

36th
Annual Report
2011-2012



A Maharatna Company



Powering India's Growth

VISION

"TO BE THE WORLD'S LARGEST AND BEST POWER PRODUCER,
POWERING INDIA'S GROWTH"

मूल मान्यताएं

व्यावसायिक नैतिकता

पर्यावरण एवं आर्थिक
रूप से निर्वहनीय

ग्राहक को प्रधानता

संगठन एवं
व्यवसाय पर गौरव

परस्पर आदर
और विश्वास

स्वयं एवं
अन्य का उत्प्रेरण

नवप्रवर्तन और गति

संपूर्ण गुणवत्ता
से उत्कृष्टता

पारदर्शी व
प्रतिष्ठित संगठन

उद्यमशीलता

समर्पित

Core Values

B

Business Ethics

E

Environmentally &
Economically Sustainable

C

Customer Focus

O

Organisational &
Professional Pride

M

Mutual Respect
& Trust

M

Motivating Self
& Others

I

Innovation & Speed

T

Total Quality
for Excellence

T

Transparent &
Respected Organisation

E

Enterprising

D

Devoted

MISSION

"DEVELOP AND PROVIDE RELIABLE POWER, RELATED PRODUCTS
AND SERVICES AT COMPETITIVE PRICES, INTEGRATING MULTIPLE
ENERGY SOURCES WITH INNOVATIVE AND ECO-FRIENDLY
TECHNOLOGIES AND CONTRIBUTE TO SOCIETY"

CORPORATE OBJECTIVES

To realise the vision and mission, eight key corporate objectives have been identified. These objectives would provide the link between the defined mission and the functional strategies:

■ Business portfolio growth

- To further consolidate NTPC's position as the leading thermal power generation Company in India and establish a presence in hydro power segment.
- To broad base the generation mix by evaluating conventional and non-conventional sources of energy to ensure long run competitiveness and mitigate fuel risks.
- To diversify across the power value chain in India by considering backward and forward integration into areas such as power trading, transmission, distribution, coal mining, coal beneficiation, etc.
- To develop a portfolio of generation assets in international markets.
- To establish a strong services brand in the domestic and international markets.

■ Customer Focus

- To foster a collaborative style of working with customers, growing to be a preferred brand for supply of quality power.
- To expand the relationship with existing customers by offering a bouquet of services in addition to supply of power – e.g. trading, energy consulting, distribution consulting, management practices.
- To expand the future customer portfolio through profitable diversification into downstream businesses, inter alia retail distribution and direct supply.
- To ensure rapid commercial decision making, using customer specific information, with adequate concern for the interests of the customer.

■ Agile Corporation

- To ensure effectiveness in business decisions and responsiveness to changes in the business environment by:
 - Adopting a portfolio approach to new business development.
 - Continuous and co-ordinated assessment of the business environment to identify and respond to opportunities and threats.
- To develop a learning organisation having knowledge-based competitive edge in current and future businesses.
- To effectively leverage Information Technology to ensure speedy decision making across the organisation.

■ Performance Leadership

- To continuously improve on project execution time and cost in order to sustain long run competitiveness in generation.
- To operate & maintain NTPC stations at par with the best-run utilities in the world with respect to availability, reliability, efficiency, productivity and costs.
- To effectively leverage Information Technology to drive process efficiencies.

- To aim for performance excellence in the diversification businesses.
- To embed quality in all systems and processes.

■ Human Resource Development

- To enhance organisational performance by institutionalising an objective and open performance management system.
- To align individual and organisational needs and develop business leaders by implementing a career development system.
- To enhance commitment of employees by recognising and rewarding high performance.
- To build and sustain a learning organisation of competent world-class professionals.
- To institutionalise core values and create a culture of team-building, empowerment, equity, innovation and openness which would motivate employees and enable achievement of strategic objectives.

■ Financial Soundness

- To maintain and improve the financial soundness of NTPC by prudent management of the financial resources.
- To continuously strive to reduce the cost of capital through prudent management of deployed funds, leveraging opportunities in domestic and international financial markets.
- To develop appropriate commercial policies and processes which would ensure remunerative tariffs and minimise receivables.
- To continuously strive for reduction in cost of power generation by improving operating practices.

■ Sustainable Power Development

- To contribute to sustainable power development by discharging corporate social responsibilities.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilisation, peripheral development and energy conservation practices.
- To lead developmental efforts in the Indian power sector through efforts at policy advocacy, assisting customers in reforms, disseminating best practices in the operations and management of power plants etc.

■ Research and Development

- To pioneer the adoption of reliable, efficient and cost-effective technologies by carrying out fundamental and applied research in alternate fuels and technologies.
- To carry out research and development of breakthrough techniques in power plant construction and operation that can lead to more efficient, reliable and environment friendly operation of power plants in the country.
- To disseminate the technologies to other players in the sector and in the long run generating revenue through proprietary technologies.

REFERENCE INFORMATION

Registered Office

NTPC Bhawan, SCOPE Complex ,
7, Institutional Area, Lodi Road,
New Delhi – 110 003

Phone No. : 011-2436 0100

Fax No. : 011-2436 1018

Web site : www.ntpc.co.in

Subsidiaries

NTPC Electric Supply Company Ltd.

NTPC Hydro Ltd.

NTPC Vidyut Vyapar Nigam Ltd.

Kanti Bijlee Utpadan Nigam Ltd.

Bhartiya Rail Bijlee Company Ltd.

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.

17-24, Vittal Rao Nagar

Madhapur

Hyderabad – 500 081

Phone No. : 040-2342 0815-28

Fax No. : 040-2342 0814

E- Mail – Id : einward.ris@karvy.com

Shares listed at

National Stock Exchange of India Limited

Bombay Stock Exchange Limited

Depositories

National Securities Depository Limited

Central Depository Services (India) Limited

Company Secretary

A. K. Rastogi

Bankers

Allahabad Bank

Andhra Bank

Bank of Baroda

Bank of India

Canara Bank

Central Bank of India

Citi Bank, NA

Dena Bank

Indian Overseas Bank

ICICI Bank Ltd.

IDBI Bank Ltd.

Jammu & Kashmir Bank Ltd.

Oriental Bank of Commerce

Punjab National Bank

Punjab & Sind Bank

State Bank of Bikaner & Jaipur

State Bank of Mysore

State Bank of Hyderabad

State Bank of India

State Bank of Patiala

State Bank of Travancore

UCO Bank

Union Bank of India

United Bank of India

Vijaya Bank

Auditors

M/s O. P. Bagla & Co.

M/s K. K. Soni & Co.

M/s PKF Sridhar & Santhanam

M/s V. Sankar Aiyar & Co.

M/s Ramesh C. Agrawal & Co.

M/s A. R. & Co.

CONTENTS

• Letter to Shareholders	5
• Notice of AGM	8
• Station-wise Generation.....	17
• Selected Financial Information	19
• Directors' Profile	20
• Senior Management Team	25
• Directors' Report	26
• Management Discussion and Analysis	43
• Report on Corporate Governance	68
• Standalone Financial Statements	98
• Auditors' Report	140
• Comments of the Comptroller and Auditor General of India.....	142
• Employee Cost Summary	143
• Revenue Expenditure on Social Overheads	143
• Subsidiary Companies	144
• Consolidated Financial Statements	200

GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Reports can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to get their e-mail addresses registered with Karvy Computershare Private Limited, RTA of the Company.

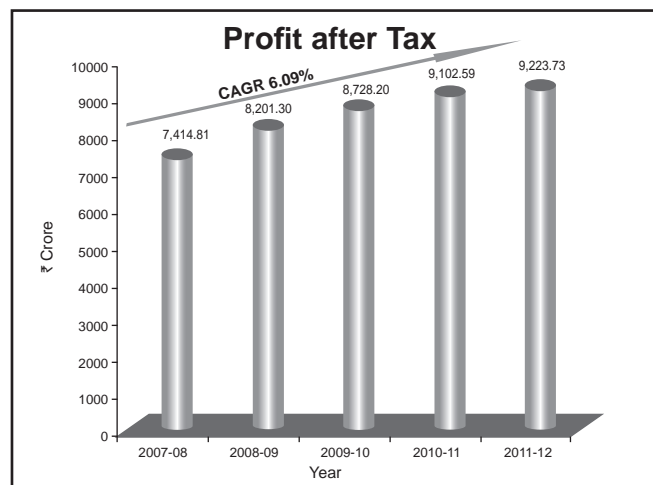
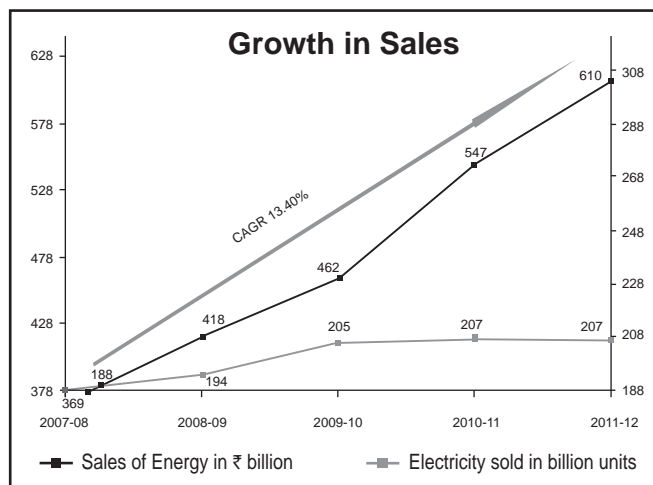
THE YEAR AT A GLANCE

		2011-12	2010-11
Gross Generation	Million Units	222068	220536
Commercial Generation	"	220696	220379
Energy sent out	"	206682	206582
Sale of Energy	₹ Crore	61002	54705
Profit before tax	"	12326	12050
Profit after tax	"	9224	9103
Dividend*	"	3298	3133
Dividend tax**	"	528	515
Retained Profit	"	5398	5455
Net Fixed Assets	"	45258	39236
Net Worth	"	73291	67892
Borrowings	"	50279	43188
Capital Employed	"	75137	71375
Net Cash From Operations	"	13867	11085
Value Added	"	19738	19140
No. of Employees #	Number	24011	23797
Value added per employee	₹ Crore	0.82	0.80
Debt to Equity	Ratio	0.69	0.64
Debt Service Coverage Ratio (DSCR)	Times	3.21	2.57
Interest Service Coverage Ratio (ISCR)	Times	9.81	11.42
Return on Capital Employed	%	14.23	14.30
Face Value Per share	₹	10.00	10.00
Dividend Per Share	"	4.00*	3.80
Book Value Per Share	"	88.89	82.34
Earnings Per Share	"	11.19	11.04

excluding JVs and Subsidiaries

*including final dividend recommended by the Board

**including tax on final dividend recommended by the Board



LETTER TO SHAREHOLDERS

Dear Shareowners,

I am extremely happy to share with you that the year 2011-12 was full of exceptional achievements for your Company. During the year, your Company commissioned 2820 MW generating capacity, the highest ever in a year, surpassing the record of 2490 MW set in the previous year. This includes 1000 MW capacity addition through the joint venture Companies, thus bringing to fruition the investments made in these Companies. With this, the 11th Plan period target of 9220 MW was exceeded as the total capacity addition by NTPC reached 9610 MW.



Not only has your Company added 5310 MW capacity during the last two fiscal years, it has also added more than 2000 MW (2160 MW) in the first quarter of 2012-13. Going forward, 16638 MW capacity is under construction, including 4210 MW through the Company's joint ventures/subsidiaries. Further, work has been awarded for 6860 MW so far during the calendar year 2012.

With over 39000 MW installed capacity, your Company is the largest power generator in the Country. You will be glad to know that your Company has been ranked No. 1 Independent Power Producer in the world in 2011 by Platts, a part of the prestigious McGraw Hill Group, in its top 250 global energy Companies' ranking. At the 337th position in the Forbes Global 2000 list of the world's largest Companies for the year 2012, your Company is 3rd in Asia among electricity utilities.

Your Company, along with its JVs and subsidiaries, has maintained its leadership position in the Indian power sector with 27.4% share of the total power generated in the Country during 2011-12. Your Company achieved a robust Plant Load Factor (PLF) of 85% for its coal projects as against the national average of 73.32%. The Company would have achieved still higher PLF but for the generation loss due to grid restrictions by the financially constrained customers. During the year, it achieved an average 'Availability Factor' of 89.5%. Your Company is committed to bring about continuous improvement in generation efficiency to maintain high standards of reliability through latest technologies and practices.



CMD, NTPC Ltd. receiving Scope Excellence Award (Gold Trophy) in Institutional category from Dr. Manmohan Singh, Hon'ble Prime Minister.

The total income of your Company increased by 12% over the previous year, to ₹ 64,514.79 crore. For the year 2011-12, your Company has paid an interim dividend of 35% and has also proposed a final dividend of 5%, taking the total dividend to the highest ever 40%.



Six employees of NTPC conferred with the prestigious Prime Minister's Shram Award.

Your Company has been able to sustain its profitability despite the challenges affecting the Indian Power Sector. The net profit increased by 1% to ₹9,223.73 crore which is commensurate with the increase in revenue from operations excluding the impact of increase in the fuel cost. Your Company ranks 5th among all the listed Companies in terms of Profit After Tax for 2011-12.

Along with the financial top line and bottom line, your Company puts equally sharp focus on the environmental and social bottom lines. Bulk of the new capacity addition would come through super critical units leading to greater efficiency and reduced impact on the environment, thus promoting sustainable growth. Your Company has taken several initiatives to increase the share of electricity based on non-fossil sources in its portfolio as well as in the Country. Work is already in progress on 5 hydro-electric projects with

total capacity of 1619 MW. A roadmap for development of 1000 MW basket through renewable energy sources is under development, out of which the roadmap has already been prepared for implementation of 300 MW capacity by 2017. Solar capacity of 105 MW is targeted to be completed till 2017 most of which is in advanced stages of work or ordering. Your Company is playing a key role in the implementation of the first phase of Jawaharlal Nehru National Solar Mission (JNNSM) of 1050 MW through its trading subsidiary NTPC Vidyut Vyapar Nigam Ltd (NVVN). Under this mission, NVVN has awarded contracts for about 1000 MW. So far, 173 MW capacity of Solar PV has been commissioned. Further, Solar Projects of 861 MW capacity are scheduled for commissioning over the next two years.

Your Company has set another example by designing and installing a 40 TR Solar Thermal based heating, ventilation, air conditioning (HVAC) system at the campus of its research arm, NTPC Energy Technology & Research Alliance (NETRA) located at Greater Noida. This system is first of its kind in the Country and has a very high solar to air conditioning efficiency. It is likely to result in energy saving of nearly 1 lakh units per year and CO₂ reduction of 75% compared to conventional AC system.

The environmental initiatives taken by your Company have led to avoidance of 1.96 million tons of CO₂ during the year 2011-12. For monitoring air quality around its power plants on real time basis, 61 Ambient Air Quality Monitoring Systems (AAQMS) have been installed and networked to provide online access to the Central Pollution Control Board also. Till date your Company has planted more than 19 million trees throughout the Country. This is a rich carbon sink. Various water conservation measures have been taken to reduce water consumption in power generation by using 3 R's (Reduce, Reuse & Recycle) as the guiding principle.

Your Company has built strong partnerships with the communities around its projects and also with the wider society through



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power, inaugurated the Solar Thermal Heating Ventilation & Air Conditioning at NTPC – NETRA.

a well conceived basket of CSR interventions for the betterment of lives of the people. The large CSR basket consists of, among other areas, education and capacity building facilities, health care support, sanitation and public health, promotion of sports and games, community centres, vocational training and capacity building, skill development centres, access to water, road, and electricity, support for agricultural activities and other initiatives considered beneficial for the neighbourhood population around the business units. During the year 2011-12, your Company scaled up its expenditure on the CSR activities in a major way utilizing over 0.5% of its Profit After Tax.

Your Company is playing an active role in preserving and nurturing the rich cultural heritage of our nation. As part of commemorating the 150th birth anniversary of Swami Vivekananda, your Company has provided support to



Receiving PSU Excellence Award, 2010 in the Best Financial Performance Category by Indian Chamber of Commerce.

the Ramakrishna Mission for organizing various activities. Your Company is committed to conservation of historical sites at Mandu in Madhya Pradesh, Temples of Jageshwar at Uttarakhand and Lalitgiri/ Dhauli in Odisha, under an MoU with the Archaeological Survey of India and the National Cultural Fund (NCF).

In order to expand the geographies of its operations, your Company has formed a joint venture, “Trincomalee Power Company Limited”, with Ceylon Electricity Board for setting-up a 2x250 MW coal based power project in Sri Lanka. A JV Agreement has been signed between NTPC and Bangladesh Power Development Board for setting up a 2X660 MW power plant at Khulna, Bangladesh and the process of incorporation of the JV Company is under way. Your Company’s wholly owned subsidiary ‘NVVN’ has been designated as the nodal agency for ‘cross-border-power-trading’ with Bhutan and Bangladesh.

Your Company maintains close interface with all the stakeholders, continuously scans the business environment and proactively engages in policy advocacy. Some of the key concerns which have emerged during interactions with stakeholders are slow capacity addition, inadequate fuel supply, financial status of the state utilities, issues concerning tariff revisions and distribution reforms, delay in land acquisition and environmental clearances. Your Company has taken several steps to overcome these challenges which include bulk tendering to step up capacity addition, pre-qualification of vendors to reduce the time taken in award of work and induction of more vendors, direct import of coal, development of its own mines, incentives to customers for prompt payment, constant interaction with contractors to resolve contractual issues, to cite a few.

The Government of India has taken several steps to mitigate the risks in the power sector. Various initiatives have been taken by Ministry of Power and Prime Minister’s Office to address the issues concerning fuel supply, land acquisition and environment clearances (especially for coal mines), adequate tariff realizations by distribution Companies, restructuring of financial status of distribution Companies etc. The management of your Company is sure that these initiatives would bring about an upswing in the sector.



NTPC CSR Initiative : ITI Training

Your Company would continue to strive for excellence and pursue the vision of becoming the world’s largest and best power producer, powering India’s growth. In the 12th Plan period your Company plans to add 14038 MW of installed capacity to maintain its leadership position in the sector. Work on the projects of the 12th Plan period is progressing satisfactorily. The clearances and approvals are in place. Fuel for these projects has also been tied up including that from the captive mines, the first of which is expected to yield coal from next year. Tying up finances for the projects has never been an issue given the excellent rating that your Company enjoys. Considering the growth plans of your Company, a prudent policy of balanced dividend pay-out with the requirement of deployment of internal accruals for its growth plans has been followed by it.

All these achievements have been made possible primarily by the untiring efforts of the employees of your Company for whom NTPC is an ‘employer of choice’. It is my pleasure to share with you that in a study on ‘India’s Best Companies to Work for 2012’, by the Economic Times and ‘Great Place to Work’, your Company has been ranked number 1 among the PSUs and overall 3rd in among the Companies with business operations in India, next only to Google and Intel. Thus your Company has continued the unique tradition of being the only PSU to consistently figure among the best employer surveys by prestigious organizations amid MNCs, and enterprises from IT and service sectors.

I take this opportunity to convey my sincere thankfulness to the Government of India, the State Governments, our valued customers, all the authorities and agencies who provide unstinted support to your Company. I also assure you that ‘Team NTPC’ will measure up to your expectations and strive to perform beyond them.

With best wishes,

Yours sincerely,



(ARUP ROY CHOUDHURY)
CHAIRMAN & MANAGING DIRECTOR

NOTICE

NOTICE is hereby given that **Thirty Sixth Annual General Meeting** of the members of **NTPC Limited** will be held on **Tuesday, September 18, 2012 at 10.30 a.m.** at Air Force Auditorium, Subroto Park, New Delhi – 110 010, to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and Statement of Profit & Loss for the financial year ended on that date together with Report of the Board of Directors and Auditors' thereon.
2. To confirm payment of interim dividend and declare final dividend for the year 2011-12.
3. To appoint a Director in place of Shri B.P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Auditors.

SPECIAL BUSINESSES:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment, modification or supersession thereof, the Articles of Association of the Company be and is hereby amended by appending new Article 23A after Article 23 and Article 41A after Article 41 to the existing Articles as per details given below:

Article 23A	Notwithstanding anything contained in these Articles and in pursuance of Section 77A, 77AA and 77B of the Act, the Company, may buy-back its own shares or other specified securities as the Board of Directors may consider appropriate subject to such approvals and sanctions as may be necessary and subject to such limits, restrictions, terms and conditions, etc as may be required under the provisions of the Act/ Regulations/ Rules applicable from time to time including the amendment(s), if any, thereto.	Buy Back of Shares
Article 41A	Subject to the provisions of Section 260 and 264 of the Act, the Board shall have power, at any time and from time to time to appoint a person appointed by the President of India as an additional director on the Board, but such that the total number of directors shall not at any time exceed the maximum number fixed by articles. Any director so appointed shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for re-appointment.	Additional Directors

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Dr. M. Govinda Rao, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company by the President of India vide letter no. 8/6/2011-TH.I (Pt.) dated 26.08.2011 w.e.f 26.08.2011 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 20.09.2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Shri S.B. Ghosh Dastidar, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company by the President of India vide letter no. 8/6/2011-TH.I (Pt.) dated 26.08.2011 w.e.f 26.08.2011 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 20.09.2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

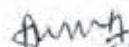
"Resolved that Shri R.S. Sahoo, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company by the President of India vide letter no. 8/6/2011-TH.I (Pt.) dated 26.08.2011 w.e.f. 26.08.2011 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 20.09.2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Shri Ajit M. Nimbalkar, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company w.e.f. 20.01.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 “Resolved that Shri S.R. Upadhyay, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company w.e.f. 20.01.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 “Resolved that Ms. Homai. A. Daruwalla, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company w.e.f. 28.02.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 “Resolved that Shri Anol Nath Chatterji, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company w.e.f. 28.02.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
14. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 “Resolved that Prof. Sushil Khanna, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company w.e.f. 28.02.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
15. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 “Resolved that Shri A.K. Jha, who was appointed as an Additional Director and designated as Director (Technical) of the Company w.e.f. 01.07.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/2/2011-Th-1 dated 10.04.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By order of the Board of Directors


 (A.K. Rastogi)
 Company Secretary

Regd. Office:

NTPC Bhawan, Scope Complex, 7 Institutional Area,
 Lodi Road, New Delhi-110003
 Date: 3rd August 2012

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY - EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 41 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri B.P. Singh and Shri S.P. Singh, Directors retire by rotation at the ensuing Meeting and being eligible, offers themselves for re-appointment.
4. Brief Resume of the Directors seeking appointment and re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and forms part of the Notice.
5. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Businesses, as set out above is annexed hereto.
6. Members are requested to-
 - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.

- ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - iv) note that the attendance slip/ proxy form should be **signed** as per the specimen signature registered with the Karvy Computershare Private Limited, Registrar & Transfer Agent (RTA)/ Depository Participant (DP)
 - v) note that in case of **joint holders** attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 - vi) quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - vii) note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.**
 - viii) note that no gifts/coupons will be distributed at the Annual General Meeting.
7. The Board of Directors, in its meeting held on January 27, 2012 had declared an interim dividend @ 35% (₹ 3.50 per share) on the paid-up equity share capital of the company which was paid on February 9, 2012. Members who have not encashed or not received their dividend warrants may approach RTA of the Company for revalidating the warrants or for obtaining duplicate warrants.
8. The Register of Members and Share Transfer Books of the Company will remain closed from September 8, 2012 to September 18, 2012 (both days inclusive). The Board of Directors, in its Meeting held on May 10, 2012, has recommended a final dividend @ 5% (₹ 0.50 per share) on the paid-up equity share capital of the company. The final dividend, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on September 25, 2012 to the Members whose names appear on the Company's Register of Members on September 18, 2012 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on September 7, 2012.
9. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund (IEPF) of the Central Government. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
- Members who have not encashed their Dividend Warrant(s) may approach the RTA/ Company for issuance of demand draft(s) upon completion of necessary formalities for the same in lieu of such warrant(s). Unclaimed/unpaid final dividend for the financial year 2004-05, which is due for transfer to IEPF, should be claimed by the members before September 26, 2012. After that date, no claim shall lie against the IEPF/ Company, in respect of the said amount.
- The first dividend declared by the Company, after IPO, being the interim dividend for the financial year 2004-05 was paid on 10.03.2005. The seven years period for the above dividend had ended on 09.03.2012 and the unclaimed/ unpaid dividend amount has been transferred to IEPF.
- The details of the shareholders who have not claimed/ encashed their dividend warrants till the last Annual General Meeting and subsequent due dates of transfer of unclaimed/ unpaid dividend to IEPF for the respective financial years shall be uploaded on NTPC Website under Investors Section at www.ntpc.co.in.
10. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain from and send the ECS mandate form to RTA of the Company. Those holding shares in Electronic Form may obtain from and send the ECS mandate form directly to their DP. Those who have already furnished the ECS Mandate Form to the Company/ RTA/ DP with complete details need not send it again.
- The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to RTA of the Company to enable them to print these details on the dividend warrants.
11. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its RTA alongwith relevant Share Certificates.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit PAN to their DP with whom they are maintaining their demat accounts. It has also made mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical mode should attach a copy of their PAN Card for every transfer request sent to the Company / RTA.
13. Members, holding shares in physical form, may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Those holding shares in physical form may obtain from and send Form-2B in duplicate to RTA of the Company.
- In case of shares held in dematerialized form, the nomination has to be lodged with the respective DP.
14. Members are requested to notify immediately any change of address:
- i. to their DP in respect of shares held in dematerialized form, and
 - ii. to the Company at its Registered Office or to its RTA in respect of their physical shares, if any, quoting their folio number.

15. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Shri G.K. Sadhu, GM (I/c-Finance) and Public Spokesperson of the Company at the registered office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
16. Annual listing fee for the year 2012-13 has been paid to all Stock Exchanges wherein shares of the Company are listed.
17. Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Clause (aa) of sub-section (8) of Section 224 of the Companies Act, 1956, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Members of the Company, in 35th Annual General Meeting held on September 20, 2011, authorised the Board of Directors to fix the remuneration of Statutory Auditors for the year 2011-12. Accordingly, the Board of Directors has fixed audit fee of ₹ 90,00,000/- for the Statutory Auditors for the financial year 2011-12 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses for visits to accounting units. The Statutory Auditors of the Company for the year 2012-13 have been re-appointed by C&AG through letter dated 25.07.2012. Accordingly, the Members may authorise the Board to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board.
18. None of the Directors of the Company is in any way related with each other.
19. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

Annexure to Notice

EXPLANATORY STATEMENT

Item No. 6

- (i) Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India through Office Memorandum No. F.No. DPE/14(24)/2011-Fin dated 26.03.2012 has informed that CPSEs must provide option for buy back of their shares for sustained investor interest in the company and protect their market capitalisation in the long term interest of the company's ability to raise funds from the market. Further, in order to provide a level playing field to CPSEs vis-à-vis private companies, CPSEs are required to amend their Articles of Association to provide for buy-back of shares, if such provision does not exist in their Articles.

Existing Articles of Association (AOA) of NTPC Limited does not contain any provision relating to buy-back of shares of the Company. In order to comply with the above Office Memorandum of DPE, the Company proposes to amend its Articles of Association by appending new Article 23A after Article 23 providing for buy-back of shares.

- (ii) Pursuant to Section 260 of the Companies Act, 1956, the Board has powers to appoint the additional directors.

Existing Articles of Association (AOA) of NTPC Limited does not contain any provision relating to appointment of additional directors as provided under Section 260 of the Companies Act, 1956. Accordingly, it is proposed to amend Articles of Association by appending new Article 41A after Article 41 providing for appointment of additional directors.

None of the Directors is interested or concerned in the resolution.

The Board of Directors of your Company, in its Meeting held on 27.07.2012, has approved the above amendments to the Articles of Association, subject to the approval of the members.

The Directors commend the special resolution at Item No. 6 for approval of the Members.

Item No. 7

Dr. M. Govinda Rao was re-appointed by the President of India vide Notification No. 8/6/2011-TH.I (Pt.) dated 26.08.2011 issued by Ministry of Power for a period of three years after his earlier tenure of three years ended on 25.08.2011 and was accordingly appointed as an Additional Director on the Board w.e.f 26.08.2011. However, before his appointment, the Notice of 35th AGM scheduled for 20.09.2011 was already printed and dispatched, therefore, his tenure as Additional Director could not be regularized. Thus, his tenure as Additional Director expired on 20.09.2011. Dr. M. Govinda Rao was further appointed by the Board, as an Additional Director w.e.f. 20.09.2011, till the conclusion of this Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Dr. M. Govinda Rao for the office of Non-Official Part-time Director (Independent Director). Dr. M. Govinda Rao, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Dr. M. Govinda Rao holds NIL shares in NTPC Limited and his Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/Membership
1.	NTPC Limited	Audit Committee (Member)
2.	Rural Electrification Corporation Limited	Audit Committee (Chairman)

None of the Directors except Dr. M. Govinda Rao is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 8

Shri S.B. Ghosh Dastidar was appointed by the President of India vide Notification No. 8/6/2011-TH.I (Pt.) dated 26.08.2011 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 26.08.2011. However, before his appointment, the Notice of 35th AGM scheduled for 20.09.2011 was already printed and dispatched, therefore, his tenure as Additional Director could not be regularized. Thus, his tenure as Additional Director expired on 20.09.2011. Shri S.B. Ghosh Dastidar was further appointed by the Board, as an Additional Director w.e.f. 20.09.2011, till the conclusion of this Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri S.B. Ghosh Dastidar for the office of Non-Official Part-time Director (Independent Director). Shri S.B. Ghosh Dastidar, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Shri S.B. Ghosh Dastidar holds NIL shares in NTPC Limited and his Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	Audit Committee (Chairman)
2.	Bharat Coking Coal Limited	Audit Committee (Member)

None of the Directors except Shri S.B. Ghosh Dastidar is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 9

Shri R.S. Sahoo was appointed by the President of India vide Notification No. 8/6/2011-TH.I (Pt.) dated 26.08.2011 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 26.08.2011. However, before his appointment, the Notice of 35th AGM scheduled for 20.09.2011 was already printed and dispatched, therefore, his tenure as Additional Director could not be regularized. Thus, his tenure as Additional Director expired on 20.09.2011. Shri R.S. Sahoo was further appointed by the Board, as an Additional Director w.e.f. 20.09.2011, till the conclusion of this Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri R.S. Sahoo for the office of Non-Official Part-time Director (Independent Director). Shri R.S. Sahoo, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Shri R.S. Sahoo holds NIL shares in NTPC Limited and his Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	Audit Committee (Member)
2.	Hindustan Zinc Limited	NIL
3.	THDC India Limited	
4.	Bank of Baroda	

None of the Directors except Shri R.S. Sahoo is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 10

Shri Ajit M. Nimbalkar was appointed by the President of India vide Notification No. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 20.01.2012. In terms of the Companies Act, 1956, he holds office upto this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Ajit M. Nimbalkar for the office of Non-Official Part-time Director (Independent Director). Shri Ajit M. Nimbalkar, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Shri Ajit M. Nimbalkar holds 614 shares in NTPC Limited and is not a Director in any other Company and not a chairman/ member of Committee(s)* in any of the Company.

None of the Directors except Shri Ajit M. Nimbalkar is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 11

Shri S.R. Upadhyay was appointed by the President of India vide Notification No. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 20.01.2012. In terms of the Companies Act, 1956, he holds office upto this Annual General Meeting. The Company has received a notice in writing from a member

pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri S.R. Upadhyay for the office of Non-Official Part-time Director (Independent Director). Shri S.R. Upadhyay, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Shri S.R. Upadhyay holds NIL shares in NTPC Limited and holds the Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	NIL
2.	Northern Coalfields Limited	

None of the Directors except Shri S.R. Upadhyay is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 12

Ms. Homai A. Daruwalla was appointed by the President of India vide Notification No. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 28.02.2012. In terms of the Companies Act, 1956, she holds office upto this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Ms. Homai A. Daruwalla for the office of Non-Official Part-time Director (Independent Director). Ms. Homai A. Daruwalla, if appointed, will be liable to retire by rotation.

Her brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Ms. Homai A. Daruwalla holds 140 shares in NTPC Limited and her Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	- Audit Committee (Member) - Shareholders'/ Investors' Grievance Committee (Member)
2.	India Infoline Asset Management Co.	NIL
3.	Gammon Infrastructure Projects Limited	
4.	Jaiprakash Associates Limited	

None of the Directors except Ms. Homai A. Daruwalla is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 13

Shri Anol Nath Chatterji was appointed by the President of India vide Notification No. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 28.02.2012. In terms of the Companies Act, 1956, he holds office upto this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Anol Nath Chatterji for the office of Non-Official Part-time Director (Independent Director). Shri Anol Nath Chatterji, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Shri Anol Nath Chatterji holds NIL shares in NTPC Limited and his Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	Audit Committee (Member)

None of the Directors except Shri Anol Nath Chatterji is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 14

Prof. Sushil Khanna was appointed by the President of India vide Notification No. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 issued by Ministry of Power for a period of three years and was accordingly appointed as an Additional Director on the Board w.e.f 28.02.2012. In terms of the Companies Act, 1956, he holds office upto this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Prof. Sushil Khanna for the office of Non-Official Part-time Director (Independent Director). Prof. Sushil Khanna, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Prof. Sushil Khanna holds NIL shares in NTPC Limited and his Directorship and chairmanship/membership of Committee(s)* in the Companies are as under:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	NIL
2.	Oil India Limited	
3.	Shipping Corporation of India Limited	
4.	Nicco Ventures Limited	
5.	The Information Company	

None of the Directors except Prof. Sushil Khanna is interested or concerned in the resolution. The Board recommends the resolution for your approval.

Item No. 15

Shri A.K. Jha was appointed by the President of India vide Notification No. 8/2/2011-Th-1 dated 10.04.2012 issued by Ministry of Power for a period of five years and was accordingly appointed as an Additional Director on the Board w.e.f 01.07.2012. In terms of the Companies Act, 1956, he holds office upto this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri A.K. Jha for the office of Director (Technical). Shri A.K. Jha, if appointed, will be liable to retire by rotation.

His brief resume, inter-alia, giving nature of expertise in specific functional area are provided elsewhere which forms part of the Annual Report.

Shri A.K. Jha holds NIL shares in NTPC Limited and his Directorship and chairmanship/membership of Committee(s)* of the following Companies:

S. No.	Directorship	Chairmanship/ Membership
1.	NTPC Limited	NIL
2.	NTPC ALSTOM Power Services Private Limited	
3.	PAN-Asian Renewables Private Limited	
4.	Anushakti Vidhyut Nigam Limited	
5.	Transformers and Electricals Kerala Limited	
6.	NTPC Hydro Limited	Audit Committee (Member)

None of the Directors except Shri A.K. Jha is interested or concerned in the resolution. The Board recommends the resolution for your approval.

By order of the Board of Directors



(A.K. Rastogi)
Company Secretary

Regd. Office:

NTPC Bhawan, Scope Complex, 7 Institutional Area,
Lodi Road, New Delhi-110003

Date : 3rd August 2012

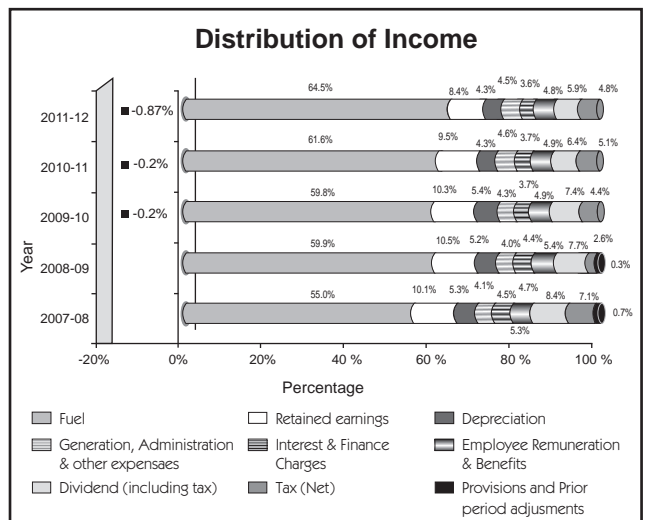
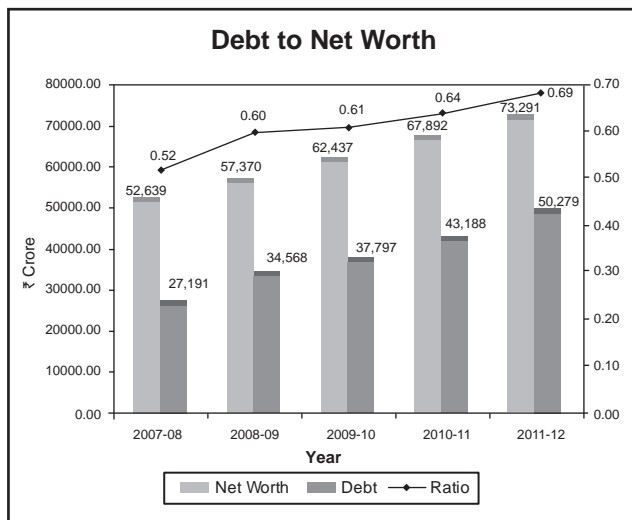
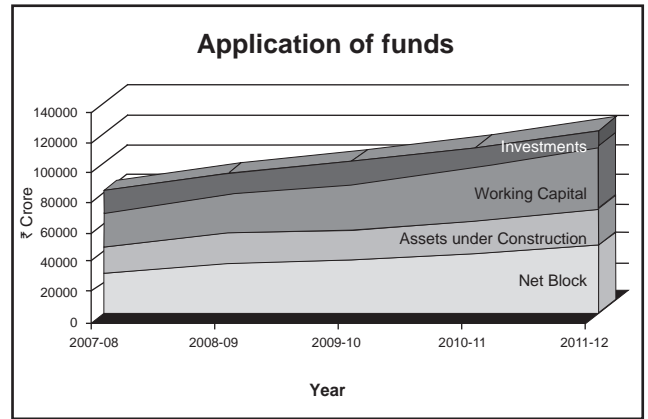
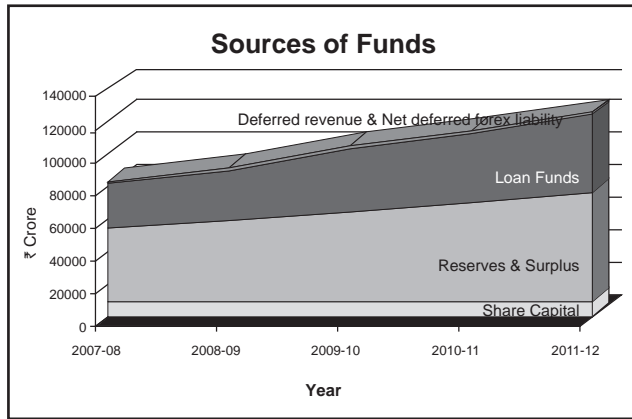
* In line with Clause 49 of Listing Agreement, only the Audit Committee and Shareholders'/ Investors 'Grievance Committee have been taken into consideration in reckoning the number of committee memberships of Directors as Chairman and as Member.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION

Directors seeking re-election at the 36th AGM

Name	Shri B.P. Singh	Shri S.P. Singh
Date of Birth & Age	25.09.1953/ 59 years	12.02.1953/ 59 years
Date of Appointment	01.08.2009	16.10.2010
Qualifications	Graduate in Mining Engineering from ISM, Dhanbad	Graduate in Electrical Engineering from Madhav Institute of Technology and Science, JIWAJI University, Gwalior
Expertise in specific functional area	He has over 38 years rich and vast experience both in coal as well as power sector. He has worked in various capacities in the areas of Fuel Management, Coal Mining & Coal Washery. He played the pivotal role in formulation of NTPC's overall strategy for fuel security and has been instrumental in acquisition and development of fuel assets etc.	Shri Singh is having more than 37 years of experience looking after various functions of Plant Engineering related Quality Assurance & Inspection, Project Layout Engineering, Project Engineering etc. He is responsible for the entire Human Resource function of the organisation. He is also responsible for the Power Management Institute of NTPC and other corporate functions such as Industrial Safety, Resettlement & Rehabilitation, Corporate Social Responsibility, Medical Services and Corporate Security & Coordination.
Directorship held in other companies	<p>Part-Time Chairman</p> <ol style="list-style-type: none"> Bhartiya Rail Bijlee Company Limited <p>Part-Time Director</p> <ol style="list-style-type: none"> NTPC Hydro Limited BF-NTPC Energy Systems Limited Tricomalee Power Company Limited International Coal Ventures Private Limited 	<p>Part-Time Chairman</p> <ol style="list-style-type: none"> KINESCO Power and Utilities Private Limited <p>Part-Time Director</p> <ol style="list-style-type: none"> Transformers and Electricals Kerala Limited NTPC Vidyut Vyapar Nigam Limited NTPC Electric Supply Company Limited Trincomalee Power Company Limited
Memberships/ Chairmanship of Committees across all Public Companies	<p>Audit Committee Chairman</p> <ol style="list-style-type: none"> Bhartiya Rail Bijlee Company Limited <p>Member</p> <ol style="list-style-type: none"> NTPC Hydro Limited 	<p>Audit Committee Member</p> <ol style="list-style-type: none"> NTPC Vidyut Vyapar Nigam Limited <p>Shareholders'/ Investors' Grievance Committee Member</p> <ol style="list-style-type: none"> NTPC Limited
No. of Shares held in NTPC Limited	2,765	10,507

* In line with Clause 49 of Listing Agreement, only the Audit Committee and Shareholders'/ Investors' Grievance Committee have been taken into consideration in reckoning the number of committee memberships of Directors as Chairman and as Member.



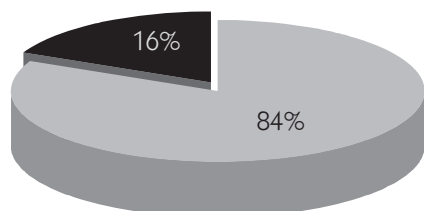
STATION-WISE GENERATION 2011-12

STATIONS	Fuel Type	Capacity(MW)	Gen.(MU)Gross
Northern Region		5490	43452
Singrauli	Coal	2000	15585
Rihand	Coal	2000	16183
Unchahar	Coal	1050	8279
Tanda	Coal	440	3405
National Capital Region		4869	34014
Badarpur	Coal	705	4775
Dadri	Coal	1820	14224
Anta	Gas	419	2693
Auraiya	Gas	663	3879
Dadri	Gas	830	5376
Faridabad	Gas	432	3068
Western Region		9494	62783
Korba	Coal	2600	18030
Vindhyachal	Coal	3260	25886
Sipat	Coal	2320	11575
Kawas	Gas	656	3608
Jhanor Gandhar	Gas	657	3684
Eastern Region		7900	49451
Farakka	Coal	2100	10416
Kahalgaon	Coal	2340	13438
Talcher - Kaniha	Coal	3000	21857
Talcher - Thermal	Coal	460	3740
Southern Region		4960	32367
Ramagundam	Coal	2600	21255
Simhadri	Coal	2000	10405
Rajiv Gandhi CCP	Liquid Fuel	360	706
Total		32712	222068

Share of Installed Capacity

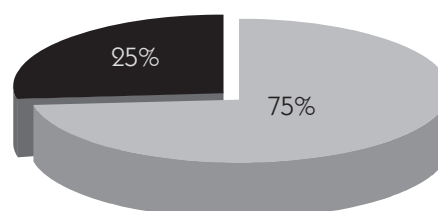
 (as on 31st March 2012)

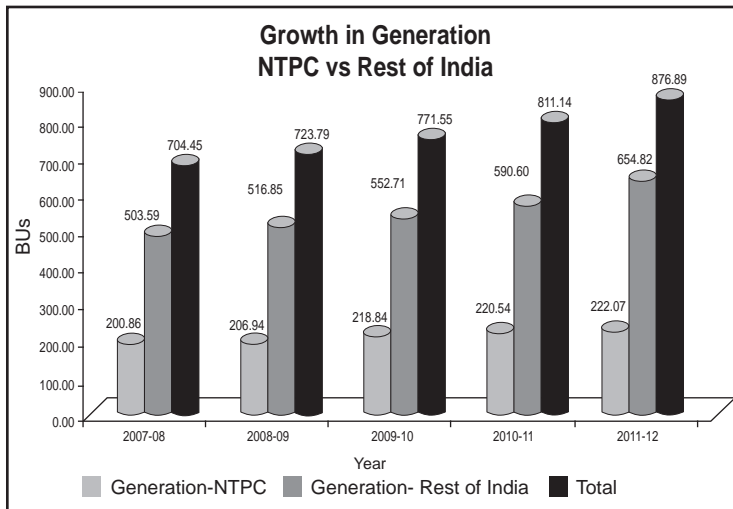
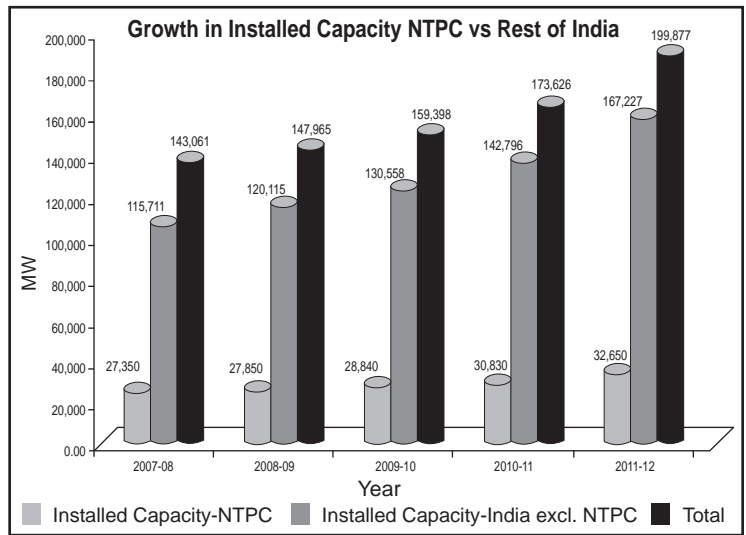
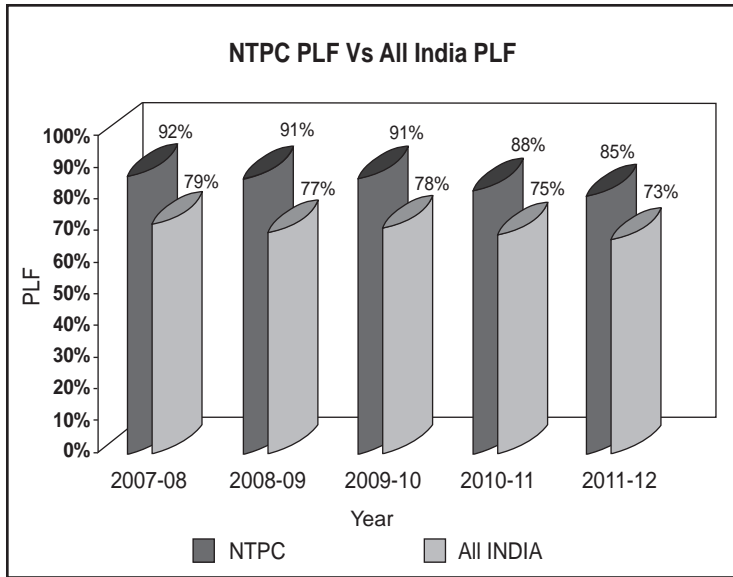
■ Rest of India 167227 MW ■ NTPC 32650 MW


Share of Electricity Generated

 (as on 31st March 2012)

■ Rest of India 654.82 BUs ■ NTPC 222.07 BUs





SELECTED FINANCIAL INFORMATION

	₹ crore				
	2011-12 #	2010-11 #	2009-10	2008-09	2007-08
A) Total Revenue					
Earned from					
Sale of Energy	61002.20	54704.55	46168.67	41791.18	36946.23
Consultancy & Other Income	3512.59	2694.94	3065.21	3437.88	3065.08
Total	64514.79	57399.49	49233.88	45229.06	40011.31
B) Paid & Provided for					
Fuel	41635.46	35373.78	29462.74	27110.69	22020.24
Employees Remuneration & Benefits	3090.48	2789.71	2412.36	2463.13	1895.99
Generation, Administration & other expenses	2932.93	2646.01	2094.03	1819.16	1628.40
Provision (Net)	(250.68)	1544.34	(1.87)	7.59	0.70
Prior Period/Extra Ordinary Items	(313.58)	(1638.72)	(77.83)	108.32	274.51
Profit before depreciation, Interest & Finance Charges and Tax	17420.18	16684.37	15344.45	13720.17	14191.47
Depreciation	2791.70	2485.69	2650.06	2364.48	2138.50
Profit before Interest & Finance Charges and Tax	14628.48	14198.68	12694.39	11355.69	12052.97
Interest & Finance Cost	2302.32	2149.08	1808.93	1996.22	1798.04
Profit before tax	12326.16	12049.60	10885.46	9359.47	10254.93
Tax (Net)	3102.43	2947.01	2157.26	1158.17	2840.12
Profit after tax	9223.73	9102.59	8728.20	8201.30	7414.81
Dividend	3298.19	3133.27	3133.27	2968.36	2885.91
Dividend tax	527.92	514.77	527.62	501.71	490.46
Retained Profit	5397.62	5454.55	5067.31	4731.23	4038.44
C) What is Owned					
Gross Fixed Assets	81830.26	72755.15	66850.07	62353.04	53367.95
Less : Depreciation	36571.90	33519.19	32088.78	29415.31	27274.28
Net block	45258.36	39235.96	34761.29	32937.73	26093.67
Capital Work-in-progress, Construction Stores & Advances	44569.27	38270.63	32104.31	26404.90	22478.38
Investments	11206.38	12344.84	14807.09	13983.48	15267.22
Current Assets, Loans & Advances	38431.91	35428.30	30815.80	30925.30	25548.80
Total Net Assets	139465.92	125279.73	112488.49	104251.41	89388.07
D) What is Owed					
Long Term Loans	50267.11	43174.98	37783.63	34566.33	27177.67
Working Capital Loans	12.26	13.26	13.39	1.42	12.93
Current Liabilities & Provisions	15065.87	13104.42	10758.16	10688.60	7929.90
Total Liabilities	65345.24	56292.66	48555.18	45256.35	35120.50
E) Others					
Deferred Revenue on account of Advance against deprectiaion	718.47	792.05	1610.84	1936.01	1373.40
Deferred Foreign Currency Fluctuation Liability	134.43	96.54	61.05	54.52	255.40
Deferred Income From Foreign Currency Fluctuation	711.59	62.43	-	607.71	-
Deferred Tax Liability (Net)	636.90	602.95	209.25	0.13	0.10
Deferred Foreign Currency Fluctuation Asset	1371.88	459.15	365.17	973.40	-
Deferred Expenditure From Foreign Currency Fluctuation	-	-	20.08	-	-
Total	829.51	1094.82	1495.89	1624.97	1628.90
F) Net Worth					
Share Capital	8245.46	8245.46	8245.46	8245.46	8245.46
Reserves & Surplus	65045.71	59646.79	54191.96	49124.61	44393.15
Net Worth	73291.17	67892.25	62437.42	57370.07	52638.61
G) Capital Employed	75136.67	71374.57	69572.54	64183.42	58886.77
H) Value Added	19737.80	19139.99	17331.30	14054.75	12753.79
I) No. of Shares	8245464400	8245464400	8245464400	8245464400	8245464400
J) No. of Employees *	24011	23797	23743	23639	23674
K) Ratios					
Return on Capital Employed (%)	14.23	14.30	13.97	14.29	14.07
Return on Net Worth (%)	16.88	16.92	16.35	16.70	16.10
Book Value per Share (₹)	88.89	82.34	75.72	69.58	63.84
Current Ratio	2.55	2.70	2.86	2.89	3.22
Debt to Equity	0.69	0.64	0.61	0.60	0.52
Value Added/Employee (₹ crore)	0.82	0.80	0.73	0.59	0.54

Based on old Sch-VI formats. Financial Statements prepared based on Revised Sch VI formats

* Excluding JVs, Subsidiaries

DIRECTORS' PROFILE



Shri Arup Roy Choudhury
Chairman & Managing Director

Shri Arup Roy Choudhury (56 years), a firm believer in achieving team-excellence through transformational shift to proactive, positive and personalized approach and having experience in private and public sector organizations, he has an illustrious career of more than 33 years during which he has been holding the position of CEO for over 11 years. His motto is “संकल्प शुद्ध ही सिद्ध” i.e. *if your intentions are pure, you are bound to succeed*. Some highlights of his career are :

- Became the youngest CEO of a Central Public Sector Enterprise in India (NBCC) at the age of 44 years in April 2001.
- Awarded for the best organizational turnaround from Hon'ble President of India in 2006.
- Received the Top Ten PSU and Turnaround Award from Hon'ble Prime Minister of India in 2007
- Received the Top Ten Central Public Sector Undertaking Award from Hon'ble Prime Minister of India in 2009.
- Elected Chairman of Standing Conference of Public Enterprises, the apex body of over 240 Central Public Sector Enterprises in India, in 2009 and still continuing.
- Received the award as the Best Individual Leader of a Public Sector Enterprise from Hon'ble Prime Minister of India in 2010.
- Received the Award for CSR and Responsiveness from Hon'ble President of India in 2010
- Appointed CMD of NTPC, one of the ten largest power companies in the world and the largest power generator of India with total revenue of about 13 billion USD, since September 1, 2010.
- Elected vice Chair (Asia-Pacific & South-Asia) of World Energy Council, the largest multi-energy organization in the world with nearly 100 member countries, in November 2011.
- Received as CMD, the Gold Trophy for NTPC for best performance, from Hon'ble Prime Minister of India in January, 2012.
- Honoured with the 'Asian CEO of the Year' Award in April, 2012 by Terrapinn, a Singapore-based business media company with presence in five continents doing significant work in Energy dialogue.
- Figures at # 56 in the listing of India Inc's 100 Most Powerful CEOs, 2012 (The Economic Times) and is at # 2 among the CEOs of the State Owned Enterprises (SOE5).



