from sale of tenders	142,875		4,500
		2,868,105	2,412,207
Advertisement and publicity		-	40,000
Security expenses		80,398,499	44,902,220
Entertainment expenses		1,053,258	493,400
Guest house expenses		8,487,479	3,493,692
Payment to auditors		188,963	127,854
Brokerage & Commission		734,993	5,995
Books & periodical		27,426	5,820
Professional charges and consultancy fee		12,238,828	6,581,944
Legal expenses		128,070	4,800
EDP Hire and other charges		565,410	21,883
Printing and stationery		1,384,246	293,598
Miscellaneous expenses		13,515,252	23,161,596
Total (D)		237,906,127	175,185,503
Total (A+B+C+D)		1,359,680,148	516,453,902
E. Less: Other Income			
Interest From Bank		-	15,225,563
Interest from contractors		15,400,667	12,410,875
Sale of scrap		12,554,227	68,566,704
Other Receipts from Contractors/ Suppliers		3,263,954	8,450,000
Miscellaneous income		4,157,885	1,897,629
TOTAL (E)		35,376,733	106,550,770
F. Prior Period Items (net)		1,500,783	2,649,723
GRAND TOTAL (A+B+C+D-E+F)*		1,325,804,198	412,552,855

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

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

28. **Disclosure as per Accounting Standard – 12 on 'Accounting for Government Grants'**

As per the MOU dt.9th May 2006, Govt. of India sanctioned a grant of ₹4,71,80,00,000 through Govt. of Bihar for renovation & modernization of the taken over station under RSVY grant. Out of the said grant, ₹2,60,00,00,000 paid to M/s BHEL against R&M contract on behalf of the Company and balance amount of ₹1,50,00,00,000 has been paid to KBUNL till 31.03.2013 and the same have been accounted as 'Grants received' in Note -3.

Grant recognized as income for the year ₹9,15,53,366/- (previous year

₹4,71,43,579/-). Due to re-computation of the amounts recognized as income out of the grants till 31.03.2012, an amount of ₹ 6,66,14,681/- has been adjusted out of the grants and recognized as prior period income.

29. **Disclosure as per Accounting Standard – 16 on 'Borrowing Costs'**
Borrowing costs capitalized (taken to CWIP) during the year are ₹83,10,72,290/- (previous year ₹22,75,10,417/-).

30. **Disclosure as per Accounting Standard – 19 on 'Leases'**

Operating Lease:
The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable. Note 22-Employee benefit expenses include ₹34,33,194/- (Previous Year ₹48,93,047) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for office included under 'Rent' in Note-24– 'Generation, Administration and Other Expenses'.

31. **Disclosure as per Accounting Standard – 20 on 'Earning Per Share'**
The elements considered for calculation of earnings per share (Basic and Diluted) are as under:

Particulars	Current year	Previous year
Net Profit / (Loss)after tax used as numerator (₹)	(12,90,47,590)	5,35,48,002
Weighted average number of equity shares used as denominator nos.	52,30,57,502	35,38,07,122
Earning per share (₹)	(0.25)	0.15
Diluted Earning per share(₹)	(0.22)	0.14
Face value per share (₹)	10/-	10/-

32. **Foreign Currency Exposure not hedged by a derivative instrument or otherwise :**

Particulars	Currencies	Amount ₹	
		31.03.2013	31.03.2012
Unexecuted amount of contracts remaining to be executed	USD	97,94,839	92,09,752
	JPY	111,84,328	121,42,797

33. **Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006.**

Particulars	Amount ₹
a) Amount remaining unpaid to any supplier:	
Principal amount	4,12,67,498
Interest due thereon	-
b) Amount of interest paid in terms of section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	-
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-
d) Amount of interest accrued and remaining unpaid	-
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSMED Act	-

34. **Contingent Liabilities:**

Disputed Entry Tax Demand

Sales Tax Authorities of Government of Bihar, Muzaffarpur have issued notice of demand of Entry Tax along with 3 times penalty under section 33 of the Bihar VAT Act 2005, in respect of Light Diesel Oil purchased from IOC, Kolkata. The said demand was raised on the basis of Audit Observation of the audit of Commercial Tax deptt. for the year 2008-09 and 2009-10 considering rate of entry tax on LDO as 16% covered in entry no. 22 of the schedule of entry tax as "Diesel & Petrol". Whereas KBUNL deposited entry tax @ 8% considering the LDO under entry no. 23 of the schedule of entry tax as "Other petroleum Product". The case was represented upon Dy Commissioner Commercial taxes through KBUNL advocate. In response of the same order has been passed by Commercial Tax Officer, Muzaffarpur confirming demand of entry tax along with 3 times penalty amounting to ₹1,84,14,891/- . As opined by advocate a writ petition has been filed in the High Court of Judicature at Patna on 20.04.2013. It is opined that maximum liability of differential tax may arise hence an amount of ₹46,03,723/- equivalent to differential entry tax has been provided in books of accounts and balance amount ₹1,38,11,168/- shown as contingent liability.

35. **Capital and other commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2013 is ₹1421,41,20,367/- (previous year ₹1454,42,29,577/-).

36. **Other disclosure as per Schedule VI of the Companies Act, 1956**

Particulars	Current year amount ₹	Previous year amount ₹
a) Expenditure in foreign currency :		
Others-Foreign Travel	2,57,043	-
b) Value of component, stores and spare parts consumed	94,58,127	1,99,73,753

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

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

(ii) No ash generated & there is no sale of ash.

(iii) Pond & Slurry ash is used for site filling of area for Stage-II (195x2MW) of KBUNL.

38. Figures have been rounded off to nearest rupee.

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

For and on behalf of the Board of Directors

(Ruchi Aggrawal)	(P.K.Rai)	(Arup Roy Choudhury)
Company Secretary	Director	Chairman

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

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 01 May 2013

AUDITOR'S REPORT

To the Members of

KANTI BIJLEE UTPADAN NIGAM LTD.

1. We have audited the attached Balance Sheet of **KANTI BIJLEE UTPADAN NIGAM LTD.** (a Subsidiary of NTPC Ltd.) as at 31st March 2013, the Statement of Profit and Loss and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of the section 227 of the Companies Act 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
   (b) In our opinion proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of such books.
   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt by this report are in agreement with the books of accounts.
   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, subject to notes to accounts annexed thereto, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   (e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India. Provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
   (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India : -
      (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2013
      (ii) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date and
      (iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **M/s B.B.Mathur & Co.,**
Chartered Accountants
Firm Regn No.000290N

(Rajneesh Behari Mathur)
Partner
M. No. 088034

Place : New Delhi
Date : 1st May 2013

ANNEXURE TO AUDITORS' REPORT

{Referred to in paragraph (3) of our report of even date}

Re : **KANTI BIJLEE UTPADAN NIGAM LTD.**

(i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets. In respect of assets taken over from erstwhile Muzaffarpur Thermal Power Station from Bihar State Electricity Board the records have been maintained from the date of such acquisition after due physical verification of such assets.

