

SUBSIDIARY COMPANIES

NTPC ELECTRIC SUPPLY COMPANY LIMITED
(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To
The Members,
Your Directors have pleasure in presenting the Eighth Annual Report on the working of the Company for the financial year ended on 31st March 2010 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(Rs. Crore)

	2009-10	2008-09
Total Income/Revenue	79.96	78.48
Total Expenditure	40.28	49.96
Prior period income/expenditure (net)	(0.72)	-
Profit before Tax	40.40	28.52
Less: Tax	13.81	10.04
Profit after Tax	26.59	18.48
Balance brought forward	23.98	10.27
Balance available for appropriation	50.57	28.75
Transfer to General Reserve	2.70	1.85
Proposed Dividend	4.00	2.50
Tax on proposed Dividend	0.68	0.42
Surplus carried forward	43.19	23.98

DIVIDEND

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

OPERATIONAL REVIEW

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

Your Company has made a foray into distribution sector wherein its Joint Venture Company, KINESCO Power and Utility Private Limited, has taken over operations in Kakkanad Industrial area at Kochi, Kerala from the erstwhile licensee w.e.f. February 1, 2010. The current load is about 14 MW with a projected load ramp up to 180 MW in next five years.

Under the Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY), a flagship programme of the Government of India introduced in March 2005 with objective of providing access to electricity to all rural households, the Company is carrying out project implementation in 29 districts in the states of Madhya Pradesh, Chhattisgarh, Orissa, Jharkhand and West Bengal for electrifying 15814 Un-electrified/De-electrified villages and providing 26.94 lacs Below Poverty Line household connections. The Company is also carrying out various consultancy assignments in distribution sector.

Your Company has been conferred the 'Chairman's Trophy for Excellence in maintaining Financial Accounts' amongst all subsidiaries of NTPC Limited for the year 2008-09, the second time in the last three years including the inaugural edition for the year 2006-07.

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 2010.

AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREON

The Comptroller & Auditor General of India (C&AG) has appointed M/s Satish K. Aggarwal & Co., Chartered Accountants as the Statutory Auditor of the Company for the financial year 2009-10.

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no. 9 of schedule 19 to the financial statements. The note explains basis for recognition of income from consultancy contracts and is as per the Accounting Policy adopted by the Company.

C&AG REVIEW

C&AG, vide letter dated May 12, 2010, has decided not to review the report of the Auditors on the accounts of the Company for the financial year 2009-10 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed with the report of Statutory Auditors of your Company.

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

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

PARTICULARS OF EMPLOYEES

The Particular of employees pursuant to Section 217 (2A) of the Companies Act, 1956 are given in Annexure - II.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 2009-10 and of the profit of the company for that period;
- 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
- the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Shri R.K. Jain and Shri R.C. Shrivastav consequent upon their superannuation from the services of NTPC Limited have ceased to be the Directors of the Company w.e.f. December 31, 2009 (A/N) and June 30, 2010 (A/N), respectively. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.K. Jain and Shri R.C. Shrivastav during their association with the Company.

The Board of Directors, at its Meeting held on July 14, 2010, had appointed Shri S.C. Pandey, Executive Director (Engg.), NTPC Limited as an Additional Director of the Company. Shri S C Pandey holds office up to the date of this Annual General Meeting but is eligible for appointment.

In accordance with the provisions of Companies Act, 1956, Shri R.S. Sharma, Chairman shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for re-election.

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, 2010

(R S Sharma)
Chairman

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, 2010, all the states, except Arunachal Pradesh, have set up their Regulatory Commissions. In addition, two Joint Electricity Regulatory Commissions have been set up for Manipur & Mizoram and Goa & UTS. 17 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.

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. Franchisee model is an option which the state governments are now considering after success of this model in Bhiwandi in Maharashtra. On the whole, even franchisee model has not thrown any major opportunity on a large scale.

The country is now poised for a new era in distribution sector where industrial and commercial consumers are willing to pay commensurate tariffs for enjoying quality and reliable power.

The Electricity Act 2003 provides an opportunity to bulk consumers with a load of more than 1 MW to source its power requirement from elsewhere in the country through Open Access for which the state utility is obliged to provide necessary clearances. This provides an opportunity in various industrial and Special Economic Zones (SEZ) which are being promoted by private players as well as the state industrial development corporations wherein a contiguous geographical area of all such consumers can be earmarked and power fed from upcoming NTPC and other merchant power plants. 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.

Another great opportunity for meeting power demand of high end consumers is foreseen in dedicated rail freight corridor projects which envisage development of multiple industries along rail corridor in different states. Your company is watching development of this project closely so as to take advantage of the opportunity which it may offer in near future.

Development of Renewable Energy Sources (RES)

Today, RES is at 16429 MW accounts for 7.7% of the total installed capacity of nation which stands at 162366 MW. This is targeted to grow to 200000 MW by 2012 of which RES is expected to contribute 25000 MW. 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. 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. 70% of renewable energy is contributed by wind power generation where potential exists for 45000 to 65000 MW of on-shore wind power. With the launch of Jawaharlal Nehru National Solar Mission, India has embarked upon an ambitious path to tap the vast and inexhaustible solar source. Going by emerging trends, it is amply clear that green technology is set to be the next growth sector.

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

STRENGTH AND WEAKNESS

Your Company's strength lies in its association with a strong promoter viz. NTPC Limited having a formidable track record in power project construction, commissioning, operation and maintenance for the last 35 years.

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

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

OPPORTUNITIES AND OUTLOOK

With the uncertainty in privatization and acquisition of state owned discoms by other players, the Company feels that growing need of various industrial and SEZ in the country offers excellent opportunities in electricity distribution. Towards this, your Company may foray either on its own or by forging alliances with developers wherein pre-identified group of industrial and commercial consumers can be serviced by arranging required input power from upcoming NTPC merchant power plants. Exploratory actions have been initiated in this direction. If successful, this model can be replicated in various such places across the country.

To enhance value chain, your Company had signed three MOUs in the year 2008 with leading real estate and SEZ developers for captive power generation with mini gas turbines and its retail distribution within the notified SEZ. However, these projects could not take off owing to global economic meltdown. With the economic scenario in the country once again looking up, the proposal is being revived.

To advance its operational and financial stability, one of the key opportunities the Company foresees is in RES in general and solar & wind projects in particular. Your Company is looking towards this opportunity with great interest and is planning to

conduct specific studies for generating green power by wind farms in locations having high wind energy potential.

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

With a bright outlook of an economic growth projected at more than 8%, the country is witnessing huge potential investments in core infrastructure areas. With the increasing demand gap, the power sector is also looking towards large infusion of investments. State owned transmission companies are seeking to augment its bulk power transmission capacity. Your Company sees opportunities in not only the EPC area but in ownership model as well where prospects of dedicated transmission lines exist and are likely to explore more possibilities in this business segment.

RISKS AND CONCERNS

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

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

Today total manpower strength of the Company is 177 spread over more than 35 locations across the country. In the event of a sharp decline in revenue stream, it may not be possible to sustain such large manpower resource. The frittering away of manpower which has gathered experience and capability in distribution engineering and execution is another concern. In the absence of any sustainable revenue and to address this concern your Company shall explore the possibility of repatriating manpower back to NTPC Ltd.

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR
Operations

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

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

NTPC Ltd. 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.

Starting with 237 Un-electrified/De-electrified (UE/DE) villages and 0.20 lacs BPL connections achieved up to March 2008, your Company touched 1864 UE/DE villages and provided 1.85 lacs BPL connections in financial year 2008-09.

In the financial year 2009-10, against ambitious target of electrifying 7500 UE/DE villages and providing 8.50 lacs BPL household connections, set by the Government of India in the MOU, your Company achieved a higher performance by making ready 8017 UE/DE villages and providing 8.65 lacs BPL connections. This was possible by making, amongst other measures, the following proactive interventions:

- enhancing manufacturing capacity and productivity of pole, MS material and BPL kit manufacturers.
- leveraging IT for better monitoring by developing two tailor-made web based in-house software - Rural Electrification Data Management System (REDMS) for progress reporting and Material Tracking System from inspection call to receipt of material at sites.
- implementation of mechanized pole erection by composite earth drilling and pole pitching augur machine against traditional manual method thereby increasing productivity manifold.
- replacing manually manufactured wooden meter boards by injection moulded polycarbonate switch boards thereby sharply increasing productivity through mass production.

Your Company has now set an ambitious target of electrifying balance 5100 UE/DE villages and providing 12.50 lacs BPL household connections for the year 2010-11 in the allocated 29 districts.

Your Company, during the year, has also provided Project Management Consultancy Services for setting up 220 KV substation, switchyard & connected facilities related to CEMP - II for BPCL, Kochi Refinery Ltd., Pre-award Contract Management Services for Orissa Power Transmission Corporation Ltd., and turnkey execution for power supply arrangement for port based SEZ for the Cochin Port Trust.

Your Company has also provided Third Party Inspection Agency services of rural electrification projects for PGCIL and third party inspection of stock materials for Uttar Haryana Bijli Vitaran Nigam Limited and Uttarakhand Power Corporation Limited. Your Company has also successfully completed assignment for preparation and filing of ARR and tariff petition for Electricity Department, Puduchery before the Joint Electricity Regulatory Commission.

In the pursuit of its efforts to provide consultancy services to various discoms, utilities and other customers in their various projects of distribution infrastructural development, your Company has bagged turnkey execution of two nos. 66/11 kV sub-stations for the Union Territory of Chandigarh and has signed an agreement with NTPC Ltd. for making the infrastructure for power supply arrangements at NTPC coal mining projects.

Financial Performance

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

(Rs. Crore)

	2009-10	2008-09
Sales	75.76	71.73
Other income	4.20	6.75
Total	79.96	78.48

Revenue from RGGVY projects in the financial year 2009-10 contributed approx. 87% of total sales, unchanged from the previous year. Interest from banks contributed approx. 99% of the total other income as compared to 90% in the previous financial year. The decrease in other income was primarily due to lower bank interest rates on account of slow down in the economy.

The expenditure incurred by your Company on account of employees' remuneration and administrative expenses for the current year as well as previous year is as follows:

(Rs. Crore)

	2009-10	2008-09
Employees' remuneration and benefits	26.37	23.27
Administrative and other expenses	13.61	26.48
Total operating expenses	39.98	49.75

The reduction in administrative expenses is on account of DPR preparation charges for RGGVY projects considered in the previous financial year.

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

(Rs. Crore)

	2009-10	2008-09
Total operating expenses	39.98	49.75
Depreciation	0.29	0.21
Provision, Interest & finance Charges	0.01	-
Total Expenses including operating expenses	40.28	49.96

The depreciation cost as compared to total expense is negligible since the fixed assets are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of Rs. 1.88 crore as on 31.3.2010.

(Rs. Crore)

	2009-10	2008-09
Profit before tax and prior period adjustments	39.68	28.52
Prior period income/expenditure(net)	(0.72)	-
Profit before tax	40.40	28.52
Provision for current, deferred and fringe benefit tax	13.81	10.04
Net profit after tax	26.59	18.48

During the period under review, the profit before tax increased by approx. 42% due to increase in sales and reduction in administrative and other expenses.

The net profit after tax has increased to Rs. 26.59 crore as compared to Rs. 18.48 crore in the previous period.

Reserves & Surplus

A sum of Rs. 2.70 crore has been added to Reserves and Surplus after appropriating dividend and dividend tax during the current year as compared to Rs. 1.85 crore during the previous year.

Current Assets, Loans and Advances

The current assets, loans and advances at the end of the year were Rs. 1149.23 crore as compared to Rs. 637.97 crore last year registering an increase of approx. 80%.

(Rs. Crore)

	31.3.2010	31.3.2009
Sundry debtors	20.63	17.21
Cash and bank balances	1103.70	604.42
Other current assets	11.85	4.26
Loans and advances	13.05	12.08
Total Current Assets, Loans and Advances	1149.23	637.97

The increase was mainly on account of increase in cash and bank balances to Rs. 1103.70 crore from Rs. 604.42 crore due to release of more funds by REC for RGGVY projects.

The major amount of sundry debtors, constituting approx. 51%, was outstanding from Ministry of Power for services rendered as Advisor-cum-Consultant under the APDRP scheme. The realization of these dues with the Ministry of Power was pursued on a continuous basis and is expected in the financial year 2010-11.

Current Liabilities and Provisions

During the financial year 2009-10, current liabilities and provisions have increased to Rs. 1101.26 crore as compared to Rs. 611.45 crore in the financial year 2008-09 mainly on account of amount received for deposit works.

(Rs. Crore)

	31.3.2010	31.3.2009
Liabilities	1096.20	606.67
Provisions	5.06	4.78
Total Liabilities and Provisions	1101.26	611.45

The provisions have increased mainly due to increase in provision of proposed dividend and tax thereon.

Cash Flow Statement

(Rs. Crore)

	2009-10	2008-09
Opening Cash and cash equivalents	604.42	194.61
Net cash from operating activities	506.00	409.35
Net cash used in investing activities	(3.79)	2.51
Net cash flow from financing activities	(2.93)	(2.05)
Net Change in Cash and cash equivalents	499.28	409.81
Closing cash and cash equivalents	1103.70	604.42

The closing cash and cash equivalents for the financial year ended March 31, 2010 has increased 1.83 times to Rs. 1103.70 crore from Rs. 604.42 crore.

Financial Indicators

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

	2009-10	2008-09
Capital employed in Rs. Crore	49.38	27.47
Net worth in Rs. Crore	49.38	27.47
Return on capital employed (PBT/CE)	81.81%	103.82%
Return on net worth (PAT/NW)	53.85%	67.27%
Dividend as % of equity capital (basic/average)	4944	3090
Earning per share in Rs.	3286.38	2284.54

The capital employed as well as net worth has increased due to higher profits earned during the financial year 2009-10.

Human Resources

As on 31st March 2010, there were 177 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious targets, the Company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Today, your Company is proud to state that it has built a competent manpower base required for its growth in the distribution sector.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 15, 2010

(R S Sharma)
Chairman

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

Name	Designation and Nature of duties	Remuneration (in Rs.)	Qualification	Date of commencement of employment	Exp. (yrs.)	Age (yrs.)	Last employment held
1.	2.	3.	4.	5.	6.	7.	8.
Employed for whole of the year							
Shri Ajay Chaturvedi	DGM (Proj Coord)	27,34,897	MBA (Finance), B.Sc. (Electrical Engg)	06.09.1986	23	44	NTPC Limited
Shri Ajoy Jaiswal	DGM (Finance)	25,86,985	MBA, M Com, B Com (Hons-Accountancy)	24.10.1984	25	46	NTPC Limited
Shri Arun Kumar Gupta	AGM (C&M)	25,93,082	PG Diploma (Material Mgmt.), B Sc (Electrical Engg)	10.11.1980	29	52	NTPC Limited
Shri Ashish Kundu	DGM(C&M)	27,37,939	ICWA (Cost & Work Acct.), B.E.(Electrical Engg)	09.09.1986	23	46	NTPC Limited
Shri Asim Kumar Poddar	AGM (Proj Coord)	30,35,283	B.E. (Electrical Engg)	17.09.1981	28	50	NTPC Limited
Shri Asim Kumar Ray	DGM (Proj Coord)	25,95,952	B.Tech.(Electronics Engg), B Sc (Hons)-Physics	15.11.1978	31	55	NTPC Limited
Shri Bimal Kumar Sen	AGM (Proj Coord)	26,40,191	B.E. (Electrical Engg)	14.02.1983	27	59	Tarapur Atomic Power Station
Shri Biswanath Chatterjee	DGM (Proj Coord)	25,21,203	B.E. (Electrical Engg)	06.09.1983	26	49	NTPC Limited
Shri Biswanath Mukherjee	GM (Proj Coord)	24,07,953	B.E. (Electrical Engg)	05.02.1982	28	56	DAE, Heavy Water Project
Shri G Sridhar	Sr. Manger (P&M)	28,41,623	B.Tech.(Civil Engg)	28.09.1987	22	49	Mahalinga Shetty&Co.Ltd.
Shri Ganesh Venkatraman	DGM (ENGG)	28,86,124	M.Tech. (Energy Mgt.), B.E.(Electronics Engg)	27.06.1984	25	59	Hindustan Brown Boverly Ltd.
Shri George Thomas	DGM (Proj Coord)	24,34,176	PG Diploma (Energy Mgmt), B.Tech. (Electrical Engg)	27.08.1985	24	46	NTPC Limited
Shri Gopal Dutt Joshi	DGM (P&M)	26,01,059	M.Tech.(Mgmt Science), B Tech (Electrical Engg)	12.09.1983	26	48	NTPC Limited
Shri Jagadish Bhattacharyya	DGM (Proj Coord)	26,75,585	M.E.(Thermal Engg), B.E. (Mech Engg)	15.04.1985	25	54	W B S E B
Shri Janhvi Shanker	GM (Proj Coord)	24,99,273	B.Tech. (Electrical Engg)	02.02.1981	29	51	NTPC Limited
Shri Kamaleswar Pal	DGM (Proj Coord)	25,40,394	B.E. (Electrical Engg)	15.11.1978	31	55	NTPC Limited
Shri Kishore Kumar Gupta	DGM (Proj Coord)	28,18,375	B.Sc. (Electrical Engg.)	29.10.1986	23	53	HITEK Industries Ltd.
Shri Krishna Narjala Bhat	DGM (Proj Coord)	25,91,175	B.E. (Electrical Engg)	10.09.1985	24	47	NTPC Limited
Shri Kushal Banerji	DGM(Proj Coord)	24,20,339	B.Tech.(Electrical Engg), B.Sc. (Science)	16.09.1981	28	52	NTPC Limited
Shri Laxmi Narayan Patnaik	DGM(Proj Coord)	31,22,143	B.Sc.(Electrical Engg.)	19.11.1983	26	49	NTPC Limited
Shri Nand Lal	DGM (Proj Coord)	27,98,169	B.E. (Electrical Engg)	26.11.1979	30	53	NTPC Limited
Shri N M Sharma	DGM (C&M)	29,75,644	PG Diploma (Production Mgmt),B.Sc.(Electrical Engg)	12.09.1983	26	51	TISCO
Shri Pawan Kumar Garg	DGM(EDC)	36,94,766	MBA (Finance), B.Sc. (Hons)-Physics	30.12.1983	26	60	NPC
Shri Pankaj Kumar	DGM (HR)	24,93,606	Diploma (General Mgmt), B.Tech. (Mech Engg)	03.11.1982	27	48	NTPC Limited
Shri Pradeep Kumar Mohapatra	AGM (Proj Coord)	29,80,861	B.Sc.(Electrical Engg.)	29.04.1987	23	50	SAIL
Shri P K Dokania	DGM (Proj Coord)	24,58,762	B.Sc.(Mech. Engg.)	29.11.1986	23	52	BSEB
Shri Rakesh Prasad Mathur	Sr. Manger (C&M)	27,32,190	Diploma (Mech Engg)	04.07.1987	22	55	AUTO TRACTORS LTD
Shri Shridhar Madhukar Chauthaiwale	AGM (Proj Coord)	24,24,154	B.E. (Electrical Engg)	19.11.1983	26	48	NTPC Limited
Employed for part of the year							
Shri Joseph Kurian	GM (Proj Coord)	23,18,637	B.Sc. (Electrical Engg.)	17.12.1980	29	52	NTPC Limited
Shri K D Gupta	GM (Proj)	33,17,940	B E (Electrical Engineering)	24.07.1978	31	59	HSCL
Shri S C Gupta	DGM (Proj cordination)	21,79,301	B E (Electrical Engineering)	12.03.1987	23	57	Bongaigaon Refinery & Petrochemical Ltd

Notes:

- The employee mentioned above is posted on secondment basis from NTPC Limited and is not related to any Directors of the Company.
- Remuneration includes salary & allowances and perks, permissible under holding Company's rules.

For and on behalf of the Board of Directors

 Place: New Delhi
 Date: July 15, 2010

 (R.S. SHARMA)
 CHAIRMAN

Accounting Policies

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

- 3.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 3.2 Intangible assets are stated at their cost of acquisition less accumulated amortisation.

4. INVESTMENTS

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

5. PROFIT AND LOSS ACCOUNT

5.1 INCOME RECOGNITION

- 5.1.1 Income from consultancy services is accounted for on the basis of actual progress / technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 5.1.2 Claims for reimbursement of expenditure are recognised as other income, as per the terms of consultancy service contracts.
- 5.1.3 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 at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a	Personal Computers and Laptops including peripherals	19%
b	Photocopiers and Fax Machines	19%
c	Air-conditioners, Water Coolers and Refrigerators	8%

- 5.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 5.2.3 Assets costing upto Rs. 5,000/- are fully depreciated in the year of acquisition.
- 5.2.4 Cost of software recognized as intangible assets is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 5.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 5.2.6 Expenses on ex-gratia payments under voluntary retirement scheme and training and recruitment are charged to revenue in the year of incurrence.
- 5.2.7 The liabilities towards employee benefits are ascertained by the Holding Company i.e. NTPC Limited on actuarial valuation. The company provides for such employee benefits as apportioned by the Holding Company.
- 5.2.8 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 5.2.9 Pre-paid expenses and prior period expenses/income of items of Rs. 1,00,000/- and below are charged to natural heads of accounts.

6. PROVISIONS AND CONTINGENT LIABILITIES

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

7. CASH FLOW STATEMENT

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

NTPC ELECTRIC SUPPLY COMPANY LIMITED BALANCE SHEET AS AT 31st MARCH 2010

	Sch. No.	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	809100	809100
Reserves & surplus	2	493034036	273931152
Deferred tax liability		625423	305384
TOTAL		494468559	275045636
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	18825670	13490095
Less: Depreciation		7167713	4163294
Net Block		11657957	9326871
INVESTMENTS			
	4	3100000	500000
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	5	206358117	172140041
Cash and bank balances	6	11036983283	6044154479
Other current assets	7	118515443	42647669
Loans and advances	8	130478356	120801194
		11492335199	6379743383
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	9	10961969147	6066723399
Provisions	10	50655450	47801219
		11012624597	6114524618
Net current assets		479710602	265218765
TOTAL		494468559	275045636
Contingent liabilities	11		
Notes on accounts	19		

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

As per our report of even date

For Satish K. Aggarwal & Co.

Chartered Accountants

For & On Behalf of the Board of Directors

(Pranav Aggarwal)	(S P Singh)	(A K Singhal)	(R S Sharma)
Partner	Chief Executive Officer	Director	Chairman
Place: New Delhi			
Dated: 7 th May, 2010			

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2010

	Sch. No.	Current Year	Previous Year
INCOME			
Sales	12	757563215	717262863
Other income	13	42017646	67560930
Total		799580861	784823793
EXPENDITURE			
Employees' remuneration and benefits	14	263657155	232662686
Administration and other expenses	15	136106657	264855533
Depreciation		2913281	2091683
Provisions	16	45458	-
Interest & finance charges	17	62243	13830
Total		402784793	499623732
Profit before Tax & Prior Period Adjustments		396796068	285200061
Prior Period income/expenditure (net)	18	(7214855)	-
Profit before tax		404010923	285200061
Provision for:			
Current tax		137790000	97889000
Fringe Benefit tax		-	2342000
Deferred tax		320039	127326
		138110039	100358326
Profit after tax		265900884	184841735
Balance brought forward		239831152	102738167
Balance available for appropriation		505732036	287579902
Transfer to General Reserve		27000000	18500000
Dividend		-	-
Interim		-	-
Proposed		40000000	25000000
Tax on Dividend		-	-
Interim		-	-
Proposed		6798000	4248750
Balance carried to Balance Sheet		431934036	239831152
Earning Per Share (Equity shares, face value Rs. 10/- each)		3286.38	2284.54

- Basic and Diluted - Non annualised

For Satish K. Aggarwal & Co.

