

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. GRANTS-IN-AID

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

4. FIXED ASSETS

- 4.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- 4.4 Capital expenditure on assets not owned by the Company 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 relating to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

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

6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
- 6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.

NTPC Limited Consolidated Financial Statements

6.3 Acquisition and exploration costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.

7. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 8.2 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.
- 8.3 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.
- 8.4 Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.
- 8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

9. BORROWING COSTS

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

10. INVESTMENTS

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

11. INVENTORIES

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

12. PROFIT AND LOSS ACCOUNT

12.1 INCOME RECOGNITION

- 12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case of power stations where the tariff rates are yet to be approved, provisional rates are adopted.
- 12.1.2 Advance against depreciation considered as deferred revenue in earlier years is included in sales, to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.
- 12.1.3 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.

NTPC Limited Consolidated Financial Statements

- 12.1.4 Exchange differences arising from settlement / translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability' during construction period and adjusted in the year in which the same becomes recoverable/payable.
- 12.1.5 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.6 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages wherever there is uncertainty of realisation/acceptance are not treated as accrued and are therefore accounted for on receipt/acceptance.
- 12.1.7 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts. Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.8 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.9 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.
- 12.2 EXPENDITURE
- 12.2.1 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) 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) Photocopiers and Fax Machines | 19.00 % |
| e) Air conditioners, Water coolers and Refrigerators | 08.00 % |
- 12.2.2 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.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 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. Intangible assets - Others are amortized on straight line method over the period of legal right to use.
- 12.2.5 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.
- 12.2.6 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.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets 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.

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- 12.2.9 Leasehold lands other than acquired on perpetual leases are amortised over the lease period. Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease periods are yet to be finalised, are amortised over a period of 30 years.
- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.
- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
- 12.2.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.14 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 12.2.15 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Transit and handling losses of coal as per norms are included in cost of coal.

13. FINANCE LEASES

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

14. 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.

15. CASH FLOW STATEMENT

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

CONSOLIDATED BALANCE SHEET

As at March 31,	SCHEDULE	2010	Rs. Million 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	82,455	82,455
Reserves and surplus	2	543,824	491,621
		<u>626,279</u>	<u>574,076</u>
DEFERRED REVENUE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION	3	16,108	19,360
DEFERRED INCOME FROM FOREIGN CURRENCY FLUCTUATION		-	6,077
LOAN FUNDS			
Secured loans	4	153,764	132,117
Unsecured loans	5	287,721	256,109
		<u>441,485</u>	<u>388,226</u>
DEFERRED FOREIGN CURRENCY FLUCTUATION LIABILITY		611	545
DEFERRED TAX LIABILITY (NET)		30,869	51,520
Less: Recoverable		<u>28,572</u>	<u>51,519</u>
		2,297	1
MINORITY INTEREST		2,790	1,662
TOTAL		<u>1,089,570</u>	<u>989,947</u>
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION		6	6
FIXED ASSETS			
Gross Block	6	715,268	647,410
Less: Depreciation		<u>327,226</u>	<u>297,755</u>
Net Block		388,042	349,655
Capital Work-in-Progress	7	312,559	247,647
Construction stores and advances	8	64,261	61,646
		<u>764,862</u>	<u>658,948</u>
INVESTMENTS	9	117,776	116,960
DEFERRED FOREIGN CURRENCY FLUCTUATION ASSET		3,652	9,734
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	10	35,330	33,616
Sundry debtors	11	70,808	38,189
Cash and bank balances	12	160,530	172,505
Other current assets	13	8,680	9,934
Loans and advances	14	56,807	70,389
		<u>332,155</u>	<u>324,633</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	15	97,579	87,191
Provisions	16	31,503	33,143
		<u>129,082</u>	<u>120,334</u>
Net current assets		203,073	204,299
DEFERRED EXPENDITURE FROM FOREIGN CURRENCY FLUCTUATION		201	-
TOTAL		<u>1,089,570</u>	<u>989,947</u>
Notes on accounts	26		

Schedules 1 to 26 and accounting policies form integral part of accounts.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(R.S. SHARMA)
Chairman & Managing Director

As per our report of even date

For Dass Gupta & Associates
Chartered Accountants
Firm Reg. No. 000112N

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.001135N

For Varma & Varma
Chartered Accountants
Firm Reg. No. 004532S

(Naresh Kumar)
Partner
M No.082069

(S.K. Mittal)
Partner
M No.008506

(Cherian K. Baby)
Partner
M No.016043

For Parakh & Co.
Chartered Accountants
Firm Reg. No. 001475C

For B.C. Jain & Co.
Chartered Accountants
Firm Reg. No.001099C

For S.K. Mehta & Co.
Chartered Accountants
Firm Reg. No. 000478N

(V.D. Mantri)
Partner
M No.074678

(Ranjeet Singh)
Partner
M No.073488

(Rohit Mehta)
Partner
M.No.091382

Place : New Delhi
Dated : 17th May 2010

CONSOLIDATED PROFIT & LOSS ACCOUNT

		Rs. Million		
For the year ended March 31,		SCHEDULE	2010	2009
INCOME				
Sales (Gross)	17		485,307	428,974
Less: Electricity duty			2,743	2,360
Sales (Net)			482,564	426,614
Energy Internally consumed			551	514
Provisions written back	18		128	171
Other income	19		28,792	33,066
Total			512,035	460,365
EXPENDITURE				
Fuel			301,876	273,464
Electricity purchased			12	-
Employees' remuneration and benefits	20		25,231	25,325
Cost of material and services			1,824	1,244
Generation, administration & other expenses	21		23,348	19,749
Depreciation			28,944	24,949
Provisions	22		123	299
Interest and finance charges	23		20,782	21,167
Total			402,140	366,197
Profit before Tax and Prior Period Adjustments			109,895	94,168
Prior Period income/expenditure (net)	24		(596)	1,095
Profit before tax			110,491	93,073
Provision for :				
Current tax				
Current year				
			25,044	25,896
Earlier years				
			(5,254)	(13,953)
Fringe Benefit tax				
Current year				
			-	219
Earlier years				
			27	-
Deferred tax				
			2,296	(4,520)
Less: Deferred tax recoverable				
			-	(4,521)
Current/Fringe Benefit Tax transferred to expenditure during construction/Development of coal mines				
			(1)	15
			22,114	12,148
Profit after tax			88,377	80,925
Balance brought forward			(773)	859
Write back from Bond Redemption Reserve			2,000	1,250
Balance available for appropriation			89,604	83,034
Appropriations				
Transfer to Bonds Redemption Reserve				
			4,978	4,537
Transfer to Capital Reserve				
			50	86
Transfer to General Reserve				
			47,727	44,400
Dividend				
Interim				
			24,736	23,087
Final-Proposed				
			6,755	6,650
Tax on Dividend				
Interim				
			4,204	3,917
Final-Proposed				
			1,120	1,130
Balance carried to Balance Sheet			34	(773)
Expenditure during construction (net)	25		10,72	9.81
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted - (Rs.)			10.72	9.81
Notes on Accounts	26			

Schedules 1 to 26 and accounting policies form integral part of accounts
Total Income includes **Rs.18,369 Million** (Previous year Rs.6,395 Million) share of jointly controlled entities
Total Expenditure includes **Rs.17,238 Million** (Previous year Rs.7,864 Million) share of jointly controlled entities

For and on behalf of the Board of Directors

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Company Secretary

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Director (Finance)

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(Rohit Mehta)
Partner
M.No.091382

Place : New Delhi
Dated : 17th May 2010

CASH FLOW STATEMENT

	Rs. Million	
For the year ended March 31,	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Prior Period Adjustments	109895	94168
Adjustment for:		
Depreciation	28944	24949
Provisions	123	299
Deferred revenue on account of Advance Against Depreciation	(3252)	5626
Deferred Foreign Currency Fluctuation Assets/Liability	6148	(11743)
Deferred Income from foreign currency fluctuation	(6400)	6470
Interest charges	29779	27292
Guarantee Fee & other Finance charges	639	360
Interest/Income on Bonds/Investment	(10080)	(11330)
Prior Period Adjustments (Net)	596	(1095)
Dividend Income	(68)	(60)
Provisions Written Back	(128)	(171)
Others (Bonds issue and Servicing Expenses)	26	64
	46327	40661
Operating Profit before Working Capital Changes	156222	134829
Adjustment for:		
Trade and Other Receivables	(32632)	(6473)
Inventories	(424)	(5298)
Trade Payables and Other Liabilities	1735	22031
Loans and Advances	21778	(15634)
Other Current Assets	542	(1375)
	(9001)	(6749)
Cash generated from operations	147221	128080
Direct Taxes Paid	(27986)	(25663)
Net Cash from Operating Activities - A	119235	102417
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(140093)	(113444)
Purchase of Investments	(105208)	0
Sale of Investment	104396	17500
Interest/Income on Bonds/Investment Received	10792	12053
Income Tax on Interest/Income on Bonds/Investment	(26)	(59)
Dividend Received	68	60
	(130071)	(83890)
Net cash used in Investing Activities - B		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	91757	85185
Repayment of Long Term Borrowings	(27514)	(22944)
Securities Premium on issue of Share Capital	-	(614)
Grant Received/Ash utilisation reserve etc.	1765	420
Interest Paid	(29769)	(26451)
Guarantee Fee & other Finance charges Paid	(632)	(358)
Dividend Paid	(31386)	(29743)
Tax on Dividend	(5334)	(5058)
Others (Equity /Bonds issue& Servicing Expenses)	(26)	(64)
Net Cash flow from Financing Activities - C	(1139)	373
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	(11975)	18900
Cash and cash equivalents(Opening balance) *	172505	153605
Cash and cash equivalents(Closing balance) *	160530	172505

Notes :

- Cash and Cash Equivalents consists of Cash in Hand and balance with Banks.
- Previous year's figures have been regrouped/rearranged wherever necessary.
 - * Includes **Rs 116 million** (previous Year Rs.103 million) deposited as security with Government Authorities as per court orders.
 - * Includes **Rs.226 million** (previous Year Rs.58 million) lying in designated bank accounts towards unclaimed Dividend.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

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Director (Finance)