Shri A.K. Singhal
Director (Finance)

Shri A.K. Singhal, (58 years), a Chartered Accountant by profession, has a distinguished career, characterised by steadfast adherence to principles. He has rich & varied experience of over 36 years in Corporate Finance Management.

Shri Singhal plays a pivotal role in providing valuable inputs to the Board for taking various strategic decisions to enable the company in achieving its Vision. He is responsible for the entire gamut of financial management of the organization including financial resource mobilization from domestic & global sources, optimum utilization of funds, budgetary controls and investment decisions. During his tenure of 11 years in NTPC, he has led several landmark transactions for the Company such as its Initial and Further Public Offer of equity, large term loan facilities from banks and financial institutions and establishment of USD 1 billion Medium Term Note Programme and issuance of notes thereunder.

As CFO, he is responsible for establishing adequate internal control systems and adherence by the Company to sound corporate governance practices. He plays an active role in the decisions involving mergers and acquisitions including backward & forward integration of business. He was the forefront runner in driving successful implementation of ERP in the Company. He is a vital link between the investing community and the management of the Company.

Driven by the passion for excellence and imbued with strong work ethics, Shri Singhal believes integrity and honesty as the only policy for enduring business success. Under his able guidance and leadership, NTPC has won many awards & accolades for excellence in Financial Reporting and Corporate Governance. Shri Singhal has been recognised as Best CFO at various forums including ICAI, CNBC TV 18, ASBA Top Rankers and he has been positioned twice among top 100 CFOs across the country by CFO Institute of 9dot9 media.



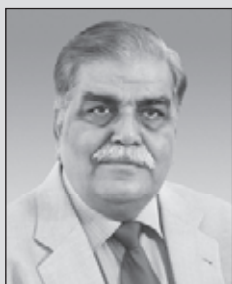
Shri I.J. Kapoor
Director (Commercial)

Shri I.J. Kapoor, (56 years), is a Graduate in Mechanical Engineering and Masters in Business Administration (Marketing). He joined NTPC in 1978. He has a rich and varied experience of over 33 years in the areas of Commercial, Engineering, Contracts & Materials Management, Consultancy, Cost Engineering, Project Services, Quality Assurance & Inspection and Power Station Management. Prior to his elevation as Director (Commercial), he was Regional Executive Director (National Capital), NTPC, responsible for operational management of generating capacity along with project implementation activities. As Director (Commercial), he is responsible for formulation & implementation of policies & strategies to ensure marketing of NTPC's entire electrical output, appropriate pricing from regulatory authority and entire payment realization from customers, thereby generating adequate internal resources for the company to meet the future challenge of capacity addition. In addition, he is the Director In-charge of Consultancy and Business Development activities. He is also part time Chairman on the Board of Aravali Power Company Private Limited (1,500 MW) & National Power Exchange Ltd. and part-time Director on the Board of PTC India Limited, Meja Urja Nigam Private Limited (1,320 MW), NTPC-BHEL Power Projects Private Limited and NTPC Vidyut Vyapar Nigam Limited. He is a Fellow of Institution of Engineers, India and Senior Member, IEEE, USA.



Shri B.P. Singh
Director (Projects)

Shri B.P. Singh, (59 years), is a Graduate in Mining Engineering from ISM, Dhanbad. He started his career in 1974 in coal mining sector with Indian Iron & Steel Company and subsequently joined Bharat Coking Coal Ltd. He has over 38 years rich and vast experience both in coal as well as power sector. He joined NTPC Ltd. in 1981 and worked in various capacities in the areas of Fuel Management, Coal Mining & Coal Washery. He played the pivotal role in formulation of NTPC's overall strategy for fuel security and has been instrumental in acquisition and development of fuel assets, etc. Besides representing NTPC in various committees set up by Govt. of India on Integrated Coal Policy, fuels for Power Generation, Pricing of Coal, Techno-economics of using washed coal, he has also been part of various Govt. teams & missions like U.K. Trade Mission, Indo-Australia Joint Working Group on Energy & Minerals, etc. He is the Chairman of Bhartiya Rail Bijlee Company Limited. He is also representing NTPC on the board of BF-NTPC Energy Systems Ltd., Trincomalee Power Company Limited (A JV of NTPC Limited and CEB, Srilanka) and NTPC Hydro Limited. He is 'Expert Member' on Research Council of "Central Institute of Mining & Fuel Research (CIMFR)" and representing NTPC as member of the Board of Governors of National Institute of Rock Mechanics and Construction Industry Development Council. He is Fellow member of Indian Institute of Plant Engineers, Delhi Chapter. He joined NTPC Board as Director (Projects) in Aug, 2009. As Director (Projects), he is responsible for all the activities relating to Project Planning, Execution and Implementation.



Shri S.P. Singh
Director (Human Resources)

Shri S.P. Singh, (59 years), is a graduate in Electrical Engineering from Madhav Institute of Technology and Science, JIWAJI University, Gwalior having completed his schooling from prestigious Colvin Taluqdar's College, Lucknow. He started his career in BHEL in 1975 as Engineer Trainee and worked for 9 years at BHEL, Hardwar in the Turbogenerator Design Department. Shri Singh joined NTPC in 1984 and worked for more than 25 years in the Engineering Department, looking after various functions of Plant Engineering related Quality Assurance & Inspection, Project Layout Engineering, Project Engineering etc. He served as ED (Corporate Contracts & Materials) and Chief Executive Officer of NTPC Electric Supply Company Ltd. (a wholly owned subsidiary of NTPC). As Director (HR), Shri Singh is responsible for the entire Human Resource function of the organisation. He is also responsible for the Power Management Institute of NTPC and other corporate functions such as Industrial Safety, Resettlement & Rehabilitation, Corporate Social Responsibility, Medical Services and Corporate Security & Coordination. Also, Shri Singh is the Appellate Authority of NTPC under RTI Act, 2005.



Shri N.N. Misra
Director (Operations)

Shri N.N. Misra, (58 years), graduated in Electrical Engineering with Honours from Regional Engineering College, Rourkela, in the year 1977. Shri Misra joined NTPC in 1977 as Executive Trainee (2nd Batch). He has experience of 34 years in NTPC out of which 28 years were in the Design Department looking after the various functions of Electrical Design and Project Engineering beginning with the first project of NTPC. He is actively associated with BIS. Shri Misra represents India in CIGRE (International Conference on Large High Voltage Electric System) for High voltage equipment and has contributed in many Study committees and Working groups of CIGRE. He was involved in selecting and successfully implementing the first 765KV sub-station of India at Sipat. He has a rich and varied experience having worked as Executive Director of National Capital Region, Executive Director looking after Corporate Contracts & Materials, Executive Director looking after Human Resources and lastly as Executive Director looking after Operation Services. Shri Misra represents NTPC as Part-time Director in a number of Joint Ventures and Subsidiaries of NTPC.



Shri A.K. Jha
Director (Technical)

Shri A.K. Jha, (55 years), Director (Technical) since 1st July 2012, is a graduate in Mechanical Engineering from BIT, Sindri, Ranchi University (1977) and has done LL.B. from Delhi University (1996). He joined NTPC in 1977 as Executive Trainee (2nd Batch) and was part of erection team which successfully commissioned 5X200MW capacity at NTPC's 1st project at Singrauli. He has rich and varied experience of 35 years in NTPC in the areas of Erection & Commissioning, Project Planning & Monitoring, Project Management, O&M, Commercial and Human Resource Management. Prior to this, he was Regional Executive Director (North) and was responsible for complete Operation & Maintenance of 5490MW capacity of Northern Region. In NTPC, he has experience in different areas including Executive Director (Project Planning & Monitoring) looking after planning and monitoring of entire capacity addition program of NTPC through Thermal, Hydro and Renewable Power Projects and development of Coal Blocks. As in-charge of HR functions in Kahalgaon, he had successfully handled the difficult IR situations during Stage-I of the Project.

Shri Jha is a certified 'B' level Project Manager IPMA and has represented NTPC in IPMA World Congress at London in year 2000 and in Rome in the year 2008.



Shri I.C.P. Keshari
Director (Govt. Nominee)

Shri I.C.P. Keshari, (50 years), is a post graduate in History from Delhi University and an Indian Administrative Officer of Madhya Pradesh cadre. Prior to his current assignment of Joint Secretary, Ministry of Power, Shri Keshari was Private Secretary to Minister of Commerce & Industry, Government of India and has also held various administrative posts in the State of Madhya Pradesh and Chattisgarh including that of Secretary PWD, Secretary (Power) and Collector of three districts for almost nine years.



Shri Rakesh Jain
Director (Govt. Nominee)

Shri Rakesh Jain, (55 years), holds Masters Degree in Physics from University of Delhi. He is an officer of Indian Audit & Accounts Service (1981). He is currently the Joint Secretary & Financial Adviser (JS&FA) in the Ministry of Power. He is also Government Nominee Director on the Board of Power Grid Corporation of India Limited under the administrative control of Ministry of Power. Before joining Ministry of Power, he held various important positions such as Director General (Accounts, Entitlement Complaints & Information System), Principal Director (Report States) - Office of Comptroller & Auditor General of India, Accountant General (AG) (Audit), Rajasthan, AG (AE-II) Madhya Pradesh, Principal Director (Commercial Audit), Ranchi and Principal Director of Audit, Embassy of India, Washington, USA.



Dr. M. Govinda Rao
Non Official Independent
Director

Dr. M. Govinda Rao, (65 years), Ph.D. in Economics, is Director, National Institute of Public Finance and Policy, New Delhi. He is also a Member, Economic Advisory Council to the Prime Minister. His past positions include Director, Institute for Social and Economic Change, Bangalore and Fellow, Research School of Pacific and Asian Studies, Australian National University, Canberra, Australia. He is a member of Board of Governors of Institute of Economic Growth, New Delhi, Institute for Social and Economic Change, Bangalore, Madras School of Economics, Chennai and the local Board of Reserve Bank of India for the Southern Region. He is also a Member of Steering Committee for the South Asia Network of Economic Research (SANEI). His advisory role includes Member, Financial Sector Legislative Reforms Commission and Member, Group of Experts to advise the Finance Minister on G-20 matters. He has published 13 books and monographs on various aspects of Public Finance besides technical articles in a number of journals.



Shri S. B. Gosh Dastidar
Non Official Independent
Director

Shri S.B. Gosh Dastidar, (65 years), B.E. (Mech), is Former Member Traffic/ Railway Board (MT) & Ex-officio Secretary to Govt. of India, Ministry of Railways, New Delhi. Shri Dastidar joined the Indian Railway Traffic Service in 1969 after completing his Bachelor of Engineering (Mech.) from Calcutta University. During his distinguished career of almost four decades, Shri Dastidar oversaw the introduction of many new ideas and innovations in Railways. As Chairman of Container Corporation of India Ltd. (CONCOR), Indian Railways Catering & Tourism Corporation Ltd (IRCTC), Pipavav Railway Corporation Ltd. and Executive Committee of Center for Railway Information System (CRIS), he has vast experience in area of Planning, Human Resource Development, Marketing, Project Management, Operations, Management, Finance and Industrial Relationship. Over 37 years of experience in Indian Railways, he held various prestigious posts including Member Traffic, General Manager, Chief Operational Manager, Divisional Railway Manager etc. He played a pivotal role in the Indian Railway.

He was awarded "Padam Shri" by Government of India for his outstanding contribution in Indian Railways.



Shri Rajib Sekhar Sahoo
Non Official Independent
Director

Shri Rajib Sekhar Sahoo, (50 years), is a practicing Chartered Accountant born on 1st July, 1962. He qualified as CA in the year 1987. He is one of the Principal partner of M/s SRB & Associates, Chartered Accountants.

At present, he is Director in NTPC Limited, a Maharatna Company of Govt. of India, Hindustan Zinc Limited, THDC India Limited (Tehri Hydro Development Corporation India Limited) and Bank of Baroda appointed by the Appointment Committee of Cabinet, Govt. of India.

He is a member of Task Force on MoU Deptt. of Public Enterprise, Govt. of India for the year 2011-12 and 2012-13. He is a member of Sri Jagannath Temple Managing Committee, Puri appointed by Govt. of Odisha as an Independent Member. He is an Independent Trustee of Odisha Urban Infrastructure Development Fund (OUIDF) appointed by Govt. of Odisha. He is a member of Fee Structure Committee for Professional Educational Institutions of Odisha appointed as per the direction of Supreme Court of India chaired by a Retd. High Court Judge since 2007. He is the treasurer of The Indus Entrepreneur (TIE) having head quarter in Silicon Valley, USA.

He was Trustee in Paradip Port Trust from the year 2008-10. He was Director in Andhra Bank from July, 2008 to July, 2011. During his tenure in Andhra Bank he was Chairman of the Audit Committee and Member of Risk Management Committee. He was the chairman of Indo-American Chamber of Commerce for the year 2008-10.



Shri Ajit M. Nimbalkar
Non Official Independent
Director

Shri Ajit M. Nimbalkar, (68 years), is a retired Indian Administrative Service Officer of 1967 Batch, Maharashtra Cadre. He is M.A. in Political Science & Public Administration. He has over 37 years of experience as IAS and has held several positions at the District, State and Central Levels. He worked in different fields which included sugar industry of Maharashtra, upliftment of Labour in State and Central Level, generation & distribution of power, gas distribution and infrastructure in Mumbai. He retired as Chief Secretary, Maharashtra in May 2004. Subsequently, after retirement, in order to utilise his services for infrastructure development, he was appointed as Advisor to the State Government from June 2004 to March 2005. From August 2005 and till August 2011, he served as the first Chairman of the newly enacted Maharashtra Water Resources Regulatory Authority, a quasi-judicial post.



Shri S.R. Upadhyay
Non Official Independent
Director

Shri S.R. Upadhyay, (62 years), is B.Sc (Hons.) (Mining) from Indian School of Mines, Dhanbad. He has obtained 1st Class Mines Managership Certificate of Competency (Coal), 1975. He has retired as Chairman & Managing Director, Mahanadi Coalfields Limited. He has wide experience in the area of coal mining. He has contributed a lot in introducing systems of working and capacity utilisation through use of new and technology-savvy techniques. He was pioneer in making turnaround of productivity from stagnant or low productivity/ profits to highest ever production or huge profits. He has published papers on Use of Long Wall Method of work at shallow depth at Jhanra and on Dealing with fire in Long Wall face. He is recipient of Award of Excellence & Safety by Ministry of Coal presented by Vice President of India and D. D. Thakkar Gold Medal Award by Mining, Geological & Metrological Institute of India (MGMI). He is Independent Director on the Board of Northern Coalfields Limited and a consultant of Power Finance Corporation Consulting Limited. He is life Member of IMMA, MGMI and was also member of prestigious Board of Mining Examinations of the Director General of Mines Safety, GOI, while in service.



Ms. Homai A. Daruwalla
Non Official Independent
Director

Ms. Homai A. Daruwalla, (64 years), is a qualified Chartered Accountant. In her career in Banking, spanning more than three decades, she has worked in various capacities in Union Bank of India, Oriental Bank of Commerce and retired as Chairman & Managing Director of Central Bank of India in December 2008. During her tenure as CMD of Central Bank of India, bank had undergone radical changes by rejuvenating the working of the Bank through series of bold initiatives, which yielded positive results for the Bank. She ensured introduction of innovative products to cater to the requirements of its multi-cultural clients. Her main areas of concern included HRD, Technological upgradations matching industry levels, Business Process Re-engineering with active participation from field and customizing the products/ services as well as systems and procedures to match the market requirements. She also handled prestigious assignment as Region of India Director on the Board of 'The Institute of Internal Auditors', Florida, USA. During her tenure, Central Bank of India was awarded with many awards including 'National Award for Excellence in Medium and Small Enterprise Lending for the year 2007-08 in recognition of the Bank's outstanding performance in lending to Medium and Small Enterprise Sector. Ms. Daruwalla is also recipient of many awards.



Shri Anol Nath Chatterji
Non Official Independent
Director

Shri Anol Nath Chatterji, (62 years), graduated from Presidency College, University of Calcutta, with a Bachelor of Science (Hons) degree in Chemistry. He is a Fellow of the Canadian Comprehensive Audit Foundation, Ottawa.

Shri Chatterji now serves as a member of the Independent Advisory and Oversight Committee of the World Intellectual Property Organisation, Geneva. He is also a member of the Quality Review Board constituted by the Ministry of Corporate Affairs under the Chartered Accountants Act.

Shri Chatterji joined the Indian Audit and Accounts Service in 1974 and retired in 2010 as Deputy Comptroller and Auditor General of India. In this capacity he was responsible for the administration of the whole Indian Audit and Accounts Department. He was also responsible for all Professional Practices in the Department and was Chairman of the Govt. Accounting Standards Advisory Board.

Shri Chatterji has been actively engaged in the development of professional practices in Performance Auditing and has contributed to the development of Performance Auditing Standards both in his department and internationally. He is invited to participate in seminars organised by the World Bank as an expert in this field.

His experience includes audit of such important departments as Atomic Energy, Space, Ordnance Factories and Railways.

In the field of training, Shri Chatterji has headed the National Academy of Audit and Accounts at Shimla and the National Institute of Financial Management at Faridabad.



Shri Sushil Khanna
Non Official Independent
Director

Shri Sushil Khanna, (61 years), is Fellow of Indian Institute of Management, Calcutta (IIM-C). He is a Faculty Member in Economics and Strategic Management at IIM Calcutta since 1984. He has been visiting Professor in various Universities and institutes abroad and has been a Chair Professor at Copenhagen Business School during 2011-12. He is currently Member, Board for Reconstruction of Public Sector Enterprises and Independent Director on the Boards of Oil India Limited, Shipping Corp of India Limited, Nicco Ventures Limited and The Information Company Private Limited. His past positions include Chairman, Kerala Financial Corp., Member Management Studies Board of All India Council for Technical Education, Task Force on New Industrial Policy, Govt. of Kerala, etc. He has published several articles and chapters in the books on the topics relating to Industrial Policy, Industrial Economics, Strategic Management and Management of Services. His recent studies/ Consultancy assignments include study of Government/ Public Sector, Private Sector and Civil Society.



Shri T. Venkatesh
Chief Vigilance Officer

Shri T. Venkatesh, (50 years), is an Indian Administrative Service Officer of 1988 batch of UP Cadre. Prior to the present deputation as the Chief Vigilance Officer, NTPC Limited, he was Joint Secretary (Vigilance) in Department of Personnel and Training under the Ministry of Personnel, Public Grievances and Pension.

SENIOR MANAGEMENT TEAM
**S. No. Executive Directors
S/Shri**

1	A.N. Dave
2	Rajeshwar Datt
3	N.K. Sharma
4	K.K. Sharma
5	S.C. Pandey
6	G.J. Deshpande
7	Anil Kumar Ahuja
8	A. C. Chaturvedi
9	Sharad Anand
10	Umesh Prasad Pani
11	Virendra Kumar Gupta
12	R. K. Singh Gahlowt
13	R. Venkateswaran
14	M.K.V.R. Rao
15	S.N Goel
16	S.N. Ganguly
17	Saptarshi Roy
18	M.S. Soini
19	Dinesh Kumar Agrawal
20	R.C Dhup

**S. No. General Managers
S/Shri**

1	A.K. Chatterjee
2	Biswanath Mukherjee
3	Dinesh Agrawal
4	Rakesh Khetarpal
5	Anuttam Chaudhuri
6	A.K. Sharma
7	A.K. Mohindru
8	B.K. Soni
9	Y.V. Rao
10	V.K.Chandra Mohan
11	Thomas Joseph
12	Anil Gupta
13	G.K. Sadhu
14	Sivaraman Krishnamurthy
15	S.J. Muley
16	K.S. Garboyal
17	S.P. Singh
18	D. Saha
19	H.K. Sandhir
20	S.C. Gupta
21	Sangeet Kumar Dave
22	S.K. Singh
23	Syam Sundar Sen
24	Shashi Ranjan
25	P. Ramesh
26	V.B. Fadnavis
27	A.K. Gupta
28	Ajit Kumar

**S. No. General Managers
S/Shri**

29	P.R. Dahake
30	Dushyant Kumar Sood
31	Gopal Ravindra
32	P.K. Mohapatra
33	J.N. Singh
34	Anil Kumar Rastogi
35	A. Upendra Rao
36	Devraj Bhattacharjee
37	Chander Prakash Malik
38	Pradeep Bhaskar Behere
39	Govinda Chandra Mishra
40	Prem Prakash Pathak
41	Sankar Bandyopadhyay
42	P.S. Radhakrishnan
43	V.S. Tamrakar
44	Pankaj Bhartiya
45	Vinod Kumar Padha
46	Sanjay Kumar Sur
47	Inder Kumar Rajdeva
48	Tara Nand Pathak
49	N.K. Srivastava
50	S.K. Jain
51	Ramkrishna Pal
52	S.K. Patnaik
53	Arvind Kumar Sinha
54	S.K. Roy
55	Arun Kumar Sinha
56	Devashis Basu
57	Subhasis Ghosh
58	Nageen Kumar Kothari
59	Pramod Kumar
60	V. Thangapandian
61	Ajit Kumar Bhatnagar
62	Sudhir Arya
63	Shyamal Ray
64	Madan S.V Mohan
65	R.R. Shrivastava
66	Arun Prakash Trivedi
67	Rajiv Kumar Jain
68	Yogendra Singh
69	Jaiwant Pesumal Sachdev
70	Manki Dilip Singh
71	Ramahuj Mishra
72	Dileep Mathur
73	Ramesh Chand
74	Prakash Harisinghaney
75	Asit Baran Halder
76	Sure Krishna Reddy
77	Harbans Singh
78	Dilip Kumar Dubey
79	Pranab Kumar Bhattacharya
80	Ajay Kumar Atrea

**S. No. General Managers
S/Shri**

81	Satinder Pal Singh
82	Kothandaraman Sreedhar
83	K.V. Adivarahan
84	Revti Raman
85	Murari Prasad Sinha
86	Atul Shrivastava
87	Prakash Tiwari
88	Anil Kumar Bansal
89	Manoj Saxena
90	Ms.Gitika Shiv
91	Rakesh Samuel
92	Shrikrishna Madhao Khare
93	Tilak Raj Datta
94	Jai Prakash Srivastava
95	Ms.Arundhati Bhattacharya
96	Praveen Kumar Bondriya
97	Asim Kumar Samanta
98	Balaji Iyengar
99	Vipan Kumar

**Posted in Subsidiary/Joint Venture
Companies and others**
**S. No. Executive Directors
S/Shri**

1	Vishwaroop
2	Arvind Kumar
3	Vinod Sharma
4	Anil Kumar Agrawal
5	Manash Sarkar

**S. No. General Managers
S/Shri**

1	Narayanan Kannan
2	C.S. Gupta
3	Vijay Damodar Paranjape
4	Tufani Ram
5	R.K. Srivastava
6	Atul Goyal
7	K.K. Singh
8	R.K. Bhatnagar
9	Dharamdas Chakrabarty
10	Janhvi Shanker
11	Prabhat Kumar
12	Joseph Kurian
13	B.D. Gondekar
14	GourDas Basu
15	P.S. Rao
16	A.K. Garg
17	Vedula Mohan Rao
18	Amarinder Kumar Maggu
19	Kaza Ram Chandra Murty
20	Arun Kumar Gupta
21	Debasis Sarkar
22	Pravin Kumar Gupta

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 36th Annual Report and the audited financial statements for the year ended March 31, 2012.

Your Company has added capacity of 2,820 MW during the year 2011-12 surpassing its earlier best capacity addition of 2,490

MW during 2010-11. With this addition, the Company surpassed the 11th plan target of 9,220 MW by achieving a total capacity addition of 9,610 MW.

After commissioning of 2,160 MW capacity since April 2012, NTPC has now become a 39,174 MW Company.

1. FINANCIAL RESULTS

Revenue	2011-12		2010-11	
	₹ Crore	US \$ Mn*	₹ Crore	US \$ Mn*
Net Revenue from Operations (including Energy Sales, Consultancy, Energy consumed internally)	62,052.23	12,018.64	55,062.65	10,664.86
Other Income	2,778.42	538.14	2,344.65	454.12
Total Revenue	64,830.65	12,556.78	57,407.30	11,118.98
Expenses				
Fuel	41,635.46	8,064.20	35,373.78	6,851.40
Employee Benefits Expense	3,090.48	598.58	2,789.71	540.33
Finance Costs	1,711.64	331.52	1,420.96	275.22
Depreciation and amortization expense	2,791.70	540.71	2,485.69	481.44
Generation, administration & other expenses	3,588.79	695.10	4,926.28	954.15
Prior Period items (net)	(313.58)	(60.74)	(1,638.72)	(317.40)
Total Expenses	52,504.49	10,169.37	45,357.70	8,785.14
Profit before Tax	12,326.16	2,387.41	12,049.60	2,333.84
Tax Expense	3,102.43	600.90	2,947.01	570.79
Profit for the year	9,223.73	1,786.51	9,102.59	1,763.05
Appropriations:				
Transfer to bond redemption reserve	482.38	93.43	494.94	95.86
Transfer to general reserve	5,200.00	1,007.17	5,200.00	1,007.17
Transfer to capital reserve	0.44	0.09	6.87	1.33
Interim dividend	2,885.92	558.96	2,473.63	479.11
Proposed dividend	412.27	79.85	659.63	127.76
Tax on dividend	527.92	102.25	514.77	99.70

*1US \$= ₹ 51.63 as on March 31, 2012

2. FINANCIAL PERFORMANCE

2.1 Revenue

The total revenue of your Company for the year increased by 12.93% to ₹ 64,830.65 crore from ₹ 57,407.30 crore during the previous year.

2.2 Profit Before and After Tax

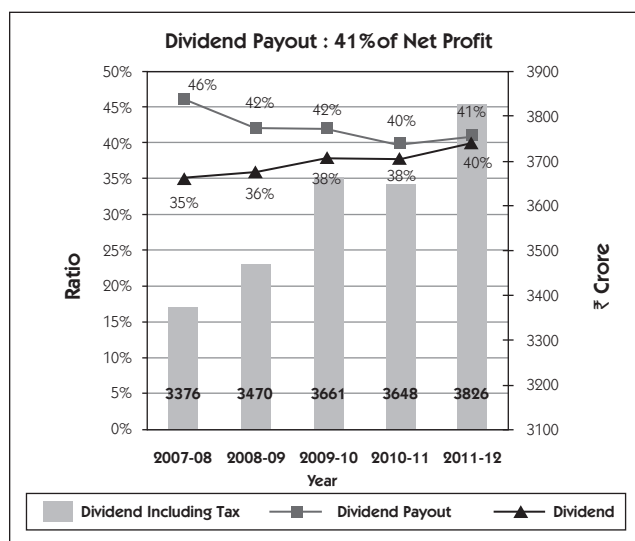
The profit before tax was ₹ 12,326.16 crore for the financial year 2011-12 as against ₹ 12,049.60 crore last year. The profit after tax increased by 1.33% to ₹ 9,223.73 crore from ₹ 9,102.59 crore.

3. DIVIDEND

3.1 Interim and Final Dividend

In addition to interim dividend of ₹ 3.50 per equity share paid in February 2012, your Directors have recommended a final dividend of ₹ 0.50 per equity share for the year 2011-12. The total dividend for the year is ₹ 4.00 per equity share of ₹ 10/- each against ₹ 3.80 per share paid during last year. The total dividend payout is 35.76% and the total dividend payout including dividend tax is 41.48% of profit after tax. The final dividend shall be paid after your approval at the Annual General Meeting. The dividend has been recommended in accordance with your Company's policy of balancing dividend pay-out with the requirement of deployment of internal accruals for its growth plans.

Your Directors believe that growth of the Company through capacity addition, backward and forward integration and strategic diversification of its operations would lead to increase in shareholders' value.



4. OPERATIONAL PERFORMANCE

4.1 Generation

During the year, the power stations of your Company generated 222.07 BUs of electricity which was 25.48% of the total power generated in India (without Bhutan import). The total power generated by the Company including its JVs and subsidiary was 240.31 BUs which was 27.57% of the total power generated in India (without Bhutan import). The power generated by the Company has registered an increase of 0.69% over the previous year's generation of

220.54 BUs. The total generation contributed by coal stations is 199.054 BUs during the year against generation of 195.282 BUs last year registering a growth of 1.93%. Generation could have been still higher but due to less grid demand, there was generation loss of 5.93 BUs. The coal based stations of your Company operated at average Plant Load Factor (PLF) of 85.00% (All India PLF 73.32%) and average Availability Factor of 89.73% on bar during the year. During the year, 6 coal based stations out of 15 achieved more than 90% PLF.

The gas stations having a capacity of 3,955 MW achieved annual generation of 23.014 BUs at a PLF of 65.22% as against 25.255 BUs last year mainly due to less grid demand which accounted for a generation loss of 10.176 BUs. The average declared capacity of gas based stations of the year was 93.81% as compared to 92.60% during previous year.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in Annex-I to this Report.

5. COMMERCIAL PERFORMANCE

Your Company has realized 100% payment of current bills raised for sale of power for the ninth consecutive year.

5.1 Rebate Scheme/ One Time Settlement Scheme for realization of dues

In order to achieve early realization of dues, provision of rebate, even for customers making payment after 30 days and upto 55th day, has been introduced in the Rebate Scheme for 2012-13. All the beneficiaries have established Letters of Credit (LC) and are maintaining it. As on 31.05.2012, your Company has monthly LCs of ₹ 4,888.74 crore. RBI, on behalf of State Governments, redeemed the bonds and serviced half-yearly interest installments on bonds in time as per One Time Settlement Scheme. The matter of securitization of outstanding dues amounting to ₹ 1,310.83 crore pertaining to DESU period payable by Government of NCT of Delhi is under active consideration by the Ministry of Power.

5.2 Power Purchase Agreements for renewable energy

Your Company had signed Power Purchase Agreements (PPAs) for Solar PV projects at Andaman & Nicobar Islands, Dadri, Faridabad, Raigarh, Ramagundam, Unchahar & Talcher and for Solar Thermal Project at Anta. The cumulative renewable energy capacity for which PPAs have been signed is 118 MW, consisting of 110 MW of solar capacity and 8 MW of small hydro capacity at Singrauli. PPA has been signed with West Bengal for sale of 75 MW allocated to the Company from Farakka-III.

5.3 Commercial Capacity

The following units were declared commercial during the year 2011-12, adding 1,160 MW to commercial capacity of your Company:

Project/ Unit	Capacity (MW)	COD*
Sipat-I, Unit#1	660	01.10.2011
Simhadri-II, Unit#1	500	16.09.2011
Total	1,160	

* COD- Commercial Operation Date

Further, after the financial year 2011-12, Unit#6 of 500 MW of Farakka, Unit#2 of 660 MW of Sipat, Unit#2 of 500 MW of Jhajjar (JV i.e. Aravali Power Company Private Limited) have been declared commercial.

5.4 Determination of Tariff

Your Company had filed tariff petitions for the five-year period starting 1.4.2009 before CERC for all the stations in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2009. The final tariff orders have been received for 19 stations till 30.06.2012.

5.5 Strengthening Customer Relationship

Customer Relationship Management (CRM) initiative has been taken by your Company towards strengthening relationship with our customers. Under this, regular structured interaction with customers takes place on an ongoing basis for sharing of feedbacks /experiences /expectations. These meetings provide a platform for better interaction and sharing of experiences for mutual benefits. Based on the feedback received from the customers, the Company provides various support services to them, identifies potential areas of cooperation and shares each others' best practices. Besides, your Company also organized Regional Customer Meets, State specific Business Partner Meets and GENCOs Meets for better interaction and sharing of experience.

Starting from 2008-09, NTPC has rolled out a Customer Satisfaction Index (CSI) for gathering customers' feedback and responding to their requirements. This initiative serves as a useful tool for further strengthening Customer Relationship and better appreciation of our business imperatives.

5.6 Supply of Electricity in 5 Kms area around plant

Under the scheme of Government of India for provision of supply of electricity in 5 Kms area around Central Power Plants, your Company is implementing the electrification work around 29 projects. Award for implementation of the scheme has been placed at 8 stations.

6. INSTALLED CAPACITY

During the year 2011-12, your Company added 2,820 MW detailed as under:

Project/ Unit installed during FY 2011-12	Capacity (MW)
NTPC owned	
Sipat-I	1,320
Simhadri-II	500
Under JVs	
Jhajjar (JV with HPGCL & IPGCL)	500
Vallur (JV with TANGEDCO)	500
Addition during FY 11-12	2,820

Project/ Unit installed in the first quarter of FY 2012-13	Capacity (MW)
NTPC owned	
Sipat -I, Unit#3	660
Vindhyachal, Unit#11	500
Rihand, Unit#5	500
Mouda, Unit#1	500
Addition after FY 11-12	2,160

The capacity added by NTPC Group has registered a growth of 13.25% over the preceding year.

6.1 Installed Capacity of NTPC Group

The total installed capacity of the NTPC Group has increased to 37,014 MW as on 31.03.2012 as tabulated below:

Owned by NTPC	MW
Coal based projects	28,695
Gas based projects	3,955
Sub-total	32,650
Joint Ventures & Subsidiaries	
Coal based projects	2,424
Gas based projects	1,940
Sub-total	4,364
Total	37,014

Now, with the commissioning of 2,160 MW after the financial year 2011-12, the installed capacity of NTPC's Group has become 39,174 MW.

7. CAPACITY ADDITION PROGRAM

Your Company has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions towards its journey to become the world's largest power producer. In addition to furthering capacity addition through Coal / Gas based thermal power projects, your Company has been pursuing enhancement of its power generation portfolio through Hydro, Renewable Energy and Nuclear energy projects.

7.1 Projects under Implementation

Your Company's various projects having aggregate capacity of 14,818 MW including 2,890 MW, being undertaken by Joint Venture Companies were under construction as on 31.03.2012 excluding 2,160 MW commissioned during first quarter of financial year 2012-13, as detailed below:

List of Ongoing Projects as on 31.03.2012 excluding 2,160 MW commissioned during first quarter of FY 2012-13	
Name of the Project	Capacity (MW)
I. Projects under NTPC Ltd	
A. Coal Based Projects	
1. Barh-I	1,980
2. Bongaigaon-I	750
3. Mouda-I	500
4. Barh-II	1,320
5. Rihand-III	500
6. Vindhyachal-IV	500
7. Kudgi	2,400
8. Solapur	1,320
9. Mouda-II	1,320
Sub Total (A)	10,590

Name of the Project	Capacity (MW)
B. Hydro Electric Power Projects (HEPP)	
10. Koldam	800
11. Tapovan Vishnugad	520
Sub Total (B)	1,320
C. Renewable Projects	
12. Singrauli CW HEPP	8
13. Dadri Solar PV	5
14. Andaman Solar PV	5
Sub Total (C)	18
Total I (A)+(B)+(C)	11,928
II Projects under JVs	
Coal Based Projects	
15. Jhajjar- JV with HPGCL & IPGCL	500
16. Vallur – JV with TNEB	1,000
17. Nabinagar- JV with Railways	1,000
18. Muzaffarpur Expansion (MTPS)– JV with BSEB	390
Total II	2,890
III Total On-Going Projects as on 31.03.2012 (I)+(II)	14,818
List of Projects added in first quarter of FY 2012-13	
IV. Project under NTPC Ltd. (Coal Based)	
19. Vindhyachal-V	500
V Project under JVs	
20. Meja (JV with UPRVUNL)	1,320
VI Total Ongoing Projects added within first quarter after FY 2011-12	1,820
VII Total Projects under Construction by NTPC till first Quarter after FY 2011-12 (I+IV)	12,428
VIII Total Projects under Construction by JVs till first Quarter after FY 2011-12 (II+V)	4,210
IX Total Projects under Construction by NTPC Group till first Quarter after FY 2011-12 (VII+VIII)	16,638

Now, with the placement of main plant package award for Vindhyachal-V (500 MW) and for Meja (1,320 MW) projects, NTPC Groups' aggregate capacity under construction has become 16,638 MW (including 4,210 MW by JVs).

7.2 New Projects

Your Company has a capacity addition program for 14,038 MW capacity under 12th Plan Period (2012-2017) which includes 2,890 MW capacity through Joint Ventures and Subsidiaries. Proposals for 12,941 MW capacity addition are under various stages of bidding. Feasibility Reports have been approved for additional capacity of 12,111 MW (including 2,100 MW through JV and Subsidiaries).

Your Company has also taken up studies/ preparation of

Feasibility Reports of about 13,000 MW capacity and is pursuing statutory clearances for various other projects to be taken up in future.

7.3 New Technology

To meet the future challenges of meeting India's electricity needs at affordable cost with minimum environmental impact, your Company has drawn a long term Technology Roadmap up to year 2032 which involves development, adoption and promotion of safe, efficient and clean technologies for entire value chain of power generation business.

Your Company has adopted several new technologies including combined cycle gas-fired power stations, Merry-go-round, Distributed Digital Control & Management Information System, High Voltage Direct Current transmission, Sliding Pressure Operation of SG, Dry Ash Extraction and Disposal, 765 KV Switchyard, Ash Water Recirculation System, Liquid Waste Management System, Performance Analysis and Diagnostic Optimization, Tunnel Boring Machines and Super Critical Technologies. In order to improve efficiency further your Company has adopted higher steam parameters for Barh Expansion project and all of its 660 MW and 800 MW projects resulting in 5% gain in efficiency over the efficiency of conventional sub-critical 500 MW unit considering similar coal. For the sub-critical 500 MW units also, reheat temperature has been increased to 565 deg C for all the new units resulting in about 0.7% gain in efficiency.

Your Company has taken initiatives for development of advance ultra super critical technology for which it has entered into MOU with BHEL and IGCAR. It will enhance thermal efficiency to around 45% and result in about 15-17% less CO₂ emission as compared to conventional sub-critical thermal power plants. Detailed project report is being prepared for hybrid solar thermal plant of about 3.6 MW by integration of solar heat with 210 MW coal based unit at Dadri. Solar heat is being integrated along with feed heaters in the turbine cycle for conversion of solar heat to electrical power with the help of existing steam cycle of 210 MW. Once integrated, this will reduce coal consumption thereby reducing CO₂ emissions.

7.4 Project Management – A New Approach

Your Company believes that in order to achieve its ambitious capacity addition targets, it has to build on its capabilities and leverage its expertise in power project execution. Accordingly, it has revised its delegation of powers and has empowered its regions and projects to enable faster decision making. Your Company has already established a state-of-the-art IT enabled Project Monitoring Centre (PMC) for facilitating fast track project implementation. PMC is extensively utilized for tracking and resolving project issues and helps in providing effective coordination between the agencies. It ensures better and fast monitoring of the projects.

7.5 Capacity addition through Subsidiaries and Joint Ventures (JVs)

Besides adding capacities on its own, your Company plans to add capacities through some of its subsidiaries and joint

ventures. The detail of JV Companies/Subsidiaries along with details of Joint Venture partners for capacity addition are as under:

Name of Company	JV Partner	Details
NSPCL (NTPC-SAIL Power Co. Pvt. Ltd.)	Steel Authority of India Ltd. (SAIL)	A 50:50 JVC formed to own and operate captive power plants at Durgapur (120 MW), Rourkela (120 MW) and Bhilai Steel Plant (74 MW). 2X250 MW units have been implemented at Bhilai. The Company plans to add further capacity of 2X250 MW at Bhilai and 250 MW at Rourkela.
NTECL (NTPC Tamil Nadu Energy Co. Ltd.)	Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) (erstwhile TNEB)	A 50:50 JVC is implementing 3x500 MW coal based power project at Vallur, Tamilnadu. Unit#1 of the Project was synchronized on 09.03.2012 and full load operation was achieved on 28.03.2012. Construction of Unit#2 and Unit#3 is in progress.
APCPL (Aravali Power Company Pvt. Ltd.)	Indraprastha Power Generation Co Ltd. (IPGCL) and Haryana Power Generation Co Ltd. (HPGCL).	This JVC has set up coal based Indira Gandhi Super Thermal Power Project consisting of 3 units of 500 MW each. NTPC, IPGCL and HPGCL have contributed equity in the ratio of 50:25:25. Unit#1 of 500 MW was already declared commercial on 05.03.2011 and Unit#2 was declared commercial on 21.04.2012. For Unit#3, boiler light up was done on 17.05.2012 and TG Box up on 02.06.2012.
BRBCL (Bhartiya Rail Bijlee Company Ltd.)	Ministry of Railways	A subsidiary of NTPC, formed as a JVC with Ministry of Railways with equity contribution in the ratio of 74:26 respectively for setting up power project of 1000 MW (4X250 MW) capacity at Nabinagar in Bihar. Construction work is under progress on site.
MUNPL (Meja Urja Nigam Pvt. Ltd.)	Uttar Pradesh Rajya Vidut Utpadan Nigam Ltd. (UPRVUNL)	A 50:50 JVC formed for setting up 1320 MW (2X660 MW) coal based power project in the state Uttar Pradesh. Main plant award (SG and TG Package) have been awarded and site construction activities are in progress.
KBUNL (Kanti Bijlee Utpadan Nigam Ltd.)	Bihar State Electricity Board (BSEB)	A subsidiary of NTPC formed as a JVC with BSEB, took over MTPS having 2 units of 110 MW each from BSEB. The equity of NTPC in this subsidiary is 65 %. Both the units of Stage-I are under Renovation and Modernisation. The Company has also taken expansion of the project by 2X195 MW units for which construction is in progress. Major packages have been awarded and remaining packages shall be awarded soon.
NPGCL (Nabinagar Power Generating Company Pvt.Ltd.)	Bihar State Electricity Board	A 50:50 JVC for setting up and operation of a (3x660 MW) Coal based plant at Nabinagar. Land acquisition activities are in progress.
RGPPL (Ratnagiri Gas and Power Pvt. Ltd.)	GAIL, ICICI, SBI, IDBI, Canara Bank and MSEB Holding Co.	A JVC between NTPC, GAIL, MSEB holding Co. and Indian Fls. NTPC is having a stake of 31.52%. All the three Power Blocks with a combined capacity of 1,940 MW are in commercial operation since May 2009. Power Block generated 11,619 MUs of energy during the FY 2011-12. LNG terminal is under commissioning and the commissioning cargo arrived at Dabhol port in last of March 2012.
ASHVINI (Anushakti Vidhyut Nigam Ltd.)	Nuclear Power Corporation of India Ltd. (NPCIL)	ASHVINI was incorporated on 27.01.2011 as a JVC with NPCIL having 51% equity and NTPC having 49% equity. The company has been formed for setting up nuclear power project (s) and also to explore possibilities of entering in areas of front end fuel cycle like uranium mining etc. Project site of Gorakhpur, Haryana has been finalized for setting up Haryana Atomic Power Plant (2X700 MW). Geo technical investigations and topographical survey work orders have been awarded. Construction is likely to start in 2015.

In addition, NTPC Limited has signed Memorandum of Understanding with Ministry of Railways to set up 1,320 MW power project at Adra, West Bengal through Bhartiya Rail Bijlee Company Limited.

7.6 Hydro Power

At present 1,320 MW Hydro capacity is under implementation apart from 291 MW under bidding.

- 7.6.1 Your Company is setting up the following hydro projects for increasing its footprints in renewable energy development:

Project	Location	Capacity
Koldam HEPP	Himachal Pradesh	800 MW
Tapovan-Vishungad HEPP	Uttarakhand	520 MW
Lata Tapovan HEPP*	Uttarakhand	171 MW
Rammam-III HEPP*	West Bengal	120 MW

*Lata Tapovan HEPP and Rammam-III are being developed as Regional projects, which were earlier to be implemented by NTPC Hydro Limited, a wholly-owned subsidiary of NTPC. NTPC Hydro Limited is now being merged with NTPC Limited.

Your Company is also considering Rupsiabagar-Khasiabara HEPP (261 MW) located at Uttarakhand for which the Company has submitted to Ministry of Environment and Forests for reconsideration of case of rejection of forest clearance.

Loharinag Pala HEPP had been discontinued on the advice of Ministry of Power. Ministry of Power has constituted Empowered Committee to facilitate settlement of claims, project-site safety measures and for transfer of project to Government of Uttarakhand.

7.6.2 Hydro Engineering

- 7.6.2.1 In pursuance of Memorandum of Agreement signed with Govt. of Mizoram, Detailed Project Report of Kolodyne HEPP (4X115MW) prepared by Central Water Commission for Govt. of Mizoram and updated by NTPC was submitted to CEA for according Techno-Economic Clearance (TEC). CEA has considered the proposal and accorded Techno-Economic Clearance on 14.09.2011. The environment clearance for the project is being pursued with the Government of Mizoram.

- 7.6.2.2 Your Company carried out the assignment of preparation of Detailed Project Report (DPR) for Amochu Reservoir Hydro-electric Project (4X135 MW) in Bhutan and the DPR has been submitted to CEA and Royal Government of Bhutan in October 2011. Additional geological investigations based on CEA comments are being carried out.

7.7 Capacity Addition through other Renewable energy Sources – Solar and Wind

Your Company is having ambitious plan for capacity addition of 1,000 MW through renewable energy sources, out of which for 300 MW road map has already been prepared for implementation by 2017.

Your Company is implementing 5 MW Solar PV based project in Uttar Pradesh (Dadri), 5 MW Solar PV based Project in Andaman & Nicobar (Port Blair) and 8 MW HEPP at Uttar Pradesh (Singrauli). In addition, 15 MW Solar Thermal based power in Rajasthan (Anta), 5 MW Solar PV based project in Haryana (Faridabad), 10 MW each Solar PV based Projects in Uttar Pradesh (Unchahar) and Odisha (Talcher), 50 MW Solar PV based project in Andhra Pradesh (Ramagundam), 50 MW Solar PV based project in Madhya

Pradesh (Rajgarh), 100 MW wind energy based project in Karnataka and 20 MW wind energy based project in Kerala are also being planned.

8. STRATEGIC DIVERSIFICATION- INCREASING SELF-RELIANCE

- 8.1 In order to strengthen its competitive advantage in power generation business, your Company also plans to diversify its portfolio to emerge as an integrated power major, with presence across entire energy value chain through backward and forward integration into areas such as coal mining, power equipment manufacturing, power trading, distribution, etc.

Business opportunities are being continuously explored through market scanning and new business plans are adopted accordingly.

- 8.1.1 The details of joint venture Companies taking up activities in other businesses is as under:

Name of Company	JV Partner	Activities undertaken
UPL (Utility Powertech Ltd.)	Reliance Infrastructure Limited	Takes up assignments of construction, erection and supervision of power sector and other sectors like O&M services, RLA studies, power distribution, non-conventional projects.
NASL (NTPC ALSTOM Power Services Pvt. Ltd.)	ALSTOM Power Generation AG	Takes up renovation and modernization assignments of power plants both in India and in SAARC Countries.
EESL (Energy Efficiency Services Ltd.)	PFC, PGCIL and REC	The Company was formed on December 10, 2009 for implementation of Energy Efficiency projects and to promote energy conservation and climate change. The Company is working on Energy Audit of Buildings and Agricultural Pump replacement under Perform Achieve Trade scheme and implementing Bachat Lamp Yojna for various State Govts.
NHPTL (National High Power Test Laboratory Pvt. Ltd.)	NHPC, PGCIL and DVC	The Company was incorporated on 22.05.2009 for setting up facility for short circuit testing of transformers and other electrical equipment. The site for setting up the laboratory is located at Bina, MP. Construction activities and award activities are in progress.

Name of Company	JV Partner	Activities undertaken
NPEX (National Power Exchange Ltd.)	NHPC, PFC, TCS, BSE, IFCI, Meenakshi, DPSC	The Company was formed to facilitate, promote, assist, regulate and manage nation wide trading of all forms of Electrical energies and also to settle Trades in a transparent fair and open manner. By-laws of Exchange submitted by NPEX to CERC on 30.03.2011 and the approval has been accorded by CERC on 24.04.2012.

8.2 The details of subsidiary Companies in other businesses are as under:

8.2.1 NTPC Electric Supply Company Limited, a wholly owned subsidiary of NTPC was incorporated to foray into the business of distribution and supply of electrical energy as a sequel to reforms initiated in the power sector. The Company is undertaking implementation of turnkey Rajiv Gandhi Gramin Vidyutikaran Yojna Projects (details given under Rural Electrification in the Report), turnkey execution of sub-stations for utilities, project management consultancy for provision of supply of electricity in 5 km area around NTPC power projects.

This subsidiary has commenced business of retail distribution of power in various industrial parks developed by Kerala Industrial Infrastructure Development Corporation (KINFRA), through its Joint Venture Company namely **KINESCO Power and Utilities Private Limited**, formed with KINFRA.

8.2.2 NTPC Vidyut Vyapar Nigam Limited, a wholly owned subsidiary of NTPC was incorporated to undertake sale and purchase of electric power and to effectively utilize installed capacity and thus enable reduction in the cost of power. The Company is involved in power trading, sale of fly ash and cenosphere. It has been appointed as the nodal agency for Jawahar Lal Nehru National Solar Mission.

8.3 In order to strengthen its competitive advantage in power generation business, the Company has diversified into the area of manufacturing through the following joint ventures:

8.3.1 NTPC-BHEL Power Projects Pvt. Limited (NBPPL), a joint venture of your Company with BHEL was incorporated on April 28, 2008 for taking up activities of Engineering, procurement and construction of power plants and manufacturing of equipments. Manufacturing plant of NBPPL is being constructed at Mannavaram, Tirupati in Andhra Pradesh. The Company is executing EPC contracts for balance of plants packages of Palatana Combined Cycle Power plant in Tripura, Namrup Combined Cycle Power Plant in Assam for BHEL and BOP including Erection & Commissioning works of entire plant for Monarchak, Tripura for NEEPCO.

8.3.2 Another joint venture Company, **BF-NTPC Energy Systems Limited** was incorporated with Bharat Forge Limited on June 19, 2008 to manufacture castings, forgings, fittings and high pressure piping required for power projects and other industries. Land acquisition for establishing manufacturing plant at Sholapur, Maharashtra is in progress. Business/ Technical alliances for key product lines and technology tie-up are being actively pursued.

8.3.3 Your Company has acquired 44.6% stake in **Transformers and Electricals Kerala Limited** from Government of Kerala on June 19, 2009. The Company deals in manufacturing and repair of Power Transformers. The Company produced 5,789 MVA transformers which was highest production ever achieved till date, registering a plant capacity utilization factor of 130% as against the industry utilization factor of 75% in 2011-12.

Please refer to "Management Discussion and Analysis", Annexure-I included as a separate section to this report for further details.

9. GLOBALISATION INITIATIVES

9.1 Trincomalee Power Company Limited, a 50:50 joint venture Company between NTPC and Ceylon Electricity Board was incorporated on 26.09.2011 to undertake the development, construction, establishment, operation and maintenance of coal based electricity generating station of 2X250 MW capacity at Trincomalee at Srilanka. Finalisation of various agreements between JV Company and CEB is in progress.

9.2 Pan-Asian Renewables Private Limited, a joint venture Company has been incorporated amongst NTPC Limited, Asian Development Bank and Kyushu to develop projects for portfolio of about 500 MW of renewable power generation resources in India. In future, the Company may develop projects outside India in Developing Member Countries.

9.3 Joint Venture Agreement has been executed between NTPC and Bangladesh Power Development Board (BPDB) on 29.01.2012 for developing a 1,320 MW Coal based power project at **Khulna, Bangladesh** through a joint venture Company to be incorporated between NTPC and BPDB.

9.4 Your Company has prepared and submitted the DPR for Amochu Hydro-electric project in Bhutan. NTPC has requested Government of India for allocation of Amochu Reservoir Hydro Electric Project to NTPC for execution in Bhutan.

9.5 NTPC Consultancy Wing has bagged an order for O&M services for 2X120 MW Siddhirganj Peaking Power Plant for an amount of ₹ 43.05 crore from Electricity Generation Company of Bangladesh, which is the largest international order bagged by Consultancy Wing so far.

10. FINANCING OF NEW PROJECTS

The capacity addition programs shall be financed with a debt to equity ratio of 70:30. Your directors believe that internal accruals of the Company would be sufficient to finance the equity component for the new projects. Given its low geared capital structure and strong credit ratings, your Company is well positioned to raise the required borrowings.

Your Company is exploring domestic as well as international borrowing options including overseas development assistance provided by bilateral agencies to mobilize the debt required for the planned capacity expansion program.

During the year 2011-12, term loan agreements of ₹ 13,500 crore were entered into with banks and domestic financial institutions which included loan of ₹ 10,000 crore executed with State Bank of India. The cumulative amount of domestic loans tied up till March 31, 2012 was ₹ 59,799.35 crore.

Bonds amounting to ₹ 830 crore were raised from domestic market for financing the capital expenditure and refinancing of the loans.