Chartered Accountants

For & On Behalf of the Board of Directors

(Pranav Aggarwal)	(S P Singh)	(A K Singhal)	(R S Sharma)
Partner	Chief Executive Officer	Director	Chairman
Place: New Delhi			
Dated: 7 th May, 2010			

NTPC ELECTRIC SUPPLY COMPANY LIMITED

**Schedule 1
CAPITAL**

	31.03.2010	Rs. 31.03.2009
Authorised 10,000,000 equity shares of Rs. 10/- each (Previous year 10,000,000 equity shares of Rs. 10/- each)	100000000	100000000
Issued, Subscribed and Paid-Up 80,910 equity shares of Rs. 10/- each (Previous year 80,910 equity shares of Rs. 10/- each) are held by the holding company, NTPC Ltd. and its nominees.	809100	809100

**Schedule 2
RESERVES AND SURPLUS**

	31.03.2010	Rs. 31.03.2009
General Reserve As per last Balance Sheet	34100000	15600000
Less: Adjustment during the year	-	-
	34100000	15600000
Add: Transfer from Profit & Loss Account	27000000	18500000
	61100000	34100000
Surplus, balance in Profit & Loss Account	431934036	239831152
Total	493034036	273931152

**Schedule 3
FIXED ASSETS**

	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2009	Additions	Deductions / Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	Deductions / Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Temporary erection	190549	-	-	190549	47637	142912	-	190549	-	142912
Furniture, fixtures & other office equipment	7763088	2463728	(188731)	10415547	2222896	1282958	(91208)	3597062	6818486	5540192
EDP & WP machines	4599563	2683116	-	7282679	1152015	1352873	-	2504888	4777791	3447548
INTANGIBLE ASSETS										
Software	936895	-	-	936895	740676	134539	-	875215	61680	196219
Total	13490095	5146844	(188731)	18825670	4163224	2913281	(91208)	7167713	11657957	9326871
Previous period	8650782	5539422	700109	13490095	2348668	2091683	277127	4163224	9326871	6302114

**Schedule 4
INVESTMENTS**

		31.03.2010	Rs. 31.03.2009
(Valuation as per Accounting Policy No. 4)	Number of shares Current Year / (Previous Year)	Face value per share Current Year / (Previous Year) (Rs.)	
LONG TERM			
Unquoted (fully paid-up) Equity Shares in Joint Venture Companies:			
KINESCO Power and Utilities Private Ltd.	50000 (-)	10 (-)	500000
Share application money pending allotment in: KINESCO Power and Utilities Private Ltd.			2600000
Total			3100000

**Schedule 9
CURRENT LIABILITIES**

	31.03.2010	Rs. 31.03.2009
Sundry Creditors For goods and services Other than Micro & Small Enterprises	91656160	36851039
Book overdraft	79426112	449993741
Deposits, retention money from contractors and others	1484088	855973
	172566360	487700753
Advances from customers and others	587112819	34936498
Other liabilities	38665738	63957020
Amount received against deposit works	10076776688	5041417985
Amount payable to NTPC Ltd.	86847543	128711143
Total	10961969147	6066723399

**Schedule 5
SUNDRY DEBTORS**

	31.03.2010	Rs. 31.03.2009
(Considered good, unless otherwise stated)		
Debts outstanding over six months		
Unsecured	107199668	119435951
Other debts		
Unsecured	99158449	52704090
Total	206358117	172140041

**Schedule 10
PROVISIONS**

	31.03.2010	Rs. 31.03.2009
Income/Fringe Benefit tax		
As per last Balance Sheet	-	89420209
Additions during the year	137790000	100231000
Amount adjusted during the year	(183845694)	(6586)
Less: Set off against taxes paid	321635694	189657795
	-	-
Proposed Dividend		
As per last Balance Sheet	25000000	17500000
Additions during the year	40000000	25000000
Amounts used during the year	25000000	17500000
	40000000	25000000
Tax on Proposed Dividend		
As per last Balance Sheet	4248750	2974125
Additions during the year	6798000	4248750
Amounts used during the year	4248750	2974125
	6798000	4248750
Employee benefits		
As per last Balance Sheet	18552469	15889304
Additions during the year	-	8311191
Amounts used/reversed during the year	14740477	5648026
	3811992	18552469
Others		
As per last Balance Sheet	-	-
Additions during the year	45458	-
Amounts used during the year	-	-
	45458	-
Total	50655450	47801219

**Schedule 6
CASH AND BANK BALANCES**

	31.03.2010	Rs. 31.03.2009
Balances with scheduled banks		
Term Deposit Account	11036983283	6044154479
Total	11036983283	6044154479

**Schedule 7
OTHER CURRENT ASSETS**

	31.03.2010	Rs. 31.03.2009
Interest accrued on short term deposits with Indian banks	102348186	30453786
Other recoverables	16167257	12193883
Total	118515443	42647669

**Schedule 8
LOANS & ADVANCES**

	31.03.2010	Rs. 31.03.2009
(Considered good, unless otherwise stated)		
ADVANCES		
Others		
Unsecured	1763411	1121879
CENVAT recoverable		
Unsecured	6435249	469333
DEPOSITS		
Advance tax & tax deducted at source	443915391	308867777
Less: Provision for taxation	321635694	189657795
	122279697	119209982
Total	130478356	120801194

Schedule 11	Rs.
CONTINGENT LIABILITIES	31.03.2010
Claims against the Company not acknowledged as debt in respect of:	31.03.2009
Others	105628893
Total	105628893

Possible reimbursement Rs. Nil
(Previous period Rs. Nil)

Schedule 12	Current Year	Previous Year
SALES		
Consultancy, project management and supervision fees	757563215	717262863
Total	757563215	717262863

Schedule 13	Current Year	Previous Year
OTHER INCOME		
Reimbursables billed to clients	216036	6673406
Interest from Indian Banks (Gross) (Tax deducted at source Rs. 57485910, Previous period Rs. 58889151)	399113336	259646931
Less: Transferred to amount received against deposit works - Schedule 9	357311726	198759407
	41801610	60887524
Total	42017646	67560930

Schedule 14	Current Year	Previous Year
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	225805546	186715768
Contribution to provident and other funds	25156602	19199084
Welfare expenses	12695007	26747834
Total	263657155	232626286

Schedule 15	Current Year	Previous Year
ADMINISTRATION AND OTHER EXPENSES		
Power charges	471463	486856
Rent	4428865	3412429
Repairs and maintenance		
Building	-	40470
Others	37921986	10828872
	37921986	10869342
Insurance	27752	67434
Training and recruitment expenses	108550	99151
Communication expenses	3583358	2630320
Traveling expenses	29422319	24135420
Tender expenses	200915	7043098
Less: Receipt from sale of tenders	13546	4414500
	187369	2628598
Payment to Auditors	120291	109508
Advertisement & publicity	277000	-
Entertainment expenses	1413419	599108
Expenses for transit camp	694346	1208821
Brokerage & commission	33000	22500
Books and periodicals	111139	42308
Professional charges & consultancy fees	35093276	206014050
Legal expenses	-	12142
EDP hire and other charges	971672	556173
Printing and stationary	1010304	454423
Expenses on hiring of vehicles	17248251	8059830
Miscellaneous expenses	2982301	3447120
Total	136106657	264855533

Schedule 16	Current Year	Previous Year
PROVISIONS		
Others	45458	-
Total	45458	-

Schedule 17	Current Year	Previous Year
INTEREST AND FINANCE CHARGES		
Interest on:		
Others	3908	-
Finance Charges:		
Bank charges	58335	13830
Total	62243	13830

Schedule 18	Current Year	Previous Year
PRIOR PERIOD INCOME/EXPENDITURE (NET)		
INCOME	-	-
EXPENDITURE		
Salary, wages, bonus, allowances & benefits	(7198232)	-
Depreciation	(16623)	-
Total	(7214855)	-

Schedule - 19 NOTES ON ACCOUNTS

- The Company is operating in a single segment, that is providing consultancy, project management and supervision services.
- Earning per share:
The elements considered for calculation of Earning Per Share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rupees)	26,59,00,884	18,48,41,735
Weighted average number of equity shares used as denominator	80,910	80,910
Earning per share (Rupees) – Basic & Diluted	3,286.38	2,284.54
Face value per share (Rupees)	10.00	10.00

- Disclosure regarding Operating Leases:
The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Schedule 14 - Employees' remuneration and benefits include Rs. 1,93,54,842 (Previous year Rs. 99,58,151) 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 15 - Administration and other expenses.
- The item-wise details of deferred tax liability (net) are as under: Rs.

	31.03.2010	31.03.2009
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	6,09,971	3,05,384
ii) Provisions disallowed for tax purposes		
Less: Deferred tax assets	15,452	-
i) Provisions disallowed for tax purposes	-	-
Deferred Tax Liability (Net)	6,25,423	3,05,384

- The net increase in the deferred tax liability of Rs. 3,20,039 (Previous year decrease Rs. 1,27,326) has been debited to Profit and Loss Account.
- All the employees of the Company are on secondment from the Holding Company, i.e. NTPC Ltd.
 - Employees' remuneration and benefits include Rs. 1,63,37,914 (Previous year Rs. 2,05,04,062) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell gift on retirement and economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation at the year end.
 - Employees' remuneration and benefits include Rs. 23,15,020 (Previous year Rs. 11,86,501) towards tax liability on housing perquisites of employees borne by the company as per the decision of the Holding Company i.e. NTPC Limited.
 - The common services being utilized by the Company for its' office at NOIDA are provided without any charges by the Holding Company.
 - Wherever percentage completion basis is adopted for determining income from consultancy contracts, technical estimates of the percentage of completion and project costs have been considered.
 - Payment to the Statutory Auditors (Schedule 15)

	Current Year	Previous Year
Audit Fees	72,500	50,000
Tax audit Fees	21,000	17,500
Certification Fees	-	12,500
Reimbursements - Traveling Expenses	17,160	21,010
- Service Tax	9,631	8,498
Total	1,20,291	1,09,508

- 11) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil (Previous year Rs. 35,04,401).
12) Managerial remuneration paid/payable to Chief Executive Officer:

	Current Period	Previous Period
Salaries and allowances	24,98,958	13,07,902
Contribution to provident fund & other funds including gratuity & group insurance	2,72,220	1,10,366
Other benefits	1,58,618	1,45,851

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

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

- 13) Previous year's figures have been regrouped/rearranged wherever necessary.
14) Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 055

Registration No. U40108DL2002GOI116635

Date 31 Month 03 Year 2010

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

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

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

Total Assets 11507093

Source of Funds

Paid-up Capital	Reserves & Surplus
809	493034
Secured Loans	Unsecured Loans
N I L	N I L
Deferred Tax Liability	
625	

Application of Funds

Net Fixed Assets	Investment
11658	3100
Net Current Assets	Deferred Tax Asset
479710	N I L
Misc. Expenditure	Accumulated Losses
N I L	N I L

IV. Performance of Company(Amount in Rs. Thousands)

Turnover (Including Other Income)	Total Expenditure
757563	402785
Profit before Tax	Profit after Tax
404011	265901
Earning per share in Rs.	Dividend Rate%
3286.38	4943.76

V. Generic Name of three Principal Product/Services of Company

Item Code No. NA
(ITC Code)
Product Description: C o n s u l t a n c y S e r v i c e s

For Satish K. Aggarwal & Co. For and on behalf of Board of Directors
Chartered Accountants

(Pranav Aggarwal) (S P Singh) (A K Singhal) (R S Sharma)
Partner Chief Executive Officer Director Chairman

Place: New Delhi
Dated: 7th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and Prior Period Adjustments	396796068	285200061
Adjustment for:		
Depreciation	2913281	2091683
Provisions	45458	-
Interest Received	(41801610)	(60887524)
Prior period adjustments (net)	7214855	-
Operating Profit before Working Capital Changes	365168052	226404220
Adjustment for:		
Trade & Other Receivables	(34218076)	(91038832)
Trade Payables & Other Liabilities	4880505271	3997144688
Other Current Assets	(3973374)	(11392181)
Loans & Advances	(6607448)	185871788
Cash generated from operations	5200874426	4306989684
Direct Taxes Paid	140859715	213472518
Net Cash from Operating Activities - A	5060014711	4093517166
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5244367)	(5116440)
Interest Received	(30092790)	30637366
Investment in Joint Venture	(2600000)	(500000)
Net cash flow from Investing Activities - B	(37937157)	25020926
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(25000000)	(17500000)
Tax on Dividend	(4248750)	(2974125)
Net Cash flow from Financing Activities - C	(29248750)	(20474125)
D. OTHERS		
Net Increase/Decrease in Cash & Cash equivalents (A + B + C + D)	4992828804	4098063967
Cash & cash equivalents (Opening balance)	6044154479	1946090513
Cash & cash equivalents (Closing balance)	11036983283	6044154479

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

For & On Behalf of the Board of Directors

As per our report of even date
For Satish K. Aggarwal & Co.
Chartered Accountants

(Pranav Aggarwal) (S P Singh) (A K Singhal) (R S Sharma)
Partner Chief Executive Officer Director Chairman
Place: New Delhi
Dated: 7th May, 2010

AUDITORS' REPORT

To the Members of
NTPC ELECTRIC SUPPLY COMPANY LTD.

- We have audited the attached Balance Sheet of NTPC Electric Supply Company Ltd. (a wholly owned subsidiary of NTPC Ltd.) as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit

- to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We would draw attention to:
Note no. 9 of schedule 19 to financial statements in respect of income recognition, technical estimates of percentage of completion and project costs have been certified by the management and hence relied upon by us.
5. Further to our comments in annexure referred to in para 3 above, we report that:
- 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;
 - 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;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - 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;
 - In our opinion, and according to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 19, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010,
 - in the case of Profit and Loss Account, of the profit for the year ended on that date, and
 - in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For Satish K. Aggarwal & Co.
Chartered Accountants
(Pranav Aggarwal)
Partner
Membership No.: 511914

Place: New Delhi
Date : 7th May, 2010

- The company has not carried out any transactions required to be entered in the register maintained under section 301 of the Companies Act 1956.
 - In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- The Company has not accepted deposits from the public.
- The provisions of the Order related to internal audit are not applicable to the company as the paid up capital plus reserves of the company are less than Rs. 50 lac at the commencement of the year under audit and the average annual turnover for the three consecutive financial years immediately preceding the year under audit being less than Rs. 5 crore. However, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 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.
- Undisputed statutory dues including income tax, sales tax, wealth tax, service tax, excise duty, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions related to provident fund, investor education and protection fund and employees' state insurance etc. along with the related provisions of clause (ix) (b) are not applicable to the company.
 - According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
- The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- Not applicable as the company has not taken any loans from any financial institution, bank or by way of issue of debentures.
- The company has not granted any loans or advances.
- 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.
- The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- The company has not given any guarantees for loans taken by others from banks or financial institutions.
- The company has not raised any term loans.
- The company has not raised any short term or long-term funds.
- The company has not made preferential allotment of shares to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956.
- The company has not issued any debentures.
- The company has not raised money through a public issue.
- 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 Satish K. Aggarwal & Co.
Chartered Accountants
(Pranav Aggarwal)
Partner

Place: New Delhi
Date : 7th May, 2010

Membership No.: 511914

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - Physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which is in our opinion is considered reasonable having regard to the size and nature of its assets. No material discrepancies were noticed on such verification.
 - No fixed assets have been disposed off during the year.
- The company does not have inventory. Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- The Company has not granted any loans secured or unsecured to any company, firm or other party covered in the register maintained under section 301 of the Companies Act 1956. In view of (iii) (a) above, the clauses (iii) (b), (iii) (c) and (iii) (d) are not applicable.
 - The Company has not taken any loans secured or unsecured from any company, firm or other party covered in the register maintained under section 301 of the Companies Act 1956. In view of (iii) (e) above, the clauses (iii) (f) and (iii) (g) are not applicable.
- 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.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 07 May 2010.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC Electric Supply Company Limited, New Delhi for the year ended 31 March 2010 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

Place: New Delhi
Dated: 12th May, 2010

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

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

NTPC HYDRO LIMITED
(A wholly-owned subsidiary of NTPC Limited)
DIRECTORS' REPORT

To
The Members,
Your Directors have pleasure in presenting their 8th Annual Report on the performance of the Company for the financial year ended 31st March, 2010 together with the Audited Accounts and Auditors' Report thereon.

OPERATIONAL REVIEW

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

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

Rammam HEP, Stage – III, is being developed for the benefit of West Bengal and Sikkim. An interstate agreement between West Bengal and Sikkim in this regard have been signed. All requisite statutory clearances and physical possession of land has been obtained.

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

FINANCIAL REVIEW

The financial highlights of the Company are as under: (Rs. in Crore)

Particulars	F/Y 2009-10	F/Y 2008-09
Paid-up Share Capital	100.80	92.43
Share Capital Deposit – Pending Allotment	1.75	0.30
Net Block	22.42	7.72
Capital Work in progress	68.34	61.13
Construction Stores & Advances	7.20	15.76
Expenditure transferred to EDC	7.76	7.89

MANAGEMENT DISCUSSION & ANALYSIS

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2010.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) vide letter dated 21st August 2009 had appointed M/S K. Prasad & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2009-10. M/S K. Prasad & Company had conducted statutory audit of the books of accounts for the financial year 2009-10 and there is no adverse comment, observation or reservation in the Auditors' Report on the accounts of the Company.

COMPROLLERS & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) vide its letter dated 11th May 2010 have communicated that C&AG have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2010 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. Copy of the letter received from C&AG is enclosed as an annexure to the report of the Statutory Auditors.

AUDIT COMMITTEE

As per the provisions of Section 299A of the Companies Act 1956, your Company has constituted an Audit Committee of the Board of Directors. As on 31st March, 2010 the members of Audit Committee were as follows:

1. Shri A.K. Singhal, Director
2. Shri R.C. Shrivastav, Director
3. Shri B.P. Singh, Director

Consequent upon superannuation from the services of NTPC, Shri R.C. Shrivastav ceased to be member of the audit Committee w.e.f. 30th June, 2010 (A/N). In exercise of powers conferred under the Articles of Association, NTPC Limited has appointed Shri D.K. Jain as Director of the Company w.e.f. 7th July, 2010. During the year under review two meetings of the Audit Committee were held on 13th May, 2009 and 4th November, 2009 respectively.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under the provisions of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,

1975 are enclosed as Annexure-II.

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. in the preparation of the Annual Accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2010 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 2010, on going concern basis.

BOARD OF DIRECTORS

Consequent upon superannuation from the services of NTPC Limited, Shri K.B. Dubey and Shri R.C. Shrivastav ceased to be the Director of the Company w.e.f. 31st July, 2009 and 30th June, 2010 respectively. Your Board places on record its deep appreciation for the invaluable contribution made by them during his tenure. In exercise of powers conferred under Article 101 of the Articles of Association of the Company, NTPC Limited i.e. holding Company has appointed Shri B.P. Singh, Director (Projects), NTPC and Shri D.K. Jain Director (Technical), NTPC as Directors on the Board of your Company w.e.f. 10th August 2009 and 7th July 2010 respectively. In terms of Section 260 of the Companies Act, 1956, Shri B.P. Singh and Shri D.K. Jain will hold office only upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a member of the Company proposing their candidature for the office of Director liable to retire by rotation.

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

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by the NTPC Limited, the holding Company, Ministry of Power & other agencies of Govt. of India, Govt. of Uttarakhand, 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: 14/07/2010

(R.S. Sharma)
Chairman

ANNEXURE-I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENT

Availability of Power is one of the most important factors for the growth of any economy. The availability of adequate and reliable Power at the affordable price is one of the determinants of the higher and improved standards of living.

As on 31st March, 2010, the total installed capacity in India was 159398.49 MW out of which, share of Thermal, Hydro, Nuclear and Renewable energy sources were 102453.98 MW (64.3%), 36863.40 MW (23.1%) and 4560 MW (2.86%) and 15521.11 MW (9.7%) respectively.

Hydro Power is our richest renewable and environmentally benign source of energy capable of providing clean and environmental friendly energy at affordable price, however, during the last few years the share of hydro in the total installed capacity has gradually declined.

As per the assessment of CEA, the country is endowed with hydro potential of approx. 150000 MW installed capacity. To meet the all India peak demand and energy requirements at the end of 12th Plan period, a capacity addition of more than 90000 MW has been proposed to be added during the 12th Plan period (2012-2017) which includes 30000 MW through Hydro Power.

II. STRENGTHS

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

clearances in respect of both the projects and infrastructure development activities are presently being carried out.

Strong design and engineering support

Your Company is a wholly owned subsidiary of NTPC Limited. NTPC has installed capacity of nearly 32000 MW. Currently, 17830 MW capacity is under construction by NTPC out of which 1920 MW is of Hydro Electric Projects. With a view to take advantage of expertise of NTPC in engineering, design, contractual and other technical issues, your company has entered into working arrangement with NTPC limited under which all pre and post award engineering as well as processing and award of EPC packages in respect of Lata Tapovan HEP and Rammam HEP (Stage-III) will be done by NTPC.

Power Purchase Agreements with customers

Your company has entered in to Power Purchase Agreements, for Lata Tapovan HEPP, with North Delhi Power Ltd, BSES Yamuna Power Ltd, BSES Rajdhani Power Ltd, Dakshin Haryana Bijlee Vitran Nigam Ltd, Uttar Haryana Bijlee Vitran Ltd, Jaipur Vidyut Vitran Ltd, Ajmer Vidyut Vitran Nigam Ltd and Jodhpur Vidyut Vitran Nigam Ltd.. The Power Purchase Agreements provide for opening of Letter of Credit, Default Escrow Arrangement and first charge on the Incremental receivables with a view to secure realization of payment. Power Purchase Agreement for Rammam HPP is under discussion with concerned beneficiary.

III. Opportunities

Hydro power Projects not only generates clean energy but also provides drinking water supply, irrigation, increased employment opportunities, industrial development etc. to the region. The Government of India has accorded a high priority to the development of Hydro Potential in the country and in recent years Government has taken a number of policy initiatives to address the issues impeding the development of Hydro Power. Both projects of your company are slated for commissioning during the 12th Plan period.

IV. Outlook

As per the re-assessment studies completed by Central Electricity Authority in the year 1987, the Hydro power potential at 60% load factor, had been estimated at 84,000 MW. This potential when fully developed would result in installed capacity of about 1,50,000 MW. At present, installed Hydro Power Capacity of the Country is 36,863.40 MW only. Therefore, there is huge potential in the areas of Hydro Power which are yet to be harnessed. Various reforms and initiatives like enactment of Electricity Act, 2003, ranking study of potential hydro sites by CEA in 2001, 50000 MW Hydro initiative, National Water Policy-2005 etc. have been taken by the Government of India to accelerate development of Hydro Power in the Country. Further, the cabinet in January 2008 had approved a New Hydro Policy-2008 with a view to address various problems which have impeded the development of Hydro Power from time to time.

V. Risk & Concerns/Weakness/ Threats

Environmental & Forest Clearance, lack of infrastructure facilities like roads & construction power, issues relating to land acquisition and R&R, apportionment of catchment area treatment among various beneficiaries, net present value and its upfront payment for assessing the cost of forest diversion etc. are some of the areas

of concern which has marred development of Hydro Power in the Country. Hydro Projects are highly capital intensive and have long gestation periods.

VI. Internal Control System

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

VII. Financial Performance

During the financial year Paid-up share Capital of the Company has increased from Rs. 92.42 Crore to Rs. 100.80 Crore. There is an addition of Rs.14.70 Crore in net block of assets. The Capital work in progress has increased by Rs. 7.21Crore and after acquisition of land at Rammam, construction stores & advances has decreased by Rs. 8.56 Crore.

The projects undertaken by the Company are in construction stage, therefore all the administrative expenditures of the Company are transferred to Capital work-in-progress.

VIII. Human Resource

At present, 23 executives are posted in the Company and all employees are on secondment basis from NTPC Limited. Company has adequate number of employees in different functional areas to take care of activities of the Company.

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

IX. Environment Protection

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

X. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 14/07/2010

(R.S.Sharma)
Chairman

ANNEXURE-II

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 WHOSE REMUNERATION EXCEEDED RS. 24,00,000/- PER ANNUM FOR THE WHOLE YEAR

Sl. NO	NAME (Surname First & in Alphabetical order)	EMP. NO.	DESIGNATION & NATURE OF DUTIES	REMUNERATION (IN RUPEES)	QUALIFICATION	EXPERIENCE (Yrs)	Date of Commencement of employment	AGE	LAST EMPLOYMENT HELD	REMARKS
1	AGGARWAL, A.K.	070210	DGM - ENGG.	2844703	BE (CIVIL)	33	29.12.83	54	SIMPLEX CONCRETE PILES	
2	HAQ, S.M	040283	DGM - CIVIL CONST	2594449	B.SC(ENGG) - CIVIL	33	12.10.81	58	NORTH EASTERN ELECTRIC POWER	
3	KHETARPAL, RAKESH	000342	CEO -	2649615	BE(CIVIL), ME, MBA	33	09.03.79	57	UTTAR PRADESH IRRIGATION DEPTT	
4	MONDAL, K.R	041634	DGM - C & M	2821183	B.TECH(MECH), PGDPM	26	30.04.88	51	ASSOCIATED CEMENT COMPANY	
5	PRADHAN, VIJAY KUMAR	001322	AGM - PROJECT	2660210	B.SC(ENGG) - CIVIL	29	30.11.81	53		
6	SINHA, MANOJ	020431	DGM - C & M	2567672	B.TECH (ELECT)	25	01.02.88	46	LOHIA MACHINES	

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 14/07/2010

(R.S.Sharma)
Chairman

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

- 3.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 3.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 3.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- 3.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 3.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 3.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 3.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

4. CAPITAL WORK-IN-PROGRESS

- 4.1 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.
- 4.2 Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

5. PROFIT AND LOSS ACCOUNT

EXPENDITURE

- 5.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets in respect of which depreciation is charged at the rates mentioned below:

Rate of depreciation (p.a.)	
1	Personal Computers/Laptops including Peripherals 19%
2	Photocopiers & Fax Machines 19%
3	Air-conditioners, Water Coolers and Refrigerators 8%

- 5.2 Depreciation on addition to / deduction 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.
- 5.3 Assets costing up to Rs. 5000/- are fully depreciated in the year of acquisition.
- 5.4 Cost of software recognized as intangible assets, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 5.5 Capital expenditure on asset not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 5.6 Lease hold lands other than acquired on perpetual lease are amortized over the lease period Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 5.7 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 5.8 Prepaid expenses and prior period expenses /income of items of Rs. 100,000/- and below are charged to natural heads of accounts.

6. PROVISIONS AND CONTINGENT LIABILITIES

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

7. CASH FLOW STATEMENT

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

NTPC HYDRO LIMITED BALANCE SHEET AS AT 31ST MARCH, 2010

		Rs.	
		As at	As at
SCHEDULE NO.		31.03.2010	31.03.2009
SOURCES OF FUNDS			
	Share Capital	1,007,990,400	924,262,000
	Share Capital Deposit-Pending Allotment	17,500,000	3,000,000
	Total	1,025,490,400	927,262,000
APPLICATION OF FUNDS			
FIXED ASSETS			
	Gross Block	229,738,740	81,494,996
	Less: Depreciation	5,557,631	4,266,017
	Net Block	224,181,109	77,228,979
	Capital Work In Progress	683,358,940	611,329,703
	Construction Stores and Advances	71,997,329	157,578,357
	Total	979,537,378	846,137,039
CURRENT ASSETS, LOANS AND ADVANCES			
	Cash and Bank Balances	3,600,243	8,477,311
	Loans and Advances	4,457,926	2,981,450
	Other Current Assets	14,489	9,714
	Total	8,072,658	11,468,475
Less : CURRENT LIABILITIES & PROVISIONS			
	Current Liabilities	43,180,657	9,578,381
	Provisions	265,671	2,091,825
	Total	43,446,328	11,670,206
	Net Current Assets	(35,373,670)	(201,731)
PROFIT & LOSS ACCOUNT			
	Total	1,025,490,400	927,262,000

Notes on Accounts Schedules 1 to 16, significant accounting policies form an integral part of accounts.

As per our report of even date

For and on behalf of Board of Directors

For K. PRASAD & COMPANY

Chartered Accountants

(K.M. Agarwal)

(Manish Kumar)

(A.K. Singhal)

(R.S. Sharma)

Partner Company Secretary

Director

Chairman

Membership No. 016205

Place : New Delhi

Date : 05.05.2010

NTPC HYDRO LIMITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		Rs.	
		Current Year	Previous Year
SCHEDULE NO.		31.03.2010	31.03.2009
INCOME			
	Other Income	-	-
	Total	-	-
EXPENDITURE			
	Employees' remuneration and benefits	-	-
	Administration & other expenses	-	10,800
	Depreciation	2	-
	Finance charges	-	-
	Total	-	10,800
	Loss before Tax and Prior Period Adjustment	-	10,800
	Prior Period Expenditure (net)	-	-
	Loss before Tax	-	10,800
	Fringe Benefit Tax	-	565,209
	Less: Allocated to EDC	-	565,209
	Loss after Tax	-	(10,800)
	Balance brought forward	(81,326,692)	(81,315,892)
	Balance carried to Balance Sheet	(81,326,692)	(81,326,692)
	Expenditure During Construction	-	-
	Earning per share(Basic/Diluted)	-	-
	Notes on Accounts	-	-

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

As per our report of even date

For and on behalf of Board of Directors

For K. PRASAD & COMPANY

Chartered Accountants

(K.M. Agarwal)

(Manish Kumar)

(A.K. Singhal)

(R.S. Sharma)

Partner Company Secretary

Director

Chairman

Membership No. 016205

Place : New Delhi

Date : 05.05.2010

NTPC HYDRO LIMITED
SCHEDULES - FORMING PART OF ACCOUNT

Schedule 1 (Contd.)