(b) There is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets and according to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) During the year under reference there has been no substantial disposal of fixed assets of the company.

(ii) (a) The Inventory of the company has been physically verified by the management at regular intervals. In our opinion, the frequency of verification is reasonable.

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

(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

(b) Not Applicable.

(c) Not Applicable.

(d) Not Applicable.

(e) The company has taken a secured loan from NTPC, its holding company. The maximum amount outstanding during the year was ₹17,14,28,572/- and the closing balance as on 31st March 2013 was ₹12,57,14,286/-.

(f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

(g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

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

(v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.

(b) Not Applicable.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits, from the public, covered by the directives issued by the Reserve Bank of India, the provisions of section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

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

(ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, and employees state insurance, income tax, sales tax, Wealth Tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the last day of the financial year, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of Income tax, Sale tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute except Entry tax demand amounting to ₹1,84,14,891/-which are disputed in a Writ Petition before the Patna High Court. Liability and contingent liability amounting to ₹ 46,03,723/- and ₹1,38,11,168/- respectively have been provided/shown in financial statements.

(x) The company does not have accumulated losses of more than 50% of its equity capital and has not suffered cash losses during the current year and the immediately preceding financial year. Hence this clause is not applicable.

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

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

(xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

(xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on shot-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under reference.

(xix) According to the information and explanations given to us the company has not issued any debentures.

(xx) According to the information and explanation given to us the company has not raised any money by way of public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **M/s B.B.Mathur & Co.,**
Chartered Accountants
Firm Regn No.000290N

(Rajneesh Behari Mathur)
Partner
M. No. 088034

Place : New Delhi
Date : 1st May 2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF KANTI BIJLEE UTPADAN NIGAM LTD., NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi, for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 01 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of financial statement of Kanti Bijlee Utpadan Nigam Limited, New Delhi for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

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

Place : New Delhi
Dated : 17th June 2013

BHARTIYA RAIL BIJLEE COMPANY LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2013.

PERFORMANCE OF THE COMPANY

Your Company is setting up 4X250 MW Thermal Power Project at Nabinagar, Bihar to meet the traction and non-traction electric power requirement of Railways. For setting up this project, out of total requirement of 1,596.92 acres of land, 1,328.15 acres of land has been acquired and efforts are being made to acquire balance land.

The construction work is going on in full swing at site. In Main Plant area - Boiler drums of Units # 1, 2 and 3 have already been lifted in its position and drum lifting for Unit # 4 has been planned in 2nd quarter of 2013-14. Further, hydro test of Unit #1 boiler is planned in 3rd quarter of 2013-14. ESP#1 – Funnel Duct erection for Pass A&B has been completed and collecting electrode erection in Pass C is going on. Other erection works like equipments in Mills of Unit #1, front water wall panel erection in Boiler#1 are in progress.

For Main Plant Civil works of Unit # 1, main power house structural erection is near completion and other foundations are in progress. Raft casting of Chimneys for Unit#1,2,3&4 have been completed. In Coal Handling Plant - Fabrication & erection of TP-3&4 and conveyor 2A&2B are under progress. Civil & erection works of other plant works like Pre-treatment Plant, DM Plant, Fire Fighting system, CW channel, erection of LDO tanks Fuel handling system, laying of 1100 meter length of make-up water line inside plant, construction of ash slurry pump house & pedestals for laying of ash handling pipes, village diversion roads, plant roads & drain, ash dykes, etc. are also going in full swing. The Rail corridor work inside the plant has already been awarded and works have been taken up for laying rail lines. Award of contract for rail corridor work outside the plant is under progress, Forest Clearance for land falling under Railway Corridor has been obtained on 04.04.13 from MoEF. Other contract packages related to coal transportation are also under various stages of award.

The construction activities of your Company has been hampered by ultra activities for which steps are being taken to construct the boundary wall as soon as possible and posting of CISF.

Your Company has taken number of steps towards rehabilitation and resettlement like infrastructure developments, providing solar street lights, providing potable water, distribution of scholarships for ITI students of PAPs, distribution of playing kits among schools in PAPs' villages, establishing stitching centres for ladies, providing mobile health clinic for the Project Affected Villagers, construction of crematoriums etc.

In pursuance of Memorandum of Understanding signed between NTPC Limited and Ministry of Railways to set up 1,320 MW power project at Adra, West Bengal. Your Company has initiated proposal to carry out balance site specific studies. The water allocation has been sanctioned from Damodar-Barakar River System and NOC from Airport Authority of India has been obtained.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2013 are as under:-

(Amount in ₹)

Balance Sheet Items as at	31.03.2013	31.03.2012
Paid-up Share Capital	6,88,46,00,000	6,88,46,00,000
Reserves and Surplus	(69,05,337)	(52,62,166)
Share Application Money Pending Allotment	83,00,39,000	83,00,39,000
Non-current liabilities	17,15,35,68,401	5,83,91,36,906
Current liabilities	2,82,69,92,707	1,28,03,30,186
Non-current assets	27,53,88,52,877	13,84,88,14,771
Current assets	14,94,41,894	98,00,29,155
Items from Statement of Profit and Loss for the year ended	**31.03.2013**	**31.03.2012**
Total Revenue	-	-
Total Expenses	16,43,171	1,43,178
Loss for the year	(16,43,171)	(1,43,178)

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

AUDIT COMMITTEE

The Board has constituted an Audit Committee which comprises S/ Shri B.P. Singh, R.K.S. Gahlowt and Sudhir Kumar Saxena, Directors as members. During the financial year 2012-13, one meeting of the Audit Committee was held on 03.05.2012.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2013.

PARTICULARS OF EMPLOYEES

As per provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, every company is required to provide particular of employees whose remuneration is more than ₹ 60 lac per financial year, if employed for whole of the year or more than ₹ 5 lac per month, if employed for part of the year in the Directors' Report.

However, as per notification dated 31.03.2011 issued by Ministry of Corporate Affairs, amending aforesaid provisions of the Companies (Particulars of Employees) Rules, 1975 has exempted Government companies for not including such particular in the Directors' Report. As your Company is a Government Company, such particulars have not been included as part of Director's Report.

Further, any member desirous of obtaining such particulars may write to the Company. Also, such particulars shall be made available to the shareholder(s) on a specific request made by them during Annual General Meeting scheduled for 29.07.2013.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 31.07.2012 has appointed M/s I.P. Pasricha & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2012-13. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India, through letter dated 13.06.2013, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2013 under section 619(4) of the Companies Act,1956. As advised by the Office of the Comptroller & Auditor General of India (C&AG), the contents of letter dated 13.06.2013 of C&AG for the year 2012-13 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

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

As a measure to conserve energy, the Company has installed solar lights in the affected villages. During the period under review, the Company incurred INR 18,120 (USD 350) and there was no earning in foreign currency.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2012-13 and of the loss of the company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the Annual Accounts on a going concern basis.