(R.S. SHARMA)
Chairman & Managing Director

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Partner
M.No.091382

Place : New Delhi
Dated : 17th May 2010

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,
Schedule 1
SHARE CAPITAL
AUTHORISED

 10,000,000,000 equity shares of Rs.10/- each (Previous
year 10,000,000,000 equity shares of Rs.10/- each)

100,000

100,000

ISSUED, SUBSCRIBED AND PAID-UP

 8,245,464,400 equity shares of Rs.10/- each fully paid-up (Previous
year 8,245,464,400 equity shares of Rs.10/- each fully paid-up)

82,455

82,455

Schedule 2
RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet

1,981

1,885

Add : Additions during the year

800

86

Adjustments during the year

43

10

2,824

1,981

Security Premium Account

22,281

22,281

Bonds Redemption Reserve

As per last Balance Sheet

16,889

13,602

Add : Transfer from Profit & Loss Account

4,978

4,537

Less : Write back during the year

2,000

1,250

19,867

16,889

Ash Utilisation Reserve

As per last Balance Sheet

-

-

Add : Addition during the year

106

-

106

-

General Reserve

As per last Balance Sheet

451,243

406,933

Add : Transfer from Profit & Loss Account

47,727

44,400

Less : Adjustments during the year

258

90

498,712

451,243

Surplus in Profit & Loss Account

34

(773)

Total
543,824

491,621

 Includes **Rs.(-) 579 Million** (previous year (-) Rs.1,101 Million) share of jointly controlled entities

Schedule 3
DEFERRED REVENUE - ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

As per last Balance Sheet

19,360

13,734

Add : Revenue deferred during the year

244

5,626

Less : Reversed during the year

328

-

Less : Revenue recognised during the year

3,168

-

Total
16,108

19,360

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,
2010

2009

Schedule 4
SECURED LOANS
Bonds

10.00% Secured Non-Convertible Taxable Bonds of Rs. 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6 th year and in annual instalments thereafter upto the end of 10 th year respectively from 5 th September 2001 (Twelfth Issue - Private Placement) ¹	2,000	3,000
9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6 th year and upto the end of 15 th year respectively from 18 th April 2002 (Thirteenth Issue -Part A - Private Placement) ²	6,000	6,750
9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6 th year and in annual instalments thereafter upto the end of 15 th year respectively from 30 th April 2002 (Thirteenth Issue - Part B - Private Placement) ²	6,000	6,750
8.00% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10 th April 2018 (Sixteenth Issue -Private Placement) ³	1,000	1,000
8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 1 st May 2023 (Seventeenth Issue - Private Placement) ³	500	500
5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6 th year and in annual instalments thereafter, upto the end of 10 th year respectively from 15 th September 2003 (Eighteenth Issue - Private Placement) ⁴	4,000	5,000
7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 12 th January 2019 (Nineteenth Issue - Private Placement) ⁵	500	500
7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23 rd September 2009 and ending on 23 rd March 2019 (Twentieth Issue - Private Placement) ⁶	4,500	5,000
7.7125% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2 nd August 2010 and ending on 2 nd February 2020 (Twenty first issue - Private Placement) ⁷	10,000	10,000
8.1771% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2 nd July 2011 and ending on 2 nd January 2021 (Twenty second issue - Private Placement) ⁸	5,000	5,000
8.3796% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 5 th August 2011 and ending on 5 th February 2021 (Twenty third issue - Private Placement) ⁸	5,000	5,000
8.6077% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 9 th September 2011 and ending on 9 th March 2021 (Twenty fourth issue - Private Placement) ⁸	5,000	5,000
9.37% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.70,00,000/- each with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty fifth issue - Private Placement) ⁹	5,000	5,000

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,	2010	2009
Schedule 4		
SECURED LOANS		
9.06% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.70,00,000/- each with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty sixth issue - Private Placement) ⁹	5,000	5,000
11.25% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par in five equal annual instalments commencing from 6 th Nov 2019 and ending on 6 th Nov 2023 (Twenty seventh issue - Private Placement) ⁹	3,500	3,500
11% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 21 st November 2018 (Twenty Eighth issue - Private Placement) ⁹	10,000	10,000
8.65% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 4 th February 2019 (Twenty ninth issue - Private Placement) ⁹	5,500	5,500
7.89% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 5 th May 2019 (Thirtieth issue - Private Placement) ⁹	7,000	-
Loans and Advances from Banks		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.1,375 Million , previous year Rs.1,398 Million) ¹⁰	5,286	7,180
Rupee Term Loans (Due for repayment within one year Rs.872 Million , previous year Rs.969 Million) ¹¹	21,172	14,859
Cash credit (Secured against inventory and Trade Debtors of Kanti Bijlee Utpadan Nigam Ltd.)	121	15
Other Loans and Advances		
Rupee Term Loans (Due for repayment within one year Rs.2,921 Million , previous year Rs.194 Million) ¹²	41,671	27,547
Obligations under finance lease (Due for repayment within one year Rs.6 Million , previous year Rs.4 Million) ¹³	14	16
TOTAL	153,764	132,117

 Includes **Rs.62,844 Million** (previous year Rs. 42,406 Million) share of jointly controlled entities

Note:

- Secured by (I) English mortgage, on first charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable Mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.

Schedules forming part of Consolidated Balance Sheet

Schedule 4

SECURED LOANS

- 4 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- 5 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- 6 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
- 7 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Barh Super Thermal Power Project as first charge, ranking pari passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
- 8 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of the title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
- 9 Secured by (I) English mortgage, on first pari passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Thermal Power Project by extension of charge already created.
- 10 Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Banker's first charge on certain movable assets hypothecated to them for working capital requirement.
- 11 Secured by all moveable & immovable, present and future assets belonging to Joint Venture entity at Vallur.
Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Bhilai Expansion Project (CPP - III) belonging to Joint Venture entity.
Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of CPP-II at Rourkela, Durgapur and Bhilai belonging to Joint Venture entity.
Secured by first charge by way of hypothecation in favour of PFC Ltd. of all moveable assets of Indira Gandhi Super Thermal Power Project (3 X 500 MW) Coal Based Thermal Power Project at Jhajjar Distt. in state of Haryana belonging to Joint Venture entity, comprising its movable plant and machinery, machinery spares, tools and accessories, furniture fixture, vehicles and all other movable assets, present and future, including intangible assets, goodwill, uncalled capital receivable of the project except for specified receivables on which first charges would be of working capital lenders present and future.
Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at village Anjanwel Guhagar, Distt. Ratnagiri belonging to Joint Venture entity subject to the first charge of Government of India to the extent of Rs.13000 Million.
- 12 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at village Anjanwel Guhagar, Distt. Ratnagiri belonging to Joint Venture entity subject to the charge of Government of India to the extent of Rs.13000 Million.
- 13 Secured against fixed assets obtained under finance lease.

Note:

Security cover mentioned at sl. no. 1 to 9 is above 100% of the debt securities outstanding

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,	2010	2009
Schedule 5		
UNSECURED LOANS		
Fixed Deposits	134	14
(Due for repayment within one year Rs.6 Million , previous year Rs.7 Million)		
Bonds		
8.78 % Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 9 th March 2020 (Thirty first issue- Private Placement)*	5,000	-
8.8493% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 15,00,000/- each with fifteen equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 25 th March 2016 and ending on 25 th March 2030 (Thirty second Issue - Private Placement)*	1,050	-
8.73 % Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 31 st March 2020 (Thirty third issue- Private Placement)*	1,950	-
Foreign Currency Bonds / Notes		
5.50 % Eurobonds due for repayment on 10 th March 2011 (due for repayment with in one year Rs.9,134 million , previous year Nil)	9,134	10,310
5.875 % Fixed Rate Notes due for repayment on 2 nd March 2016	13,701	15,465
Loans and Advances		
From Banks and Financial Institutions		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.610 Million , previous year Rs.498 Million)	26,383	28,842
Other Foreign Currency Term Loans (Due for repayment within one year Rs. 5,884 Million , previous year Rs.2,296 Million)	49,034	49,439
Rupee Term Loans (Due for repayment within one year Rs.17,962 Million , Previous year Rs.19,301 Million)	181,335	152,038
From Others		
Loans from Government of India (Due for repayment within one year nil , previous year Rs.1 Million)	-	1
TOTAL	287,721	256,109

* To be secured by registered and/or equitable mortgage on immovable properties
Includes **Rs.550 Million** (previous year Rs.127 Million) share of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet
Schedule 6
FIXED ASSETS

Rs. Million

	Gross Block			As at 31.03.2010	Depreciation			Net Block		As at 31.03.2009
	As at 01.04.2009	Additions	Deductions/ Adjustments		Upto 31.03.2009	For the year	Deductions/ Adjustments	Upto 31.03.2010	As at 31.03.2010	
TANGIBLE ASSETS										
Land :										
(including development)										
Freehold	19,658	2,862	(55)	22,575	-	-	-	-	22,575	19,658
Leasehold	5,340	164	86	5,418	596	82	6	672	4,746	4,744
Roads, bridges, culverts & helipads	4,284	179	(148)	4,611	879	79	(12)	970	3,641	3,405
Building :										
Freehold										
Main plant	25,513	3,563	309	28,767	10,411	760	18	11,153	17,614	15,102
Others	19,386	1,027	(447)	20,860	5,394	516	(8)	5,918	14,942	13,992
Leasehold	498	-	(2)	500	172	17	-	189	311	326
Temporary erection	264	66	(5)	335	263	62	(5)	330	5	1
Water Supply, drainage & sewerage system	5,846	157	(14)	6,017	2,296	303	-	2,599	3,418	3,550
MGR track and signalling system	8,659	552	(40)	9,251	5,239	272	(2)	5,513	3,738	3,420
Railway Siding	2,901	1	2	2,900	1,053	140	-	1,193	1,707	1,848
Earth Dam Reservoir	1,757	41	-	1,798	558	84	-	642	1,156	1,199
Plant and machinery	539,061	55,810	(449)	595,320	262,048	27,004	716	288,336	306,984	277,013
Furniture, fixtures & other office equipment	4,212	482	10	4,684	2,626	197	34	2,789	1,895	1,586
EDP, WP machines and SATCOM equipment	3,032	448	33	3,447	2,076	283	51	2,308	1,139	956
Vehicles including speedboats	95	11	7	99	70	4	6	68	31	25
Construction equipment	1,211	203	79	1,335	756	80	91	745	590	455
Electrical Installations	2,266	522	(184)	2,972	1,219	105	(8)	1,332	1,640	1,047
Communication Equipments	792	52	7	837	395	29	14	410	427	397
Hospital Equipments	232	17	1	248	144	9	3	150	98	88
Laboratory and workshop equipments	162	91	(1)	254	104	6	-	110	144	58
Leased assets - Vehicles	20	4	-	24	5	6	-	11	13	15
Capital expenditure on assets not owned by the Company	1,399	554	(6)	1,959	1,037	96	(1)	1,134	825	362
Assets of Government	28	-	-	28	-	-	-	-	28	28
Less: Grants from Government	28	-	-	28	-	-	-	-	28	28
Assets held for disposal valued at net book value or net realisable value whichever is less	21	-	(6)	27	-	-	-	-	27	21
INTANGIBLE ASSETS										
Right of Use - Land	13	63	6	70	-	3	-	3	67	13
- Others	-	85	-	85	-	1	-	1	84	-
Software	788	50	(37)	875	414	235	(1)	650	225	374
Total	647,410	67,004	(854)	715,268	297,755	30,373	902	327,226	388,042	349,655
Previous year	556,472	78,011	(12,927)	647,410	274,868	26,585	3,698	297,755	349,655	281,604