	Rs.		Rs.		Rs.
	As at	As at		As at	As at
	31.03.2010	31.03.2009		31.03.2010	31.03.2009
Schedule 1					
CAPITAL					
AUTHORISED					
500,000,000 Equity shares of Rs. 10/- each (Previous year 500,000,000 Equity shares of Rs. 10/- each)	5,000,000,000	5,000,000,000		1,007,990,400	924,262,000
ISSUED, SUBSCRIBED AND PAID-UP					
				1,007,990,400	924,262,000

10,07,99,040 Equity shares of Rs. 10/- each fully paid up (Previous year 9,24,26,200 Equity shares of 10/- each fully paid up) held by the holding company, N T P C Limited and its nominees

Total

1,007,990,400

924,262,000

Schedule 2
FIXED ASSETS

Fixed Assets	Gross Block				Depreciation			Net Block		
	As at 01.04.2009	Additions	Deductions/ Adjustments	As at 31.03.2010	As at 01.04.2009	For the year	Deductions/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Land:										
(including development expenses)										
Freehold	58,910,418	97,236,509	-	156,146,927	-	-	-	-	156,146,927	58,910,418
Leasehold	12,895,437	4,411,213	3,058,019	14,248,631	665,438	386,117	64,262	987,293	13,261,338	12,229,999
Plant & Machinery	78,825	-	-	78,825	18,148	3,199	-	21,347	57,478	60,677
Furniture, Fixtures & other office equipments	4,777,905	68,922	4,975	4,841,852	1,819,558	282,990	4,975	2,097,573	2,744,279	2,958,346
EDP, WP Machines & SATCOM Equipments	3,400,632	831,913	-	4,232,545	1,753,420	576,083	-	2,329,503	1,903,042	1,647,212
Electrical Installations	82,569	-	-	82,569	5,907	6,723	-	12,630	69,939	76,663
Capital expenditure on assets not owned by the company	1,285,375	48,251,420	-	49,536,795	-	-	-	-	49,536,795	1,285,375
INTANGIBLE ASSETS										
Software	63,835	506,761	-	570,596	3,546	105,739	-	109,285	461,311	60,289
Total	81,494,996	151,306,738	3,062,994	229,738,740	4,266,017	1,360,851	69,237	5,557,631	224,181,109	77,228,979
Previous Year	37,638,671	43,055,410	(800,915)	81,494,996	3,012,283	1,362,305	108,571	4,266,017	77,228,979	34,626,388

Depreciation for the year is allocated as given below:-

	Current Year	Previous Year
Charged to Profit & Loss Account	1,360,851	1,362,305
Transferred to Expenditure During Construction (Schedule 15)	1,360,851	1,362,305
Total	-	-

Schedule 3
CAPITAL WORK-IN-PROGRESS

	As at 01.04.2009	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2010	As at 31.03.2009
Roads, Bridge, Culverts & Helipads	824,000	13,221,322	-	-	14,045,322	824,000
Dams, Spillways	174,366,000	-	-	-	174,366,000	174,366,000
Expenditure towards diversion of forest land	78,462,518	-	(3,058,019)	-	81,520,537	78,462,518
Expenditure during construction	282,888,873	77,577,685	-	-	360,466,558	282,888,873
Capital Expenditure on Assets not Owned by the Company	22,997,648	25,253,772	-	48,251,420	-	22,997,648
Survey, Investigation, Consultancy and Supervision Charges	51,790,664	1,169,859	-	-	52,960,523	51,790,664
Total	611,329,703	117,222,638	(3,058,019)	48,251,420	683,358,940	611,329,703
Previous Year	343,591,850	267,737,853	-	-	611,329,703	343,591,850

Schedule 4
CONSTRUCTION STORES AND ADVANCES

	Rs.		Rs.
	As at	As at	
	31.03.2010	31.03.2009	
ADVANCES FOR CAPITAL EXPENDITURE			
Unsecured, considered good	-	-	
Covered by bank guarantees	16,431,685	16,516,379	
Others	55,565,644	141,061,978	
Total	71,997,329	157,578,357	

Schedule 5
CASH & BANK BALANCES

Balances with scheduled banks			
Current Accounts	3,600,243	8,477,311	
Total	3,600,243	8,477,311	

Schedule 6
LOANS AND ADVANCES

ADVANCES			
(Recoverable in cash or in kind or for value to be received)			
Employees (including imprest)			
Unsecured, considered good	-	-	
Others			
Unsecured, considered good	4,163,525	2,850,104	
DEPOSITS			
Deposits with sales tax authorities	50,000	50,000	
Others	104,400	4,400	
Advance Tax & Tax Deducted at Source	1,457,479		
Less: Provision for fringe benefit tax	1,317,478	76,946	
Total	4,457,926	2,981,450	

Schedule 7
OTHER CURRENT ASSETS

	Rs.		Rs.
	As at	As at	
	31.03.2010	31.03.2009	
Interest Accrued (on Term Deposits)	14,489	9714	
Total	14,489	9714	

Schedule 8
CURRENT LIABILITIES

Sundry Creditors			
For capital expenditure			
Other than micro & small enterprises	19,233,335	2,295,962	
For goods and services			
Other than micro & small enterprises	546,908	586,370	
Deposits, Retention Money from Contractors and Others	7,180,226	3,843,479	
Less: Investments held as security	-	15,500	
	26,960,469	6,710,311	
Amount payable to NTPC Ltd.	10,004,866	2,605,705	
Other Liabilities	36,965,335	9,316,016	
	6,215,322	262,365	
Total	43,180,657	9,578,381	

Schedule 9
PROVISIONS

Provision for Employee Benefits			
Opening Balances	2,091,825	3129181	
Addition during the year	-	-	
Less : Used during the year	1,826,154	1037356	
Total	265,671	2091825	

Schedule 10
OTHER INCOME

	As at 31.03.2010	Rs. As at 31.03.2009
Income from other source		
Interest Accrued on Deposit (Gross)	4,775	4842
(Tax deducted at source - Current year nil & Previous year nil)		
Miscellaneous Income	7,437	37584
Liquidated Damages Recovered	21,528	-
Total	33,740	42426
Less: Transferred to Expenditure During Construction-Sch. No.15	33,740	42426
Total	-	-

Schedule 11
EMPLOYEES' REMUNERATION AND BENEFITS

	As at 31.03.2010	Rs. As at 31.03.2009
Employees; remuneration and benefits		
Salaries, Wages, Bonus, Allowances & Benefits	53,726,107	49,791,722
Contribution to Provident and Other Funds	5,046,215	4,920,652
Welfare Expenses	2,155,925	4,755,550
	60,928,247	59,467,924
Less: Transferred to Expenditure During Construction-Sch.No.15	60,928,247	59,467,924
Total	-	-

Schedule 12
ADMINISTRATION & OTHER EXPENSES

	Current Year	Rs. Previous Year
Power Charges	208,182	276,967
Water Charges	13,240	3,930
Rent	4,982,236	4,890,931
Repairs & Maintenance		
Buildings	1,390,047	810,941
Others	1,234,748	1,685,336
Insurance	10,630	11,770
Training & Recruitment Expenses	-	10,800
Communication Expenses	783,587	653,354
Payment to Auditors		
Audit Fee	99,270	49,635
In Other Capacity	-	-
Advertisement & Publicity	110,000	59,926
Tender Expenses	1,165,058	1,081,548
Security Expenses	463,705	30,000
Entertainment Expenses	248,952	354,342
Inland Travelling Expenses	2,740,083	3,405,099
Expenses for guest house	718,842	
Less: Recoveries	<u>10,655</u>	
	708,187	846,669
Books and Periodicals	21,221	31,589
Professional charges and consultancy fees	194,772	412,491
Legal Expenses	1,550	-
EDP hire and other charges	531,976	298,779
Printing and Stationery	202,490	162,566
Miscellaneous Expenses	285,913	212,074
Rates & Taxes	109,536	129,182
Loss on write off of fixed assets	-	842
R&R Expenses	-	350,563
Expenses on Hiring of vehicle	1,318,412	1,745,705
Subscription to trade & other Association	-	1,000
	16,823,795	17,516,039
Less: Transferred to Expenditure During Construction-Sch. No.15	16,823,795	17,505,239
Total	-	10,800

Schedule 13
FINANCE CHARGES

	Current Year	Rs. Previous Year
Bank Charges	6,211	12,547
Less: Transferred to Expenditure During Construction-Sch. No.15	6,211	12,547
Total	-	-

Schedule 14
PRIOR PERIOD EXPENDITURE

	Current Year	Rs. Previous Year
Expenditure		
Salary, wages, bonus, allowances & benefits	(1,591,792)	-
Travelling Expenses	148,375	-
Depreciation	(64,262)	-
	(1,507,679)	-
Less: Transferred to Expenditure During Construction-Sch.No.15	(1,507,679)	-
Total	-	-

Schedule 15
EXPENDITURE DURING CONSTRUCTION

	Current Year	Rs. Previous Year
A. Employees Remuneration and Other Benefits		
Salaries, Wages, Bonus, Allowances and Benefits	53,726,107	49,791,722
Contribution to provident and other funds	5,046,215	4,920,652
Welfare expenses	2,155,925	4,755,550
Total (A)	60,928,247	59,467,924
B. Administration & Other Expenses		
Power	208,182	276,967
Water Charges	13,240	3,930
Rent	4,982,236	4,890,931
Repair & maintenance		
Buildings	1,390,047	810,941
Others	1,234,748	1,685,336
Insurance	10,630	11,770
Communication Expenses	783,587	653,354
Remuneration to Auditors	99,270	49,635
Advertisement & Publicity	110,000	59,926
Tender Expenses	1,165,058	1,081,548
Security Expenses	463,705	30,000
Entertainment Expenses	248,952	354,342
Inland Travelling Expenses	2,740,083	3,405,099
Guest House Expenses	718,842	
Less: Recoveries	<u>10,655</u>	
	708,187	846,669
Books & Periodicals	21,221	31,589
Professional Charges and Consultancy Fee	194,772	412,491
Legal Expenses	1,550	-
EDP Hire and other charges	531,976	298,779
Printing and Stationary	202,490	162,566
Miscellaneous Expenses	285,913	212,074
Rates & Taxes	109,536	129,182
Loss on write off of Assets	-	842
Community Development Expenses	-	350,563
Expenses on Hiring of vehicle	1,318,412	1,745,705
Subscription to Trade & Other Association	-	1,000
Total (B)	16,823,795	17,505,239
C. Depreciation	1,360,851	1,362,305
Total (C)	1,360,851	1,362,305
D. Interest & Finance Charges Capitalised		
Bank Charges	6,211	12,547
Total (D)	6,211	12,547
E. Fringe Benefit Tax	-	565,209
Total (E)	-	565,209
F. Prior Period Expenditure	(1,507,679)	-
	(1,507,679)	-
G. Other Income	33,740	42,426
	33,740	42,426
Total (A+B+C+D+E+F-G)	77,577,685	78,870,798

Schedule 16

NOTES ON ACCOUNT

- Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 2847.91 lacs (Previous year Rs. 2919.98 lacs). [Net of advances].
- (a) The execution of lease agreement of 187.324 acres lease hold land of value Rs. 142.49 lacs (Previous year 175.02 acres, value Rs. 98.37 lacs) in favour of the Lata Tapovan Hydro Power Project is still awaiting completion for legal formalities.
(b) Advances for Capital Expenditure includes amount of Rs. 525.59 lacs deposited with LA Collector Darjeeling towards tree, structure, solitium etc. for Karmi mouza, of Rammam III HEP pending capitalization for finalization of R&R and valuation thereof.
- Disclosure Regarding Operating Leases:
The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs. 65,41,281/= (Previous year Rs. 30,72,355/-) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule -12 Administration and other expenses.
- Amount payable to NTPC Ltd. holding company has been shown Rs. 1,00,04,866/- as part of the current liabilities. This amount is payable to NTPC Ltd. on account of net balance of transactions upto 31st March 2010. The company will issue equity share against the payable amount to NTPC Ltd. in subsequent year.
- Earning Per Share
The elements considered for calculation for Earning per share (Basic and Diluted) are as under: -

	CurrentYear	PreviousYear
Net Loss used as numerator	0	10800
Weighted Average number of equity shares used as denominator	92632654	73540838
Earning Per Share (Rupees) – Basic	-	-
Weighted Average number of equity shares used as denominator	92632654	73540838
Earning Per Share (Rupees) – Diluted	-	-
Face Value per share (Rupees)	10	10

- Corporate expenses has been allocated to Lata Tapovan Project and Rammam Project in the ratio of capital expenditure of the projects during the year -

Projects	2009-10	2008-09
Lata Tapovan Project	12315968	28399469
Rammam Project	30537694	8010106

- Balances shown under advances and creditors are subject to confirmation/ reconciliation and consequent adjustment, if any.
- Contingent Liability: Company's liability towards reimbursement of Income Tax on HRR perks amounting to Rs. 5,53,120/- stayed by the Hon'ble Allahabad High Court (Previous year 2,76,560/-).
- All the employees of the company are on secondment from the Holding Company.
- The employees remuneration and benefits includes (-) Rs.1308374/= (Previous year Rs. 48,81,758/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme as apportioned by Holding Company i.e. NTPC Limited on actuarial valuation at the year end.
- Managerial remuneration paid/payable to Chief Executive Officer

	Current Year	Previous Year
Salaries and allowances	2649615	1536960
Contribution to provident fund & other funds including gratuity & group insurance	172032	96000
Other benefits	95292	63712

- 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 31.03.2010.
- Previous year figures have been regrouped / rearranged wherever necessary.
- Information pursuant to part IV of schedule VI of the companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 0515
 Registration No. U40101DL2002GO111180113
 Balance-Sheet date Date 311 Month 03 Year 2010

II. Capital Raised during the year (Amount in Rs. Thousands)
 Public Issue NIL Right Issue NIL
 Bonus Issue NIL Private Placement 83728
 NIL

III. Position of Mobilization and Deployment of funds (Amount in Rs. Thousands)
 Total Liability 1068937 Total Assets 1068937
Source of Funds
 Paid-up Capital 1007990 Capital Deposit Account 17500
 Secured Loans NIL Reserves & Surplus NIL
 Deferred Tax Liability NIL Unsecured Loans NIL
Application of Funds
 Net Fixed Assets 979537 Investment NIL
 Net Current Assets -35374 Misc. Expenditure NIL
 Accumulated Losses 81327

IV. Performance of Company(Amount in Rs. Thousands)
 Turnover (Including Other Income) NIL Total Expenditure NIL
 Loss before Tax NIL Loss after Tax NIL
 Earning per share in Rs. 0.00 Dividend Rate% NIL

V. Generic Name of three Principal Product/Services of Company
 (As per monetary terms)
 Product Description: GENERATION OF ELECTRICITY Item Code No. N/A
 As per our report of even date For and on behalf of Board of Directors
For K. PRASAD & COMPANY
 Chartered Accountants
 (K.M. Agarwal) (Manish Kumar) (A.K. Singhal) (R.S. Sharma)
 Partner Company Secretary Director Chairman
 Membership No. 016205
 Place : New Delhi
 Date : 05.05.2010

**NTPC HYDRO LIMITED
 CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Current Year	Previous Year
A. ACTIVITIES		
Net Profit(Loss) before tax and Prior Period Adjustment	-	(10,800)
Operating Profit before Working Capital Changes	-	(10,800)
Adjustment for:		
Trade Payables and Other Liabilities	31,776,122	
Loans and Advances	(1,539,531)	
Other Current Assets	(4,775)	
Cash generated from operations	30,231,816	(26,202,929)
Direct Taxes paid	63,055	(26,213,729)
Net Cash from Operating Activities-A	30,294,871	(26,762,720)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & CWIP & Const Advance	(133,400,339)	(271,435,129)
Net cash used in Investing Activities-B	(133,400,339)	(271,435,129)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital Deposits	98,228,400	304,462,000
Net cash flow from Financing Activities-C	98,228,400	304,462,000
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	(4,877,068)	6,264,151
Cash and cash equivalents (Opening Balance)	8,477,311	2,213,160
Cash and cash equivalents (Closing Balance)	3,600,243	8,477,311

As per our report of even date For and on behalf of Board of Directors
For K. PRASAD & COMPANY
 Chartered Accountants
 (K.M. Agarwal) (Manish Kumar) (A.K. Singhal) (R.S. Sharma)
 Partner Company Secretary Director Chairman
 Membership No. 016205
 Place : New Delhi
 Date : 05.05.2010

AUDITORS' REPORT

To the Members of NTPC Hydro Limited
New Delhi

1. We have audited the attached Balance Sheet of **NTPC HYDRO LIMITED** (a wholly owned subsidiary of NTPC Ltd. As at 31st March 2010, the Profit and Loss Accounts and also the cash flow statement for the year ended on the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) Being a Government company, pursuant to 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;
 - vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010,
 - b. in the case of the Profit and Loss Account, of the Nil profit/Loss for the year ended on that date, and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For K. Prasad & Company
Chartered Accountants
(K. M. Agarwal)
Partner
Membership No. 16205

Place : New Delhi
Date : 05.05.2010

Annexure referred in paragraph 3 of Auditors' Report to the Members of NTPC HYDRO LIMITED on the accounts for the year ended on 31st March, 2010

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All fixed assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No Material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us no substantial part of fixed assets of the company have been disposed off during the year.
- ii) The company does not have inventory. Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- iii) The company has neither taken nor granted loans, secured or unsecured from/to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs of clauses 4(iii) (b), (c) & (d) of the Companies Auditors' Report Order, 2003 are not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to 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 continuing failure to correct major weakness in internal control systems.

- v) a) The company has not carried out any transactions required 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) According to the information and explanations given to us, the company has not accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975.
- vii) 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(I) (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 is regular in depositing with appropriate authorities undisputed statutory dues of Income Tax and Sales Tax.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) The provisions related to Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Wealth Tax, Custom Duty, Excise Duty, Service Tax and other Statutory dues are not applicable to the company.
- (d) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x) As the company has been registered for a period of less than five years, the provisions of clause 4(x) of the Company (Auditor's Report) Order 2003 is not applicable.
- xi) According to the information and explanation given to us, the company has not taken loans from financial institution, banks or debenture holders.
- xii) 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 clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is 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 Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The company has not taken term loans during the year.
- xvii) The Company has not raised short term or long term funds during the year.
- xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to National Thermal Power Corporation Limited, Holding Company, covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xix) The company has not issued any debentures.
- xx) The company has not raised money by public issue.
- xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For K. Prasad & Company
Chartered Accountants
(K.M. Agarwal)
Partner
Membership No. 16205

Place : New Delhi
Dated: 05.05.2010

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC HYDRO LIMITED FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of NTPC HYDRO LIMITED, New Delhi, for the year ended 31 March 2010 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 05 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC HYDRO LIMITED, New Delhi for the year ended 31 March 2010 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

(Ghazala Meenai)

Place: New Delhi
Dated: 11 May, 2010

Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

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

To the Members,

Your Directors have pleasure in presenting the Eighth Annual Report on the working of the Company for the financial year ended on 31st March 2010 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(Rs. in Crore)

	2009-10	2008-09
Total Income/Revenue	85.13	121.05
Total Expenditure	42.05	45.53
Prior period income/expenditure(net)	-	0.98
Profit before Tax	43.08	75.24
Less: Tax	14.69	25.71
Profit after tax	28.39	49.53
Balance brought forward	1.06	1.23
Profit available for appropriation	29.45	50.76
Transfer to general reserve	17.00	38.00
Interim Dividend	-	2.00
Final Dividend-Proposed	10.00	8.00
Tax on Interim Dividend	-	0.34
Tax on Final Dividend- Proposed	1.66	1.36
Surplus carried forward	0.79	1.06

DIVIDEND

Your Directors have recommended a dividend of Rs. 10 Crore @ Rs. 5 per equity share on the face value of fully paid-up equity share capital of Rs. 10 each, for the financial year 2009-10. The dividend shall be paid after your approval at this Annual General meeting.

POWER TRADING-BUSINESS

In accordance with Central Electricity Regulation Commission (CERC) notification your Company is a trading Licensee under Category I (highest category) during the current financial year 2009-10.

During the financial year under review your company had traded 5549 million units (including 2341 million units traded under SWAP arrangements) amounting to Rs.1838 Crore, as compared to 4831 million units (including 2288 million units traded under SWAP arrangements) amounting to Rs.1896 Crore in the financial year 2008-09. The overall volume of power traded by Company during the financial year 2009-10 has increased by 15% over last financial year 2008-09.

BUSINESS INITIATIVES

The Cabinet has approved the Jawaharalal Nehru National Solar Mission on November 19, 2009, with an aim to have capacity of 20000 MW of solar power by 2022, with immediate target for 1000 MW by 2013 for phase-I.

Ministry of Power (MoP), Government of India through a Presidential Directive, on December 22, 2009, has designated your Company as a Nodal Agency for first phase of the National Solar Mission for 2009-2013, with following mandates:-

- (i) your Company should enter into Power Purchase Agreements with Solar Power Developers to purchase power from the solar power projects connected at 33kV and above grid at tariff regulated by CERC and enter into back-to-back Power Sale Agreements with Distribution Utilities for sale of such power bundled with power sourced from NTPC, unallocated power.
- (ii) the MoP should allocate equivalent megawatt capacity from the unallocated quota of NTPC power stations at the disposal of the Government of India to your Company for bundling together solar power to be procured by the Company under the order.
- (iii) solar power and unallocated power of NTPC stations bundled together should be sold by your Company to the Distribution Utilities.

The mentioned arrangement would be limited to cumulative solar power capacity of 1000 MW in operation upto March 31, 2013.

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

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

Power Banking arrangement – a new initiative by the company has resulted in not only stabilizing the power market but also lowering the market price. The banking volume of 2988 million units in financial year 2008-09 has been increased to 2341 million units during the financial year 2009-10.

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2009-10, 759056 MT of fly ash was sold as compared to 634768 MT of fly ash sold in the financial year 2008-09.

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 553 MT of Cenosphere as compared to 432 MT of Cenosphere in the financial year 2008-09.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2010.

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 N.K. Jain Mittal & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2009-10.

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

REVIEW OF ACCOUNT BY COMPTROLLER & AUDITOR GENERAL OF INDIA

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated May 31, 2010 communicated that on the basis of audit, nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A letter from C&AG on the accounts of the Company for the financial year 2009-10 is placed with the report of Statutory Auditors of your Company.

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

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

During the financial year under review the Company did not have any foreign currency earnings and expenditure.

PARTICULARS OF EMPLOYEES

The Particular of employees pursuant to Section 217 (2A) of the Companies Act, 1956 are given in Annex-II.

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 comprising of Shri Chandan Roy, Shri A.K. Singhal and Shri R.C. Shrivastav. Four meetings of the Audit Committee were held during the financial year 2009-10. The senior-most Director on the Audit Committee shall be the Chairman and quorum shall be 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 2009-10 and of the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

Consequent upon superannuation of Shri R.C. Shrivastav, from the services of NTPC Limited, he has ceased to be the Director of the Company w.e.f. June 30, 2010 (A/N). The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.C. Shrivastav, during his association with the Company.

The Board of Directors at its Meeting held on September 8, 2009 and July 14, 2010, had appointed Shri Satish Chand Mehta and Shri I.J. Kapoor, respectively, as an Additional Director of the Company. Shri Satish Chand Mehta and Shri I.J. Kapoor holds office only upto the date of ensuing Annual General Meeting. The Company has received a requisite notice in writing from NTPC Limited, proposing their candidature for the office of Director liable to retire by rotation.

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 14, 2010

(R.S. SHARMA)
CHAIRMAN

Annex-I

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

Trading can be inter-state or intra-state and the appropriate regulatory commission is to fix the eligibility criteria for a trader. Central Electricity Regulatory Commission (CERC) issued its order and regulations regarding the grant of license for inter state trading in January 2004, which was subsequently repealed by Regulations, 2009.

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

During the last four years, 45 traders have obtained licenses for serving the needs of the various clients, out of which 6 nos. of licensees have been surrendered / cancelled. The traders are issued license under categories I, II or III depending on the volume of units proposed to be traded and net worth. During 2009-10 out of the total electricity generation of approximately 764 billion units approximately 41 billion units were traded, representing 5.35% of trading to total generation.

Structure of Power Industries in India* (Billion Units)

(i)	Long Term (91.3%)	697
(ii)	Trading (5.4%)	41
(iii)	Balancing Market (UI) (3.3%)	26
	Total	764

The trading of Power in India*

(i)	Bilateral through Trading	27
(ii)	Bilateral Direct	6
(iii)	Through Power Exchange	8
	Total	41

*source: CERC

With the acceleration in the trading activities, the unutilized power, declared excess of the order of 1000-1200 MW in the Eastern Region and North Eastern Region has been fruitfully utilized in the other deficit regions, through the inter-regional transmission links.

The National Electricity Policy notified in January 2006, mandates the creation of power exchange to facilitate the development of a better price discovery mechanism for buyers as well as sellers of electricity. The Central Electricity Regulatory Commission has given permission to three companies out of which one Power Exchange viz. National Power Exchange Limited was formed by NTPC Limited.

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 payment without any strong payment security mechanism in place.

OPPORTUNITIES AND THREATS

Ministry of Power, Government of India plans to enhance the existing inter-regional power transfer capacity of 20750 MW to 37400 MW by 2012. This would provide considerable opportunities for enhancement of trading volumes. Many Independent Power Producers are setting up generation capacities reserved as merchant capacity for sale in the market. This will provide opportunity to the Company for capturing such merchant capacity for trading.

In recent times 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. Cross border trading of power from Bhutan is expected to commence from 2013-14 with the commissioning of new projects. The Company has also been designated as nodal agency for buying power from solar power developers in India and selling to distribution utilities after bundling with unallocated capacity from NTPC power stations. The business under this segment is expected to commence from 2010-11 onwards.

Your Company is proposing to enter into Memorandum of Understanding with NTPC Limited for selling the merchant capacity from Korba Super Thermal Power Station and Farakka Super Thermal Power Station. This will not only enhance business volume but also help in controlling price of power market.

Your Company was also selling Fly Ash from NTPC Project viz. National Capital Power Project, Dadri since 2008-09 and new NTPC stations such as Kahalgaon Super Thermal Power Station.

Your Company has invited Request for Qualification for setting of cement grinding units under joint ventures with cement manufacturers for twelve NTPC projects and received very good response from cement manufacturers for all stations. In order to enhance the trading business, your Company will take membership of National Power Exchange Limited on start of operation of the exchange.

RISKS AND CONCERNS

The fixed trading margin of electricity traders limits revenues of trading companies. Due to large number of private players in the market, your Company is also facing competitive pressures. Your Company continues to focus on increasing its market share in power trading and is taking appropriate initiatives to increase its business.

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR

Operations

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

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

	Fiscal 2010	Fiscal 2009
	Million units	
Purchase & sale of power	3208	2543
Sale of power under Power SWAP Arrangements	2341	2288
Total	5549	4831

During the financial year 2009-10, your company traded 5549 million units of power representing about 13.95% of nation's total power trading volume. The overall volume of power traded by Company has increased by 15% over last year.