DIRECTORS

Shri U.P. Pani ceased to be the Director of the Company with effect from 15.03.2013 and in his place, NTPC had nominated Shri S. Roy, RED (East-I) as Director of the Company. The Board appointed him as the Director of the Company with effect from 15.03.2013.

Shri R.K.S. Gahlowt ceased to be the Director of the Company with effect from 30.06.2013 on attaining the age of superannuation. NTPC has nominated Shri Sudhir Arya, Executive Director, NTPC as Director on the Board of the Company in place of Shri R.K.S. Gahlowt. The Board appointed him as the Director of the Company with effect from 29.07.2013.

The Board places on record its deep appreciation for the services rendered by Shri U.P. Pani and Shri R.K.S. Gahlowt during their tenure as Directors of the Company.

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

ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation for the co-operation extended by Ministry of Power and Ministry of Railways.

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Power Finance Corporation Limited, Rural Electrification Corporation Limited, auditors, bankers, contractors, vendors and consultants of the Company.

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

For and on behalf of the Board of Directors

PLACE : New Delhi
DATE : 29th July 2013

(B.P. Singh)
Chairman

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

INDUSTRY SECTOR AND DEVELOPMENTS

The Power Sector in India has made rapid strides during the last six decades in the field of generation, transmission, distribution and utilization of electricity. The installed generating capacity in the country in 1947 was meagre 1,362 MW which catered to power requirements of urban centres and adjoining areas with electrification of around 1,500 Villages. The power generating capacity in the country has since grown manifold to 2,23,343 MW at the end of March 2013.

GENERATION

Review of Installed Capacity & Capacity Addition during financial year 2012-13

The total installed capacity in the country as on March 31, 2013 was 223343.60 MW with State Sector having a share of 39.91%, followed by Private Sector with 30.83% share and balance 29.26% contributed by Central Sector entities.

Sector	Total Capacity (MW)	% share
State	89124.62	39.91
Private	68859.04	30.83
Central	65359.94	29.26
Total*	**223343.60**	**100.00**

(Source: CEA)

Capacity addition of 20622.80 MW during financial year 2012-13 exceeded the target of 17956.30 MW. With maximum contribution of 54.59% by Private Sector, followed by Central Sector of 26.17%.

Sector	Capacity Addition (MW)	% share
State	3968.00	19.24
Private	11257.50	54.59
Central	5397.30	26.17
Total*	**20622.80**	**100.00**

*Excluding RES which includes Small Hydro Project, Biomass Power, Urban & Industrial Waste Power, Wind Energy and Solar Power

The total thermal capacity, including gas and diesel stations accounts for about 67.85% of installed capacity of the country followed by hydro capacity at 17.68%. Nuclear stations account for 2.14% and the balance 12.33% is contributed by RES.

Existing Generation

The total power generation in the country during financial year 2012-13 was 912.06 BU as compared to 876.89 BU during last year, registering a growth of 4.01%.

Sector wise and fuel wise break-up of generation in BU for the financial year 2012-13 and financial year 2011-12 is detailed as under:

Sector	FY 2012-13	FY 2011-12	Fuel	FY 2012-13	FY 2011-12
Central	375.97	364.00	Thermal	760.68	708.81
State	347.15	367.96	Hydro	113.72	130.51
Private	184.15	139.65	Nuclear	32.87	32.29
Others*	4.79	5.28	Others*	4.79	5.28
Total	**912.06**	**876.89**	**Total**	**912.06**	**876.89**

*Import from Bhutan (Source: CEA)

Of the total National Generation during financial year 2012-13, the State Sector contributed 38%, Central Sector utilities contributed 41% where as Private Sector has contributed 20%. The overall generation during the year was ~ 2 % less than the program/target.

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The PLF has shown a decline during financial year 2012-13 vis a vis financial year 2011-12.

Sector wise PLF (Thermal) (%)

Sector	FY 2012-13	FY 2011-12	Change
Central	79.18	82.01	-2.83
State	65.54	68.35	-2.81
IPP	62.16	67.27	-5.11
Private	75.69	76.19	-0.5
All India	69.93	73.47	-3.54

PLF of thermal stations declined from 73.47% to 69.93%. The decline in PLF was mainly on account of shortage / poor quality of coal , backing down/ shut down of units on account of low schedule from beneficiary states and delay in stabilization of new units.

Demand and Supply Position

The power supply position in the country during 2009-10 to 2012-13 :

	Energy				Peak			
Year	Require-ment	Availa-bility	Surplus/ Deficits (-)		Peak Demand	Peak Met	Surplus/ Deficits(-)	
	(MU)	(MU)	(MU)	(%)	(MW)	(MW)	(MW)	(%)
2009-10	8,30,594	7,46,644	83,950	-10.1	1,19,166	1,04,009	15,157	-12.7
2010-11	8,61,591	7,88,355	73,236	-8.5	1,22,287	1,10,256	12,031	-9.8
2011-12	9,37,199	8,57,886	79,313	-8.5	1,30,006	1,16,191	13,815	-10.6
2012-13	9,95,500	9,08,574	86,926	-8.7	1,35,453	1,23,294	12,159	-9.0

SWOT ANALYSIS

Strength/ Opportunity

The Company is backed by strong promoters i.e. Ministry of Railways and NTPC Limited. NTPC is the consultant for the Company which is having wide experience in engineering and management expertise from planning to commissioning and operating power plants. Indian Railways, being a big transport organization, consumes about 2% of the total power generation of the country which is likely to go up with the current pace of electrification. Presently, the peak power requirement of IR is about 4000 MW which is being fed to the electric traction network of IR through its odd 400 traction sub stations spread across the length and breadth of the country. Out of this requirement, Nabinagar power plant having 1000 MW capacity will cater the captive need of 900 MW of Indian Railways and 100 MW will be given to the Bihar Government. Thus BRBCL has good future prospects of dealing with the organisation like IR having sound financial fundamentals.

The Company is able to acquire major portion of land for establishing the project. Bharat Heavy Electricals Limited is the main plant contractor. The Company has tied up loan with Power Finance Corporation Limited and with Rural Electrification Limited for meeting its debt portion. The Company has coal linkage for 4X250 MW capacity. However, Fuel Supply Agreement is yet to be signed between the Company and Coal India Limited.

Weakness/ Threats:

The major threat the company is facing in acquiring parts of land. Law and order situation and project security of the project has been also a considerable concern for the company. The Company is also facing problems in acquiring aggregate and boulders.

RISKS AND CONCERN

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

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

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

As the company is in construction phase of project, it is not exposed to all such operational risks.

INTERNAL CONTROL

The Company has robust internal systems and processes for efficient conduct of business. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. The Company has implemented SAP in all of its modules like HR, Accounting, Engineering, etc. which helps in retrieving data and maintaining systematic backup.

During the year under review, internal audit was done by an external agency for accounts and contracts & materials systems of your Company. The accounts system and C&M systems complied with the established robust rules and policies of the organization.