Your Company tied-up about USD 700 million from international debt markets through bilateral loan, export credit agency guaranteed loan and bonds. The bond offering of the Company received strong investor response despite the prevalent uncertainty in the global markets.

11. FIXED DEPOSITS

The cumulative deposits received by your Company from 158 depositors as at March 31, 2012 stood at ₹ 12.26 crore. Further, an amount of ₹ 0.17 crore has not been claimed on maturity by 19 depositors as on that date.

12. FUEL SECURITY

12.1 Diversified Fuel Mix

In line with the capacity addition plan of the Government of India, your Company will take up more coal-based capacity addition in the coming years owing to large reserves of coal in the Country. However, with a view to promote sustainable energy development and further reduce CO₂ intensity of power generation, your Company is progressively diversifying its fuel mix to increase the share of non-fossil fuels.

12.1.1 Coal Supplies

During the year, your Company has signed a 20 years Fuel Supply Agreement with ECL for supply of 15 MMT coal to Farakka (1,600 MW) and Kahalgaon (1,840 MW) and with MCL & SECL for supply of 1 MMT of coal for Ramagundam (500 MW). The Company has tied up coal through MOU route from Coal India Limited for seven units commissioned after 31.03.2009. It has tied-up bilaterally 0.3 MMT coal for Farakka with NEC and 5.0 MMT with SCCL for Ramgundam, Simhadri, Dadri and Sipat at a mutually negotiated price.

Government of India has issued Presidential Directive to Coal India Limited (CIL) for supply of minimum assured quantity of coal to power producers and to sign Fuel Supply Agreements with power producers. Discussions are being held with CIL for signing Fuel Supply Agreement.

12.1.2 Import of Coal

Your Company resorted to direct procurement of 4 MMT of imported coal at competitive prices for the first time. Earlier, the Company had an agreement with STC for supply of imported coal.

During 2011-12, your Company received 140.99 MMT of coal as against 137.32 MMT in the previous year. Total domestic coal supply during 2011-12 was 128.98 MMT as against 126.717 MMT during 2010-11 and import during 2011-12 was 12.00 MMT as against 10.60 MMT in 2010-11.

12.1.3 Sourcing of coal through E-auction

For supplementing the coal supply chain for Farakka and Kahalgaon, your Company also procured coal (0.38 MMT) through E-auction.

12.1.4 A New Initiative – Coal Transportation through Inland Waterways

Your Company has signed a 'Tripartite Agreement' with Inland Waterways Authority of India and Jindal ITF on 11.08.2011 for transportation of 3 MMT of imported coal through inland waterways to NTPC Farakka to supplement coal supplies. Activities for implementation of the project are in progress. This will pave a new era in the development of Inland Waterways system in India.

12.2 Gas supplies

During 2011-12, your Company received 13.09 MMSCMD of gas/RLNG as against 13.77 MMSCMD received during 2010-11. The gas off-take in 2011-12 includes 10.74 MMSCMD of domestic gas and 2.35 MMSCMD of RLNG.

Your Company has APM gas agreements up to the year 2021 and PMT gas agreements up to the year 2019 for its gas stations. The long-term RLNG supply agreement with GAIL is valid till 2019. Further, out of 4.46 MMSCMD of KG-D6 gas allocated by Government of India for NCR gas stations, viz. Anta, Auraiya, Dadri & Faridabad, 2.30 MMSCMD has already been tied up. For the balance 2.16 MMSCMD KG D6 gas, Empowered Group of Minister on Pricing & Commercial Utilisation of gas has directed Reliance Industries Limited to enter into GSPA for supply of gas to NTPC immediately. As per the directive, the terms and condition of GSPA for 2.16 MMSCMD KG-D6 gas is in advance stage of finalisation.

Your Company has been making arrangements for tie-up/ supply of spot RLNG/ Fallback RLNG from domestic suppliers on 'reasonable endeavour' basis based on requirement/ availability from time to time.

12.3 Development of Coal Mining projects

Your Company was allocated six coal blocks by the Government of India. Further, Brahmini coal block (including Chichro-Patsimal) was allocated for joint operation by CIL NTPC Urja Private Limited, a joint venture Company of Coal India Limited and NTPC. All these mining blocks together have a production potential of more than 73 million tonnes per annum.

However, in case of Chatti-Bariatu, Kerendari and Chatti-Bariatu (South), the timeline stipulated by Ministry of Coal for development of these blocks could not be met for reasons beyond the control of the Company. Accordingly, Ministry of Coal had de-allocated these coal blocks on 14.06.2011. NTPC made representation to Ministry of Coal. Ministry of Coal through letter dated 27.01.2012 had conveyed in-principle approval for withdrawal of de-allocation, but the formal communication is still awaited.

Block development activities are in advance stage in all coal blocks. Mining Plans have been approved by Ministry of Coal for all of these coal blocks except for Chatti-Bariatu (South), for which it was submitted to Ministry of Coal but returned due to de-allocation. All notifications for mining area land & Socio-Economic Survey have been completed for all of these coal blocks. Payment of land compensation to project-affected families has started in Pakri-Barwadih, Chatti-Bariatu, Kerandari & Talaipalli coal blocks. MOEF, Govt. of India accorded environment clearance for Pakri-Barwadih, Chatti-Bariatu & Kerandari Coal blocks. In-principle environment clearance received from MOEF for Talaipalli & Dulanga coal blocks and final environment clearance will be issued after Stage-I forest clearance. MOEF accorded Stage-I & Stage-II forest clearances for Pakri-Barwadih & Chatti-Bariatu coal blocks and Stage-I forest clearance for Kerandari coal block. Forest proposal for Talaipalli and Dulanga coal blocks are under process with MOEF and State Govt. of Odisha, respectively. Construction of R&R Colony, CHP, Sub-Station, Railway Siding, etc. commenced for Pakri-Barwadih coal block. Mine Developer-cum-Operator [MDO] has commenced work in Pakri-Barwadih coal block.

In addition to the above coal blocks, Ministry of Coal has conveyed in-principle approval for allotment of more coal blocks to NTPC in lieu of coal linkages for the following new projects:

- (i) Kudgi, (2,400MW)
- (ii) Gajamara, (1,600MW)
- (iii) Barethi, (3,960 MW)
- (iv) Unchahar, Stage-IV, (500 MW)

12.4 Other initiatives for securing coal supply

To leverage the strength of established players in mining and related areas, your Company has formed the following Joint Venture Companies:

Name of Company	JV Partners	Purpose
CIL NTPC Urja Pvt. Ltd.*	Coal India Ltd.	For undertaking the Development, O&M of Brahmini and Chichro Patsimal coal blocks and Integrated Power Project(s). CMPDIL has been entrusted with the job of detailed exploration.
NTPC SCCL Global Ventures Pvt. Ltd.	Singareni Collieries Company Ltd.	For undertaking development and O&M of coal blocks in India and abroad.

*In case of Brahmini and Chichro-Patsimal coal blocks, allocated to CIL NTPC Urja Private Limited, though there was no schedule stipulated with the allotment letter, Ministry of Coal had de-allocated these blocks for delay in their development. Your Company has taken up the matter with the Ministry of Coal for withdrawal of de-allocation. The Board of NTPC has accorded approval to exit International Coal Ventures Private Limited.

12.5 Exploration Activities

Under New Exploration Licensing Policy (NELP-VIII), your Company has signed Production Sharing Contracts (PSCs) on 30.06.2010 with Government of India for four Oil/ Gas Exploration blocks.

One of the blocks allotted under NELP-VIII is held by NTPC with 100% participating interest and as operator. 3D Seismic Data Acquisition has been started subsequent to grant of Petroleum Exploration Licence and the work has been completed. Minimum Work Programme Commitment (MWP) for this block is ₹ 177.53 crore.

The other three blocks with 10% participating interest in each block are held by your Company in consortium with ONGC as operator. Various activities in these blocks are under progress. NTPC's share of MWP for these blocks is ₹ 87.83 crore.

13. BUSINESS EXCELLENCE: GLOBAL BENCHMARKING

NTPC has developed its own excellence framework for assessing generating stations. This framework is based on globally reputed excellence frameworks like Malcolm Balddridge, USA and European Foundation for Quality Management. This initiative is known as NTPC Business Excellence Model. The outcomes of this model are organizational strength, opportunity for improvement, issues of concern and best practices. A jury of eminent persons from within and outside organization judges outcome of the assessment process and suggests improvements. In the financial year 2011-12, 2nd cycle of assessment was completed and stations ranking high on excellence level like Ramagundam and Dadri were awarded by Honourable Minister of Power in O&M conference during Feb'12. External jury members for assessment cycle have praised the initiative as holistic approach towards excellence.

At strategic level apart from adopting NTPC Business Excellence Model, proposal has also been initiated for Balanced Score Card implementation using ERP enabled software across the organization.

14. RENOVATION & MODERNISATION

14.1 Need for Renovation and Modernization

Renovation and Modernization (R&M) of power plants in the present scenario of severe resource constraint is considered to be the best option for bridging the gap between the demand and supply of power as R&M schemes are cost effective. To this end, renovations are being carried out for the purpose of life extension of units, performance improvements, capacity enhancement, availability improvement and improved environment compliance. It increases the capacity, ensures safe, reliable and economic electricity production by replacement of worn-out, deteriorated or obsolete electrical, mechanical, instrumentation, controls and protection system by state-of-the-art equipment. Your Company completed 724 schemes of R&M out of 930 schemes, which cost around ₹ 2,185 crore.

With a view to comply with increasingly stringent environment norms of reduced emission level prescribed

by State Pollution Control Boards, planning, tendering and approval is on for Renovation and Retrofitting of Electrostatic Precipitator (ESP) in stations like Singrauli, Korba, Rihand, Vindhyachal, Farakka, Unchahar, Talcher Kaniha, Talcher STPS etc. With the same objective, implementation of renovation of ESP is already in progress at Badarpur TPS (2X210 MW).

15. VIGILANCE

15.1 Vigilance Mechanism

Your Company ensures transparency, objectivity and quality in its operations and to monitor the same, the Company has a Vigilance Department headed by Chief Vigilance Officer, a nominee of Central Vigilance Commission. The four units of Vigilance Department namely Corporate Vigilance Cell, Departmental Proceeding Cell (DIPC), MIS Cell and Technical Cell (TC) deal with various facets of Vigilance Mechanism. The Vigilance Department submits its report to the Competent Authority and also to the Board of Directors. The CVO reports to the Central Vigilance Commission.

As per the directive of DOPT/ MOP, the property returns of all the executives have been published on NTPC Website.

15.2 Workshops and Vigilance Awareness Week

Preventive Vigilance Workshops are being conducted every year to sensitize employees about DOs and DONTs in work areas and their role in preventing corruption.

Vigilance Awareness Week is being organized every year in first week of November to emphasize upon leveraging IT, creating awareness for transparency, accountability, fair play and objectivity. The issues relating to contractors are also addressed to their satisfaction during Customer Meet organized during Vigilance Awareness Week.

15.3 Implementation of Integrity Pact

Your Company is committed to bring total transparency to its business processes and as a step in this direction, has signed a Memorandum of Understanding with Transparency International India in December, 2008. The Integrity Pact is being implemented for all contracts having value exceeding ₹ 10 crore. Two Independent External Monitors have been nominated by the Central Vigilance Commission for all contracts with value exceeding ₹ 100 crore.

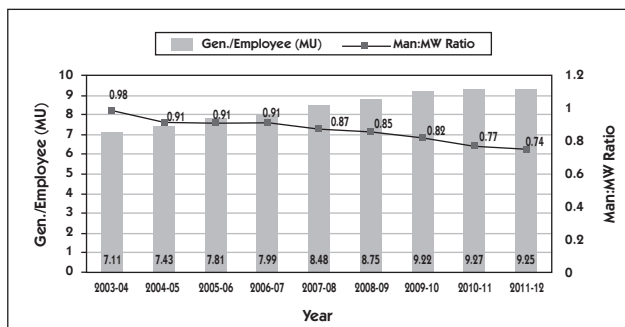
15.4 Implementation of Fraud Prevention Policy

The Fraud Prevention Policy has been formulated and implemented in your Company since 2006. The cases referred by the nodal officers are being investigated immediately to avoid fraudulent behaviors as defined in the Fraud Prevention Policy.

16. HUMAN RESOURCE MANAGEMENT

16.1 Your Company takes pride in its highly motivated and competent human resource that has contributed its best to bring the Company to its present heights. The productivity of employees is demonstrated by increase in generation per employee and consistent reduction of Man-MW ratio year after year. The over-all Man-MW ratio for the year 2011-12 excluding JV/subsidiary capacity

is 0.74 and 0.69 including capacity of JV/ Subsidiary. Generation per employee was 9.25 MUs during the year based on generation of NTPC stations.



The total employee strength of the company stood at 25,511 as on 31.3.2012 against 25,144 as on 31.3.2011.

	FY 2011-12	FY 2010-11
NTPC		
Number of employees	24,011	23,797
Subsidiaries & Joint Ventures		
Employees of NTPC in Subsidiaries & Joint Ventures	1,500	1,347
Total employees	25,511	25,144

The attrition rate of the NTPC executives (including ETS and those posted in Subsidiaries and JVs) during the year was 1.17%.

16.2 Employee Relations

During the year employees' relations climate was peaceful and conducive. The scheme for employees' participation in management continues to function successfully all over NTPC. There have been continuous interactions between the management and the apex fora of workmen and executives – National Bipartite Committee (NBC) and NTPC Executives Federation of India (NEFI) respectively. The unions and associations and also the individual employees complemented the efforts of the management in developing and sustaining an enabling performance culture in the organization. Meetings and workshops for workmen and executives association were held during the year wherein issues relating to performance and productivity were discussed. The overall employee relations scenario in NTPC continued to be cordial marked by industrial harmony and mutual trust.

16.3 Safety & Security

Occupational safety and health at workplace is one of the concerns of NTPC Management and utmost importance is given to provide safe working environment and inculcate safety awareness among the employees. The Company has 3-tier monitoring system of safety measurement i.e. at site level, at Regional Head Quarters and at Corporate Centre.

Regular plant inspection, internal and external safety audits are carried out at each Project/Station. Safe methods are practised in all areas of Operation & Maintenance (O&M)

and Construction & Erection (C&E) activities. Safety task force for O&M and Construction activities, height permit and height check list are implemented. Qualified safety officers are posted at all units as per statutory rules/provisions. Safety control rooms are established at all construction projects to monitor unsafe conditions and unsafe acts through cameras installed at valuable locations of sites. All our plants are certified by OHSAS-18001.

Through our continuous efforts in safeguarding the employees, accidents have come down considerably as compared to last year. Many of our plants have been awarded with prestigious safety awards by various Institutions/ Bodies like Ministry of Labour & Employment, Govt. of India and National Safety Council, Institution of Engineers in recognition of implementing innovative safety procedures and practices.

Concrete steps are being taken for upgrading surveillance systems at all of our projects/ stations by installing 'State of the Art' security systems as security of the plant is an area of prime concern for our power plants. A group under the name Security and Coordination has been formed which is responsible for direct liaison with MHA, IB and CISF as well as the State/ District level authorities to augment the security preparedness in our establishment/ power installations. This group also plays a crucial role in strategic intervention in land acquisition related issues prevailing at our green/ brown field projects.

16.4 Training and Development

In line with its long-term objective of being a learning organization, your Company has continuously promoted training and development of not only its own employees but also other professionals of the power sector. In this effort, your Company has endeavored to continuously upgrade the training infrastructure of both Power Management Institute (PMI) at the corporate level as well as the Employee Development Centres at the sites. Training imparted is always in tune with new emerging needs in diverse areas like nuclear power, coal-mining, hydro-power, super-critical technology, renewable energy etc. and for this purpose every year some new programmes are included in the annual calendar. Apart from this, the usual programmes include managerial topics, power station operation & maintenance and project construction, erection and commissioning and information technology.

Under the on-going scheme of strengthening the Industrial Training Institutes (ITIs) across the Country, your Company has taken the initiative of adopting ITIs near its power generating stations and a total of 17 ITIs have been adopted under this scheme till 31.03.2012. This activity is being coordinated through PMI which is also facilitating the construction of nine new ITIs where new projects are coming up. Through this initiative, PMI has created 1398 seats in it till 31.03.2012.

During 2011-12, your Company organized a number of training programmes in power and energy sectors which, inter-alia, included National Conference on Cases & Research in Power Sector to provide a platform for practising managers, academicians and research scholars,

a two day training programme for Directors on Corporate Governance, Hands-on training in 660 MW supercritical simulator at PMI to 234 participants, National Seminar on Challenges and Issues in Renewable Energy covering the uncertainties in fossil fuel supply and the need for distributed generation using renewable sources.

PMI conducted 405 training programmes with a participant base of 10,326. The training mandays clocked were 45,509.

PMI, for the first time, conducted a training programme through video conferencing, primarily to reach out to more number of people at one go and provide quality training programme to remote sites.

17. SUSTAINABLE DEVELOPMENT

Vision Statement on Sustainable Energy development

"Going Higher on Generation, lowering GHG intensity"

Sustainable Development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility.

Department of Public Enterprises, Government of India has issued Guidelines on Sustainable Development for CPSEs. These guidelines provide for policy and projects for sustainable development.

Your Company is committed for development of renewable energy in view of global warming and fast depletion of fossil fuel.

Initiatives by the Company

Your Company is aligning its organisational structure to achieve the goal of sustainable development. Sustainable Development Projects have been identified by your Company for implementation next year which includes waste management, bio-diversity conservation, reduction in air emission, life cycle environmental impact assessment and electrification of un-electrified and de-electrified villages (under Rajiv Gandhi Grameen Vidyutikaran Yojna – RGGVY) through its wholly owned subsidiary Company NTPC Electric Supply Company Limited.

Your Company has been a member of 'TERI – Business Council for Sustainable Development – India (TERI-BCSD) since August 2001, which is the Indian partner of the World Business Council for Sustainable Development, Geneva. Your Company is also a member of Global Compact since 2001, a voluntary initiative of the United Nations for Corporate Social Responsibility. These forums provide an independent and credible platform to address issues related to sustainable development and promote leadership in environmental management, social responsibility and economic performance.

In its endeavour to achieve the goals of Sustainable Development, your Company is addressing the issues through multi-stakeholder approach covering environment and social aspects by implementing Corporate Social Responsibility –Community Development Policy,

Distributed Generation Projects, Rehabilitation & Resettlement Schemes and Rural Electrification. Your Company has formed a trust named NTPC Foundation for serving physically challenged and economic weaker sections of the society. For preserving the environment, your Company is implementing renewable energy projects thereby reducing carbon footprints. It is seeking continuous improvements in Environment Management through Clean Development Mechanism, Ash Utilisation and has established 'Center for Power Efficiency and Environmental Protection' (CenPEEP) to address climate change issues. Details of each of these are as follows:

17.1 Inclusive Growth – An initiative for Social Growth

17.1.1 Corporate Social Responsibility

Your Company has always discharged its social responsibility as a part of its Corporate Governance philosophy. It follows the global practice of addressing CSR issues in an integrated multi stake-holder approach covering the environmental and social aspects.

With a view to address the domains of socio-economic issues at national level and in line with its Corporate Social Responsibility – Community Development Policy (CD), your Company has created basket of activities and taken up various initiatives at its stations, regional and national level.

Your Company confirms its involvement in various CSR activities in line with 10 Global Compact principles and shares its experience with the representatives of the world through "Communication on Progress".

Your Company, being a core member of Global Compact Network, India, actively participated in the Annual Convention of the Global Compact Network.

A report on progress made in this area is enclosed at Annex- VIII to this Report.

Expenditure incurred towards CSR Activities

A total expenditure of ₹ 49.44 crore was incurred towards Corporate Social Responsibility expenses during the Financial Year 2011-12, which was 0.54% of the net profit of the previous year.

Awards:

Your Company received SCOPE Meritorious Award for CSR and Responsiveness for 2010-11, Golden Peacock Award for CSR for the year 2011 and Greentech Award for the year 2011.

17.1.2 NTPC Foundation

NTPC Foundation, registered in December 2004, is engaged in serving and empowering the physically challenged and economically weaker sections of the society.

Initiatives undertaken by the Company are covered under Annex-VII to this Report.

17.1.3 Distributed Generation Power Projects

Your Company is setting up off-grid Distributed Generation Power projects in villages around its generating stations through a self sustained model.

It has already commissioned 16 Decentralised Distributed

Generation(DDG)power projects, out of which five projects each are in Uttar Pradesh, Madhya Pradesh, Chhattisgarh and one in Rajasthan. This includes commissioning of first Micro Hydel Project (2 X 20 kw) on 27.03.2012 at tribal village Nakkhya located at a place 75 Km from NTPC Korba in Chhattisgarh. This is the first DG project based on hydro energy (run-off stream) commissioned with the grant from Deptt. of Science and Technology (DST), Govt. of India and NTPC Foundation. Electricity generated through this micro hydel project is provided round the clock to 82 households with a population of 410 residents.

Total installed capacity of these DG projects is around 340 KW, benefiting approximately 2,280 households and population of 12,500.

17.1.4 Rehabilitation & Resettlement (R&R)

Your Company is committed to help the populace displaced for execution of its projects and has been making efforts to improve the Socio-economic status of Project Affected Persons (PAPs). In order to meet its social objectives, your Company is focusing on effective R&R of PAPs and undertaking community development activities in and around the projects.

R&R Plan for Barh ash dyke, Korba Stage-III ash dyke, Vindhychal Stage-IV and Talaipalli Coal Mining projects were approved during the year. Other R&R and CD Plans in process for the projects/ plants continued to be implemented.

Socio-economic Survey was completed for Tanda-II, Khargone and Dhruvan projects and is in progress at Muzaffarpur, Darlipalli, Gajamara, Barethi, Lara, Gadarwara and Khargone Projects.

In the area of health, your Company is providing financial assistance for setting up a 'Medical College' at Raigarh in Chhattisgarh and for renovation and refurbishment of "Sundargarh District Hospital" in Odisha. In the area of education, Your Company is providing financial assistance for setting up a 'Hydro Engineering College' at Bilaspur in Himachal Pradesh and is setting up an 'Industrial Training Institute' (ITI) at Korba.

17.2 Environment Management – An Initiative for preserving Environment

Your Company is pursuing the objective of sustainable power development. It has taken a number of initiatives towards protection of the environment by providing advanced environment protection control systems, regular environment monitoring and judicious use of natural resources, adoption of high efficiency technologies such as super critical boilers for the up-coming green field projects etc and existing brown field projects.

17.2.1 Control of Air Emissions and Automation of Environment measurement systems:

High efficiency Electro-static Precipitators (ESPs) with efficiency of the order of 99.9% or higher have been provided to control particulate matter from stacks. Renovation & modernization of old ESPs at various plants is underway by addition of collection area, installation of the state-of-the-art controller to keep Particulate Matter emission below statutory limits.

Flue Gas Conditioning using ammonia is also used as an additional measure to reduce PM emission. Sulphur content in coal is controlled through high stacks and NOx emission in coal based stations is controlled by providing tall stacks and over fire dampers.

In order to monitor key environmental parameters of stack emissions of SO₂, NOx and CO₂, ambient air and effluents continuously on real time basis, 61 continuous Ambient Air Quality Monitoring System (AAQMS) along with Meteorological Sensors have been installed at 20 stations located all over India.

Water Conservation: To treat the waste water and reduce consumption of fresh water requirements for the plants, your Company has installed Liquid Waste Treatment Systems, Ash Water Recirculation System and closed cycle condenser cooling water systems with higher Cycle of Concentration (COC) (using more than 4.0 COC) in its stations. The Company is using 3Rs (Reduce, Recycle & Reuse) as guiding principle for reduction in consumption of water. The Company is conducting Water Balance studies at most of its stations. It is using techniques like water harvesting and reuse and recycling of STP & CW Blow Down to achieve maximum water conservation.

Ash Pond Management: Ash dykes in your Company have been engineered to ensure that all safety and environment issues are addressed at design stage itself. Multi-lagoon ash ponds with provision of over-flow Lagoons and ash pipe garlanding arrangement for change over of ash slurry feed points have been provided for effective settlement of ash particles. Water sprinklers have been provided in the Ash Pond areas for spraying water in dried up portion of lagoons for control of fugitive dust. Efforts are made to maximize utilization of ash through use of Dry Ash Extraction System (DAES). Balance unutilized ash is sent to ash pond by making ash slurry. The decanted water in Ash Pond is recycled back with the help of Ash Water Recirculation System (AWRS) for making ash slurry again.

Environmental Studies: Your Company has taken a number of steps for establishing scientific database to provide room for betterment of environment around the power plant through various studies by reputed Institutes and Consultants. To understand impact of power plants on flora & fauna and human beings, your Company has taken up a number of Environment Studies such as Human Health Risk Assessment, Source Apportionment studies, Fly Ash Leachate Study, Post Operational Environment Impact Assessment Study, Green Cover assessment study and Impact of operation on Mango orchard.

Tree Plantation: Your Company has planted more than 19 million trees till date in and around its projects as a measure to take massive afforestation. The afforestation has not only contributed to the 'aesthetics' but also helped in carbon sequestration by serving as a 'sink' for CO₂ released from the stations and thereby protecting the quality of ecology and environment in and around the projects.

ISO 14001 & OHSAS 18001 Certification: NTPC's stations have been certified with ISO 14001 and OHSAS

18001 by reputed National and International certifying agencies as a result of sound environment management systems and practices.

17.2.2 Clean Development Mechanism (CDM)

Your Company is committed to undertake climate change issues proactively. The Company has taken several initiatives in CDM Projects in Power Sector. Tapovan Vishnughad HEPP & energy efficiency projects at Singrauli STPP, Dadri, small hydro project at Singrauli and 5 MW Solar PV at Dadri have got Host Country Approval from National CDM Authority. The methodology for super critical technology prepared by NTPC viz. "consolidated base line and monitoring methodology for new grid connected fossil fuel fired power plants using less GHG intensive technology" has been approved by "United Nations Frame Work Convention on Climate Change (UNFCCC)". All super critical power projects are using the same methodology. More green field energy efficiency CDM projects are in pipeline.

17.2.3 Ash Utilisation

During the year 2011-12, 27.53 million tonne of ash had been utilized for various productive purposes which is 55% of the total ash generation.

Important areas of ash utilization are – cement & asbestos industry, ready mix concrete plants (RMC), Road Embankment, Mine filling, Ash Dyke Raising & Land Development, Issue of fly ash to cement, RMC and other industries has been 9.06 Million Tonnes.

Pond ash from all stations of NTPC is being issued free of cost to NTPC Vidyut Vyapar Nigam Limited (NVVN), a wholly owned subsidiary of the Company, which in turn sells it to the users. Fund collected from sale of ash is being maintained in a separate account by NVVN and the same is being utilized for development of infrastructure facilities, promotion and facilitation activities to enhance ash utilization.

The quantity of ash produced, ash utilized and percentage of such utilization during 2011-12 from NTPC Stations is at Annex-IX.

17.2.4 CenPEEP – towards enhancing efficiency

'Center for Power Efficiency and Environmental Protection' (CenPEEP), was set up to take initiatives to address climate change issues. It is a symbol of NTPC's voluntary proactive approach towards Greenhouse Gas (GHG) reduction and commitment towards environmental protection. The centre has been entrusted with some of the Strategic Initiatives such as improvement in efficiency and reliability. Various state-of-the-art technologies and practices for improvement in efficiency and reliability have been demonstrated in local conditions and disseminated to power stations through hands-on training, guidelines and workshops. The activities include new technologies and practices such as use of thermal cycle modeling and audit, CFD, cooling tower performance optimization, gas turbine capability assessment, LP turbine performance assessments, technology application development for strengthening 'Predictive Maintenance Program' and Failure mode analysis through Reliability Centered Maintenance

(RCM) and risk evaluation.

CenPEEP has also shared its knowledge and expertise, demonstrated best practices and provided training at SEBs under GHG Pollution Prevention Project (GEP) and Asia Pacific Partnership (APP) programs in order to improve their efficiency and reduce carbon footprint. A large degree of GEP's success in sustainability is attributed to the creation, evolution, and institutionalization of CenPEEP.

CenPEEP has estimated cumulative CO₂ emission avoided in NTPC since the year 1996 as 30 million tones.

A study on 'Efficient and clean use of coal' in Asia Region was also initiated under the Asia region work programme of World Energy Council with involvement of Japanese experts.

17.2.5 RURAL ELECTRIFICATION

NTPC through its wholly owned subsidiary NESCL is carrying out the implementation of rural electrification in 5 States namely Madhya Pradesh, Chhatisgarh, Odisha, Jharkhand and West Bengal under Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY). 273 un-electrified/ de-electrified (UE/DE) villages were made ready and 2,61,115 Below Poverty Line (BPL) Rural household connections were provided during the Financial Year 2011-12.

Besides the above, 3,582 partially electrified villages were also made ready during the financial year 2011-12. The cumulative achievement of PE is 14,861 till 31.03.2012.

The cumulative achievement till 31.03.2012 includes 29,567 UE/DE villages which have been electrified and 25,84,377 BPL connections have been provided.

18. IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company has made vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Government of India. Several Hindi workshops, meetings, conferences and competitions were conducted at projects, regional offices and corporate centre during the year, in which renowned Hindi Scholars inspired the participants to use Hindi in day-to-day official works.

The progress and usage of Rajbhasha Hindi was inspected in the stations and proper suggestions for compliance were given to the Heads of the Offices. The Sub-committee of Parliament on Official Language appreciated the efforts for Rajbhasha implementation in our projects.

All office orders, formats and circulars were issued in Hindi as well. Important advertisements and house journals were released in bilingual form- in Hindi and in English. Your Company's website also has a facility of operating in bilingual form- in Hindi as well as in English.

19. NETRA – R&D Mission in Power Sector

Your Company is fully aligned to the needs of adapting emerging technologies and upgrading the technologies through R&D. NTPC Energy Technology Research Alliance (NETRA) as a research and development wing of the Company focuses on areas of efficiency improvement,

cost reduction, renewable and alternate energy, Climate Change, scientific support to utilities.

In order to provide utmost benefits to the stations, projects like Artificial Intelligence based plant performance advisory system, real-time advisory system, development and trials of Robotic inspection devices at stations, development of PDC-RDM based expert system (analyzer) for online monitoring and advisory system for transformer conditioning, maintaining boiler water chemistry, monitoring CO₂ utilization through mineralization of fly ash, etc have been successfully completed and deployed/ tested at stations.

Research Advisory Council (RAC), comprising eminent scientists and experts from India and abroad, is in place to steer high-end research. Scientific Advisory Council (SAC), with Regional Executive Directors & Station Heads as its members, provides directions for improving plant performance & reducing cost of generation. Meetings of both the Advisory Councils were held periodically where members deliberated on various project activities and gave guidelines for implementation of suggestions. 16 patent applications filed are in advanced stage of processing. NETRA provides scientific support to all NTPC stations as well as other Utilities to improve their performance.

As a part of establishing state-of-the art facilities for condition monitoring and diagnostic techniques, equipments like ultra-sound phased array, total organic carbon (solid sample module), NDT Simulation CIVA software etc have been procured and installed at NETRA. To further expand the infrastructure creating laboratories and facilities, etc, Phase II building activities are in advanced stage.

NETRA is actively involved in developing DPE guidelines on R&D, R&D inputs for 12th plan as well as contribution to Sectoral Innovation council for power.

NETRA has entered into MOU with National Metallurgical Laboratory, Jamshedpur for collaborative research in the area of Metallurgy, NDE, Corrosion and materials developments.

NETRA laboratories have been accredited as per ISO 17025:2005. NETRA is also certified by Central Boiler Board for RLA studies.

The Company organized a National Workshop on Carbon Capture and Storage on 27th September 2011 for formulating a policy for carbon capture and storage.

20. RIGHT TO INFORMATION

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Act is being implemented in its true spirit since its inception. The Company has put RTI manual on website for access to all citizens of India and has designated a Central Public Information Officer (CPIO), an Appellate Authority and APIOs at all projects/ stations/ offices of NTPC.

During 2011-12, 1,270 applications were received under the RTI Act, out of which 1,241 applications were replied

to. Seven workshops on RTI Act have been conducted at regional headquarters/ stations to share and deliberate on latest notifications, amendments and other issues for smooth implementation. For better understanding of the employees, your Company has created RTI portal on its Intranet. An interactive session with the delegates from Commonwealth countries was also organized on 01.02.2012 to share and interact on implementation of RTI Act in Public Sector Undertakings.

21. USING INFORMATION AND COMMUNICATION TECHNOLOGY FOR PRODUCTIVITY ENHANCEMENT

Your Company has implemented an Enterprise Resource Planning (ERP) package covering maximum possible processes across the organization including subsidiaries. In addition to core business processes and Employee Self Service functionality, the ERP solution also includes E-procurement, Knowledge Management, Business Intelligence, Document Management and workflow etc. To take care of the need for process data at desktop for analysis and monitoring, Process Integration (PI) system has been implemented at all plants in operation. PI based applications for real time performance monitoring analysis have been implemented at all the locations. To take care of the employee self service needs of remotely located personnel, connectivity through web has been provided through secured access.

The ERP system is fully managed through in-house experts from process groups and technical groups. In-house solutions have been developed to take care of the non-ERP areas and business needs of the joint venture Companies where such vast set up is not available.

Network connectivity has been strengthened using Multi-Protocol Label Switching- Virtual Private Network (MPLS-VPN). Bandwidth of communication network has now been doubled to make ERP operation faster. Further, a parallel communication network from alternate service provider is being arranged to ensure maximum reliability and availability of communication network.

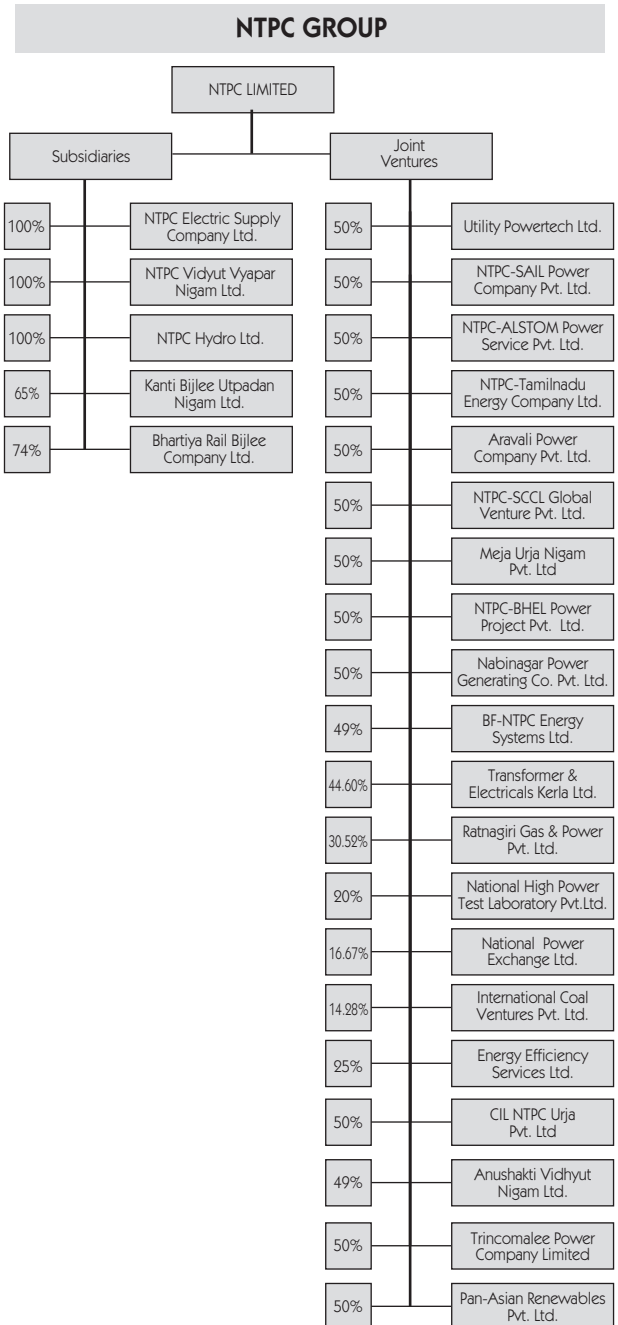
A state-of-the-art Data Centre and centralized server facility to cater the entire NTPC is in operation at NOIDA. A disaster recovery centre is also functional at Hyderabad.

Your Company has already implemented Videoconferencing at all NTPC Plant locations and subsidiaries which is being extensively used for Management Committee Meetings and Project Monitoring on regular basis. This facility at PMI (Super 30) is also now being used for conducting virtual class room coaching for students located at NTPC sites.

22. NTPC GROUP: SUBSIDIARIES AND JOINT VENTURES

Your Company has formed 5 subsidiary companies and 20 joint venture companies for undertaking specific business activities.

The names of Subsidiaries and Joint Venture Companies and the percentage of your Company's shareholding in these Companies as on 30.06.2012 is as follows:



The performance of these Companies as well as the consolidated financial statements are briefly discussed in the Management Discussion & Analysis section. The financial statements of subsidiary companies along with the respective Directors' Report are placed elsewhere in this Annual Report.

23. INFORMATION PURSUANT TO STATUTORY AND OTHER REQUIREMENTS

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock Exchanges,

Government guidelines etc. is annexed to this report as below:

Particulars	Annexure
Management Discussion & Analysis	I
Report on Corporate Governance	II
Information on conservation of energy, technology absorption and foreign exchange earnings and outgo	III
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	IV
Statistical data of the grievances	V
Statistical information on persons belonging to Scheduled Caste / Tribe categories	VI
Information on Physically Challenged persons	VII
UNGC - Communications on progress 2011-12	VIII
Project Wise Ash Utilisation	IX

INFORMATION AS PER COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Ministry of Corporate Affairs, through Notification G.S.R. 289(E) dated 31st March 2011 has amended the Companies (Particulars of Employees) Rules, 1975 by providing that the information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 shall be required to be provided for those employees whose remuneration is more than ₹ 60 lac per financial year, if employed for whole of the year or more than ₹ 5 lac per month, if employed for part of the year. The said Notification further provides that in case of Government Companies such particulars are not required to be included in the Board's Report.

Also, any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company. However, such particulars shall be made available to the shareholders on a specific request made by them during the course of Annual General Meeting to be held on 18.09.2012.

24. STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s O.P. Bagla & Co., K.K. Soni & Co., PKF Sridhar & Santhanam, V. Sankar Aiyar & Co., Ramesh C. Agrawal & Co. and A.R. & Co. were appointed as Joint Statutory Auditors for the financial year 2011-12.

25. MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given an unqualified report on the financial statements of the Company for the Financial Year 2011-12.

26. REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller & Auditor General of India, through

letter dated 21.05.2012, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2012 under section 619(4) of the Companies Act, 1956. As advised by the Office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG for the year 2011-12 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

27. COST AUDIT

As prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001 applicable for financial years 2010-11 and 2011-12, the Cost Accounting records are being maintained by all stations of the Company. The particulars of Cost Auditors as required under Section 233(B) of the Companies Act, 1956 read with General Circular No. 15/2011 dated 11.04.2011 issued by Ministry of Corporate Affairs are given below:

The firms of Cost Accountants appointed for the financial year 2010-11 are (i) M/s Dhananjay V. Joshi & Associates, Pune, Maharashtra, (ii) M/s Jugal K. Puri & Associates, Gurgaon, Haryana, (iii) M/s Mandal Mukherjee Datta & Associates, Kolkata, West Bengal, (iv) M/s S.C. Mohanty & Associates, Bhubhaneshwer, Orissa, (v) M/s V.P. Gupta & Co., Noida, Uttar Pradesh, (vi) M/s Chandra Wadhwa & Co., Daryaganj, Delhi and (vii) M/s Sanjay Gupta & Associates, Janak Puri, New Delhi.

The firms of Cost Accountants appointed for the financial year 2011-12 are (i) M/s Dhananjay V. Joshi & Associates, Pune, Maharashtra, (ii) M/s Jugal K. Puri & Associates, Gurgaon, Haryana, (iii) M/s Mandal Mukherjee Datta & Associates, Kolkata, West Bengal, (iv) M/s S.C. Mohanty & Associates, Bhubhaneshwer, Odisha, (v) M/s V.P. Gupta & Co., Noida, Uttar Pradesh and (vi) M/s Chandra Wadhwa & Co., Daryaganj, Delhi.

The due date for filing Cost Audit Reports for the financial year ended March 31, 2011 was September 27, 2011 and the Cost Audit Reports were filed with the Central Government between 29.07.2011 and 09.09.2011. The due date for filing Cost Audit Reports for the financial year ended March 31, 2012 is September 27, 2012 and the consolidated Cost Audit Report as prescribed for the financial year 2011-12 shall be filed within the prescribed time period.

28. BOARD OF DIRECTORS

Shri M.N. Buch, Shri Shanti Narain, Shri P.K. Sengupta and Shri K. Dharmarajan have ceased to be the Non-Official Part-time Directors on August 25, 2011. Shri A.K. Sanwalka, Shri Kanwal Nath, Shri Adesh C. Jain and Shri Santosh Nautiyal have ceased to be the Non-Official Part-time Directors on January 29, 2012.

Dr. M. Govinda Rao was re-appointed as Non-Official Part-time Director with effect from August 26, 2011 after his tenure of three years was completed on August 25, 2011.

Shri S.B. Ghosh Dastidar and Shri R.S. Sahoo have joined as Non-Official Part-time Directors of the Company with effect from August 26, 2011. Shri Ajit M. Nimbalkar and

Shri S.R. Upadhyay have joined as Non-Official Part-time Directors of the Company with effect from January 20, 2012. Ms. Homai A. Daruwalla, Shri A.N. Chatterji and Prof. Sushil Khanna have joined as the Non-Official Part-time Directors with effect from February 28, 2012.

Shri A.K. Jha, Executive Director has taken over as Director (Technical) with effect from July 1, 2012 as Shri D.K. Jain has ceased to be the Director (Technical) of your Company with effect from June 30, 2012 on attaining the age of superannuation.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri M.N. Buch, Shri Shanti Narain, Shri P.K. Sengupta, Shri K. Dharmarajan, Shri A.K. Sanwalka, Shri Kanwal Nath, Shri Adesh C. Jain, Shri Santosh Nautiyal and Shri D.K. Jain during their association with the Company.

In accordance with the provisions of Article 41(iii) of the Articles of Association of the Company four directors - Shri B.P. Singh and, Shri S.P. Singh shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-12 and of the profit of the Company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

4. the Directors had prepared the Annual Accounts on a going concern basis.

30. ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation for the co-operation received from the Government of India, particularly the Prime Minister's Office, Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Coal, Ministry of Petroleum & Natural Gas, Ministry of Railways, Planning Commission, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, State Governments, Regional Power Committees, State Electricity Boards and Office of Solicitor General of India.

Your Directors also convey their gratitude to the shareholders, various International and Indian Banks and Financial Institutions for the confidence reposed by them in the Company. The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company. We also acknowledge the constructive suggestions received from Government and the Statutory Auditors.

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

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place : New Delhi
Date : 3rd August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

The Power Sector Scenario of the Country

THE YEAR 2011-12 IN RETROSPECT

- ☞ All India Capacity reached 199877.03 MW
- ☞ Gross annual generation of the country was 876.89 Billion Units (BUs) (including Bhutan import) showing a growth rate of 8.11% over last year.
- ☞ Total thermal generation achieved growth rate of 6.59%. Coal based generation recorded growth rate of 9.24%, while the Gas based generation showed a negative growth rate of 6.77%.
- ☞ Growth rate of nuclear generation was 22.92% over last year.
- ☞ Hydroelectric generation achieved a growth rate of 14.22% as compared to previous year.
- ☞ PLF of coal & lignite based stations was 73.32% compared to 74.97% in the previous year.
- ☞ PLF of Gas/Liquid fuel based stations was 59.94% compared to 66.15% in the previous year.
- ☞ Nuclear Power Projects achieved PLF of 76.90% compared to 65.40% during the previous year.
- ☞ Double digit peak deficit of 10.6% (previous year 9.8%) and energy deficit of 8.5% (previous year 8.5%).
- ☞ 89% of power generated in the Country was transacted through the long term PPA route and the remaining 11% through trading and UI mechanism.
- ☞ 20434 CKT km of transmission lines installed against the target of 19792 CKT km.

(Source: Central Electricity Authority (CEA) & Central Electricity Regulatory Commission (CERC))

Existing Installed Capacity

The total installed capacity in the country as on March 31, 2012 was 199877.03 MW with State Sector having a share of 42.99%, followed by Central Sector with 29.86% share and balance 27.15% contributed by the Private Sector.

Sector	Total Capacity (MW)	% share
State	85918.65	42.99%
Centre	59682.63	29.86%
Private	54275.75	27.15%
Total*	199877.03	100.00%

(Source: CEA)

* excluding captive generating capacity connected to the grid (31516.87 MW as on 31.03.2010)

Capacity addition gained momentum during the year 2011-12 with 20501.70 MW (excluding RES – 6048.93 MW) of capacity being added as compared to 12160.50 MW added during the previous year, registering a growth of 68.60%.

Out of 20501.70 MW (excluding RES) added during the year in the country, the Central Sector contributed to an addition of about 23.27%, state sector 18.35% and 58.38% was contributed

by private sector. Overall, during the year 2011-12, 26550.63 MW (including RES) has been added.

The total installed capacity is represented by following fuel mix:

Fuel	Total Capacity (MW)	% share
Thermal (Coal/Gas/Oil)*	131603.18	65.84%
Hydro	38990.40	19.51%
Nuclear	4780.00	2.39%
R.E.S.	24503.45	12.26%
Total	199877.03	100.00%

(Source: CEA)

* Coal based capacity is 56.05% of the total capacity, thus coal remains the key fuel for power generation.

The total basket of Renewable Energy Sources (RES) in country (including small hydro power projects) was 24503.45 MW of which over 70% is contributed by wind power, 13% by biomass and bagasse, 12% by small hydro projects, 4% by solar and balance through urban/industrial waste. (Source: Ministry of New and Renewable Energy (MNRE))

Capacity Utilization

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF).

Sector wise PLF% (Thermal)

Sector	2009-10	2010-11	2011-12
State	71.13	66.75	68.00
Central	85.64	85.12	82.12
Private	82.41	76.70	76.19
All India	77.68	74.97	73.32

PLF of thermal stations declined from 74.97% to 73.32%. The decline in PLF was mainly on account of backing down/ shut down of units because of low schedule from beneficiary States, delay in stabilization of new units, transmission constraints and shortage / poor quality of coal.

Achievement during XI plan

In the XI Plan, 54964 MW (excluding RES) capacity has been added, a 12% shortfall (approx.) over the mid-term target of 62374 MW. Capacity Addition Programme vs Achievement during XI Plan is as under:

Capacity in MW				
Sector	Thermal	Hydro	Nuclear	Total
Central	14920	2922	3380	21222
State	18501	2854	0	21355
Private	17336	2461	0	19797
Target (after mid-term review)	50757	8237	3380	62374
Achievement	48540	5544	880	54964

(Source: CEA)

However, in absolute terms, this capacity addition in the XI plan is much higher as compared to the capacity added in each of last three five year plans.

Challenges in setting up power projects during XI Plan

- ✓ Delay in placement of orders – mainly civil works and Balance of Plants (BoPs).
- ✓ Delay and non-sequential supply of material for Main Plant and BoPs.
- ✓ Shortage of skilled manpower for erection and commissioning.
- ✓ Contractual dispute between project developer and contractor and their sub vendors/sub-contractors.
- ✓ Inadequate deployment of construction machinery.
- ✓ Shortage of fuel.
- ✓ Delay in land acquisition.
- ✓ Inadequate infrastructure facilities like reliable construction power supply and constraints in transportation of heavy equipment.

Target for XII Plan and way forward

The addition of new capacities in earlier plans including the XI plan has been inadequate.

As per the report of Working Group on Power, set up by Planning Commission for finalizing the target for XII plan, the targets set for capacity addition during XII plan is 75785 MW (excluding RES):

Fuel	XII Plan Target Capacity (MW)
Hydro	9204
Nuclear	2800
Gas	1086
Coal	62695
Total	75785

During the XII Plan, emphasis has also been laid on adding capacity through Hydro, Nuclear and Renewable energy sources which is in line with the Government of India's low carbon growth strategy. However, fossil fuel based power remains indispensable to achieve the XII plan target. About 84% of the capacity is expected to be added through fossil fuel based plants.

The XII Plan target seems realisable subject to availability of land, environment clearances, fuel, water and signing of Power Purchase Agreements.

The power sector is in a better position to realise the target as ~58000 MW projects (Thermal, Gas/RLNG, Nuclear & Hydro) are already under construction for likely benefit during the XII plan apart from spill-overs of XI Plan. In addition, CEA and State Governments has concurred/approved schemes of ~ 9500 MW of hydro projects out of which ~ 8000 MW would benefit in XII Plan. Further, adequate manufacturing capacity of Main Plant Equipment including that for large super-critical thermal units, Balance of Plants (BoP), Construction Agencies and Construction equipment/ Construction techniques would be available since number of private participants in association with their international partners are establishing manufacturing capacities in India. BHEL has also enhanced its capability to deliver power plant equipment of 20,000 MW per annum.

GENERATION

Since 2001-02, the generation in India has grown at a CAGR of

5.46%. As per World Energy Statistics, 2010 India ranks 5th in the world in terms of total electricity generated. However, in terms of per capita consumption, it ranks among the lowest in the world. All India annual per capita consumption of electricity upto year 2010-11 is 813.30 units (provisional) (Source: CEA).

The total power generation in the country during the year 2011-12 was 876.89 BUs as compared to 811.14 BUs during last year, registering a growth of 8.11%. (Generation figures exclude generation from hydro stations upto 25 MW but includes Bhutan Import)

Sector wise and fuel wise break-up of generation in BUs for the year 2011-12 and 2010-11 is detailed as under:

Sector	2011-12	2010-11	Fuel	2011-12	2010-11
Central	364.00	346.09	Thermal	708.81	665.01
State	367.95	343.30	Hydro	130.51	114.26
Private	139.65	116.14	Nuclear	32.29	26.27
Others*	5.28	5.61	Others*	5.28	5.61
Total	876.89	811.14	Total	876.89	811.14

(Source: CEA) *Import from Bhutan

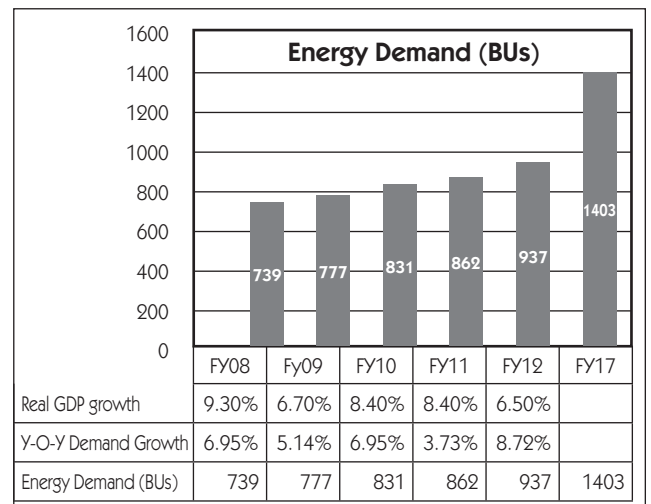
Of the total generation during the year 2011-12, the Central and State Sector utilities contributed 42% each whereas Private Sector & import from Bhutan together contributed 16%.

Demand and Supply position

The energy requirement during the year 2011-12 was 937.20 BUs. Energy deficit remained same on a year-on-year basis in 2011-12 at 8.5%.

Peak load demand, increased by 6.31% thereby increasing peak load deficit to 10.6% in 2011-12 from 9.8% in the previous year. (Source: CEA)

During 2012-13, India's GDP is expected to grow at 6.5% to 7%. In order to sustain the growth in GDP and bring it around 9%, India needs to add power generation capacity commensurate with this pace since growth of power sector is strongly co-related with the growth in GDP and going forward it is expected that supply will create further demand.



(Source- CEA, Economic Survey 2011-12 & FY17 Energy Demand from Report of Working Group on Power for XII plan)

Actual Power Demand – Supply Position

Overall, the sector is characterized by acute shortages and the gap in the demand and supply position has been in the range of 8.5%- 11.1% in the past 5 years.

Year	Requirement	Availability	Surplus/ Deficit (+/-)	
	(MUs)	(MUs)	(MUs)	(%)
2007-08	737,052	664,660	-72,392	-9.8%
2008-09	777,039	691,038	-86,001	-11.1%
2009-10	830,594	746,644	-83,950	-10.1%
2010-11	861,591	788,355	-73,236	-8.5%
2011-12	937,199	857,886	-79,313	-8.5%

(Source: CEA)

Expected Demand

The expected demand forecast of electricity during 2016-17 and 2021-22 is as under:

Year	Energy Requirement (BUs)	Peak Load (MW)
2016-17	1403	197686
2021-22	1993	289667

(Source: Report of Working Group on Power, set up by Planning Commission, for finalizing the target for XII plan).

CONSUMPTION

The end users of power can be broadly classified into industrial, agricultural, domestic and commercial consumers. These consumers represented approximately 39%, 19%, 24% and 10% respectively, of the power consumption measured by units of electricity consumed in year 2010-11 (Source: Ministry of Statistics and Programme Implementation- Energy Statistics 2012).