In the past three years, your company has developed a good customer base and has served over 65 customers including State Government/Private Power Utilities, Captive Power Generators etc. in all five regions in the country. Besides trading of short-term surpluses of the various customers, your company has utilized over 300 MUs of the un-requisitioned surplus from NTPC stations.

Your Company had pioneered the innovative arrangement called Power SWAP Arrangements which during the financial year 2009-10, resulted in business of 2341 million units as compared to 2288 million units in financial year 2008-09.

Financial Performance

The main revenue of your Company has been realized by trading of power of 5549 million units contributing to 67% of total revenue.

Rs. in Crore

	2009-10	2008-09
Sale of Power	1829.49	1887.43
Less: Power Purchase	1816.96	1858.80
Power under SWAP Arrangements	8.94	8.66
Rebate on power purchase	35.89	36.59
Sale of Ash/ash products (Before 03.11.2009)	14.15	31.29
Sale of Ash/ash products (from 03.11.2009)	13.15	
Less: Transfer to Fly Ash Utilization Fund	13.15	-
other Income	13.62	15.88
Total	85.13	121.05

During the financial year 2009-10, the Company had traded 5549 million units as compared to 4831 million units in financial year 2008-09. In addition to power trading, your Company is also trading fly ash. During the financial year 2009-10, the Company had sold 759056 MT of fly ash as compared to 634768 MT during financial year 2008-09. The Company had also traded 553 MT of Cenosphere during the financial year under review as compared to 432 MT of Cenosphere during financial year 2008-09.

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

In view of the above notification the Company had created fly ash utilization fund and transferred an amount of Rs. 10.62 Crore received from sale of fly ash and cenosphere for the period starting from November 3, 2009 (i.e. date of notification) to March 31, 2010, after adjusting amount of Rs. 2.53 Crore utilized for facilitating the ash utilization activities during the above period of the year 2009-10.

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

	Rs. in Crore	
	2009-10	2008-09
Open access charges	0.01	-
Cost of Ash/Ash products	0.05	0.24
Rebate on power sale	31.35	36.46
Other operating expenses	10.53	8.56
Total operating expenses	41.94	45.26

During the financial year 2009-10, the cost of Ash and ash products has been of the order of Rs. 0.05 Crore. The rebate on power sale is Rs. 31.35 Crore as compared to Rs. 36.46 Crore in the previous year.

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

	Rs. in Crore	
	2009-10	2008-09
Total operating expenses	41.94	45.26
Depreciation	0.07	0.07
Interest & Finance Charges	0.04	0.20
Total Expenses including operating expenses	42.05	45.53

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 Rs. 0.61 Crore as on 31.3.2010.

	Rs. in Crore	
	2009-10	2008-09
Profit before tax and prior period adjustments	43.08	75.52
Prior period income/expenditure(net)	-	0.28
Profit before tax	43.08	75.24
Provision for current, deferred tax and fringe benefit tax	14.69	25.71
Net profit after tax	28.39	49.53

During the financial year under review the Company has earned the net profit after tax of Rs. 28.39 Crore as compared to Rs. 49.53 Crore earned in financial year 2008-09. The Net Profit of the Company has reduced due to stiff competition, margins reduction to the Company and non-availability of SWAP security resulting in reduction of cash surplus and consequential interest thereon. In view of the notification issued by Ministry of Environment and Forest, Government of India, the Company had created fly ash utilization fund and transferred an amount of Rs. 10.62 Crore received from sale of fly ash and cenosphere for the period starting from November 3, 2009 (i.e. date of notification) to March 31, 2010, after adjusting an amount of Rs. 2.53 Crore utilized for facilitating the ash utilization activities during the above period of the year 2009-10, resulting in reduction of revenue and net profit to the Company.

Dividend

Your Directors have recommended a dividend of Rs. 10 Crore @ Rs. 5 per equity share on the face value of fully paid-up equity share capital of Rs. 10/- each, for the financial year 2009-10. The dividend shall be paid after your approval at this Annual General meeting.

Reserves & Surplus

During the financial year 2009-10 a sum of Rs.17 Crore have been added to General Reserve.

Current Assets, Loans and Advances

The current assets, loans and advances at the end of the financial year 2009-10 were Rs. 209.63 Crore as compared to Rs. 187.67 Crore in financial year 2008-09

registering an increase of 11.70%.

Rs. in Crore

	31.03.2010	31.3.2009
Inventories	0.06	0.16
Sundry Debtors	93.07	62.09
Cash and Bank balances	112.22	121.65
Other Current assets	1.82	3.43
Loans and Advances	2.46	0.34
Total Current Assets, Loans and Advances	209.63	187.67

The increase was mainly on account of increase in Sundry Debtors to Rs. 93.07 Crore from Rs. 62.09 Crore. The major amount of debtors has now been recovered from various buyers and balance amount would be realized soon.

Current Liabilities and Provisions

During the financial year 2009-10 Current Liabilities have decreased to Rs. 91.23 Crore as compared to Rs. 98.52 Crore in the financial year 2008-09, mainly on account of decrease in sundry creditors for power purchase.

Rs. in Crore

	31.03.2010	31.3.2009
Liabilities	91.23	98.52
Provisions	11.77	9.77
Total Liabilities and Provisions	103.00	108.29

The provisions for the financial year under review have increased to Rs. 11.77 Crore as compared to Rs. 9.77 Crore in previous financial year, mainly on account of increase in proposed final dividend and tax thereon.

Cash Flow Statement

Rs. in Crore

	2009-10	2008-09
Opening Cash and cash equivalents	121.65	94.33
Net cash from operating activities	(8.56)	23.70
Net cash used in investing activities	8.49	10.64
Net cash flow from financing activities	(9.36)	(7.02)
Net Change in Cash and cash equivalents	(9.43)	27.32
Closing cash and cash equivalents	112.22	121.65

The closing cash and cash equivalent for the financial year ended March 31, 2010 has decreased to Rs. 112.22 Crore from Rs. 121.65 Crore, mainly on account of repayment of operating liabilities of power purchase pertaining to financial year 2008-09.

Financial Indicators

The various performance indicators for the financial year 2009-10 as compared to financial year 2008-09 are as under: -

Rs. in Crore

	Description	2009-10	2008-09
A	i) Capital employed	96.28	79.55
	ii) Net worth	96.28	79.55
B	i) Return on Capital Employed (PBT/CE)	44.74%	94.58%
	ii) Return on net worth (PAT/NW)	29.49%	62.26%
C	Dividend as % of Equity Capital (basic/average)	50	50
D	Earning per share in Rs.(EPS)	14.20	24.76

The capital employed as well as net worth has increased due to addition of profit earned during the financial year 2009-10. The EPS of the Company has reduced due to decrease in profitability mainly on account of creation of Ashutilization Fund and lesser interest income. The reduced profitability has resulted in reduction of Return on Capital Employed and Return on Net Worth.

Human Resources

As on 31st March 2010, there were 40 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 mandays of training every year.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 14, 2010

(R.S. SHARMA)
CHAIRMAN

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

Name	Designation and Nature of duties	Remuneration (in Rs.)	Qualification	Date of commencement of employment	Exp. (yrs.)	Age (yrs.)	Last employment held
1.	2.	3.	4.	5.	6.	7.	8.
Employed for whole of the year							
Ashok Bhatnagar	DGM-Ash Business	24,91,219	M.Sc.	04.08.1984	25	50	H F W & E Lab. Haryana Govt.
Amarinder Kumar Maggu	AGM-Business Development	26,74,721	B.Sc.(Mech.Eng), M.Tech	16.11.1978	31	53	NTPC Limited
Ashok Kumar Goyal	CEO	27,47,356	BE(Mech.Engg.), MBA	29.12.1982	27	53	NTPC Limited
Amitabh Saxena	DGM- Business Development	24,11,040	B.E. (Electrical Engg.)	30.06.1987	22	49	MP Electricity Board
Debabrata Kundu	DGM- System Operation	28,13,829	B.E.(Mech. Engg.)	28.02.1984	26	52	Babcock & Wilcox of India Limited
Dhananjay Kumar Singh	DGM- Ash Business	27,55,547	B.Sc. (Electrical Engg.)	11.12.1986	23	52	Bihar SEB
Indranil Mitra	DGM-HR	25,78,746	M.Sc., PG Diploma	24.12.1982	27	52	NTPC Limited
Krishna Sankar Bandyopadhyay	DGM-Business Development	26,77,228	BE(Electrical), LL.B, MBA	07.09.1983	26	49	NTPC Limited
Lekh Raj	DGM-Finance	24,75,053	M.Com, CA	02.07.1984	25	50	NTPC Limited
Rajesh Kumar	DGM- Ash Business	25,43,702	M.Sc, M.Tech	04.08.1984	25	50	NTPC Limited
Rakesh Kumar	AGM- Ash Business	24,06,130	B.Sc., B.Tech (Electrical)	05.02.1977	33	56	NTPC Limited
Robin Mazumdar	AGM-Business Development	26,45,962	B.Sc., B.E (Electrical Engg.), MBA	19.10.1984	25	57	R.S.E.B
Vijay Gulati	AGM- System Operation	27,34,508	B.Sc(Electrical Engg.),MBA, LL.B	25.07.1984	25	53	BHEL Limited

Notes:

- The employee mentioned above is posted on secondment basis from NTPC Limited and is not related to any Directors of the Company.
- Remuneration includes salary & allowances and perks, permissible under holding Company's rules.

Place: New Delhi
Date: July 14, 2010

For and on behalf of the Board of Directors
(R.S. SHARMA)
CHAIRMAN

NTPC VIDYUT VYAPAR NIGAM LTD
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

- Fixed Assets are carried at historical cost less accumulated depreciation.
- Intangible assets are stated at their cost of acquisition less accumulated amortisation.

4. FOREIGN CURRENCY TRANSACTIONS

- Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- At the balance sheet date, foreign currency monetary items are reported using the closing rate.

5. INVENTORIES

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

6. PROFIT AND LOSS ACCOUNT
6.1. INCOME RECOGNITION

- 6.1.1. Sale of energy and fly ash/ ash products are accounted for based on rates agreed with the customers.
- 6.1.2. The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

6.2. EXPENDITURE

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

a) Personal Computers and Laptops including peripherals	19.00%
b) Photocopiers and Fax Machines	19.00%
c) Air conditioners, Water coolers and Refrigerators	08.00%

- 6.2.2. Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 6.2.3. Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 6.2.4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 6.2.5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 6.2.6. Prepaid expenses and prior period expenses/income of items of Rs.1,00,000/- and below are charged to natural heads of accounts.
- 6.2.7. The liabilities towards employee benefits are ascertained annually by the Holding Company i.e. NTPC Ltd. on actuarial valuation at the year end. The company provides for such employee benefits as apportioned by the Holding Company.

7. PROVISIONS AND CONTINGENT LIABILITIES

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

8. 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 VIDYUT VYAPAR NIGAM LIMITED
BALANCE SHEET AS AT 31st MARCH 2010

		(Rs.)	
SCHEDULE NO.		31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
	Share Capital	1	200000000
	Reserves and Surplus	2	762845863
	Sub-total (Shareholders' funds)		962845863
	FLY ASH UTILIZATION FUND	3	106227627
	DEFERRED TAX LIABILITY (Net)		161285
	TOTAL		1069234775
APPLICATION OF FUNDS			
FIXED ASSETS			
	Gross Block	4	6110716
	Less: Depreciation		3164013
	Net Block		2946703
CURRENT ASSETS, LOANS AND ADVANCES			
	Inventories	5	611296
	Sundry Debtors	6	930665567
	Cash and Bank balances	7	1122160031
	Other Current Assets	8	18226374
	Loans and Advances	9	24652547
	Sub-total (Current Assets, Loans and Advances)		2096315815
LESS: CURRENT LIABILITIES AND PROVISIONS			
	Liabilities	10	912362491
	Provisions	11	117665252
	Sub-total (Current Liabilities and Provisions)		1030027743
	Net Current Assets		1066288072
	TOTAL		1069234775
	Contingent liabilities	12	
	Notes on accounts	20	

Schedules 1 to 20 and accounting policies form an integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date

For N.K.Jain Mittal & Co.

Chartered Accountants

(N.K.Gupta) (Nitin Mehra) (A.K.Singhal) (R.S.Sharma)

Partner Company Secretary Director Chairman

M.No.81775

Place: New Delhi

Dated: 05.05.2010

NTPC VIDYUT VYAPAR NIGAM LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

		(Rs.)	
SCHEDULE NO.		Current Year	Previous Year
INCOME			
	Sales	13	356244155
	Rebate on power purchase		358937862
	Other income	14	136156532
	Total		851338549
EXPENDITURE			
	Open access charges		130000
	Cost of fly ash/ash products	15	546606
	Employees' remuneration and benefits	16	6555706
	Administration & other expenses	17	39707385
	Rebate on power sale		313522931
	Depreciation		674460
	Interest and finance charges	18	408603
	Total		420545691
Profit before Tax and Prior Period Adjustments			
	Prior Period income/expenditure (net)	19	430792858
	Profit before tax		430792858
Provision for :			
	a) Current tax		146842820
	b) Deferred tax		25649
	c) Fringe Benefit tax		-
	Total (a+b+c)		146868469
	Profit after tax		283924389
	Balance brought forward		10646268
	Balance available for appropriation		294570657
	Transfer to General Reserve		170000000
	Dividend		-
	- Interim		20000000
	- Final-proposed		100000000
	Tax on Dividend		-
	- Interim		3399000
	- Final		13596000
	Balance carried to Balance Sheet		7961907
	Earning Per Share (Equity shares, face value Rs. 10/- each)-Basic and diluted		14.20
	Notes on accounts	20	24.76

Schedules 1 to 20 and accounting policies form an integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date

For N.K.Jain Mittal & Co.

Chartered Accountants

(N.K.Gupta) (Nitin Mehra) (A.K.Singhal) (R.S.Sharma)

Partner Company Secretary Director Chairman

M.No.81775

Place: New Delhi

Dated: 05.05.2010

SCHEDULES FORMING PART OF ACCOUNTS

		(Rs.)	
SCHEDULE NO.		31.03.2010	31.03.2009
Schedule 1			
SHARE CAPITAL			
AUTHORISED			
	2,00,00,000 equity shares of Rs. 10/-each (Previous Year 2,00,00,000 equity shares of Rs. 10/-each)		200000000
ISSUED, SUBSCRIBED AND PAID UP			
	2,00,00,000 equity shares of Rs. 10/-each fully paid-up (Previous year 2,00,00,000 equity shares of Rs. 10/- each fully paid up) All shares are held by the holding company, NTPC Limited and its nominees.		200000000

		(Rs.)	
SCHEDULE NO.		31.03.2010	31.03.2009
Schedule 2			
RESERVES AND SURPLUS			
	General Reserve		584883956
	As per last Balance Sheet		170000000
	Add: Transfer from Profit & Loss Account		754883956
	Surplus in Profit & Loss Account		7961907
	Total		762845863
Schedule 3			
FLY ASH UTILIZATION FUND			
	As per last Balance Sheet		-
	Add: Transfer from Sales (Schedule 13)		131515160
	Less: Utilized during the year		25287533
	Total		106227627

Schedule 4
FIXED ASSETS

(Rs.)

	Gross Block			Depreciation			Net Block			
	As at 1.04.2009	Additions	Deductions/ Adjustments	As at 31.03.10	As at 1.04.2009	For the year	Deductions/ Adjustments	upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Plant & Machinery	-	1195000	-	1195000	-	37842	-	37842	1157158	-
Furniture, fixtures & other office equipment	1316494	86339	29380	1373453	289151	185459	27911	446699	926754	1027343
EDP & WP machines	2733861	562614	(4710)	3301185	2124284	382635	-	2506919	794266	609577
INTANGIBLE ASSETS										
Software	241078	-	-	241078	104029	68524	-	172553	68525	137049
Total	4291433	1843953	24670	6110716	2517464	674460	27911	3164013	2946703	1773969
Previous year	3393165	990466	92198	4291433	1872870	704445	59851	2517464	1773969	1520295

Deductions/Adjustments from Gross Block includes

	Current Year	Preious Year
Disposal/Retirement of assets	29380	-
Assets capitalised with retrospective effect	(4710)	-
Others	-	92198
	24670	92198

Deductions/Adjustments from Depreciation includes

	Current Year	Preious Year
Disposal/Retirement of assets	27911	-
Others	-	59851
	27911	59851

Depreciation for the year is allocated as given below

	Current Year	Preious Year
Charged to Profit & Loss account	674460	704445

Schedule 5

INVENTORIES

(Valuation as per Accounting Policy No.5)

	31.03.2010	31.03.2009
Cenosphere	611296	1657268

Schedule 6

SUNDRY DEBTORS

(Considered good, unless otherwise stated)

	31.03.2010	31.03.2009
Debts outstanding over six months		
Unsecured	-	-
Other debts		
Unsecured	930665567	620933095
Total	930665567	620933095

Schedule 7

CASH & BANK BALANCES

Balances with scheduled banks

	31.03.2010	31.03.2009
-Current Account	2654668	3905402
-Term Deposit Account*	1119505363	1212586000
Total	1122160031	1216491402

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

Schedule 8

OTHER CURRENT ASSETS

Interest accrued on Term Deposits

	31.03.2010	31.03.2009
	18226374	34306486

Schedule 9

LOANS AND ADVANCES

(Considered good, unless otherwise stated)

	31.03.2010	31.03.2009
ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
RLDCs		
Unsecured	1851503	5000
Advance Income/ Fringe Benefit Tax and tax deducted at source	540647668	393049214
Less: Provision for taxation	536976624	390674550
	3671044	2374664
DEPOSITS		
Deposits with suppliers and others	19130000	1030000
Total	24652547	3409604

Schedule 10

CURRENT LIABILITIES

Sundry Creditors

For goods and services

	31.03.2010	31.03.2009
Other than Micro and Small Enterprises	782731049	609015260
Holding Company -NTPC Limited	85024537	20358390
Deposits, retention money from buyers	21034153	341085711
	888789739	970459361
Advances from customers and others	21140610	14444136
Other liabilities	2432142	313279
Total	912362491	985216776

Schedule 11

PROVISIONS

Income/ Fringe Benefit Tax

As per last balance sheet

Additions during the year

Amount adjusted during the year

Less: Set off against taxes paid

	31.03.2010	31.03.2009
	-	6822
	146842820	258911358
	(390133804)	(131756370)
	536976624	390674550
Proposed dividend	-	-
As per last balance sheet	80000000	40000000
Additions during the year	100000000	80000000
Amounts used during the year	80000000	40000000
	100000000	80000000

Tax on proposed dividend

As per last balance sheet

Additions during the year

Amounts paid during the year

	31.03.2010	31.03.2009
	13596000	6798000
	16608750	13596000
	13596000	6798000
	16608750	13596000

Employee benefits

As per last balance sheet

Additions during the year

Amounts reversed during the year

Amounts paid during the year

	31.03.2010	31.03.2009
	4093248	5559837
	18760	792156
	1699131	-
	1356375	2258745
	1056502	4093248
Total	117665252	97689248

Schedule 12

CONTINGENT LIABILITIES

Claims against the company not acknowledged

as debts in respect of:

Disputed open access charges

Disputed energy charges

Others

	31.03.2010	31.03.2009
	-	15600385
	13791836	108219634
	-	200000
Total	13791836	124020019

	(Rs.)	
	Current Year	Previous Year
Schedule 13		
SALES		
Power	18294915737	18874348150
Less: Power Purchase	<u>18169623104</u>	<u>18588043014</u>
	125292633	286305136
Power under swap arrangements	<u>89419146</u>	<u>86551229</u>
	214711779	372856365
Fly Ash	140722123	307878924
Cenosphere	<u>810253</u>	<u>5119668</u>
(Before 03.11.2009)	141532376	312998592
Fly Ash	125600820	-
Cenosphere	<u>5914340</u>	<u>-</u>
(From 03.11.2009)	131515160	-
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)	<u>131515160</u>	<u>-</u>
Total	356244155	685854957
Schedule 14		
OTHER INCOME		
Interest (Gross) (Tax deducted at source Rs.1,16,02,442/-, Previous year Rs.3,37,54,646/-)	82303612	156447261
Interest/surcharge received from customers	314168	2309208
Security deposit forfeited	53534909	-
Miscellaneous income	3262	345
Gain on Asset Sale	581	-
Total	136156532	158756814
Schedule 15		
COST OF FLY ASH/ASH PRODUCTS		
--Fly Ash	447203	1505661
--Cenosphere	<u>1454806</u>	<u>894305</u>
	1902009	2399966
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)	<u>26472</u>	<u>-</u>
--Fly Ash	1328931	1355403
--Cenosphere	<u>546606</u>	<u>2399966</u>
Total	546606	2399966
Schedule 16		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	65125850	48403919
Contribution to provident and other funds	5900404	4817455
Welfare expenses	3955719	<u>6048452</u>
	74981973	<u>59269826</u>
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)	<u>9426267</u>	<u>-</u>
Total	65555706	59269826
Schedule 17		
ADMINISTRATION & OTHER EXPENSES		
Power Charges	887100	550635
Rent	26990857	11019029
Repairs & Maintenance	2956989	882675
-Office	100433	95077
-Others	3057422	977752
Rates and taxes	3005000	2141100
Training & recruitment expenses	12800	336468
Communication expenses	639086	721691
Travelling expenses	3780226	3157360
Tender expenses	2699405	1981004
Less: Receipt from sale of tenders	<u>280000</u>	<u>270000</u>
	2419405	1711004
Payment to Auditors	96513	79328
Advertisement and publicity	10000	1282874
Entertainment expenses	452930	592853
Brokerage & commission	226071	172070
Ash utilisation & marketing expenses	8008339	43820
Books and periodicals	26494	19969
Professional charges and consultancy fee	3077468	1658504
Legal expenses	61482	19100
EDP hire and other charges	62429	88144
Printing and stationery	399486	191537
Miscellaneous expenses	1000140	1531616
	54213248	26294854
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)	<u>14505863</u>	<u>-</u>
Total	39707385	26294854

	(Rs.)	
	Current Year	Previous Year
Schedule 18		
INTEREST AND FINANCE CHARGES		
Interest on:		
Cash credit	70672	-
Others	1210	1882750
	71882	1882750
Finance Charges:		
Bank charges	336721	141112
Total	408603	2023862
Schedule 19		
PRIOR PERIOD INCOME/EXPENDITURE (NET)		
EXPENDITURE		
Salary, wages, bonus, allowances & benefits	-	2781320

SCHEDULE 20 NOTES ON ACCOUNTS

- Balances shown under debtors, advances and creditors in so far as these have not been since realized/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
- Sales and Purchases of energy are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).
- Sale of power under SWAP arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognized for Rs.8,94,19,146/- (previous year Rs.8,65,51,229/-) in schedule 13.
- The Company sells fly ash and cenosphere given free of cost by its holding Company NTPC Limited. Consequent to the notification dated 03.11.2009, issued by Ministry of Environment and Forest (MoEF), Government of India, the Company has created the Fly Ash Utilization Fund amounting to Rs.13,15,15,160/- being the amount collected from sale of fly ash and Cenosphere for the period 03.11.2009 to 31.03.2010. In compliance of the above said notification the Company has utilized Rs. 2,52,87,533/- being the direct/indirect expenses relating to the sale of fly ash and Cenosphere for the period from 03.11.2009 to 31.03.2010 from the Fly Ash Utilization Fund leaving a balance of Rs. 10,62,27,627/- as at 31.03.2010.
- Sale of Power includes compensation received of Rs.52,50,59,097/- (previous year Rs.20,39,54,025/-) due to lesser drawl of power by the buyers.
- Power purchase includes compensation payment of Rs.52,49,34,604/- (previous year Rs.1,71,51,997/-) due to lesser drawl of power by the Company.
- Employees' remuneration and benefits are net of Rs. (-)8,67,511/- (previous year Rs.34,21,998/-) in respect of gratuity, leave, post retirement medical facility, transfer travelling allowance on retirement / death, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation basis at the end of the year.
- All the employees of the Company are on secondment basis from its Holding Company i.e. NTPC Limited.
- Segment information
 - Business Segments:
The Company's principal businesses are trading of energy and trading of fly ash/ ash products.
 - Segment Revenue and Expense:
Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.
 - Segment Assets and Liabilities:
Segment assets include all operating assets in respective segment comprising of net fixed assets and current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

Particulars	Business Segments				Total	
	Energy Trading		Fly Ash/Ash products trading		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
REVENUE						
Sales	214711779	372856365	141532376	312998592	356244155	685854957
Other Income	51820650	2309208	2031689	335	53852339	2309543
Total	266532429	375165573	143564065	312998927	410096494	688164500
Segment Results	227835995	315299945	120691722	282508898	348527717	597808843
Unallocated Corporate Interest and Other Income					82304193	156447271
Unallocated Corporate expenses, interest and finance charges					39052	1871068
Income Taxes (Net)					146868469	257127306
Profit after Tax					283924389	495257740

(Rs.)

Particulars	Business Segments				Total	
	Energy Trading		Fly Ash/Ash products trading		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
OTHER INFORMATION						
Segment assets	1434957896	1653109469	324641296	188781265	1759599192	1841890734
Unallocated Corporate and other assets					339663326	36681150
Total Assets					2099262518	1878571884
Segment Liabilities	842265236	943333891	174949242	45662854	1017214478	988996745
Unallocated Corporate and other liabilities					119202177	94044915
Total Liabilities					1136416655	1083041660
Depreciation					674460	704445
Non Cash Expenses other than Depreciation						
Capital Expenditure					1847194	958119

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

10. Disclosure regarding leases

Expenses on operating leases of the premises for residential use of the employees amounting to Rs.83,16,090/- (Previous year Rs.28,65,578/-) are included in Schedule 16-"Employees remuneration and benefits". Similarly, lease payments in respect of premises for offices are shown in Rent in Schedule 17-"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 are not non-cancelable.

11. Earnings per share

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

	Current Year	Previous Year
Net Profit/(Loss) after Tax used as numerator (Rupees)	28,39,24,389	49,52,57,740
Weighted average number of equity shares used as denominator	2,00,00,000	2,00,00,000
Earning/(Loss) per share (Rupees)	14.20	24.76
Face value per share (Rupees)	10	10

12. In compliance of Accounting Standard -22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the item wise details of Deferred tax liability (net) are as under.

(Rs.)

	31.03.2010	31.03.2009
Deferred Tax Liability		
i) Difference of book Depreciation and tax Depreciation	1,61,285	1,35,636
Less: Deferred Tax Assets		
i) Provisions Disallowed for Tax Purposes	NIL	NIL
Deferred tax Liability (Net)	1,61,285	1,35,636

The net increase in deferred tax liability of Rs.25, 649/- (previous year increase Rs.87,016/-) has been debited to Profit & Loss Account.

13. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.NIL (previous year Rs.4,80,189/-).