FINANCIAL DISCUSSION AND ANALYSIS

During the financial year 2012-13, the Company had neither issued/ bought back any shares. The share capital stood at ₹ 6,88,46,00,000 as it was during the previous year. The share application money pending allotment was also the same as that of the previous year i.e ₹ 83,00,39,000. The Company had withdrawn cumulative loan of ₹ 15,81,14,95,391 upto FY 2012-13 as against ₹ 5,60,65,04,666 upto FY 2011-12 from PFC and REC. Borrowing costs capitalized during the year was ₹ 1,08,87,16,241. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year.

The tangible assets after depreciation amounted to ₹ 3,55,44,50,787 as at 31.03.2013 as against ₹ 1,82,35,84,339 as at 31.03.2012. The tangible assets included capital expenditure of ₹ 22,35,86,080 incurred on assets not owned by the Company. The Holding Company i.e. NTPC Limited has received an opinion from the EAC of the Institute of Chartered Accountants of India 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 account as and when incurred. The Holding 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 accounting treatment, existing treatment has been continued as per the relevant accounting policy.

The intangible assets after depreciation amounted to ₹ 1,61,769 and ₹ 4,73,564 as at 31.03.2013 and 31.03.2012 respectively. The depreciation transferred to Expenditure During Construction (EDC) for the financial year 2012-13 was ₹ 81,16,138. The capital work-in-progress stood at ₹ 21,46,51,38,770 and ₹ 8,46,96,55,673 as at 31.03.2013 and 31.03.2012 respectively.

As the project is in construction stage, the income and expenses were transferred to EDC account. The expenses (net of income) transferred to EDC amounted to ₹ 1,36,86,00,424. The expenses incurred on training & recruitment was charged to statement of profit and loss. The total loss charged to statement of profit and loss was ₹ 16,43,171 which was transferred to reserves and surplus. The net loss for the financial year 2011-12 was 1,43,178.

HUMAN RESOURCE

Presently, the Company has total strength of 126 employees (including 9 Executive Trainees), out of which 124 employees have been deputed from the Holding Company i.e. NTPC Limited and 2 employees have been deputed from Ministry of Railways. As a socially responsible and socially conscious organisation the Company has deployed 25 SC employees, 5 ST employees and 29 OBC employees out of the total strength of 124 employees deputed from NTPC.

The Company is paying Performance Related Pay to its employees in order to boost their morale and also extending the facility of retention of family anywhere in India. Quarters have been hired at Dalmianagar as a Temporary Township until Permanent Township at the site is constructed.

The employee benefits expense (salaries & wages, contribution to provident & other funds and staff welfare expenses) was ₹ 19,71,49,773 for the financial year 2012-13, which have been transferred to expenditure during construction account as the project is in construction stage. It included ₹ 4,95,92,617 debited by the Holding Company towards leave, superannuation and other benefits in respect of employees posted on secondment basis from the Holding Company.

OUTLOOK

The Company's outlook is very bright. It will generate sufficient revenue for the growth and development of the company as well as of the nearby community at large once the plant becomes operational.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

PLACE : New Delhi (B.P. Singh)
DATE : 29th July 2013 Chairman

BHARTIYA RAIL BIJLEE COMPANY LIMITED
BALANCE SHEET AS AT

Amount in ₹

Particulars	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**6,884,600,000**	6,884,600,000
Reserves and surplus	3	**(6,905,337)**	(5,262,166)
		6,877,694,663	6,879,337,834
Share Application money pending allotment	4	**830,039,000**	830,039,000
Non-current liabilities			
Long-term borrowings	5	**15,811,495,391**	5,606,504,666
Other long term liabilities	6	**1,342,073,010**	232,632,240
		17,153,568,401	5,839,136,906
Current liabilities			
Trade payable	7	**17,818,773**	11,752,778
Other current liabilities	8	**1,705,795,513**	1,268,577,408
Short-term provisions	9	**1,103,378,421**	-
		2,826,992,707	1,280,330,186
TOTAL		**27,688,294,771**	**14,828,843,926**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	**3,554,450,787**	1,823,584,339
Intangible assets	10	**161,769**	473,564
Capital work-in-progress	11	**21,465,138,770**	8,469,655,673
Other non-current assets	12	**21,996,078**	16,380,060
Long-term loans and advances	13	**2,497,105,473**	3,538,721,135
		27,538,852,877	13,848,814,771
Current assets			
Cash and bank balances	14	**146,487,542**	977,836,646
Short-term loans and advances	15	**89,932**	40,170
Other current assets	16	**2,864,420**	2,152,339
		149,441,894	980,029,155
TOTAL		**27,688,294,771**	**14,828,843,926**
Significant accounting policies	1		

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

For and on behalf of the Board of Directors

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

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

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

Place : New Delhi
Dated : 7th May 2013

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

Amount in ₹

Particulars	Note	31.03.2013	31.03.2012
Other income	17	**-**	-
Total revenue		-	-
Expenses			
Employee benefits expense	18	**-**	-
Finance costs	19	**-**	-
Administration & other expenses	20	**1,643,171**	143,178
Total expenses		**1,643,171**	143,178
Profit / (Loss) before tax		**(1,643,171)**	(143,178)
Total Tax Expense		**-**	-
Profit / (Loss) for the year		**(1,643,171)**	(143,178)
Significant accounting policies	1		
Expenditure During Construction Period	21		
Earnings per equity share (Par value of ₹ 10/- each)	22		
Basic		**(0.00)**	(0.00)
Diluted		**(0.00)**	(0.00)

The accompanying notes form an integral part of these financial statements.
There are no exceptional or extraordinary items in the above periods.

For and on behalf of the Board of Directors

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

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

Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120N
M.No. 516612
Place : New Delhi
Dated : 7th May 2013

BHARTIYA RAIL BIJLEE COMPANY LIMITED

CASH FLOW STATEMENT

Amount in ₹

For the year ended March 31,		2013	2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Loss as per statement of Profit and Loss	**(1,643,171)**	(143,178)
	Adjustment for		
	Increase/(Decrease) in Current liabilities	**1,546,662,521**	832,336,474
	Increase/(Decrease) in Other Current Assets	**(712,081)**	1,571,120
	Increase/(Decrease) in Loans & Advances	**(49,762)**	107,273,720
		1,545,900,678	941,181,314
	Net Cash from Operating Activities-A	**1,544,257,507**	941,038,136
B	**CASH FLOW FROM INVESTMENT ACTIVITIES**	**(13,690,038,106)**	(5,956,212,316)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Long Term Borrowings	**11,314,431,495**	4,566,208,396
	Net Cash flow from Financing Activities-C	**11,314,431,495**	4,566,208,396
	Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	**(831,349,104)**	**(448,965,784)**
	Cash and Cash equivalents (Opening Balance)	**977,836,646**	1,426,802,430
	Cash and Cash equivalents (Closing Balance)	**146,487,542**	977,836,646

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

For and on behalf of the Board of Directors

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

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

Place : New Delhi
Dated : 7th May 2013

Notes to the financial statements for the year ended 31st March 2013

Note NO. 1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under & the provision of 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. 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 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 relatable to land in possession are treated as cost of land.
6. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
7. Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

D. CAPITAL WORK-IN-PROGRESS

1. 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.
2. Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
3. Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

E 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 difference arising from settlement/translation of long-term foreign currency monetary items are adjusted in carrying cost of related assets.
4. Other exchange differences are recognised as income or expense in the period in which they arise.
5. Exchange differences on account of translation of foreign currency borrowings recoverable or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulation are accounted as 'Deffered 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.E is adjusted in depreciation, as the case may be.