India has very low per capita power consumption. The per capita consumption of power in India has increased from 631.50 units in 2005-06 to 813.30 units (Provisional) in 2010-11 (Source: CEA). India still has one of the lowest per capita power consumption compared to the world average of 2807 units in 2009 (Source: World Development Indicators).

TRANSMISSION AND DISTRIBUTION

The transmission systems in the country consist of Inter-State Transmission System (ISTS) and Intra State Transmission System (Intra-STs). ISTS is mainly owned and operated by Power Grid Corporation of India Limited (Powergrid) which is also the Central Transmission Utility (CTU).

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

All regional grids except southern are now integrated to form a national grid enabling inter-regional transmission of power, facilitating optimal utilization of the national generating capacity. A fully integrated power transmission grid would help to even out supply demand mismatches.

Total inter-region transmission capacity at the end of XI Plan is

28000 MW (Source: Power Grid) which connects the northern, western, eastern, and north-eastern regions in synchronous mode operating at the same frequency and the southern region in asynchronous mode. This has enabled inter-regional energy exchanges of about 41635 million units in year 2011-12, thus contributing to greater utilization of generation capacity and an improved power supply position.

To match the generation capacity addition plans, transmission and distribution network has also been planned to facilitate power reaching the ultimate consumer. An Inter-Regional transmission capacity of 37,800 MW has been planned for the XII Plan, which includes transmission line of about 1,09,000 ckt. Kms, HVDC terminal capacity of 13000 MW and AC transformation capacity of 2,70,000 MVA. (Source: Planning Commission Working Group Report for XII Plan)

Private Sector Participation in Transmission/ Distribution

Under National Electricity Policy 2006, guidelines were issued for encouraging competition in development of transmission projects and tariff based competitive bidding guidelines for transmission services.

Consequently, some of the transmission schemes are being implemented by private sector. During the year 2011-12, 3239 ckt kms of transmission lines were commissioned by JV/ private sector (Source: CEA)

Electricity Act, 2003 (EA 2003) provides for private participation in distribution. It also envisages appointment of franchisee by distribution licensee, who may not hold the distribution license. Even though privatizing distribution is one of the simplest form of reform, the States have been reluctant to privatise distribution since it involves change in ownership thus directly affecting the employees. In this scenario, distribution franchising has emerged as an alternative solution as franchisee model is a softer approach and faces lesser resistance from various stakeholders and many States have initiated action in this direction.

POWER TRADING

Short term trading is an essential tool for optimization of resources and plays an important role in deficit scenario for harnessing additional / captive sources of generation for meeting the peak demand. Trading of electricity in India has picked up considerably after the advent of Electricity Act, 2003 which recognizes trading as a distinct licensed activity. In future, the quantum of electricity traded in the short term market is likely to grow considerably as the new generating capacity of many IPPs plants is not tied up in long term PPAs. Further open access in inter-state transmission is fully operational.

Current participants in the power trading business include PTC, NVVN, Tata Power Trading Company Limited and GMR Energy Limited, among others.

During the year 2011-12, 66.75 BUs of power was traded through power exchanges and bilateral mechanism as compared to 53.48 BUs in the previous year. (Source: CERC)

India has two power exchanges – Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL). During the year 2011-12, 14.82 BUs have been traded through these exchanges, out of which 13.79 BUs was traded through IEX and 1.03 BUs through PXIL.

RURAL ELECTRIFICATION

The Central Government launched a scheme 'Rajiv Gandhi Grameen Vidyutikaran Yojana' (RGGVY) in April 2005 with the goal of electrifying all (around 118500) un-electrified villages and hamlets and providing access to electricity to all households in next five years. Under RGGVY, 105314 villages have been electrified and connections to 1.99 crore Below Poverty Line (BPL) households have been released up to 30.06.2012. (Source: RGGVY)

Some of the States have come out with specific schemes for rural electrification such as Akshay Prakash Yojana by Maharashtra, Biju Gram Jyoti by Odisha and Jyotigram Yojana by Gujarat.

R-APDRP

Re-structured APDRP was approved as a Central Sector Scheme on 31.07.2008 with total outlay of ₹ 51,577 crore. The focus of R-APDRP is on actual, demonstrable performance in terms of reduction in AT&C loss through application of IT for energy auditing and accounting and through technological upgradation and strengthening of distribution infrastructure. Projects under R-APDRP are taken up in two parts.

Part-A of R-APDRP is currently under implementation and is in an advanced stage of progress in several States. APDRP and R-APDRP have been successful in bringing down the AT&C losses from 38.86% in 2001-02 to 27.15% in 2009-10. Some States have shown an improvement in AT&C loss reduction, however, losses are still at a higher level. So far, the impact of the program on financials of State Utilities has not been significant.

POLICY FRAMEWORK

The Indian Power Sector is governed by The Electricity Act, 2003 (EA 2003) which provides the overall legislative framework.

EA 2003 has promoted a liberal, transparent and enabling legal framework for power development, for creation of a competitive environment and reforming distribution segment of power industry. It allows open access in transmission and distribution. It provides for regulatory oversight for fixation of tariff.

Central Government has also framed following policies for overall development of the sector:

- National Electricity Policy, 2005
- Tariff Policy, 2006
- Rural Electrification Policy, 2006
- Hydro Power Policy, 2008
- Revised Mega Power Project Policy, 2009

VARIOUS INITIATIVES OF THE GOVERNMENT

Various initiatives taken by the Government of India during the XI Plan were as under:

- a) Development of Power Projects on Tariff Based Bidding
- b) Development of Ultra Mega Power Projects
- c) Allocation of Captive Coal Blocks
- d) Hydro Power Policy, 2008
- e) Private sector participation in transmission sector
- f) Jawaharlal Nehru National Solar Mission
- g) R-APDRP
- h) Inter-State Trading Margin Regulations, 2010
- i) New Indian Electricity Grid Code (IEGC), 2010

- j) CERC (Open Access in Inter-State Transmission) Regulations, 2008
- k) Regulations on "Terms and Conditions for tariff determination from Renewable Energy Sources", 2009.

REGULATORY DEVELOPMENTS IN 2011-12

During 2011-12, CERC has notified a series of amendments in the Regulations related to Indian Electricity Grid Code, Connectivity, Long and Medium Term Access, Un-Scheduled Interchange, Transmission charges and losses, etc. and Tariff Regulations for Renewable Projects. The salient points of these amendments are captured as follows:

- The operating frequency band has been tightened from the existing 49.5 ~ 50.2 Hz to 49.7 ~ 50.2 Hz.
- The provision of Free Governing Mode Operation (FGMO) with manual intervention has been made mandatory for those units, which do not have the Restricted Governing Mode Operation (RGMO) capability.
- The maximum rate for UI has been increased to ₹ 9.00/ kWh from the existing ₹ 8.73 /kWh. The applicable cap rates have also been revised.
- Injection of infirm power allowed only upto a period of 6 months from synchronization. Commission may allow extension of this period on the basis of application filed by generator to Commission at least 2 months prior to expiry of 6 month period.
- Construction of dedicated line / augmentation of transmission system shall be taken up by Central Transmission Utility (CTU) or Transmission licensee after ensuring that generator has made advance payment for main plant packages, subject to minimum of 10% of contract values.
- Transmission charges for dedicated line shall be payable by generator even if generating project gets delayed or project is abandoned.
- Approved injection/ approved withdrawal shall be determined considering the Long Term Access and Medium Term Open Access granted to the generator.
- Yearly transmission charges for the Transmission lines shall be revised on a six monthly basis in the first year and on a quarterly basis in the subsequent years.
- The control period for renewable energy sources is 5 years (applicable for the period from 2012-13 to 2016-17).
- CERC has determined the Floor and Forbearance price of Renewable Energy Certificates, for solar and non-solar generation, which is applicable from 1st April 2012 and is valid for the control period.

OPPORTUNITIES AND THREATS FOR THE SECTOR

Opportunities

Conducive Regulatory Framework for investment in Power Sector

Over the years, Government of India has taken several policy initiatives for development of vibrant and sustainable power sector. Enactment of the Electricity Act, 2003 opened the electricity market. Opening up of the Power Sector has provided opportunity to Private Sector in Generation, Transmission as well

as Distribution. Electricity Act, 2003 provides the consumers to choose their supplier of electricity.

The estimated fund requirement for power sector during the XII plan is of the order of ₹ 12,37,480 crore (excluding renewable resources). Out of which, about 50% will be towards capacity addition including advance action XIII plan projects, 25% for distribution, 15% for transmission and balance 10% towards R&M, R&D, Captive Power Plants and Human Resources. This provides enough opportunities to various entities in the power sector i.e. Central, State Utilities and Private Sector.

Demand for Electricity

Generation

Indian power sector is one of the fastest growing sectors in the world and energy availability has increased over the years. The demand for power has outstripped the supply. During the year 2011-12, the country faced a peak load deficit of 10.6% and energy deficit of 8.5%. As per the report of Working Group on Power for XII Plan, the energy requirement during the terminal year (2016-17) of XII Plan would be of the order of 1403 BUs, while the energy requirement at the end of XIII Plan (2021-22) would be 1993 BUs considering 9% GDP growth rate and 0.9 and 0.8 elasticity during the XII and XIII Plan respectively. The corresponding peak Load (MW) at the end of XII and XIII Plan would be 197686 MW and 289667 MW respectively. The envisaged capacity addition during XII plan and XIII Plan is 75785 MW and 93400 MW respectively (excluding Renewable), giving opportunity for every player in the sector.

Transmission

Various projects which are in the pipeline and likely to yield benefit during XII Plan period or early XIII Plan period for which CEA, in coordination with all the stake-holders i.e. Central Transmission Utility, State Transmission Utilities and Central Sector Generation Companies, have planned for transmission systems required for evacuation of power from such projects, and also the transmission systems required for strengthening of regional and inter-regional transmission networks.

For XII Plan, transmission schemes for the projects have been signed with the CTU as the nodal agency for Long Term Transmission Access to ISTS prior to the cut-off date of 5th January 2011. As such most of the ISTS schemes would be implemented by CTU. However, Dedicated Transmission Lines from the Inter-State Generating Stations would mostly be built by the generators as private sector lines. Further, most of the new transmission schemes required for system strengthening, drawl of power by the States and for power evacuation to be identified in future would be implemented through competitive bidding process as far as possible which would provide equal opportunity to all players.

Renewable Energy

There is a vast untapped potential in the Renewable Energy segment in India. The Ministry of New and Renewable Energy (MNRE) being the nodal agency for development of renewable energy is committed to the development of clean energy including wind energy, solar energy, small hydro-electric projects, biomass power, cogeneration-bagasse and waste to energy. The renewable energy ensures energy security with environmental sustainability and provides answer to decentralized distribution. It is the most appropriate, scalable and optimal solution for providing power to thousands of remote villages and hamlets across the country.

As on 31st March 2012, RES account for 12.26% of installed capacity. Ministry of New and Renewable Energy has ambitious plans of adding 29800 MW of grid-interactive renewable power comprising 15000 MW wind power, 2100 MW small hydro power, 10000 MW solar power and 2700 MW bio-power during the XII Plan.

As per the special report on Inter-governmental panel on climate change, 2012, India has become a major producer of wind turbines and now is among the top five countries in terms of installation.

During the last three years, there has been a rapid growth in deployment of clean/ renewable energy projects in the country attracting major investments, domestic as well as foreign. A total installed capacity of over 10400 MW has been added from various renewable power generation projects during this period and FDI inflows to the tune of ₹ 5,826 crore (USD 1,245 million) in 319 renewable energy projects have been reported. (Source-MNRE).

As per the report of Working Group on Power for XII Plan, the total estimated medium-term potential (2032) for power generation from renewable energy sources such as wind, small hydro, solar, waste to energy and biomass in the country is about 183000 MW.

The Government has taken several steps to encourage development of renewable energy sector which inter-alia includes:

- Jawaharlal Nehru National Solar Mission was launched in November 2009 with a target of deploying 20000 MW of grid connected solar power by 2022, which will be implemented in three stages. Private sector companies are partnering with government and co-investing in R&D and technology development.
- Fiscal and financial incentives, such as, capital/ interest subsidies, accelerated depreciation, nil/ concessional excise and customs duties.
- Preferential tariff for grid interactive renewable power in most potential States. Uniform guidelines by CERC for fixation of such preferential tariffs being issued every year.
- FDI up to 100% under the automatic route is permitted subject to provisions of Electricity Act, 2003.
- CERC has issued Renewable Energy Certificate Regulations, 2010 for increasing the share of renewable energy in the total generation capacity of the country. This concept seeks to address the mismatch between availability of renewable energy sources and the requirement of the obligated entities to meet their renewable purchase obligation.

Hydro Potential

The identified hydro electric potential of the country is above 145000 MW (excluding small hydro projects of less than 25 MW). However, installed capacity of hydro electric projects, as on 31.03.2012, is only 38990 MW. Government of India has adopted a multi pronged strategy to put the potential to use.

Some of the policy measures and initiatives taken by the Government are : an investor friendly Hydro Power Policy, 2008 offering incentives to investors in order to increase the installed capacity of hydro projects, a liberal National Rehabilitation and Resettlement policy, a 50000 MW hydroelectric initiative. The provisions of Hydro Power Policy, 2008 allow merchant sale of maximum upto 40% of the saleable energy for all developers.

Further, cost plus tariff regime has been extended for public as well as private sector hydro power projects upto December 2015. More than 430 projects/ schemes having a capacity of 128458 MW are at different stages of operation/approval/ investigation. (Source- *Economic Survey, 2011-12*)

Demand Side Management

The Energy Conservation legislation has sought to implement energy efficiency policies that lead to widespread market development through better standards for appliances and equipment, energy efficiency labelling, rational cost-of-service based tariffs, mandatory energy audits, awareness and training, financial and fiscal incentives. However, with ever increasing demand of electricity and efforts for unlocking of renewable energy potential, a renewed focus by power utilities on Demand Side Management (DSM) is essential. Various studies on the cost-effectiveness of DSM have reported that it costs between 1/5th to 1/10th to save a megawatt of power as compared to the capital investment needed to generate an equivalent megawatt in a power plant.

Government of India under National Mission on Enhanced Energy Efficiency (NMEEE) has embarked on one of the most ambitious and extensive energy saving initiatives with launch of Perform, Achieve, Trade (PAT) scheme. The PAT scheme is a trading mechanism designed for high energy consuming industries. It aims to incentivize industrial sectors and units to implement energy efficiency measures and to comply with energy consumption targets set by the regulator - Bureau of Energy Efficiency .

In the first cycle, 478 Designated Consumers (DCs) have been covered from eight industrial sectors including power sector. The DCs have been given targets to reduce specific energy consumption by 2014-15. In case, DCs are unable to achieve the allocated targets, they would be either required to purchase Energy Saving Certificates (ESCerts) or pay penalty corresponding to the shortfall in their target achievement.

Financial Incentives to Power Sector

The Finance Act, 2012 has allowed various incentives to power sector which include:

- Scrapping import levies on coal. Steam coal has been fully exempted from basic custom duty and CVD is also reduced to 1% till 31st March 2014.
- Full exemption from basic custom duty is extended to imports by coal mining projects.
- Withdrawal of import duty on natural gas, relaxation of withholding tax on External Commercial Borrowing – the rate has been reduced from 20% to 5%, enhancement of ECBs to part finance rupee debt of existing power projects.
- Extension of exemption u/s 80IA of Income Tax Act to new units which are starting generation of power by 31.03.2013.

Threats

Fuel Constraint – Coal and Gas

Constrained availability of fuel for power sector continues to be one of the key concerns affecting the power generation in India which is predominantly based on fossil fuel i.e. coal and gas. The production of coal as well as gas has not kept pace with the demand. During year 2011-12, to meet the shortfall of indigenous

coal, an estimated 27.58 MT of coal was imported against the requirement of 35 MT (excluding requirement of imported coal based plants).

The generation loss reported due to coal supply shortages during 2011-12 has also increased to 8.82 BUs from 7.0 BUs for the same period last year.

In spite of various measures being taken by Government of India, it is expected that Power Sector would continue to face fuel constraints. National energy requirement is expected to grow to almost 4 times of present level to 2 BMT/annum by 2030-31. To meet this demand, the domestic coal production has to grow in the range rate of 7%-9% range in order to match with the growth in demand.

As per the report of the Working Group on Power for XII plan, the estimated coal requirement for thermal power projects, based on the norms of 5 MT per 1000 MW, for terminal year of XII plan is 842 Million Tonne, while total availability is expected to be of the order of 604 MT leaving a shortfall of 238 MT which is expected to be bridged by import of coal.

The gap between demand and supply of coal is further expected to increase due to various ecological concerns. The indigenous coal supply has to be augmented to match the growth in power sector since most of the thermal plants can not use coal blended with more than 15% of imported fuel due to the design of the boilers.

Further, it is also necessary to create the requisite infrastructure to facilitate fuel to reach the intended destination.

During the year 2011-12, actual production of natural gas was 47549.40 MCM as against 52222.10 MCM during the previous year registering a decline of about 8.9% due to lower than anticipated production both by Public Sector as well as Private/JVC Sector. The gap in demand and supply is expected to grow. The expected gas requirement for power sector in the terminal year of XII plan is 100 MMSCMD, based on 90% PLF.

Due to unfavourable demand-supply balance of hydrocarbons in India, Government is encouraging national oil companies to pursue equity oil and gas opportunities overseas. DGH has also initiated steps to identify prospective areas for shale gas exploration as India has several shale formations which seem to hold gas.

In spite of various measures taken by Government, non availability of coal and gas in desired quantity would have an adverse impact on the overall performance of the sector.

Health of State Utilities

Another area of key concern is the health of State Utilities. The return on assets has become negative for most of the SEBs. There are number of factors which have contributed to the poor financial performance such as high degree of commercial losses, tariff not determined on the basis of economics and increasing cross subsidies.

As per the report on "The working of state power utilities and electricity department 2011-12" of Power & Energy Division of the Planning Commission, the total commercial losses with subsidies increased from ₹ 10,509 crore in 1998-99 to ₹ 35,769 crore in 2009-10, while the anticipated losses for 2011-12 would be ₹ 37,836 crore. Similarly, commercial losses without subsidy increased from ₹ 20,860 crore in 1992-93 to ₹ 60,223 crore in

2009-10. The projected losses without subsidies for 2011-12 would be ₹ 56,458 crore. Such huge losses have put the question mark on the sustainability of the entire power sector. Due to poor paying capacity, some of the State utilities are not scheduling full capacity from our power stations, even though most of the NTPC stations are well placed in merit order. In case stations do not get schedule to generate upto its declared capacity due to lower demand, they nevertheless recover fixed charges including incentives.

During the last few years, some of the SEBs have increased the tariff to bridge this gap, however the rise has not been commensurate with increase in the cost of supply. The gap between cost of supply and the average tariff increased from ₹ 0.76/kWh in 1998-99 to ₹ 1.45/ kWh in 2009-10. It is expected that this gap would decline to ₹ 1.07/kWh in 2011-12.

Sluggish Foreign Direct Investment in Power Sector

The share of power sector in FDI as compared to other sectors is quite low, inspite of the fact that 100% foreign equity is permitted in generation, transmission, distribution and trading. During the period April,2000 to March,2012, Power sector has attracted FDI equity inflow of about 4% as compared to 19% by service sector and 7% each by telecommunications, construction activities, computer hardware & software and housing & real estate. (Source: Department of Industrial Policy & Promotion)

The low FDI inflow in the power sector is indicative of lack of confidence of foreign investors which stems from lack of politico-administrative support on containment of commercial losses, fragile financial health of state utilities, uncertainty of fuel availability, capped regulatory returns on equity coupled with delays in land, forest and environmental clearances which lead to cost escalation. The power generation business has high risk profile in the country; therefore, it is necessary to deal with the structural issues to reduce the risk profile to attract foreign investment in power sector.

Other key concerns for the sector:

- Delay in forest & environment clearance for coal projects.
- The enhanced compensation for land acquisition in the proposed Land Acquisition Bill.
- Availability of water for power plants and increase in the cost of water.
- The development of transport infrastructure in different transport sectors like railways, highways, roads, inland waterways, gas pipelines and ports.
- Downgrade of Sovereign Ratings by International Rating Agencies.

OUTLOOK

During the period 2001-02 to 2011-12, power generation in India has grown at a CAGR of 5.46%. As per the report of Working Group on Power for XII Plan, the energy requirement during the terminal year (2016-17) of XII Plan would be of the order of 1403 BUs. To achieve this target, generation has to grow at a CAGR of ~10% and hence, offers multiple opportunities of growth to public as well as private sector entities.

COMPANY OVERVIEW

NTPC - LEADING THE INDIAN POWER SECTOR

Your Company is the undisputed leader in Indian power sector.

With 18.52% of total installed capacity of the country, your Company (including JVs and Subsidiaries) contributes over 27% of the country's generation as on 31.03.2012.

	All India	NTPC	% share
Capacity (MW)	199877.03	32650	16.34%
Generation* (BUs)	876.89	222.07	25.32%
Capacity incl. JVs (MW)	199877.03	37014	18.52%
Generation incl. JVs (BUs)	876.89	240.31	27.40%

(Source: All India Data - CEA's executive summary)

*including Bhutan import

Your Company is ranked 3rd in Asia among global electric utilities as per Forbes Global 2000 ranking published in the year 2012. It is also ranked as 337th largest Company in the world in the Forbes Global 2012. Your Company is also ranked no.1 Independent Power Producer Globally in the Platts Top 250 Global Energy Company Rankings -2011.

During the last year, operating stations of your Company performed better than collective performance of any other sector in terms of plant load factor.

To retain the status of sector leader, your Company has drawn a long term corporate plan to become a 128 GW Company by 2032 which means tripling the capacity from the existing levels. Ambitious capacity addition program brings number of challenges for the Company. Your Company has adopted multi-pronged strategy which includes adoption of new technology such as super-critical units of 660 MW and above, enhanced delegation of power for quick decision making, state-of-the-art project monitoring centre to have on-line monitoring of progress of projects.

In addition, diversification into new areas like coal mining, hydro electric, nuclear power brings challenges which are new to Company. With its proven execution and operational experience and highly skilled and motivated man power, the Company is geared to take all challenges in its stride.

Your Company is the largest power generating Company in India with a proven track record in operations as well as project execution. Your Company has been consistently rewarded for its performance and has won many prestigious awards and is among the few Public Sector Enterprises in India who has been awarded the coveted 'Maharatna' status. Your Company has also diversified its business to have its presence along the entire power value chain.

STRENGTHS

Operational Performance

The operating performance of your Company has been considerably above the national average. The availability factor for coal stations compares favourably with international standards. During the year 2011-12, NTPC group has generated 27.40% of the country's total power generation with an installed capacity of about 18.52% of the total installed capacity in the country. Over the years, Company has consistently operated at much higher operating efficiency as compared to all India operating performance.

In order to sustain the impressive operational efficiency levels, the Company's strategy includes the following:

- Use of tools like Integrated Data Acquisition and Analysis

System (IDAAS) for on-site efficiency evaluation, Performance Evaluation of Power System Efficiencies (PEPSE) for verifying equipment and system efficiencies and gap identification, Steam path audit for estimation of solid particle erosion (SPE) and efficiency of steam turbine components, etc.

- Introduction and roll out of Reliability Centered Maintenance (RCM), including Risk Evaluation and Associated Practices (REAP).
- Enhancing quality of plant overhauls to target zero forced outage by design.
- Implementation of Overhauling Performance Index (OPI) for systematic and advanced planning of overhauls.
- Setting up a central repair facility in order to improve availability and reliability as well as to reduce downtime of the units.

Project Management

Your Company has adopted an integrated system for the planning, scheduling, monitoring and control of approved projects under implementation covering all aspects of the project, from concept to commissioning.

Going forward, state-of-the-art project management practices are being adopted by the Company to accelerate the pace of project implementation besides benefiting in terms of cost reduction. We have set up a state-of-the-art IT enabled Project Monitoring Centre as part of the Growth Management Centre (GMC), first of its kind in the sector, which provides milestone based project monitoring, real time network updation, real time video capture apart from latest video conferencing facility.

Your Company has effected standardization and bulk ordering of Super-critical units of 660 MW and 800 MW to reduce engineering time and thereby reduce project execution time. It will also benefit in terms of bulk discounts, spares inventory optimization, concurrent execution and above all development of additional manufacturing of super-critical technology based units in the country.

For some of its units, it has been awarded with prestigious IPMA awards. Your Company has set a new national benchmark with its Dadri Unit-5 (490 MW) started commercial operation in 39 months from zero date.

Robust Financials

Your Company has strong financial systems in place. It believes in prudent management of its financial resources and strives to reduce the cost of capital. Your Company has robust financials leading to strong cash flows which are being progressively deployed in generating assets. Your Company has a strong balance sheet coupled with low gearing and healthy coverage ratios which provides it the "Most Favoured Borrower" status. Company's ability to service debt liability remains strong due to certainty of revenues. Often, your Company has been able to raise debt at a lower cost as compared to its peers in power sector.

Sound Corporate Governance

The Corporate Governance philosophy of your Company is based on conscience, openness, fairness, professionalism and accountability. These qualities are ingrained in its value system and are reflected in its policies, procedures and systems. The Company not only believes in adopting best corporate governance systems but also in proactive inclusion of public interest in its

corporate priorities and has developed extensive social outreach. In recognition of its excellence in Corporate Governance, various national and international accolades have been conferred upon it in recent years.

Human Resources

Your Company has a highly talented team of committed professionals. The commitment of the employees is also reflected in terms of operational and financial parameters such as generation/employee, sales/employee, value added/per employee, etc. Consistently declining Man/MW ratio demonstrates the increasing engagement of our employees. We have a pool of ~ 25,000 employees, who are fiercely proud of their organization. Over the years, your Company has been time and again ranked among the best employers in prestigious surveys. Company has a very low executive attrition rate.

Long-term Power Purchase Agreements (PPAs) with customers & Payment Security Mechanism

All the stations of your Company have PPAs with its customers. The entire output of Company's power stations has been contracted for under long-term PPAs. Due to existence of secured payment mechanism which is available upto year 2016, your Company has been able to realize its 100% dues for last nine consecutive years.

Beyond 2016, the sales are secured through supplementary agreements with the customers under which the customers have agreed to create a first charge on their own receivables in our favour and in the event of a payment default assign such receivables into an escrow account.

Long Term Fuel Supply Agreements

Your Company has signed coal supply agreements with various subsidiary coal companies of CIL for all the coal based stations which were under commercial operation as on 31st March 2009 and the annual quantity of coal contracted under these agreements is 124.90 million tonnes. In addition, bilateral agreements have been signed with SCCL & North Eastern Coalfields (NEC) for supply of 5.0 million tonnes and 0.3 million tonnes respectively. In addition, agreement is in place for supply of imported coal of approx. 12 MMT.

Your Company has signed long term Gas Supply Agreements (GSAs) with GAIL for supply of Administered Price Mechanism (APM) gas of 14.76 MMSCMD and 2.0 MMSCMD RLNG on firm basis and 0.5 MMSCMD RLNG on fallback basis. We have also tied up 0.82 MMSCMD of non-APM gas of ONGC and 2.30 MMSCMD of KG D6 gas of RIL. GSPA for another 2.16 MMSCMD KG D6 gas is expected to be signed with RIL shortly.

Low Cost Producer

Most of the stations of your Company are pit-head stations and even future projects are likely to be low cost as most of the expansion projects are pit-head which provides a cost advantage as compared to our peers. The low average tariff of your Company also ensures lower risk concerning power off-take in the sector.

RISKS & CONCERNS

To sustain its leadership position in the country and befitting its 'Maharatna' stature, your Company has drawn an ambitious Corporate Plan up to the year 2032 and expects to be 128 GW Company with diversified fuel base. To reduce its dependence

on fossil fuels, your Company has forayed into hydro, nuclear and renewable energy sources which will also help in reducing the Green House Gas effect. The Company has also taken several steps to be an integrated major in the power sector. As a step in backward integration, your Company has entered into coal mining business and is also exploring the possibilities in energy value chain through participation in NELP blocks.

Your Company recognizes that risks are not only inherent to any business but are also dynamic in nature. Your Company is also susceptible to certain risks arising out of various activities undertaken in the normal course of its business. Your Company has adequate measures in place to overcome/manage these risks. These risks also provide the challenges and opportunities to view the business with a different perspective.

Your Company has an elaborate Enterprise Risk Management (ERM) framework in place. As part of implementation of the ERM framework, an Enterprise Risk Management Committee (ERMC) comprising of Executive Directors representing geographically spread regions and core functions of the Company is in place. ERMC has been entrusted with the responsibility to identify and review the risks and formulate action plans and strategies for risk mitigation on short-term as well as long-term basis. The ERMC has identified 25 key risk areas out of which following 7 have been classified as the top risks for the Company:

- o Fuel supply risks
- o Project implementation delays risks
- o Risks related to coal mining and coal washeries
- o Risks pertaining to hydro projects
- o Acquisition of land related risks
- o Environmental, pollution and other related regulatory norms including ash utilization related risks
- o Risks related to recruitment and retention of skilled employees

These areas are being regularly monitored through reporting of key performance indicators of identified risks and exceptions with respect to risk assessment criteria are being reported to the top management. The ERMC meets every quarter to deliberate on strategies.

COMPETITION

Due to the gap between demand and supply in the Indian power sector, there has generally been a stable market for power generation companies. Your Company is the largest power generating Company in the country having a market share of approximately 16.34% in terms of installed capacity and 25.32% in terms of national generation. The Maharashtra State Power Generation Company Ltd. with an installed capacity of 9996 MW (*Source – website of Mahagenco*) with market share of about 5% is the next largest entity.

The share of private sector capacity has increased to 54276 MW as of March 31, 2012 from 36761 MW as on March 31, 2011 and going forward, the same is expected to increase even faster as is evident from capacity added during XI plan so far. As far as generation is concerned, private sector has contributed to around 16% of total electricity generation in the year 2011-12 as compared to 14% in the previous year.

Government of India has taken several policy measures which have provided an enabling environment for private investors to participate in power sector. With the entry of private players in power sector, the competition is expected to intensify. However, the Company is geared to face any competition. With proven in-house engineering capabilities built in the past and wide ranging experience of project execution and with long-term PPAs of over 100000 MW in place, your Company is confident that it shall be able to retain leadership position in the industry. Further, the high operational efficiency enables your Company to sell power at competitive prices and achieve savings. Your Company believes that its monitoring and maintenance techniques offer it a competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

Internal Control

Your Company has robust internal systems and processes in place for smooth and efficient conduct of business and complies with relevant laws and regulations. A comprehensive delegation of power exists for smooth decision making which is being further reviewed to align it with changing business environment and speedier decision making. Elaborate guidelines for preparation of accounts are followed consistently for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with the Company's own Internal Audit Department. Besides, the Company has two Committees of the Board viz. Audit Committee and Committee on Management Controls to keep a close watch on compliance with Internal Control Systems.

A well defined Internal Control Framework has been developed identifying key controls and supervision of operational efficiency of designed key controls by Internal Audit. The framework provides elaborate system of checks and balances based on self assessment as well as audit of controls conducted by Internal Audit at process level. Gap tracking report for operating efficiency of controls is reviewed by management regularly and action is taken to further strengthen the Internal Control System by further standardizing systems and procedures. The system presents a written assessment of effectiveness of Company's internal control over financial reporting by the process owners; project/office heads to facilitate certification by CEO and CFO and enhances reliability of assertion.

FINANCIAL DISCUSSION AND ANALYSIS

The financial statements for the year ended 31st March 2012 have been prepared as per Revised Schedule VI, consequent to the notification of Revised Schedule VI under the Companies Act, 1956. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Reference to Note in the following paragraphs refers to the Notes to the Financial Statements for the year 2011-12 placed elsewhere in this report.

A detailed financial discussion and analysis on Financial Statements is furnished below:

A Results from Operations

1 Total Revenue

	FY 2011-12	FY 2010-11	Change
Units of electricity sold (MUs)	206,682	206,582	-
Revenue	Amount in ₹ Crore		
1 Energy Sales (Including electricity duty)	61,430.85	54,982.56	12%
2 Consultancy & other services	142.69	169.45	-16%
3 Energy internally consumed	80.75	64.68	25%
4 Interest from customers	510.57	116.16	340%
5 Revenue recognized from deferred foreign currency fluctuation liability	0.16	-	-
6 Provisions written back	315.86	7.81	3944%
Revenue from operations (gross)	62,480.88	55,340.66	13%
7 Less:- Electricity duty	428.65	278.01	54%
Revenue from operations (net)	62,052.23	55,062.65	13%
8 Other income	2,778.42	2,344.65	19%
9 Total revenue	64,830.65	57,407.30	13%

The revenue of the Company comprises of income from sale of electricity (net of electricity duty), consultancy and other services, interest earned on investments such as term deposits, bonds (issued under One Time Settlement Scheme) and dividend income from subsidiaries and joint ventures and mutual funds. The total revenue for financial year 2011-12 is ₹ 64,830.65 crore as against ₹ 57,407.30 crore in the previous year registering an increase of 13%.

The major revenue comes from energy sales. The tariff for computing energy sales is determined in terms of Central Electricity Regulatory Commission Regulations as notified from time to time which are briefly discussed below:

Tariffs for computation of Sale of Energy

The Central Electricity Regulatory Commission (CERC) has issued Tariff Regulations for the period 2009-14 - Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, which is a balanced regulation for both consumers and investors. As per the Regulations, 2009, the tariff for supply of electricity comprises of two parts i.e. Capacity Charges for recovery of annual fixed cost based on plant availability and Energy Charges for recovery of fuel cost. In addition, Regulations also provide for the recovery of certain miscellaneous charges. The CERC sets tariff for each stage of a station in accordance with the notified tariff regulations/norms .

Capacity Charge

The capacity charge is allowed to be recovered in full if plant availability is at least 85%. If the availability of the plant is lower than 85%, the capacity charges are recovered on a pro-rata basis

based on normative parameters as specified in the said regulations.

Energy Charge

Energy charges for the electricity sold are determined on the basis of landed cost of fuel applied on the quantity of fuel consumption derived on the basis of norms for heat rate, auxiliary consumption, specific oil consumption etc.

Other Charges

Besides the capacity charge and the energy charge, the other elements of tariff are:

- Cost of hedging in respect of interest and repayment of foreign currency loans and exchange rate fluctuations for the un-hedged portion of interest and repayment of foreign currency loans on a normative basis.
- The unscheduled interchange charge for the deviation in generation with respect to schedule, payable (or receivable) at rates linked to frequency prescribed in the regulation to bring grid discipline. The unscheduled interchange charge is payable (or receivable) at rates notified by the CERC from time to time.
- Deferred tax liability for the period upto 31.03.2009 on generation income is allowed to be recovered from the customers on materialization.

Each element of total revenue is discussed below:

Energy sales

Your Company sells electricity to bulk customers comprising, mainly, electricity utilities owned by State Governments. Sale of electricity is made pursuant to long-term Power Purchase Agreements (PPAs) entered into for 25 years in case of most of our coal-fired plants and for 15 years in case of most of gas-fired plants in line with the estimated average life of the plants. The actual lives of the stations are often longer and unless, customer ceases to draw power, contracts continue to be in force until they are formally extended, renewed or replaced. With the issuance of CERC Tariff Regulation 2009, the estimated average life of the gas stations is also estimated as 25 years. Hence, the long-term power purchase agreements for new gas stations hence forth will also be for the same period.

Income from energy sales (net of electricity duty) for the financial year 2011-12 was ₹ 61,002.20 crore which constituted 94% of the total revenue. The income from sale of electricity has increased by 12% over the previous year's income of ₹ 54,704.55 crore. The increase in sales is also largely attributable to pass-through of higher fuel cost. During the year there is an increase in the commercial capacity by 1,160 MW comprising of unit #1 of 500 MW of Simhadri Stage-II w.e.f. 16.09.2011 and unit #1 of 660 MW of Sipat Stage-I w.e.f. 01.10.2011. In addition, the commercial capacity of 990 MW comprising of unit #2 of 490 MW of NCTPP Stage-II and unit #1 of 500 MW of Korba Stage-III was also available for the entire financial year 2011-12 as compared to part of financial year 2010-11.

During the year, the CERC has issued provisional/final tariff orders w.e.f. 1st April 2009 for all stations except Talcher Thermal Power Station (TTPS) under Tariff Regulations, 2009. Beneficiaries are billed in accordance with the said provisional/final tariff orders except for TTPS where it is done on provisional basis, as per applicable tariff as on 31.03.2009. For the stations, where final

tariff orders have been issued by CERC considering the year-wise projected capital expenditure for the tariff period 2009-14, sales has been recognised as ₹ 13,196.36 crore by truing up capital expenditure to arrive at the capacity charges. For all other stations, pending determination of station-wise final tariff by the CERC, sales have been provisionally recognized at ₹ 47,486.43 crore on the basis of principles enunciated in the Tariff Regulations, 2009-14 (refer Note 22(b) on Revenue from operations (gross)).

The above sales also include an amount of ₹ 34.39 crore being advance against depreciation which has been recognized as sales in accordance with accounting policy and revised CERC orders for 2004-09 (discussed in detail under the heading Deferred Revenue).

Sales include ₹ 547.78 crore pertaining to previous years recognized based on the orders issued by CERC/APTEL. Sales also include income tax recoverable from beneficiaries amounting to ₹ (-) 266.14 crore. Thus, the total sales pertaining to previous year net of tax payable amount to ₹ 281.64 crore (Note 22 (c&e) on Revenue from operations (gross)).

As per Tariff Regulations 2009, the deferred tax liability for the period up to 31st March 2009 whenever it materializes shall be recoverable directly from the beneficiaries. Accordingly, the deferred tax liability recoverable from beneficiaries has been computed and an amount of ₹ 37.77 crore has been included in sales (Note 22 (e)).

The average tariff for the financial year 2011-12 is ₹ 2.96/kWh as against ₹ 2.63/kWh in the previous year. The average tariff includes adjustments pertaining to previous years. If the impact of such adjustments were to be excluded, the average tariff would be ₹ 2.94/kWh in financial year 2011-12 as against ₹ 2.59/kWh in the previous year. The increase in the average tariff is primarily due to increase in energy charges by ₹ 0.28/kWh on account of increase in fuel cost and increased consumption of imported coal.

There has been 100% realization of the dues during the last nine years. All the beneficiaries have opened and are maintaining Letter of Credit equal to or more than 105% of average monthly billing as per One-Time Settlement Scheme (OTSS). In order to ensure prompt and early payment of bills for supply of energy to beneficiaries, your Company has formulated a rebate scheme by way of providing graded incentive for early payment based on the bill(s) raised on state utilities who are the member of NTPC's rebate scheme.

Under OTSS, tri-partite agreements are valid up to 31st October, 2016. For the period beyond October 2016, the supplies which will be made to state utilities, the same shall be covered by an escrow arrangement. The supplementary agreements have been signed with all state utilities which have a provision of keeping a first charge on their revenue streams for supplies made by your Company. Under the supplementary agreement, the state utilities have agreed to provide payment security through execution of the hypothecation agreement and the default escrow agreement. Further, this will be over and above the LC requirement of 105% of average monthly billing. Moreover, NTPC can resort to regulation / diversion of power supply to third party at the risk and cost of defaulting utilities in case of non-payment of dues.

Consultancy and other services

Accredited with an ISO 9001:2000 certification, the Consultancy Division of your Company undertakes consultancy and turnkey

project contracts for domestic and international clients in the different phases of power plants viz. engineering, project management, construction management, operation and maintenance of power plants.

During the year, Consultancy Division posted an income of ₹ 141.82 crore as against ₹ 167.85 crore achieved in the last financial year. In the financial year 2011-12, it has recorded a profit of ₹ 30.74 crore as against ₹ 57.07 crore in the last financial year. A total of 39 orders valued at ₹ 168.00 crore were secured by the division during the year including 10 overseas assignments.

Energy Internally Consumed

Energy internally consumed relates to own consumption of power for construction works at station(s), township power consumption, etc. It is valued at variable cost of generation and is shown in sales with a debit to respective expense head under power charges. The increase in energy internally consumed is 25% over the previous year due to increase in fuel cost.

Interest from Customers

Interest from customers amounting to ₹ 510.57 crore is on account of issuance of provisional/final tariff orders by the CERC, for the tariff period 2004-09 and 2009-14.

Provisions written back

During the financial year 2011-12, the Company had written back provisions made in earlier years amounting to ₹ 315.86 crore in comparison to ₹ 7.81 crore in the financial year 2010-11. Provision written back includes a write back of ₹ 312.75 crore on account of tariff adjustment (Note 22d).

Other Income

'Other income' mainly comprises of income from bonds issued under One Time Settlement Scheme (OTSS), income from investment in bank term deposits, mutual funds, dividend on equity investment in joint ventures & subsidiaries and miscellaneous income.

'Other income' in financial year 2011-12 was ₹ 2,778.42 crore as compared to ₹ 2,344.65 crore in the financial year 2010-11. Broadly, the break-up of other income is as under:

₹ Crore

	FY 2011-12	FY 2010-11
Interest on OTSS bonds /Loan to State Govt.	702.10	850.61
Income from investment in bank term deposits, mutual funds	1,692.66	1,248.49
Dividend from JVs and Subsidiaries/Interest from subsidiaries	82.19	38.29
Income earned on other heads such as hire charges, profit on disposal of assets, etc	405.83	263.57
Total	2,882.78	2,400.96
Less: Transfer to EDC/development of coal mines	43.11	24.97
Less: Transfer to Deferred Foreign Currency Fluctuation Liability	61.25	31.34
Net other income	2,778.42	2,344.65

Interest income from OTSS bonds (including loan to State Government) for financial year 2011-12 is ₹ 702.10 crore as compared to ₹ 850.61 crore in financial year 2010-11. The reduction in interest income to the extent of ₹ 148.51 crore is due to redemption of OTSS bonds amounting to ₹ 1,636.95 crore and repayment of loan in lieu of settlement of dues to State Government amounting to ₹ 143.59 crore. We have earned income of ₹ 1,692.66 crore during financial year 2011-12 on account of investments made in bank term deposits / mutual funds as against ₹ 1,248.49 crore earned last year. The income from investment in bank term deposits, mutual funds, etc. has registered a 36% increase over last financial year mainly due to increase in interest earnings due to high interest rate regime during the current year as compared to the previous year.

We have earned ₹ 79.16 crore as dividend from our investments in joint venture and subsidiary companies. Further, ₹ 3.03 crore has been earned as interest from loan of ₹ 17.14 crore (as on March 31, 2012) extended to Kanti Bijlee Utpadan Nigam Limited, one of our subsidiaries. Also, an amount of ₹ 405.83 crore has been earned from various other sources mainly consisting of miscellaneous income of ₹ 191.28 crore, Income tax refund ₹ 65.42 crore, interest from contractors ₹ 32.88 crore and interest on loans to employees ₹ 25.31 crore, etc.

2 Expenses

2.1 Expenses related to operations

Year	FY 2011-12		FY 2010-11	
Commercial generation (MUs)	220,696		220,379	
Expenses				
	₹ Crore	₹ per kWh	₹ Crore	₹ per kWh
Fuel	41,635.46	1.89	35,373.78	1.61
Employee benefits expense	3,090.48	0.14	2,789.71	0.13
Generation, administration and other expense	3,588.79	0.16	4,926.28	0.22
Total	48,314.73	2.19	43,089.77	1.96

The expenditure incurred on fuel, employees, generation, administration and other expense for the financial year 2011-12 was ₹ 48,314.73 crore which is 12% more than the expenditure of ₹ 43,089.77 crore incurred during the previous year. In terms of expenses per unit of power produced, it was ₹ 2.19 per unit in financial year 2011-12 in comparison to ₹ 1.96 per unit in the previous year. This increase is mainly due to increase in cost of coal and increase in operation and maintenance expenses. The increase in commercial generation due to commercial operation of new units has resulted in an additional operational expenditure of ₹ 2,080.97 crore. A discussion on each of these components is given below:

2.1.1 Fuel

Expenditure on fuel constituted 86% of the total expenditure relating to operations. Expenditure on fuel was ₹ 41,635.46 crore

in financial year 2011-12 in comparison to ₹ 35,373.78 crore in financial year 2010-11 representing an increase of 18%. The break-up of fuel cost in percentage terms is as under:

	FY 2011-12	FY 2010-11
Fuel cost (₹ Crore)	41,635.46	35,373.78
	% break-up	
Coal	82%	80%
Gas	15%	15%
Oil	1%	1%
Naphtha	2%	4%

The higher fuel expenses were on account of increase in coal consumption due to commercial operation of new units of 1160 MW and also due to increase in landed cost of coal and consumption of greater proportion of costlier imported coal in financial year 2011-12 than in financial year 2010-11. During the year Coal Price Notification No. 222021/1/2008-CRC-UU dated 31.12.2011 issued by the Ministry of Coal proposed migration from UHV based to GCV based pricing of coal. This resulted in a steep increase in the coal prices, which was subsequently rolled back partially (keeping the pricing methodology as GCV based), on the face of stiff resistance from various beneficiaries of coal companies. Fuel cost also include an amount of ₹ 658.71 crore being the MPGATSVA tax for the previous years. During the financial year 2010-11, an amount of ₹ 251.07 crore was paid for earlier years on the same account. Also, there has been increase in the price of gas and oil during financial year 2011-12. Fuel cost per unit generated increased to ₹ 1.89 in financial year 2011-12 from ₹ 1.61 in financial year 2010-11.

The power plants of the Company use coal and natural gas as the primary fuels. Oil is used as a secondary fuel for coal-fired plants and naphtha as an alternate fuel in gas-fired plants. Under the tariff norms set by the CERC, your Company is allowed to pass on fuel charges through the tariff, provided the Company meets certain operating parameters. The Company purchases coal under the long term coal supply agreements with subsidiaries of Coal India Limited (CIL) and with Singareni Collieries Company Limited (SCCL). Based on the revised model Coal Supply Agreement (CSA) signed with CIL on May 29, 2009, we have CSAs in place for all our units commissioned before 31.03.2009. The CSAs are valid for 20 years and has a provision for review after every 5 years.

The annual quantity contracted under these CSAs signed with the subsidiary coal companies of CIL and SCCL is 124.90 million tonnes. For units commissioned after 31.03.2009 the coal is being supplied under an MOU, as per the allocation made by CEA/coal company.

Coal India has recently announced that it will be signing new fuel supply agreements for the units which are commissioned after 31.03.2009.

During the financial year 2011-12, coal based stations consumed 141.13 Million Tonnes of coal as against 136.95 Million Tonnes in the financial year 2010-11. This was including 11.89 Million Tonnes of coal which was imported as compared to 10.58 Million Tonnes imported in financial year 2010-11.

In order to ensure uninterrupted supply of coal to its power stations, your Company during financial year 2011-12 continued to source coal through e-auction and bilateral arrangements. A

bilateral agreement has been reached with SCCL for supply of 5.0 million tonnes of C/D/E grade coal. These supplies are at a premium of ₹ 804/MT over SCCL's revised notified price of 15th April 2011. Further, a bilateral agreement has been reached with North Eastern Coalfields Limited (NEC) for supply of 0.300 million tonnes of A grade coal, beyond the annual linkage quantity, to Farakka at notified prices. Your Company participated in 5 e-auctions announced by various coal subsidiaries of CIL. Against these e-auctions 74,600 Tonnes of coal was allotted to the Company.

The Company sources gas domestically under an administered price mechanism regime. The main gas supplier is GAIL. Gas prices are fixed by the Ministry of Petroleum and Natural Gas (MoP&NG). 13.09 Million Metric Standard Cubic Meters per Day (MMSCMD) of gas was received during the financial year 2011-12, which includes 0.87 MMSCMD of spot gas and fall back gas and 1.90 MMSCMD of KG D6 gas. Gas received during 2010-11 was 13.77 MMSCMD.

The Company has Gas Sales and Transmission Contracts (GSTCs) with GAIL for supply of Administered Price Mechanism (APM) gas and Panna Mukta Tapti (PMT) gas to Anta, Auraiya, Dadri, Faridabad, Kawas & Gandhar for a combined quantity of 14.48 MMSCMD. The validity of the APM gas agreements is upto 6th July 2021 while the PMT gas agreements are valid upto 21st December 2019. As per the terms of these agreements, the gas price is regulated in terms of the Government pricing orders issued from time to time. The present applicable price of APM/PMT gas (at APM price) inclusive of royalty is US\$ 4.2/ MMBtu as per Gol order dated 31.05.2010. The total quantity of APM & PMT gas supplied during 2011-12 was around 3148 MMSCM.

A long term agreement has been signed by your Company with GAIL for supply of 2.0 MMSCMD RLNG on firm basis and 0.5 MMSCMD on fallback basis for the NCR stations viz. Anta, Auraiya, Dadri & Faridabad valid upto 2019. The price is as declared on a monthly basis by Petronet LNG Ltd. as per the directives of Gol on "Pooled Price" basis. Around 541 MMSCM of RLNG was supplied by GAIL during the year 2011-12 under this agreement.

Your Company has tied up Gol allocated 0.82 MMSCMD non-APM gas of ONGC (through GAIL) for WR stations (Kawas & Gandhar). Supplies of this gas have commenced w.e.f. 18.11.2011. Around 86 MMSCM of non-APM gas was supplied by GAIL during the year 2011-12.

Government of India has allocated 4.46 MMSCMD of KG D6 gas for NTPC's NCR stations viz. Anta, Auraiya, Dadri & Faridabad. Gas Supply & Purchase Agreements (GSPAs) have been signed with Reliance Industries Ltd. (RIL) and its JV partner Niko and BPEAL for the supply of 2.30 MMSCMD of this gas which is valid till March 2014. MoP&NG has directed RIL and its JV partners for signing the GSPA for the balance quantity of 2.16 MMSCMD. The pricing of this gas is as decided by the Empowered Group of Ministers (EGoM) which at present is US\$ 4.2 /MMBtu. The total quantity of KG D6 gas supplied during year 2011-12 was around 694 MMSCM.

To meet the shortfall in supply of Gas, your Company procures Spot RLNG on limited tender basis from domestic suppliers and on 'Single Offer' basis from public sector gas marketing companies. During the year 2011-12, twelve rounds of limited tendering and seven rounds on 'Single offer' basis have been conducted. The approximate delivered price for these supplies ranged between

US\$ 13.07/MMBtu to US\$ 23.97/MMBtu which has been off-taken strictly in the ascending order of prices. These RLNG supplies are being contracted on 'Reasonable Endeavour' basis with no penalty on either party for short supply / short off-take. The supply of Spot RLNG was around 316 MMSCM during the year 2011-12.

Rajiv Gandhi Combined Cycle Power Project (RGCCP), Kerala generates power on naphtha as no gas supply is available. Besides RGCCP, other gas based stations also used naphtha depending upon the demand from customers and schedule from load dispatch centres. During the financial year 2011-12, 0.123 million MTs of naphtha was consumed as against 0.331 million MTs in the previous year.

2.1.2 Employees benefits expense

Employees benefits expense have increased by 11% from ₹ 2,789.71 crore in financial year 2010-11 to ₹ 3,090.48 crore in financial year 2011-12 of which ₹ 91.42 crore is attributable to additional commercial capacity. Employees' remuneration and benefits expenses include salaries and wages, bonuses, allowances, benefits, contribution to provident and other funds and welfare expenses. These expenses account for approximately 6% of our operational expenditure in financial year 2011-12.

There is an increase in the employee cost per unit of generation from ₹ 0.13 in the previous financial year to ₹ 0.14 in the current financial year. The reason for increase in employee cost is normal increments, increase in dearness allowance, etc.

2.1.3 Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of buildings, plant and machinery, power and water charges, security, insurance, training and recruitment expenses and expenses for travel, communication and provisions. These expenses are approximately 7% of operational expenditure in financial year 2011-12. In absolute terms, these expenses decreased to ₹ 3,588.79 crore in financial year 2011-12 from ₹ 4,926.28 crore in financial year 2010-11 registering a decline of 27%. In financial year 2010-11, provision towards tariff adjustment for ₹ 1,526.45 crore was made and excluding this amount the expenses under these heads registered an increase of 6%. In terms of expenses per unit of generation, it is ₹ 0.16 in financial year 2011-12 as compared to ₹ 0.22 in previous financial year. An increase of ₹ 208.55 crore is attributable to addition of commercial capacity during financial year 2011-12.

Repair & maintenance expenses constitute 43% of total generation, administration and other expenses and have increased to ₹ 1,529.59 crore from ₹ 1,284.21 crore resulting in an increase of 19%.

During financial year 2011-12, the Company had made provisions amounting to ₹ 65.18 crore. Provision made during the year include a provision of ₹ 8.14 crore for the diminution in the value of investment in one of our subsidiary company – NTPC Hydro Ltd. Another provision of ₹ 41.19 crore is made towards demand made by MoP&NG for the cost of unfinished minimum work under exploration activities in the block AA-ONN-2003/2.

2.2 Finance Costs

The finance costs for the financial year 2011-12 were ₹ 1,711.64 crore in comparison to ₹ 1,420.96 crore in financial

year 2010-11. The details of interest and finance charges are tabulated below:

₹ Crore

	FY 2011-12	FY 2010-11
Interest on:		
Borrowings	3,558.47	2,850.78
Others	60.99	75.85
Total interest	3,619.46	2,926.63
Other borrowing costs	84.18	62.86
Exchange differences regarded as adjustment to interest costs	350.21	174.16
Total	4,053.85	3,163.65
Less: Adjustments and transfers		
Finance cost capitalised	2,308.47	1,735.09
Transfer to coal mines	33.74	7.60
Net interest and finance charges	1,711.64	1,420.96

Interest on borrowings (including interest during construction) has increased by 25% over last financial year due to increase in long term borrowings (net of repayment) during the year by ₹ 5,213.46 crore. The average cost of borrowing has increased marginally to 7.7092% in financial year 2011-12 from 7.2985% in previous financial year mainly due to the repayment of loans carrying lower rate of interest and raising of new loans at comparatively higher rate of interest.