14. Payment to the Statutory Auditors (Schedule 17) (Rs.)

	Current Year	Previous Year
Audit Fees	60,000	40,000
Tax Audit Fees	10,000	9,000
Certification Fees	17,500	22,500
Reimbursements -Traveling Expenses -Service Tax	NIL 9,013	NIL 7,828
	96,513	79,328

15. Managerial remuneration paid/payable to Chief Executive Officer (Rs.)

	Current Year	Previous Year
Salaries and allowances	24,90,838	20,01,098
Contribution to provident fund & other funds including gratuity & group insurance	1,96,343	1,93,220
Other benefits	1,15,304	85,212
Directors' fees	NIL	NIL

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

16. Quantitative information:

	Current Year	Previous Year
a) Trading of energy (MUs)		
Power	3208	2543
Power Under Swap Arrangements	2341	2288
b) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	759056	634768
Cenosphere	553	432
17. Expenditure in foreign currency (Rs.)		
a) Training & recruitment expenses	NIL	63,493
b) Traveling Expenses	NIL	2,46,870

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

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 055
 Registration No. U40108DL2002GO1117584
 Date 31 Month 03 Year 2010
 Balance-Sheet date 31 03 2010

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

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

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

Total Liability	Total Assets
2099262518	2099262518

Source of Funds

Paid-up Capital	Reserves & surplus
2000000	762846
Fly Ash Utilization Fund	Secured Loans
106228	NIL
Unsecured Loans	Deferred Tax Liabilities
NIL	161

Application of Funds

Net Fixed Assets	Investment
2947	NIL
Net Current Assets	Misc. Expenditure
1066288	NIL
Accumulated Losses	
NIL	

IV. Performance of Company(Amount in Rs. Thousands)

Turnover	Total Expenditure
851339	420546
Profit/Loss before Tax	Secured after Tax
430793	283924
Earning per share in Rs.	Dividend Rate%
14.20	50

V. Generic Name of three Principal Product/Services of Company

(As per monetary terms)

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

As per our report of even date

For and on behalf of Board of Directors

For N.K.Jain Mittal & Co.

Chartered Accountants

(N.K.Gupta) (Nitin Mehra) (A.K.Singhal) (R.S.Sharma)
 Partner Company Secretary Director Chairman

M.No.81775

Place: New Delhi

Dated:05.05.2010

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2010

(Rs.)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and Prior Period Adjustments	430792858	755166366
Adjustment for:		
Depreciation	674460	704445
Interest charges	-	1871068
Interest income	(82303612)	(156447261)
Gain on Sale of Assets	(581)	-
Prior period adjustments (Net)	-	(2781320)
	<u>(81629733)</u>	<u>(156653068)</u>
Operating Profit before Working Capital Changes	349163125	598513298
Adjustment for:		
Trade and other receivables	(309732472)	(354260411)
Inventories	1045972	(73925)
Trade payable and other liabilities	(75891031)	217138615
Loans and advances	(19946503)	2966500
Increase in Fly Ash Utilization Fund	106227627	-
	<u>(298296407)</u>	<u>(134229221)</u>
Cash generated from operations	50866718	464284077
Direct taxes paid	(136536758)	(227262699)
Net Cash from Operating Activities-A	<u>(85670040)</u>	<u>237021378</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1848663)	(990466)
Disposal of fixed assets	2050	32347
Interest on Investments Received	98383724	141357382
Income Tax on Interest on Investments	(11602442)	(34030145)
Net Cash used in Investing Activities -B	84934669	106369118
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(80000000)	(60000000)
Tax on dividend	(13596000)	(10197000)
Net Cash flow from Financing Activities-C	<u>(93596000)</u>	<u>(70197000)</u>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(94331371)	273193496
Cash and Cash equivalents (Opening balance) *	1216491402	943297906
Cash and Cash equivalents (Closing balance)*	1122160031	1216491402

*NOTE: Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks.

For and on behalf of Board of Directors

As per our report of even date

For N.K.Jain Mittal & Co.

Chartered Accountants

(N.K.Gupta)	(Nitin Mehra)	(A.K.Singhal)	(R.S.Sharma)
Partner	Company Secretary	Director	Chairman

M.No.81775

Place: New Delhi

Dated:05.05.2010

AUDITOR'S REPORT

To the Members of

NTPC VIDYUT VYAPAR NIGAM LIMITED

- We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- Further to our comments in the annexure referred to in para 3 above, we report that:
 - 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;
 - In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - 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;
 - In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 20, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2010,
 - in the case of Profit and Loss Account, of the profit for the year ended on that date, and
 - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N.K. Jain Mittal & Co.

Chartered Accountants

(N.K.Gupta)

Partner

M.No.81775

Place: New Delhi
Dated: 05.05.2010

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the accounts for the year ended 31st March 2010.

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which in our opinion is considered reasonable having regard to the size and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) Substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.

- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification 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.
- (e) 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 is adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) According to the information and explanation given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the companies Act, 1956.
(b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) The company has not accepted deposits from the public.
- (vii) In our opinion, the company has an Internal Audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost accounts and records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) The employees of NVVN are on secondment basis from its holding company i.e. NTPC Ltd. The holding company is regular in depositing undisputed statutory dues including dues like Provident Fund, Service Tax etc. with appropriate authorities. Moreover, Sales Tax is being deposited by the company. Further, Income Tax is being directly deposited by the company w.e.f. July 2009. According to the information and explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax and Service Tax etc. in arrear as at 31.03.2010 for a period of more than six month from the date they became payable.
(b) In view of clause (ix) (a) above, the clause (ix) (b) is not applicable.
- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are 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 does not carry any term loans.
- (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, hence no requirement of creation of security or charge.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud has been committed to or by the company during the year.

For N.K. Jain Mittal & Co.
Chartered Accountants
(N.K.Gupta)
Partner
M.No.81775

Place: New Delhi
Dated: 05.05.2010

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, 2010

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2010 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 5 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

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

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

Place: New Delhi
Dated: 31st May, 2010

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 9th Annual Report on the performance of the Company for the financial year ended 31st March, 2010 together with Audited Accounts and the Auditors' Report thereon.

OPERATIONAL REVIEW

Your Company was incorporated on 20th December, 2001 as a wholly owned subsidiary of NTPC Limited (NTPC) under the Presidential Directive with a view to develop infrastructure of Pipavav Power Project in the State of Gujarat. NTPC also paid a sum of Rs. 6.05 crore to Gujarat Power Corporation Limited (GPCL) for acquisition of required land for the project. Subsequently with a view to develop Pipavav Power Project through a 50:50 equity participation by NTPC and GPCL under Joint Venture, a Memorandum of Understanding (MOU) was signed by NTPC with GPCL and Gujarat Electricity Board on 20th February, 2004.

Subsequently, Ministry of Power, Govt. of India conveyed the approval of competent authority to allow NTPC Limited to dissociate from Pipavav Power Project (1000MW) in view of Government of Gujarat's decision to develop the project with another strategic partner. Accordingly, process was started for settlement of dues of NTPC with GPCL/ Government of Gujarat and all the claims with GPCL/ Government of Gujarat have been amicably settled between NTPC and GPCL except a nominal claim of approximately Rs. 21 Lac being the amount of interest.

In line with the DPE guidelines, NTPC had also approached Ministry of Power, Govt. of India for its approval for winding up of the Company. Ministry of Power, Govt. of India had issued a Presidential Directive dated July 3, 2009 to NTPC conveying the approval of Government to permit NTPC for winding up of the Company pending final settlement of claims with Gujarat power Corporation Limited/ Government of Gujarat. Further, GPCL has paid a sum of Rs. 20,34,534/- to NTPC during the financial year 2009-10 towards balance of expenses. The said amount has been accounted for in the books of account of NTPC.

Ministry of Power, GOI, through its further Presidential Directive dated April 15, 2010 had conveyed the approval of GOI to permit NTPC for winding up of PPDCL through striking off the name of PPDCL under section 560 of the Companies Act, 1956. Accordingly an application for winding up of PPDCL under section 560 of the Companies Act, 1956 had already been filed on 29th April, 2010 with Registrar of Companies, NCT of Delhi & Haryana.

FINANCIAL REVIEW

During the year, the Company has incurred Rs. 9,141/- towards various expenses like filing fees, professional fees, audit fees and other petty expenses. Further, in order to prepare the NIL balance sheet (i.e. only Paid up share capital and corresponding Profit & Loss Account in the Balance Sheet) a liability of Rs. 22,611/- payable to holding company i.e. NTPC Limited had been credited to Profit & Loss Account. NTPC shall subsequently recover the same from GPCL as per the settlement already arrived at between NTPC and GPCL.

Due to the above, a profit amount of Rs. 13,470/- had been carried forward to Balance Sheet as against loss of Rs. 21,795/- incurred last year.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March, 2010.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) has appointed M/s. K.K. Jain & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2009-10. There are no adverse comments, observation or reservation in the auditor's report on the accounts of the Company except that the Company is not a going concern.

COMPTROLLER & AUDITOR GENERAL REVIEW:

The Comptroller and Auditor General of India (C&AG) vide letter dated 11th May, 2010 has conveyed its decision not to review the report of the statutory auditors' on the accounts of the Company for the year ended 31st March, 2010 and as such has no comments to make under section 619(4) of the Companies Act, 1956. As advised by C&AG, review report of C&AG and comments if any, along with management replies thereto are to be placed with report of Statutory Auditors. Accordingly, letter of NIL comments received from C&AG is placed with report of Statutory Auditors.

SECRETARIAL COMPLIANCE REPORT:

The Company has appointed M/s. A. Kaushal & Associates, Company Secretaries for Secretarial Audit and for obtaining the Certificate of compliance under Section 383A(1) of the Companies Act, 1956 for the financial year 2009-10. The Compliance Certificate is attached as Annexure-I.

PARTICULARS OF EMPLOYEES:

Since, the Company has no employee, the particulars prescribed under section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

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

Since no activity was carried out by the Company during the year there is no significant particular with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo which require disclosure under clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

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 for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) The Directors had selected such accounting policies and made judgements 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 on 31st March, 2010 and of the profit of the company for that period;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS:

During the year, no change had been occurred in the Board of Directors of the Company. Further, pursuant to the provisions of section 256 of the Companies Act, 1956, Shri N. K. Sharma shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

ACKNOWLEDGEMENT:

The Board of Directors wish to place on record its appreciation for the support and co-operation extended by the Union Ministry of Power, NTPC Ltd., Gujarat Power Corporation Ltd., Gujarat State Electricity Corporation and other agencies of Govt. of India/ Govt. of Gujarat and Auditors of the company.

For and on behalf of the Board of Directors

Place: New Delhi.

(R. S. Sharma)

Dated: July 14, 2010

Chairman

ANNEXURE-I

COMPLIANCE CERTIFICATE

CIN: U40105DL2001GOI113508

Authorise Capital: Rs. 10,00,00,000/-

To

The Members

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED

NTPC Bhawan, Core-7, Scope Complex,

7, Institutional Area, Lodhi Road,

New Delhi – 110 003.

I have examined the registers, records, books and papers of **PIPAVAV POWER DEVELOPMENT COMPANY LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended 31st March, 2010 (the financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I hereby certify that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns on the dates as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities generally within the time limit prescribed under the Act and the rules made thereunder.
3. The Company being a public limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 4 (Four) times on 13th May, 2009, 22nd July, 2009, 04th November, 2009 & 29th March, 2010 in respect of which meetings proper notices were given and the proceedings were duly recorded and signed in minutes books maintained for the purpose.
5. The Company was not required to close its Register of Member during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 22nd July, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meetings was held during the financial year.
8. As explained to me, the Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As explained to me, there were no instances falling within the purview of Section 314 of the Act and as such the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
 - (i) has not made allotment / transfer / transmission of securities during the financial year.
 - (ii) was not required to deposit any amount in a separate bank account, as no dividend was declared during the financial year.
 - (iii) was not required to post warrant to any member of the Company, as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount in Investor Education & Protection Fund, as there is no unpaid dividend, application money due for the refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.
 - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Director or Alternate Director or Director to fill Casual Vacancy during the financial year.
15. The Company has not appointed Managing Director / Whole time director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued equity shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. As the Company has not issued any preference shares or debentures, there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited any public deposits including unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
24. The Company has not made any borrowing during the financial year.
25. The Company has not made investments in other body corporate and has not given any guarantees or provided securities to other body corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum of Association with respect to Situation of the Registered Office of the Company from one state to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to Name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. As explained to me, there was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any Provident Fund Trust for its employees and as such the provisions of section 418 of the Act are not applicable.

FOR A. KAUSHAL & ASSOCIATES
COMPANY SECRETARIES
AMIT KAUSHAL
PROPRIETOR
C.P.NO. 6663

PLACE : NEW DELHI
DATE : 22.04.2010

ANNEXURE 'A'

Registers as maintained by the Company:

S.No.	Name of Register(s)	Under Section
1.	Register of Members	150
2.	Register & Returns	163
3.	Minutes Book of General Meetings, Board Meetings.	193
4.	Books of Accounts	209
5.	Register of particulars of contracts in which directors are interested.	301
6.	Register of Director, Managing Director, Manager, Secretary.	303
7.	Register of Directors' Shareholdings	307

ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or any other Authorities during the financial year ended 31st March, 2010.

S. No.	Forms & Returns	U/s	For	Filed on
1.	Form No. 23AC & Form No. 23ACA alongwith Notice of Annual General Meeting, Balance Sheet, Profit & Loss Account together with Auditors & Directors' Report thereon.	220	the financial year ended on 31st March, 2009.	10.08.2009
2.	Form No. 20B alongwith Annual Return as per Schedule V	159	the Annual General meeting held on 22nd July, 2009.	17.08.2009
3.	Form No. 66	383A	the filing Compliance Certificate for the financial year ended on 31st March, 2009.	10.08.2009

**PIPAVAV POWER DEVELOPMENT COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH 2010**

	Sch. No.	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	<u>37,50,000</u>	<u>37,50,000</u>
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and bank balances	2	-	13,068
Loans and advances		-	-
		-	13,068
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	3	-	<u>26,538</u>
Net Current Assets		-	(13,470)
Profit and Loss Account		<u>37,50,000</u>	37,63,470
TOTAL		<u>37,50,000</u>	<u>37,50,000</u>
Notes on Accounts	4		
Schedules 1 to 4 form integral part of Annual Accounts			

For & on Behalf of the Board of Directors
(N. K. Sharma) (R. S. Sharma)
Director Chairman

In terms of our report of even date
For K.K.Jain & Co.
Chartered Accountants
(Simmi Jain)
M.No.86496
Partner
FRN No. 02465N
Place: New Delhi
Dated: 22.04.2010

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2010

	Rs.	
	Current Year	Previous Year
Income :		
Liability written off-NTPC Ltd.	22,611	-
Total	22,611	-
Expenditure :		
Filing fees	1,500	3,100
Professional Fees	2,096	2,471
Secretarial Audit Fees	-	4,412
Audit fees	5,515	11,030
Miscellaneous Expenses	30	782
Total	9,141	21,795
Profit (Loss) before Tax	13,470	(21,795)
Balance brought forward	(37,63,470)	(37,41,675)
Balance Carried to Balance Sheet	(37,50,000)	(37,63,470)
Earning Per share (Equity Shares of Face Value of Rs.10/-each) - Basic and Diluted	0.04	(0.06)

For & On Behalf of the Board of Directors
 (N. K. Sharma) Director (R. S. Sharma) Chairman

In terms of our report of even date
 For K.K.Jain & Co.
 Chartered Accountants
 (Simmi Jain)
 M.No.86496
 Partner
 FRN No. 02465N
 Place: New Delhi
 Dated: 22.04.2010

SCHEDULES FORMING PART OF BALANCE SHEET

	Rs.	
	31.03.2010	31.03.2009
Schedule 1		
CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
Issued Subscribed and Paid-up		
3,75,000 equity shares (previous year 3,75,000 equity shares) of Rs.10/- each held by the holding company, NTPC Limited, and its nominees.	37,50,000	37,50,000

SCHEDULE -2

CASH & BANK BALANCES :

	Rs.	
Cash on hand	-	306
Balance with Scheduled Bank in Current Account	-	12,762
TOTAL	-	13,068

SCHEDULE -3

CURRENT LIABILITIES & PROVISIONS :

	Rs.	
Other Liabilities - For Services	-	26,538
TOTAL	-	26,538

SCHEDULE-4

Significant Accounting Policies:

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

Notes on Accounts:

1. Ministry of Power (MOP) has directed NTPC Limited to disassociate from the Pipavav Power Project in view of Government of Gujarat's (GOG) decision to develop the project with another strategic partner. Keeping in view the above, the Board of Directors of NTPC Limited have already given consent for winding up of the Company after due settlement of claims of PPDCCL with GPCL/GOG. Further, on being approached by NTPC, Ministry of Power, GOI had issued a Presidential Directive dated July 3, 2009 to NTPC conveying the approval of GOI to permit NTPC for winding up of PPDCCL pending final settlement of claims with GPCL/GOG. Further, GPCL has paid a sum of Rs. 20,34,534/- to NTPC Limited during the financial year 2009-10 towards balance of expenses. The said amount has been accounted for in the books of account of NTPC Limited.
 Ministry of Power, GOI, through its further Presidential Directive dated April 15, 2010 had conveyed the approval of GOI to permit NTPC for winding up of PPDCCL through striking off the name of PPDCCL under section 560 of the Companies Act, 1956.

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

	Current Year	Previous Year
Net Profit before Tax used as numerator	13,470	(21,795)
Weighted Average number of Equity Shares used as denominator	3,75,000	3,75,000
Earning per Share – Basic and Diluted	0.04	(0.06)
Face value per share	10	10

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 055
 Registration No. U40105DL2001G01113508

Balance-Sheet date Date: 31 Month: 03 Year: 2010

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

Public Issue	Nil	Right issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liability	3750	Total Assets	3750
-----------------	------	--------------	------

Source of Funds

Paid-up Capital	3750	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	Nil	Investment	Nil
Net Current Assets	Nil	Misc. Expenditure	Nil
Accumulated Losses	3750		

IV. Performance of Company(Amount in Rs. Thousands)

Turnover	Nil	Total Expenditure	9
Profit/Loss before Tax	13	Profit/Loss after Tax	13
Earning per share in Rs.	0.04	Dividend Rate%	Nil

V. Generic Name of three Principal Product/Services of Company

(As per monetary terms)

Item Code No. -
 (ITC Code) -
 Product Description -

In terms of our report of even date

For K.K.Jain & Co.
 Chartered Accountants
 (Simmi Jain)
 M.No.86496
 Partner
 FRN No. 02465N
 Place: New Delhi
 Dated: 22.04.2010

For & On Behalf of the Board of Directors

(N. K. Sharma) Director (R. S. Sharma) Chairman

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2010

	Rs.	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Operating Profit (Loss) before working capital changes	13,470	(21,795)
Adjustment for Sundry creditors	(26,538)	(288)
Loans & Advances	-	-
Net Cash flow (outgo) from Operating Activities – A	(13,068)	(22,083)
B. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	-	-
Net Cash flow (outgo) from financing Activities – B	-	-
Net Increase (Decrease) in cash and cash equivalents (A+B)	(13,068)	(22,083)
Cash & Cash equivalent (Opening Balance)	13,068	35,151
Cash & Cash equivalent (Closing Balance)	-	13,068

Note : Cash & Cash equivalent includes cash in hand and balance with banks

In terms of our report of even date

For K.K.Jain & Co.
 Chartered Accountants
 (Simmi Jain)
 M.No.86496
 Partner
 FRN No. 02465N
 Place: New Delhi
 Dated: 22.04.2010

For & On Behalf of the Board of Directors

(N. K. Sharma) Director (R. S. Sharma) Chairman

Auditor's Report

To, The Members of PIPAVAV POWER DEVELOPMENT COMPANY LIMITED

We have audited the attached balance sheet of Pipavav Power Development Company Limited, New Delhi as at 31st March, 2010, the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 assurances about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with books of account;
- iv. In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. Being a Government Company, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the company (Notification NO. GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs);
- vi. Ministry of Power has directed National Thermal Power Corporation Ltd to discontinue its involvement in the company in view of Government of Gujarat's decision to develop the project with another strategic partner. Hence the company is not a going concern.
- vii. In our opinion and to the best of our information and according to the explanations given to us and subject to our comment in para (vi) above, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of balance sheet, of the state of affairs of the company as at 31st March, 2010
 - (b) in the case of profit & loss account, of the loss for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956, we further report in terms of matters specified in paragraphs 4 and 5 of the said Order that:

- (i) Since the company has not commenced any business operations and is not having any fixed assets/stocks, clauses (i) & (ii) of the paragraph 4 of the Order are not applicable to the company;
- (ii) Since the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of Act, clause (iii) of the paragraph 4 of the Order is not applicable to the company;
- (iii) Since there is no inventory, fixed assets and sale of goods, clause (iv) of the paragraph 4 of the Order is not applicable to the company;
- (iv) According to the information given to us, there are no transactions that need to be entered in the register maintained u/s 301 of the Act, therefore clause (v) of the paragraph 4 of the Order is not applicable to the company;
- (v) According to the information and explanations given to us, the company has not accepted any deposits from public during the year, therefore, clause (vi) of the paragraph 4 of the Order is not applicable to the company;
- (vi) Since the company is neither a listed company and/nor having a paid up capital exceeding Rs.50 Lakhs as at the commencement of the financial year concerned nor having an average annual turnover exceeding five crore rupees for a period of three consecutive financial year immediately preceding the financial year concerned, clause (vii) of the paragraph 4 of the Order is not applicable to the company;
- (vii) The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956

for the company, therefore, clause (viii) of the paragraph 4 of the Order is not applicable to the company;

- (viii) According to the information and explanations given to us, since the company has not commenced any business operations, various provisions with regard to payments of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues are not applicable to company for the time being, therefore, clause (ix) of the paragraph 4 of the Order is not applicable to the company;
- (ix) The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during financial year covered by our audit and in the immediately preceding financial year.
- (x) As per the information and explanations given to us, clause (xi) of the paragraph 4 of the order is not applicable to the company, since there is no dues payable by the company to a financial institutions or bank or debenture holders;
- (xi) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, therefore, clause (xii) of the paragraph 4 of the order is not applicable to the company;
- (xii) Since the company is not a chit fund/nidhi/mutual benefit fund/society, clause (xiii) of the paragraph 4 of the order is not applicable to the company;
- (xiii) Since the company is not dealing or trading in shares, securities, debentures and other investments, clause (xiv) of the paragraph 4 of the order is not applicable to the company;
- (xiv) As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, therefore, clause (xv) of the paragraph 4 of the order is not applicable to the company.
- (xv) Since the company has not taken/raised any loans, clauses (xvi) & (xvii) of the paragraph 4 of the order are not applicable to the company;
- (xvi) As per 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.
- (xvii) Since the company has not issued any debentures, clause (xix) of the paragraph 4 of the order is not applicable to the company;
- (xviii) Since the company has not raised money by public issue, clause (xx) of the paragraph 4 of the order is not applicable to the company;
- (xix) As per information and explanations given to us, no frauds on or by the company has been noticed or reported during the course of our audit.

For K. K. JAIN & CO.
Chartered Accountants
(Simmi Jain)
Partner
M.No.86496
FRN No. 02465N

Place : New Delhi
Dated : 22.04.2010

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF PIPAVAV POWER DEVELOPMENT COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of PIPAVAV POWER DEVELOPMENT COMPANY LIMITED, New Delhi, for the year ended 31 March 2010 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 22 April 2010.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of PIPAVAV POWER DEVELOPMENT COMPANY LIMITED, New Delhi for the year ended 31 March 2010 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

(Ghazala Meenai)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 11th May, 2010

**KANTI BIJLEE UTPADAN NIGAM LIMITED
DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2010.

OPERATIONAL AND COMMERCIAL PERFORMANCE

The Unit#2 of Muzaffarpur Thermal Power Station (MTPS) of your Company has been operating after restoration and stabilization since 29.02.2008. The contract for Renovation & Modernisation (R&M) work of Boiler, Turbine, Generator & Auxiliaries (BTG Packages) for 2X110MW units of MTPS has been awarded to Bharat Heavy Electricals Limited (BHEL) and the same would be completed within 28 months from the date of award. R&M cost of both the units would be around Rs. 471.80 crore which is being financed by Backward Region Grants Fund of the Government of India. R&M of Balance of Plant (BOP) is being taken up directly by your Company.

The Board of Directors of your Company has granted investment approval for expansion of existing plant by addition of 2X195 MW units on 06.03.2010. The contract for Main Plant award which includes SG with ESP and TG Package has been awarded to BHEL at a total contract price of Rs. 1076 crore. As per the work schedule, completion of first unit shall be achieved within 31 months and second unit shall be completed within 3 months thereafter. The facilities for the plant would be constructed in the land available with MTPS and as such no additional land is required for plant and township. Only 376 acres of land is required for Ash Dyke, its Corridor and Make-up Water Pump House out of which for 372.27 acres of land, application has been submitted and demand note for deposit of money is received from Government of Bihar. The Company has also signed Power Purchase Agreement with Bihar State Electricity Board. However, power would be allocated by the Ministry of Power, Government of India.

During the year, the power station of the Company had generated 461 MU of electricity which was 104.16% over and above the generation in 2008-2009. The plant operated at an average PLF of 47.8% during the year.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2010 are as under:-

(Rs. Crore)

Particulars	Fiscal 2010	Fiscal 2009
Paid-up Share Capital	88.5	0.1
Share Capital Deposit Pending Allotment	4.3	61.5
Reserve & Surplus	187.4	112.5
Secured Loans	38.4	32.1
Net Block	27.8	29.4
Capital Work-in-Progress	146.9	129.5
Construction Stores & Advances	141.6	66.7
Current Assets, Loans and Advances	29.5	24.9
Current Liabilities	27.1	44.3
Loss after Tax	(0.08)	(0.003)
Earning Per Share (Rs.)	(0.13)	(0.28)

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 2010.

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

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

Your Company has successfully introduced ERP system to get leverage from information technology.

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

AUDIT COMMITTEE

An Audit Committee of the Board of Directors of the Company has been formed on 07.04.2010 in accordance with Section 292A of the Companies Act, 1956 comprising S/ Shri A.K. Singhal, Vivek Kumar Singh, P.K. Rai and N.N. Misra, Directors as members of the Committee. One meeting of the Audit Committee was held after its formation, i.e. on 11.05.2010.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 21.08.2009 had appointed M/s GRA & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2009-10. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPROLLER & AUDITOR GENERAL REVIEW

Comptroller & Auditor General of India (C&AG) vide letter dated 14th May 2010 has decided not to review the report of the Auditors on the accounts of the company for the year ended 31st March 2010 and as such has no comments to make under Section 619(4) of the Companies Act, 1956.

As advised by the office of the C&AG, the NIL comments of C&AG on the accounts of the Company for the year 2009-2010 are being placed with the report of the Statutory Auditors.