F. BORROWING COSTS

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

G. EXPENDITURE

1. Depreciation 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 following assets is provided based on their estimated useful life:

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

3. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
4. Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.
5. Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.
6. Capital expenditure on assets not owned by the Company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
7. Leasehold land and buildings are fully amortised over 25 years or lease

period whichever is less following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.

8. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
9. Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.
10. Prepaid expenses and prior period expenses/income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

H. 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.

I. 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.

J. CASH FLOW STATEMENT

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

NOTE NO. 2 SHARE CAPITAL Amount in ₹

As at	31.03.2013	31.03.2012
Equity Share Capital		
AUTHORISED		
1606,000,000 shares of par value of ₹10/- each, (previous year 1606,000,000 shares of par value of ₹ 10/- each)	16,060,000,000	16,060,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
688,460,000 shares of par value of ₹10/- each (Previous year 688,460,000 shares of par value of ₹10/- each)	6,884,600,000	6,884,600,000
Total	6,884,600,000	6,884,600,000

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

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

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

d) **Details of shareholders holding more than 5% shares in the Company**

Particulars	31.03.2013		31.03.2012	
	No. of shares	%age holding	No. of shares	%age holding
NTPC Ltd. and their nominees	509,460,000	74	509,460,000	74
Ministry of Railways and their nominees	179,000,000	26	179,000,000	26

NOTE NO. 3 RESERVES AND SURPLUS Amount in ₹

As at	31.03.2013	31.03.2012
Surplus in the statement of profit & loss		
As per last balance sheet	(5,262,166)	(5,118,988)
Add: Profit/(Loss) for the year from statement of profit & loss	(1,643,171)	(143,178)
Net surplus	(6,905,337)	(5,262,166)
Total	(6,905,337)	(5,262,166)

NOTE NO. 4 SHARE APPLICATION MONEY PENDING FOR ALLOTMENT

Amount in ₹

As at	31.03.2013	31.03.2012
Amount received for allotment and is pending for allotment		
Received from NTPC Ltd and	39,000	39,000
Received from Ministry of Railways	830,000,000	830,000,000
	830,039,000	830,039,000

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

b) Equity shares of ₹ 10/- each in ratio of 74:26 to be issued to the above shareholders at par.

c) No equity shares have been allotted during the FY 2012-13. The balance amount is proposed to be allotted in the FY 2013-14.

d) The authorised share capital of the Company is ₹16,060,000,000 which is sufficient to cover the share capital amount on allotment of shares out of above share application money.

e) No amount is refundable out of above share application money.

NOTE NO. 5 LONG-TERM BORROWINGS Amount in ₹

As at	31.03.2013	31.03.2012
Term loans		
From Financial Institutions		
Secured		
Rupee loans	15,811,495,391	5,606,504,666
Total	15,811,495,391	5,606,504,666

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

b) The rupee term loans - Interest on term loan is payable at the applicable three year "AAA" Bond yield rate plus agreed margin. Moratorium & Principal repayment Period : The Moratorium period for the project is up to 6 months from the COD. The facility is available for a period of 48 months from the date of documentation or till the actual completion of the project plus 6 months (moratorium period), whichever is earlier. The repayment schedule is for a period of 15 years, beginning after 6 months from COD, in 60 quarterly installments.

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

NOTE NO. 6 OTHER LONG TERM LIABILITIES Amount in ₹

As at	31.03.2013	31.03.2012
Other liabilities		
Payable for capital expenditure	1,342,073,010	201,977,512
Others	-	30,654,728
Total	1,342,073,010	232,632,240

a) Other liabilities-Others include deposits received from contractors and others.

NOTE NO. 7 TRADE PAYABLES Amount in ₹

As at	31.03.2013	31.03.2012
For goods and services	17,818,773	11,752,778
Total	17,818,773	11,752,778

NOTE NO. 8 OTHER CURRENT LIABILITIES Amount in ₹

As at	31.03.2013	31.03.2012
Interest accrued and due on borrowings	216,301,025	107,018,239
Payable for capital expenditure	1,408,031,494	1,096,350,686
Other payables		
Tax deducted at source and other statutory dues	22,382,486	17,245,069
NTPC Ltd	43,917,057	14,030,982
Payable to employees	13,459,239	22,810,019
Others *	1,704,212	11,122,413
Total	1,705,795,513	1,268,577,408

* Other payables - others include stale cheque and amount payable to club and association etc.

NOTE NO. 9 SHORT TERM PROVISIONS Amount in ₹

As at	31.03.2013	31.03.2012
Provision for obligations incidental to land acqisition		
Opening Balance	-	-
Additions during the year	1,103,378,421	-
Amount paid during the year	-	-
Amount reversed during the year	-	-
Closing balance	1,103,378,421	-

NOTE NO. 10 TANGIBLE ASSETS Amount in ₹

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land : (including development expenses)										
Freehold	1,585,441,463	-	(1,650,492,445)	3,235,933,908	-	-	-	-	3,235,933,908	1,585,441,463
Roads, bridges, culverts & helipads	534,632	-	-	534,632	460,601	20,567	-	481,168	53,464	74,031
Building - Others	-	46,215,451	-	46,215,451	-	916,574	-	916,574	45,298,877	-
Temporary erection	13,595,810	2,034,049	-	15,629,859	13,595,810	1,716,320	-	15,312,130	317,729	-
Water supply, drainage & sewerage system	194,953	-	-	194,953	49,440	34,408	-	83,848	111,105	145,513
Plant and equipment	1,361,344	-	5,569	1,355,775	214,217	65,166	5,569	273,814	1,081,961	1,147,127
Furniture and fixtures	10,380,727	4,248,565	174,890	14,454,402	1,882,806	913,649	32,013	2,764,442	11,689,960	8,497,921
Office equipment	4,567,252	291,696	86,966	4,771,982	1,330,790	463,619	123,062	1,671,347	3,100,635	3,236,462
EDP, WP machines and satcom equipment	5,201,875	3,146,367	(50,967)	8,399,209	1,833,509	994,933	(2,269)	2,830,711	5,568,498	3,368,366
Construction equipments	19,442,887	-	-	19,442,887	3,612,698	1,859,561	-	5,472,259	13,970,628	15,830,189
Electrical Installations	12,918,749	564,150	(106,390)	13,589,289	889,510	692,647	(18,850)	1,601,007	11,988,282	12,029,239
Communication Equipments	1,962,330	109,528	41,348	2,030,510	168,933	126,899	14,982	280,850	1,749,660	1,793,397
Laboratory and workshop equipments	17,747	-	-	17,747	17,747	-	-	17,747	-	-
Capital expenditure on assets not owned by the Company	192,020,631	-	(31,565,449)	223,586,080	-	-	-	-	223,586,080	192,020,631
Total	1,847,640,400	56,609,806	(1,681,906,478)	3,586,156,684	24,056,061	7,804,343	154,507	31,705,897	3,554,450,787	1,823,584,339
Previous year	1,833,502,489	13,975,212	(162,699)	1,847,640,400	12,091,668	11,964,393	-	24,056,061	1,823,584,339	1,821,410,821