During the financial year 2011-12, an unfavourable exchange rate variation treated as adjustment to interest cost amounted to ₹ 350.21 crore as compared to ₹ 174.16 crore in financial year 2010-11, which is on account of depreciation of Indian Rupee against other foreign currencies namely US Dollar, Japanese Yen and Euro which contributed about 73%, 24% and 3% respectively in the foreign currency loan basket.

The 'Other borrowing costs' have increased by 34% from ₹ 62.86 crore in financial year 2010-11 to ₹ 84.18 crore in financial year 2011-12. The increase is mainly due to expenditure made for issue of USD 500 million Fixed Rate Senior Unsecured Notes under USD 1 billion MTN programme.

For the financial year 2011-12, an amount of ₹ 2,308.47 crore relating to finance costs of projects under construction was capitalized while the corresponding amount for the previous year was ₹ 1,735.09 crore. Thus, finance costs capitalized registered an increase of 33%. In addition, ₹ 33.74 crore has been capitalized in respect of development of coal mines as against ₹ 7.60 crore in previous year.

2.3 Depreciation and amortization expense

The depreciation and amortization expense charged to the profit and loss account during the year was ₹ 2,791.70 crore as compared to ₹ 2,485.69 crore in financial year 2010-11, registering an increase of 12%. This is due to increase in the gross block by ₹ 9,075.11 crore i.e. from ₹ 72,755.15 crore in the previous financial year to ₹ 81,830.26 crore in the current financial year. The increase in gross block is largely on account of increase in commercial capacity by 1160 MW resulting from additional capitalization amounting to ₹ 6,555.87 crore on account of unit #1

of 500 MW of Simhadri Stage-II and unit #1 of 660 MW of Sipat Stage-I. Further, depreciation for unit #2 of 490 MW of NCTPP Stage-II and unit #1 of 500 MW of Korba Stage III were charged pro-rata during financial year 2010-11 while depreciation on the same has been charged for the entire financial year 2011-12. The impact on depreciation from additional capitalization during the financial year 2011-12 is ₹ 308.13 crore.

As per the accounting policy of the Company, depreciation on the assets of the generation of electricity business is charged on straight line method following the rates and methodology notified by the CERC Tariff Regulations, 2009 in accordance with Section 616 (c) of the Companies Act, 1956 and depreciation on the assets of the coal mining, oil & gas exploration and consultancy business, is charged on straight line method following the rates specified in Schedule XIV of the Companies Act, 1956.

In case of certain assets, the Company has continued to charge higher depreciation based on technical assessment of useful life of those assets.

2.4 Prior Period Items (net)

Certain elements of income and expenditure have been charged to the profit and loss account relating to previous years. For the financial year 2011-12 a net amount of ₹ 313.58 crore was booked as prior period income whereas in the previous year a net amount of ₹ 1,638.72 crore was accounted as prior period income mainly on account of adjustment for depreciation written back and prior period sales consequent to change in depreciation policy. During the financial year 2011-12, an amount of ₹ (-) 341.83 crore is included as prior period expenditure on account of employee benefit expenses which is for reversal of excess provision for pension.

3 Profit Before Tax

The profit of the Company before tax is tabulated below:

₹ Crore

	FY 2011-12	FY 2010-11
Total revenue	64,830.65	57,407.30
Less:		
Expenditure related to operations	48,314.73	43,089.77
Finance cost	1,711.64	1,420.96
Depreciation	2,791.70	2,485.69
Prior period items	(313.58)	(1,638.72)
Profit Before Tax	12,326.16	12,049.60

4 Tax Expense

The Company provides for current tax and deferred tax computed in accordance with provisions of Income Tax Act, 1961.

Under Tariff Regulations, 2009, w.e.f. 1st April 2009, income tax is recoverable on normative basis as return on equity following the applicable rate of tax for respective year. The actual income tax liability, if any (more or less than the normative) is to be borne by the Company. Accordingly, provision for current tax has been computed at the applicable rate of 32.445% for the financial year 2011-12.

The deferred tax liability related to the period upto 31st March 2009 is recoverable from customers as and when the same

materializes. However, the deferred tax liability/asset for the period after 1st April, 2009 is to the account of the Company.

Provision for Current tax

A total provision of ₹ 3,068.48 crore has been made towards current tax for the year.

Provision for Deferred Tax

The deferred tax liability arisen during the year on account of timing difference is ₹ 33.95 crore and has been charged to Statement of Profit and Loss.

	FY 2010-11 (₹ Crore)		
	Current tax	Deferred tax	Total
Provision for FY 2010-11	2,497.30	133.24	2,630.54
Adjust. for earlier years	56.02	260.45	316.47
Net prov. as per statement of P&L	2,553.32	393.69	2,947.01

	FY 2011-12 (₹ Crore)		
	Current tax	Deferred tax	Total
Provision for FY 2011-12	2,913.64	327.85	3,241.49
Adjust. for earlier years	154.84	(293.90)	(139.06)
Net prov. as per statement of P&L	3,068.48	33.95	3,102.43

Net provision of tax for the financial year 2011-12 was ₹ 3,102.43 crore in comparison to ₹ 2,947.01 crore in the financial year 2010-11, an increase of ₹ 155.42 crore.

5 Profit After Tax

The profit of the Company after tax is tabulated below:

₹ Crore

	FY 2011-12	FY 2010-11
Profit Before Tax	12,326.16	12,049.60
Less:- Tax as per statement of P&L	3,102.43	2,947.01
Profit After Tax	9,223.73	9,102.59

The profit after tax has grown by 1.33%.

6 Segment-wise Performance

For the purpose of compiling segment-wise results, the business of the Company is segregated into 'Generation' and 'Other Business'. The Company's principal business is generation and sale of bulk power. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

The profit before tax and interest in the generation business for the financial year 2011-12 was ₹ 12,300.36 crore as against ₹ 12,083.33 crore for financial year 2010-11. The profit before tax from 'Other Business' represented by income from consultancy, coal mining and oil exploration was ₹ (-) 19.46 crore for financial year 2011-12 and ₹ 50.21 crore for the previous financial year registering a decline of 139%. The decline is mainly on account of reduction in profit from consultancy business from ₹ 57.07 crore in financial year 2010-11 to ₹ 30.74 crore in financial year 2011-12

and due to provision of ₹ 41.19 crore towards demand by MoP&NG for the cost of unfinished minimum work under exploration activities in the block AA-ONN-2003/2.

B. Financial Position

Assets and liabilities in the Balance Sheet have been classified under head 'Current' and 'Non Current' categories consequent to adoption of revised Schedule VI to the Companies Act, 1956.

The items of the Balance Sheet are as under:

1 Net worth

The net worth of the Company at the end of financial year 2011-12 increased to ₹ 73,291.17 crore from ₹ 67,892.25 crore in the previous year registering an increase of 8% due to retained earnings. Correspondingly, the book value per share also increased from ₹ 82.34 to ₹ 88.89.

2 Deferred Revenue

Deferred Revenue (Note 4) consists of two items as under:

₹ Crore

On Account of	As at March 31	
	2012	2011
Advance Against Depreciation (AAD)	718.47	792.05
Income from foreign currency fluctuation	711.59	62.43
Total	1,430.06	854.48

The amount of AAD required to meet the shortfall in the component of depreciation in revenue over the depreciation to be charged in accounts in future years, has been assessed station-wise and wherever the balance in AAD is in excess of the shortfall so determined, the excess balance has been recognized as sales during the year. In line with the above and significant accounting policy number L.2 (Note 1) and the revised CERC Orders for 2004-09, an amount of ₹ 34.39 crore has been recognized as sales during the year after reversal/deferment of revenue of ₹ 39.19 crore during the year from AAD and included in energy sales.

Foreign exchange rate variation (FERV) on foreign currency loans and interest thereon is recoverable from/payable to the customers in line with the Tariff Regulations. Keeping in view the opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), the Company is recognizing Deferred foreign currency fluctuation asset by corresponding credit to Deferred income from foreign currency fluctuation in respect of the FERV on foreign currency loans or interest thereon adjusted in the cost of fixed assets, which is recoverable from the customers in future years as provided in accounting policy no. L.3 (Note 1). This amount will be recognized as revenue corresponding to the depreciation charge in future years. The increase in amount for the year is mainly on account of depreciation in value of Indian Rupee vis-à-vis other currencies.

3 Non-Current and Current Liabilities

Details of non-current and current liabilities are discussed below:

a. Borrowings:

Total borrowings as at March 31, 2012 were ₹ 50,279.37 crore in comparison to ₹ 43,188.24 crore as at March 31, 2011. Consequent upon revision of Schedule VI, current maturities out of long term borrowings have been shown under current liabilities. Details of

the total borrowings are as under:

₹ Crore

	As at March 31	
	2012	2011
Long term borrowings in non-current liabilities (Note 5)	45,908.27	39,735.68
Current maturities of long term borrowings included in other current liabilities (Note 10)	4,371.10	3,452.56
Total Borrowings	50,279.37	43,188.24

A summary of the borrowings outstanding is given below:

₹ Crore

	Non-Current Liabilities		Other Current Liabilities		Total Borrowings		% Change
	2012	2011	2012	2011	2012	2011	
Secured							
Bonds	9057.00	8920.00	693.00	650.00	9750.00	9570.00	2%
Foreign currency term loans	99.09	256.56	186.38	157.91	285.47	414.47	-31%
Other	0.21	0.65	0.43	0.56	0.64	1.21	-47%
Sub-total	9156.30	9177.21	879.81	808.47	10036.11	9985.68	1%
Unsecured							
Fixed deposits	0.47	12.39	11.79	0.87	12.26	13.26	-8%
Foreign currency bonds / notes	4130.40	1356.90	-	-	4130.40	1356.90	204%
Foreign currency loans	8799.15	8151.04	1049.32	768.55	9848.47	8919.59	10%
Rupee term loans	23821.95	21038.14	2430.18	1874.67	26252.13	22912.81	15%
Sub-total	36751.97	30558.47	3491.29	2644.09	40243.26	33202.56	21%
Total	45908.27	39735.68	4371.10	3452.56	50279.37	43188.24	16%

Over the last financial year, total borrowings have increased by 16%. Debt amounting to ₹ 8,736.39 crore was raised during the year 2011-12. The amount raised through term loans, bonds and foreign currency borrowings was used for capital expenditure and refinancing, while amount raised through public deposits have been used for working capital purposes. The domestic debt funds raised during the year included term loans amounting to ₹ 5,214.00 crore and bonds aggregating to ₹ 830.00 crore. Details in respect of proceeds and repayment of borrowings are as under:

₹ Crore

Source	Debt Raised & Utilised	Repayment	Net
Term loan	5,214.00	1,874.68	3,339.32
Bonds	830.00	650.00	180.00
Foreign currency debts	2,692.39	996.68	1,695.71
Others (Public deposits/finance lease)	-	1.57	-1.57
Total	8,736.39	3,522.93	5,213.46
FERV on FC borrowings			1,877.67
Total			7,091.13

Banks and domestic financial institutions continued to show interest in extending term loans for financing the on-going capacity

expansion plans. During the year, fresh agreements for term loans aggregating ₹ 13,500.00 crore were entered into including the loan agreement of ₹ 10,000.00 crore executed with State Bank of India, being the largest ever loan extended by the bank to any corporate. The cumulative amount of domestic loans tied up till March 31, 2012 is ₹ 59,799.35 crore.

During the year 2011-12, the Company issued bonds amounting to ₹ 330.00 crore to Army Group Insurance Fund (AGIF) under the funding line extended by AGIF for ₹ 1,200.00 crore. So far, ₹ 855.00 crore of bonds have been placed with AGIF. Further, bonds amounting to ₹ 500.00 crore were issued to eligible institutions.

During the financial year 2011-12, the Company issued USD 500 million Senior Unsecured Fixed Rate Notes under its USD One Billion MTN programme and tied up two term loan facilities, one for USD 100 million and the other for EUR 72.5 million for financing its capital expenditure. The two term loans shall be drawn in the financial year 2012-13. The EUR 72.5 million loan has been extended by KfW, Germany and is backed by Euler Hermes cover.

Your Company has redeemed bonds amounting to ₹ 650.00 crore during the year. Repayments amounting to ₹ 1,874.68 crore were made under various term loans extended by Indian Banks and Indian Financial Institutions. Repayment of ₹ 996.68 crore was made during the year towards foreign currency loans. Public Deposits for ₹ 1.00 crore were also discharged during the year.

The Company continues to enjoy highest credit ratings for its bonds programme, borrowings from banks as well as fixed deposits. The rating assigned by CRISIL, ICRA and CARE for rupee bonds program as well as term loans continue to be 'CRISIL AAA', 'ICRA AAA' and 'CARE AAA' respectively. The rating assigned by CRISIL for Company's fixed deposit schemes is 'FAAA'.

The Company's current foreign currency issuer ratings are at par with the sovereign ratings of India. The rating assigned by Fitch and S&P is 'BBB-/negative'.

The debt to equity ratio at the end of financial year 2011-12 of the Company increased to 0.69 from 0.64 at the end the previous financial year. The Debt Service Coverage Ratio (DSCR) for the financial year is 3.21 and Interest Service Coverage Ratio (ISCR) for financial year 2011-12 is 9.81.

Formula used for computation of coverage ratios DSCR = Earnings before Interest, Depreciation and Tax/ (Interest net off transferred to expenditure during construction + Principal repayment) and ISCR = Earnings before Interest, Depreciation and Tax/(Interest net off transferred to expenditure during construction).

The maturity profile of the borrowings by the Company is as under:

₹ Crore

	Rupee Loans incl. Bonds & PDS	Foreign Currency Loans	Total
Within 1 year	3,135.40	1,235.70	4,371.10
2 – 3 years	7,723.32	1,758.39	9,481.71
4 – 5 years	7,376.79	3,717.76	11,094.55
6 – 10 years	13,595.28	5,662.66	19,257.94
Beyond 10 years	4,184.24	1,889.83	6,074.07
Total	36,015.03	14,264.34	50,279.37

b. Deferred Tax Liabilities (net):

Deferred tax liabilities (net) (Note 6) have increased from ₹ 602.95 crore as at 31.03.2011 to ₹ 636.90 crore as at 31.03.2012. These have increased mainly due to timing difference of depreciation and other expenses in accounts and as per allowability under the Income Tax Act.

c. Other Long Term Liabilities:

Other long term liabilities (Note 7) primarily consist of liabilities for capital expenditure and deferred foreign currency fluctuation liability. Liabilities for capital expenditure has decreased from ₹ 1,941.94 crore as at 31.03.2011 to ₹ 1,589.28 crore as at 31.03.2012. Certain liabilities for capital expenditure in respect of some of the stations have become due for payment within 12 months from the reporting date and the same have been classified under Other Current Liabilities (Note 10) in 2011-12.

Further, as per the opinion of the Expert Advisory Committee of the ICAI pronounced in earlier years, exchange differences on account of translation/settlement of foreign currency monetary items which are payable to the beneficiaries in subsequent periods as per CERC tariff regulations are accounted as 'Deferred Foreign Currency Fluctuation Liability'. Accordingly, an amount of ₹ 134.43 crore has been accounted towards the same upto 31st March 2012 in line with accounting policy no. L.3.

d. Long Term Provisions:

Long term provisions (Note 8) consist of amounts provided towards employees benefits as per actuarial valuations which are expected to be settled beyond a period of 12 months from the Balance Sheet date. Long term provision as at 31.03.2012 increased to ₹ 603.70 crore from ₹ 561.90 crore as at 31.03.2011.

e. Current Liabilities:

The current liabilities as at March 31, 2012 were ₹ 17,238.64 crore as against ₹ 14,041.04 crore as at the end of previous year. The break-up of current liabilities is as under:

₹ Crore

	As at March 31		Y-o-Y Change	% Change
	2012	2011		
Trade payables (Note-9)	4,468.07	4,088.01	380.06	9%
Other current liabilities (Note-10)	9,554.95	7,762.50	1,792.45	23%
Short term provision (Note-11)	3,215.62	2,190.53	1,025.09	47%
Total	17,238.64	14,041.04	3,197.60	23%

The Trade payables mainly comprise of amount payable towards supply of goods & services, deposits & retention money from contractors. Other current liabilities mainly comprise of current maturities of long term borrowings, payable towards capital expenditure and other statutory liabilities. The details of other current liabilities are as under:

₹ Crore

	As at March 31	
	2012	2011
Other current liabilities	9,554.95	7,762.50
Less: Current maturities of long term borrowings, Finance lease obligations	4,371.10	3,452.56
Other current liabilities (net)	5,183.85	4,309.94

Other current liabilities (net) have increased mainly due to increase in amount payable for capital expenditure on account of performance and guarantee test results of SG/TG at some of the stations which has become due as well as increase in liability for capital expenditure in respect of stations under construction.

Short-term provisions mainly consists of provisions for employee benefits, provision for proposed dividend and taxes thereon, provision for obligations incidental to land acquisition and provision for tariff adjustment. As at 31.03.2012, your Company had outstanding short term provisions of ₹ 3,215.62 crore as against ₹ 2,190.53 crore as at 31.03.2011. The increase is due to transfer of provision for tariff adjustment as at 31.03.2012 amounting to ₹ 1,213.70 crore to short-term provisions while the corresponding amount in the previous year amounting to ₹ 1,526.45 crore has been netted off with 'unbilled revenues' under other current assets (Note 21).

Provision for tariff adjustment was created in the books of accounts as a prudent and conservative policy in the year 2010-11, to the extent of the impact of the issues challenged by CERC in Supreme Court on the APTEL's judgment. The Appeal is still pending for disposal and the CERC tariff orders are subject to the outcome of this appeal.

On comparable basis, after including provision for tariff adjustment, short-term provisions for previous year amount to ₹ 3,716.98 crore.

The reduction in short-term provisions is mainly due to lower provisions for final dividend and dividend distribution tax thereon in 2011-12 at ₹ 475.10 crore which was at ₹ 763.56 crore in the previous financial year. The proposed final dividend for the year 2011-12 is 5% as compared to 8% in the previous year.

During the year 2010-11, the CERC issued draft notification of proposed amendment to Tariff Regulations, 2009 for upfront truing up of capital cost as at 01.04.2009, with regard to undischarged liability for tariff determination. As a measure of abundant precaution, your Company had provided ₹ 263.59 crore as provision for tariff adjustment. Upon issuance of second amendment to the Tariff Regulations, 2009 in July 2011, which stated that the undischarged liabilities would not be considered for arriving at capital cost, this provision has been reversed as the corresponding impact has been considered in the sales for the year. In addition, ₹ 49.16 crore has been written back from the provision for tariff adjustment consequent upon issue of tariff order under Regulations, 2009 for some of the stations. Thus, the net write-back of provision for tariff adjustments during the year 2011-12 amounts to ₹ 312.75 crore.

Further, Other provisions include ₹ 41.19 crore (previous year ₹ Nil) towards cost of unfinished minimum work programme demanded by the Ministry of Petroleum and Natural Gas (MoP&NG) in relation to block AA-ONN-2003/2. [Refer Note 44 b) ii].

An amount of ₹ 341.83 crore was written back out of provisions for employee benefits during the year on review of the liability towards employee pension benefits.

4 Fixed Assets

During the year gross block of the Company increased by 12% over the previous year by ₹ 9,075.11 crore. This was mainly on account of capitalization of one 500 MW unit of Simhadri- II and

one 660 MW unit of Sipat-I. Correspondingly, net block increased by 15%. Due to increase in construction activities, there was an addition of ₹ 6,332.53 crore in the capital work-in-progress registering an increase of 18% over the last year.

₹ Crore

	As at March 31		% Change
	2012	2011	
Tangible assets	81,511.59	72,458.72	12%
Intangible assets	318.67	296.43	8%
Total gross block	81,830.26	72,755.15	12%
Total net block	45,258.36	39,235.96	15%
Capital work-in-progress and Intangible assets under development	41,827.86	35,495.33	18%

5 Investments

As per revised Schedule VI, investments have been bifurcated into non-current investments and current investments and discussed accordingly:

₹ Crore

	As at March 31		% Change
	2012	2011	
Non-current investments (Note 14)	9,583.92	10,532.84	-9%
Current investments (Note 16)	1,622.46	1,812.00	-10%
Total	11,206.38	12,344.84	-9%

Investments mainly consist of bonds issued under One Time Settlement Scheme (OTSS) and equity participation in joint ventures and subsidiaries. During the financial year 2011-12, the investments decreased by about 9% mainly due to redemption of bonds. Broadly the break-up of investments is as follows:

₹ Crore

	As at March 31	
	2012	2011
Bonds issued under One Time Settlement Scheme (OTSS Bonds)	6,533.34	8,170.29
Investments in Joint Ventures*	3,672.93	3,133.63
Investment in Subsidiaries	1,000.11	865.88
Investment in Mutual Funds	-	175.04
Total investments	11,206.38	12,344.84

*Includes investment in PTC Limited.

OTSS Bonds account for 58% of total investments at the end of financial year 2011-12. These bonds carry a 'call option' giving right to SEBs to redeem the bonds before scheduled redemption date. However, no call option was exercised by any SEB during the financial year 2011-12. During the year, OTSS Bonds of ₹ 1,636.95 crore were redeemed as per scheduled redemption.

Your Company invested ₹ 539.30 crore in following joint venture

companies during the year:

(₹ Crore)

Name of JV Co.	Amount
NTPC-Tamil Nadu Energy Co. Ltd.	258.00
Ratnagiri Gas & Power Private Ltd.	84.00
Aravali Power Company Private Ltd.	112.03
Meja Urja Nigam Private Limited	28.00
Anushakti Vidhyut Nigam Ltd.	0.05
Pan-Asian Renewables Private Ltd.	0.50
Trincomalee Power Company Ltd.	6.72
Nabinagar Power Generating Co. Pvt. Ltd.	50.00
Total	539.30

The Company also invested ₹ 134.23 crore in subsidiaries during the year. The details are:

₹ Crore

Name of Subsidiary	Amount
Kanti Bijlee Utpadan Nigam Ltd.	135.27
NTPC Hydro Ltd.	7.10
Total investment during the year	142.37
Less: Provision for permanent diminution in the value of investment in NHL	8.14
Total	134.23

The Board of your Company has accorded in-principle approval for merger of NHL with NTPC subject to the approval of the Government of India/Cabinet. Ministry of Power has also conveyed its approval for the merger. Accordingly, following the procedure prescribed under the Companies Act, 1956, NHL will be merged with NTPC. An amount of ₹ 8.14 crore, being the accumulated loss in the subsidiary company NHL, has been provided for towards permanent diminution in the value of investment.

6 Long Term Loans and Advances

Long term loans and advances (Note 15) include those loans and advances which are expected to be realized after a period of 12 months from Balance Sheet date. Total long term loans and advances as at 31.03.2012 were ₹ 3,883.26 crore as against ₹ 3,901.96 crore as at 31.03.2011. Long term loans and advances consist of advances for capital expenditure and other advances to contractors, security deposits and loans to employees. They also include a loan of ₹ 335.04 crore (previous year ₹ 478.63 crore) to the Govt. of Delhi subsequent to conversion of the dues of Delhi Vidyut Board under the One-Time-Settlement Scheme. The Govt. of Delhi pays 8.5% tax-free interest on this loan.

7 Other Non-Current Assets

As per the opinion of the Expert Advisory Committee of the ICAI (referred at para 3c above), exchange differences on account of translation of foreign currency borrowings which are recoverable from the beneficiaries in subsequent periods as per CERC tariff regulations are accounted as 'deferred foreign currency fluctuation asset'. Accordingly, an amount of ₹ 1,371.88 crore has been accounted under this head upto 31.03.2012 (Previous year ₹ 459.15 crore) which is disclosed under Other non-current assets (Note 15A). Deferred foreign currency fluctuation asset has increased due to depreciation in value of Indian Rupee vis-à-vis other currencies in loan basket.

8 Current Assets

The current assets as at March 31, 2012 and March 31, 2011 and the changes therein are as follows:

Current Assets	As at March 31		Y-o-Y Change Amount	% Change
	2012	2011		
Current investments (Note 16)	1,622.46	1,812.00	-189.54	-10%
Inventories (Note 17)	3,702.85	3,639.12	63.73	2%
Trade receivables (Note 18)	5,832.51	1,434.96	4,397.55	306%
Cash & bank balances (Note 19)	16,146.11	16,185.26	-39.15	-
Short term loans & advances (Note 20)	2,754.73	3,777.86	-1,023.13	-27%
Other current assets (Note 21)	8,853.86	9,264.44	-410.58	-4%
Total current assets	38,912.52	36,113.64	2,798.88	8%

A major portion of current assets comprised of cash and bank balances. As at March 31, 2012, cash and bank balances stood at ₹ 16,146.11 crore being 41% of the total current assets in comparison to ₹ 16,185.26 crore as at March 31, 2011 which was 45% of the total current assets as at that date. Of this, ₹ 15,657.98 crore was kept as term deposits with banks as at March 31, 2012 against ₹ 15,847.23 crore as at March 31, 2011.

Trade Receivables

Trade receivables as at 31.03.2012 are ₹ 5,832.51 crore as against ₹ 1,434.96 crore as at 31.03.2011. The trade receivables collection period is 35 days as against 10 days as at 31.03.2011. Trade receivables before provision for bad and doubtful debts stand at ₹ 6,673.21 crore as at 31.03.2012 and ₹ 2,275.80 crore as at 31.03.2011. The trade receivable collection period is 40 days as at 31.03.2012 as against 15 days as at 31.03.2011 before considering the provision for bad and doubtful debts.

Keeping in view the requirements of revised Schedule VI to the Companies Act, 1956, unbilled revenues have been included under 'Other current assets' which were included in 'Sundry debtors' as at 31.03.2011. The amount of trade receivables considering the unbilled revenues and provisions for bad and doubtful debts/tariff adjustment amounts to ₹ 12,289.31 crore as at 31.03.2012 as against ₹ 10,330.80 crore as at 31.03.2011 which represent the collection period of 73 days as at 31.03.2012 and 69 days as at 31.03.2011 respectively.

Short term loans and advances

Short term loans and advances as at 31.03.2012 comprise of advance tax and tax deducted at source (net of provisions), advances to contractors and suppliers including materials issued on loan and short term advances to employees. Short term loans and advances have decreased from ₹ 3,777.86 crore in 2010-11 to ₹ 2,754.73 crore in 2011-12 mainly on account of income tax refund on the basis of summary assessment amounting to ₹ 1,071.85 crore during 2011-12.

Other Current Assets

Other current assets excluding unbilled revenue (explained above) are as under:

	As at March 31	
	2012	2011
Other current assets as per Note 21	8,853.86	9,264.44
Less: Unbilled revenue	5,616.10	6,528.55
Net Other current assets	3,237.76	2,735.89

Other current assets include interest accrued on OTSS Bonds, term deposits with banks, other deposits, claims recoverable and security deposits. Claims recoverable include ₹ 766.12 crore (previous year ₹ 748.82 crore) recoverable towards the cost incurred upto 31st March 2012 in respect of Loharinag Pala Hydro Power Project which has been discontinued on advice of Ministry of Power, Government of India. Claims recoverable also include claims against railways ₹ 852.28 crore (previous year ₹ 781.35 crore) and claims against insurance companies and suppliers amounting to ₹ 216.89 crore (previous year ₹ 123.20 crore).

Inventories

Inventories as at March 31, 2012 were ₹ 3,702.85 crore (being 10% of current assets) as against ₹ 3,639.12 crore as at March 31, 2011. Inventories mainly comprise of components and spares and coal which are maintained for operating plants. Components and spares were ₹ 1,899.57 crore as against ₹ 1,741.25 crore in previous year end. Coal inventory amounted to ₹ 1,096.14 crore as at 31.03.2012 against ₹ 1,255.50 crore in previous year.

9 Cash flows

Cash, cash equivalents and cash flows on various activities for the past five years are tabulated below:

	For the financial year ended March 31				
	2012	2011	2010	2009	2008
Opening cash & cash equivalents	16,185	14,460	16,272	14,933	13,315
Net cash from operating activities	13,867	11,085	10,611	9,688	9,786
Net cash used in investing activities	-11,037	-7,656	-10,514	-7,500	-5,819
Net cash flow from financing activities	-2,869	-1,704	-1,909	-849	-2,349
Change in cash and cash equivalents	-39	1,725	-1,812	1,339	1,618
Closing cash & cash equivalents	16,146	16,185	14,460	16,272	14,933

Note: figures rounded off to nearest ₹ crore

Net cash used in investing activities increased by 44% and was ₹ 11,037 crore in financial year 2011-12 as compared to ₹ 7,656 crore in the previous year. Cash flows on investing activities arise from expenditure on setting up power projects, investment of surplus cash in various securities, investments in joint ventures and subsidiaries. Cash invested on purchase of Fixed Assets increased by 18% i.e. from ₹ 11,115 crore in financial year 2010-11 to ₹ 13,136 crore in financial year 2011-12. During the year, there was

sale of non-trade investments and redemption of OTSS Bonds. Cash flows from sale of investment (net of purchase of investment) was ₹ 1,804 crore. Cash generated from investing activities also reduced due to reduction in interest amount on OTSS bonds on account of redemption of such bonds during the year.

During the year, out of cash raised from operating activities the Company paid net ₹ 2,869 crore of cash for servicing financing activities as against ₹ 1,704 crore in the previous year. During the financial year 2011-12 the Company had an inflow of ₹ 8,736 crore from long term borrowings as against ₹ 9,046 crore in the previous year. Cash used for repayment of long term borrowings during the financial year 2011-12 was ₹ 3,523 crore as against ₹ 3,999 crore repaid in the previous year. Cash used for paying dividend and the tax thereon was ₹ 4,115 crore.

BUSINESS AND FINANCIAL REVIEW OF SUBSIDIARY COMPANIES

Your Company has five subsidiary companies as at 31.03.2012 out of which three are wholly owned.

The detailed financial statements of the subsidiaries are included elsewhere in this Annual Report. The performance of the five subsidiaries is briefly discussed here:

(a) NTPC Electric Supply Company Limited (NESCL)

The Company was formed on August 21, 2002 as a wholly owned subsidiary company of NTPC with an objective to make a foray in the business of distribution and supply of electrical energy as a sequel to reforms initiated in the power sector. Presently, the Company is undertaking the following activities:

The Company has been involved in the execution of work on turnkey basis under the government's rural electrification program namely 'Rajiv Gandhi Grameen Vidyuti-Karan Yojana' in 29 districts in 5 states, namely, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and West Bengal. During the year 2011-12, 273 Un-electrified/De-electrified (UE/DE) villages and 3,582 Partially electrified (PE) villages were made ready and 2.61 Lakh Below Poverty Line (BPL) Rural house hold connections were provided. Cumulative progress till 31.03.2012 is 14,706 UE/DE villages, 14,861 PE villages and 25.84 lakh BPL connections.

The Company is also involved in supplying electricity in 5 Km area around NTPC power plants under a Govt. of India scheme.

Other key on-going assignments of NESCL

- Project management consultancy work for setting up 220 kV substations, switch-yard and associated facilities at BPCL Kochi Refinery obtained through competitive bidding process.
- Turnkey execution of 2x20 MVA, 66/11 kV sub station and augmentation of 66/11 kV sub station with new 1x30MVA power transformer for Union Territory of Chandigarh.
- Turnkey execution of work of power supply arrangement for all the coal mining projects of NTPC.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
	₹ Crore	
NTPC's investment in equity	0.08	0.08
Gross Income	55.67	64.05
Profit/(Loss) After Tax	7.66	6.01
Earnings Per Share (Basic) (in ₹)	946.59	743.42

The Company has proposed a final dividend of ₹ 5 crore for the year 2011-12.

Joint venture of NESCL

The Company has made a foray into the distribution sector by formation of a JV Company KINESCO Power & Utility Pvt. Ltd. With Kerala Industrial Infrastructure Development Corporation (KINFRA) to take up retail distribution of power in various Industrial Parks developed by KINFRA in Kerala and other SEZs and industrial areas. The new JV Company has taken over the operations from 1st February 2010.

As at 31.03.2012, the paid up share capital of the Company is ₹ 0.10 crore and ₹ 0.26 crore of share application money is pending for allotment.

(b) NTPC Vidyut Vyapar Nigam Limited (NVVN)

The Company was formed on November 1, 2002 as a wholly owned subsidiary company of NTPC with an objective to undertake business of sale and purchase of electric power, to effectively utilise installed capacity and thus enabling reduction in the cost of power. During the year 2011-12, the Company transacted business with various state electricity boards spread all over the country and traded 8,200 MUs of electricity in comparison to 6,933 MUs traded in the previous year which amounts to an increase of 18% over the previous year.

NVVN has been designated as the nodal agency by the Ministry of Power, Govt. of India for purchase and sale of grid connected solar power upto 1000 MW as a part of Phase-I (2009-2013) of Jawaharlal Nehru National Solar Mission (JNNSM) and for sale of such power to Distribution Utilities after bundling with equivalent megawatt of the unallocated power at the disposal of Govt. of India from NTPC coal power stations. So far, 173 MW of solar PV has been commissioned. Further, 861 MW Solar Projects are scheduled for commissioning during 2012-13 and 2013-14.

NVVN has also been designated as the nodal agency for cross border power trading with Bhutan and Bangladesh. NVVN has signed a Power Purchase Agreement (PPA) with Bangladesh Power Development Board on 28th February 2012 for supply of 250 MW power from NTPC stations for 25 years. The power supply is expected to commence from July 2013.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
	₹ Crore	
NTPC's investment in equity	20.00	20.00
Gross Income	69.98	54.48
Profit/(Loss) After Tax	111.93	30.06
Earnings Per Share (Basic) (in ₹)	55.97	15.03

The Company has proposed a final dividend of ₹ 20.00 crore for the year 2011-12.

(c) NTPC Hydro Limited (NHL)

NTPC Hydro Ltd. was set up as a wholly owned subsidiary company of NTPC Ltd., in December 2002 for furtherance of NTPC's efforts to take forward the hydro capacity addition

and to give exclusive thrust to small and medium sized hydro power projects upto 250 MW capacity.

Your Board in its 368th meeting held on 22.06.2011, has accorded in-principle approval for merger of NHL with NTPC subject to the approval of the Government of India/ Cabinet considering the benefits of synergy of operation, reduction in overhead expenditure, enhancement of efficiency & administrative control and to optimize utilization of resources. Further, Ministry of Power, Government of India through Letter No. 5/5/2012-Th.II dated 10.04.2012, has conveyed the approval of the Competent Authority, for allowing merger of NTPC Hydro Limited with NTPC Limited in terms of section 391-394 of the Companies Act, 1956. The merger process is in progress.

Presently, the Company is implementing the following projects:

- **Lata Tapovan hydro electric project (171 MW)** is proposed as a run of river hydro project in the state of Uttarakhand. All the statutory clearances have been obtained and entire land required for the project has been physically acquired. The project shall be developed as a regional power station with 12% free power to Govt. of Uttarakhand. The power generated from the project would be provided to the beneficiaries of Northern Region States. The project is slated for commissioning during XIII Plan period. The estimated cost of the project is ₹ 792 crore (includes IDC) at October 2005 price level. Annual generation from the project is estimated as 869 MUs.
- **Rammam-III (120 MW) in the state of West Bengal-** All the statutory clearances have been obtained and majority of land acquisition activities have been completed. Various infrastructure developmental works are under progress. The project is for the benefit of West Bengal and Sikkim states and is slated for commissioning during XIII Plan period. Annual generation from this project is estimated as 476 MUs.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity (incl. share capital deposit)	121.56	114.46
Profit /(Loss) After Tax	(0.01)	Nil
Fixed Assets including CWIP	115.79	108.74

As at 31.3.2012, the paid up share capital of the Company is ₹ 121.36 crore and ₹ 0.20 crore of share application money is pending for allotment.

(d) Kanti Bijlee Utpadan Nigam Limited (KBUNL)

As per the decision of Govt. of India, a Company named 'Vaishali Power Generating Company Ltd.' was incorporated on September 6, 2006 as a subsidiary of NTPC to take over Muzaffarpur Thermal Power Station (MTPS) (2x 110 MW). The Company was rechristened as 'Kanti Bijlee Utpadan Nigam Limited' on 10.04.2008. The equity contribution in the Company as at 31.03.2012 is 64.93% by NTPC and 35.07% by Bihar State Electricity Board (BSEB).

Unit # 2 of 110 MW of Stage-I was declared commercial in October 2010. Renovation and Modernization (R&M) of

existing units 2X110 MW is being carried-out by BHEL.

For Stage II (2x195 MW) BSEB has given consent for equity participation and paid ₹ 171.42 crore towards equity and NTPC has given ₹ 300.00 crore towards equity upto 31.03.2012.

Out of 31 packages of Stage-II, 22 packages have been awarded upto 31.03.2012.

Term loan amounting to ₹ 2,341.28 crore has been arranged from consortium led by SBI.

The other financial highlights of the Company are given below:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity (incl share capital deposit)	357.15	221.88
Gross Income	127.76	51.06
Profit /(Loss) After Tax	5.35	(14.58)
Earnings/(Loss) Per Share (Basic)(in ₹)	0.15	(1.66)

As at 31.3.2012, the paid up share capital of the Company is ₹ 527.87 crore and ₹ 39.00 crore of share application money is pending for allotment which includes ₹ 342.74 crore and ₹ 14.41 crore respectively as the share of NTPC Ltd.

(e) Bhartiya Rail Bijlee Company Limited (BRBCL)

'Bhartiya Rail Bijlee Company Limited' was incorporated as a subsidiary of NTPC on November 22, 2007 having equity participation of 74:26 by NTPC Ltd. and Ministry of Railways, Govt. of India respectively for setting up of 4 units of 250 MW each of coal based power plant at Nabinagar, district Aurangabad, Bihar. PPA was signed with Indian Railways on 16.12.2010.

The financial highlights of the Company are given below:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity (incl. share capital deposit)	509.46	509.46
Profit /(Loss) After Tax	(0.01)	(0.02)
Earnings Per Share (Basic) (in ₹)	-	-

As at 31.3.2012, the paid up share capital of the Company is ₹ 688.46 crore of which NTPC's share is ₹ 509.46 crore. Share application money pending allotment as on March 31, 2012 is ₹ 83 crore of which NTPC's share ₹ 39,000/-.

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES

a) Utility Powertech Limited (UPL)

UPL is a 50:50 joint venture company of NTPC and Reliance Infrastructure Limited formed to take up assignments of construction, erection and supervision in power sector and other sectors in India and abroad as well as to provide man power to power, telecom and other sectors.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity	1.00	1.00
Gross Income	402.35	311.18
Profit/(Loss) After Tax	15.23	2.79
Earnings Per Share (Basic) (in ₹)	38.06	6.97

As at 31.03.2012, the paid up share capital of the Company is ₹ 4 crore. NTPC has a share of ₹ 2.00 crore in the paid up share capital which includes ₹ 1.00 crore of bonus share allotted in the earlier years.

The Company has declared a dividend of ₹ 8.00 crore during the year of which NTPC's share is ₹ 4.00 crore.

b) NTPC-SAIL Power Company Pvt. Ltd. (NSPCL)

NSPCL, a 50:50 joint venture company of NTPC and SAIL was incorporated on 08.02.1999 for running the captive power plants of SAIL at Durgapur, Rourkela and Bhilai.

NSPCL owns and operates a capacity of 814 MW mostly as captive power plants for SAIL's steel manufacturing facilities located at Durgapur, Rourkela and Bhilai. Captive power plants (314 MW) of NSPCL recorded generation of 2,653 MUs at 96.45% PLF. Further, both 250 MW units of Bhilai Expansion (2x250MW) achieved 90.82% PLF and generated 3,978 MUs.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity	475.25	475.25
Gross Income	1,780.06	1,441.00
Profit/(Loss) After Tax	194.23	191.33
Earnings Per Share (Basic) (in ₹)	2.04	2.01

As at 31.03.2012, the paid up share capital of the Company is ₹ 950.50 crore and out of this, 50% has been contributed by NTPC Ltd.

NSPCL has recommended a final dividend of ₹ 114.06 crore of which NTPC's share is ₹ 57.03 crore.

c) NTPC-ALSTOM Power Services Private Limited (NASL)

NASL is a 50:50 joint venture company between NTPC Limited and Alstom Power Systems GmbH, Germany. The Company was formed on 27.09.1999 for taking up Renovation & Modernization assignments of power plants both in India and SAARC countries. Apart from above, the Company has ventured into various studies like Residual Life Assessment (RLA) Studies, Steam Path Audit, etc.

During the year 2011-12, the Company has received an order to the tune of ₹ 21.33 crore from SAIL Rourkela, and other orders to the tune of ₹ 3.00 crore. NASL is also engaged in execution of various contracts in power station of various State Electricity Boards at Amarkantak, Tanda, Talcher, NALCO Angul Odisha and SAIL Rourkela besides executing various RLA jobs.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity	3.00	3.00
Gross Income	78.43	28.48
Profit/(Loss) After Tax	2.84	0.99
Earnings Per Share (Basic) (in ₹)	4.73	1.66

As at 31.03.2012, the paid up share capital of the Company is ₹ 6.00 crore with 50% being contributed by your Company and the remaining 50% by Alstom Power Systems GmbH, Germany. The Company declared a dividend of ₹ 0.72 crore during the year 2011-12 of which NTPC's share was ₹ 0.36 crore.

d) NTPC Tamil Nadu Energy Company Ltd. (NTECL)

NTPC Tamil Nadu Energy Company Ltd. was formed as a 50:50 joint venture between NTPC and Tamilnadu Generation and Distribution Company (TANGEDCO) on May 25, 2003 to develop and operate 1500 MW power project at Vallur. The project is named as Vallur Thermal Power Project and is expected to use Ennore port infrastructure facilities. Mega Power Project Status was accorded to the project (3x500 MW) on 12.03.2008.

Unit-I (500 MW) of the project was synchronized on 09.03.2012 and full load operation was achieved on 28.03.2012.

The paid up share capital of the Company is ₹ 1,688 crore and out of this, 50% had been contributed by NTPC Ltd. Further, as at 31.03.2012, the amount of share capital deposit pending for allotment is ₹ 110 crore out of which NTPC's share is ₹ 55 crore.

e) Ratnagiri Gas and Power Pvt. Limited (RGPPL)

Ratnagiri Gas and Power Private Ltd. was formed in July 2005 as joint venture between NTPC (31.52%) and GAIL (31.52%) as promoters and MSEB Holding Co. Ltd. (16.68%) and Indian Financial Institutions (20.28%) as other equity participants for taking over and operating erstwhile Dabhol Power Project assets consisting of 1967.08 MW gas based combined cycle power block and 5 MMTA LNG block. The assets were transferred to RGPPL in October 2005.

The Power Block, spearheaded by NTPC, has been fully revived and under commercial operation since May 19, 2009 supplying 43.5 BUs so far to the Western Grid. Power Block generated 11,619 MUs during 2011-12 (68.4% against a target availability of 80%). The generation loss (about 3080 MUs) was due to gas supply shortfall from KG Basin gas fields of RIL/NIKO/BPEAL and from marginal gas fields of ONGC, supplied by GAIL although Gol has allocated full quantum of domestic gas required for Power Blocks (about 8.5 MMSCMD). State of Maharashtra (95%), UT of Daman & Diu (2%), UT of Dadra and Nagar Haveli (2%) and State of Goa (1%) are the beneficiaries of the power generated from the facility.

The LNG Block, spearheaded by GAIL, is under commissioning with commissioning cargo arriving at Dabhol port in the last week of March 2012. Since the power generation is envisaged using the domestic gas entirely, integrated LNG Terminal shall be utilized for tolling purpose. RGPPL has entered into a long term agreement with GAIL for commercial utilization of LNG Terminal.

RGPPPL has since turned into a standard asset after financial restructuring in March 2009 and has been meeting its full debt servicing obligation so far as also has been able to wipe out its accumulated losses as at March 31, 2012.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
	₹ Crore	
NTPC's investment in equity	776.90	692.90
Gross Income	5,223.83	4,565.50
Profit/(Loss) After Tax	1,089.24	504.91
Earnings Per Share (Basic) (in ₹)	4.60	2.20

As at 31.03.2012, the paid up share capital of the Company is ₹ 2,465 crore and out of this, NTPC's share contribution is ₹ 776.90 crore. Further, share application money pending allotment is ₹ 118.36 crore of which NTPC's share is Nil. The Company declared a dividend of ₹ 123.25 crore of which NTPC's share is ₹ 38.85 crore

f) Aravali Power Company Private Limited (APCPL)

Aravali Power Company Private Limited (A joint venture company of NTPC Ltd., Indraprastha Power Generating Co. Ltd. [IPGCL] of Delhi Govt. and Haryana Power Generating Co. Ltd. [HPGCL] of Haryana Govt.) is setting up Aravali Super Thermal Power Project of 1500 MW (3x500 MW), a coal fired power plant, in Jhajjar District of Haryana. The project is being set up by NTPC on concept-to-commissioning basis. NTPC would also operate and maintain the station on Management Contract basis for at least 25 years. The power from this Project will be shared on 50:50 basis, between Haryana and NCT of Delhi.

Unit-I and Unit-II (500 MW each) started commercial operation w.e.f. 05.03.2011 and 21.04.2012 respectively. Construction activities for Unit - III are in full swing.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
	₹ Crore	
NTPC's investment in equity (incl. share capital deposit)	1,089.51	977.48
Gross Income	1,408.93	47.43
Profit/(Loss) After Tax	34.15	(37.64)
Earnings Per Share (Basic) (in ₹)	0.18	(0.29)

As at 31.03.2012, the paid up share capital of the Company is ₹ 2,179.02 crore with 50% being contributed by NTPC Ltd. Further, as at 31.03.2012, the amount of share capital deposit pending for allotment is ₹ 35.01 crore out of which NTPC's share is ₹ 60,000.00.

g) NTPC-SCCL Global Venture Pvt. Ltd (NSGVPL)

NTPC Limited along with Singareni Collieries Company Limited formed a 50:50 joint venture company under the name 'NTPC-SCCL Global Ventures Private Limited' on July 31, 2007 to undertake various activities in coal and power sectors including acquisition of coal/lignite mine blocks, development and operation of integrated coal based power plants and providing consultancy services. Both NTPC and SCCL hold 50% equity each.

As at 31.03.2012, the paid up share capital of the Company

is ₹ 0.10 crore, out of which 50% has been contributed by your Company.

h) Meja Urja Nigam Private Limited (MUNPL)

NTPC has formed a JV Company with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) under the name 'Meja Urja Nigam Private Limited' on April 2, 2008 for setting up a power plant of 1320 MW (2x660 MW) at Meja Tehsil in Allahabad district in the state of Uttar Pradesh.

After the approval by the Board of Director of Meja Urja Nigam on 28.04.2012, package of SG & TG has been awarded.

SG package has been awarded to BGR Energy on 30.04.2012 and TG package has been awarded to Toshiba Corporation, Japan and Toshiba JSW Turbine & Generator Pvt. Ltd. on 01.05.2012.

As at 31.03.2012, the paid up share capital of the Company is ₹ 214.86 crore and out of this, 50% has been contributed by NTPC Ltd. Further, as at 31.03.2012, out of share capital deposit pending for allotment amounting to ₹ 10.00 crore, ₹ 5.00 crore being 50% of the total Share Capital Deposit has been contributed by NTPC Ltd.

i) NTPC BHEL Power Projects Pvt. Ltd. (NBPPL)

'NTPC BHEL Power Projects Pvt. Ltd.' was formed on April 28, 2008 as a JV Company with Bharat Heavy Electrical Ltd (BHEL) for carrying out Engineering Procurement and Construction (EPC) activities in the power sector and to engage in manufacturing and supply of equipment for power plants and other infrastructure projects in India and abroad.

Manufacturing plant of NBPPL is being constructed at Mannavaram, Tirupati Distt., A.P. Currently, NBPPL is executing EPC contracts for balance of plant packages of Palatana Combined Cycle Power Plant in Tripura and Namrup Combined Cycle Power Plant in Assam for BHEL and BOP including and E&C Works of entire plant for Monarchak, Tripura for NEEPCO.

The financial highlights of the Company are as under:

Particulars	FY 2011-12	FY 2010-11
	₹ Crore	
NTPC's investment in equity	25.00	25.00
Gross Income	146.92	109.23
Profit/(Loss) After Tax	13.06	9.26
Earnings Per Share (Basic) (in ₹)	2.61	1.85

As at 31.03.2012, the paid up share capital of the Company is ₹ 50.00 crore, out of this, 50% has been contributed by your Company.

j) BF-NTPC Energy Systems Limited (BFNESL)

BF-NTPC Energy Systems Limited was formed on June 19, 2008 with Bharat Forge Limited to establish a facility to take up manufacturing of castings, forgings, fittings and high pressure piping required for power projects and other industries, Balance of Plant (BoP) equipment for the power sector.

Discussions with prospective technology partners for technology tie-up for their product line are under progress.

As at 31.03.2012, the paid up share capital of the Company

is ₹ 12.00 crore with 49% i.e. ₹ 5.88 crore being contributed by NTPC Ltd.

k) Nabinagar Power Generating Company Private Limited (NPGC)

'Nabinagar Power Generating Company Private Limited' was incorporated as a JV Company on September 9, 2008 with equal equity contribution from Bihar State Electricity Board for setting-up of a coal based power project at New Nabinagar in district Aurangabad of State of Bihar. The project will have a capacity of 1980 MW (3X660 MW). The Company will also undertake operation & maintenance of the project after its commissioning.

Feasibility report of the project was approved by NPGCL Board on 02.07.2009. MoEF has accorded environmental clearance for stage – I (3x660 MW) on 27.12.2010. In-principle approval for coal linkage received from the MOC. Currently, land acquisition activities have been initiated and civil works have commenced at site.

As at 31.03.2012, the paid up share capital of the Company is ₹ 306.00 crore of which NTPC has contributed ₹ 153.00 crore. Further, as at 31.03.2012, the amount of Share Capital Deposit pending for allotment is ₹ 177.00 crore out of which NTPC's share is ₹ 50.00 crore.

l) National Power Exchange Limited (NPEX)

'National Power Exchange Limited' was incorporated as a JV Company with NHPC Ltd., Power Finance Corporation Ltd. and Tata Consultancy Services Ltd. on December 11, 2008 to set up and operate a Power Exchange at National level. This Power Exchange would provide a neutral and transparent electronic platform for trading of power on 'day ahead basis' and ensure clearing of all trades in a transparent, fair and open manner with access to all players in the power markets. An in-principle approval by CERC to set up and operate a national level power exchange was received on July 1, 2009. New regulations for power exchange have been issued by CERC on 20th January 2010. The Company has initiated action for compliance and aligning itself to these regulations.

NPEX has submitted the revised Rules and Bye Laws for CERC approval on 30.03.2011. CERC approval for the same has been accorded on 24.04.2012.

The Company has an authorized share capital of ₹ 50.00 crore and paid-up share capital of ₹ 13.13 crore.

Shareholding pattern of the Company as at 31.03.2012 is as under:

#	Name of Shareholder	Share-holding
1.	NTPC Limited (Promoter)	16.67%
2.	NHPC Limited (Promoter)	16.67%
3.	Power Finance Corporation Ltd. (Promoter)	16.66%
4.	Tata Consultancy Services Ltd. (Promoter)	19.04%
5.	Bombay Stock Exchange Ltd.	16.66%
6.	IFCI Ltd	5.72%
7.	Meenakshi Energy Infrastructure Holding Pvt. Ltd	4.77%
8.	DPSC Ltd.	3.81%

m) International Coal Ventures Private Limited (ICVL)

A JV Company was incorporated on May 20, 2009 under the name 'International Coal Ventures Private Limited' (ICVL) in association with Steel Authority of India (SAIL), Coal India Limited (CIL), Rashtriya Ispat Nigam Limited (RINL) and NMDC Limited (NMDC). SAIL, CIL, RINL, NMDC and NTPC shall contribute in the equity share capital of the Company in the ratio of 2:2:1:1:1 respectively. The Company has been incorporated for the purpose of carrying on business for overseas acquisition/ operation of coal mines or blocks/ companies for securing coking and thermal coal supplies. ICVL is pursuing coal opportunities from countries like Australia, Indonesia, Mozambique, South Africa and USA. Your Company's Board of Directors in its meeting on 27th January 2012, accorded approval for NTPC opting out of International Coal Ventures Ltd (ICVL). A letter permitting the same has also been received from the Ministry of Power. Your Company's decision has also been communicated to ICVL in February 2012. ICVL is in the process of obtaining Cabinet clearance for the same.

As at 31.03.2012, the paid up share capital of the Company is ₹ 9.80 crore in which NTPC's contribution is ₹ 1.40 crore. Further, as at 31.03.2012, share application money pending allotment is ₹ 4.00 crore.

n) National High Power Test Laboratory Private Limited (NHPTL)

NTPC has formed a JV Company on May 22, 2009 under the name 'National High Power Test Laboratory Private Limited' in association with NHPC Limited, Power Grid Corporation of India Limited and Damodar Valley Corporation. On 24.02.2012, Central Power Research Institute was formally inducted as fifth equity JV partner. All JV partners will contribute equally to the share capital of the Company. The Company has been incorporated for setting up an On-line High Power Test Laboratory for short-circuits test facility in the country.