PARTICULARS OF EMPLOYEES

The particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are at Annex-2.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts for the Financial Year ending on 31st March 2010, the applicable accounting standards have 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 as at the end of Financial Year 2009-2010 and of the loss of the company for the said period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors had prepared the annual accounts for the Financial Year ending on 31st March 2010, on going concern basis.

BOARD OF DIRECTORS

Shri R.K. Jain and Shri Swapan Mukherjee have ceased to be the Director of your Company w.e.f. 31st December 2009 consequent upon attaining the age of superannuation.

Shri R.C. Shrivastav has ceased to be the Director of your Company w.e.f. 30th June 2010 consequent upon attaining the age of superannuation.

Shri R.K. Sharma and Shri V.K. Singh have ceased to be the Director of your Company w.e.f. 27th July 2010 consequent upon their nomination being withdrawn by Bihar State Electricity Board.

Shri P.K. Rai, Member (Generation, Distribution and Rural Electrification), BSEB has been nominated by BSEB as a Director in place of Shri Swapan Mukherjee. Shri N.N. Misra, Executive Director (HR), NTPC has been nominated by NTPC as a Director in place of Shri R.K. Jain. The Board of your Company has appointed both Shri P.K. Rai and Shri N.N. Misra as Directors w.e.f. January 9, 2010.

Shri V.C. Gupta, Member (Finance & Revenue), BSEB has been nominated by BSEB as a Director in place of Shri V.K. Singh. Shri G.J. Deshpande, Executive Director (OS), NTPC has been nominated by NTPC as a Director in place of Shri R.C. Shrivastav. The Board of your Company has appointed both Shri V.C. Gupta and Shri G.J. Deshpande as Directors w.e.f. 27th July 2010.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.K. Jain, Shri Swapan Mukherjee, Shri R.C. Shrivastav, Shri R.K. Sharma and Shri V.K. Singh during their association with your Company.

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

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 27.07.2010

(R.S. Sharma)
Chairman

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

INDUSTRY SECTOR AND DEVELOPMENTS

Generation

Existing Installed Capacity

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

The total installed capacity in the country as on March 31, 2010 is 159,398.49 MW.

The total thermal capacity, including gas stations and diesel generation accounts for about 64.3% of installed capacity of the country followed by hydro capacity at 23.1%. Nuclear stations account for 2.9% and the balance 9.7% is contributed by Renewable Energy Sources.

According to the Ministry of Power, a total of 34 projects were commissioned during 2009-10 with a total capacity of 9,585 MW. These include 31 thermal power plants with a total capacity of 9,106 MW, one hydro power plant with a capacity 39 MW, and two nuclear power plants with a combined capacity of 440 MW.

Existing Generation

The total power generation in the country during the year 2009-10 was 771,551 BUs as compared to 723,794 BUs generated during the last year registering a growth of 6.5%.

Demand and Supply Position

Currently, the sector is characterised by acute power shortages. During the year, the peak shortage was 12.7% and the energy shortage was 10.1%.

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The All-India PLF for the power sector was 77.48% during 2009-10.

Performance of Kanti Bijlee Utpadan Nigam Limited

During the year, the power station of the Company had generated 461 MU of electricity which was 104.16% over and above the generation in 2008-2009. The plant operated at an average PLF of 47.8% during the year. The Auxiliary power consumption was 14.08% of generation as against 16.25% of generation during the corresponding period in last year. The energy sale during the year was Rs. 144.47 crore at the mutually agreed rate of Rs. 3.65 per unit between the Company and Bihar State Electricity Board (BSEB). Payment at this rate would be subject to adjustment based on tariff decided by Central Electricity Regulatory Commission. Your Company has requested BSEB for making timely payment towards sale of energy.

SWOT ANALYSIS

Strength:

- Fully supported prestigious project of Govt. of India
- Reputed background of promoters
- Strong back up of Govt. of Bihar
- NTPC Limited as a major stake holder
- NTPC as a consultant having wide experience in engineering and management expertise from planning to commissioning and operating power plants
- BHEL as EPC contractor
- Funding of R&M under BRGF scheme of GOI

Weakness:

- Climatic condition of Bihar: Huge Rainfall and Floods
- Manpower constraint
- Socio-economic condition of the area
- Non availability of adequate infrastructure facilities
- Lack of technically skilled and experienced local manpower
- Schedule dependency on Transmission Lines

Opportunity:

- Huge Demand of power by Bihar
- Increasing industrial development in Bihar
- Allocation of power to other States
- R&M of BOP by KBUNL directly

Threats:

- Rising prices of the feed stock
- Constrained availability of coal
- Poor quality of coal
- Increased rate of power due to de-rated capacity of plant
- Delayed Realisation of sale proceeds from Bihar State Electricity Board

- Environmental concern for increasing pollution
- Land Acquisition
- Clearance from various Authorities
- Security Concern

OUTLOOK

The company's outlook appears to be very bright and will get break even very soon once the plant is commissioned and production is stabilized. It will generate sufficient revenue for the growth and development of the company vis-à-vis employment opportunities to the local inhabitants.

RISK AND CONCERN

Risk taking is intrinsic to business growth. All business organizations face risks either from internal operation or from external environment. The base of any business is healthy appetite for risk. This is why one of the greatest and most important challenges for an organization is to define the optimal risk level for its business to ensure that its activities produce risk adjusted returns.

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

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

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

Financial Risks are concerned with delayed realisation of sale proceeds from BSEB, servicing of debt, releasing of funds from Backward Region Grants Fund scheme of Govt. of India.

The Company is persistently taking up with BSEB for timely payment of sale proceeds and with Planning Commission for release of grant under BRGY scheme.

Operational risks are associated with systems, processes and people and cover areas such as operational failure or interruption, disruption in supply chain.

Low quality and less availability of coal is a major issue. Also, manual unloading of coal consumes most of the time. However, company is in the process of procuring and implementing Wagon Tippler by which Company shall be able to arrange faster unloading of coal. Timely completion of Renovation & Modernisation of Main Plant and Balance of Plant of Unit -1 & Unit -2 of existing MTPS shall help in generation of electricity by the plant in the long run and also the revenue being generated from it.

INTERNAL CONTROL

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

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

FINANCIAL DISCUSSION AND ANALYSIS

Your company was formed on 06.09.2006 as per the decision of Ministry of Power and Government of India to take over the assets of Muzaffarpur Thermal Power Station (2X110MW).

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

During the financial year 2009-2010, M/s Thakur Vaidyanath Aiyer & Co., Chartered Accountants, Patna who were appointed for the purpose of carrying out exercise of physical verification of taken over assets and apportionment of transfer value of various physically verified assets submitted their verification and value report on 25.12.2009. The transferred value of the assets arrived at Rs. 88.4 crore.

Your Company has allotted shares worth Rs. 88.4 crore to NTPC Limited and BSEB on 06.03.2010. NTPC Limited has been allotted shares for Rs. 57.1 crore, the amount which NTPC had paid to Life Insurance Corporation of India against vacation of charge created against transferred assets and shares for the balance value i.e. Rs. 31.3 crore have been allotted to BSEB. After allotment, the shareholding of NTPC and BSEB in the Company is in the ratio of 64.57:35.43.

During the year, the energy sent out was 396 MUs as against 189 MUs during the corresponding period last year. The expenditure incurred on employees remuneration and other benefits relating to employees, administration and other expenses,

depreciation, interest and finance charges, less receipts from sale of energy to BSEB, amounting to Rs. 40.5 crore were transferred to Expenditure during Construction Account. The training and recruitment expenses, provision for unserviceable store and provision for shortage store amounting to Rs. 741,820 were charged to Profit & Loss Account. The net loss carried to the Balance Sheet during the year was Rs. 7,50,950/-.

The additions made in the fixed assets during the year was Rs. 13,09,651/- and the gross block after depreciation amounted to Rs. 27.8 crore. The depreciation has been charged on residual life of the assets after allocation of value to assets is being made by M/s Vaidyanath Aiyer & Co., Chartered Accountants.

Out of Rs. 350 crore grant sanctioned by Government of India under Backward Region Grants Fund scheme (BRGF), Bharat Heavy Electricals Limited has been paid Rs. 172.50 crore as an advance and Rs. 15 crore had been paid to your company. The Company has a loan liability of Rs. 26.2 crore payable to NTPC which is secured by mortgage through deposit of title deed.

The addition to buildings, plant & machinery, survey & investigation expenses (Stage-II), pre commissioning expenses and expenditure during construction have been accounted as Capital Work-in-Progress and this amounted to Rs. 146.87 crore.

POWER OF HUMAN RESOURCE

Your Company takes pride in its highly motivated and competent human resource that has contributed its best to bring the Company to its present stature. As an affirmative measure to ensure social justice, your company has endeavored for adequate representation of Scheduled Caste and Scheduled Tribes employees. Out of total 149 employees in the Company, 8 employees belong to SC Category and 4 employees belong to ST Category.

The Company is paying adequate perks and also making employees part of profit by

giving Profit Related Payment. They are being imparted training for their professional upgradation from time to time and as an endeavour of being a learning organisation. The Company had paid Rs. 16.7 crore towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses.

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

ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION

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

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

CAUTIONARY STATEMENT

It is clarified that the actual results may vary materially from those expressed or implied in the Management Discussion & Analysis due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors.

For and on behalf of Board of Directors

Place: New Delhi
Dated: 27.07.2010

(R.S. Sharma)
Chairman

Annex-2 to the Directors' Report

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

Name	Designation and Nature of duties	Remuneration	Qualification	Date of Commencement of Employment	Exp.	Age	Last Employment held	Remarks
		(Rs.)						
1	2	3	4	5	6 (Yrs)	7 (Yrs)	8	
Employed for Whole of the Year								
Dutta Dilip Kumar	DGM (C&M)	2868124	BE (Electrical)	30.11.1981	29	51	-	-
Jha Satish Chandra	AGM (F&A)	2560302	C.A.	01.07.1987	23	59	-	-
Jha Shambhu Sharan	DGM (TMD)	2519447	BE (Mech.)	01.09.1987	23	48	-	-
Kumar Uttam	DGM (Oper.)	2673787	B.Sc. Engg.(Elect)	21.11.1983	27	51	-	-
Singh Jai Shankar Prasad	AGM (R&M)	2500536	B.Sc. Engg.(Mech)	25.01.1985	25	59	-	-
Sarkar Shuddhasattwa	AGM (MM)	2490407	BE (Mech)	27.10.1986	24	50	-	-
Employed for Part of the Year								
-NIL-								

Notes:

- Persons named above are/ were employees of the Company.
- Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/hospitals at Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/group insurance in accordance with Company's Rules.
- None of the employees listed above is related to any director of the company.
- Remuneration mentioned above is inclusive of retirement /separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.
- None of the employees hold any equity in the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 27.07.2010

(R.S. Sharma)
Chairman

KANTI BIJLEE UTPADAN NIGAM LIMITED ACCOUNTING POLICIES 2009-10.

1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting

principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses

during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the Government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

4. FIXED ASSETS

- 4.1 Fixed Assets are carried on historical cost.
- 4.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are recorded at their cost of acquisition.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses related to land in possession are treated as cost of land.
- 4.6 In the case if assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Administration and general overhead expenses attributable to construction of fixed assets are identified and allocated on a systematic basis and included in the cost of related assets till they are ready for their intended use.
- 5.3 Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

6. FOREIGN CURRENCY TRANSACTIONS

- 6.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 6.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- 6.3 Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost. Exchange differences (gain) are adjusted in the cost of related assets to the extent the related exchange loss was regarded as borrowing cost in the earlier periods till the related assets are ready for their intended use.
- 6.4 Exchange differences are recognized as income or expense in the period in which they arise.

7. BORROWING COSTS

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

8. INVENTORIES

- 8.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
- 8.2 Diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

9. EXPENDITURE

- 9.1 Depreciation is charged on straight line method at the rates specified in schedule XIV of the Companies Act, 1956 except for the following

assets at the rates mentioned below:

a) Kutcha Roads	47.50%
b) Enabling works	
- Residential buildings including their internal electrification.	06.33%
- Non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helpads and airstrips.	19.00%
c) Personal computers and Laptops including peripherals	19.00%
d) Photocopiers and Fax Machines	19.00%
e) Air conditioners, water coolers and Refrigerators	08.00%

- 9.2 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.
 - 9.3 Assets costing up to Rs. 5000/- are fully depreciated in the year of acquisition.
 - 9.4 Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is earlier.
 - 9.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
 - 9.6 Where the life and /or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
 - 9.7 Machinery spares which can be used by in connection with as item of plant and machinery and it's use is expected to be irregular, are capitalized and fully depreciated over the residual useful life of the related plant and machinery.
 - 9.8 Capital expenditure on assets not owned by the company is amortized over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
 - 9.9 Leasehold buildings area amortized over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalized, are amortized over a period of 30 years.
 - 9.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
 - 9.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
 - 9.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognized in the statement of profit & loss account.
 - 9.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
 - 9.14 Prepaid expenses and prior expenses/income of items of Rs. 100,000/- and below are charged to natural heads of accounts.
 - 9.15 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.
- 10. PROVISIONS AND CONTINGENT LIABILITIES**
- A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
- 11. CASH FLOW STATEMENT**
- Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

**KANTI BIJLEE UTPADAN NIGAM LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010**

	Schedule No	Amount (Rs)	
		As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	885,075,370.00	1,000,000.00
Share Capital Deposit pending Allotment		43,800,000.00	614,800,000.00
Reserve & Surplus	2	1,874,128,334.00	1,124,879,284.00
		2,803,003,704.00	1,740,679,284.00
LOAN FUNDS			
Secured Loan	3	383,731,637.00	320,686,286.00
TOTAL		3,186,735,341.00	2,061,365,570.00
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	334,868,757.22	323,301,752.00
Less: Depreciation		56,811,103.96	29,726,171.00
Net Block		278,057,653.26	293,575,581.00
Capital Work-in-Progress	5	1,468,733,115.70	1,294,909,252.00
Construction Stores and Advances	6	1,415,918,574.31	667,324,419.00
		3,162,709,343.27	2,255,809,252.00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventory	7	9,685,075.00	30,884,255.00
Other Current Assets	8	2,594,755.08	317,331.00
Sundry debtors	9	131,240,801.00	41,743,349.00
Cash & Bank Balances	10	140,862,411.46	49,174,518.00
Loans and Advances	11	10,818,855.36	126,716,531.00
		295,201,897.90	248,835,983.00
LESS: CURRENT LIABILITIES			
Liabilities	12	246,353,691.31	427,630,245.00
Provisions	13	24,822,209.00	15,649,420.00
		271,175,900.31	443,279,665.00
Net Current Assets		24,025,997.73	-194,443,682.00
TOTAL		3,186,735,341.00	2,061,365,570.00

Notes on Accounts 20

Schedule 1 to 20 and accounting policies form part of accounts.

For & On Behalf of the Board of Directors

As per our report of even date

For GRA & Associates

Chartered Accountants

(Rohit Gupta) **(Ruchi Agarwal)**
Partner Company Secretary

(R.K.Sharma) **(R.S.Sharma)**
Director Chairman

M. No 091710

Place: New Delhi

Dated: 11th May 2010

**KANTI BIJLEE UTPADAN NIGAM LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010**

	Schedule No	Amount (Rs)	
		For the period 01.04.2009 to 31.03.2010	For the period 01.04.2008 to 31.03.2009
INCOME			
Other Income	14	0.00	0.00
Total		0.00	0.00
EXPENDITURE			
Employees' Remuneration and Benefits	15	-	-
Administrative & Other Expenses	16	741,820.00	27,866.00
Depreciation		-	-
Interest and Finance Charges	17	9,130.00	-
Prior Period Expenditure	18	-	-
Total		750,950.00	27,866.00
Profit/(Loss) before Tax		(750950.00)	(27866.00)
Provisions:			
Fringe Benefit Tax		-	1,189,107.00
Less: Transferred to EDC		-	1,189,107.00
Provisions for Tax (Net)		-	-
Profit/ (Loss) after Tax		(750950.00)	-27866.00
Balance Brought Forward		(27866.00)	-
Balance Carried to Balance Sheet		(778816.00)	-27866.00
Expenditure During Construction	19	-	-
Earning Per Share			
(Equity Shares, Face Value Rs 10/- each)			
Basic		(0.13)	(0.28)
Diluted (Earning is less than paise one)		-	-
Notes on Accounts	20		

Schedule 1 to 20 and accounting policies form part of accounts.

For & On Behalf of the Board of Directors

As per our report of even date

For GRA & Associates

Chartered Accountants

(Rohit Gupta)

(Ruchi Agarwal)

(R.K.Sharma)

(R.S.Sharma)

Partner

Company Secretary

Director

Chairman

M. No 091710

Place: New Delhi

Dated: 11th May 2010

	Amount (Rs)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE 1: CAPITAL		
Authorised		
100,000,000 equity shares of Rs 10/- each (Previous year 100,000,000 equity shares of Rs 10/- each)	1,000,000,000.00	1,000,000,000.00
Issued, Subscribed and paid up		
88507537 equity shares of Rs 10/- each fully paid up	885,075,370.00	1,000,000.00
(57151000 equity shares of Rs.10 each fully paid up held by NTPC Ltd. and their nominees received in cash and 31356537 equity shares fully paid up shares held by Bihar State Electricity Board and their nominees, in consideration other than cash.)		
(Previous year: 51000 equity shares of Rs.10 each fully paid up held by NTPC Ltd. and their nominees and 49000 shares fully paid up held by BSEB and their nominees)		
Total	885,075,370.00	1,000,000.00

	Amount (Rs)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE 2: RESERVES AND SURPLUSES		
Capital Reserve		
Opening Balance		
(Grants-in-aid from Govt of India)	1,124,907,150.00	1,124,907,150.00
Add: Received during the year	750,000,000.00	-
Closing Balance	1,874,907,150.00	1,124,907,150.00
Profit/(Loss) from Profit & Loss Account	(778816.00)	(27866.00)
Total	1,874,128,334.00	1,124,879,284.00
SCHEDULE 3: SECURED LOANS		
Cash credit from bank	120,874,493.00	14,972,000.00
(Secured against Inventory and Trade Debtors acquired from cash credit loan.)		
Loan from Holding Company NTPC Ltd (Secured by equitable mortgage through deposit of title deed.)	262,857,144.00	305,714,286.00
Total	383,731,637.00	320,686,286.00

KANTI BIJEE UTPADAN NIGAM LIMITED
(Formerly VAISHALI POWER GENERATING COMPANY LIMITED)

SCHEDULE NO 4 - FIXED ASSETS

Amount (Rs)

A/C CODE DESCRIPTION	Gross Block			Depreciation				Net Block		
	As at 01.04.2009	Additions	Adjustments	As at 31.03.2010	As at 01.04.2009	During The Period	Dedn/ Adjust	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Roads, Bridges, Culverts	0	-	12,430,863	12430863	0	372891	10689017	11061908	1368955	0
Water Supply, drainage	0		4,444,628	4444628	0	292724		226724	4217904	0
Other Buildings	308189733		(6,616,539)	301573194	26591637	13584238		40175875	261397319	281598096
Plant & Machinery	770385	0	0	770385	69347	39762	0	109109	661276	701038
Construction Equipment	1832516	0	0	1832516	120900	206807	0	327707	1504809	1711616
Furniture Fixture & Other Office equipment	7144865	1128819	1600	8272084	1523291	745549.49	56420	2325260	5946824	5621574
EDP and WP Machine	4243164	117173	0	4360337	1021786	765850	0	1787636	2572701	3221378
Communication Equipments	0	35776		35776		142		142	35634	0
Vehicles	280545	0	0	280545	71812	53304	65890	191006	89539	208733
INTANGIBLE ASSETS										
Software	840545	27883	0	868428	327398	278337	0	605735	262693	513147
Total	323301752	1309651	10260552	334868757	29726171	16273606	10811327	56811104	278057653	293575581
Previous Year	317206210	6095542		323301752	17883361	11842810		29726171	293575581	299322849

Current Year Previous Year

Depreciation for the year is allocated as given below:-

Charged to Profit and Loss Account

- 0

Less: Depreciation transferred to EDC-sch 17

27,084,933 11842810

Deductions/Adjustment from Gross Block includes-Cost adjustment

10260552

Deductions/Adjustment from Depreciation cost adjustment

10811327

SCHEDULE NO 5
CAPITAL WORK-IN-PROGRESS

Description	Op Balance as at 01.04.09	Additions during 01.04.09 to 31.03.2010	Adjustments	Capitalised during the period	CI Balance as at 31.03.2010
Buildings	1,159,118	2,228,589	-		3387707
Plant & Machinery	922844937	1160699909	20090		2083564936
Expenditure Pending Allocation					
Survey & Investigation (Stage II-195 MW x 2)	5107976	6692262	0		11800238
Pre-commissioning expenses (net)	(259065867)	(370953898)	0		(630019765)
Expenditure During Construction	624883178	405523639			0
Less: Allocate to CWIP		1030406817			
Total	1294929342	173783683	20090	0.0	1468733116
Previous Year	1023046675	271862577	0	0.0	1294909252

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 6:		
CONSTRUCTION STORES AND ADVANCES		
ADVANCE FOR CAPITAL EXPENDITURE		
Unsecured, considered good	-	-
Covered by Bank Guarantee	-	-
Others	1,281,655,753.10	534,419,720.00
CONSTRUCTION STORES		
Steel	1,538,017	-
Others	133,212,419	133,451,220.00
	134,750,436.21	
	1,416,406,189.31	667,870,940.00
Less: Provision for obsolete/shortage Store	487,615.00	546,522.00
Total	1,415,918,574.31	667,324,418.00

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 7:		
INVENTORIES		
(Valued as per Accounting Policy No.6)		
Fuel	9,681,955.00	29,432,497.00
Component and Spares	-	-
Chemical and Consumables	3,120.00	1,451,758.00
Total	9,685,075.00	30,884,255.00

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 8:		
OTHER CURRENT ASSETS		
Interest accrued on Term Deposits	2,501,019.08	317,331.00
Others	93,736.00	-
	2,594,755.08	317,331.00
SCHEDULE 9:		
SUNDRY DEBTORS		
Debtors for sale of energy (Less than six months)	131,240,801.00	41,743,349.00
Total	131,240,801.00	41,743,349.00
SCHEDULE 10:		
CASH & BANK BALANCES		
Balances with Scheduled Banks		
Cheque in hand	100,168,000.00	-
Term Deposit	34,317,584.64	36,500,000.00
Current Account	6,376,826.82	12,674,518.00
Total	140,862,411.46	49,174,518.00

	As at 31.03.2010	Amount (Rs) As at 31.03.2009
SCHEDULE 11:		
LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
Loans		
Employees		
Secured	-	22,346,906.00
Unsecured	-	1,692,946.00
Advances		
Employees	177,309.00	37,266,481.00
Others	1,167,030.36	56,361,396.00
Deposits		
Advance Tax (TDS)	391,343.00	82,334.00
Advance Tax -FBT	597,375.00	-
Deposits with others	8,485,798.00	8,966,468.00
Total	10,818,855.36	126,716,531.00

	As at 31.03.2010	Amount (Rs) As at 31.03.2009
SCHEDULE 12:		
CURRENT LIABILITIES		
Sundry Creditors		
For Capital expenditure		
Other than Micro & Small Enterprises	94,139,195.01	274,350,217.00
For goods and services		
Other than Micro & Small Enterprises	52,220,646.34	55,726,034.00
Deposits, Retention money from contractors and others	15,256,320.45	9,586,050.00
Less: Investments held as security	1,255,500.00	1,143,412.00
	160,360,661.80	338,518,889.00
Other liabilities	18,232,901.38	936,962.00
Amount payable to Holding Company	67,760,128.13	88,174,394.00
Total	246,353,691.31	427,630,245.00

	As at 31.03.2010	Amount (Rs) As at 31.03.2009
SCHEDULE 13:		
PROVISIONS		
Fringe Benefit Tax		
Opening Balance	101,690.00	81,672.00
Addition during the year	-	1,290,797.00
Less: advance tax deposited	101,690.00	1,270,779.00
Closing Balance (Fringe Benefit tax)	-	101,690.00
Employee Benefits		
Opening Balance	15,547,730.00	7,424,235.00
Additions during the year	12,953,470.00	11,212,265.00
Amount used during the year	3,678,991.00	3,088,770.00
Closing Balance (Employee Benefit)	24,822,209.00	15,547,730.00
Total	24,822,209.00	15,649,420.00

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
SCHEDULE 14 :		
OTHER INCOME		
Interest from bank(Gross) (Tax Deducted at Source Rs.309009, Previous Year Rs.82334)	2,933,282.72	399,665.00
Misc. income		
Recoveries of Rent& Electricity	1,515,242.84	1,048,421.00
Other Receipts	237,654.57	275,923.00
	4,686,180.13	1,724,009.00
Transferred to Expenditure During Construction - Schedule 19	4,686,180.13	1,724,009.00
Total	-	-

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
SCHEDULE 15:		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	148,282,311.53	110,026,911.00
Contribution to provident fund and other funds	9,343,938.41	12,283,672.00
Welfare expenses	9,810,761.39	13,387,581.00
	167,437,011.33	135,698,164.00
Transferred to Expenditure During Construction - Schedule 19	167,437,011.33	135,698,164.00
Total	-	-

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
SCHEDULE 16 :		
ADMINISTRATION & OTHER EXPENSES		
Repair & Maintenance		
Buildings	1,727,677.98	4,140,738.00
P&M-power station	72,185,515.62	54,568,044.00
Others	45,351.00	1,131,042.00
Chemicals & Consumables	3,231,437.56	3,362,866.00
Training & Recruitment	254,205.00	27,866.00
Legal Expenses	252,913.00	100.00
Profession Charges and Consultancy Fees	1,006,572.00	3,290,912.00
Communication Expenses	2,677,138.57	1,717,402.00
Travelling Expenses	8,924,039.00	7,666,863.00
Tender Expenses	662,982.00	747,449.00
Auditors Remuneration		
Fees	70,332.00	-
Out of Pocket Expenses	36,924.00	62,108.00
Advertisement Exp	54,850.00	-
Printing and Stationery	610,674.00	390,874.00
EDP Hire and Other Charges	170,264.00	105,802.00
Security Expenses	43,592,273.57	14,349,495.00
Entertainment Expenses	389,406.00	153,969.00
Expenses for Guest House	3,535,124.15	2,742,061.00
Books and Periodicals	75,010.00	10,035.00
Stipend	-	-
Education Expenses	-	-
Rent	616,372.00	1,144,000.00
Plant & Machinery written off		180,615.00
Insurance	5,316,032.20	98,363.00
Rates & Taxes	764,786.00	338,861.00
Miscellaneous expenses		
Expenses on Hiring of Vehicles	4,252,027.76	4,261,475.00
Other Expenses	846,080.34	1,741,994.00
Prov. For Unserviceable Store	447,120.00	546,522.00
Prov. For Shortage store	40,495.00	-
	151,785,602.75	102,779,456.00
Transferred to Expenditure During Construction - Schedule 19	151,043,782.75	102,751,590.00
Total	741,820.00	27,866.00