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

	Gross Block		Depreciation/Amortisation	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Retirement of assets	168,194	-	168,194	-
	168,194	-	168,194	-

a) The Holding Company has received an opinion from the EAC of the 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 Holding 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.

b) The borrowing costs capitalised during the year ended 31st March 2013 is ₹ **1,088,716,241** (previous year ₹ 248,878,839). 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 heads of fixed assets and CWIP through 'Addition' or 'Deductions/Adjustment' column are given below:

	For the year ended 31st March 2013		For the year ended 31st March 2012	
	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	-	152,584,301	-	-
Others	-	14,900,208	-	-
Plant & Machinery	5,710,365	836,297,724	7,439,971	-
MGR Track and Signalling system	-	33,714,503	-	-
Electrical Installation	-	51,107,848	-	-
Others including pending allocation	-	111,657	-	248,878,839
	5,710,365	1,088,716,241	7,439,971	248,878,839

INTANGIBLE ASSETS

	Gross Block				Amortisation				Net Block	
	As at 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Software	1,035,896	-	13,688	1,022,208	562,332	311,795	13,688	860,439	161,769	473,564
Total	1,035,896	-	13,688	1,022,208	562,332	311,795	13,688	860,439	161,769	473,564
Previous year	1,018,782	17,114	-	1,035,896	228,086	334,246	-	562,332	473,564	790,696

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

31.03.2013	31.03.2012
7,947,943	12,297,398
8,116,138	12,298,639

NOTE NO. 11 CAPITAL WORK-IN-PROGRESS

Amount in ₹

	As at 01.04.2012	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2013
Development of land	256,071,988	114,290,749	-	-	**370,362,737**
Roads, bridges, culverts & helipads	135,969	20,356	-	-	**156,325**
Buildings :					
Main plant	628,900,225	1,699,926,959	749,637	-	**2,328,077,547**
Others	127,984,316	193,665,651	57,368,175	46,215,451	**218,066,341**
Temporary erection	1,471,160	391,608	-	-	**1,862,768**
Water supply, drainage and sewerage system	97,537	738,907	-	-	**836,444**
MGR track and signalling system	204,172,787	244,852,441	-	-	**449,025,228**
Plant and equipment	2,795,279,388	10,496,190,237	(58,117,812)	-	**13,349,587,437**
Furniture and fixture	-	681,622	-	681,622	**-**
EDP/WP machines & satcom equipment	-	936,987	-	-	**936,987**
Electrical installations	275,714,052	438,755,405	-	-	**714,469,457**
Capital expenditure on assets not owned by the company	46,605,449	4,110,000	-	31,565,449	**19,150,000**
Sub total	4,33,64,32,871	13,194,560,922	-	78,462,522	**17,452,531,271**
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	785,746,251	-	(67,062,398)	-	**852,808,649**
Expenditure during construction period (net)	946,558,105	1,368,600,424*	67,062,398	-	**2,248,096,131**
Less Allocated to related works	-	(2,248,096,131)	-	-	**(2,248,096,131)**
	6,068,737,227	12,315,065,215	-	78,462,522	**18,305,339,920**
Construction stores	2,400,918,446	758,880,404	-	-	**3,159,798,850**
Total	8,469,655,673	13,073,945,619	-	78,462,522	**21,465,138,770**
Previous year	2,327,535,007	6,142,120,666	-	-	8,469,655,673

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

NOTE NO. 12 OTHER NON CURRENT ASSETS Amount in ₹

As at	31.03.2013	31.03.2012
Deffered foreign currency fluctuation asset *	**21,996,078**	16,380,060
	21,996,078	16,380,060

* In line with accounting policy No.E.5 disclosed in Note 1, deferred foreign currency fluctuation asset to the extent of ₹ **21,996,078** (previous year ₹16,380,060) has been made.

NOTE NO. 13 LONG TERM LOANS AND ADVANCES
(Considered good, unless otherwise stated) Amount in ₹

As at	31.03.2013	31.03.2012
CAPITAL ADVANCES		
Secured	**-**	-
Unsecured		
Covered by bank guarantee	**1,729,277,183**	2,897,842,001
Others	**759,977,090**	633,027,934
	2,489,254,273	3,530,869,935
SECURITY DEPOSITS (Unsecured)	**7,851,200**	7,851,200
Total	**2,497,105,473**	3,538,721,135

NOTE NO. 14 CASH & BANK BALANCES Amount in ₹

As at	31.03.2013	31.03.2012
Cash & cash equivalents		
Balances with banks		
- Current accounts	**146,487,542**	27,836,646
- Deposits with original maturity upto three months	**-**	950,000,000
Total	**146,487,542**	977,836,646

NOTE NO. 15 SHORT-TERM LOANS AND ADVANCES
(Considered good, unless otherwise stated) Amount in ₹

As at	31.03.2013	31.03.2012
ADVANCES		
Employees		
Unsecured	**24,432**	40,170
Contractors & Suppliers, including material issued on loan		
Unsecured	**65,500**	-
Total	**89,932**	40,170

NOTE NO. 16 OTHER CURRENT ASSETS Amount in ₹

As at	31.03.2013	31.03.2012
Interest accrued on : Short Term deposits	**-**	1,163,701
Other Recoverable *	**2,864,420**	988,638
Total	**2,864,420**	2,152,339

* Other recoverable includes service provided to the other company and Interest on STDR.

NOTE NO. 17 OTHER INCOME Amount in ₹

For the period ended	31.03.2013	31.03.2012
Interest from-Contractors	**40,039,152**	34,944,144
Other non-operating income		
Miscellaneous income	**4,864,183**	1,537,999
	44,903,335	36,482,143
Less: Transferred to expenditure during construction period (net) - Note 21	**44,903,335**	36,482,143
Total	**-**	-

a) Miscellaneous income includes income from LD, Recoveries from Contractor, Hire Charges etc.