The site for setting up the Laboratory is located at Bina, M.P. and site office is being established there. Award of packages is in progress.

As at 31.03.2012, the paid up share capital of the Company is ₹ 10.50 crore which includes ₹ 2.62 crore (25%) being NTPC's share.

o) Energy Efficiency Services Limited (EESL)

A JV Company has been formed on December 10, 2009 under the name 'Energy Efficiency Services Limited' with Power Finance Corporation Limited (PFC), Powergrid Corporation of India Limited (PGCIL) and Rural Electrification Corporation Limited (REC) to carry on and promote the business of energy efficiency and climate change including manufacture and supply of energy efficiency services and products. NTPC, PFC, PGCIL and REC hold shares in the equity share capital of the Company equally.

As at 31.03.2012, the authorized share capital of the Company is ₹ 190.00 crore and paid up share capital is ₹ 2.50 crore of which NTPC has contributed ₹ 0.63 crore. Share application money pending for allotment in the Company is ₹ 97.50 crore of which NTPC's share is ₹ 24.38 crore.

p) Transformers and Electricals Kerala Limited (TELK)

In line with the Business Collaboration and Shareholders

Agreement executed between NTPC Limited, Government of Kerala and Transformers and Electricals Kerala Limited (TELK), 44.6% of presently paid-up capital of TELK was acquired from Government of Kerala at a total value of ₹ 31.34 crore.

TELK is engaged in manufacturing and repair of heavy duty transformers. During the year 2011-12, the transformer industry witnessed its worst ever period due to over capacity and intense price war amongst the domestic players, further compounded with entry of Chinese and Korean players. Despite such adverse market scenario, TELK produced 5,789 MVA transformers which is the highest production ever achieved till date, registering a plant capacity utilization factor of 130 % as against the industry utilization factor of 75 %.

As at 31.03.2012, the paid up share capital of the Company is ₹ 42.97 crore with NTPC Limited holding 44.60% of the paid-up capital of TELK at an acquisition cost of ₹ 31.34 crore.

The financial highlights of the Company are:

Particulars	FY 2011-12	FY 2010-11
₹ Crore		
NTPC's investment in equity (incl. share capital deposit)	31.34	31.34
Gross Income	202.37	197.20
Profit/(Loss) After Tax	13.21	12.20
Earnings Per Share (Basic) (in ₹)	3.07	2.84

q) CIL NTPC Urja Private Limited (CNUPL)

CIL NTPC Urja Private Limited was formed as a joint venture Company between NTPC Ltd. and Coal India Limited (CIL) on April 27, 2010.

This Company has been formed with the aim of undertaking the development, operation & maintenance of coal blocks at Brahmini and Chichro Patsimal in Jharkhand and integrated coal based power plants.

The job of exploration and preparation of Geological Report has been assigned to Central Mine Planning & Design Institute Limited. However, the coal blocks allocated to the Company has been de-allocated by MoC on 14.06.2011. The Company is pursuing for withdrawal of deallocation with MoC.

The authorized capital of the Company is ₹ 10.00 crore and as at 31.03.2012, paid up share capital is ₹ 0.05 crore. Total share application amount pending allotment is ₹ 0.05 crore and NTPC's share of pending allotment is ₹ 0.05 crore.

r) Anushakti Vidhyut Nigam Limited (ASHVINI)

Anushakti Vidhyut Nigam Limited has been incorporated as a joint venture company between NTPC Limited and Nuclear Power Corporation of India Limited (NPCIL) on January 27, 2011. NPCIL and NTPC would hold 51% and 49% of the equity share capital respectively. The Company has been formed for the purpose of development of nuclear power projects in the country within the framework of Atomic Energy Act, 1962. Certificate of commencement of business has been received by the Company on 04.04.2011.

As at 31.03.2012, Company has a paid up share capital of ₹ 0.10 crore and NTPC has released ₹ 0.05 crore as initial equity contribution.

s) Trincomalee Power Company Limited

A joint venture Company between your Company and

Ceylon Electricity Board, Srilanka (CEB) was incorporated in Srilanka on September 26, 2011 under the name 'Trincomalee Power Company Limited'. Both NTPC and CEB hold 50% each of the equity share capital of the Company. The joint venture Company has been formed to set up a 2X250MW coal based power project in Trincomalee region in Srilanka.

The authorised share capital and paid-up capital of the Company is Srilankan Rupees 300 million, subscribed equally by NTPC Limited and Ceylon Electricity Board. NTPC's contribution in paid up share capital in INR is ₹ 6.72 crore.

t) Pan-Asian Renewables Private Limited

A joint venture company amongst NTPC Limited, Asian Development Bank (ADB) and Kyuden International Corporation, a wholly owned subsidiary of Kyushu Electric Power Company Inc. (Kyushu) was incorporated on October 14, 2011 under the name 'Pan-Asian Renewables Private Limited'. NTPC, ADB and Kyushu shall contribute in the ratio of 50:25:25 in the equity share capital of the Company. The Company has been incorporated to develop renewable energy projects and shall initially establish over a period of three years a portfolio of about 500 MW of renewable power generation resources in India.

The authorised share capital of the Company as at 31st March 2012 is ₹ 6.50 crore and paid up share capital is ₹ 1.00 crore. NTPC's contribution in paid-up share capital is ₹ 0.50 crore.

Consolidated financial statements of NTPC Ltd.

The consolidated financial statements have been prepared in accordance with Accounting Standards (AS)-21-'Consolidated Financial Statements' and Accounting Standards (AS)-27-'Financial reporting of Interests in Joint Ventures' and are included in this Annual Report.

A brief summary of the results on a consolidated basis is given below:

₹ Crore

	FY 2011-12	FY 2010-11
Gross Income	68,831.25	60,008.18
Profit before Tax	13,137.26	12,392.33
Profit after Tax	9,814.66	9,348.23
Net Cash from operating activities	15,061.97	12,067.50

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and in the Directors' Report, describing the Company's objectives, projections and estimates, contain words or phrases such as "will", "aim", "believe", "expect", "intend", "estimate", "plan", "objective", "contemplate", "project" and similar expressions or variations of such expressions, are "forward-looking" and progressive within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

For and on behalf of the Board of Directors



(Arup Roy Choudhury)

Chairman & Managing Director

Place: New Delhi

Date: 3rd August 2012

REPORT ON CORPORATE GOVERNANCE

Corporate Governance Philosophy

In our Company, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence and accordingly, the Corporate Governance philosophy has been scripted as under:

"As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success."

Our Company believes in sustainable Corporate Growth by managing potential conflict of interests by putting in place a system of checks and balances between various stakeholders. This ensures satisfied customers, willing suppliers and creditors, happy investors, progressive, unified and uplifted community, motivated employees, assured government and enriched society. Our Company has embedded the code of corporate conduct in each of its systems for environmental, economic and social sustainability.

Besides adhering to provisions of Listing Agreement, we also follow the Guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India.

1. CORPORATE GOVERNANCE AWARDS & RECOGNITIONS

In recognition of excellence in Corporate Governance, NTPC has bagged the following awards:

- (i) Award for Excellence 2011 - Good Corporate Citizen Award by PHD Chamber of Commerce and Industry.
- (ii) 'ICSI National Award for Excellence in Corporate Governance - 2009' by the Institute of Company Secretaries of India.
- (iii) 'Golden Peacock Global Award for Excellence in Corporate Governance' by World Council for Corporate Governance in the years 2007 and 2009.
- (iv) 'Golden Peacock National Award for Excellence in Corporate Governance' by World Council for Corporate Governance in the year 2008.

2. BOARD OF DIRECTORS

2.1 Size of the Board

We are a Government Company within the meaning of section 617 of the Companies Act, 1956 as the President of India presently holds 84.5% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors vests in the President of India.

In terms of the Articles of Association of the Company, the strength of our Board shall not be less than four Directors or more than twenty Directors. These Directors may be either whole-time Directors or part-time Directors. The constitution of the Board is as under:

- (i) Seven functional Directors including the Chairman & Managing Director,
- (ii) Two government nominees and
- (iii) Nine independent directors as per the requirement of the Listing Agreement.

2.2 Composition

As on 31st March 2012, the Board comprised seventeen Directors out of which seven were whole-time Directors including the Chairman & Managing Director. Two Directors are nominees of the Government of India. The Board has eight Independent Directors who have been appointed by the Government of India through a Search Committee constituted for the purpose. The Directors bring to the Board wide range of experience and skills.

The listing agreements with stock exchanges stipulate half of the Board members to be independent directors. As such, our Board must have nine Independent Directors as against eight Independent Directors presently on our Board. The appointment of one more Independent Director is being done by the Government of India for which names have been forwarded to DPE.

Details regarding Independent Directors on the Board of the Company during the Financial Year 2011-12 is as under:

Period	Requirement	Actual
April 1, 2011 to August 25, 2011	9	9
August 26, 2011 to January 19, 2012	9	7
January 20, 2012 to January 29, 2012	9	9
January 30, 2012 to February 27, 2012	9	5
February 28, 2012 to March 31, 2012	9	8

2.3 Age limit and tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 Years.

The Chairman & Managing Director and other whole time Directors are initially appointed for a period of five years from the date of taking over the charge or until the date of superannuation of the incumbent, or until further orders from the Government of India, whichever event occurs earlier. Based on the performance, the tenure of the whole time director is also extended further till the date of superannuation or until further order from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors are appointed by the Government of India for tenure of three years.

2.4 Resume of Directors

The brief resume of Directors retiring by rotation and Additional Directors seeking appointment including nature of their experience in specific functional areas, names of Companies in which they hold directorship and membership/ chairmanship of Board/ Committees is appended to the Notice calling the Annual General Meeting.

2.5 Board Meetings

The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/ Committee. To address specific urgent need, meetings are also being called at a shorter notice. In case of exigencies or urgency, resolutions are passed by circulation.

Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused discussions at the meetings. Where it is not practicable to circulate any document or the agenda of confidential nature, the same is tabled with the approval of CMD. Confidential matters are discussed at the meeting without written material being circulated.

The meetings of the Board of Directors are normally held at the Company's registered office in New Delhi.

Sixteen Board Meetings were held during the financial year 2011-12 on April 18, May 10, June 22, July 15, July 25, August 5, August 29, September 30, October 25, November 18, November 29, December 28, 2011, January 27, February 28, March 19 and March 27, 2012. The maximum interval between any two meetings during this period was 55 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship/ committee membership (viz., Audit Committee and Shareholders Grievance Committee as per the Listing Agreement) held by them during the year 2011-12 are tabulated below:

S. No.	Directors	Meetings held during respective tenure of Directors	No. of Board Meetings Attended	Attendance at the last AGM (held on 20.09.11)	Number of other Directorships held on 31.03.12	Number of Committee memberships in Companies on 31.03.12 ⁵	
						As Chairman	As Member
Functional Directors							
1.	Shri Arup Roy Choudhury Chairman & Managing Director	16	16	Yes	8	-	-
2.	Shri A.K. Singhal Director (Finance)	16	16	Yes	8	4	1
3.	Shri I.J. Kapoor Director (Commercial)	16	15	Yes	6	-	-
4.	Shri B.P. Singh Director (Projects)	16	16	Yes	5	1	1
5.	Shri D.K. Jain Director (Technical)	16	16	Yes	6	-	1
6.	Shri S.P. Singh Director (Human Resources)	16	13	Yes	5	-	2
7.	Shri N.N. Misra Director (Operations)	16	16	Yes	6	-	3
Non-executive Directors (Government Nominees)							
8.	Shri I.C.P. Keshari JS (Th.), Ministry of Power	16	14	No	1	-	-
9.	Shri Rakesh Jain JS&FA, Ministry of Power	16	16	Yes	1	1	2
Independent Directors							
10.	Shri M.N. Buch Former Secretary, GOI (upto 25.08.2011)	6	5	NA*	NA*	NA*	NA*
11.	Shri Shanti Narain Former Member, Railway Board (upto 25.08.2011)	6	3	NA*	NA*	NA*	NA*
12.	Shri P.K. Sengupta Former CMD, Coal India Ltd. (upto 25.08.2011)	6	6	NA*	NA*	NA*	NA*

S. No.	Directors	Meetings held during respective tenure of Directors	No. of Board Meetings Attended	Attendance at the last AGM (held on 20.09.11)	Number of other Directorships held on 31.03.12	Number of Committee memberships in Companies on 31.03.12 [§]	
						As Chairman	As Member
13.	Shri K. Dharmarajan Former DG, IIFT (upto 25.08.2011)	6	6	NA*	NA*	NA*	NA*
14.	Dr. M. Govinda Rao Director, NIPFP	16	12	Yes	1	1	1
15.	Shri Kanwal Nath Ex Deputy, C&AG (upto 29.01.2012)	13	12	Yes	NA*	NA*	NA*
16.	Shri Adesh Jain President, Project Management Associates, Centre for Excellence in Project Management (upto 29.01.2012)	13	11	Yes	NA*	NA*	NA*
17.	Shri A.K. Sanwalka Ex-General Manager, Northeast Frontier Railway (upto 29.01.2012)	13	10	No	NA*	NA*	NA*
18.	Shri Santosh Nautiyal Ex-Chairman, National Highway Authority of India (upto 29.01.2012)	13	12	Yes	NA*	NA*	NA*
19.	Shri S.B. Ghosh Dastidar Former Member (Traffic), Railways (w.e.f. 26.08.2011)	10	10	Yes	1	1	1
20.	Shri R.S. Sahoo Practising Chartered Accountant (w.e.f. 26.08.2011)	10	8	Yes	3	-	1
21.	Shri Ajit M. Nimbalkar Ex-Chief Secretary, Government of Maharashtra (w.e.f 20.01.2012)	4	3	NA*	-	-	-
22.	Shri S.R. Upadhyay Ex-CMD, Mahanadi Coalfields Limited (w.e.f. 20.01.2012)	4	4	NA*	1	-	-
23.	Ms. Homai A. Daruwalla Ex-CMD, Central Bank of India (w.e.f. 28.02.2012)	3	3	NA*	3	1	2
24.	Shri A.N. Chatterji Ex-Deputy, C&AG (w.e.f. 28.02.2012)	3	2	NA*	-	-	2
25.	Prof. Sushil Khanna Professor of Economics and Strategic Management, IIM, Kolkata (w.e.f. 28.02.2012)	3	2	NA*	4	-	-

* NA indicates that concerned person was not a Director on NTPC's Board on the relevant date.

§ In line with clause 49 of Listing Agreement, only the Audit Committee and Shareholders'/Investors' Grievance Committee have been taken into consideration in reckoning the number of committee memberships of Directors as Chairman and as Member.

2.6 Information placed before the Board of Directors:

The Board has complete access to any information within the Company to be able to take informed and meaningful decisions, exercise control over the organisation as well as to review the progress of implementation of the strategic decisions and corporate plans formulated by the Board. The information regularly supplied to the Board includes:

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Review of progress of ongoing projects including critical issues and areas needing management attention
- Quarterly financial results.
- Annual Accounts, Directors' Report, etc.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Minutes of meetings of Board of Directors of subsidiary Companies.
- The information on recruitment and promotion of senior officers to the level of Executive Director which is just below the Board level and Company Secretary.
- Fatal or serious accidents, dangerous occurrences, etc.
- Operational highlights and substantial non-payment for goods sold by the Company.
- Major investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
- Award of large value contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
- Quarterly Report on foreign exchange exposures.
- Quarterly Report on Foreign Travel of NTPC Employees.
- Quarterly Report on Short Term Deposits and Investments.
- Quarterly Report on Contract awarded on nomination basis.
- Quarterly Report on Reconciliation of Share Capital Audit
- Quarterly Report on Business Activities of various Joint Venture Companies and Subsidiaries of NTPC
- Quarterly report on Compliance of various laws
- Any significant development in Human Resources/ Industrial Relations like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer, etc.
- Information relating to major legal disputes.
- Action Taken Report on all pending matters.
- Highlights of important events from last meeting to the current meeting.
- Any other information required to be presented to the Board for information or approval.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

- i) Audit Committee.

- ii) Shareholders' / Investors' Grievance Committee.
- iii) Remuneration Committee
- iv) Committee on Management Controls.
- v) Project Sub-Committee.
- vi) Investment/Contribution Sub-Committee.
- vii) Contracts Sub- Committee.
- viii) Committee of Functional Directors for Contracts
- ix) Committee of the Board for allotment and post-allotment activities of NTPC's Securities
- x) Committee for Corporate Social Responsibility
- xi) Committee for Vigilance Matters
- xii) Committee for Mine Development

3.1 AUDIT COMMITTEE

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Companies Act, 1956, provisions of Listing Agreement and Guidelines on Corporate Governance as issued by Department of Public Enterprises, Govt. of India.

Scope of Audit Committee

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
3. Ensure compliance of Internal Control Systems.
4. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
5. Noting appointment and removal of external auditors. Recommending audit fee of external auditors and also approval for payment for any other service.
6. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
7. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.
8. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and

follow up there on. Review of internal audit observations outstanding for more than two years.

10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Review of observations of C&AG including status of Government Audit paras.
14. To review the functioning of the Whistle Blower mechanism.
15. Investigation into any matter in relation to the items specified above or referred to it by the Board.
16. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
17. Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.
18. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
19. Consider and review the following with the independent auditor and the management:
 - a) The adequacy of internal controls including computerized information system controls and security, and
 - b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
20. Consider and review the following with the management, internal auditor and the independent auditor:
 - a) Significant findings during the year, including the status of previous audit recommendations.
 - b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
21. Reviewing with the management, statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue etc.), statement of funds utilised for purposes other than stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

Constitution

The Audit Committee has been constituted with the membership of:

- i) Five independent Directors to be nominated by the Board from time to time.
- ii) Joint Secretary & Financial Advisor (JS & FA), Ministry of Power (MOP), Government of India nominated on the Board of NTPC

Composition

As on 31st March 2012, the Audit Committee comprised the following members:-

Shri S.B. Ghosh Dastidar	Independent Director
Dr. M. Govinda Rao	Independent Director
Shri R.S. Sahoo	Independent Director
Shri A.N. Chatterji	Independent Director
Ms. Homai A. Daruwalla	Independent Director
Shri Rakesh Jain	Government Nominee

Director (Finance), Head of Internal Audit Department and the Statutory Auditors are invited to the Audit Committee Meetings for interacting with the members of the Committee. Besides, Cost Auditors of the Company are also invited to the meetings of the Audit Committee as and when required. Senior functional executives are also invited as and when required to provide necessary inputs to the Committee.

The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

Ten meetings of the Audit Committee were held during the Financial Year 2011-12 on May 6, May 10, July 11, July 25, August 19, October 25, December 2, 2011 and January 5, January 27 and February 16, 2012.

The details of the meetings of Audit Committee attended by the members are as under:-

Members of Audit Committee	Meetings held during their tenure	Meetings attended
Shri K. Dharmarajan (upto 25.08.2011)	5	5
Shri P.K. Sengupta (upto 25.08.2011)	5	5
Shri Shanti Narain (upto 25.08.2011)	5	3
Shri Kanwal Nath (upto 29.01.2012)	9	8
Shri Rakesh Jain	10	9
Shri S.B. Ghosh Dastidar (w.e.f. 26.08.2011)	5	5
Dr. M. Govinda Rao (w.e.f. 26.08.2011)	5	4
Shri R.S. Sahoo (w.e.f. 26.08.2011)	5	5

Shri A.N. Chatterji and Ms. Homai A. Daruwalla, on their appointment to the Board on 28.02.2012, were nominated for the Audit Committee. However, no meeting of Audit Committee was held thereafter till 31st March 2012.

Shri K. Dharmarajan, Independent Director chaired five Meetings of the Audit Committee (held during his tenure) out of ten Meetings held during the Financial Year 2011-12. After completion of Shri K. Dharmarajan's tenure, Shri S.B. Ghosh Dastidar, Independent Director chaired the remaining Audit Committee Meetings. Shri S.B. Ghosh Dastidar, Chairman of the Audit Committee was present in the Annual General Meeting to answer the queries of the shareholders.

Director (Finance) and Head of Internal Audit were present in all Audit Committee Meetings held during the year under review as invitees as per requirement of Listing Agreement.

3.2 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted 'Shareholders' / Investors' Grievance Committee'.

Scope of the Committee

This Committee looks into redressal of Shareholders' and Investors' complaints like delay in transfer of shares, non-receipt of balance sheets, non-receipt of declared dividend etc. as well as complaints/grievances of the Bondholders.

Constitution

The Committee has been constituted with the membership of:

- One Nominee Director of Ministry of Power represented on the Board of NTPC
- Director (Finance), NTPC,
- Director (HR) or Director (Technical), NTPC and
- One Independent Director.

Composition

As on 31st March 2012, this committee comprised the following Directors:

Shri Rakesh Jain	Government Nominee
Shri A.K. Singhal	Director (Finance)
Shri S.P. Singh	Director (HR)
Ms. Homai A. Daruwalla (w.e.f. 28.02.2012)	Independent Director

Meetings and Attendance

Three meetings of the Shareholders' / Investors' Grievance Committee were held during the Financial Year 2011-12 on August 19, November 18, 2011 and March 19, 2012.

The detail of the meetings of Shareholders'/ Investors' Grievance Committee attended by the Members is as under:-

Members of Shareholders' / Investors' Grievance Committee	Meetings held during their tenure	Meetings attended
Shri Rakesh Jain	3	3
Shri A.K. Singhal	3	3
Shri S.P. Singh	3	3
Shri A.K. Sanwalka (upto 29.01.2012)	2	2
Ms. Homai A. Daruwalla	1	1

Name and designation of Compliance Officer

Shri A.K. Rastogi, Company Secretary is the Compliance Officer in terms of Clause 47 of the Listing Agreement.

Investor Grievances

During the financial year ending 31st March 2012, Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediments. The details of the complaints received, resolved and disposed off during the year are as under:

Particulars	Opening Balance	Received	Resolved	Pending
SEBI / Stock Exchange complaints	5	49	52	2
Other IPO related complaints	0	67	67	-
Other Dividend related complaints	7	5929	5936	-
Total	12	6045	6055	2

Investor complaints shown pending as on March 31, 2012 have been attended subsequently.

Number of pending share transfers

As on March 31, 2012, 38 share transfer requests were pending, which were approved in the meeting held during April 2012.

Share Transfers have been affected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practising Company Secretary has been furnished to Stock Exchanges.

SCORES – Automated System of Lodging Complaints against Listed Companies

Securities and Exchange Board of India has launched a web based complaints redress system 'SCORES (SEBI Complaints Redress System)', through which a shareholder can lodge a complaint against a Company for his/ her grievances. The status of every complaint can be viewed online and the shareholder can send reminder for the complaints. When the complaint is registered, a unique complaint registration number is allotted for future reference and tracking. The concerned entity (intermediary or listed Company) takes actions for the redressal of the complaints and uploads action taken on the complaint. The concerned entity (intermediary or listed Company) or an investor can seek and provide clarifications online to each other. SEBI disposes the complaints if it is satisfied that the complaint has been redressed adequately.

An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge the complaints in physical form.

3.3 REMUNERATION COMMITTEE

Our Company, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. However, as per the provisions of the DPE Guidelines, a Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution within the prescribed limits. As on 31st March 2012, the Committee comprised the following Members:

Shri I.C.P. Keshari	Government Nominee
Shri Rakesh Jain	Government Nominee
Shri Ajit M. Nimbalkar	Independent Director
Shri S.R. Upadhyay	Independent Director
Shri A.N. Chatterji	Independent Director

Meetings and Attendance

Two meetings were held during the year on July 19, 2011 and March 27, 2012.

The detail of the meetings of Remuneration Committee attended by the Members is as under:-

Members of Remuneration Committee	Meetings held during their tenure	Meetings attended
Shri M.N. Buch (upto 25.08.2011)	1	1
Shri Kanwal Nath (upto 29.01.2012)	1	1
Shri Rakesh Jain	2	2
Shri I.C.P. Keshari	2	2
Shri Ajit M. Nimbalkar (w.e.f. 20.01.2012)	1	1
Shri S.R. Upadhyay (w.e.f. 20.01.2012)	1	1
Shri A.N. Chatterji (w.e.f. 28.02.2012)	1	-

3.4 COMMITTEE ON MANAGEMENT CONTROLS

On being conferred enhanced autonomy by the Government of India under 'Navratna Guidelines', this committee was constituted for establishing transparent and effective system of internal monitoring. This Committee, inter alia, reviews the Management Control Systems, significant deviations in project implementation and construction, operation and maintenance budgets, etc.

As on March 31, 2012, the Committee comprised the following Directors:

Shri Rakesh Jain	Government Nominee
Shri A.K. Singhal	Director (Finance)
Shri N.N. Misra	Director (Operations)
Dr. M. Govinda Rao	Independent Director

3.5 PROJECT SUB-COMMITTEE

This Committee examines and makes recommendations to the Board on proposals for Investment in New/Expansion Projects and Feasibility Reports of new projects.

As on 31st March 2012, the Committee comprised the following members:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri A.K. Singhal	Director (Finance)
Shri I.J. Kapoor	Director (Commercial)
Shri B.P. Singh	Director (Projects)
Shri D.K. Jain	Director (Technical)
Shri N.N. Misra	Director (Operations)
Shri Rakesh Jain	Government Nominee
Shri I.C.P. Keshari	Government Nominee
Shri S.B. Ghosh Dastidar	Independent Director
Prof. Sushil Khanna	Independent Director

3.6 INVESTMENT/CONTRIBUTION COMMITTEE

The terms of reference of Investment/Contribution Committee of the Board is for deployment of surplus funds as per Govt. guidelines issued from time to time and also approves contribution/donation for national, public, benevolent or charitable cause, purpose or object or other funds not directly related to the business of the Company or welfare of its employees between ₹ 5 lakh to ₹ 20 lakh subject to maximum limit of ₹ 1 crore in a year.

As on 31st March 2012, the Committee comprised the following Members:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri A.K. Singhal	Director (Finance)
Shri N.N. Misra	Director (Operations)
In case of investment of funds and contribution matters, Director (HR) and in case of Commercial matters, Director (Commercial) are co-opted in the meeting.	

3.7 CONTRACTS SUB-COMMITTEE

This Committee approves award of works or purchase contracts or incurring commitments of value exceeding ₹ 250 crore but not exceeding ₹ 500 crore, Consultancy assignments including foreign consultancy assignments exceeding ₹ 5 crore each and Appointment of Sponsor/ Agents for Overseas Consultancy Assignments involving sponsorship/ agency commission exceeding ₹ 5 crore each. As on March 31, 2012, the Contracts Sub-Committee comprised the following members:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri A.K. Singhal	Director (Finance)
Shri B.P. Singh	Director (Projects)
Shri D.K. Jain	Director (Technical)
Shri Rakesh Jain	Government Nominee
Shri I.C. P. Keshari	Government Nominee

3.8 COMMITTEE OF FUNCTIONAL DIRECTORS FOR CONTRACTS

This Committee has been constituted for award of works or purchase contracts or incurring of commitments exceeding ₹ 150 crore but not exceeding ₹ 250 crore.

As on 31st March 2012, the Committee comprised all the Functional Directors including the Chairman & Managing Director as under:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri A.K. Singhal	Director (Finance)
Shri I.J. Kapoor	Director (Commercial)
Shri B.P. Singh	Director (Projects)
Shri D.K. Jain	Director (Technical)
Shri S.P. Singh	Director (HR)
Shri N.N. Misra	Director (Operations)

The Chairman & Managing Director, Director (Finance), Director (Technical) and Director (Projects) for contracts related to construction projects or Director (Operations) for contracts related to operating stations, as the case may be shall constitute the quorum for meeting of the Committee.

3.9 COMMITTEE FOR ALLOTMENT AND POST-ALLOTMENT ACTIVITIES OF NTPC'S SECURITIES

The Committee has been constituted for Allotment and Post-allotment activities of Company's Securities. The scope of work of this committee is allotment, issue of Certificate/ Letter of allotment, transfer, transmission, re-materialisation, issue of duplicate certificates, consolidation/split of NTPC's domestic and foreign Securities.

As on 31st March 2012, the Committee comprised the following Members:

Shri A.K. Singhal	Director (Finance)
Shri S.P. Singh	Director (HR)
Shri N.N. Misra	Director (Operations)

3.10 COMMITTEE FOR CORPORATE SOCIAL RESPONSIBILITY

This Committee has been constituted to have a closer look into various related issues and prepare a roadmap for operating the scheme for Corporate Social Responsibility of NTPC.

As on March 31, 2012, the Committee for Corporate Social Responsibility comprised the following members:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri A.K. Singhal	Director (Finance)
Shri S.P. Singh	Director (HR)
Ms. Homai A. Daruwalla	Independent Director

3.11 COMMITTEE FOR VIGILANCE MATTERS

This Committee has been constituted to examine all the petitions which are submitted before the Board as appellate/ reviewing authority in terms of CDA rules.

As on March 31, 2012, the Committee for Vigilance Matters comprised the following members:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri S.P. Singh	Director (HR)
Shri I.C.P. Keashri	Government Nominee
Shri S.B. Ghosh Dastidar	Independent Director
In case of Vigilance cases, Chief Vigilance Officer is co-opted.	

3.12 COMMITTEE FOR MINE DEVELOPMENT

This Committee has been constituted to look into issues relating to Mine Development.

As on 31st March 2012, the Committee for Mine Development comprised the following members:

Shri N.N. Misra	Director (Operations)
Shri S.B. Ghosh Dastidar	Independent Director
Shri S.R. Upadhyay	Independent Director

4. GROUP OF DIRECTORS

The Board of the Company had earlier constituted a number of Group of Directors for specific purposes. These Group

of Directors have ceased to exist on completion of their objective.

As on 31st March 2012, only one Group of Directors existed as under:

Group of Directors for appointment of Financial Consultant for carrying out due diligence of Coal Mines/ Blocks:

This Group of Directors has been constituted to approve appointment of financial consultant for carrying out due diligence of coal mines/ blocks abroad on offer for acquisition of stake. This Group of Directors comprise the following members:

Shri Arup Roy Choudhury	Chairman & Managing Director
Shri N.N. Misra	Director (Operations)
Shri A.K. Singhal	Director (Finance)
Shri D.K. Jain	Director (Technical)

5. REMUNERATION OF DIRECTORS

As already stated under the heading Remuneration Committee above, the remuneration of the Functional Directors and sitting fee payable to the Independent Directors is decided by the Government of India. The Ministry of Power, Government of India has authorized the Board of Directors of the Company to determine the sitting fee payable to Independent Directors within the ceiling prescribed under the Companies Act, 1956. Accordingly, the Board decides the sitting fee payable to the Independent Directors. Presently, sitting fee of ₹ 15,000/- for each meeting of the Board, Committees and Group of Directors of the Board constituted by the Board from time to time, is being paid to each Independent Director.

Details of remuneration of functional Directors of the Company paid for the financial year 2011-12:-

(in ₹)

Name of the Director	Salary	Benefits	Performance Linked Incentives	Total
Shri Arup Roy Choudhury	1,599,931.83	745,386.00	1,170,316.17	3,515,634.00
Shri A.K. Singhal	1,682,675.11	1,528,390.00	1,415,410.89	4,626,476.00
Shri I.J. Kapoor	1,451,595.79	1,494,510.00	1,325,399.21	4,271,505.00
Shri B.P. Singh	1,646,076.48	1,465,339.00	1,385,320.52	4,496,736.00
Shri D.K. Jain	1,581,063.13	1,390,824.00	1,250,662.87	4,222,550.00
Shri S.P. Singh	1,530,707.39	719,865.00	873,163.61	3,123,736.00
Shri N.N. Misra	1,703,069.45	1,018,965.00	877,540.55	3,599,575.00

Performance linked incentives paid is based on the incentive scheme of the Company. The Company has not issued any stock options during the year 2011-12.

Details of payments towards sitting fee to Independent

Directors during the year 2011-12 are given below:

(in ₹)

Name of Part-time non-official Directors	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Shri M.N. Buch (upto 25.08.2011)	75,000	45,000	120,000
Shri Shanti Narain (upto 25.08.2011)	45,000	45,000	90,000
Shri P.K. Sengupta (upto 25.08.2011)	90,000	75,000	165,000
Shri K. Dharmarajan (upto 25.08.2011)	90,000	75,000	165,000
Dr. M. Govinda Rao	180,000	120,000	300,000
Shri Kanwal Nath (upto 29.01.2012)	180,000	135,000	315,000
Shri Adesh Jain (upto 29.01.2012)	165,000	60,000	225,000
Shri A.K. Sanwalka (upto 29.01.2012)	150,000	30,000	180,000
Shri Santosh Nautiyal (upto 29.01.2012)	180,000	45,000	225,000
Shri S.B. Ghosh Dastidar (w.e.f. 26.08.2011)	150,000	120,000	270,000
Shri R.S. Sahoo (w.e.f. 26.08.2011)	120,000	75,000	195,000
Shri Ajit M. Nimbalkar (w.e.f. 20.01.2012)	45,000	15,000	60,000
Shri S.R. Upadhyay (w.e.f. 20.01.2012)	60,000	15,000	75,000
Ms. Homai A. Daruwalla (w.e.f. 28.02.2012)	45,000	30,000	75,000
Shri A.N. Chatterji (w.e.f. 28.02.2012)	30,000	-	30,000
Prof. Sushil Khanna (w.e.f. 28.02.2012)	30,000	15,000	45,000

6. ACCOUNTABILITY OF DIRECTORS

An annual Memorandum of Understanding (MoU) is entered into by the Company with Govt. of India (GoI) in the beginning of the year setting the targets in financial and non-financial areas with weightages decided in consultation with GoI. The performance of the Company is measured at the end of the year vis-à-vis these targets.

The performance with regard to MOU is reviewed regularly within the Company on monthly basis and by Ministry of Power on quarterly basis through Quarterly Performance Review (QPR). Slippages, if any, are identified and necessary remedial actions are suggested in these forums.

At the end of each financial year, the MoU achievements report is furnished to Ministry of Power and performance of the Company is evaluated by Ministry of Power and the Task Force of Department of Public Enterprises on the basis of actual achievements vis-à-vis the signed MoU.

To ensure targets as set in MoU are achieved well within schedule, the Company has a strong "Internal MoU" system specifying tighter targets drilled down at regional and station level with suitable stretch and expansion of activities. The entire process ensures transparency as well as accountability towards stakeholders.

7. RISK MANAGEMENT

As a diversified enterprise, your Company has always had a system-based approach to Enterprise risk management as an integral part of its business processes. The Enterprise Risk Management Framework has been set up to identify and manage risks for sustainable value creation, assessment of key business risks through continuous measurement, monitoring of key performance indicators, focus on key risks and reporting to Board Members on risk assessment and minimization procedures.

The Enterprise Risk Management Framework involves Risk Reporting Structure, Risk Measurement & Monitoring, Risk Portfolio and Risk Optimization.

A committee, namely Enterprise Risk Management Committee (ERMC), consisting of Regional Executive Directors and Functional Heads at Executive Director Level has been constituted which identifies risks, makes risk assessment on the basis of certain criteria and devises methods for mitigation of risks. ERMC meets every quarter to review the risks and various action plans based on risk reported on an IT tool for Enterprise Risk Management. Based on the critical nature of the risks, ERMC discusses and finalises action plans for the risk management. The outcomes of ERMC are reported to the Board.

For faster implementation of action plans and effective risk mitigation, Risk responsibility structure was revised in April, 2011. Now risk responsibility is being shared at following three levels:

1. Primary risk responsibility (Head of Projects, CEOs of Subsidiaries and Functional Executive Directors) for risk reporting, suggesting risk mitigation measures and execution of action plans, after approval of the ERMC recommendations.
2. Secondary risk responsibility (Regional Executive Directors and Functional Executive Directors) for risk reporting along with formulation of action plans and supporting the approval process of ERMC recommendations.
3. Overall risk responsibility (CMD and Functional Directors) are responsible for driving timely approval of ERMC recommendations and monitoring of action plans for risk mitigation.

Chief Risk Officer (CRO) is the convener of ERMC and is responsible for reporting to CMD and Board of Directors based on deliberations in ERMC.

Five meetings of Enterprise Risk Management Committee were held during the Financial Year 2011-12.

8. SUBSIDIARY MONITORING FRAMEWORK

The Company has five subsidiary Companies, the list of which shall be furnished in the Directors' Report. All subsidiaries of the Company are Board managed with their Boards having

the rights and obligations to manage such Companies in the best interest of the stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary Companies and monitors the performance of such Companies periodically.

Performance of the subsidiary Companies is reviewed by the Board of the Company as under:

- (i) Minutes of the meetings of the Board of Directors of the subsidiaries are placed before the Company's Board periodically.
- (ii) A statement of all significant transactions and arrangements entered into by the subsidiary Companies are also reviewed by the Company.
- (iii) A Report on Business Activities of Subsidiary is being given to the Board of NTPC in each quarter.
- (iv) Subsidiary Companies sign an annual Memorandum of Understanding with NTPC in the beginning of the year setting the targets in financial and non-financial areas with weightages in consultation with NTPC, which is submitted to DPE. At the end of the financial year, the actual performance vis-à-vis the targets set is evaluated by DPE.
- (v) The Budget of the subsidiary Companies are being approved by the Committee on Management Controls of NTPC.
- (vi) Certain decision as mentioned in the Articles of Association of the subsidiary Companies can only be taken if they are approved by the Board of NTPC.

The Company does not have any material unlisted subsidiary Companies in terms of the Clause 49 of the Listing Agreement or the subsidiaries as defined under Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Govt. of India.

9. GENERAL BODY MEETINGS

Annual General Meeting

Date, time and location where the last three Annual General Meetings were held are as under:

Date & Time	September 17, 2009	September 23, 2010	September 20, 2011
Time	11.00 A.M.	10.30 A.M.	10.30 A.M.
Venue	Air Force Auditorium, Subroto Park, New Delhi – 110 010	Air Force Auditorium, Subroto Park, New Delhi – 110 010	Air Force Auditorium, Subroto Park, New Delhi – 110 010
Special Resolution	Amendments in Articles of Association regarding audit of accounts and appointment of auditors.	-	-

Special Resolution passed through Postal Ballot

No Resolution has been passed through Postal Ballot during the year.

No special resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

10. DISCLOSURES

The transactions with related parties contain (i) payment to companies under Joint Venture Agreement and on account of contracts for works/ services, (ii) remuneration to key management personnel and (iii) equity contribution, which are not in nature of potential conflicts with interest of the company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard (AS)-18 notified under the Companies (Accounting Standards) Rules, 2006.

The Company has complied with all the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI except that of composition of the Board as mentioned in paragraph 2.2 of this Report. The Company has also complied with all the requirements of the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India.

There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

The Company has adopted all suggested items to be included in the Report on Corporate Governance. Information on adoption (and compliance) / non-adoption of the non-mandatory requirements is at Annex-1.

Schedule of Compliances with Presidential Directives during the last three years is at Annex-2

CEO/CFO Certification

As required by Clause 49 of the Listing Agreement(s), the certificate duly signed by Shri Arup Roy Choudhury, Chairman & Managing Director and Shri A.K. Singhal, Director (Finance) was placed before the Board of Directors at the meeting held on 10.05.2012 and is annexed to the Corporate Governance Report.

11. MEANS OF COMMUNICATION

The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through its Website.

The Company also communicates with its institutional shareholders through a combination of analysts briefing and individual discussions as also participation at investor conferences from time to time. Annual analysts and investors meets is held during the month of August where Board of the Company interacts with the investing community. Financial results are discussed by way of conference calls regularly after the close of each quarter.

Information and latest updates and announcement regarding the Company can be accessed at Company's website: www.ntpc.co.in including the following:-

- Quarterly / Half-yearly / Annual Financial Results
- Quarterly Shareholding Pattern
- Quarterly Corporate Governance Report

- Transcripts of conferences with analysts.
- Corporate disclosures made from time to time to Stock Exchanges.

Disclosures made to stock exchanges are also made through Corporate Filing & Dissemination System (CFDS) in terms of Clause 52 of the Listing Agreement.

In order to save trees and environment by cutting down the consumption of costly paper habits, our Company has sent the Annual Report and other communications to large number of shareholders for the Financial Year 2010-2011 through e-mail of the shareholders registered with NSDL/ CDSL and after seeking their consent to send the annual reports through e-mail. This was in compliance of 'Green Initiative in the Corporate Governance' by Ministry of Corporate Affairs, Government of India by allowing paperless communication by the companies under the provisions of the Companies Act, 1956.

Quarterly Results

Newspapers	Date of publication of results for the quarter ended		
	30.06.2011	30.09.2011	31.12.2011
Hindustan (Hindi)	26.07.2011	26.10.2011	28.01.2012
Hindustan Times	26.07.2011	26.10.2011	28.01.2012

Official Releases and Presentations

The Company's official news releases, other press coverage, presentations made to institutional investors or to the analysts are also hosted on the Website.

12. CODE OF CONDUCT

To realise the goal emanating from the core principles of Corporate Governance philosophy and in compliance with the requirements of Listing Agreement executed with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises by Department of Public Enterprises (Guidelines), there existed two separate Codes of Conduct, one for Board Members and another for Senior Management Personnel. The Company had appointed M/s KPMG as consultant to review and suggest a suitable framework for compliance under Clause 49 of the Listing Agreement in alignment with Company's Vision and Values to achieve the Mission & Objectives and aiming at enhancing ethical and transparent process in managing the affairs of the Company. M/s KPMG suggested that as the compliance under both the Codes are similar in nature, therefore, there can be a Single Code of Conduct for Board Members and Senior Management Personnel. Accordingly, the Board of Directors, in its meeting held on 27.01.2012, amended Code of Conduct earlier laid down separately for Board Members and for Senior Management Personnel incorporating suggestions from M/s KPMG and provisions of the Guidelines by DPE and laid a single Code of Conduct for Directors & Senior Management Personnel. A copy of the Code of Conduct is available at the website of the Company.

Declaration as required under clause 49 of the listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on March 31, 2012.

New Delhi
04.05.2012

(Arup Roy Choudhury)
Chairman & Managing Director

13. Code of Internal Procedures and Conduct for Prevention of Insider Trading

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Internal Procedures and Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Officers, Designated Employees and their dependents) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Directors/Officers/ Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, wherever necessary. Company Secretary has been designated as Compliance Officer for this Code.

14. SHAREHOLDERS' INFORMATION

i) Annual General Meeting

Date : September 18, 2012
Time : 10.30 a.m.
Venue : Air Force Auditorium, Subroto Park,
New Delhi – 110 010

ii) Financial Calendar for FY 2012-13

Particulars	Date
Accounting Period	April 1, 2012 to March 31, 2013
Unaudited Financial Results for the first three quarters	Announcement within a month from the end of each quarter
Fourth Quarter Results	Announcement of Audited Accounts on or before May 30, 2013
AGM (Next year)	September 2013 (Tentative)

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 8, 2012 to September 18, 2012 (both days inclusive).

iv) Payment of Dividend

The Board of Directors of the Company has recommended payment of a final Dividend of ₹ 0.5 per share (5% on the paid-up share capital) for the financial year ended March 31, 2012 in addition to the Interim Dividend of ₹ 3.50 per share (35% on the paid-up share capital) paid on February 09, 2012 (Dividend paid in Previous Year is ₹ 3133.28 Crore).

The record date for the payment of Dividend is September 07, 2012.

v) Dividend History

Year	Total paid-up capital (₹ in crore)	Total amount of dividend paid (₹ in crore)	Date of AGM in which dividend was declared	Date of payment
2006-07	8245.46	2638.55	31.01.2007* 12.09.2007	14.02.2007 25.09.2007
2007-08	8245.46	2885.91	30.01.2008* 17.09.2008	13.02.2008 03.10.2008
2008-09	8245.46	2968.37	24.01.2009* 17.09.2009	13.02.2009 29.09.2009
2009-10	8245.46	3133.28	13.03.2010* 23.09.2010	23.03.2010 01.10.2010
2010-11	8245.46	3133.28	31.01.2011* 20.09.2011	14.02.2011 26.09.2011
2011-12	8245.46	2885.91#	27.01.2012*	09.02.2012

* Date of Board Meeting

amount represents the interim dividend paid for the year 2011-12

vi) Listing on Stock Exchanges

NTPC equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited	Bombay Stock Exchange Limited
Address: Exchange Plaza, Plot No. C/1, G Block, Bandra (E), Mumbai - 400051	Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
Scrip Code of NTPC: NTPC EQ	Scrip Code of NTPC: 532555

Stock Code : ISIN – INE733E01010

The Annual Listing Fee for the financial year 2012-13 was paid to both National Stock Exchange of India Limited and Bombay Stock Exchange Limited before April 30, 2012. Also, the Annual Custodian Fee for the financial year 2012-13 was paid to both Depositories i.e. Central Depository Services (India) Limited and National Securities Depository Limited before April 30, 2012.

vii) Market Price Data – NSE

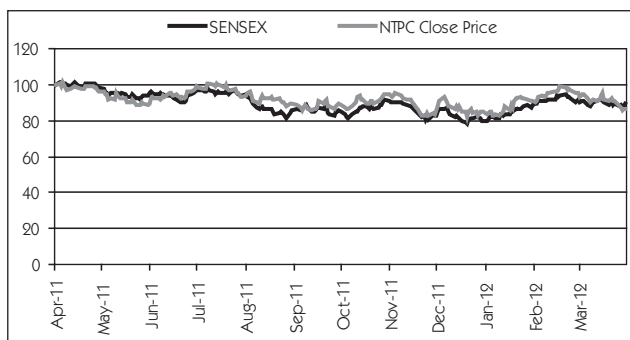
Month	High (₹)	Low (₹)	Closing (₹)
April' 11	193.10	181.30	182.30
May' 11	183.35	165.15	168.25
June' 11	188.60	169.55	186.90
July' 11	192.45	175.50	176.10
August' 11	181.90	162.55	169.30
Sept' 11	174.80	160.00	167.65
October' 11	183.40	161.85	179.25
Nov' 11	181.65	152.05	162.35
Dec' 11	177.45	154.10	160.85
January' 12	178.90	155.05	172.20
February' 12	190.75	170.05	181.05
March' 12	182.70	160.05	162.75

viii) Market Price Data – BSE

Month	High (₹)	Low (₹)	Closing (₹)
April' 11	193.00	180.10	181.95
May' 11	183.40	165.30	168.95
June' 11	188.40	169.20	186.85
July' 11	192.30	175.80	176.30
August' 11	181.90	162.65	169.55
Sept' 11	174.35	160.10	167.25
October' 11	183.35	162.25	179.35
Nov' 11	181.80	152.00	162.05
Dec' 11	177.15	154.10	160.60
January' 12	178.70	155.35	171.85
February' 12	190.30	170.10	180.85
March' 12	182.35	160.20	162.70

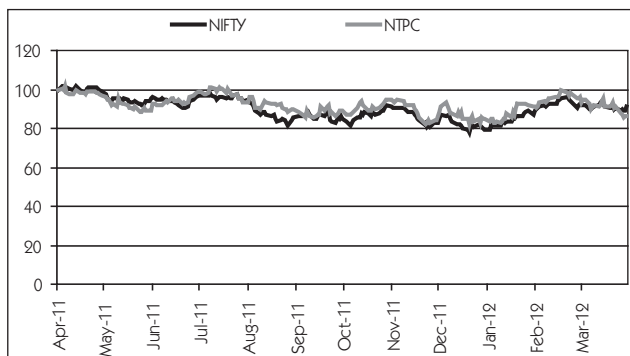
ix) Performance in comparison to indices

BSE Sensex and NTPC Share Price



Base=100 as on 01.04.11

NSE NIFTY and NTPC Share Price



Base=100 as on 01.04.11

x) Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd
Plot No.17 to 24, Vitthalrao Nagar
Madhapur, Hyderabad-500081
Tel No.: 91 40 23420818
Fax No.: 91 40 23420814
E-mail: einward.ris@karvy.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of transfers, etc. Shares transfers are approved by Sub-Committee of the Board for Allotment and Post-Allotment activities of NTPC's Securities.

Pursuant to clause 47-C of the Listing Agreement with Stock Exchanges, certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

xii) Transfer of Unclaimed Amount to Investor Education and Protection Fund

In accordance with Section 205A read with Section 205C of the Companies Act, 1956, an amount of ₹33.95 lac pertaining to unclaimed refund amount during Initial Public Offering of NTPC in October – November 2004 and an amount of ₹38.50 lac pertaining to unclaimed dividend amount paid in March 2005 after IPO have been transferred to Investor Education and Protection Fund, Government of India established under Section 205C of the Companies Act, 1956.

xiii) Distribution of Shareholding

Shares held by different categories of shareholders and according to the size of holdings as on 31st March 2012 are given below:

According to Size

a. Distribution of shareholding according to size, % of holding as on March 31, 2012:

Number of shares	Number of shareholders	% of shareholders	Total No. of shares	% of shares
1-5000	744,569	93.82	96,251,077	1.17
5001-10000	30,327	3.82	22,493,870	0.27
10001-20000	11,179	1.41	15,914,466	0.19
20001-30000	3,162	0.40	7,829,742	0.10
30001-40000	1,168	0.15	4,107,852	0.05
40001-50000	771	0.10	3,584,353	0.04
50001-100000	1,092	0.14	7,834,448	0.10
100001 and above	1,305	0.16	8,087,448,592	98.08
Total	793,573	100.00	8,24,54,64,400	100.00

b. Shareholding pattern as on March 31, 2012

Category	Total no. of shares	% to Equity
GOI	6,96,73,61,180	84.50
FII's	33,13,46,348	4.02
Indian Public	16,06,80,478	1.95
Banks & FI	54,65,48,149	6.63
Private Corp. Bodies	14,56,22,674	1.77
Mutual Funds	8,46,88,139	1.03
NRI / OCBs	38,52,739	0.04
Others	53,64,693	0.06
Total	8,24,54,64,400	100.00

c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on March 31, 2012 are given below:

Name of Shareholders	No. of Shares	% to Paid-up Capital	Category
Government of India	6967361180	84.50	Government
Life Insurance Corporation of India	487167008*	5.91*	IFI

*includes shares held in various funds/ schemes

xiv) Dematerialisation of Shares and Liquidity

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode

	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	37594127	0.46
Held in dematerialized form in NSDL	8207793819	99.54
Physical	76454	0.00
Total	8,24,54,64,400	100.00

The names and addresses of the Depositories are as under:

- National Securities Depository Ltd.
Trade World, 4th Floor
Kamala Mills Compound
Senapathi Bapat Marg,
Lower Parel, Mumbai-400 013
- Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street, Mumbai-400 023

(xv) Demat Suspense Account:

Details (in aggregate) of shares in the suspense account opened and maintained after Initial Public Offering and Further Public Offering of Equity Shares of NTPC as on 31.03.2012 is furnished below:

Details of "NTPC LIMITED – IPO – Unclaimed Shares Demat Suspense Account" (account opened and maintained after IPO):

Opening Bal (as on 01.04.2011)		Requests received and Disposed off during 2011-2012		Closing Bal (as on 31.03.2012)	
Cases	Shares	Cases	Shares	Cases	Shares
183	32,387	3	448	180	31,939

Details of “NTPC LIMITED – FPO Unclaimed Shares Demat Suspense Account” (account opened and maintained after FPO):

Opening Bal (as on 01.04.2011)		Requests received and Disposed off during 2011-2012		Closing Bal (as on 31.03.2012)	
Cases	Shares	Cases	Shares	Cases	Shares
86	13,944	42	7,532	44	6,412

The voting rights on the shares mentioned in the closing balance of above two accounts shall remain frozen till the rightful owner of such shares claims the shares.