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
SCHEDULE 17:		
INTEREST AND FINANCE CHARGES		
Interest on loan from Holding Company	34,451,208.00	41,861,587.00
Interest on Cash Credit from SBI	5,947,881.00	139,073.00
Interest as per IT Act	9,130.00	-
Bank Charges	1,361,042.00	1,156,473.00
	41,769,261.00	43,157,133.00
Less: Interest and Finance charges transferred to EDC - Schedule 19	41,760,131.00	43,157,133.00
Total	9,130.00	-

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
SCHEDULE 18:		
PRIOR PERIOD INCOME/EXPENDITURE(NET)		
Expenditure		
Depreciation	10,811,327.00	-
Salary & Wages	22,883,961.00	-
Total	33,695,288.00	-
Less: Transferred to EDC	33,695,288.00	-

SCHEDULE 19:

EXPENDITURE DURING CONSTRUCTION

A. Employees Remuneration and Other Benefits

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
Salaries, Wages, Allowances and Benefits	148,282,311.53	110,026,911.00
Contribution to provident and other funds	9,343,938.41	12,283,672.00
Welfare Expenses	9,810,761.39	13,387,581.00
Total (A)	167,437,011.33	135,698,164.00

B. Admn & Other Expenses

Repair & Maintenance		
Buildings	1,727,677.98	4,140,738.00
P&M-station	72,185,515.62	54,568,044.00
Others	45,351.00	1,131,042.00
Chemicals & Consumables	3,231,437.56	3,362,866.00
Legal Expenses	252,913.00	100.00
Profession Charges and Consultancy Fees	1,006,572.00	3,290,912.00
Communication Expenses	2,677,138.57	1,717,402.00
Travelling Expenses	8,924,039.00	7,666,863.00
Tender Expenses	662,982.00	747,449.00
Audit Fee	107,256.00	62,108.00
Advertisement Exp	54,850.00	-
Printing and Stationery	610,674.00	390,874.00
EDP Hire and Other Charges	170,264.00	105,802.00
Security Expenses	43,592,273.57	14,349,495.00
Entertainment Expenses	389,406.00	153,969.00
Expenses for Guest House	3,535,124.15	2,742,061.00
Books and Periodicals	75,010.00	10,035.00
Education Expenses	-	-
Rent	616,372.00	1,144,000.00
Plant & Machinery written off		180,615.00
Insurance	5,316,032.20	98,363.00
Rates & Taxes	764,786.00	338,861.00
Miscellaneous expenses		
Expenses on Hiring of Vehicle	4,252,027.76	4,261,475.00
Other Expenses	846,080.34	1,741,994.00
Total (B)	151,043,782.75	102,205,068.00
C. Depreciation	16,273,605.96	11,842,810.00
Total (A+B+C)	334,754,400.04	249,746,042.00

D. Interest and Finance Charges

Interest on loan from Holding Company	34,451,208.00	41,861,587.00
Interest on Cash Credit from SBI	5,947,881.00	139,073.00
Interest as per IT Act	-	-
Finance Charges	1,361,042.00	1,156,473.00
Total (D)	41,760,131.00	43,157,133.00

E. Fringe Benefit Tax

E. Fringe Benefit Tax	-	1,290,797.00
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G. Prior period Exp

G. Prior period Exp	33,695,288.00	
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H. Other receipts

H. Other receipts	4,686,180.13	1,724,009.00
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GRAND TOTAL (A+B+C+D+E+F+G)

GRAND TOTAL (A+B+C+D+E+F+G)	405,523,638.91	292,469,963.00
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Schedule-20

Notes on Accounts:

- The name of the Company has been changed to "Kanti Bijlee Utpadan Nigam Limited" (KBUNL) (formerly known as Vaishali Power Generating Company Limited) vide Registrar of Companies, National Capital Territory of Delhi & Haryana's certificate dated 10th April 2008.
- In terms of transfer notification dated 08.09.2006 issued by Government of Bihar, Muzaffarpur Thermal Power Station of Bihar State Electricity Board (BSEB) was vested in Kanti Bijlee Utpadan Nigam Limited (Formerly known as Vaishali Power Generating Company Limited) w.e.f. 8th September 2006. As per terms of notification, all assets of the Station (excluding Land which has been transferred on 33 years Lease) have been vested in KBUNL in lieu of purchase consideration of Rs.88,40,75,367/- based on the report dt. 25.12.2009 of M/s Thakur Vaidyanath Aiyer & Co., Chartered Accountants, Patna. Life Insurance Corporation of India had a charge of Rs.57.10 crore on these transferred assets, which has been vacated on 29-03-2008, on payment of Rs. 57.10 crores to LIC by the Holding Company NTPC Ltd as per the transfer notification. Fully paid

up share have been issued to NTPC and BSEB in lieu of purchase consideration to the extent of Rs.88,40,75,370/- (NTPC no. of Share 5,71,00,000- value Rs. 57,10,00,000/- & BSEB no of Share 3,13,07,537- value Rs.31,30,75,370/- respectively) as per the resolution of KBUNL Board, in their 18th meeting dt. 6th March,2010.

- On allocation of depreciated book value of assets, & assessment of their residual useful life as on transfer date by M/s Thakur Vaidyanath Aiyer & Co., Chartered Accountants, Patna, the depreciation has been charged in the accounts of 2009-10 prospectively for the remaining life of the assets.
- BSEB vide their letter dt.03.03.2009 requested that M/s PGCIL has created switch yard assets worth Rs. 3,85,33,287/- to be considered in transfer value. Pending receipt of details sought from BSEB the switch yard assets worth Rs. 3,85,33,287/- have been accounted in CWIP through credit to Sundry Creditors for Capital Expenditures the amount payable to BSEB for transfer Value of assets.
- Both the units of the transferred station are under renovation & modernization since the date of transfer (and not in operation). The plant & machinery comprised in the assets therefore has been accounted as CWIP. From 29-01-08 unit no. 02 (1 x 110 MW) after restoration & refurbishment is on trial operation for attaining stability in operation. The infirm power generated from the unit-02 (1 x 110 MW) of plant during the stability period has been accounted at mutually agreed rate of Rs. 3.65 p/kwh between BSEB & KBUNL. Charges accrued and related expenses including fuel & other direct expenses during stabilization period has been accounted as pre-commissioning income/expenditure. In firm power sent out during the F.Y.-(2009-10) 396 MU (previous year 189MU).
- As per the MOU dt.9th May 2006, Govt. of India sanctioned a grant of Rs.350.00 crore through Govt of Bihar for renovation & modernization of the taken over station under RSVY grant. M/s BHEL has been paid an advance of Rs.172.50 crores till 31.03.2010 and KBUNL has been paid Rs. 15 crores out of the sanctioned amount and the same have been accounted as 'Grants-in-Aid' in Schedule 2 as Capital Reserve.
- Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs. 139.12 cores (Previous Year 152.57 Crores).
- Earning per share :-
The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:

	Current year	Previous year
Net Profit after tax used as numerator (Rs)	(750950)	(27866)
Weighted average number of equity shares used as denominator	5913098	100000
Earning per share Rupees	(0.13)	(0.28)
Diluted (Earning less than paise one)	-	-
Face value per share (Rupees)	10/-	10/-

- a) Licensed capacity – Not applicable.
b) Installed capacity – 2x110 MW (Since 29-01-08 one unit no. 02 is in trial operation).
- Figures have been rounded off to nearest rupee.
- Previous year figures have been regrouped /rearranged wherever necessary.
- a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realized/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
b) In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- Operating leases-
The Company's significant leasing arrangements are in respect of operating leases of Premises for residential use of employees and offices. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs.53,50,828/- (Previous Year Rs.20,10,230/-) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices are shown as Rent in Schedule 16 - Administration and Other expenses.
- Quantitative information in respect of Generation and Energy sent out during Pre-Commissioning period (in MUs):

	Current Year	Previous Year
Generation (MUs)	461	226
Energy Sent Out (MUs)	396	189

- Information pursuant to Ministry of Environment & Forest notification no. s. o. 2804(E) New Delhi the 3rd November, 2009 for ash:
(i) Unit no. (1*210MW) is under trial operation.

- (ii) Only slurry ash generated (1.80 Lacs.MT) & there is no sale of ash.
 (iii) Efforts are on for use of Pond & Slurry ash by road Construction authorities /brick manufacturers as per above notification guidelines.
 (iv) For use of Pond ash work shop was organized on 06.02.2010 with brick manufacturers and others.
16. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 0 5 5
 Registration No. U 4 0 1 0 2 D L 2 0 0 6 G O 1 1 5 3 1 6 7
 Date 3 1 / Month 0 3 / Year 2 0 1 0
 Balance-Sheet date

II. Capital Raised during the year (Amount in Rs.Thousands)
 Public Issue NIL Right issue NIL
 Bonus Issue NIL Private Placement NIL

III. Position of Mobilization and Deployment of funds (Amount in Rs. Thousands)
 Total Liability 3 4 5 7 9 1 1 Total Assets 3 4 5 7 9 1 1
Source of Funds
 Paid-up Capital 8 8 5 0 7 5 Reserves & Surplus 1 8 7 4 1 2 8
 Secured Loans 3 8 3 7 3 2 Unsecured Loans NIL
Application of Funds
 Net Fixed Assets 3 1 6 2 7 0 9 Investment NIL
 Net Current Assets 2 4 0 2 6 Misc. Expenditure NIL

IV. Performance of Company(Amount in Rs. Thousands)
 Turnover NIL Total Expenditure 7 5 1
 Profit/Loss before Tax 7 5 1 Profit/Loss after Tax 7 5 1
 Earning per share in Rs. - 0 . 1 3 Dividend Rate% NIL

V. Generic Name of three Principal Product/Services of Company
 (As per monetary terms)
 Product Description: G E N E R A T I O N O F E L E C T R I C I T Y N A Item Code No.
 For & On Behalf of the Board of Directors

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

(Rohit Gupta) (Ruchi Agarwal) (R.K.Sharma) (R.S.Sharma)
 Partner Company Secretary Director Chairman
 M. No 091710
 Place: New Delhi
 Dated: 11th May 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st MARCH 2010

	For the period 01.04.2009 to 31.03.2010	Amount (Rs) For the period 01.04.2008 to 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax and Prior Period Adjustments	(750,950.0)	(27866)
Adjustment for:		
Preliminary Expenses written off	-	-
Operating Profit before Working Capital Changes	(750,950.0)	(27,866)
Adjustment for:		
Trade Payables & Other Liabilities	(172103767)	58331473
Debtors	(89497452)	111519070
Other Current Assets	(2277424)	(317331)
Inventories	21199180	(23191459)
Loans & advances	116566353	(69877132)
Cash generated from operations	(126,113,110.0)	76464621
Net Cash from Operating Activities - A	(126,864,060.0)	76436755
Income Tax/Advance TaxPaid	(668,677.0)	(1353113)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(906,900,091.0)	(119728390)
Preliminary Expenses	-	-
Net Cash Flow from Investing Activities - B	(906,900,091.0)	(119728390)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Loan	63,045,351.0	105714286
Grants-in-aid received	750,000,000.0	-
Proceeds from Issue of Share Capital/Share Capital Deposit	313,075,370.0	43800000
Net Cash Flow from Financing Activities-C	1,126,120,721.0	149514286
Net increase/Decrease in cash and cash equivalents (A+B+C)	91,687,893.0	47843435
Cash and cash equivalents (Opening Balance)	49,174,518.0	1331083
Cash and cash equivalents (Closing Balance)	140,862,411.46	49174518

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

(Rohit Gupta) (Ruchi Agarwal) (R.K.Sharma) (R.S.Sharma)
 Partner Company Secretary Director Chairman
 M. No 091710
 Place: New Delhi
 Dated: 11th May 2010

AUDITOR'S REPORT

To the Members of
 KANTI BIJLEE UTPADAN NIGAM LTD.
 (Formerly Vaishali Power Generating Company Ltd.)

- We have audited the attached Balance Sheet of KANTI BIJLEE UTPADAN NIGAM LTD. (Formerly Vaishali Power Generating Company Ltd.) (a Subsidiary of NTPC Ltd.) as at 31st March 2010, the Profit and Loss Account and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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.
- 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.

- Further to our comments in the Annexure referred to above, we report that :
 - 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.
 - 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.
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of accounts.
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, subject to notes to accounts annexed thereto, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India. Provision of clause (g) or sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
 - In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India : -
 - in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2010

- (ii) in the case of the Profit & Loss Account, of the loss of the Company for the period ended on that date and
- (iii) In the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For GRA & Associates
Chartered Accountants
(Rohit Gupta)
Partner

Place : New Delhi
Date : 12-05-2010

M. No. 091710

ANNEXURE TO AUDITORS' REPORT

{Referred to in paragraph (3) of our report of even date}

Re : KANTI BIJLEE UTPADAN NIGAM LTD.

(Formerly Vaishali Power Generating Company Ltd.)

- (i) (a) The company has been formed to take over the assets of Muzaffarpur Power Station from BSEB, the fixed assets records of the same has been maintained and physical verification has been done. However in case of purchases made by the company, the records regarding the same are being maintained. In view of the above the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) There is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets and according to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) During the year under reference there has been no substantial disposal of fixed assets of the company.
- (ii) (a) The company has been formed to take over the assets of Muzaffarpur Power Station from BSEB, the fixed assets records of the same has been maintained and physical verification has been done. However in case of purchases made by the company, the records regarding the same are being maintained. In view of this inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) Not Applicable.
- (c) Not Applicable.
- (d) Not Applicable.
- (e) The company has taken secured loan from NTPC its holding company. The maximum amount involved during the year was Rs.30,57,14,286/- and the year-end balance of loans taken from such party was Rs.26,28,57,144/-.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) Not Applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits, from the public, covered by the directives issued by the Reserve Bank of India, the provisions of section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanation given to us and on the basis of records produced for our verification, we are of the opinion that the

maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, are not applicable on the company.

- (ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, and employees state insurance, income tax, sales tax, Wealth Tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the last day of the financial year, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of Income tax, Sale tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- (x) Not applicable as the company has been formed only on 6th September, 2006 and a period of more than five years has not elapsed since its registration.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under reference.
- (xix) According to the information and explanations given to us the company has not issued any debentures.
- (xx) According to the information and explanation given to us the company has not raised any money by way of public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For GRA & Associates
Chartered Accountants
(Rohit Gupta)

Place : New Delhi
Date : 12-05-2010

Partner
M. No. 091710

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 2010.

The preparation of financial statements of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi, for the year ended 31 March 2010 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 12th May 2010.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi for the year ended 31 March 2010 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

(M. K. Biswas)

Place: New Delhi
Dated: 14th May, 2010

Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

**BHARTIYA RAIL BIJLEE COMPANY LIMITED
DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Third Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for the year ended 31st March 2010.

OPERATIONAL REVIEW

For setting up 4X250 MW Power Project at Nabinagar, Bihar, 1249.11 acres of land has been handed over by the Government of Bihar during the year 2009-10 and the cumulative land holding of the Company as on 31st March 2010 is 1259.62 acres. Bandobasti Land (Phase II) of 68.5375 acres for which Sec 4 was done on 10.6.09 is under re-verification by DM-Aurangabad. Possession of this land is expected shortly. Further requisition of Makeup water Corridor (39.3775 acre), Additional land for Ash Dyke (50.3125 acre), Left land under main plant and township area (82.7575 acre) and Left land under ash pond area (50.00 acre) i.e. approx 220 acre land requisition is pending with district administration. Due to poor land records and non-availability of Govt staff verification work land acquisition is getting delayed. Further land is to be acquired for MGR corridor for which DPR is to be finalized by Rites. In a bid to reduce project cost Rites has been advised to explore whether single line connection from Nabinagar station is feasible instead of Double line Railway Corridor as was proposed by them. Once this is finalized land for MGR corridor shall be surveyed and thereafter requisition shall be submitted for land acquisition.

Infrastructure civil works has already started and considerable progress has been achieved in site leveling job. Also construction of boundary wall, office building and store shed has been started. Your Company has also awarded Main plant civil works & chimney package in which the agency has mobilized site. Other main packages like 400 KV switchyard, power transformer, LT & HT switchgear etc have also been awarded. Balance packages are in different stage of award by our consultant NTPC limited.

As of now the schedule of Boiler Erection for Unit#1 was June 2010 as against the originally targeted for October 2008. The schedule for synchronization of first unit of 250 MW is in Feb' 12 which is likely to slip due to delay in land acquisition.

Your Company has also commenced the work for the enabling township with award of construction of field hostel, township boundary wall and CISF barracks. Estimate of main township is under preparation.

The company had in June' 09 obtained permission from court for certain premises of Rofas Industries Limited (which is under liquidation) at Dalmianagar on rent for accommodation of employees and office space. The possession of the buildings has been taken in March' 10 and work of its repairs is under progress which is likely to take 3-4 months. Dalmianagar is about 30-35 kms away from the project site whereas Aurangabad town where our employees are presently staying in different hotels is about 55 kms away.

Your company has approved Rs. 50 lac for Initial Community Development in the affected villages through which activities like providing solar lights etc have been taken up. With a view to improve the employability of the village youth and also to improve availability of skilled manpower around project, your company has approved setting up of ITI in the locality. A public information centre and mobile health clinic is functioning effectively. Scholarships worth Rs. 8.5 lac has been disbursed to Project Affected Person for pursuing various ITI courses.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2010 are as under:-

(Rs. Crore)

Particulars	Fiscal 2010	Fiscal 2009
Paid-up Share Capital	400.00	250.00
Share Capital Deposit Pending Allotment	146.15	101.11
Net Block	146.41	0.45
Capital Work in Progress	82.44	23.26
Construction Stores & Advances	306.57	309.99
Current Assets, Loans and Advances	19.91	19.71
Current Liabilities	9.66	2.76
Net Current Assets	10.25	16.95
Profit and Loss	(0.49)	(0.47)
Earning Per Share	(0.00)	(0.03)

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

AUDIT COMMITTEE

An Audit Committee of the Board of Directors of the Company was constituted in accordance with Section 292A of the Companies Act, 1956 comprising S/ Shri Chandan Roy, A.K. Singhal and Sudhir Kumar Saxena, Directors as members of the Committee. During the period, three meetings of the Audit Committee were held

i.e. on 11.05.2009, 14.10.2009 and on 06.05.2010.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2010.

PARTICULARS OF EMPLOYEES

The particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, who have received remuneration more than Rs. 24,00,000/- if employed for the whole year and Rs. 2,00,000/- per month if employed for part of the year, are given at Annex-2 to the Directors' Report.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 20th August, 2009 has appointed M/s H.S. Madan & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2009-2010. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) through letter dated 2nd June 2010 has conveyed that a supplementary audit was conducted under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of the Company for the year ended 31 March 2010. On the basis of audit nothing significant has come to the knowledge of C&AG which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

As advised by the office of the C&AG, the above comments of C&AG and Management Replies' thereto on the accounts for the year 2009-2010 are being placed with the report of the Statutory Auditors.

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

As a measure to conserve energy, the Company has installed solar lights in the affected villages. During the period under review the Company had no earning or outgo in foreign exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the year ended 31st March 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of 31st March 2010 and of the loss of the company for the said period;
- 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
- The Directors had prepared the annual accounts for the year ended 31st March 2010, on going concern basis.

DIRECTORS

Shri K.B. Dubey ceased to be the Director of the Company w.e.f. 31.07.2009 consequent upon attaining the age of superannuation. Ms. Manju Gupta has also ceased to be the Director of the Company w.e.f. 23.02.2010 consequent upon nomination withdrawn by the Ministry of Railways.

NTPC has nominated Shri G.J. Deshpande, Executive Director, NTPC as a Director on the Board of your Company in place of Shri K.B. Dubey. Ministry of Railways has nominated Shri S.K. Saxena, Executive Director (EEM), Railways as the Director on the Board of your Company in place of Ms. Manju Gupta. The Board of your Company has appointed Shri G.J. Deshpande and Shri S.K. Saxena as Director on the Board w.e.f. 14.10.2009 and 23.02.2010 respectively.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri K.B. Dubey and Ms. Manju Gupta during their association with your Company.

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

ACKNOWLEDGEMENT:

Your Directors acknowledge with deep sense of appreciation for the co-operation extended by Ministry of Power and Ministry of Railways.

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

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

For and on behalf of the Board of Directors

PLACE: New Delhi

(Chandan Roy)

DATE: 29.07.2010

Chairman

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

INDUSTRY SECTOR AND DEVELOPMENTS

GENERATION

Existing Installed Capacity

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

The total installed capacity in the country as on March 31, 2010 was 159,398.49 MW.

Existing Generation

The total power generation in the country during the year 2009-10 was 771.173 BUs as compare to 793.794 BUs generated during the last year registering a growth of 6.5%.

Demand and Supply Position

Currently, the sector is characterised by acute power shortages. During the year, the peak shortage was 13.3% and the energy shortage was 10.1%.

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The All-India PLF for the power sector was 77.48% during 2009-10.

SWOT ANALYSIS

Strength:

- Reputed background of promoters
- Strong back up of Ministry of Railways and Government of Bihar
- NTPC Limited as a major stake holder
- NTPC as a consultant having wide experience in engineering and management expertise from planning to commissioning and operating power plants
- BHEL as EPC contractor
- Initial Community Development measures like setting up ITI.

Weakness:

- Land Acquisition
- Climatic condition of Bihar: Huge Rainfall and Floods
- Socio-economic condition of the area
- Non availability of adequate infrastructure facilities
- Lack of technically skilled and experienced local manpower

Opportunity:

- Huge Demand of power by Bihar
- Increasing industrial development in Bihar
- Allocation of power to other States

Threats:

- Land Acquisition
- Rising prices of the feed stock
- Environmental concern for increasing pollution
- Clearances from various Authorities
- Security Concern as area is naxalite affected

OUTLOOK

The company's outlook appears to be very bright and will get break even very soon once the plant is commissioned and production is stabilized. It will generate sufficient revenue for the growth and development of the company vis-à-vis employment opportunities to the local inhabitants.

RISK AND CONCERN

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

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

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

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

As the company is in construction phase of project it is not exposed to all such operational risks.

INTERNAL CONTROL

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

FINANCIAL DISCUSSION AND ANALYSIS

Bhartiya Rail Bijlee Company Limited was incorporated on 22.11.2007 as a subsidiary of NTPC Limited in joint venture with Ministry of Railways. NTPC holds 74% of equity share capital of the Company and the balance 26% of the equity is held by Ministry of Railways. The Company has been incorporated for providing power to Railways by implementing 4X250MW Coal Based Thermal Power Plant at Nabinagar, Bihar.

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

During the Financial Year 2009-10, your company had allotted 15 crore shares of Rs.10/- each to NTPC Ltd and Ministry of Railways in the ratio of 74:26. Share Capital pending allotment amounted to Rs.71 crore and Rs.75 crore of NTPC Limited and Ministry of Railways respectively. The gross assets comprising of tangible and intangible assets amounted to Rs.146.88 crore and after charging depreciation of Rs. 0.47 crore, the net block was Rs. 146.41 crore. The expenses relating to training have been charged to Profit and Loss Account. Except the training expenses, employees remuneration & benefits, administration & other expenses, depreciation, interest & finance charges amounting to Rs.12.73 crore have been charged to Expenditure During Construction Account and transferred to Capital Work-in-progress.

Your Company has completed financial closure for the project by tying up loan of Rs. 2248 crore and Rs. 1498.75 crore from Power Finance Corporation Limited and Rural Electrification Corporation Limited respectively.

The Company has engaged NTPC Consultancy Wing as its Consultant for pre-award and post-award activities from concept to commissioning of the project at a total contract price of Rs.76 crore, out of which Rs. 31.69 crore payment has been made to NTPC this year.

Your Company has paid Rs. 255.94 crore to BHEL for main plant equipment supply packages. This amount has been included under the head construction, stores and advances.

During the year your company has paid Rs. 8.5 lac to poor students of project affected families for pursuing ITI courses.

The Chief Executive Officer of the Company were paid Rs. 29.61 lac towards salaries, allowances, contribution to PF, gratuity and other benefits during the year in addition to benefit of use of car for official and personal purposes on payment of Rs. 780 per month.

HUMAN RESOURCE

Presently, the Company has total strength of 80 employees, out of which, 79 employees have been deputed from the Holding Company i.e. NTPC Limited and 1 employee has been deputed from Ministry of Railways. As a socially responsible and socially conscious organisation the company has deployed 13 SC employees and 6 ST employees out of the total strength.

The Company is paying adequate perks to the employees. They are being imparted training for their professional up gradation from time to time and as an endeavour of being a learning organisation.

The Company had paid Rs. 8.63 Cr towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses.

ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION

The Company is using solar lights in the affected villages as a measure to conserve energy. During the period under review the Company had no earning or outgo in foreign exchange.

CORPORATE SOCIAL RESPONSIBILITY

The Company has opened public information centre and mobile health clinic for public in and around the project. Scholarships worth Rs. 8.5 lac has been disbursed to Project Affected Persons for pursuing ITI courses.

CAUTIONARY STATEMENT

It is clarified that the actual results may vary materially from those expressed or implied in the Management Discussion & Analysis due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors.

For and on behalf of Board of Directors

Place: New Delhi

(Chandan Roy)

Dated: 29.07.2010

Chairman

Annex-2 to Directors' Report

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956.

Name	Designation & nature of duties	Remuneration	Qualification	Date of commencement of employment	Exp Yrs	Age Yrs	Last Emp	Remarks
1	2	3	4	5	6	7	8	9

Employed for whole of the Year

De Dipak Kr	DGM (ME)	25,58,276	BE (Mech)	29.11.85	24	51	SAIL	-
Shrivastav R R	AGM (Proj Coord)	26,41,841	BE (Elect)	15.01.78	31	53	-	-

Employed for the part of the Year

Das P K	GM (Proj)	38,11,153	BE (Mech)	26.11.79	30	50	-	Resigned
Krishna Gopal	CEO	46,05,235	BE (Elect)	24.11.80	29	60	DVC	Retired
Sen S S	CEO	4,26,456	BE (Elect)	18.11.81	28	53	-	-
Michael G V	DGM (Civil)	2,13,029	BE (Civil)	12.04.84	25	53	GDC Ltd	-

Notes:

- 1 Persons named above are/ were employees of the Company.
- 2 Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement

of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/hospitals at Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/group insurance in accordance with Company's Rules.