 Net Fixed Assets include **Rs.38,447 Million** (previous year Rs.19,891 Million) share of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet
Schedule 7
CAPITAL WORK-IN-PROGRESS

Rs. Million

	As at 01.04.2009	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2010
Development of land	3,451	795	305	31	3,910
Roads, bridges, culverts & helipads	646	299	165	182	598
Piling and foundation	9,106	2,765	3,187	-	8,684
Buildings :					
Main plant	12,056	8,557	(2,742)	3,563	19,792
Others	2,806	2,238	107	1,009	3,928
Temporary erection	44	53	26	54	17
Water supply, drainage and sewerage system	452	187	(13)	155	497
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	18,931	5,922	1,639	-	23,214
MGR track and signalling system	2,968	1,038	27	552	3,427
Railway siding	642	768	13	-	1,397
Earth dam reservoir	890	315	(288)	41	1,452
Plant and machinery	184,246	108,172	1,081	55,791	235,546
Furniture, fixtures and other office equipment	68	147	9	149	57
EDP/WP Machines & SATCOM equipment	32	109	13	118	10
Construction Equipments	-	43	2	41	-
Electrical installations	714	447	228	436	497
Communication equipment	22	42	16	28	20
Laboratory and workshop equipment	13	21	(14)	46	2
Intangible assets - software	1	14	2	8	5
Capital expenditure on assets not owned by the company	789	1,640	41	554	1,834
Exploratory Wells-in-Progress	32	45	-	-	77
Development of Coal Mines	967	401	(1)	-	1,369
	<u>238,876</u>	<u>134,018</u>	<u>3,803</u>	<u>62,758</u>	306,333
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	1,627	888	146	-	2,369
Difference in exchange on foreign currency loans	2,064	(10,984)	(6,457)	-	(2,463)
Expenditure towards diversion of forest land	1,757	3	(2)	-	1,762
Pre-commissioning expenses (net)	81	127	835	-	(627)
Expenditure during construction	3,390	23,344*	(160)	-	26,894
Less: Allocated to related works	-	21,565	-	-	21,565
	<u>247,795</u>	<u>125,831</u>	<u>(1,835)</u>	<u>62,758</u>	312,703
Less: Provision for unserviceable works	148	-	4	-	144
Total	<u>247,647</u>	<u>125,831</u>	<u>(1,839)</u>	<u>62,758</u>	<u>312,559</u>
Previous Year	206,991	132,636	19,164	72,816	247,647

* Brought from Expenditure during construction period (net) - Schedule 25

Include **Rs. 41,994 million** (Previous year Rs.33,297 million) share of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,	2010	2009
Schedule 8		
CONSTRUCTION STORES AND ADVANCES		
CONSTRUCTION STORES *		
(At cost)		
Steel	10,765	12,133
Cement	253	177
Others	10,918	7,391
	21,936	19,701
Less: Provision for shortage	13	11
	21,923	19,690
ADVANCES FOR CAPITAL EXPENDITURE		
Secured	16	1,274
Un secured, considered good		
Covered by bank guarantees	31,769	34,852
Others	10,553	5,830
Considered doubtful	22	67
	42,360	42,023
Less: Provision for bad & doubtful advances	22	67
	42,338	41,956
Total	64,261	61,646
	12,753	10,517

* Include material in transit, under inspection and with contractors

 Includes **Rs. 6,288 Million** (previous year Rs. 6,016 Million) share of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,			2010	2009
Schedule 9				
INVESTMENTS				
(Valuation as per Accounting Policy No. 10)				
	Number of shares/bonds/ securities Current year/ (previous year)	Face value per share/bond/ security Current year/ (previous year) (Rs.)		
I. LONG TERM (Trade - unless otherwise specified)				
A) Quoted				
a) Government of India Dated Securities (Non-Trade)	-	-	-	1,875
	(19139000)	(100)		
Less: Amortisation of Premium			-	10
			-	1,865
b) Equity Shares (fully paid-up)				
PTC India Ltd.	12000000	10	120	120
	(12000000)	(10)		
Sub Total (A)			120	1,985
B) Unquoted (fully paid-up)				
Bonds				
i) 8.50 % Tax-Free State Government Special Bonds of the Government of (#)				
Andhra Pradesh	7563900	1000	7,564	8,824
	(8824550)	(1000)		
Assam	308784	1000	309	360
	(360248)	(1000)		
Bihar	11366400	1000	11,366	13,261
	(13260800)	(1000)		
Chattisgarh	2899320	1000	2,899	3,382
	(3382540)	(1000)		
Gujarat	5023440	1000	5,024	5,861
	(5860680)	(1000)		
Haryana	6450000	1000	6,450	7,525
	(7525000)	(1000)		
Himachal Pradesh	200328	1000	200	234
	(233716)	(1000)		
Jammu and Kashmir	2204160	1000	2,204	2,571
	(2571520)	(1000)		
Jharkhand	5760736	1000	5,761	6,721
	(6720856)	(1000)		
Kerala	6014400	1000	6,014	7,017
	(7016800)	(1000)		
Madhya Pradesh	4985040	1000	4,985	5,816
	(5815880)	(1000)		
Maharashtra	2288400	1000	2,289	2,670
	(2669800)	(1000)		
Orissa	6617244	1000	6,617	7,720
	(7720118)	(1000)		
Punjab	2077380	1000	2,077	2,424
	(2423610)	(1000)		

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,
2010

2009

Schedule 9
INVESTMENTS

(Valuation as per Accounting Policy No. 10)

	Number of shares/bonds/ securities Current year/ (previous year)	Face value per share/bond/ security Current year/ (previous year) (Rs.)		
Rajasthan	870000 (1160000)	1000 (1000)	870	1,160
Sikkim	205176 (239372)	1000 (1000)	205	239
Uttar Pradesh	23939400 (27929300)	1000 (1000)	23,939	27,929
Uttaranchal	2397900 (2797550)	1000 (1000)	2,398	2,798
West Bengal	7045488 (8219736)	1000 (1000)	7,046	8,220
ii) Other Bonds				
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 , 06/2002, 06/2009	- (3744)	- (12500)	-	47
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 09/2002, 09/2009	- (3780)	- (12500)	-	47
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 - 10/2002, 10/2009	- (5970)	12500 (25000)	-	149
Sub Total (B)			98,217	114,975
(iii) Equity shares in Pipavav Power Development Company Ltd.*			4	
Sub Total (I)			98,341	116,960
II. CURRENT (Non - Trade - Unquoted)				
SBI - SHF Ultra Short Term Fund-Institutional Plan (IP)- Daily Dividend Reinvestment (DDR)	424791050 (-)	10 (-)	4,250	-
UTI Treasury Advantage Fund-IP-DDR	7681994 (-)	1000 (-)	7,684	-
Canara Robeco Treasury Advantage Super-IP- DDR	604553577 (-)	10 (-)	7,501	-
Sub Total (II)			19,435	-
Total (I + II)			117,776	116,960
Quoted Investments				
Book Value			120	1,985
Market Value			1,336	2,755
Unquoted Investments				
Book Value			117,656	114,975

Includes Bonds of **Rs.65,333 Million** (previous year Rs.65,623 Million) permitted for transfer/trading by Reserve Bank of India. Balance can be transferred/traded subject to prior approval of Reserve Bank of India

* A wholly owned subsidiary of the Company under winding up
Includes **Rs.Nil** (previous year Rs.Nil) share of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,
Schedule 10
INVENTORIES

(Valuation as per Accounting Policy No. 11)

	2010	2009
Components and spares	17,590	18,090
Loose tools	52	46
Coal	11,203	11,163
Fuel Oil	1,807	1,905
Naphtha	1,374	1,220
Chemicals & consumables	324	299
Steel Scrap	123	116
Others	3,362	1,269
	35,835	34,108
Less: Provision for shortage	30	51
Provision for obsolete/ unserviceable items / diminution in value of surplus inventory	475	441
Total	35,330	33,616
Inventories include material in transit, under inspection and with contractors	1,592	1,663

 Includes **Rs.1,843 Million** (previous year Rs.1,015 Million) share of jointly controlled entities

Schedule 11
SUNDRY DEBTORS

(Considered good, unless otherwise stated)

Debts outstanding over six months		
Unsecured	1,787	1,155
Considered doubtful	8,392	8,373
	10,179	9,528
Other debts		
Unsecured	69,021	37,034
	79,200	46,562
Less: Provision for bad & doubtful debts	8,392	8,373
Total	70,808	38,189

 Includes **Rs.3,026 Million** (previous year Rs.1,633 Million) share of jointly controlled entities

Schedule 12
CASH & BANK BALANCES

Cash on hand (includes cheques, drafts and stamps on hand Rs.25 Million (previous year Rs.15 Million))	127	16
Remittances in transit	1	7
Balance with Reserve Bank of India earmarked for fixed deposits from public	308	308
Balances with scheduled banks		
Current Account (a)	6,588	2,894
Term Deposit Account (b)	153,506	169,280
Total	160,530	172,505

 Includes **Rs.3,438 Million** (previous year Rs.2,273 Million) share of jointly controlled entities

 (a) Includes **Rs.226 Million** of Unclaimed Dividend (previous year Rs.58 Million)

 (b) **Rs.116 Million** (previous year Rs.103 Million) deposited as security with Government authorities/others as per court orders.