(xvi) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments has been issued by the Company

(xvii) Number of Shares held by the Directors as on March 31, 2012

Directors	No. of shares
Shri Arup Roy Choudhury	3,190
Shri A.K. Singhal	10,329
Shri I.J. Kapoor	4,608
Shri B.P. Singh	2,765
Shri D.K. Jain	4,188
Shri S.P. Singh	10,507
Shri N.N. Misra	922
Shri I.C.P. Keshari	NIL
Shri Rakesh Jain	NIL
Dr. M. Govinda Rao	NIL
Shri S.B. Ghosh Dastidar	NIL
Shri R.S. Sahoo	NIL
Shri Ajit M. Nimbalkar	614
Shri S.R. Upadhyay	NIL
Ms. Homai A. Daruwalla	140
Shri A.N. Chatterji	NIL
Prof. Sushil Khanna	NIL

(xviii) Locations of NTPC plants

National Capital Region (NCR-HQ)

Thermal Power Stations

- Badarpur Thermal Power Station- Badarpur, New Delhi
- National Capital Thermal Power Project- Distt. Gautum Budh Nagar, Uttar Pradesh

Gas Power Stations

- Anta Gas Power Project – Distt. Baran, Rajasthan
- Auraiya Gas Power Project – Distt. Auraiya, Uttar Pradesh
- Faridabad Gas Power Project – Distt. Faridabad, Haryana
- National Capital Power Project- Distt. Gautum Budh Nagar, Uttar Pradesh

Eastern Region (ER-HQ)- I

Thermal Power Stations

- Barh Super Thermal Power Project- Distt. Patna, Bihar
- Farakka Super Thermal Power Station – Distt. Murshidabad, West Bengal
- Kahalgaon Super Thermal Power Project- Distt. Bhagalpur, Bihar
- North Karanpura Super Thermal Power Project – Hazaribagh, Jharkhand

Eastern Region (ER-HQ)- II

Thermal Power Stations

- Talcher Super Thermal Power Station- Distt. Angul, Odisha
- Talcher Thermal Power Station- Distt. Angul, Odisha
- Bongaigaon Thermal Power Project, Distt. Kokrajhar, Assam.
- Gajamara Super Thermal Power Project, Distt. Dhenkanal, Odisha
- Darlipalli Super Thermal Power Project, Distt. Sundergarh, Jharsuguda, Odisha

Northern Region (NR-HQ)

Thermal Power Stations

- Feroze Gandhi Unchahar Thermal Power Station – Distt. Raebareli, Uttar Pradesh
- Rihand Super Thermal Power Project – Distt. Sonebhadra, Uttar Pradesh
- Singrauli Super Thermal Power Station – Distt. Sonebhadra, Uttar Pradesh
- Tanda Thermal Power Station- Distt. Ambedkar Nagar, Uttar Pradesh
- Bilhaur Super Thermal Power Project, Distt. Kanpur, Uttar Pradesh

Southern Region (SR-HQ)

Thermal Power Stations

- Ramagundam Super Thermal Power Station- Distt. Karimnagar, Andhra Pradesh
- Simhadri Super Thermal Power Project- Vishakapatnam, Andhra Pradesh
- Kudgi Thermal Power Project, Bijapur, Karnataka

Gas Power Stations

- Rajiv Gandhi Combined Cycle Power Project – Distt. Alappuzha, Kerala

Wind Energy Project, Belgaum, Karnataka

Western Region (WR-HQ)-I

Thermal Power Stations

- Solapur Super Thermal Power Project – Solapur, Maharashtra
- Mouda Super Thermal Power Project – Nagpur, Maharashtra

Gas Power Stations

- Jhanor Gandhar Gas Power Project- Distt. Bharuch, Gujarat
- Kawas Gas Power Project- Aditya Nagar, Surat, Gujarat

Western Region (WR-HQ)-II

Thermal Power Stations

- i) Korba Super Thermal Power Station- Distt. Korba, Chhattisgarh
- ii) Sipat Super Thermal Power Project-Distt. Bilaspur, Chattisgarh
- iii) Vindhyachal Super Thermal Power Station- Distt. Sidhi, Madhya Pradesh
- iv) Gadarwara Super Thermal Power Project, Kandeli-Narsinghpur, Madhya Pradesh
- v) Lara Super Thermal Power Project, Distt. Raigarh, Chattisgarh
- vi) Khargone Super Thermal Power Project, Khargone, Madhya Pradesh

HYDRO POWER PROJECTS

- i) Koldam Hydro Power Project – Distt. Bilaspur, Himachal Pradesh
- ii) Tapovan – Vishnugad Hydro Power Project – Distt. Chamoli, Uttarakhand
- iii) Loharinag- Pala Hydro Power Project- Distt. Uttarkashi, Uttarakhand
- iv) Rupsiyabagar Khasiabara Hydro Power Project – Distt. Pithoragarh, Uttarakhand

JOINT VENTURE POWER PROJECTS

Thermal Power Stations

- i) Rourkela CPP-II - Distt. Sundargarh, Odisha
- ii) Durgapur CPP-II - Distt. Burdwan, West Bengal
- iii) Bhilai CPP - Bhilai (East), Chattisgarh
- iv) Ratnagiri Power Project - Distt. Ratnagiri, Maharashtra
- v) Vallur Thermal Power Project – Chennai, Tamil Nadu
- vi) Indira Gandhi Super Thermal Power Project - Distt. Jhajjar, Haryana
- vii) Meja Super Thermal Power Project – Tehsil Meja, Allahabad
- viii) Nabinagar Super Thermal Power Project – Distt. Aurangabad, Nabinagar, Bihar

Overseas Joint Venture Projects

Thermal Power Stations

- i) Trincomalee Power Project, Trincomalee, Srilanka

POWER PROJECTS UNDER SUBSIDIARY COMPANIES

Thermal Power Projects

- i) Muzaffarpur Thermal Power Station, Muzaffarpur, Bihar

- ii) Nabinagar Thermal Power Project, Distt. Aurangabad, Nabinagar, Bihar (in JV with Railways)

Hydro Power Projects

- i) Lata Tapovan Hydro Power Projects – Distt. Chamoli, Uttarakhand
- ii) Rammam Hydro Project – III- Distt. Darjeeling, West Bengal

COAL MINING SITES

- i) Pakri Barwadih Coal Mining Project, Hazaribagh, Jharkhand
- ii) Chatti-Bariatu Coal Mining Project, Hazaribagh, Jharkhand
- iii) Kerandari Coal Mining Project, Hazaribagh, Jharkhand
- iv) Talaipalli Coal Mining Project, Raigarh, Chattisgarh
- v) Dulanga Coal Mining Project, Sundargarh, Odisha

xix) Address for correspondence:


NTPC Bhawan, SCOPE Complex
7, Institutional Area, Lodi Road,
New Delhi – 110003

The phone numbers and e-mail reference for communication are given below:

	Telephone No.	Fax No.
Registered Office	2436 0100	2436 1018
Investor Services Department	2436 7072	2436 1724
E- mail id	isd@ntpc.co.in	
Public Spokesperson Shri G.K. Sadhu General Manager (Finance-I/c)	2436 6278	24361982
E-mail id	sadhugk@yahoo.co.in	
Company Secretary Shri Anil Kumar Rastogi	2436 0071	2436 0241
E-mail id	akrastogi@ntpc.co.in	

As per Circular of Securities & Exchange Board of India dated 22.01.2007, exclusive e-mail id for redressal of investor complaints is isd@ntpc.co.in.

For and on behalf of Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place: New Delhi
Date : 10th May 2012

Non – Mandatory Requirements

Besides the mandatory requirements as mentioned in preceeding pages, the status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

1. **The Board:** The Company is headed by an Executive Chairman. No Independent Director has been appointed for the period exceeding, in the aggregate, a period of nine years, on the Board of the Company.
2. **Remuneration Committee:** Please refer to para 3.3 of this Report.
3. **Shareholder Rights:** The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company. These results are not separately circulated. Significant events have been disclosed on the Company website: www.ntpc.co.in under "Announcements" in the "Company Performance" section.
4. **Audit Qualification:** It is always Company's endeavour to present unqualified financial statements.
5. **Training to Board Members:** The Board of Directors have the responsibility of strategic supervision of the Company and undertake periodic review of various matters including performance of various stations, construction of power projects, capacity expansion programme in line with targets set-up by Ministry of Power, resource mobilisation, etc. In order to fulfil this role, the Board of Directors undergo training from time to time. The Board of Directors are fully briefed on all business related matters, risk assessment and mitigating procedures and new initiatives proposed by the Company. Directors are also briefed on changes/developments in Indian as well as international corporate and industry scenario including those pertaining to the statutes/legislation and economic environment. In addition, Directors are being imparted training organised by the Company and other agencies/ institutions etc which would enable them to appreciate specific requirements of Power Sector as well as those of the Company.
6. **Mechanism for evaluating non-executive Board Members:** Non-executive Board Members (Independent Directors) of NTPC are being appointed by the Search Committee of the Government of India for a tenure of three years at a time. Their performance is also evaluated by the Search Committee of the Government of India and based on their performance; they are considered for re-appointment on the Board.
7. **Whistle Blower Policy:** The Company has not adopted any separate "Whistle Blower" policy. However, under the provisions of "Fraud Prevention Policy" adopted by the Company, a Whistle Blower mechanism is in place for reporting of fraud or suspected fraud involving employees of the Company as well as representatives of vendors, suppliers, contractors, consultants, service provider or any other party doing any type of business with NTPC. All reports of fraud or suspected fraud are investigated with utmost speed. The mechanism for prevention of fraud is also included in the policy.

ANNEX-II
Schedule of Compliances with Presidential Directive issued during the Financial Year 2011-12 and during last three years before the Financial Year 2011-12:

Year	Content of Presidential Directives	Compliance
2011-12	NIL	NIL
2010-11	1. Vide Presidential Directive No.11/2/2010-Th-1 dated 10 th January, 2011, Government of India had directed NTPC for induction of supercritical technology (with stipulation of Phased Manufacturing Programme) through Bulk ordering of nine 800 MW generating units by NTPC Limited as per road map given in the aforesaid directive.	In line with the Presidential Directive, tenders for Steam Generator (SG) package and Steam Turbine Generator (STG) package for 800 MW units were invited separately for Lara, Darlipali, Gajmara and Kudgi project on International Competitive Bidding basis on 4.02.2011 in line with GOI guidelines following two-stage bidding process. While, award of Contract for SG and STG Package have been issued for Kudgi (3x800 MW) project, the same for Lara, Darlipali and Gajmara shall be placed after receipt of investment approval subsequent to environment clearance and physical possession of land for main plant of the respective projects.

Year	Content of Presidential Directives	Compliance
2009-10	<p>1. Vide Presidential Directive No.8/3/2002-TH. II (Vol.IV) dated 04.09.2009 read with letter of even no. dated 07.10.2009, Government of India had directed NTPC for induction of supercritical technology through bulk ordering of eleven 660 MW generating units by NTPC for itself and on behalf of its Joint Venture Companies and on behalf of Damodar Valley Corporation.</p>	<p>In line with the Presidential Directive, tenders for Steam Generator (SG) package and Steam Turbine Generator (STG) package for 660 MW units were invited separately on International Competitive Bidding basis on 16.10.2009, following two stage bidding process (i.e within the stipulated period of 45 days from issuance of MOP letter dated 04.09.2009).</p> <p>In SG package, one disqualified bidder filed a writ petition in the High Court of Delhi. NTPC challenged the decision of High Court in Hon'ble Supreme Court of India, which subsequently gave the judgment in favour of NTPC. Accordingly, the price bid were invited from the bidder and award of contract for SG and STG Package for Solapur (2x660MW) has been placed.</p> <p>Award of Contract for Meja (2x660 MW) has been awarded by Meja Urja Nigam Private Limited and for Nabinagar (3x660 MW) shall be issued by Nabinagar Power Generating Company Private Limited. Further, Damodar Valley Corporation had been advised to take necessary action for issuance of LOI/ Notification of Award.</p>
	<p>2. Vide Presidential Directive No. 5/5/2004-TH.II dated 03.07.2009, Government of India permitted NTPC for winding up of Pipavav Power Development Company Limited (PPDCL) through striking off the name of PPDCL under Section 560 of the Companies Act, 1956.</p> <p>3. Contract relating to Main Plant Package for Barh Super Thermal Power Project, Stage-I (3x660 MW) awarded on Technopromexport, Russia by NTPC Limited</p>	<p>Registrar of Companies, through its letter dated 28.01.2011, has informed that the name of Pipavav Power Development Company Limited has been struck off from the Register of Registrar of Companies, NCT of Delhi & Haryana pursuant to Section 560 of the Companies Act, 1956 and the said Company stands dissolved.</p> <p>NTPC is implementing Main Plant Package Part-A (Steam Generator & Auxiliaries) for Barh Super Thermal Power Project Stage-I (3x660MW) through Technopromexport, Russia. MOP/GOI furnished decision of Cabinet Committee on Infrastructure (CCI) vide its letter dated 28.05.2010 directing NTPC to take all necessary actions for the early completion of the project in view of the CCI decision. In line with the directive, discussions were held between NTPC and Technopromexport, Russia and after taking approval from the competent authority, necessary amendments to Contracts have also been issued on 29.10.2010 for implementation of Barh STPP Stage-I.</p>
2008-09	<p>1. Vide Presidential Directive No. 3/4/2009-TH.I dated 30.04.2009, Government of India has directed NTPC to implement revision of pay and revision of Board Level and below Board Level Executives and Non-Unionised Supervisors in Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2007</p> <p>2. Vide Presidential Directive No. 5/5/2004-TH.II dated 03.07.2009, Government of India permitted NTPC for winding up of Pipavav Power Development Company Limited (PPDCL) by NTPC Limited pending settlement of claims with Gujarat Power Corporation Limited/ Government of Gujarat.</p>	<p>The process of pay revision of wage and benefit structure for employees in Executive category and for employees in unionized category (workmen) was completed on 16.09.2009 and 07.07.2010 respectively.</p> <p>Please refer compliance as mentioned under Point 2 in the year 2009-2010.</p>

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Arup Roy Choudhury, Chairman & Managing Director and A.K.Singhal, Director (Finance) of NTPC Limited to the best of our knowledge and belief, certify that:

- (a) We have reviewed the balance sheet and profit and loss account (stand alone and consolidated) and all its schedules and notes on accounts and the Cash Flow Statement for the year ended March 31, 2012 and to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal or violative of the Company's various code(s) of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Company's auditors and the Audit Committee of NTPC's Board of Directors:
- (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : 3rd May 2012

(A.K. Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

AUDITORS' CERTIFICATE

The Members
NTPC Limited

We have examined the compliance of conditions of Corporate Governance by NTPC Limited for the year ended on March 31, 2012 as stipulated in the Clause 49 of the Listing Agreements in respect of Equity Shares of the said Company with Stock Exchanges and as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and information and according to the explanations given to us, we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated in the Listing Agreements and in the Guidelines on Corporate Governance for Central Public Sector Enterprises except Board of Directors does not comprise of the required number of independent directors due to vacancy created by retirement, delay in appointment as indicated in Para 2.2 of Corporate Governance Report and one independent director's position remains vacant as on 31st March 2012.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

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

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

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

(S. Narasimhan)
Partner
M No. 206047

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

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

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

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

(Sanjay Agrawal)
Partner
M No. 072867

(Pawan K. Goel)
Partner
M No. 072209

Place : New Delhi
Date : 10th May 2012

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

Some of the important energy conservation measures taken during the year 2011-2012 in different areas are as under:

ENERGY AUDITS

During 2011-12, 96 energy audits in the areas of auxiliary power consumption, water balance, cooling water system, thermal insulation, compressed air, coal handling plant, milling system, air conditioning, ash handling system, WHRB performance, lighting etc. were carried out at different stations of the Company.

AUXILIARY POWER CONSUMPTION

Replacement of inefficient BFP cartridges and attending BFP recirculation valves at various projects, Modifying APH sector angle at Tanda, Removal of one stage in CEP at Vindhyachal, Application of efficiency improvement coating on cooling water/ other pumps internals at Faridabad, Talcher Kaniha, Korba, Talcher Thermal, Gandhar, etc. Installation of VFD's in HFO pressurizing pumps and paddle feeders at Korba and in raw water pumps at Gandhar, Optimization pumping power by stopping leakages in underground pipework (by making it above ground) at Kahalgaon, Gravity Feeding of CT basin at Kayamkulam, AC compressors stopped after commissioning of vapour absorption system at Vindhyachal, Optimization of operation of CW pumps, ARCW, Clarified water pumps and Cooling Tower Fans at Talcher Kaniha, Singrauli, Kahalgaon, Sipat, Kawas, Anta, Auraiya, Unchahar, Farakka etc., optimizing DP across Feed Regulating Station at Korba and Singrauli.

LIGHTING

Replacement of conventional GLS lamps and conventional FTLs with CFLs/ efficient TL at various projects. Replacement of street lighting HPSV fixtures with LED light at Kayamkulam.

HEAT ENERGY

External surface cleaning of WHRB tubes with ammonia at Auraiya, attending/ upgrading thermal insulation at Unchahar, Auraiya, Kayamkulam etc., attending passing in HP heaters at Ramagundam and Rihand, Turbine rotor replacement at Talcher Kaniha, cooling Tower performance improvement by improved water distribution.

b) Additional investments and proposals for reduction in consumption of energy:

Provision of ₹ 7.80 crore has been kept in BE 2012-13 for different energy conservation schemes like:

- Installation of VFD in ID fans
- On-Line Energy Management System
- Vapor absorption system for Air Conditioning
- Energy Efficient Lighting

c) Impact of measures taken for energy conservation:

Savings achieved during 2011-12 on account of specific efforts for energy conservation:-

S.No.	Area/Activities	Energy Unit	Savings Qty. of units	₹ Crore
1	Electrical	MU	111.25	23.25
2.a	Heat Energy (equivalent MT of coal)	MT	36,530	6.70
2.b	Heat Energy (equivalent MCM of Gas)	MCM	0.51	0.76
2.c	Heat Energy (equivalent KL of Naptha)	KL	21.24	0.08
	Grand Total			30.79

Savings achieved during 2010-11: ₹ 30.62 Crore

d) Technology Absorption:

Efforts made towards technology absorption are contained in enclosed Form –B.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export initiative taken to increase export, development of new export markets for products and services and export plan:

Total Foreign Exchange Used/ Earned (2011-2012)	₹ Crore
1. Foreign Exchange Outgo	
a) Value of Imports calculated on CIF basis:	
- Capital Goods	880.34
- Spare Parts	190.09
b) Expenditure:	
- Professional and Consultancy Charges	7.07
- Interest	390.03
- Others	14.44
2. Foreign Exchange Earned	
- Consultancy	2.48
- Interest	-
- Others	0.28

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

1.0 Specific areas in which NETRA activities have been carried out during 2011 - 12:

- a. **MOU Projects for 2010 – 11 Completed:** Installation and Commissioning of bench scale test loop at NETRA of PSA based CO₂ capture technology; Lab scale testing and design of Pilot plant for CO₂ utilization through mineralization of fly ash at Ramagundam; Supply of equipment and commencement of erection of 40 TR solar HVAC plant at NETRA through in-house design & engineering; Development of software and its trials for On-line chemical parameter monitoring and advisory at one station through in-house efforts; Design and preparation of feasibility report & DPR for 1 MW solar Thermal R&D Pilot plant having provision of three type of concentrators; Study of micro-algae strains and short listing for detailed CO₂ capturing studies to 10 Nos; Study of low energy absorption building envelope design.
- b. **Developmental Projects undertaken by NETRA:** Specification of bench scale prototype to convert Municipal Solid Waste to fuel; Design & Specification of Pilot plant for Moisture Extraction from flue gas at Ramagundam; Deployment of Artificial Intelligence based pilot program for performance optimization at 1 station (at Simhadri); NIT of 100 TR FGHR-AC Pilot Plant at Ramagundam; Lab scale studies for Thermal Monitoring of W/W tubes to identify level of deposits in the tubes; Assessment of corrosivity of condenser cooling water and recommending corrective measures at stations (4 Stations).
- c. **Scientific Support to Stations:**
 - **NETRA continued to provide scientific support to stations such as:** Validation of Software for online chemical monitoring & advisory of Water Chemistry parameters at Singrauli; Retrofitting of VFD drives in existing cooling tower fan motor at Dadri; Development of PDC-RVM Instrument for Condition Monitoring Transformer Insulating paper; Integrated Self Powered bio-diesel plant at Vindhyachal is under development; Feasibility study for development of Bio-mass based power from wastes biomass at Singrauli is in progress; Post operational chemical cleaning of 3 boilers carried out; Data collection from 8 Sensors Solar Radiation Stations stated; Corrosion audit of cooling water systems and structures of 4 stations i.e. Kayamkulam, Ramagundam, Kawas & Gandhar have been completed and recommendations for the corrective actions have been provided to the stations; NETRA has provided specifications for the appointment of International Consultant for the application of cathodic protection system to control the corrosion of RCC structures such as Cooling towers & other structures at Simhadri; CFD modeling of flue gas ducts of Vindhyachal Stage-I and Korba have been completed to optimize the performance & life of the ducts; NETRA has provided the specifications for the skid mounted ammonia dosing system for Talcher Thermal station to control the SPM; NETRA has developed Robotic based inspection system for faster & accurate inspection of boiler tubes and trials have been carried out at three stations.
 - **Environment:** Environmental Appraisal of 5 stations have been carried out and corrective actions are being taken by the stations based on the appraisal; Ozone measurement as per new ambient air act was performed at one upcoming station to build up data; Performance evaluation of domestic effluents for zero discharge carried out at Kahalgaon; Mercury testing kit was developed in house.
 - **Health Assessment:** 23 Health assessment studies carried out for different boilers, steam & gas turbines; NETRA provided expert services for the application of phased array technique in detecting the cracks on the root of the turbine blades without removing them. Cracks were detected in 2 nos blades (Talcher Kaniha, Unit#2) using phased array technique, which were earlier cleared okay in other NDT examinations; Material mismatch, i.e. use of carbon steel instead of low alloy steel, was detected at 15 locations for Rihand, Unit#5 for the turbine drain lines and boiler drain/vent lines; Hot Gas Casing of Anta(GT#3) is being operated beyond its design life of 60,000 Vaulted Operating hours, through periodic health assessment; Sweep Frequency Response Analysis(SFRA) of Transformer for assessment of Mechanical Integrity of the Transformer was carried out for 20 transformers to check their mechanical integrity. Clearance given based on SFRA for GT#2 of Tanda Thermal Power Station after repair. Rihand ST#5 SFRA traces was analysed after discrepancies in Factory and Field test results and clearance given for charging.

- **Condition Monitoring:** More than 6,000 samples including 2,600 transformer oil samples covering more than 400 HV Transformers, 2,000 wear debris (rotating components), 400 samples for ion exchange resins from 20 stations, 150 samples for boiler tube inspection were analysed and suitable recommendations were provided to stations for life extension of components.
- d. **Scientific Support to Other Utilities:** Scientific services provided to other utilities such as Torrent Power, Jindal Power, Lehra Mohabat, IPGCL, DMRC, MMTC etc.
- e. Supply, Erection, Commissioning of 40 TR Solar thermal HVAC plant was completed at NETRA

2.0 Benefits derived as a result of above Research & Technology Development:

NETRA activities as carried out have helped in increasing the availability, reliability and efficiency of the stations. Techniques developed by NETRA are implemented at stations, which are enhancing the life of boiler & turbine components. Environmental appraisals, rejuvenation treatments of resins, chemical cleaning/treatment and corrosion control measures supported the stations in improving the efficiency, availability and life of boilers, various heat exchangers/cooling towers etc.

The preventive/failure investigation of transformers, critical rotating components, boiler/condenser tubes and NDT health assessment of boiler components helped in identifying the cause of failure and thus providing necessary input for taking corrective action in preventing re-occurrence of similar failures thereby increasing the availability of power plant equipments. Newly developed monitoring softwares/analysers such as Chem. Expert system and EIDM techniques enabled stations to monitor parameters on real time basis and generate instant advisory to enhance performance.

Studies on CO₂ fixation/utilization; solar thermal; biofuels will result into development of technologies for reduction in the impact on climate change and technologies for affordable renewable energy sources. Development of technologies for efficiency improvement will help in reducing cost of generation.

3.0 FUTURE PLANS

Developmental Projects planned to be taken up:

- Deployment and validation of 'Energy Intensification & Diagnosis Model' (EIDM) for real time plant performance optimization at one of the 500 MW unit of NTPC.
- In-house development of process to upgrade existing induction motor for VFD retrofitting and execution on Cooling Tower Fan in one of the NTPC station.
- Completion of In house process design for around 50 m₂ open pond race way algae reactor at one of the NTPC Station.
- Development of an expert system for assessment of paper moisture in transformers using (PDC-RVM) technique and demonstration at one of NTPC Station.
- DPR for Integration of solar thermal with feed heating of coal power plant at one of the NTPC stations.
- Design of heat pipe based air pre-heater pilot facility at NETRA & Completion of procurement of equipment.
- Development of Advanced Pattern Recognition Technique for early warning detection for a power plant application
- Application of TOFD (Time of Flight Diffraction) for testing of welds in headers and pipe lines at one unit of a station
- Inspection of LTSH tubes using robotic systems of two 500 MW units of NTPC stations.
- Commencement and erection of RFID system in MGR track at one of the stations.

4.0 Expenditure on R&D:

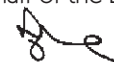
S.No.	Description	Expenditure in (₹ Crore)	
		FY 2011-12	FY 2010-11
a)	Capital	3.82	3.68
b)	Recurring	29.89	28.30
c)	Total	33.71	31.98
d)	Total R&D expenditure as a percentage of total turnover	0.0551%	0.0583%

5.0 Technology Absorption, Adaptation and Innovation

Particulars of some of the important technology imported during last five (5) years are as follows:

S.No.	Technology	Year	Stations
1	Super critical technology with 256 Kg/cm ² Steam Pressure and 565/595 C MS/RH steam temperature is being adopted for improvement in thermal efficiency and reduced emission of green house gasses.	2008-10	Being Implemented in Barh-II and also being implemented in 11 units of 660 MW (in Mauda, Sholapur, Meja, Nabinagar and Raghunathpur plant) through bulk tendering mechanism & being implemented for 800 MW units (Kudgi, Darlipalli, Gajmara & Lara through Bulk tendering).
2	Implementing IGCC technology for high ash Indian coal	2010	Demonstration plant of about 100 MW capacity at Dadri project.
3	Communicable Numerical Relay Technology (on IEC 618500) along with Networking Systems introduced in 33 KV/11 KV /6.6 KV/3.3 KV and LV System	2009	Implemented at Dadri-II, Korba-III & IGSTPP, Simhadri-II. Being Implemented in all ongoing projects.
4	Boiler Flame Viewing Camera	2009	Implemented in Kahagaon and Sipat-II projects.
5	4,000 TPH Capacity & 4.4 Km long pipe conveyors for transporting coal from port to plant .	2006	Implemented in Vallur. This is highest capacity pipe conveyor in Asia.
6	As a part of green technology adoption, LED based large video screens have been adopted for control rooms, from 660 MW bulk tendering projects onwards.	2010	Incorporated in the Station C&I specifications of 660MW bulk tender projects (Mouda-II, Sholapur, Meja, Nabinagar).
7	Secured & Improved Network design of DDCMIS has been adopted. This secured network design has been incorporated in the specifications along with network security policies & procedures, provision of security audits and specialized training.	2008	Incorporated in technical specifications from Bongaigaon onwards. For existing projects, these security policies & procedures have been circulated to all sites.

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place : New Delhi
Dated : 3rd August 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

S. No.	PARTICULARS	NTPC ELECTRIC SUPPLY COMPANY LIMITED	NTPC VIDYUT VYAPAR NIGAM LIMITED	NTPC HYDRO LIMITED*	KANTI BIJLEE UTPADAN NIGAM LIMITED	BHARTIYA RAIL BIJLEE COMPANY LIMITED
1.	Financial year of the Subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2.	Date from which they became Subsidiary	August 21, 2002	November 1, 2002	December 12, 2002	September 6, 2006	November 22, 2007
3.	Share of the subsidiary held by the Company as on March 31, 2012					
	a) Number & face value	80,910 equity shares of ₹10/- each	2,00,00,000 equity shares of ₹ 10/- each	12,13,59,500 equity shares of ₹ 10/- each	34,27,38,200 equity shares of ₹ 10/- each	50,94,60,000 equity shares of ₹ 10/- each
	b) Extent of holding	100%	100%	100%	64.93%	74%
4.	The net aggregate amount of the subsidiary Companies Profit/(loss) so far as it concerns the member of the holding Company (in ₹)					
	a) Not dealt with in the holding Company's accounts					
	i) For the financial year ended March 31, 2012	7,65,88,939	1,11,93,27,294	Nil	3,47,68,718	(1,05,952)
	ii) Upto the previous financial years of the subsidiary Company	50,65,39,836	88,90,94,005	Nil	(9,51,91,001)	(37,88,051)
	b) Dealt with in the holding Company's accounts					
	(i) For the financial year ended March 31, 2012	Nil	Nil	(64,781)	Nil	Nil
	(ii) For the previous financial year of the subsidiary Company since they become the holding Company's subsidiaries	Nil	Nil	(8,13,26,692)	Nil	Nil

* The Board of NTPC, in its Meeting held on 10.05.2012, has approved the scheme of amalgamation of NTPC Hydro Limited with NTPC Limited under Section 391-394 of the Companies Act, 1956 subject to the requisite approvals from Ministry of Corporate Affairs, Shareholders and Stock Exchanges.

For and on behalf of the Board of Directors


 (Arup Roy Choudhury)
 Chairman & Managing Director

Place : New Delhi
 Dated : 3rd August 2012

Annex- V to Directors' Report

STATISTICAL DATA OF GRIEVANCE CASES - 2011-12

S. No.	Particulars	Public Grievance Cases	Staff Grievances Cases
1.	Grievance cases outstanding at the beginning of the year	1	2
2.	Grievance cases received during the year	-	14
3.	Grievance cases disposed of during the year	-	11
4.	Grievance Cases outstanding at the end of the year	1	5

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place : New Delhi

Dated : 3rd August 2012

Annex-VI to Directors' Report

STATISTICAL INFORMATION ON RESERVATION OF SCs/STs FOR THE YEAR 2011.

Representation of SCs/STs as on 01.01.2012:

Group	Employees on Roll	SCs	%age	STs	%age
A	14,474	1,727	11.93	624	4.31
B	5,310	869	16.37	375	7.06
C	5,655	944	16.69	366	6.47
D	905	194	21.43	151	16.69
Total	26,344*	3,734	14.17	1,516	5.75

* The above data is inclusive of manpower posted at JVs and Subsidiaries and 744 Executive Trainees and manpower of taken over plants.

Recruitment of SCs/STs during the year 2011:

Group	Total Recruitment	SCs	%age	STs	%age
A	846	125	14.78	58	6.86
B	-	-	-	-	-
C	122	24	19.67	3	2.46
D	2	1	50.00	1	50.00
Total	970	150	15.46	62	6.39

Promotions of SCs/STs during the year 2011:

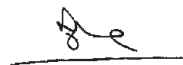
Group	Total	SCs	%age	STs	%age
A	2,780	353	12.70	100	3.60
B	933	158	16.93	76	8.15
C	1,152	208	18.06	79	6.86
D	52	11	21.15	6	11.54
Total	4,917	730	14.85	261	5.31

The following backlog vacancies reserved for SCs/ STs/ OBCs have been filled through advertisement of backlog vacancies along with current vacancies:

SCs : 27

STs : 27

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place : New Delhi

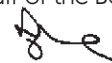
Dated : 3rd August 2012

INFORMATION ON PHYSICALLY CHALLENGED PERSONS

With a view to focus on its role as a socially responsible and socially conscious organization, your Company has endeavored to take responsibility for adequate representation of physically challenged persons (PCP) in its workforce. With this in view, the Company launched a massive recruitment drive to make up the shortfall of PCP. Presently, 467 PCP (100 VH, 101 HH and 266 OH) are on rolls of NTPC. Reservation has been provided for PH as per rules/policy. Some of the other initiatives taken for the welfare of physically challenged persons by NTPC over the years are as under:

- For individual needs of the Visually Hampered employees, screen reading software and Braille shorthand machines, made available by the Projects of NTPC. A website has been made PCP friendly particularly for Low Vision Employees.
- "Sign language" training for the employees in general.
- Changes in the existing building have been/ are being made to provide barrier free access to physically challenged.
- Ramps have also been provided for unhampered movement of wheel chairs.
- At most of the Projects, wherever houses are located in multi-storied structures, allotments to PCP has been made on the ground floor.
- Special parking enclosure near the ramp at the office entrance as well as Physically Handicapped friendly toilet and lift at CC and Projects.
- Wheel chairs have been provided to employees with orthopaedics disabilities. If required, the assistance of an attendant has also been sanctioned.
- Wherever required, gates/ door of the quarter have been widened.
- At CC procurement of stationery items like files, envelopes are mainly being done from NGOs/ Agencies like ADDI, MUSKAN, Blind Relief Association who are working for physically challenged thereby creating indirect employment.
- Paintings made by disabled persons have also been procured and placed at different locations in the Company Offices.
- Medical camps have been organized in various projects of the Company for treatment and distribution of aids like artificial limbs, tricycles, wheelchairs, calipers etc.
- Shops have been allotted in Township to PCP so that they may earn their livelihood. Similarly, PCOs within/ outside plant premises are also allotted to PCP.
- Regular interactive meetings are being organized with physically challenged employees.
- Training needs are being fulfilled as per the individual requirement.
- 9 number of Scholarships @ ₹1,500/- per month/ per student are given to PH students pursuing MBA/ PGDBM/Degree in Engineering Courses.
- Petty contracts like book binding, scribbling pad preparation from waste paper, file binding, furniture repair, screen printing, spiral binding, painting contract are also being given to disabled persons.
- Physically challenged (Orthopedically Handicapped) employees have been allowed to purchase a three wheeler vehicle with a hand fitted engine against their normal entitlement (advance for scooter/ motorcycle/ moped) under NTPC conveyance Advance Rules.
- At all Projects/ Offices, Nodal Officers (Physically Challenged) have been nominated.
- Reimbursement towards low vision aids, dark glasses etc. subject to maximum of ₹1,000/- every year has been introduced. Similarly hearing aid; behind the ear model for each ear restricted to ₹10,000/- or actual cost whichever is lower has been introduced. It may be replaced every four years subject to certificate of condemnation by ENT Specialist.
- Relaxation in qualifying marks for open recruitment: pass marks only and also 10% relaxation in written test and interview from the year 2002 onwards.
- The minimum performance level marks for promotions within the cluster is relaxed by 3 marks in case of employees belonging to SC/ ST/ Physically Challenged category.
- NTPC had launched special recruitment drive for filling up 18 backlog vacancies for PCP in Group-A Posts.

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place : New Delhi
Dated : 3rd August 2012

UNGC – Communication on Progress (2011-12)

NTPC expresses its continued support for the Global Compact and its commitment to take action in this regard, as was communicated by the Chairman & Managing Director, NTPC in his letter dated May 29, 2001 addressed to Secretary General, United Nations.

NTPC has posted the brief of Global Compact and its commitment to the principles of GC on its website at (www.ntpc.co.in). The principles of GC were communicated to all employees through in-house magazines, internal training programmes and posters. NTPC, a core member of Global Compact Network (GCN), India, (formerly known as Global Compact Society) actively participated in the Annual Convention of the Global Compact Network at Mumbai and Asia Pacific Regional Conclave at New Delhi. NTPC representative contributed as faculty for various training programmes organized by GCN for Global Compact Member Organizations in Chennai and Delhi.

NTPC is in the process of preparing its "Corporate Sustainability Report" covering Economic, Environmental and Social aspects with the "triple bottom line" approach based on widely accepted and updated Global Reporting Initiative (GRI) Guidelines.

Human Rights: Principle 1-2

NTPC, a socially responsible Corporate Citizen since its inception, started its Community Development initiatives in the form of R&R program which aim to improve the overall economic status of persons displaced or otherwise affected by our projects. Each R&R programme is based on specific local requirements and is guided by extensive socio-economic surveys.

NTPC recognized to continue community and peripheral development works through Community Development (CD) Policy where the same were closed under R&R policy. NTPC revised its CD policy in August'2010, keeping in view the changed Business environment, Global practices and guidelines issued from DPE, Ministry of Heavy Industry & Public Enterprises. In line with the CD Policy, NTPC takes up activities at Station level and Regional/ National level within the identified Basket of Activity.

As most of the Stations are located in remote rural areas, NTPC, during 2011-12, undertook activities in the neighbourhood area of stations in the areas of basic infrastructure development like primary education, community health, drinking water, sanitation, road, vocational training etc. In addition, Quality Circles (QCs) started in neighborhood villages of stations contributed to improvements in various areas. The NTPC employees participated in various activities through Employee Voluntary Organization for Initiative in Community Empowerment (EVOICE).

NTPC provided financial support for construction of Engineering College in Korba, polytechnic training centre in Kayamkulam and ITIs in Farakka and Faridabad.

23 schools run by NTPC predominately for community, benefited more than 20000 students of neighbourhood community. Various activities in more than 500 village schools like scholarships and uniforms to students and assets and infrastructure support benefited close to 60000 village children.

Assistance was provided to National Foundation for Communal Harmony (NFCH), an autonomous organization with Ministry of Home Affairs, GOI to facilitate education and rehabilitation of the child victims of communal, caste, ethnic or terrorist violence.

For Women Empowerment, skill up gradation programs in sewing for women population in the neighborhood villages to promote self-employment including providing sewing machines covering more than 300 women, and various vocational training programmes for women including Dress Designing, Beautician, Embroidery, candle making, food preservation and food processing etc. and Construction of Girls Hostel in Guntur district of AP was taken up.

Assistance was provided to Apparel Training and Design Centre (ATDC), Chhindwara for Vocational training to 45 BPL candidates.

Information and Communication Technology (ICT) centers established by NTPC Foundation at Delhi University and in four Govt. Blind Schools at Ajmer, Lucknow, Thiruvananthapuram and Mysore for providing IT education to physically & visually challenged students have benefited more than 2000 students so far. New ICT Centers at Gauhati University, Guwahati was started and MOU signed for ICT Center at Devi Ahilya Vishwavidyalaya, Indore for helping physically challenged students to learn IT Skills and move along with the mainstream society.

Disability Rehabilitation Centers (DRCs) at NTPC Tanda, Rihand, Korba, Dadri and Bongaigaon established in collaboration with NTPC Foundation and National Institute for the Orthopaedically Handicapped (NIOH), under the Ministry of Social Justice and Empowerment, Government of India have provided rehabilitation/ restorative surgery like medical interventions and surgical corrections, fitting of artificial aids and appliances and therapeutic services etc to more than 23900 cases of physically challenged persons so far.

Under Health, Mobile Health Clinic facility was started by Stations like Kayamkulam, Kawas and Talcher Thermal to provide quality health care at the doorstep of neighbourhood villages. Activities like medical camps for local villages including those for detection and treatment of respiratory diseases like TB and lung cancer and for general checkups conducted, fogging, spraying anti larva spray, and support to PHCs and Hospitals in about 300 villages during the year benefited more than 2 Lakh people. NTPC extended support for replacement of old hospital equipments at Behala Balananda Brahmachari Hospital & Research Centre, Kolkata.

Directly Observed Treatment cum Designated Microscopy Centre (DOT cum DMC) with Mobile Vans, diagnostic equipments and paramedical services started at 12 NTPC hospitals in Anta, Farakka, Kahalgaon, Korba, NCPP-Dadri, Ramagundam, Rihand, Singrauli, Sipat, Talcher-Kaniha, Unchahar and Vindhyachal for diagnosis and treatment of the Tuberculosis in the neighbourhood villages of the stations registered more than 15,100 patients and provided treatment to more than 2,400 patients so far.

NTPC provided support for relief and rehabilitation work in the flood affected area of Odisha and earthquake affected area of Sikkim, respectively. Further, NTPC Korba and NTPC Farakka arranged relief material during floods in Chhattisgarh and West Bengal respectively.

Labour Standard: Principle 3-6

For addressing the issue of labour standard in comprehensive manner, NTPC has decided to adopt international standards like SA-8000 and OHSAS-18001.

During the year 2011-12, Faridabad got Accreditation for SA 8000. Anta, Farakka, Faridabad, Kayamkulam, NCPP Dadri, Ramagundam, Rihand and Simhadri stations of NTPC got revalidated for accreditation SA-8000. Revalidation is under process at Unchahar.

Environment: Principle 7-9

NTPC has taken a number of initiatives towards preservation of the environment by providing advanced environment protection control systems, regular environment monitoring and judicious use of natural resources, adoption of high efficiency technologies.

The details of the initiatives undertaken by the Company are given under the Heading 'Environment Management- an initiative for preserving environment' in the Directors' Report.

Anti-corruption: Principle 10

The Company has a Vigilance Department headed by Chief Vigilance Officer who is a nominee of the Central Vigilance Commission. The Vigilance Department Consisting of Four Units, namely Corporate Vigilance Cell, Departmental Proceeding Cell (DPC), MIS Cell, Technical Cell (TC). These units deal with various facets of Vigilance Mechanism exclusive and independent functioning of these Units ensure transparency, objectivity and quality in vigilance functioning. The Vigilance Department submits its reports to Competent Authority including the Board of Directors. The CVO also reports to the Central Vigilance Commission as per their norms.

The details are given under the Heading 'Vigilance' in the Directors Report.

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

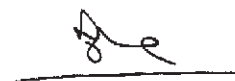
Place : New Delhi
Dated : 3rd August 2012

Annex-IX to Directors' Report

The quantity of ash produced, ash utilized and percentage of such utilization during 2011-12 from NTPC stations is as under:

Sl. No.	Stations	Ash Produced	Ash Utilization	% Utilization
		Lakh MTs	Lakh MTs	%
1	Badarpur	12.64	11.01	87.10
2	Dadri	30.10	22.47	74.67
3	Singrauli	37.93	23.24	61.28
4	Rihand	31.19	18.92	60.67
5	Unchahar	25.73	19.32	75.09
6	Tanda	13.60	8.46	62.21
7	Korba	54.07	37.44	69.24
8	Vindhyachal	62.47	28.95	46.34
9	Sipat	26.15	3.22	12.31
10	Ramagundam	42.94	26.08	60.74
11	Simhadri	28.16	16.90	60.01
12	Farakka	22.07	19.81	89.76
13	Kahalgaon	39.19	9.60	24.50
14	Talcher-Thermal	11.93	11.93	100.00
15	Talcher-Kaniha	62.35	17.94	28.77
	Total	500.52	275.29	55.00

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place : New Delhi
Dated : 3rd August 2012

BALANCE SHEET AS AT

Particulars	Note	₹ Crore	
		31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	8,245.46	8,245.46
Reserves and surplus	3	65,045.71	59,646.79
		73,291.17	67,892.25
Deferred revenue	4	1,430.06	854.48
Non-current liabilities			
Long-term borrowings	5	45,908.27	39,735.68
Deferred tax liabilities (net)	6	636.90	602.95
Other long-term liabilities	7	1,729.06	2,050.58
Long-term provisions	8	603.70	561.90
		48,877.93	42,951.11
Current liabilities			
Trade payables	9	4,468.07	4,088.01
Other current liabilities	10	9,554.95	7,762.50
Short-term provisions	11	3,215.62	2,190.53
		17,238.64	14,041.04
TOTAL		140,837.80	125,738.88
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	45,046.47	39,029.07
Intangible assets	12	211.89	206.89
Capital work-in-progress	13	41,827.82	35,495.30
Intangible assets under development	13	0.04	0.03
Non-current investments	14	9,583.92	10,532.84
Long-term loans and advances	15	3,883.26	3,901.96
Other non-current assets	15A	1,371.88	459.15
		101,925.28	89,625.24
Current assets			
Current investments	16	1,622.46	1,812.00
Inventories	17	3,702.85	3,639.12
Trade receivables	18	5,832.51	1,434.96
Cash and bank balances	19	16,146.11	16,185.26
Short-term loans and advances	20	2,754.73	3,777.86
Other current assets	21	8,853.86	9,264.44
		38,912.52	36,113.64
TOTAL		140,837.80	125,738.88
Significant accounting policies	1		

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

For and on behalf of the Board of Directors

(A. K. Rastogi)
Company Secretary

(A. K. Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

(Rakesh Kumar)
Partner
M No.087537

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

(S. Narasimhan)
Partner
M No.206047

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

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

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

(R. Raghuraman)
Partner
M No. 081350

(R. C. Agrawal)
Partner
M No. 070229

(Prabuddha Gupta)
Partner
M No. 400189

Place : New Delhi
Dated : 10th May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	Note	₹ Crore	
		31.03.2012	31.03.2011
Revenue from operations (gross)	22	62,480.88	55,340.66
Less: Electricity duty		428.65	278.01
Revenue from operations (net)		62,052.23	55,062.65
Other income	23	2,778.42	2,344.65
Total revenue		64,830.65	57,407.30
Expenses			
Fuel		41,635.46	35,373.78
Employee benefits expense	24	3,090.48	2,789.71
Finance costs	25	1,711.64	1,420.96
Depreciation and amortisation expense	12	2,791.70	2,485.69
Generation, administration & other expenses	26	3,588.79	4,926.28
Prior period items (net)	27	(313.58)	(1,638.72)
Total expenses		52,504.49	45,357.70
Profit before tax		12,326.16	12,049.60
Tax expense:			
Current tax			
Current year		2913.64	2,497.30
Earlier years		154.84	56.02
Deferred tax			
Current year		327.85	133.24
Earlier years		(293.90)	260.45
Total tax expense		3,102.43	2,947.01
Profit for the year		9,223.73	9,102.59
Significant accounting policies	1		
Expenditure during construction period (net)	28		
Earnings per equity share (Par value ₹ 10/- each)	42		
Basic		11.19	11.04
Diluted		11.19	11.04

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

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

For and on behalf of the Board of Directors

(A. K. Rastogi)
Company Secretary

(A. K. Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

(Rakesh Kumar)
Partner
M No.087537

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

(S. Narasimhan)
Partner
M No.206047

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

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

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

(R. Raghuraman)
Partner
M No. 081350

(R. C. Agrawal)
Partner
M No. 070229

(Prabuddha Gupta)
Partner
M No. 400189

Place : New Delhi
Dated : 10th May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31.03.2012	31.03.2011
₹ Crore		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	12,326.16	12,049.60
Adjustment for:		
Depreciation / Amortisation	2,791.70	2,485.69
Prior period depreciation / amortisation	(1.35)	(1,113.05)
Provisions	65.18	1,552.15
Deferred revenue on account of advance against depreciation	(73.58)	(818.79)
Deferred foreign currency fluctuation asset/liability	(874.84)	(58.48)
Deferred income from foreign currency fluctuation	792.00	90.46
Interest charges	3,969.67	3,100.79
Guarantee fee & other finance charges	84.18	62.86
Interest/income on bonds/investments	(752.55)	(856.09)
Dividend income	(79.16)	(35.13)
Provisions written back	(315.86)	(7.81)
Profit on disposal of fixed assets	(13.28)	(8.16)
Loss on disposal of fixed assets	58.40	60.87
	<u>5,650.51</u>	<u>4,455.31</u>
Operating Profit before Working Capital Changes	<u>17,976.67</u>	<u>16,504.91</u>
Adjustment for:		
Trade receivables	(2,862.83)	(2,804.13)
Inventories	93.94	(169.75)
Trade payables, provisions and other liabilities	375.87	1,474.86
Loans & Advances and Other current assets	43.58	(966.46)
	<u>(2,349.44)</u>	<u>(2,465.48)</u>
Cash generated from operations	<u>15,627.23</u>	<u>14,039.43</u>
Direct taxes paid	(1,760.66)	(2,954.40)
Net Cash from Operating Activities - A	<u>13,866.57</u>	<u>11,085.03</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(13,136.48)	(11,114.96)
Disposal of fixed assets	78.76	29.42
Purchase of investments	(23,630.00)	(15,848.17)
Sale of investments	25,433.87	19,268.07
Investment in subsidiaries/joint ventures	(681.68)	(957.65)
Loans & advances to subsidiaries	(2.98)	6.19
Interest/income on bonds/investments received	822.74	926.28
Dividend received	79.16	35.13
	<u>(11,036.61)</u>	<u>(7,655.69)</u>
Net cash used in Investing Activities - B		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	8,736.39	9,045.79
Repayment of long term borrowings	(3,522.93)	(3,998.50)
Grants received	1.30	0.27
Interest paid	(3,885.12)	(3,036.94)
Guarantee fee & other finance charges paid	(84.18)	(62.86)
Dividend paid	(3,545.55)	(3,133.26)
Tax on dividend	(569.02)	(518.06)
	<u>(2,869.11)</u>	<u>(1,703.56)</u>
Net cash flow from Financing Activities - C		
Net increase/decrease in cash and cash equivalents (A+B+C)	<u>(39.15)</u>	<u>1,725.78</u>
Cash and cash equivalents at the beginning of the year (see Note 1 below)	<u>16,185.26</u>	<u>14,459.48</u>
Cash and cash equivalents at the end of the period (see Note 1 below)	<u>16,146.11</u>	<u>16,185.26</u>

NOTES

- Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note-19:
Cash and cash equivalents
Demand deposits included in other bank balances
Other bank balances-Others*
Cash and cash equivalents as restated (Note-19-Cash and Bank balances)
* Amounts which are not available for use towards:
1) Unclaimed dividend
2) Margin money kept with RBI earmarked for fixed deposits from public
3) Deposited as security with Government and other authorities

761.89	315.96
15,357.98	15,847.23
26.24	22.07
<u>16,146.11</u>	<u>16,185.26</u>
11.48	10.25
1.77	0.13
12.99	11.69
<u>26.24</u>	<u>22.07</u>

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

For and on behalf of the Board of Directors
(A. K. Rastogi)
Company Secretary
(A. K. Singhal)
Director (Finance)
This is the cash flow statement referred to in our report of even date

For O. P. Bagla & Co.
Chartered Accountants
Firm Reg. No. 000018N
(Rakesh Kumar)
Partner
M No.087537

For K. K. Soni & Co.
Chartered Accountants
Firm Reg. No. 000947N
(S. S. Soni)
Partner
M No.094227

For PKF Sridhar & Santhanam
Chartered Accountants
Firm Reg. No. 003990S
(S. Narasimhan)
Partner
M No.206047

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Reg. No. 109208W
(R. Raghuraman)
Partner
M No. 081350

For Ramesh C. Agrawal & Co.
Chartered Accountants
Firm Reg. No. 001770C
(R. C. Agrawal)
Partner
M No.070229

For A. R. & Co.
Chartered Accountants
Firm Reg. No. 002744C
(Prabuddha Gupta)
Partner
M.No.400189

Place : New Delhi
Dated: 10th May 2012

Notes to the financial statements for the year ended 31st March 2012

1. Significant accounting policies

A. Basis of preparation

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

B. Use of estimates

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

C. Grants-in-aid

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

D. Fixed assets

1. Tangible assets are carried at historical cost less accumulated depreciation/amortisation.
2. Expenditure on renovation and modernisation of tangible assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
3. Intangible assets are stated at their cost of acquisition less accumulated amortisation.
4. Capital expenditure on assets not owned by the Company relating to generation of electricity business is reflected as a distinct item in capital work-in-progress till the period of completion and thereafter in the tangible assets.
5. Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
6. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
7. Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

E. Capital work-in-progress

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

F. Oil and gas exploration costs

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

G. Development of coal mines

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

H. Foreign currency transactions

1. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
2. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
3. Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
4. Exchange differences arising from settlement/translation of foreign currency loans (other than regarded as borrowing cost), deposits/liabilities relating to fixed assets/capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement/translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.
5. Other exchange differences are recognized as income or expense in the period in which they arise.

I. Borrowing costs

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

J. Investments

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

K. Inventories

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

L. Income recognition

1. Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case of power stations where the tariff rates are yet to be approved, provisional rates are adopted.
2. Advance against depreciation considered as deferred revenue in earlier years is included in sales, to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.
3. Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. H is adjusted in depreciation or sales, as the case may be.
4. Exchange differences arising from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability' during construction period and adjusted from the year in which the same becomes recoverable/ payable.
5. The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
6. Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages wherever there is uncertainty of realisation/acceptance are not treated as accrued and are therefore accounted for on receipt/acceptance.
7. Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts. Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
8. Scrap other than steel scrap is accounted for as and when sold.
9. Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

M. Expenditure

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

a)	Kutch roads	2 years
b)	Enabling works	
	- residential buildings including their internal electrification.	15 years
	- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 years
c)	Personal computers & laptops including peripherals	5 years
d)	Photocopiers and fax machines	5 years
e)	Water coolers and refrigerators	12 years

4. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
5. Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.
6. Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.
7. Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009/ revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.

8. Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.
9. Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
10. Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
11. Leasehold land and buildings relating to generation of electricity business are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.
12. Land acquired for mining business under Coal Bearing Areas (Acquisition & Development) Act, 1957 is amortised on the basis of balance useful life of the project. Other leasehold land acquired for mining business is amortised over the lease period or balance life of the project whichever is less.
13. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research & development are charged to revenue in the year incurred.
14. Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.
15. Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
16. Prepaid expenses and prior period expenses/income of items of ₹ 100,000/- and below are charged to natural heads of accounts.
17. Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Transit and handling losses of coal as per norms are included in cost of coal.