- 3 None of the employees listed above is related to any director of the company.
- 4 Remuneration mentioned above is inclusive of retirement /separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.
- 5 None of the employees hold any equity in the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 29.07.2010

(Chandan Roy)
Chairman

BHARTIYA RAIL BIJLEE COMPANY LIMITED

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

- 3.1 Fixed Assets are carried at historical cost.
- 3.2 Intangible assets are recorded at their cost of acquisition.
- 3.3 Capital expenditure on assets not owned by the company is reflected as a distinct item in Capital Work-in-progress till the period of completion and thereafter in the Fixed Assets.
- 3.4 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 3.5 In the case of assets put to use, where final settlement of bills with contractors is yet to be affected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

4. CAPITAL WORK IN PROGRESS

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

5. FOREIGN CURRENCY TRANSACTION

- 5.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 5.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate, Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

6. PROFIT AND LOSS ACCOUNT

6.1 EXPENDITURE

- 6.1.1 Depreciation on Fixed Assets is charged on straight line method at the rates specified in schedule XIV of the Companies Act, 1956 except for the following at the rates mentioned below:

a) Kutch Roads	47.50%
b) Enabling works	
- residential buildings including their internal electrification.	06.33%
- non-residential buildings including their internal Electrification, water supply, sewerage & drainage Works, railway sidings, aerodromes, helipads and airstrips.	19.00%
c) Personal computers and Laptops including peripherals	19.00%
d) Photocopies and Fax Machines	19.00%
e) Air conditioners, water coolers and Refrigerators	08.00%

- 6.1.2 Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 6.1.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 6.1.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 6.1.5 Expenses incurred on training are charged to revenue.
- 6.1.6 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 6.1.7 Prepaid expenses and prior period expenses/income of items of Rs.1,00,000/- and below are charged to natural heads of accounts.

7. 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.

8. CASH FLOW STATEMENT

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

BHARTIYA RAIL BIJLEE COMPANY LIMITED BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE NO.	31.03.2010	Amount (Rs.) 31.03.2009	
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	4,000,000,000	2,500,000,000
Share Capital Deposit	2	1,461,539,000	1,011,148,000
TOTAL		5,461,539,000	3,511,148,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	1,468,794,303	5,812,868
Less: Depreciation		4,670,802	1,333,443
Net Block		1,464,123,501	4,479,425
Capital Work-in-Progress	4	824,359,877	232,555,358
Construction Stores And Advances	5	3,065,676,691	3,099,915,336
		5,354,160,069	3,336,950,119
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	6	193,844,317	195,426,361
Other Current Assets	7	184,396	29,353
Loans & Advances	8	5,102,227	1,642,025
		199,130,940	197,097,739
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	9	96,639,613	26,838,622
Provisions	10	-	780,486
		96,639,613	27,619,108
Net Current Assets		102,491,327	169,478,631
Profit and Loss Account		4,887,604	4,719,250
TOTAL		5,461,539,000	3,511,148,000
Notes on Accounts	16		

Schedules 1 to 16 and accounting policies form an integral part of accounts

For and on behalf of Board of Directors

As per our Audit Report of even date

For H.S. MADAN & CO.,
Chartered Accountants

H.S. MADAN	S.S. SEN	S.K. SAXENA	CHANDAN ROY
Partner	CEO	Director	Chairman

M. No. 09036

Place :Delhi

Date : 08.05.2010

BHARTIYA RAIL BIJLEE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE NO.	Current Year	Amount (Rs.) Previous Year
INCOME			
Other Income	11	-	-
TOTAL			
EXPENDITURE			
Employees Remuneration and Benefits	12	-	-
Administration and other expenses	13	168,354	3,891,180
Depreciation		-	-
Interest and Finance Charges	14	-	-
TOTAL		168,354	3,891,180
Profit / (Loss) before Tax		(168,354)	(3,891,180)
Provision for :			
Fringe Benefit Tax		-	407,694
Current Year		-	407,694
Earlier Year		9,998	-
Less:			
Fringe Benefit Tax transferred to Expenditure during Construction		9,998	407,694
Profit / (Loss) After Tax		(168,354)	(3,891,180)
Balance(Loss) brought forward		(4,719,250)	(828,070)
Balance (Loss) carried to Balance Sheet		(4,887,604)	(4,719,250)
Expenditure During Construction	15		
Earning Per Share (Equity Shares, face value Rs.10/-each)			
- Basic and Diluted (Rs.)		(0.0)	(0.03)
Notes on Accounts	16		

As per our Audit Report of even date
For H.S. MADAN & CO.,
Chartered Accountants
H.S. MADAN
Partner
M. No. 09036
Place :Delhi
Date : 08.05.2010

S.S. SEN
CEO

S.K. SAXENA
Director

CHANDAN ROY
Chairman

For and on behalf of Board of Directors

SCHEDULES FORMING PART OF ACCOUNTS

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
SCHEDULE - 1		
CAPITAL		
AUTHORISED		
160,60,00,000 equity shares of Rs.10/- each (Previous Year: 160,60,00,000 equity shares of Rs.10/- each)	16,060,000,000	16,060,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
40,00,00,000 equity shares of Rs.10 each fully paid-up (29,60,00,000 equity shares fully paid-up held by NTPC Ltd and their nominees and 10,40,00,000 equity shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)	4,000,000,000	2,500,000,000
(Previous year : 25,00,00,000 equity shares of Rs.10 each fully paid-up consisting of 18,50,00,000 shares fully paid-up held by NTPC Ltd and their nominees and 6,50,00,000 shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)		
Total	4,000,000,000	2,500,000,000
SCHEDULE - 2		
SHARE CAPITAL DEPOSIT		
(Amount received pending allotment) NTPC Ltd. Ministry of Railways, Govt. of India.	711,539,000	571,148,000
Total	750,000,000	440,000,000
	1,461,539,000	1,011,148,000

SCHEDULE - 3
FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Additions	Deductions/ AdJustments	As at 31.03.2010	As at 01.04.09	For the year	Deductions/ AdJustments	Upto 31.03.2010	As at 31.03.10	As at 31.03.09
TANGIBLE ASSETS										
LAND										
-Freehold	2,385,515	1,436,038,701	-	1,438,424,216	-	-	-	-	1,438,424,216	2,385,515
Roads, Bridges & Culverts	108,192	305,673	-	413,865	51,391	111,889	-	163,280	250,585	56,801
Temporary Erections	1,088,370	3,200,426	-	4,288,796	1,088,370	2,023,252	-	3,111,622	1,177,174	-
Water Supply, Drainage & Sewerage system	-	21,400	-	21,400	-	4,067	-	4,067	17,333	-
Furniture, Fixtures & Other Office Equipments	942,628	5,012,768	58,400	5,896,996	110,628	630,707	9,348	731,987	5,165,009	832,000
EDP Equipments	229,884	1,592,002	54,436	1,767,450	52,267	299,533	17,565	334,235	1,433,215	177,617
Construction Equipment	-	15,725,333	-	15,725,333	-	148,211	-	148,211	15,577,122	-
Electrical Installations	1,036,479	635,418	-	1,671,897	18,320	95,742	-	114,062	1,557,835	1,018,159
Communication Equipments	9,800	156,236	-	166,036	9,800	619	-	10,419	155,617	-
Laboratory & Workshop Equipments	-	7,784	-	7,784	-	7,784	-	7,784	-	-
INTANGIBLE ASSETS										
Software	12,000	398,530	-	410,530	2,667	42,468	-	45,135	365,395	9,333
TOTAL	5,812,868	1,463,094,271	112,836	1,468,794,303	1,333,443	3,364,272	26,913	4,670,802	1,464,123,501	4,479,425
Previous year ended 31st March,2009	3,473,885	2,338,983	-	5,812,868	90,698	1,242,745	-	1,333,443	4,479,425	3,383,187

	Current year (Rs.)	Previous Year (Rs.)
Deduction/Adjustments from Gross Block includes :		
Disposal/Retirement of assets	112,836	-
	<u>112,836</u>	<u>-</u>
Deduction/Adjustments from Depreciation includes :		
Disposal/Retirement of assets	26,913	-
	<u>26,913</u>	<u>-</u>
Depreciation for the year is allocated as given below:		
Charged to Profit & Loss Account	-	-
Transferred to Expenditure during construction (Schedule-15)	3,364,272	1,242,745
	<u>3,364,272</u>	<u>1,242,745</u>

SCHEDULE-4
CAPITAL WORK-IN-PROGRESS

	Amount Rs.				
	As at 01.04.09	Additions	Deductions/ Adjustments	Capitalised	As at 31.03.10
Development of Land	-	33,089,430	-	-	33089430
Roads, Bridges & Culverts	-	305,673	-	305,673	-
Buildings	-	-	-	-	-
Others	-	1,698,114	-	-	1698114
Temporary Erections	1,159,118	275,732	-	1,434,850	-
Temporary Fencing- Plant	-	516,500	-	-	516,500
Temporary Construction -Water Supply & Drains -Plant	21,400	-	-	21,400	-
Electrical Installations	-	28,268	-	-	28,268
Communication Equipment	-	136,038	-	-	136,038
Capital Expenditure on Assets not owned by the company	-	104,718,280	-	-	104,718,280
	1,180,518	140,768,035	-	1,761,923	140,186,630
Expenditure pending allocation	-	-	-	-	-
Survey, Investigation, Consultancy & Supervision Charges	169,326,073	325,537,018	-	-	494,863,091
Expenditure During Construction	62,048,767	127,261,389	-	-	189,310,156
	231,374,840	452,798,407	-	-	684,173,247
TOTAL	232,555,358	593,566,442	-	1,761,923	824,359,877
Previous year	1,604,870	230,950,488	-	-	232,555,358

SCHEDULE - 5
CONSTRUCTION STORES AND ADVANCES
CONSTRUCTION STORES *

(At cost)

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Steel	4,705,747	-
Cement	220,000	-
Others	4,500,954	-
	9,426,701	-
Less : Provision for Shortages	-	-
	9,426,701	-

Advance for Capital Expenditure

(Unsecured, considered good)

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Covered by Bank Guarantee	2,762,387,280	2,559,421,597
Others	293,862,710	540,493,739
	3,056,249,990	3,099,915,336
Less : Provision for bad & doubtful advances	-	-
	3,056,249,990	3,099,915,336
Total	3,065,676,691	3,099,915,336

* includes material in transit, under inspection and with contractors

SCHEDULE - 6
CASH & BANK BALANCES

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Cash on hand	90,191	13,911
Balances with Scheduled Banks	-	-
Current Account	162,754,126	1,901,889
Term Deposit Account	31,000,000	193,510,561
Total	193,844,317	195,426,361

SCHEDULE - 7
OTHER CURRENT ASSETS

Interest Accrued on :

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Term Deposits with Indian Banks	184,396	29,353
Total	184,396	29,353

SCHEDULE - 8
LOANS & ADVANCES

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
ADVANCES (Unsecured, Considered Good)		
Employees	82,500	322,870
Amount Recoverable from others	4,270,397	1,249,118
Advance Tax & Tax deducted at source	749,330	70,037
Total	5,102,227	1,642,025

SCHEDULE - 9
CURRENT LIABILITIES
Sundry Creditors
For Capital Expenditure

Other than Micro & Small Enterprises

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
NTPC Ltd.	23,765,238	9,662,937
Others	13,667,976	787,175

For Goods & Services

Other than Micro & Small Enterprises

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
NTPC Ltd.	20,300,281	8,591,833
Others	11,707,086	3,229,698

Deposits, Retention Money from contractors & others

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Other Liabilities	11,848,799	1,816,055
Total	15,350,233	2,750,924

Other Liabilities

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Total	96,639,613	26,838,622

SCHEDULE - 10
PROVISIONS
Fringe Benefit Tax

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
As per last Balance Sheet	132,803	22,410
Adjustment during the year	9,998	407,694
Paid during the year	142,801	297,301
Closing Balance	-	132,803

Employee Benefits

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
As per last Balance Sheet	647,683	714,122
Additions during the year	-	55,796
Amount paid/adjusted during the year	647,683	122,235
Closing Balance	-	647,683

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
TOTAL	-	780,486

SCHEDULE - 11
OTHER INCOME

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Interest from Indian Banks (Gross) (Tax deducted at source Rs.5,94,978/-, previous year Rs.70,037)	3,399,732	339,514
Interest from Contractors	916,951	-
Liquidated damages recovered	46,588	-
Other Miscellaneous receipts	44,091	-
	4,407,362	339,514
Less : Income Transferred to Expenditure During Construction (Schedule-15)	4,407,362	339,514
Total	-	-

SCHEDULE - 12
EMPLOYEES REMUNERATION AND BENEFITS

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Salaries, Wages, Bonus, Allowances and Benefits	77,121,611	15,923,703
Contribution to Provident and Other Funds	5,752,482	1,370,928
Welfare Expenses	3,396,898	1,211,641
	86,270,991	18,506,272
Less : Transferred to Expenditure During Construction (Schedule-15)		
Total	86,270,991	18,506,272

SCHEDULE - 13
ADMINISTRATION AND OTHER EXPENSES

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
Rent	3,665,452	741,608
Repair & Maintenance		
Office Building	676,232	147,546
Others	42,972	286,280
Insurance	58,989	7,731
Rates & Taxes	20,000	-
Training Expenses	168,354	11,000
Communication Expenses	3,205,776	358,059
Travelling Expenses		
Inland Travel	11,462,956	5,080,044
Tender Expenses	8183752	
Less:- Income from sale of tenders	246943	
Remuneration to Auditors	38,605	22,060
Statutory Audit out of pocket exp.	57,705	-
Advertisement and publicity	262,557	63,831
Security Expenses	2,113,978	409,707
Entertainment Expenses	608,008	142,289
Transit Hostel Expenses	858,207	149,278
Brokerage expenses	12,600	-
R&R expenses	2,034,305	-
Books & Periodicals	43,795	13,869
Wages of daily rated manpower	1,903,728	119,548
Professional Charges & Consultancy	155,324	16,345
Legal Expenses	7,296	21,752,475
Postage & Courier Charges	56,158	10,008
EDP expenses	-	27,102
Printing and Stationery	893,878	504,242
Expenses on Hiring of Vehicles	4077621	
Less:- Vehicle hire charge recovery	0	
Hire charges-Office Equipment	427,250	124,950
Operating expenses of D.G. sets	433,462	6,111
Furnishing Expenses	54,885	-
Subscription to Trade & Other Assocn.	-	3,300
Preliminary Expenses written off	-	3,880,180
Miscellaneous Expenses	816,534	591,875
Loss on disposal/writeoff of fixed assets	43,804	-
	42,137,240	44,507,386
Less : Transferred to Expenditure During Construction (Schedule-15)		
Total	41,968,886	40,616,206

SCHEDULE - 14
INTEREST AND FINANCE CHARGES

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
FINANCE CHARGES		
Bank Charges	54,604	10,494
	54,604	10,494
Less : Transferred to Expenditure During Construction (Schedule-15)		
Total	54,604	10,494

SCHEDULE - 15
EXPENDITURE DURING CONSTRUCTION

	31.03.2010 Amount (Rs.)	31.03.2009 Amount (Rs.)
A EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, Wages, Bonus, Allowances and Benefits	77,121,611	15,923,703
Contribution to Provident and Other Funds	5,752,482	1,370,928
Welfare Expenses	3,396,898	1,211,641
Total (A)	86,270,991	18,506,272
B ADMINISTRATION AND OTHER EXPENSES		
Rent	3,665,452	741,608
Repair & Maintenance		
Leased Buildings	676,232	147,546
Others	42,972	286,280
Insurance	58,989	7,731
Rates & Taxes	20,000	-
Communication Expenses	3,205,776	358,059
Travelling Expenses		
Inland Travel	11,462,956	5,080,044
Tender Expenses	8183752	
Less:- Income from sale of tenders	246943	
Remuneration to Auditors	38,605	22,060
Statutory Audit out of pocket exp.	57,705	-
Advertisement and publicity	262,557	63,831
Security Expenses	2,113,978	409,707
Entertainment Expenses	608,008	142,289
Transit Hostel Expenses	858,207	149,278
Brokerage expenses	12,600	-
R&R- expenses	2,034,305	-
Books & Periodicals	43,795	13,869
Wages of daily rated manpower	1,903,728	119,548
Professional Charges & Consultancy	155,324	16,345
Legal Expenses	7,296	21,752,475
Postage & Courier Charges	56,158	10,008
EDP expenses	-	27,102
Printing and Stationery	893,878	504,242
Expenses on Hiring of Vehicles	4077621	
Less:- Vehicle hire charge recovery	0	
Hire charges-Office Equipment	427,250	124,950
Operating expenses of D.G. sets	433,462	6,111
Furnishing Expenses	54,885	-
Subscription to Trade & Other Assocn.	-	3,300
Miscellaneous Expenses	816,534	591,875
Loss on disposal/writeoff of fixed assets	43,804	-
Total (B)	41,968,886	40,616,206
C DEPRECIATION	3,364,272	1,242,745
D INTEREST AND FINANCE CHARGES		
FINANCE CHARGES		
Bank Charges	54,604	10,494
Total (D)	54,604	10,494
E LESS :- OTHER INCOME		
Other Income-transferred from Schedule-11	4,407,362	339,514
Total (E)	4,407,362	339,514
F FRINGE BENEFIT TAX		
Fringe Benefit Tax	9,998	407,694
TOTAL (F)	9,998	407,694
GRAND TOTAL (A+B+C+D-E+F)	127,261,389	60,443,897

SCHEDULE-16
NOTES ON ACCOUNTS:

- Estimated amount of Contracts remaining to be executed on capital account and not provided for as on 31.03.2010 is Rs.3094.30 Crores. (Previous year: Rs.2037.15 Crores.)
- The conveyancing of the title of 1259.62 acres (previous year : 10.51 acres) of Freehold Land of Value Rs.143.84 crores (previous year : Rs.23.85 lacs) in possession of the company as on 31.03.2010 is awaiting completion of legal formalities. Further, an amount of Rs.10.29 Crores (previous year : Rs.50.20 crores) is appearing as deposit for Land as on 31.03.2010 but possession is still awaited.
- Earning Per Share:
Earnings per Share has been calculated in accordance with the AS-20.
The elements considered for calculation of Earnings Per Share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net loss used as numerator (Rs.)	(1,68,354)	(38,91,180)
Weighted average number of equity shares used as denominator. (Nos.)	34,08,21,918	13,97,70,137
Earning per Share -Basic and Diluted. (Rs.)	(0.00)	(0.03)

- Contingent liability: Claims against the company not acknowledged as debts is Rs. NIL (Previous year: NIL).
- All the employees of the company are on secondment posting from the holding company, i.e. NTPC Ltd. excepting one employee on deputation from Ministry of Railways. Salaries paid to Employees on secondment and other benefits to them have been entered in to the Books of Company on the basis of transfer entries made by NTPC in this regard.
- Expenses on operating leases of the premises for residential use of the employees amounting to Rs.20,62,841/- (previous year: Rs.2,53,390/-) are included in Schedule-12-“Employees Remuneration and Benefits”. Similarly, lease payments in respect of premises for offices/transit accommodation are shown in Rent in Schedule-13- “Administration and other expenses”.
- The employees remuneration and benefits includes Rs.47,76,559/- (Previous Year: Rs.23,47,610/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, retirement benefits, farewell gift on retirement and economic rehabilitation scheme (for employees on secondment from NTPC Ltd.) as apportioned by Holding company i.e. NTPC Ltd. on actuarial valuation.
- The schedule ‘5’ of construction stores and advances includes amounts of Rs.255,94,21,597.00 (Previous year 31.03.2009: Rs.255,94,21,597.00) paid to M/s Bharat Heavy Electricals Ltd. and Rs.10,29,31,122/- (Previous year 31.03.2009: Rs.50,20,05,798.00) deposited with District Magistrate and Collector, Aurangabad, Bihar, towards main plant equipment supply packages and land respectively.
- 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.
- Company has incurred Rs.8,50,000/-(Previous year- Rs.Nil) during the year on scholarship to poor students of project affected families, where the land is to be acquired/to be acquired for company's project as resolved by the board of directors in their meeting.
- Managerial remuneration paid/payable to Chief Executive Officer :

	Current Year(Rs)	Previous Year(Rs)
Salaries and allowances	22,77,169	16,28,515
Contribution to provident fund & other funds including gratuity & group insurance	1,47,901	99,859
Other Benefits	5,35,932	2,26,604

In addition to the above remuneration the Chief Executive Officer has been allowed the use of car including for private journey, on payment of Rs.780/- per month.

The provisions for/contribution to gratuity, leave encashment and post retire-

ment medical facilities are ascertained on actuarial valuation done by the holding company on overall Company basis and hence not ascertainable separately.

- This year liability of Rs.12,50,000/- (Previous year : Nil) has been provided on account of price escalation for Site Leveling and Ash Dyke Contract as per contract terms. Further, value of additions made in assets, such as Site Leveling etc. based on estimates and provided in the books of accounts at the end of financial year have been shown as Current Liabilities.
- As per AS-17, Segmental Reporting are not applicable.
- Previous year figures have been re-grouped/re-arranged wherever necessary.
- Information pursuant to part IV of schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 055
 Registration No. U40102DL2007PLC170661
 Date Month Year
 Balance-Sheet date 31 03 2010

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

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

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

Total Liability	Total Assets
5 5 5 8 1 7 9	5 5 5 8 1 7 9
Source of Funds	
Paid-up Capital	Capital Deposit Account
4 0 0 0 0 0 0	1 4 6 1 5 3 9
Secured Loans	Reserves & Surplus
N I L	N I L
Deferred Tax Liability	Unsecured Loans
N I L	N I L
Application of Funds	
Net Fixed Assets	Investment
5 3 5 4 1 6 0	N I L
Net Current Assets	Misc. Expenditure
1 0 2 4 9 1	N I L
Accumulated Losses	
4 8 8 8	

IV. Performance of Company(Amount in Rs. Thousands)

Turnover	Total Expenditure
N I L	1 6 8
Loss before Tax	Loss after Tax
1 6 8	1 6 8
Earning per share in Rs.	Dividend Rate%
0 . 0 0	N I L

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

Product Description: GENERATION OF ELECTRICITY Item Code No. NA

As per our Audit Report of even date
 For H.S. MADAN & CO.,
 Chartered Accountants

H.S. MADAN
 Partner

M. No. 09036

Place :Delhi

Date :08.05.2010

For and on behalf of Board of Directors

S.S. SEN
 CEO

S.K. SAXENA
 Director

CHANDAN ROY
 Chairman

BHARTIYA RAIL BIJLEE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year	Previous year
	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss as per Profit and Loss Account	(168,354)	(3,891,180)
Adjustment for Depreciation	-	-
Operating Loss before Working Capital Changes	(168,354)	(3,891,180)
Adjustment for		
Sundry Creditors & Provisions	42,037,403	15,544,992
Other Current Assets	(155,043)	(29,353)
Loans & Advances	(3,460,202)	(1,642,025)
	38,422,158	13,873,614
Net Cash from Operating Activities-A	38,253,804	9,982,434
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets and CWIP	(1,990,226,848)	(691,148,263)
Net Cash used in Investing Activities -B	(1,990,226,848)	(691,148,263)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	1,500,000,000	2,499,000,000
Proceeds from Share Capital Deposit	450,391,000	(1,634,502,000)
Net Cash flow from Financing Activities-C	1,950,391,000	864,498,000
Net Increase/(Decrease) in Cash and Cash equivalents(A+B+C)	(1,582,044)	183,332,171
Cash and Cash equivalents(Opening Balance)	195,426,361	12,094,190
Cash and Cash equivalents(Closing Balance)	193,844,317	195,426,361

NOTES :

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

For and on behalf of Board of Directors

As per our Audit Report of even date
For H.S. MADAN & CO.,
Chartered Accountants

H.S. MADAN	S.S. SEN	S.K. SAXENA	CHANDAN ROY
Partner	CEO	Director	Chairman

M. No. 09036

Place : Delhi
Date : 08.05.2010

**AUDITORS' REPORT TO THE MEMBERS OF
BHARTIYA RAIL BIJLEE COMPANY LIMITED**

- We have audited the attached Balance Sheet of BHARTIYA RAIL BIJLEE COMPANY LIMITED (a Subsidiary Company of N.T.P.C. Ltd.) as at 31st March 2010, and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and

according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 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;
- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- Being a Government Company, pursuant to Notification No.GSR 829(E) dated 17/07/2003 issued by the Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.
- In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
 - in the case of the Profit and Loss Account of the loss for the year ended on that date.
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For H.S.MADAN & CO.
Chartered Accountants
(H.S. MADAN)
PARTNER
M. No. 09036

Place : Delhi
Date : 8th May, 2010

ANNEXURE TO AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

- The company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets.
 - The fixed assets of the company have been physically verified by the management during the year and no material discrepancies have been noticed.
 - In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.
- The Company does not have inventory. Accordingly, the provisions of clause 4(ii)(b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), (c) & (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
However, Share Capital Deposit still has an unadjusted balance of Rs.146.15 Crores as on 31/03/2010 against which no shares have been allotted by Company so far.
- In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with the regard to purchase of fixed assets. The company has not made any purchase/sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- According to the information given to us, there are no transactions that need to be entered in the register maintained U/s 301 of the Act. Company has awarded a Consultancy Contract of Rs.76.00 Crores to NTPC Ltd., holding

Company. During this year, payments have been made to the tune of Rs.31.69 Crores against this contract. Most of the Directors in Company are from NTPC Ltd. and Interest of Directors as required U/s 299 of Companies Act has already been disclosed in the Board's Meetings. As per Notification No. GSR 233 dt.31/01/1978 published in the Gazettee of India, Section 3(i) dt.11/02/1978, provisions of Section 297 are not applicable.

- (vi) According to the information given to us, Company has not accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975
- (vii) The provision of the order related to internal audit are not applicable to the company. However, Internal Audit have been conducted by the Holding Company, i.e. NTPC Ltd.
- (viii) The maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the company since it has not commenced any activity related to generation of electricity.
- (ix) (a) All employees of the company are on secondment posting from its holding company, i.e. NTPC Ltd. except one employee on deputation from Ministry of Railways. According to information given to us, holding company as well as Ministry of Railways are depositing undisputed statutory dues like provident Fund with appropriate authorities.
(b) According to the information and explanation given to us, no undisputed amount payable in respect of income tax, sales tax were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (x) This clause is not applicable as the company is not in existence for 5 years or more from the date of registration till 31st March, 2010.
- (xi) This clause is not applicable as the company has not taken any loan from financial institution, bank or by way of issue of debentures.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence, requirements of paragraph 4 (xiv) are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment, and vice-versa.
- (xviii) The company has made preferential allotment of 15.00 Crore shares at Face Value of Rs.10.00 each to N.T.P.C Ltd. and Ministry of Railways, parties and

companies covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.

- (xix) The Company has not issued any debentures
- (xx) The Company has not raised money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For H.S.MADAN & CO.
Chartered Accountants
(H.S. MADAN)

Place : Delhi
Date : 8th May, 2010

PARTNER
M. No. 09036

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 2010.

The preparation of financial statements of BHARTIYA RAIL BIJLEE COMPANY LIMITED, New Delhi, for the year ended 31 March 2010 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 08 May 2010.

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 statement of BHARTIYA RAIL BIJLEE COMPANY LIMITED, New Delhi for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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

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

Place: New Delhi
Dated: 2 June, 2010