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,
2010
2009
Schedule 13
OTHER CURRENT ASSETS

Interest accrued :

Bonds	4,525	5,237
Government of India Dated Securities	-	47
Term Deposits	3,770	4,323
Others	143	143
Other Recoverables	165	130
Others	77	54
Total	8,680	9,934

 Includes **Rs. 100 Million** (previous year Rs.64 Million) shares of jointly controlled entities

Schedule 14
LOANS AND ADVANCES

(Considered good, unless otherwise stated)

LOANS

Employees (including accrued interest)

Secured	4,017	3,980
Unsecured	1,176	1,054
Considered doubtful	2	2
Loan to State Government in settlement of dues from customers		
Unsecured	6,222	7,179
Others		
Secured	1,917	2,200
Unsecured	7	8

ADVANCES

(Recoverable in cash or in kind or for value to be received)

Contractors & suppliers, including material issued on loan

Secured	24	37
Unsecured	12,738	10,505
Considered doubtful	3	1
Employees (including imprest)		
Unsecured	1,554	3,373
Considered doubtful	1	1

Advance tax deposit & tax deducted at source

	93,613	71,611
Less: Provision for taxation	72,012	35,947
	21,601	35,664

Others

Unsecured	1,065	1,616
Considered doubtful	151	152
Claims recoverable		
Unsecured	4,831	3,327
Considered doubtful	30	34
Less: Provision for bad and doubtful loans, advances and claims	187	190

DEPOSITS

Deposits with customs, port trust and others

	1,655	1,446
Total	56,807	70,389

 Includes **Rs.1,913 Million** (previous year Rs.1,523 Million) share of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,	2010	2009
Schedule 15		
CURRENT LIABILITIES		
Sundry Creditors		
For capital expenditure		
Micro & Small Enterprise (*Rs. 2,03,017/-)	99	*
Others	32,524	25,525
For goods and services		
Micro & Small Enterprise	7	11
Others	28,255	29,744
Book overdraft	281	967
Deposits, retention money from contractors and others	16,140	14,003
Less: Bank deposits/Investments held as security	122	135
	77,184	70,115
Advances from customers and others	14,451	4,908
Other liabilities	1,950	8,352
Unclaimed dividend (#)	226	58
Interest accrued but not due :		
Loans from Government of India (*Rs.60,080/-)	-	*
Foreign currency loans/bonds	322	443
Term loans in Indian currency	1,364	1,286
Bonds	1,991	2,025
Fixed deposits from public	10	4
Others	81	-
Total	97,579	87,191

(#) No amount is due for payment to Investor Education and Protection Fund

 Includes **Rs.8,362 Million** (previous year Rs.5,652 Million) shares of jointly controlled entities

Schedules forming part of Consolidated Balance Sheet

Rs. Million

As at March 31,	2010	2009
Schedule 16		
PROVISIONS		
Income/Fringe Benefit Tax		
As per last balance sheet	-	9
Additions during the year	19,817	12,023
Amount adjusted during the year	(52,195)	(23,698)
Less: Set off against taxes paid	72,012	35,730
	-	-
Proposed dividend		
As per last balance sheet	6,650	6,656
Additions during the year	6,755	6,650
Amounts paid during the year	6,650	6,656
	6,755	6,650
Tax on proposed dividend		
As per last balance sheet	1,130	1,141
Additions during the year	1,120	1,130
Amounts paid during the year	1,130	1,141
	1,120	1,130
Employee benefits		
As per last balance sheet	22,140	15,444
Additions during the year	7,333	8,627
Amounts paid during the year	8,687	1,931
Amount reversed during the year	221	-
	20,565	22,140
Obligation Incidental to Land Acquisition		
As per last balance sheet	3,196	-
Additions during the year	222	3197
Amounts paid during the year	361	1
Amount reversed during the year	58	-
	2,999	3196
Others		
As per last balance sheet	27	820
Additions during the year	42	10
Amounts adjusted during the year	-	801
Amounts reversed during the year	5	2
	64	27
Total	31,503	33,143

 Includes **Rs. 741 Million** (Previous year Rs. 589 Million) share of jointly controlled entities

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,	2010	2009
Schedule 17		
SALES		
Energy Sales (including Electricity Duty) *	476,671	429,204
Less : Advance against Depreciation deferred (net)	(84)	5,626
Add: Revenue recognised out of advance against depreciation	3,168	-
Exchange fluctuation receivable from customer	319	1,894
	480,242	425,472
Consultancy, project management and supervision fees (including turnkey construction projects)	5,065	3,502
Total	485,307	428,974

* Includes (-) **Rs.7,199 Million** (Previous year Rs.7,583 Million) on account of income tax recoverable from beneficiaries as per CERC Regulations and **Rs.2,485 million** (Previous year Nil) on account of deferred tax recoverable from customers as per CERC Regulations 2009.

Includes **Rs.18,464 Million** (Previous year Rs.6,429 Million) share of jointly controlled entities

Schedule 18
PROVISIONS WRITTEN BACK

Doubtful debts	1	1
Doubtful loans, advances and claims	4	145
Doubtful Construction advances	45	-
Shortage in construction stores	7	4
Shortage in stores	20	11
Obsolescence/diminition in value of surplus stores	41	8
Unserviceable Capital work-in-Progress	5	-
Others	5	2
	128	171

Includes **Rs.Nil** (Previous year Rs.Nil) share of jointly controlled entities

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,
2010
2009
Schedule 19
OTHER INCOME
Income from Long Term Investments
Trade

Dividend from Joint Ventures

68

60

Interest from

Government Securities (8.5% tax free bonds issued by the State Governments)

9,401

10,805

 Other Bonds (Gross) (Tax deducted at source **Rs.4 Million**, Previous year Rs.12 Million)

7

43

Non -Trade

Interest from Government of India Securities (Gross)

18

131

Less: Amortisation of premium

-

10

18

121

Profit on redemption of investments

50

-

Income from Current Investments (Non-Trade)

Dividend from Mutual Fund Investments

604

361

Income from Others

 Interest (Gross) (Tax deducted at source **Rs.2032 Million**, Previous year Rs.3,812 Million)

Loan to State Government in settlement of dues from customers

590

671

Indian banks

13,682

16,158

Foreign banks

-

(15)

Employees' loans

166

177

Customers

600

967

Others

707

606

Interest on Income Tax refunds

4,526

3,306

Less: Refundable to customers

4,526

1,107

-

2,199

Surcharge received from customers

625

69

Hire charges for equipment

28

13

Profit on disposal of fixed assets

70

127

Exchange differences

302

23

Miscellaneous income

2,382

1,498

29,300

33,883

Less: Transferred to Expenditure during construction period (net) - Schedule 25

440

548

Transferred to Deferred Foreign Currency Fluctuation Assets/Liability

68

268

Transferred to development of coal mines

-

1

Total
28,792

33,066

 Includes **Rs.190 million** (Previous year Rs.109 Million) share of jointly controlled entities

Schedule 20
EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, wages, bonus, allowances & benefits

24,772

19,958

Contribution to provident and other funds

3,489

6,847

Welfare expenses

2,932

3,285

31,193

30,090

Less: Allocated to fuel cost

1,541

1,229

Transferred to development of coal mines

219

158

Transferred to Expenditure during construction period (net) - Schedule 25

4,202

3,378

Total
25,231

25,325

 Includes **Rs.777 Million** (Previous year Rs.402 Million) share of jointly controlled entities

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,
Schedule 21
GENERATION, ADMINISTRATION & OTHER EXPENSES

	2010	2009
Power charges	1,172	1,052
Less: Recovered from contractors & employees	145	128
	1,027	924
Water charges	1,379	997
Stores consumed	326	327
Rent	289	201
Less: Recoveries	62	56
	227	145
Repairs & Maintenance		
Buildings	1,079	971
Plant & Machinery		
Power stations	12,777	10,236
Construction equipment	6	10
	12,783	10,246
Others	981	836
Insurance	842	605
Rates and taxes	249	221
Water cess & environment protection cess	263	255
Training & recruitment expenses	739	431
Less: Fees for training and application	41	36
	698	395
Communication expenses	357	293
Travelling expenses	1,452	1,358
Tender expenses	257	249
Less: Receipt from sale of tenders	20	25
	237	224
Payment to auditors	26	26
Advertisement and publicity	160	111
Security expenses	2,353	1,724
Entertainment expenses	121	144
Expenses for guest house	122	104
Less: Recoveries	13	12
	109	92
Education expenses	216	184
Brokerage & commission	25	15
Donations	5	1
Community development and welfare expenses	212	145
Less:-Grants-in-aid	1	9
	211	136
Ash utilisation & marketing expenses	39	47
Less: Sale of ash products (*Rs.2,51,280/-)	9	*
	30	47
Books and periodicals	20	18
Professional charges and consultancy fees	467	526
Less: Grants-in-aid	16	-
	451	526
Legal Expenses	114	69
EDP hire and other charges	169	128
Printing and stationery	118	108
Oil & gas exploration expenses	34	87
Miscellaneous expenses	1,080	1,468
Stores written off	3	8
Claims/Advances written off	-	2
Survey & Investigation expenses written off	43	41
Loss on disposal/write-off of fixed assets	294	424
	27,482	23,156
Less: Allocated to fuel cost	1,846	1,450
Transferred to development of coal mines	174	85
Transferred to Expenditure during construction period (net) - Schedule 25	2,114	1,872
Total	23,348	19,749
Stores consumption included in repairs and maintenance	6,628	6,014

Includes Rs.2,231 Million (Previous year Rs. 1,262 Million) share of jointly controlled entities

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,
2010
2009
Schedule 22
PROVISIONS