NOTE NO. 18 EMPLOYEE BENEFITS EXPENSE Amount in ₹

For the period ended	31.03.2013	31.03.2012
Salaries and wages	**174,778,217**	118,914,798
Contribution to provident and other funds	**9,302,869**	9,454,449
Staff welfare expenses	**13,068,687**	9,854,842
	197,149,773	138,224,089
Less: Transferred to expenditure during construction period (net) - Note 21	**197,149,773**	138,224,089
Total	**-**	-

a) Employee benefit include ₹49,592,617/- (Previous Year: ₹6,420,074/-) debited by NTPC Ltd towards leave, superannuation and other benefits in respect of employees posted on secondment basis from the holding company i.e. NTPC Ltd.

b) All the employees of the company are on secondment posting from the holding company. i.e. NTPC Ltd. except one employee on deputation from Ministry of Railways. Salaries paid to Employees on secondment and other benefits to them have been entered into the Books of Company on the basis of transfer entries made by NTPC in this regard.

NOTE NO. 19 FINANCE COSTS Amount in ₹

For the period ended	31.03.2013	31.03.2012
Interest on		
Rupee term loans	**1,127,193,202**	313,415,024
Less: Interest from Short Term Deposit	**39,540,259**	64,536,185
	1,087,652,943	248,878,839
Other borrowing costs		
Commitment Charges	**1,063,298**	-
	1,088,716,241	248,878,839
Less: Transferred to expenditure during construction period (net) - Note 21	**1,088,716,241**	248,878,839
Total	**-**	-

NOTE NO. 20 ADMINISTRATION & OTHER EXPENSES Amount in ₹

For the period ended		31.03.2013	31.03.2012
Power charges	**39,496,217**		16,561,298
Less: Recovered from contractors & employees	25,298		64,700
		39,470,919	16,496,598
Rent	**1,094,450**		1,791,654
Less: Recoveries	**53,071**		324,449
		1,041,379	1,467,205
Repairs & maintenance			
Buildings & others		**10,420,061**	5,224,644
Insurance		**13,504**	269,122
License Fee		**75,000**	100,000
Training & recruitment expenses		**1,643,171**	143,178
Postage & Telegram/ courier		**256,459**	34,004
Communication expenses		**4,377,125**	5,489,940
Travelling expenses		**8,742,407**	9,983,005
Tender expenses	**1,119,945**		2,112,291
Less: Receipt from sale of tender documents	**18,000**		54,500
		1,101,945	2,057,791
Payment to auditors (refer details below) *		**114,270**	123,059
Advertisement and publicity		**1,281,538**	81,245
Security expenses		**7,790,529**	6,523,053
Entertainment expenses		**1,195,498**	1,968,810
Expenses for guest house	**591,699**		1,360,467
Less: Recoveries	**7,940**		2,860
		583,759	1,357,607
Community development and welfare expenses		**3,994,586**	1,724,752
Books and periodicals		**69,471**	36,485
Professional charges and consultancy fees		**10,675,760**	68,717,084
Legal expenses		**2,609,909**	1,877,547
EDP hire and other charges		**465,127**	212,797
Printing and stationery		**1,178,464**	559,615
Hire charge of vehicles		**11,208,115**	6,330,915

NOTE NO. 20 ADMINISTRATION & OTHER EXPENSES Amount in ₹

For the period ended		31.03.2013	31.03.2012
Hire charge of construction Equipment		**33,000**	11,000
DG Set operating expenses		**3,528,475**	9,793,298
Furnishing expenses		**116,321**	4,420
Hiring Charge- Office Equipment		**270,500**	33,887
Horticulture expenses		**24,620**	16,451
Bank charges		**7,848,757**	2,479,524
Net loss in foreign currency transactions & translations		**5,616,018**	16,380,060
Miscellaneous expenses		**1,034,111**	1,149,626
		126,780,798	160,646,722
Less: Transferred to deferred foreign currency fluctuation asset/liability		**5,616,018**	16,380,060
Transferred to expenditure during construction period (net) - Note 21		**119,521,609**	144,123,484
Total		**1,643,171**	143,178
* Details in respect of payment to auditors:			
As auditor - Audit fee	**80,000**		40,000
In other Capacity -Other services (certification fees)	**25,000**		-
Reimbursement of expenses	**-**		78,115
Reimbursement of service tax	9,270		4,944
	114,270	**114,270**	123,059

NOTE NO. 21 EXPENDITURE DURING CONSTRUCTION PERIOD (NET) Amount in ₹

For the period ended		31.03.2013	31.03.2012
A. Employee benefits expense			
Salaries and wages		**174,778,217**	118,914,798
Contribution to provident and other funds		**9,302,869**	9,454,449
Staff welfare expenses		**13,068,687**	9,854,842
Total (A)		**197,149,773**	138,224,089
B. Finance costs			
Interest on Rupee Term Loan		**1,087,652,943**	248,878,839
Other Borrowing costs - Commitment Charge		**1,063,298**	-
Total (B)		**1,088,716,241**	248,878,839
C. Depreciation and amortisation		**8,116,136**	12,297,398
D. Administration and other expenses			
Power charges	**39,496,217**		16,561,298
Less: Recovered from contractors & employees	**25,298**		64,700
		39,470,919	16,496,598
Rent		**1,041,379**	1,467,205
Repairs & maintenance			
Buildings & Others		**10,420,061**	5,224,644
Insurance		**13,504**	269,122
License Fee		**75,000**	100,000
Postage & Telegram/ Courier		**256,459**	34,004
Communication expenses		**4,377,125**	5,489,940
Travelling expenses		**8,742,407**	9,983,005
Tender expenses	**1,119,945**		2,112,291
Less: Receipt from sale of tender documents	**18,000**		54,500
		1,101,945	2,057,791
Payment to Auditors		**114,270**	123,059
Advertisement and publicity		**1,281,538**	81,245
Security expenses		**7,790,529**	6,523,053

NOTE NO. 21 EXPENDITURE DURING CONSTRUCTION PERIOD (NET) Amount in ₹

For the period ended	31.03.2013	31.03.2012
Entertainment expenses	**1,195,498**	1,968,810
Expenses for Guest house	**583,759**	1,357,607
Community development and welfare expenses	**3,994,586**	1,724,752
Books and periodicals	**69,471**	36,485
Professional charges and consultancy fee	**10,675,760**	68,717,084
Legal expenses	**2,609,909**	1,877,547
EDP Hire and other charges	**465,127**	212,797
Printing and stationery	**1,178,464**	559,615
Hire Charges of Vehicle	**11,208,115**	6,330,915
Hire charge of construction Equipment	**33,000**	11,000
DG Set operating expenses	**3,528,475**	9,793,298
Furnishing expenses	**116,321**	4,420
Hiring Charge- Office Equipment	**270,500**	33,887
Horticulture Expenses	**24,620**	16,451
Bank Charges	**7,848,757**	2,479,524
Miscellaneous expenses	**1,034,111**	1,149,626
Total (D)	**119,521,609**	144,123,484
Total (A+B+C+D)	**1,413,503,759**	543,523,810
E. Less: Other income		
Interest from contractors	**40,039,152**	34,944,144
Miscellaneous income	**4,864,183**	1,537,999
Total (E)	**44,903,335**	36,482,143
Grand total (A+B+C+D-E)	**1,368,600,424** *	507,041,667

* Balance carried to capital work-in-progress - (Note 11)

22 Previous year figure has been regrouped / rearranged wherever considered necessary.

23 Amount in the financial statements are presented in ₹ .

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

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

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

Borrowing costs capitalised during the year are ₹ **1,088,716,241** (previous year ₹ 248,878,839)

26 **Disclosure as per Accounting Standard - 19 on 'Leases'**

Expenses on operating leases of the premises for residential use of the employees amounting to ₹ **7,528,156** (previous year: ₹ 6,796,934) are included in "Rent Lease Accommodation". Similarly, lease payments in respect of premises for office/transit accommodation are shown as Rent ₹ **1,094,450** (Previous year ₹ 1,791,654) in Note-20 "Administration and other expenses".