Doubtful debts	14	12
Doubtful advances and claims	1	4
Doubtful advances for construction	-	-
Shortage in stores	18	53
Obsolete/Diminution in the value of surplus stores	76	178
Shortage in construction stores	9	8
Unserviceable capital work-in-progress	3	16
Others	2	28
Total	123	299

 Includes **Rs. 14 Million** (Previous year Rs. 53 Million) share of jointly controlled entities

Schedule 23
INTEREST AND FINANCE CHARGES
Interest on :

Bonds	7,664	6,052
Loans from Government of India	-	5
Foreign Currency Term Loans	1,883	2,301
Rupee Term loans	18,073	13,729
Public deposits	11	3
Foreign currency Bonds/Notes	1,704	1,738
Amounts payable to customers	14	72
Others	429	704
Exchange differences regarded as adjustment to interest costs	1	2,688
	29,779	27,292

Finance Charges :

Bonds servicing & public deposit expenses	19	18
Guarantee Fee	397	340
Management Fee	3	11
Commitment charges/Exposure premium	27	9
Rebate to customers	7,076	6,748
Reimbursement of L.C.charges on Sales Realisation	72	133
Bank Charges	46	30
Bond Issue Expenses	5	45
Legal expenses on foreign currency loans	1	-
Foreign currency Bonds/Notes expenses	1	1
Upfront fee	206	-
Others	15	29
	7,868	7,364

Sub-Total
37,647
34,656

Less: Transferred to Expenditure during construction period (net) - Schedule 25

16,865
13,489
Total
20,782
21,167

 Includes **Rs. 2,690 Million** (Previous year Rs. 1,247 Million) share of jointly controlled entities

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,
2010

2009

Schedule 24
PRIOR PERIOD INCOME/EXPENDITURE (NET)
INCOME

Sales	(325)	4,647
Others	25	(14)
	<u>(300)</u>	<u>4,633</u>

EXPENDITURE

Salary, wages, bonus, allowances & benefits	(980)	(3)
Repairs and maintenance	(3)	4
Depreciation	254	(2,376)
Interest including exchange differences regarded as adjustment to interest costs	213	7,539
Insurance	-	(1)
Advertisement and publicity	3	1
Professional consultancy charges	-	20
Rates & Taxes	5	(14)
Rent	3	1
Depreciation adjustment out of Deferred expenses/income from foreign currency fluctuation	-	736
Exchange differences	36	(469)
Others	(54)	15
	<u>(523)</u>	<u>5,453</u>
Net Expenditure/Income)	(223)	820
Less: Transferred to Expenditure during construction period (net) -Schedule 25	378	(24)
Transferred to Deferred Foreign Currency Fluctuation Assets/Liability	-	(251)
Transferred to development of coal mines	(5)	-
Total	<u>(596)</u>	<u>1,095</u>

 Includes **Rs.190 Million** (Previous year Rs.9 Million) share of jointly controlled entities

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,
2010

2009

Schedule 25
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)
A. Employees remuneration and other benefits

Salaries, wages, allowances and benefits	3,634	2,291
Contribution to provident and other funds	382	711
Welfare expenses	186	376
Total (A)	4,202	3,378

B. Other Expenses

Power charges	608	525
Less: Recovered from contractors & employees	9	9
	599	516
Water charges	88	3
Rent	41	36
Repairs & maintenance		
Buildings	47	52
Construction equipment	2	59
Others	163	107
	212	218
Insurance	7	11
Rates and taxes	6	25
Communication expenses	50	42
Travelling expenses	283	272
Tender expenses	81	81
Less: Income from sale of tenders	1	-
	80	81
Payment to auditors	1	-
Advertisement and publicity	8	14
Security expenses	284	206
Entertainment expenses	21	24
Guest house expenses	29	14
Education expenses	1	1
Books and periodicals	7	6
Community development expenses	15	14
Professional charges and consultancy fee	86	63
Legal expenses	6	25
EDP Hire and other charges	10	8
Printing and stationery	14	11
Miscellaneous expenses	266	282
Total (B)	2,114	1,872
Depreciation (C)	226	197
Total (A+B+C)	6,542	5,447

Schedules forming part of Consolidated Profit & Loss Account

Rs. Million

For the year ended March 31,	2010	2009
Schedule 25		
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)		
D. Interest and Finance Charges		
Interest on		
Bonds	4,748	3,225
Foreign Currency Term Loans	882	1,179
Rupee Term loans	10,385	7,484
Foreign currency Bonds/Notes	473	651
Others	42	2
Exchange differences regarded as adjustment to interest costs	-	811
Finance Charges		
Commitment charges/Exposure premium	2	6
Foreign currency Bonds/Notes expenses	-	2
Upfront fee	206	-
Others	127	129
Total (D)	16,865	13,489
E. Less Other Income		
Interest from		
Indian Banks	20	84
Employees	-	-
Others	312	301
Hire Charges	19	12
Sale of scrap	1	4
Miscellaneous income	88	147
TOTAL (E)	440	548
F. Prior Period Adjustments	378	(24)
G. Income/Fringe Benefit Tax	(1)	14
GRAND TOTAL (A+B+C+D-E+F+G)	23,344*	18,378

* Balance carried to Capital Work-in-progress - (Schedule 7)

Includes **Rs.2,447 Million** (Previous year Rs.1,555 Million) share of jointly controlled entities

SCHEDULE-26

NOTES ON ACCOUNTS

1. BASIS OF CONSOLIDATION

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

a) Basis of Accounting:

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

b) Principles of consolidation:

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

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

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

Name of the Company	Proportion (%) of Shareholding as on	
	31.03.2010	31.03.2009
Subsidiary Companies:		
1. NTPC Electric Supply Company Ltd.(including its 50% interest in KINESCO Power & Utilities Private Ltd.* a joint venture with KINFRA, a statutory body of Government of Kerala)	100	100
2. NTPC Hydro Ltd.	100	100
3. NTPC Vidyut Vyapar Nigam Ltd.	100	100
4. Kanti Bijlee Utpadan Nigam Ltd. (Formerly known as Vaishali Power Generation Company Ltd.)	64.57	51
5. Bharatiya Rail Bijlee Company Ltd.	74	74
Joint Venture Companies:		
1. Utility Powertech Ltd.	50	50

NTPC Limited Consolidated Financial Statements

Name of the Company	Proportion (%) of Shareholding as on	
Joint Venture Companies:		
2. NTPC - Alstom Power Services Private Ltd.	50	50
3. NTPC-SAIL Power Company Private Ltd.	50	50
4. NTPC-Tamilnadu Energy Company Ltd.	50	50
5. Ratanagiri Gas & Power Private Limited *	29.65	28.33
6. Aravali Power Company Private Ltd.	50	50
7. NTPC-SCCL Global Ventures Private Ltd.	50	50
8. Meja Urja Nigam Private Ltd.	50	50
9. NTPC - BHEL Power Projects Private Ltd.	50	50
10. BF - NTPC Energy Systems Ltd.	49	49
11. Nabinagar Power Generating Company Private Ltd.	50	50
12. National Power Exchange Ltd.*	16.67	16.67
13. International Coal Ventures Private. Ltd.*	14.28	-
14. National High Power Test Laboratory Private Ltd.	25	-
15. Transformers & Electrical Kerala Ltd.*	44.60	-
16. Energy Efficiency Services Limited *	25.00	-

* The financials statements are un-audited.

All the above Companies are incorporated in India.

- 1.3 International Coal Ventures Private Ltd. was incorporated on 20th May, 2009, in which share to be held by the Company, Steel Authority of India Ltd., Coal India Ltd., Rashtriya Ispat Nigam Ltd. and NMDC Ltd. in the ratio of 1:2:2:1:1 as per the joint venture agreement.
- 1.4 National High Power Test Laboratory Private Ltd. was incorporated on 22nd May 2009 in which 25% shares are held by the Company and balance shares held by NHPC Ltd., Damodar Valley Corporation Ltd. and Power Grid Corporation of India Ltd. equally.
- 1.5 The Company has acquired 44.6% shares in Transformers & Electrical Kerala Ltd. (TELK) on 19th June 2009. Capital reserve amounting to Rs.94 million arising on consolidation represent portion of the Company's share of interest in the net asset of TELK over the cost of investment which has been calculated based on the un-audited financial statements of TELK as at 31st March 2009 and updated taking in to account the amount of proportionate profit till the date of investment based on the un-audited financial statements of TELK for the year ended 31st March 2010.
- 1.6 Energy Efficiency Services Limited was incorporated on 10th December 2009 in which 25% shares are held by the Company and the balance shares are held by Power Finance Corporation Ltd., Power Grid Corporation of India Ltd. and Rural Electrification Corporation Ltd. equally.
- 1.7 The Company has made further investment of Rs.571 million during the year in a subsidiary company, Kanti Bijlee Utpadan Nigam Ltd.(KBUNL) As a result, the holding of parent Company increased to 64.57% from 51%. The amount of goodwill worked out on further issue of equity is insignificant, hence not considered.
- 1.8 Ministry of Power (MOP), Government of India (GOI) through its Presidential Directive No. 5/5/2004-TH-II dated 15th April 2010 conveyed the approval of GOI to permit NTPC for winding up of Pipavav Power Development Company Ltd. (PPDCL), a wholly owned subsidiary of the Company, by striking off the name under Section 560 of the Companies Act, 1956. Accordingly, necessary application/declarations have been filed with the Registrar of Companies (ROC) for striking off the name PPDCL from the Register of Companies maintained by the ROC.

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An amount of **Rs. 4 million** (Previous year Rs.4 million) invested in PPDCL is carried as investment in Schedule- 9 –‘Investments’ against which an amount of **Rs. 4 million** is received and included in other liabilities under ‘Current Liabilities’ (Schedule-15). As PPDCL is under winding up, the same has not been consolidated in these statements.

- 1.9 **Joint Venture Operations:** The Company along-with M/s Geopetrol International Inc., M/s Canoro Resources Ltd. and M/s Brownstone Ventures Inc. (the consortium) is carrying out exploration for oil and gas block (Block AA-ONN-2003/2) allotted in the State of Arunachal Pradesh for which a Production Sharing Contract (PSC) was entered into with Government of India. M/s Geopetrol International Inc. with 30% participating interest (PI) is the Operator of the Block. M/s Canoro Resources Ltd. and M/s Brownstone Ventures Inc. with 15% share each and the Company with 40% PI are the other joint venture partners.