27 **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 - ₹	**(1,643,171)**	(143,178)
Weighted average number of equity shares used as denominator for Basic EPS	**6,884,600,000**	532,115,000
Earning per share -Basic	**(0.00)**	(0.00)
Earning per share -Diluted	**(0.00)**	(0.00)
Face value per share - ₹	**10/-**	10/-

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

Particulars	Currencies	Amount in ₹	
		31.03.2013	31.03.2012
Sundry creditors/deposits and retention monies	USD	**-**	-
	EURO	**824,829,460**	720,339,448
Unexecuted amount of contracts remaining to be executed	USD	**71,886,031**	67,591,982
	EURO	**5,033,042,114**	6,216,656,688

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

30 **Contingent liability:**

a) Claims against the Company not acknowledged as debts is ₹ **4,693,120** (Previous year: Nil) towards lease rent of office and residential premises at Dalmianagar.

b) Demand notice received from the commercial tax office, Aurangabad, Bihar for ₹ **1,405,404,683** (Previous Year: Nil) on account of penalty and interest under Bihar Entry Tax Act for the FY 2010-11, 2011-12 & 2012-13. Revision petition has been filed before the court of Commissioner of Commercial Taxes, Patna for waiver of interest and penalty imposed which is subjudice.

31 **Capital and other commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2013 is ₹ **29,752,263,794/-** (previous year ₹ 38,108,971,275).

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

Amount in ₹

Particulars			Current year	Previous Year
a) Value of imports calculated on CIF basis:				
Capital goods			Nil	Nil
Spare parts			Nil	Nil
b) Expenditure in foreign currency				
Professional and consultancy fee			Nil	Nil
Interest			Nil	Nil
Others			18,120	Nil
c) Value of components, stores and spare parts consumed (including fuel):	**Current Year**		Previous year	
	%age	Amount	%age	Amount
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil
			Current year	Previous year
d) Earnings in foreign exchange			Nil	Nil
Professional & consultancy fee			Nil	Nil
Others			Nil	Nil

For and on behalf of the Board of Directors

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

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

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

Place : New Delhi
Dated : 7th May 2013

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **M/s BHARTIYA RAIL BIJLEE COMPANY LIMITED,** which comprise the balance sheet as at **31 March 2013**, and the statement of the profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

a. In the case of the balance sheet, of the state of the affairs of the company as at 31 March 2013

b. In case of the statement of the profit and loss, of the loss for the year ended on that date, and

c. In case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and the regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give the Annexure a statement on the, manners specified in the paragraphs 4 and 5 of the order.

2. As required by section 227(3) of the Act, we report that:

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

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

   c. This Clause is not applicable as BHARTIYA RAIL BIJLEE COMPANY LIMITED has no Branch.

   d. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of accounts.

   e. In our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section211 of Companies Act, 1956.

   f. On the basis of the written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of the clause(g) of sub section(1) of section 274 of the Companies Act, 1956.

For I.P. Pasricha & Co.
Chartered Accountants
FRN No. 000120N

CA Maneet Pal Singh
Partner
M.No. 516612

Place : New Delhi
Date : 7th May 2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re:

i. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   Fixed assets have not been physically verified by the management during the year as per the regular policy of the holding company i.e. NTPC Ltd.

   In our opinion and according to the information and explanation given to us, there was no disposal of a substantial part of the fixed assets during the year.

ii. The company does not have inventory. Accordingly, the provision of clause 4(ii) (b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

iii. According to the information and the explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause4 (iii)(a) to (d) of the order are not applicable to the company and hence not commented upon.

   According to the information and the explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause4 (iii)(e)to (g) of the Order are not applicable to the company and hence not commented upon.

   However, Share Capital Deposit still has a unadjusted balance of ₹ 83 crores as on March 31st, 2013 against which no share have been allotted by company so far.

iv. In our opinion and according to the information and the explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with the regard to the purchase of fixed assets. The company has not made any purchase / sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness or continuing failure in the internal control system of the company in respect of these areas.

v. According to the information given to us, there are no transactions that need to be entered in register maintained u/s 301 of the Companies Act, 1956.

vi. According to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

vii. The company has no internal audit system. However, Internal Audit is being conducted by the Jai Prakash Vaibhav & Associates.

viii. The maintenance of cost records under clause (d) of sub section (1) of section 209 of the act is not applicable to the company since it has not commenced any activity related to the generation of electricity.

ix. a) According to information and explanations given to us, no undisputed amounts payable in respect of the provident fund, investor education and the protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable as at 31st March, 2013.

   b) In our opinion and according to the information & explanations given to us, there are no dues in respect of wealth tax, service tax, income-tax, custom duty, excise duty and cess that have not been deposited with appropriate authority on account of any dispute except the dues of ₹ 140.54 Crores in respect of sales tax (Entry Tax) for the period 2010-11 to 2012-13 and the same have not been deposited with the appropriate authority on account of dispute which is pending in revision petition before the Court of Commissioner of Commercial Taxes, Patna.

x. The company has accumulated losses ₹ 69,05,337 (including current years' loss) at the end of the financial year. Company has incurred ₹ 16,43,171 cash loss in the current financial year. The net worth of the company is ₹ 7,70,77,33,663 and accumulated loss is 0.00089% of net worth.

xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution and bank.

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

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

xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003(as amended) are not applicable to the company.

xv. According to the information and the explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.

xvi. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

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

xviii. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under sec 301 of the companies Act,1956.

xix. This clause is not applicable to the company as the company does not have any secured/ unsecured bonds or debentures.

xx. This clause is not applicable to the company as company has not made any private placement / right issue / public issue.

xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and the explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For I.P. Pasricha & Co.
Chartered Accountants
FRN No. 000120N

CA Maneet Pal Singh
Partner
M.No. 516612

Place : New Delhi
Date : 7th May 2013

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

The preparation of financial statements of Bhartiya Rail Bijlee Company Limited, New Delhi, for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 07 May 2013 and corrigendum dated 11 June 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of financial statement of Bhartiya Rail Bijlee Company Limited, New Delhi for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

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

Place : New Delhi
Dated : 13th June 2013