During the year, unforeseen difficulties were encountered in the drilling plinth preparation at the first location where the operations were taken up. The operator has proposed to withdraw from the PSC and served a notice of resignation. The Company is in search of suitable partner(s) for reconstitution of the consortium and for operation of the block to restart the drilling activities. The Company has taken up the matter with Directorate General of Hydrocarbons for suitable time extension on account of delays in grant of statutory clearances for completion of minimum work programme (MWP) and also on account of force majeure conditions.

Based on the un-audited statement of the accounts forwarded by the Operator, the Company’s share of PI in respect of assets and liabilities as at 31st March 2010 and expenditure for the year ended on that date has been accounted for as under:

Rs. million

Item	2009-10 (Un-audited)	2008-09 (Audited)
Expenses	32	87
Fixed Assets including Capital work-in-progress	80	35
Other Assets	69	54
Current Liabilities	18	3
Contingent liability	465	-

The Company’s share of the balance MWP committed under the PSC for the block is **Rs.606 million** (Previous year Rs.612 million).

- 1.10 In case of joint venture Company (Ratanagiri Gas & Power Private Ltd), where our holding is 29.65 %:

Due to increase in the capital cost, financial restructuring has been agreed to by the lenders and stake-holders under the aegis of the Government of India in March 2009. As a result of restructuring, interest rate has been reduced from 1st April 2009 and unpaid interest has been converted into loan and there exists a difference of Rs.1,320 million between the calculation of the Company and that of lenders. Further, the said Company is claiming that rate of interest as per restructuring is to be charged lower than that communicated by the lenders. Discussions with the lenders are under way to resolve the issues involved.

2. a) The conveyancing of the title to **11,010 acres** of freehold land of value **Rs.6,510 million** (Previous year 11,374 acres of value Rs.5,464 million) and buildings & structures valued at **Rs.1,491 million** (previous year Rs.1,137 million), as also execution of lease agreements for **9,021 acres** of land of value **Rs.2,919 million** (previous year 8,820 acres, value Rs.2,720 million) in favour of the Company are awaiting completion of legal formalities.
- b) Leasehold land include **30 acres** valuing **Rs.1 million** (previous year 30 acres valuing Rs.1 million) acquired on perpetual lease and accordingly not amortised.
- c) Land does not include cost of **1,181 acres** (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- d) Land includes **1,247 acres** of value **Rs.151 million** (previous year 1,223 acres of value Rs.110 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.

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- e) Land includes an amount of **Rs.1,153 million** (previous year Rs.1,243 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- f) Possession of land measuring **98 acres** (previous year 98 acres) consisting of **79 acres** of free-hold land (previous year 79 acres) and **19 acres** of lease hold land (previous year 19 acres) of value **Rs. 2 million** (previous year Rs.2 million) was transferred to Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (erstwhile UPSEB) for a consideration of **Rs.2 million**. Pending approval for transfer of the said land, the area and value of this land has been included in the total land of the Company. The consideration received from erstwhile UPSEB is disclosed under 'Other Liabilities' in Schedule-15-'Current Liabilities'.
- g) During the year, freehold land measuring **36 acres** was handed over by the Government of Uttar Pradesh to Company in exchange of freehold land measuring **35 acres** without any financial consideration.
- h) The cost of right of use of land for laying pipelines amounting to **Rs.58 million** (previous year Rs.13 million) is included under intangible assets. The right of use, other than perpetual in nature, are amortised over the legal right to use.
- i) Cost of acquisition of the right for drawl of water amounting to **Rs.84 million** (previous year nil) is included under intangible assets - Right of Use - Others. The right of drawl of water is for thirty years and cost is accordingly amortized.
3. a) The Central Electricity Regulatory Commission (CERC) notified the Tariff Regulations, 2009 in January 2009, containing inter-alia the terms and conditions for determination of tariff applicable for a period of five years with effect from 1st April 2009. Pending determination of station-wise tariff by the CERC, sales have been provisionally recognized at **Rs.444,739 million** during the year ended 31st March 2010 on the basis of principles enunciated in the said Regulations on the capital cost considering the orders of Appellate Tribunal for Electricity (ATE) for the tariff period 2004-2009 including as referred to in para 3 (e).

The Tariff Regulations, 2009 provide that pending determination of tariff by the CERC, the Company has to provisionally bill the beneficiaries at the tariff applicable as on 31st March 2009 approved by the CERC. The amount provisionally billed during the year ended 31st March 2010 on this basis is **Rs.437,651 million**.

- b) For the units commissioned during the year, pending the determination of tariff by CERC, sales of **Rs.17,354 million** have been provisionally recognised on the basis of principles enunciated in the Tariff Regulations, 2009. The amount provisionally billed for such units is Rs.15,365 million.
- c) Sales of (-) **Rs.6,006 million** (previous year Rs.10,201 million) pertaining to previous years has been recognized based on the orders issued by the CERC/ATE.
- d) In terms of Regulation 39, CERC Tariff Regulations, 2009, notified by the CERC, the Company has determined the amount of the Deferred Tax Liability (net) materialised during the year pertaining to the period upto 31st March 2009 by identifying the major changes in the elements of Deferred Tax Liability/Asset, as recoverable from the beneficiaries and accordingly a sum of **Rs.2,485 million** (net) has been recognised as Sales during the year.
- e) In respect of stations/units where the CERC had issued tariff orders applicable from 1st April 2004 to 31st March 2009, the Company aggrieved over many of the issues as considered by the CERC in the tariff orders, filed appeals with the ATE. The ATE disposed off the appeals favourably directing the CERC to revise the tariff orders as per the directions and methodology given. The CERC filed an appeal with the Hon'ble Supreme Court of India on some of the issues decided by the ATE which is pending. The Company has submitted that it would not press for determination of the tariff by the CERC as per ATE orders pending disposal of the appeal by the Hon'ble Supreme Court.

Considering expert legal opinions obtained that, it is reasonable to expect ultimate collection, the sales for the tariff period 2004-2009 amounting to **Rs.10,443 million** were recognised in earlier years based on provisional tariff worked out by the Company as per the methodology and directions as decided by the ATE. Due to further CERC tariff orders received during the year, the provisional sales of **Rs.10,443 million** has now been reduced to **Rs.10,256 million**. The sales accounted as above is subject to final outcome of the decision of the Hon'ble Supreme Court of India and consequential effect, if any, will be given in the financial statements upon disposal of the appeal.

4. Sundry debtors – Other Debts, Unsecured (Schedule 11) includes **Rs.10,011 million** (previous year Rs.3,901 million) towards revenue accounted in accordance with the accounting policy no. 12.1 which is yet to be billed.

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5. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, CERC through Regulations, 2009 notified the rates of depreciation for the purpose of determination of tariff.

CERC exercising its powers under Section 79 of the Electricity Act, 2003 requested the Ministry of Power to advise the Ministry of Corporate Affairs to notify the rates of depreciation considered by the CERC for tariff determination as depreciation under Section 205 (2) (c) of the Companies Act, 1956. Ministry of Corporate Affairs is yet to notify such rates under Section 205 (2) (c) of the Companies Act, 1956.

The Company has also obtained legal opinions that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific provision in the Electricity Act, 2003. Hence provisions of Section 616 of the Companies Act, 1956 are also not applicable in this regard. Accordingly, the Company is charging depreciation consistently at the rates specified in Schedule XIV of the Companies Act, 1956 with effect from the financial year 2004-05 except as stated in accounting policy no.12.2.1.

6. Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period from 1st April 1986 to 31st May 2006 amounting to **Rs.1,155 million** (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
7. The pay revision of the employees of the Company was due w.e.f. 1st January 2007.

Based on the guidelines issued by Department of Public Enterprises (DPE), Government of India (GOI), the pay revision of the executive category of employees has been approved during the year. Pending finalisation of pay revision in respect of employees in the non-executive category, provision of **Rs. 3,168 million** and **Rs.6,626 million** (previous years Rs.1,780 million and Rs.3,455 million) has been made for the year and upto year respectively on an estimated basis having regard to the guidelines issued by DPE. A sum of **Rs.1,387 million** (previous year Rs.748 million) paid as adhoc advance towards pay revision to the employees in the non-executive category is included in 'Loans and Advances' (Schedule 14).

8. The amount reimbursable to GOI in terms of Public Notice No.38 dated 5th November, 1999 and Public Notice No.42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to **Rs. 2,768 million** (previous year Rs.2,768 million) out of which **Rs.2,696 million** (previous year Rs.2,696 million) has been deposited with the GOI and liability for the balance amount of **Rs.72 million** (previous year Rs.72 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
9. As a result of issuance of the New Coal Distribution Policy (NCDP) by Ministry of Coal in October 2007, the Company and Coal India Ltd (CIL) renegotiated the Model Coal Supply Agreement (CSA) and Model CSA was signed between the Company & CIL on 29th May 2009. Based on the Model CSA, coal supply agreements have been signed with the various subsidiary companies of CIL by all excepting three of the coal based stations of the Company. The CSAs are valid for a period of 20 years with a provision for review after every 5 years.
10. The Company challenged the levy of transit fee/entry tax on supplies of coal to some of its power stations and has paid under protest such transit fee/entry tax to Coal Companies/Sales Tax Authorities. Further, in line with the agreement with GAIL India Ltd., the Company has also paid entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL India Ltd. has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act. In case the Company gets refund from Coal Companies/Sales Tax Authorities/GAIL India Ltd. on settlement of these cases, the same will be passed on to respective beneficiaries.
11. Fixed assets, capital work-in-progress and construction stores and advances include **Rs.6,765 million** in respect of one of the hydro power project, the construction of which has been suspended temporarily from 18th May 2009 on the advice of the Ministry of Power, GOI. Presently, the issue regarding resumption of the project is under consideration with the GOI. Pending decision, borrowing costs of **Rs.237 million** have not been capitalised from the date of suspension.

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12. Progress of work under the contract for steam generator and auxiliaries package at one of the projects has been affected due to certain disputes with the contractor. While the contractual and other related issues are under deliberation, the contract continues to be in force and supplies of equipment/structural items have been made by the contractor during the year. Construction of other systems for the project is also in progress. Since activities that are necessary to prepare the asset for its intended use are in progress, borrowing costs continue to be capitalised.
13. Issues related to the evaluation of performance and guarantee test results of steam/turbine generators at some of the stations are under discussion with the equipment supplier. Pending settlement, liquidated damages for shortfall in performance of these equipments have not been recognised.
14. The Company is executing a thermal power project in respect of which possession certificates for 1,489 acres of land has been handed over to the Company and all statutory and environment clearances for the project have been received. Subsequently, a high power committee has been constituted as per the directions of GOI to explore alternate location of the project since present location is stated to be a coal bearing area. Aggregate cost incurred up to 31st March 2010 **Rs. 1,831 million** is included in Fixed Assets (Schedules 6,7 and 8). Management is confident of recovery of cost incurred, hence no provision is considered necessary.
15. a) Certain loans & advances and creditors in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
- b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
16. Effect of changes in Accounting Policies:
- a) Tariff Regulations, 2009 issued by the CERC provides that the balance depreciable value of the each of the existing stations as on 1st April, 2009 shall be worked out by deducting the cumulative depreciation including the Advance Against Depreciation (AAD) as admitted by the CERC up to 31st March 2009 from the gross depreciable value of the assets thereby merging AAD with depreciation for tariff recovery. Under the said Tariff Regulations, the CERC also has notified the revised rates of depreciation and removed the provision for AAD.
- In view of the change in CERC Tariff Regulations, 2009, the Company revised its accounting policy no. 12.1.2 and the amount of AAD required to meet the shortfall in the component of depreciation in revenue over the depreciation to be charged off in future years has been assessed station-wise and wherever an excess has been determined as on 1st April 2009, the same amounting to **Rs.3,115 million** has been recognised as sales during the year. In addition, **Rs.53 million** has been recognised as sales during the year out of AAD consequent to this change.
- b) Claims on the Company for price variation which were hitherto accounted for on acceptance. During the year, unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts. Consequently, profit for the year is lower by **Rs.20 million**, fixed assets are higher by **Rs.3,344 million** and current liabilities are higher by **Rs.3,364 million**.
17. Revenue grants recognised during the year is **Rs.17 million** (previous year Rs.9 million).
18. **Disclosure as per Accounting Standard (AS) 15:**

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

A. Provident Fund

Company pays fixed contribution to provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of **Rs. 1,597 million** (Previous year Rs.985 million) to the funds for the year is recognised as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

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B. Gratuity & Pension

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of **Rs.1 million** on superannuation, resignation, termination, disablement or on death.

The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility.

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

C. Post-Retirement Medical Facility (PRMF)

The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

D. Terminal Benefits

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

E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75 % of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

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

The summarised position of various defined benefits recognised in the profit and loss account, balance sheet are as under:

(Figures given in { } are for previous year)

i) Expenses recognised in Profit & Loss Account

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current Service Cost	496 {503}	83 {77}	340 {397}	50 {54}
Past Service Cost	- {4,153}	- {-}	- {-}	- {-}
Interest cost on benefit obligation	786 {379}	160 {124}	488 {363}	94 {71}
Expected return on plan assets	(430) {(375)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	(393) {201}	118 {211}	346 {1,117}	361 {165}
Expenses recognised in the Profit & Loss Account	459 {4,861}	361 {412}	1,174 {1,877}	505 {290}

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ii) The amount recognised in the Balance Sheet

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.03.2010	10,727 {10,474}	2,457 {2,143}	5,889 {6,515}	1,675 {1,255}
Fair value of plan assets as at 31.03.2010	9,925 {5,399}	- {-}	- {-}	- {-}
Net liability recognised in the Balance Sheet	802 {5,075}	2,457 {2,143}	5,889 {6,515}	1,675 {1,255}

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

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 1.04.2009	10,474 {5,404}	2,143 {1,760}	6,515 {5,185}	1,255 {1,017}
Interest cost	786 {379}	160 {124}	488 {363}	94 {71}
Current Service Cost	496 {503}	83 {77}	340 {397}	50 {54}
Past Service Cost	- {4,153}	- {-}	- {-}	- {-}
Benefits paid	(890) {(216)}	(47) {(29)}	(1,800) {(547)}	(85) {(52)}
Net actuarial (gain)/ loss on obligation	(139) {251}	118 {211}	346 {1,117}	361 {165}
Present value of the defined benefit obligation as at 31.03.2010	10,727 {10,474}	2,457 {2,143}	5,889 {6,515}	1,675 {1,255}

iv) Changes in the fair value of plan assets:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 1.4.2009	5,399 {4,659}	- {-}	- {-}	- {-}
Expected return on plan assets	430 {375}	- {-}	- {-}	- {-}
Contributions by employer	4,732 {513}	- {-}	- {-}	- {-}
Benefit paid	(890) {(198)}	- {-}	- {-}	- {-}
Actuarial gain / (loss)	(254) {50}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.03.2010	9,925 {5,399}	- {-}	- {-}	- {-}

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

Rs. million

Particulars	Increase by	Decrease by
Service and Interest cost	50	39
Present value of obligation	425	338

F. Other Employee Benefits

Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to **Rs. 34 million (credit)** (previous year debit of Rs.18 million) for the year have been made on the basis of actuarial valuation at the year end and credited to the Profit & Loss Account.

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

- i) The amount of exchange differences (net) credited to the Profit & Loss Account is **Rs.189 million** (previous year debit of Rs.244 million).
- ii) The amount of exchange differences (net) credited to the carrying amount of fixed assets and Capital work-in-progress is **Rs. 11,836 million** {previous year Rs.11,655 million (debit)}.

20. Borrowing costs capitalised during the year are **Rs.16,849 million** (previous year Rs.13,356 million).

21. Segment information:

a) Business Segment:

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

b) Segment Revenue and Expense

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

c) Segment Assets and Liabilities

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

Rs. million

	Business Segments				Total	
	Generation		Others		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees *	477,499	422,739	5,065	3,874	482,564	426,613
Internal consumption of electricity	551	514	-	-	551	514
Total	478,050	423,253	5,065	3,874	483,115	427,127

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	Business Segments				Total	
	Generation		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Result #	104,938	90,232	1,608	1,281	106,546	91,513
Unallocated Corporate Interest and Other Income	-	-	-	-	24,537	30,736
Unallocated Corporate expenses, interest and finance charges	-	-	-	-	20,592	29,176
Profit before Tax	-	-	-	-	110,491	93,073
Income/Fringe Benefit Taxes (Net)	-	-	-	-	22,114	12,148
Profit after Tax	-	-	-	-	88,377	80,925
Other information						
Segment assets	518,465	448,712	17,375	10,108	535,840	458,820
Unallocated Corporate and other assets	-	-	-	-	682,812	651,461
Total assets	518,465	448,712	17,375	10,108	1,218,652	1,110,281
Segment liabilities	81,066	89,086	14,012	8,289	95,078	97,375
Unallocated Corporate and other liabilities	-	-	-	-	494,505	437,168
Total liabilities	81,066	89,086	14,012	8,289	589,583	534,543
Depreciation	28,611	24,675	14	7	28,625	24,682
Non-cash expenses other than Depreciation	109	246	14	51	123	297
Capital Expenditure	131,889	149,680	1,355	391	133,244	150,071

* Includes **Rs.(-) 6,006 million** (previous year Rs.10,201 million) for sales related to earlier years

Generation segment result would have been **Rs.110,944 million** (previous year Rs.80,031 million) without including the Sales related to earlier years.

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

22. Related party disclosures

- a) Related parties:

- i) Joint ventures:

Utility Powertech Ltd., NTPC-Alstom Power Services Private Ltd., BF-NTPC Energy Systems Ltd.

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ii) Key Management Personnel:

A. NTPC Ltd.:

Shri R.S. Sharma	Chairman and Managing Director
Shri Chandan Roy	Director (Operations)
Shri R.K. Jain ¹	Director (Technical)
Shri A.K. Singhal	Director (Finance)
Shri R.C. Shrivastav	Director (Human Resources)
Shri K.B. Dubey ²	Director (Projects)
Shri I.J. Kapoor	Director (Commercial)
Shri.B.P.Singh ³	Director (Projects)

1. Superannuated on 31st December 2009. 2. Superannuated on 31st July 2009. 3.W.e.f. 1st August 2009.

B. NTPC Alstom Power Services Private Ltd.

Shri R.N.Sen	Managing Director
Shri D.K.Sardana	Whole time Director

C. Utility Powertech Ltd.

Shri.I.S.Paraswal	Chief Executive
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b) Transactions with the related parties at a (i) above are as follows:

Rs. million

Particulars	Current Year	Previous Year
Transactions during the year		
• Contracts for Works/ Services for services received by the Company:		
- Utility Powertech Ltd.	2,176	1,853
- NTPC-Alstom Power Services Private Ltd.	99	355
• Deputation of Employees:		
- Utility Powertech Ltd.	17	13
- NTPC-Alstom Power Services Private Ltd	45	23
• Dividend Received:		
- Utility Powertech Ltd.	3	12
- NTPC-Alstom Power Services Private Ltd.	6	6
• Amount recoverable for contracts for works/services received:		
- Utility Powertech Ltd.	3	17
- NTPC-Alstom Power Services Private Ltd	16	9
• Amount payable for contracts for works/services received:		
- Utility Powertech Ltd.	361	281
- NTPC-Alstom Power Services Private Ltd	147	143
• Amount recoverable on account of deputation of employees:		
- Utility Powertech Ltd.	7	5
- NTPC-Alstom Power Services Private Ltd	18	37

The Company has received bank guarantees from Utility Powertech Ltd. for an amount of **Rs.40 million** (previous year Rs.39 million).

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- c) Remuneration to key management personnel for the year is **Rs.37 million** (previous year Rs.19 million) and amount of dues outstanding to the Company as on 31st March 2010 are **Rs.1 million** (previous year Rs.4 million).

23. Disclosure regarding leases

a) Finance leases

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

		Rs.million	
		31.3.2010	31.3.2009
a)	Obligations towards minimum lease payments		
	• Not later than one year	7	6
	• Later than one year and not later than five years	9	14
	• Later than five years	-	-
	Total	16	20
b)	Present value of (a) above		
	• Not later than one year	6	4
	• Later than one year and not later than five years	8	12
	• Later than five years	-	-
	Total	14	16
c)	Finance Charges	2	4

b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Schedule 20 - Employees' remuneration and benefits include **Rs.743 million** (previous year Rs.330 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 21 – Generation, Administration and Other Expenses.

24. 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. million)	88,377	80,925
Weighted average number of equity shares used as denominator	8245,464,400	8245,464,400
Earning per share (Basic and Diluted)- in Rupees	10.72	9.81
Face value per share (Rupees)	10/-	10/-

25. The item-wise details of deferred tax liability (net) are as under:

(Rs. million)

	31.3.2010	31.03.2009
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	42,606	70,222
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	9,667	15,318
ii) Disallowed u/s 43B of the Income Tax Act, 1961	2,074	3,385
	11,741	18,703
Deferred tax liability (net)	30,869	51,519

During the year, deferred tax liability (net) and the deferred tax recoverable from the beneficiaries of the parent as at 31st March 2009 amounting to **Rs. 51,349 million** have been reviewed and restated to **Rs. 24,942 million**.

In terms of Regulation 39, CERC Tariff Regulations, 2009, the Company has determined the amount of the deferred tax liability (net) materialised during the year pertaining to the period up to 31st March 2009 by identifying the major changes in the elements of deferred tax liability/asset, as recoverable from the beneficiaries. Accordingly, deferred tax liability (net) and the deferred tax recoverable from the beneficiaries as at 31st March 2010 works out to **Rs.30,869 million and Rs.28,572 million** respectively.

The net increase during the year in the deferred tax liability is **Rs.2,296 million** (previous year decrease Rs.4,524 million) has been debited to Profit & Loss Account.

26. Research and development expenditure charged to revenue during the year is **Rs.206 million** (previous year Rs.81 million).

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

Rs. million

Sl. No	Particulars	Currencies	31.3.2010	31.3.2009
a.	Borrowings, including interest accrued but not due thereon.	USD	70,522	74,612
		JPY	29,113	32,339
		Others	4,225	4,727
b.	Sundry creditors/deposits and retention money	USD	9,679	6,904
		EURO	3,545	1,237
		Others	364	997
c.	Sundry debtor and Bank balances	USD	397	119
		EURO	-	310
d.	Unexecuted amount of contracts remaining to be executed	USD	43,120	43,818
		EURO	40,309	40,270
		Others	894	587

28. As required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules, 2006, the parent Company has carried out the assessment of impairment of assets based on such assessment, there has been no impairment loss during year.
29. The pre-commissioning expenses during the year amounting to **2,533 million** (previous year Rs.1,750 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.2,406 million** (previous year Rs.1,610 million) resulting in a net pre-commissioning expenditure of **Rs. 127 million** (previous year Rs.79 million).
30. Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2010 is **Rs. 377,860 million** (previous year Rs.647,315 million) which include an amount of **Rs.39,895 million** (previous year Rs.36,936 million) in respect of jointly controlled entities.

31. **Contingent Liabilities:**

1. Claims against the Company not acknowledged as debts in respect of:

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for **Rs.38,798 million** (previous year Rs.46,623 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

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

(ii) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of **Rs.17,863 million** (previous year Rs.15,515 million) has been estimated.

(iii) Others

In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non- agricultural use, Nala tax, Water royalty etc. and by others, contingent liability of **Rs.13,062 million** (previous year Rs.12,585 million) has been estimated. This includes amount of **Rs.2,558 million** (previous year Rs.2,558 million) billed by the Coal supplier on account of MPGATSV tax up to 31st July 2007 which is subject matter of dispute before Hon'ble Supreme Court.

In respect of (i) and (ii) above, payments, if any, by the company on settlement of the claims would be eligible for inclusion in the capital cost for the purpose of determination of tariff as per CERC Regulations subject to prudence check by the CERC. In case of (iii), the estimated possible reimbursement is **Rs. 4,289 million** (previous year Rs.2,750 million).

2. Disputed Income Tax/Sales Tax/Excise demands

Disputed Income Tax/Sales Tax/Excise matters are pending before various Appellate Authorities amounting to **Rs. 22,999 million** (previous year Rs.682 million) are disputed by the Company and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the Company but are disputed before higher authorities by the concerned departments. In such cases, the company estimated possible reimbursement of **Rs.17,934 million** (previous year Rs.8 million).

3. Others

Other contingent liabilities amount to **Rs. 3,091 million** (previous year Rs.1,842 million).

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

The contingent liabilities disclosed above include **Rs. 599 million** (Previous year Rs.737 million) share of jointly controlled entities.

32. During the year, 'Further Public Offer' of 412,273,220 equity shares of Rs.10/- each of the Company through an offer for sale by the President of India, acting through the Ministry of Power, GOI was made through the alternate book building process. Consequently, shareholding of the GOI reduced to 84.50% from 89.50%.
33. For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.
34. Figures have been rounded off to nearest rupees in millions.
35. Previous year figures have been regrouped /rearranged wherever necessary.

For and on behalf of the Board of Directors

(A. K. Rastogi)
Company Secretary

(A. K. Singhal)
Director (Finance)

(R. S. Sharma)
Chairman & Managing Director

As per our report of even date

For Dass Gupta & Associates
Chartered Accountants
Firm Reg. No.000112N

(Naresh Kumar)
Partner
M. No. 082069

For Parakh & Co.
Chartered Accountants
Firm Reg. No.01475C

(V.D. Mantri)
Partner
M. No. 074678

For S .K. Mittal & Co.
Chartered Accountants
Firm Reg. No.001135N

(S.K. Mittal)
Partner
M. No. 008506

For B.C. Jain & Co.
Chartered Accountants
Firm Reg. No.001099C

[Ranjeet Singh]
Partner
M.No. 073488

For Varma & Varma
Chartered Accountants
Firm Reg. No.004532S

(Cherian K. Baby)
Partner
M. No. 016043

For S.K. Mehta & Co.
Chartered Accountants
Firm Reg. No.000478N

(Rohit Mehta)
Partner
M. No. 091382

Place : New Delhi
Dated : 17th May 2010

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
NTPC Ltd.

1. We have audited the attached Consolidated Balance Sheet of NTPC LIMITED (the Company) and its Subsidiaries and Joint Ventures (collectively referred to as NTPC Group) as at 31st March 2010 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company, whose financial statements reflect total assets of Rs.120,652 million as at 31st March 2010, the total revenue of Rs.19,706 million and net cash flows amounting to Rs.6,577 million for the year ended 31st March 2010. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The un-audited financial statements of Joint Venture Companies viz. Ratnagiri Gas and Power Private Ltd., National Power Exchange Ltd., International Coal Ventures Pvt. Ltd., Transformer & Electrical Kerala Ltd. and Energy Efficiency Services Ltd. jointly controlled oil and gas block referred to in Note no. 1.9 of Schedule 26 and KINESCO Power & Utilities Pvt. Ltd. (Joint Venture of NTPC Electric Supply Company Ltd., a subsidiary of the Company) have been incorporated in the accounts. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

Rs. Million

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Subsidiaries:			
NTPC Electric Supply Company Ltd (including its 50% interest in KINESCO Power & Utilities Pvt.Ltd., a joint venture with KINFRA, a statutory body of Government of Kerala)	11583	814	5002
NTPC Hydro Ltd	988	-	(5)
NTPC Vidyut Vyapar Nigam Ltd	2099	538	(94)
Kanti Bijlee Utpadan Nigam Ltd.(formerly known as Vaishali Power Generation Company Ltd.)	3458	-	59
Bhartiya Rail Bijlee Company Ltd	5553	-	(1)

Rs.Million

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Joint Ventures:			
Utility Power tech Ltd.	642	1314	37
NTPC -Alstom Power Services Pvt Ltd.	386	143	(23)
NTPC-SAIL Power Company Pvt.Ltd	17031	4785	(138)
NTPC-Tamilnadu Energy Company Ltd	15032	-	11
Ratnagiri Gas & Power Pvt. Ltd.	34660	11179	1131
Aravali Power Company Pvt. Ltd.	26194	-	(81)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
NTPC-SCCL Global Venture Pvt. Ltd.	-	-	-
Meja Urja Nigam Pvt Ltd.	546	-	(13)
NTPC-BHEL Power Project Pvt Ltd	409	19	314
BF-NTPC Energy Systems Ltd.	63	-	41
Nabinagar Power Generating Company Pvt Ltd.	1925	-	226
National Power Exchange Ltd.	7	-	(1)
International Coal Venture Pvt. Ltd.	3	-	22
National High Power Test Laboratory Pvt.Ltd	7	-	7
Transformers and Electrical Kerala Ltd.	699	914	16
Energy Efficiency Services Ltd.	67	-	67
Total	120,652	19,706	6,577

4. We draw attention to Schedule 26, Notes on Accounts:

- i) Note no. 3 (a) and (b) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission;
- ii) Note no. 3 (e) in respect of accounting of sales of Rs.10,443 million in earlier years (reduced to Rs.10,256 million in the current year) based on the order of the Appellate Tribunal for Electricity in favour of the Company pending disposal of the appeal before the Hon'ble Supreme Court of India.

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' of the Companies (Accounting Standards), Rules 2006.

6. Further to our comments in para 3 and 4 above, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the NTPC Group to the extent received as stated above, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) in case of Consolidated Balance Sheet, of the state of affairs of the NTPC Group as at 31st March, 2010;
- ii) in case of Consolidated Profit & Loss Account, of the profit for the year ended on that date; and
- iii) in case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Dass Gupta & Associates
Chartered Accountants
Firm Reg. No.000112N

[Naresh Kumar]
Partner
M. No. 082069

For S. K. Mittal & Co.
Chartered Accountants
Firm Reg. No.001135N
[S. K. Mittal]
Partner
M. No. 008506

For Varma and Varma
Chartered Accountants
Firm Reg. No.004532S
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Firm Reg. No.001099C
[Ranjeet Singh]
Partner
M. No. 073488

For S. K. Mehta & Co.
Chartered Accountants
Firm Reg. No.000478N
[Rohit Mehta]
Partner
M. No.091382

Place : New Delhi
Dated : 17th May 2010