N. Employee benefits

1. Defined contribution plan

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

2. Defined benefit plan

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

3. Short term employee benefits

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

O. Leases

1. Finance lease

- 1.1 Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.
- 1.2 Depreciation on the assets taken on finance lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. M.1 or M.2. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is less.
- 1.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

2. Operating lease

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

P. Impairment

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

Q. Provisions and contingent liabilities

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

R. Cash flow statement

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

2. Share capital

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

- a) During the year, the Company has not issued/bought back any shares.
- b) The Company has only one class of equity shares having a par value ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.
- c) During the year ended 31st March 2012, the amount of per share dividend recognised as distribution to equity share holders was ₹ 4.00 (previous year ₹ 3.80).
- d) **Details of shareholders holding more than 5% shares in the Company:**

Particulars	31.03.2012		31.03.2011	
	No. of shares	%age holding	No. of shares	%age holding
- Government of India	6967361180	84.50	6967361180	84.50
- Life Insurance Corporation of India	487167008	5.91	479752575	5.82

3. Reserves and surplus

As at	31.03.2012	31.03.2011
₹ Crore		
Capital reserve		
As per last financial statements	151.88	144.74
Add : Transfer from surplus in the statement of profit & loss	0.44	6.87
Add : Grants received during the year	1.33	0.27
Less: Adjustments during the year	0.03	-
Closing balance	<u>153.62</u>	<u>151.88</u>
Securities premium account	<u>2,228.11</u>	<u>2,228.11</u>
Bonds redemption reserve		
As per last financial statements	2,231.66	1,986.72
Add : Transfer from surplus in the statement of profit & loss	482.38	494.94
Less: Transfer to surplus in the statement of profit & loss	325.00	250.00
Closing balance	<u>2,389.04</u>	<u>2,231.66</u>
General reserve		
As per last financial statements	55,002.80	49,802.80
Add : Transfer from surplus in the statement of profit & loss	5,200.00	5,200.00
Closing balance	<u>60,202.80</u>	<u>55,002.80</u>
Surplus in the statement of profit & loss		
As per last financial statements	32.34	29.59
Add: Profit for the year as per statement of profit & loss	9,223.73	9,102.59
Write back from bond redemption reserve	325.00	250.00
Less: Transfer to bond redemption reserve	482.38	494.94
Transfer to capital reserve	0.44	6.87
Transfer to general reserve	5,200.00	5,200.00
Dividend paid	2,885.92	2,473.63
Tax on dividend paid	465.09	410.84
Proposed dividend	412.27	659.63
Tax on proposed dividend	62.83	103.93
Net surplus	<u>72.14</u>	<u>32.34</u>
Total	<u>65,045.71</u>	<u>59,646.79</u>

- a) The Company has proposed final dividend for the year 2011-12 @ ₹ 0.50 per equity share of par value ₹ 10/- each (previous year ₹ 0.80 per equity share)

4. Deferred revenue

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

- a) Advance against depreciation (AAD) was an element of tariff provided under the Tariff Regulations for 2001-04 and 2004-09 to facilitate debt servicing by the generators since it was considered that depreciation recovered in the tariff considering a useful life of 25 years is not adequate for debt servicing. Though this amount is not repayable to the beneficiaries, keeping in view the matching principle, and in line with the opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), this was treated as deferred revenue to the extent depreciation chargeable in the accounts is considered to be higher than the depreciation recoverable in tariff in future years. Since AAD is in the nature of deferred revenue and does not constitute a liability, it has been disclosed in this note separately from shareholder's funds and liabilities.
- b) In line with significant accounting policy no. L.2 (Note 1) and the revised CERC order for 2004-09, an amount of ₹ 34.39 crore (previous year ₹ 79.75 crore) has been recognized after reversal/deferment of revenue of ₹ 39.19 crore (previous year ₹ 11.55 crore) during the year from the AAD and included in energy sales (Note 22).
- c) Foreign exchange rate variation (FERV) on foreign currency loans and interest thereon is recoverable from/payable to the customers in line with the Tariff Regulations. Keeping in view the opinion of the EAC of ICAI, the Company is recognizing deferred foreign currency fluctuation asset by corresponding credit to deferred income from foreign currency fluctuation in respect of the FERV on foreign currency loans or interest thereon adjusted in the cost of fixed assets, which is recoverable from the customers in future years as provided in accounting policy no. L.3 (Note 1). This amount will be recognized as revenue corresponding to the depreciation charge in future years. Since the amount does not constitute a liability to be discharged in future periods hence it has been disclosed in this note separately from shareholder's funds and liabilities.

5. Long-term borrowings

	₹ Crore	
As at	31.03.2012	31.03.2011
Bonds		
Secured		
8.48% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 1 st May 2023 (Seventeenth issue - private placement) ⁱ	50.00	50.00
9.00% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each with five equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 11 th year and in annual installments thereafter upto the end of 15 th year respectively commencing from 25 th January 2023 and ending on 25 th January 2027 (Forty second issue - private placement) ⁱⁱ	500.00	-
8.93% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 19 th January 2021 (Thirty seventh issue - private placement) ⁱⁱⁱ	300.00	300.00
8.73% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 31 st March 2020 (Thirty third issue- private placement) ⁱⁱⁱ	195.00	195.00
8.78% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 9 th March 2020 (Thirty first issue- private placement) ⁱⁱⁱ	500.00	500.00
11.95% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in five equal annual installments commencing from 6 th Nov 2019 and ending on 6 th Nov 2023 (Twenty seventh issue - private placement) ⁱⁱⁱ	350.00	350.00
7.89% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 5 th May 2019 (Thirtieth issue - private placement) ⁱⁱⁱ	700.00	700.00
8.65% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 4 th February 2019 (Twenty ninth issue - private placement) ⁱⁱⁱ	550.00	550.00
7.50% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 12 th January 2019 (Nineteenth issue - private placement) ⁱⁱ	50.00	50.00
11% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 21 st November 2018 (Twenty eighth issue - private placement) ⁱⁱⁱ	1,000.00	1,000.00
8.00% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each redeemable at par in full on 10 th April 2018 (Sixteenth issue -private placement) ⁱ	100.00	100.00
9.2573% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 2 nd March 2018 and ending on 2 nd March 2032 (Forty third issue - private placement) ⁱⁱⁱ	75.00	-

As at	31.03.2012	31.03.2011
9.6713 % Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 23 rd Decemeber 2017 and ending on 23 rd December 2031 (Forty first issue - private placement) ⁱⁱⁱ	75.00	-
9.558 % Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 29 th July 2017 and ending on 29 th July 2031 (Fortieth issue - private placement) ⁱⁱⁱ	75.00	-
9.3896% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 9 th June 2017 and ending on 9 th June 2031 (Thirty ninth issue - private placement) ⁱⁱⁱ	105.00	-
9.17% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 22 nd March 2017 and ending on 22 nd March 2031 (Thirty eighth issue - private placement) ⁱⁱⁱ . Securitised during the current year.	75.00	75.00
8.8086% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 15 th December 2016 and ending on 15 th December 2030 (Thirty sixth issue - private placement) ⁱⁱⁱ	75.00	75.00
8.785% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 15 th September 2016 and ending on 15 th September 2030 (Thirty fifth issue - private placement) ⁱⁱⁱ	120.00	120.00
8.71% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 10 th June 2016 and ending on 10 th June 2030 (Thirty fourth issue - private placement) ⁱⁱⁱ	150.00	150.00
8.8493% Secured non-cumulative non-convertible redeemable taxable bonds of ₹ 15,00,000/- each with fifteen equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 20 th year respectively commencing from 25 th March 2016 and ending on 25 th March 2030 (Thirty second issue - private placement) ⁱⁱⁱ	105.00	105.00
9.37% Secured non-cumulative non-convertible redeemable taxable bonds of ₹15,00,000/- each with fourteen separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty fifth issue - private placement) ⁱⁱⁱ	428.50	500.00
9.06% Secured non-cumulative non-convertible redeemable taxable bonds of ₹70,00,000/- each with fourteen separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty sixth issue - private placement) ⁱⁱⁱ	428.50	500.00
8.6077% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 9 th September 2011 and ending on 9 th March 2021 (Twenty fourth issue - private placement) ^{iv}	400.00	450.00
8.3796% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 5 th August 2011 and ending on 5 th February 2021 (Twenty third issue - private placement) ^{iv}	400.00	450.00
8.1771% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 2 nd July 2011 and ending on 2 nd January 2021 (Twenty second issue - private placement) ^{iv}	400.00	450.00
7.7125% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 2 nd August 2010 and ending on 2 nd February 2020 (Twenty first issue - private placement) ^v	700.00	800.00
7.552% Secured non-cumulative non-convertible redeemable taxable bonds of ₹20,00,000/- each with twenty equal separately transferable redeemable principal parts (STRPP) redeemable at par semi-annually commencing from 23 rd September 2009 and ending on 23 rd March 2019 (Twentieth Issue - private placement) ^{vi}	300.00	350.00

As at	31.03.2012	31.03.2011
5.95% Secured non-cumulative non-convertible redeemable taxable bonds of ₹10,00,000/- each with five equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of 6 th year and in annual installments thereafter upto the end of 10 th year respectively from 15 th September 2003 (Eighteenth issue - private placement) ^{vii}	100.00	200.00
9.55% Secured non-cumulative non-convertible taxable redeemable bonds of ₹10,00,000/- each with ten equal separately transferable redeemable principal parts (STRPP) redeemable at par at the end of the 6 th year and in annual installments thereafter upto the end of 15 th year respectively from 30 th April 2002 (Thirteenth issue - Part B - private placement) ^{viii}	375.00	450.00
9.55% Secured non-cumulative non-convertible taxable redeemable bonds of ₹10,00,000/- each redeemable at par in ten equal annual installments commencing from the end of 6 th year and upto the end of 15 th year respectively from 18 th April 2002 (Thirteenth issue -Part A - private placement) ^{viii}	375.00	450.00
Foreign currency notes		
Unsecured		
5.625 % Fixed rate notes due for repayment on 14 th July 2021	2,581.50	-
5.875 % Fixed rate notes due for repayment on 2 nd March 2016	1,548.90	1,356.90
Term loans		
From banks		
Secured		
Foreign currency loan (guaranteed by GOI) ^x	99.09	256.56
Unsecured		
Foreign currency loans (guaranteed by GOI)	2,999.49	2,763.23
Other foreign currency loans	5,799.66	5,387.81
Rupee loans	23,821.95	21,038.14
Deposits		
Unsecured		
Fixed deposits	0.47	12.39
Long term maturities of finance lease obligations (Secured)^x	0.21	0.65
Total	45,908.27	39,735.68

a) Details of terms of repayment and rate of interest

₹ Crore

Particulars	Non current portion		Current portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Term loans				
From banks				
Secured				
Foreign currency loan (guaranteed by GOI)	99.09	256.56	186.38	157.91
Unsecured				
Foreign currency loans (guaranteed by GOI)	2,999.49	2,763.23	183.64	121.16
Other foreign currency loans	5,799.66	5,387.81	865.68	647.39
Rupee loans	23,821.95	21,038.14	2,430.18	1,874.67
Fixed deposits (unsecured)	0.47	12.39	11.79	0.87

- i) Secured foreign currency loan (guaranteed by the GOI) carries floating rate of interest linked to currency weighted LIBOR and is repayable in three semi annual installments as of 31st March 2012.
- ii) Unsecured foreign currency loans (guaranteed by the GOI) carry fixed rate of interest ranging from 1.80% p.a. to 2.30% p.a. and are repayable in twenty eight to thirty eight semi annual installments as of 31st March 2012.
- iii) Unsecured other foreign currency loans include loans of ₹ 1,290.35 crore (previous year ₹ 1,267.68 crore) which carry fixed rate of interest ranging from 3.85% p.a. to 4.31% p.a., loans of ₹ 5,186.32 crore (previous year ₹ 4,533.04 crore) which carry floating rate of interest linked to 6M LIBOR/6M EURIBOR and a loan of ₹ 188.67 crore (previous year ₹ 234.48 crore) which carry floating rate of interest linked to the cost of borrowings of the Multilateral Agency Lender. These loans are repayable in one to twenty eight semi-annual installments as of 31st March 2012 commencing after moratorium period if any, as per the respective loan agreements.

- iv) Unsecured rupee term loans carry interest ranging from 5.71 % to 12.75 % p.a. with monthly/quarterly/half-yearly/yearly rests. These loans are repayable in quarterly/half-yearly installments as per the terms of the respective loan agreements. The repayment period extends from a period of five to fifteen years after a moratorium period of six months to five years.
- v) Unsecured fixed deposits carry interest @ 6.75% to 8.00% p.a. payable quarterly/monthly for non-cumulative schemes and on maturity in case of cumulative schemes compounded quarterly. The deposits are repayable during a period of one to three years from the date of issue.
- b) The finance lease obligations are repayable in installments as per the terms of the respective lease agreements generally over a period of four years.
- c) There has been no defaults in repayment of any of the loans or interest thereon as at the end of the year.

Details of securities

- I Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- II Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- III Secured by (I) English mortgage, on first pari passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Thermal Power Project by extension of charge already created.
- IV Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of the title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
- V Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Barh Super Thermal Power Project on first pari-passu charge basis, ranking pari passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
- VI Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
- VII Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- VIII Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- IX Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Bankers first charge on certain movable assets hypothecated to them for working capital requirement.
- X Secured against fixed assets obtained under finance lease.
- XI Security cover mentioned at sl. no. I to VIII is above 100% of the debt securities outstanding.

6. Deferred tax liabilities (net)

	₹ Crore		
	As at 01.04.2011	Additions/ (Adjustments) during the year	As at 31.03.2012
Deferred tax liability			
Difference of book depreciation and tax depreciation	6,082.92	(80.90)	6,002.02
Less: Deferred tax assets			
Provisions & other disallowances for tax purposes	1,205.52	(107.36)	1,098.16
Disallowances u/s 43B of the Income Tax Act, 1961	<u>323.00</u>	<u>6.40</u>	329.40
	4,554.40	20.06	4,574.46
Less: Recoverable from beneficiaries	3,951.45	(13.89)	3,937.56
Total	<u>602.95</u>	<u>33.95</u>	<u>636.90</u>

- a) The net increase during the year in the deferred tax liability of ₹ 33.95 crore (previous year ₹ 393.69 crore) has been debited to statement of profit & loss.
- b) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing laws.

7. Other long-term liabilities

	₹ Crore	
As at	31.03.2012	31.03.2011
Trade payables	5.07	9.15
Deferred foreign currency fluctuation liability	134.43	96.54
Other liabilities		
Payable for capital expenditure	1,589.28	1,941.94
Others	0.28	2.95
Total	<u>1,729.06</u>	<u>2,050.58</u>

- a) Disclosure w.r.t. micro and small enterprises as required by the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is made in Note 47.
- b) In line with accounting policies no.L.3 (Note 1), deferred foreign currency fluctuation liability to the extent of ₹ 37.89 crore (previous year ₹ 35.49 crore) has been made during the year.
- c) Other liabilities - Others include deposits received from contractors, customers and parties towards sale of scrap etc.

8. Long-term provisions

	₹ Crore	
As at	31.03.2012	31.03.2011
Provision for employee benefits		
Opening balance	561.90	660.07
Additions/(adjustments) during the year	41.80	(98.17)
Total	<u>603.70</u>	<u>561.90</u>

- a) Disclosure required by AS 15 on 'Employees benefits' has been made in Note 37.

9. Trade payables

	₹ Crore	
As at	31.03.2012	31.03.2011
For goods and services	4,468.07	4,088.01
Total	4,468.07	4,088.01

a) Disclosure w.r.t. micro and small enterprises as required by the MSMED Act is made in Note 47.

10. Other current liabilities

	₹ Crore	
As at	31.03.2012	31.03.2011
Current maturities of long term borrowings		
Secured		
Bonds	693.00	650.00
Foreign currency loan (guaranteed by GOI)	186.38	157.91
Unsecured		
Foreign currency loans (guaranteed by GOI)	183.64	121.16
Other foreign currency loans	865.68	647.39
Rupee term loans	2,430.18	1,874.67
Fixed deposits	11.79	0.87
Current maturities of finance lease obligations	0.43	0.56
Interest accrued but not due on borrowings	499.81	415.26
Unpaid dividends	11.48	10.25
Unpaid matured deposits and interest accrued thereon	0.17	0.18
Unpaid matured bonds and interest accrued thereon	0.59	0.60
Book overdraft	2.96	4.12
Advances from customers and others	289.16	482.76
Payable for capital expenditure	3,514.57	2,711.99
Other payables		
Tax deducted at source and other statutory dues	154.14	127.50
Others	710.97	557.28
Total	9,554.95	7,762.50

- a) Unpaid dividends, matured deposits and bonds including the interest accrued thereon include the amounts which have not been claimed by the investor/holders of the equity shares/bonds/ fixed deposits. Out of the above, no amount is due for payment to investor education and protection fund.
- b) Details in respect of rate of interest and terms of repayment of secured and unsecured current maturities of long term borrowings indicated above are disclosed in Note 5.
- c) Other payables - Others include deposits received from contractors, customers and amounts payable to employees.
- d) Payable for capital expenditure includes the amount reimbursable to GOI in terms of public notice no.38 dated 5th November 1999 and public notice no.42 dated 10th October 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounting to ₹ 7.17 crore (previous year ₹ 7.17 crore). No interest has been provided on the reimbursable amount as there is no stipulation for payment of interest in the public notices cited above.
- e) Payable for capital expenditure includes liabilities towards equipment suppliers pending evaluation of performance and guarantee test results of steam/turbine generators at some of the stations. Pending settlement, liquidated damages recoverable for shortfall in performance of these equipments, if any, have not been recognised.

11. Short-term provisions

	₹ Crore	
As at	31.03.2012	31.03.2011
Provision for employee benefits		
Opening balance	1,170.07	1,374.50
Additions/(adjustments) during the year	<u>(26.23)</u>	<u>(204.43)</u>
Closing balance	1,143.84	1,170.07
Provision for proposed dividend		
Opening balance	659.63	659.63
Additions during the year	412.27	659.63
Amounts paid during the year	<u>659.63</u>	<u>659.63</u>
Closing balance	412.27	659.63
Provision for tax on proposed dividend		
Opening balance	103.93	107.23
Additions during the year	62.83	103.93
Amounts paid during the year	<u>103.93</u>	<u>107.23</u>
Closing balance	62.83	103.93
Provision for obligations incidental to land acquisition		
Opening balance	255.40	266.76
Additions during the year	124.40	13.79
Amounts paid during the year	25.20	19.78
Amounts reversed during the year	<u>14.52</u>	<u>5.37</u>
Closing balance	340.08	255.40
Provision for tariff adjustment		
Amounts adjusted during the year	1,526.45	-
Amounts reversed during the year	<u>312.75</u>	<u>-</u>
Closing balance	1,213.70	-
Provision for shortage in fixed assets pending investigation		
Opening balance	1.00	0.85
Additions during the year	0.74	0.64
Amounts adjusted during the year	0.07	0.03
Amounts reversed during the year	<u>0.36</u>	<u>0.46</u>
Closing balance	1.31	1.00
Others		
Opening balance	0.50	1.54
Additions during the year	41.19	0.10
Amounts reversed during the year	<u>0.10</u>	<u>1.14</u>
Closing balance	41.59	0.50
Total	<u>3,215.62</u>	<u>2,190.53</u>

- a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note 37.
- b) In terms of guidelines of Department of Public Enterprises (DPE), Government of India (GOI), issued vide OM:2(70)/08-DPE(WC)-GL-XIV/08 dated 26.11.2008 and OM:2(70)/08-DPE(WC)-GL-VII/09 dated 02.04.2009, the defined contribution pension scheme formulated by the Company has been approved by the Ministry of Power, GOI, vide their letter dated 1st December 2011. The proposed scheme is under discussions with employees' representatives. Pending formation of the scheme, an amount of ₹ 174.55 crore (previous year ₹ 94.56 crore) for the year and ₹ 301.50 crore up to 31st March 2012 (upto the previous year ₹ 468.78 crore) has been provided and included in provision for employee benefits. During the year, a review of provision as at 1st April 2011 was carried out considering the requirement of above mentioned guidelines of DPE, and the excess over the requirement amounting to ₹ 341.83 crores was written back through Note 27 - 'Prior period items (net)'.
- c) Other provisions include ₹ 41.19 crore (previous year ₹ Nil) towards cost of unfinished minimum work programme demanded by the Ministry of Petroleum and Natural Gas (MoP&NG) including interest thereon in relation to block AA-ONN-2003/2. Refer Note 44 b) ii).
- d) Provision for tariff adjustment - amount adjusted during the year represent the amount transferred from 'Other current assets -Unbilled revenue' (Refer Note 21 d).

12. Tangible assets

₹ Crore

	Gross Block			As at 31.03.2012	Depreciation/Amortisation			Net Block		
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land :										
(including development expenses)										
Freehold	1,861.67	206.13	(79.52)	2,147.32	-	-	-	-	2,147.32	1,861.67
Leasehold	498.67	110.41	(40.97)	650.05	105.89	25.10	(0.65)	131.64	518.41	392.78
Roads, bridges, culverts & helipads	514.12	1.55	(3.80)	519.47	153.74	26.26	-	180.00	339.47	360.38
Building :										
Freehold										
Main plant	2,886.16	468.66	(38.87)	3,393.69	1,128.52	83.80	-	1,212.32	2,181.37	1,757.64
Others	2,101.86	145.33	(23.51)	2,270.70	768.46	98.37	(0.29)	867.12	1,403.58	1,333.40
Leasehold	50.57	-	0.39	50.18	22.02	2.78	0.15	24.65	25.53	28.55
Temporary erection	29.75	4.44	3.80	30.39	29.75	1.30	1.02	30.03	0.36	-
Water supply, drainage & sewerage system	588.99	12.65	(1.18)	602.82	272.79	20.31	(0.01)	293.11	309.71	316.20
MGR track and signalling system	1,079.18	116.28	(42.59)	1,238.05	555.47	33.28	-	588.75	649.30	523.71
Railway siding	289.37	87.43	(0.04)	376.84	136.87	16.81	-	153.68	223.16	152.50
Earth dam reservoir	179.69	97.63	(0.13)	277.45	82.03	12.17	-	94.20	183.25	97.66
Plant and equipment	60,769.90	5,981.06	(1,497.82)	68,248.78	29,248.84	2,705.56	70.54	31,883.86	36,364.92	31,521.06
Furniture and fixtures	358.22	24.23	0.58	381.87	217.28	15.23	0.97	231.54	150.33	140.94
Vehicles including speedboats										
Owned	11.07	1.18	0.59	11.66	5.67	0.64	0.58	5.73	5.93	5.40
Leased	2.45	-	0.46	1.99	1.31	0.54	0.46	1.39	0.60	1.14
Office equipment	123.86	17.44	2.03	139.27	65.19	8.00	1.91	71.28	67.99	58.67
EDP, WP machines and satcom equipment	352.60	16.84	4.62	364.82	234.56	24.78	5.23	254.11	110.71	118.04
Construction equipments	138.23	6.43	(0.22)	144.88	70.62	9.49	1.68	78.43	66.45	67.61
Electrical installations	303.44	17.51	(0.39)	321.34	138.92	11.65	0.10	150.47	170.87	164.52
Communication equipments	88.57	4.36	0.15	92.78	44.94	4.65	0.65	48.94	43.84	43.63
Hospital equipments	27.35	2.27	0.28	29.34	14.87	0.83	0.26	15.44	13.90	12.48
Laboratory and workshop equipments	29.65	7.75	(0.21)	37.61	11.16	1.33	0.03	12.46	25.15	18.49
Capital expenditure on assets not owned by the Company	171.21	6.74	(0.34)	178.29	120.75	15.22	-	135.97	42.32	50.46
Assets of government	2.84	-	-	2.84	-	-	-	-	2.84	2.84
Less:Grants from government	2.84	-	-	2.84	-	-	-	-	2.84	2.84
Assets held for disposal valued at net book value or net realisable value whichever is less	2.14	0.03	0.17	2.00	-	-	-	-	2.00	2.14
Total	72,458.72	7,336.35	(1,716.52)	81,511.59	33,429.65	3,118.10	82.63	36,465.12	45,046.47	39,029.07
Previous year	66,749.74	5,039.53	(669.45)	72,458.72	32,024.30	2,619.52	1,214.17	33,429.65	39,029.07	34,725.44

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

₹ Crore

	Gross Block		Depreciation/Amortisation	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Disposal of assets	12.02	(0.37)	6.86	-
Retirement of assets	195.68	163.13	76.96	81.00
Cost adjustments including exchange differences	(1,912.42)	(806.08)	-	-
Assets capitalised with retrospective effect/write back of excess capitalisation	(17.48)	(39.11)	(4.83)	1,121.77
Others	5.68	12.98	3.64	11.40
	(1,716.52)	(669.45)	82.63	1,214.17

- a) The conveyancing of the title to **10,359 acres** of freehold land of value **₹ 527.91 crore** (previous year 11,043 acres of value ₹ 538.18 crore), buildings & structures of value **₹ 136.60 crore** (previous year ₹ 135.58 crore) and also execution of lease agreements for **8,425 acres** of land of value **₹ 324.76 crore** (previous year 8,995 acres, value ₹ 252.51 crore) in favour of the Company are awaiting completion of legal formalities.
- b) Leasehold land includes **819 acres** valuing **₹ 29.67 crore** (previous year 819 acres valuing ₹ 29.67 crore) acquired on perpetual lease and accordingly not amortised.
- c) Land does not include value of **1,192 acres** (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- d) Land includes **1,237 acres** of value **₹ 14.90 crore** (previous year 1,245 acres of value ₹ 15.03 crore) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
- e) Land includes an amount of **₹ 119.24 crore** (previous year ₹ 118.74 crore) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- f) Possession of land measuring **98 acres** (previous year 98 acres) consisting of **79 acres** of freehold land (previous year 79 acres) and **19 acres** of lease hold land (previous year 19 acres) of value **₹ 0.21 crore** (previous year ₹ 0.21 crore) was transferred to Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (erstwhile UPSEB) for a consideration of ₹ 0.21 crore. Pending approval for transfer of the said land, the area and value of this land has been included in the total land of the Company. The consideration received from erstwhile UPSEB is disclosed under note -10 - 'Other Current Liabilities -as other liabilities'.
- g) The Company is executing a thermal power project in respect of which possession certificates for **1,489 acres** (previous year 1,489 acres) of land has been handed over to the Company and all statutory and environment clearances for the project have been received. Subsequently, a high power committee has been constituted as per the directions of GOI to explore alternate location of the project since present location is stated to be a coal bearing area. During the year, the High Power Committee has recommended to the Group of Ministers not to shift the present location of the plant. Aggregate cost incurred up to 31st March 2012, **₹ 194.45 crore** (previous year ₹ 190.19 crore) is included in tangible assets/CWIP and long-term loans & advances.
- h) Ministry of Power, Government of India vide its notification no. 2/38/99-BTPS (Volume VII) dated 22nd September 2006 transferred land of a power station to the Company on operating lease of 50 years. Lease rent for the year amounting to **₹ 6.18 crore** (previous year ₹ 6.13 crore) has been charged to the statement of profit & loss.
- i) The Company has received an opinion from the EAC of the ICAI on accounting treatment of capital expenditure on assets not owned by the Company wherein it was opined that such expenditure are to be charged to the statement of profit & loss as and when incurred. The Company has represented that such expenditure being essential for setting up of a project, the same be accounted in line with the existing accounting practice and sought a review. Pending receipt of communication from ICAI regarding the review, existing treatment has been continued as per the relevant accounting policy.
- j) From the accounting periods commencing on or after 7th December 2006, the Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items relating to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset.
- k) The borrowing costs capitalised during the year ended 31st March 2012 is **₹ 2,342.21 crore** (previous year ₹ 1,742.69 crore). The Company capitalised the borrowings costs in the capital work-in-progress (CWIP). Similarly, exchange differences for the year are disclosed in the 'Addition' column of CWIP and allocated to various heads of CWIP in the year of capitalisation through 'Deductions/Adjustment' column of CWIP. Exchange differences in respect of assets already capitalised are disclosed in the 'Deductions/Adjustment' column of fixed assets. Asset-wise details of exchange differences and borrowing costs included in the cost of major heads of fixed assets and CWIP through 'Addition' or 'Deductions/Adjustment' column are given below:

	For the year ended 31 st March 2012		For the year ended 31 st March 2011	
	Exchg. Difference. incl in fixed assets/ CWIP	Borrowing costs incl in fixed assets/ CWIP	Exchg. Difference. incl in fixed assets/ CWIP	Borrowing costs incl in fixed assets/ CWIP
Building :				
Main plant	26.94	63.76	13.77	83.92
Others	3.73	34.07	1.54	14.59
Hydrolic works, barrages, dams, tunnels and power channel	-	238.53	-	119.04
MGR track and signalling system	1.54	7.84	-	2.93
Railway siding	0.03	5.27	0.02	4.09
Plant and equipment	1,026.74	1,724.97	165.40	1,327.84
Others including pending allocation	602.23	267.77	(12.45)	190.28
Total	1,661.21	2,342.21	168.28	1,742.69

Intangible assets

₹ Crore

	Gross Block			As at 31.03.2012	Amortisation			Net Block		As at 31.03.2011
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	
	Software	90.45	2.65		(0.05)	93.15	81.59	6.84	0.01	
Right of Use - Land	6.46	-	-	6.46	1.29	1.16	-	2.45	4.01	5.17
- Others	199.52	-	(19.54)	219.06	6.66	8.47	(0.78)	15.91	203.15	192.86
Total	296.43	2.65	(19.59)	318.67	89.54	16.47	(0.77)	106.78	211.89	206.89
Previous year	100.33	106.89	(89.21)	296.43	64.48	24.28	(0.78)	89.54	206.89	35.85

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

₹ Crore

	Gross Block		Depreciation / Amortisation	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Retirement of assets	0.17	0.37	(0.17)	-
Cost adjustments including exchange differences	(19.54)	(0.07)	(0.78)	-
Assets capitalised with retrospective effect/write back of excess capitalisation	-	(89.41)	-	(0.69)
Others	(0.22)	(0.10)	0.18	(0.09)
	(19.59)	(89.21)	(0.77)	(0.78)

- a) The right of use of land, other than perpetual in nature, is amortised over its life.
- b) Cost of acquisition of the right for draw of water amounting to ₹ 219.06 crore (previous year ₹ 199.52 crore) is included under intangible assets – Right of Use - Others. The right to draw water is amortized considering the life period of 25 years as per the rates and methodology notified by Regulations, 2009.

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

₹ Crore

	31.03.2012	31.03.2011
Charged to statement of Profit & Loss	2,791.70	2,485.69
Allocated to fuel cost	166.84	124.87
Transferred to expenditure during construction period (net) - Note 28	32.21	24.77
Transferred to development of coal mines	0.98	0.52
Adjustment with deferred income/expense from deferred foreign currency fluctuation	142.84	7.95
	3,134.57	2,643.80

13. Capital work-in-progress

₹ Crore

	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
Development of land	408.24	43.25	11.62	0.29	439.58
Roads, bridges, culverts & helipads	18.33	50.10	4.32	1.55	62.56
Piling and foundation	505.24	35.71	-	-	540.95
Buildings :					
Main plant	2,404.82	664.67	72.77	468.66	2,528.06
Others	384.22	232.84	(20.09)	138.81	498.34
Temporary erection	7.49	8.75	2.40	4.44	9.40
Water supply, drainage and sewerage system	53.04	24.19	2.24	10.44	64.55
Hydraulic works, barrages, dams, tunnels and power channel	2,513.28	918.84	-	-	3,432.12
MGR track and signalling system	241.22	103.88	42.55	116.28	186.27
Railway siding	154.33	158.12	6.84	87.43	218.18

					₹ Crore
	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
Earth dam reservoir	119.45	21.39	-	97.63	43.21
Plant and equipment	25,830.16	10,812.22	599.01	5,787.90	30,255.47
Furniture and fixtures	6.48	3.40	1.45	2.63	5.80
Vehicles	0.18	-	0.01	-	0.17
Office equipment	2.36	0.26	(2.89)	0.56	4.95
EDP/WP machines & satcom equipment	2.22	0.93	0.61	2.33	0.21
Construction equipments	0.18	-	0.11	-	0.07
Electrical installations	114.06	76.03	0.78	16.97	172.34
Communication equipment	0.27	1.77	(0.32)	0.62	1.74
Hospital equipments	0.19	-	(0.19)	-	0.38
Laboratory and workshop equipments	2.24	-	0.78	-	1.46
Assets under 5 KM scheme of the GOI	-	2.24	-	-	2.24
Capital expenditure on assets not owned by the company	12.74	6.47	0.43	6.74	12.04
Exploratory wells-in-progress	7.65	0.01	-	-	7.66
Development of coal mines	195.05	84.69	-	-	279.74
	<u>32,983.44</u>	<u>13,249.76</u>	<u>722.43</u>	<u>6,743.28</u>	38,767.49
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	82.33	15.26	2.24	-	95.35
Difference in exchange on foreign currency loans	(280.32)	937.48	28.48	-	628.68
Expenditure towards diversion of forest land	153.56	10.45	-	-	164.01
Pre-commissioning expenses (net)	54.16	244.24	107.47	-	190.93
Expenditure during construction period (net)	352.05	3,131.22*	21.35	-	3,461.92
Less: Allocated to related works	-	<u>3,262.65</u>	-	-	3,262.65
	<u>33,345.22</u>	<u>14,325.76</u>	<u>881.97</u>	<u>6,743.28</u>	40,045.73
Less: Provision for unserviceable works	18.91	3.53	-	-	22.44
Construction stores (net of provision)	<u>2,168.99</u>	<u>-</u>	<u>364.46</u>	<u>-</u>	1,804.53
Total	<u>35,495.30</u>	<u>14,322.23</u>	<u>1,246.43</u>	<u>6,743.28</u>	<u>41,827.82</u>
Previous year	<u>28,699.86</u>	<u>12,730.47</u>	<u>1,201.54</u>	<u>4,733.49</u>	<u>35,495.30</u>

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

- Construction stores are net of provision for shortages pending investigation amounting to ₹ 1.28 crore (previous year ₹ 1.44 crore)
- The pre-commissioning expenses during the year amounting to ₹ 549.35 crore (previous year ₹ 112.75 crore) have been included in tangible assets/capital work-in-progress after adjustment of pre-commissioning sales of ₹ 305.11 crore (previous year ₹ 34.96 crore) resulting in a net pre-commissioning expenditure of ₹ 244.24 crore (previous year ₹ 77.79 crore).
- Additions to the development of coal mines includes expenditure during construction period of ₹ 84.69 crore (previous year ₹ 59.24 crore).
- Assets under 5 KM scheme of the GOI:

Ministry of Power has launched a scheme for electrification of villages within 5 km periphery of generation plants of Central Public Sector Undertakings (CPSUs) for providing reliable and quality power to the project affected people. The scheme provides free electricity connections to below poverty line (BPL) households. The scheme will cover all existing and upcoming power plants of CPSUs. The cost of the scheme will be borne by the CPSU to which the plant belongs. This cost will be booked by the CPSU under the project cost and will be considered by the CERC for determination of tariff.

					₹ Crore
	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
INTANGIBLE ASSETS UNDER DEVELOPMENT					
Software	0.03	0.01	-	-	0.04
Total	<u>0.03</u>	<u>0.01</u>	<u>-</u>	<u>-</u>	<u>0.04</u>
Previous year	0.55	-	0.52	-	0.03

14. Non-current investments

			₹ Crore	
As at			31.03.2012	31.03.2011
	Number of shares/bonds/ securities Current year/ (previous year)	Face value per share/bond/ security Current year/ (previous year) (₹)		
Long term - Trade				
Equity instruments (fully paid up - unless otherwise stated)				
Quoted				
Joint venture companies				
PTC India Ltd.	12000000 (12000000)	10 (10)	12.00	12.00
			12.00	12.00
Unquoted				
Subsidiary companies				
NTPC Electric Supply Company Ltd.	80910 (80910)	10 (10)	0.08	0.08
NTPC Vidyut Vyapar Nigam Ltd.	20000000 (20000000)	10 (10)	20.00	20.00
NTPC Hydro Ltd.	121359500 (113959500)	10 (10)	121.36	113.96
Less: Provision for permanent diminution			8.14	-
			113.22	113.96
Kanti Bijlee Utpadan Nigam Ltd.	342738200 (57151000)	10 (10)	342.74	57.15
Bhartiya Rail Bijlee Company Ltd.	509460000 (355200000)	10 (10)	509.46	355.20
			985.50	546.39
Share application money pending allotment in				
NTPC Hydro Ltd.			0.20	0.50
anti Bijlee Utpadan Nigam Ltd.			14.41	164.73
Bhartiya Rail Bijlee Company Ltd. (* ₹ 39,000/-)			*	154.26
			14.61	319.49
Joint venture companies				
Utility Powertech Ltd. (includes 1,000,000 bonus shares)	2000000 (2000000)	10 (10)	1.00	1.00
NTPC-Alstom Power Services Private Ltd.	3000000 (3000000)	10 (10)	3.00	3.00
NTPC-SAIL Power Company Private Ltd.	475250050 (475250050)	10 (10)	475.25	475.25
NTPC-Tamil Nadu Energy Company Ltd.	844000000 (581000000)	10 (10)	844.00	581.00
Ratnagiri Gas & Power Private Ltd.	776900000 (692900000)	10 (10)	776.90	692.90
Aravali Power Company Private Ltd.	1089508200 (658524200)	10 (10)	1,089.51	658.52
NTPC-SCCL Global Ventures Private Ltd.	50000 (50000)	10 (10)	0.05	0.05
NTPC BHEL Power Projects Private Ltd.	25000000 (25000000)	10 (10)	25.00	25.00
Meja Urja Nigam Private Limited	107429800 (73429800)	10 (10)	107.43	73.43

As at			31.03.2012	₹ Crore 31.03.2011
	Number of shares/bonds/securities Current year/ (previous year)	Face value per share/bond/security Current year/ (previous year) (₹)		
BF-NTPC Energy Systems Ltd.	5880000 (5880000)	10 (10)	5.88	5.88
National Power Exchange Ltd.	2188325 (2188325)	10 (10)	2.19	2.19
Nabinagar Power Generating Company Private Ltd.	153000000 (153000000)	10 (10)	153.00	153.00
Transformers and Electricals Kerala Ltd.	19163438 (19163438)	10 (10)	31.34	31.34
National High Power Test Laboratory Private Ltd.	2625000 (2625000)	10 (10)	2.62	2.62
International Coal Ventures Private Ltd.	1400000 (1400000)	10 (10)	1.40	1.40
Energy Efficiency Services Ltd.	625000 (625000)	10 (10)	0.63	0.63
CIL NTPC Urja Private Ltd.	25000 (-)	10 (-)	0.03	-
Anushakti Vidhyut Nigam Ltd.	49000 (-)	10 (-)	0.05	-
Pan-Asian Renewables Private Ltd.	500000 (-)	10 (-)	0.50	-
Trincomalee Power Company Ltd. (* Sri Lankan rupees)	1500000 (-)	100* (-)	6.72	-
			3,526.50	2,707.21
Share application money pending allotment in				
NTPC-Tamilnadu Energy Company Ltd.			55.00	60.00
Aravali Power Company Private Ltd. (* ₹ 60,000/-)			*	318.96
Meja Urja Nigam Private Ltd.			5.00	11.00
Nabinagar Power Generating Company Pvt. Ltd.			50.00	-
CIL NTPC Urja Private Ltd.			0.05	0.08
Energy Efficiency Services Ltd.			24.38	24.38
			134.43	414.42
			*	*
Cooperative societies				
Bonds (fully-paid up)				
Unquoted				
8.50 % Tax-Free State Government Special Bonds of the Government of ^(b)				
Andhra Pradesh	3781950 (5042600)	1000 (1000)	378.20	504.26
Assam	154392 (205856)	1000 (1000)	15.44	20.58
Bihar	5683200 (7577600)	1000 (1000)	568.32	757.76
Chattisgarh	1449660 (1932880)	1000 (1000)	144.97	193.29
Gujarat	2511720 (3348960)	1000 (1000)	251.17	334.90
Haryana	3225000 (4300000)	1000 (1000)	322.50	430.00

₹ Crore

As at			31.03.2012	31.03.2011
	Number of shares/bonds/securities Current year/ (previous year)	Face value per share/bond/security Current year/ (previous year) (₹)		
Himachal Pradesh	100164 (133552)	1000 (1000)	10.02	13.35
Jammu and Kashmir	1102080 (1469440)	1000 (1000)	110.21	146.94
Jharkhand	2880376 (3840496)	1000 (1000)	288.04	384.05
Kerala	3007200 (4009600)	1000 (1000)	300.72	400.96
Madhya Pradesh	2492520 (3323360)	1000 (1000)	249.25	332.34
Maharashtra	1144200 (1525600)	1000 (1000)	114.42	152.56
Orissa	3308622 (4411496)	1000 (1000)	330.86	441.15
Punjab	1038690 (1384920)	1000 (1000)	103.87	138.49
Rajasthan	435000 (435000)	1000 (1000)	43.50	43.50
Sikkim	102588 (136784)	1000 (1000)	10.26	13.68
Uttar Pradesh	11969700 (15959600)	1000 (1000)	1,196.97	1,595.96
Uttaranchal	1198950 (1598600)	1000 (1000)	119.89	159.86
West Bengal	3522744 (4696992)	1000 (1000)	352.27	469.70
Total			4,910.88	6,533.33
Aggregate amount of quoted investments			9,583.92	10,532.84
Book value			12.00	12.00
Market value			73.32	100.92
Aggregate amount of unquoted investments				
Book value			9,571.92	10,520.84
Aggregate amount of provision for diminution in the value of investments			8.14	-

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

a) Investments have been valued considering the accounting policy no.J (Note 1).

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

c) During the year, the Board of Directors of the Company has accorded in principle approval for the amalgamation of NTPC Hydro Ltd. (a wholly owned subsidiary of the Company) with the Company. Pending approval of Scheme of amalgamation, provision of ₹ 8.14 crore towards the permanent diminution in the value of investment in NTPC Hydro Ltd. has been made.

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

	₹ Crore	
As at	31.03.2012	31.03.2011
CAPITAL ADVANCES		
Secured	17.24	17.36
Unsecured		
Covered by bank guarantee	1,059.69	1,673.50
Others	1,664.48	1,084.44
Considered doubtful	2.19	2.21
Less: Allowance for bad & doubtful advances	2.19	2.21
	<u>2,741.41</u>	<u>2,775.30</u>
SECURITY DEPOSITS (Unsecured)	<u>207.51</u>	<u>126.08</u>
LOANS		
Related parties		
Unsecured	0.05	0.07
Employees (including accrued interest)		
Secured	377.60	303.17
Unsecured	136.94	171.16
Loan to state government in settlement of dues from customers (Unsecured)	335.04	478.63
Others		
Secured	34.85	46.57
	<u>884.48</u>	<u>999.60</u>
ADVANCES		
Contractors & suppliers, including material issued on loan		
Unsecured	49.86	0.98
Total	<u>3,883.26</u>	<u>3,901.96</u>
a) Due from directors and officers of the Company		
Directors	0.05	0.07
Officers	83.30	68.18
b) Loans to related parties include:		
Key management personnel	0.05	0.07
c) Capital advances include amount due from related parties ₹ 0.08 crore (previous year ₹ 0.90 crore)		
d) Other loans represent loans of ₹ 21.42 crore (previous year ₹ 28.57 crore) given to Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC) and ₹ 13.43 crore (previous year ₹ 18.00 crore) to Kanti Bijlee Utpadan Nigam Ltd.		

15 A. Other non-current assets

	₹ Crore	
As at	31.03.2012	31.03.2011
Deferred foreign currency fluctuation asset	1,371.88	459.15
	<u>1,371.88</u>	<u>459.15</u>

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

16. Current investments

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

a) Investments have been valued considering the accounting policy no.J (Note 1).

b) The above investments are unquoted and hence market value is not applicable.

c) Includes bonds of ₹ 1,622.46 crore (previous year ₹ 1,636.96 crore) permitted for transfer/trading by Reserve Bank of India.

d) Super IP-DDR is the nature of the scheme. IP-DDR stands for Institutional Plan - Daily Dividend Reinvestment

17. Inventories

	₹ Crore	
As at	31.03.2012	31.03.2011
Coal	1,096.14	1,255.50
Fuel oil	234.65	191.92
Naphtha	119.04	117.37
Stores and spares	1,899.57	1,741.25
Chemicals & consumables	44.47	45.81
Loose tools	5.65	5.48
Steel scrap	16.54	16.50
Others	347.35	319.03
	3,763.41	3,692.16
Less: Provision for shortages	1.86	2.34
Provision for obsolete/unserviceable items/ diminution in value of surplus inventory	58.70	50.70
Total	3,702.85	3,639.12
Inventories include material-in-transit:		
Coal	83.15	47.01
Components and spares	28.00	33.69
Chemicals & consumables	0.09	0.08
Loose tools	0.16	0.34
Others	1.43	1.24
	112.83	82.36

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

18. Trade receivables

	₹ Crore	
As at	31.03.2012	31.03.2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	18.61	4.35
Considered doubtful	840.70	840.84
Less: Allowance for bad & doubtful receivables	840.70	840.84
	18.61	4.35
Others-Unsecured, considered good	5,813.90	1,430.61
Total	5,832.51	1,434.96

19. Cash and bank balances

As at	31.03.2012	31.03.2011
₹ Crore		
Cash & cash equivalents		
Balances with banks		
- Current accounts	461.36	315.60
- Deposits with original maturity upto three months	300.00	-
Cheques & drafts on hand	0.43	0.31
Others (stamps in hand)	0.10	0.05
Other bank balances		
Deposits with original maturity of more than three months	15,357.98	15,847.23
Others [#]	26.24	22.07
Total	16,146.11	16,185.26
# Not available for use to the Company and include:		
Unpaid dividend account balance	11.48	10.25
Balance with Reserve Bank of India *	1.77	0.13
Security with government authorities:		
As per court orders	0.10	0.10
As per demand	12.89	11.59
	26.24	22.07

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

20. Short-term loans and advances (Considered good, unless otherwise stated)

As at	31.03.2012	31.03.2011
₹ Crore		
LOANS		
Related parties		
Unsecured	0.03	0.04
Employees (including accrued interest)		
Secured	70.08	52.05
Unsecured	83.09	82.79
Considered doubtful	0.22	0.25
Loan to state government in settlement of dues from customers (Unsecured)	95.73	95.73
Others		
Secured	32.29	25.14
Unsecured	-	0.02
Less: Allowance for bad & doubtful loans	0.22	0.25
	281.22	255.77
ADVANCES		
Related parties		
Unsecured	1.64	2.27
Employees		
Unsecured	9.15	11.60
Considered doubtful	0.08	0.08
Contractors & suppliers, including material issued on loan		
Secured	5.60	2.24
Unsecured	821.51	719.03
Considered doubtful	1.62	0.38
Others		
Unsecured	112.99	169.05
Less: Allowance for bad & doubtful advances	1.70	0.46
	950.89	904.19
Advance tax & tax deducted at source	10,116.58	9,789.49
Less: Provision for current tax	8,593.96	7,171.59
	1,522.62	2,617.90
Total	2,754.73	3,777.86

	₹ Crore	
As at	31.03.2012	31.03.2011
a) Due from Directors and Officers of the Company		
Directors	0.03	0.04
Officers	25.88	32.82
b) Loans to related parties include:		
Key management personnel	0.03	0.04
c) Advance to related parties include:		
i) Joint venture companies	1.64	2.26
ii) Key management personnel	-	0.01
d) Loans and advances include amounts due from the following private companies in which one or more Directors of the Company are Directors:		
NTPC-Alstom Power Services Private Ltd.	0.33	0.95
NTPC-SAIL Power Company Private Ltd.	5.04	2.05
Ratnagiri Gas & Power Private Ltd.	0.16	4.36
Aravali Power Company Private Ltd.	3.85	3.16
NTPC BHEL Power Projects Private Ltd.	1.35	1.33
Meja Urja Nigam Private Limited	2.73	4.14
Nabinagar Power Generating Company Private Ltd.	0.30	2.41
e) Other loans represent loans of ₹ 28.58 crore (previous year ₹ 21.43 crore) given to APIIC and ₹ 3.71 crore (previous year ₹ 3.71 crore) to Kanti Bijlee Utpadan Nigam Ltd.		
f) Other advances mainly represent advances given to gratuity trust of ₹ 7.06 crore (previous year ₹ 39.20 crore) and prepaid expenses amounting to ₹ 54.49 crore (previous year ₹ 52.56 crore).		

21. Other current assets

	₹ Crore	
As at	31.03.2012	31.03.2011
Interest accrued on :		
Bonds	312.14	382.33
Term deposits	775.60	608.35
Others	18.56	43.52
	<u>1,106.30</u>	<u>1,034.20</u>
Claims recoverable		
Unsecured, considered good	1,822.27	1,640.38
Considered doubtful	13.02	12.99
Less: Allowance for doubtful claims	13.02	12.99
	<u>1,822.27</u>	<u>1,640.38</u>
Unbilled revenues	5,616.10	6,528.55
Security deposits (unsecured)	302.70	56.23
Others	6.49	5.08
Total	<u>8,853.86</u>	<u>9,264.44</u>

- a) Others include amount recoverable from contractors and other parties towards hire charges, rent/electricity, etc.
- b) Claims recoverables include ₹ 766.12 crore (previous year ₹ 748.82 crore) towards the cost incurred upto 31st March 2012 in respect of one of the hydro power projects, the construction of which has been discontinued on the advice of the Ministry of Power, GOI. Management expects that the total cost incurred, anticipated expenditure on the safety and stabilisation measures, other recurring site expenses and interest costs as well as claims of various packages of contractors/vendors for this project will be compensated in full by the GOI. Hence no provision is considered necessary.
- c) Security deposit (unsecured) includes ₹ 163.46 crore (previous year ₹ 37.06 crore) sales tax deposited under protest with sales tax authorities.
- d) Unbilled revenues includes ₹ 5,411.93 crore (previous year ₹ 5,424.80 crore) billed to the beneficiaries after 31st March for energy sales. The amount for the year ended as at 31st March 2011 is after adjustment of provision for tariff adjustment of ₹ 1,526.45 crore. This provision has been shifted to 'Provision for tariff adjustment' (Note 11) during the year consequent to billing to the beneficiaries.

22. Revenue from operations (gross)

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
Energy sales (including electricity duty)	61,430.85	54,982.56
Consultancy, project management and supervision fees (including turnkey construction projects)	142.69	169.45
	61,573.54	55,152.01
Energy internally consumed	80.75	64.68
Other operating revenues		
Interest from customers	510.57	116.16
Recognized from deferred foreign currency fluctuation liability	0.16	-
Provisions written back		
Tariff adjustment	312.75	-
Doubtful debts	0.14	-
Doubtful loans, advances and claims	0.14	0.04
Doubtful construction advances	0.03	0.01
Shortage in construction stores	0.34	0.11
Shortage in stores	1.08	1.89
Obsolescence in stores	1.02	5.15
Unserviceable capital works	-	0.15
Shortages in fixed assets	0.36	0.46
	315.86	7.81
	62,480.88	55,340.66

Total

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

23. Other income

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
Interest from		
Long-term investments - Government securities (8.5% tax free bonds)	659.38	799.76
Others		
Loan to state government in settlement of dues from customers	42.72	50.85
Loan to subsidiary companies	3.03	3.16
Loan to employees	25.31	20.45
Contractors	32.88	19.86
Indian banks	1,602.52	1,195.32
Income tax refunds	99.89	-
Less : Refundable to customers	34.47	-
	65.42	-
Others	12.02	16.56
Dividend from		
Long-term investments in		
Subsidiaries	19.00	14.00
Joint ventures	60.16	21.13
Current investments in		
Mutual funds	90.14	53.17
Other non-operating income		
Surcharge received from customers	1.16	10.81
Hire charges for equipment	3.23	2.59
Net gain in foreign currency transactions & translations (other than considered as finance cost)	61.25	31.34
Miscellaneous income	191.28	153.80
Profit on disposal of fixed assets	13.28	8.16
	2,882.78	2,400.96
Less: Transferred to expenditure during construction period (net) - Note 28	40.16	24.91
Transferred to development of coal mines	2.95	0.06
Transferred to deferred foreign currency fluctuation asset/liability	61.25	31.34
Total	2,778.42	2,344.65

a) Miscellaneous income includes income from sale of scrap, township recoveries and insurance claims.

24. Employee benefits expense

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
Salaries and wages	3,165.72	2,764.00
Contribution to provident and other funds	295.86	337.83
Staff welfare expenses	295.10	293.44
	3,756.68	3,395.27
Less: Allocated to fuel cost	166.32	171.79
Transferred to development of coal mines	32.00	28.98
Transferred to expenditure during construction period (net)- Note 28	467.88	404.79
Total	3,090.48	2,789.71

a) Disclosures required by AS 15 in respect of provision made towards various employees benefits are made in Note 37.

b) Salary and wages include field compensatory allowance paid by the Company to eligible employees serving in difficult and far flung areas w.e.f. 1st January 2007. As per the Office Memorandum dated 26th November 2008 of DPE relating to revision of pay scales w.e.f 1st January 2007, special allowance can be paid to such employees upto 10% of basic pay as approved by concerned administrative ministry. In consultation with the DPE, the Company is in the process of formulating a scheme in this regard and the same shall be forwarded to MOP after approval of the Board.

25. Finance costs

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
Interest on		
Bonds	831.50	805.35
Foreign currency term loans	205.71	177.52
Rupee term loans	2,335.70	1,703.92
Public deposits	1.24	1.24
Foreign currency bonds/notes	184.32	162.75
Others	60.99	75.85
	<u>3,619.46</u>	<u>2,926.63</u>
Other borrowing costs		
Bonds servicing & public deposit expenses	2.18	1.85
Guarantee fee	37.67	35.57
Management fee	10.97	25.92
Foreign currency bonds/notes expenses	17.10	-
Up-front fee	15.31	0.87
Others	0.95	(1.35)
	<u>84.18</u>	<u>62.86</u>
Exchange differences regarded as an adjustment to interest costs	350.21	174.16
Sub-Total	4,053.85	3,163.65
Less: Transferred to expenditure during construction period (net) - Note 28	2,308.47	1,735.09
Transferred to development of coal mines	33.74	7.60
Total	<u>1,711.64</u>	<u>1,420.96</u>

26. Generation, administration & other expenses

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
Power charges	224.33	144.04
Less: Recovered from contractors & employees	<u>17.73</u>	<u>15.93</u>
	206.60	128.11
Water charges	329.59	294.48
Stores consumed	45.24	31.33
Rent	26.33	22.21
Less: Recoveries	<u>8.13</u>	<u>6.81</u>
	18.20	15.40
Load dispatch centre charges	42.93	98.35
Repairs & maintenance		
Buildings	146.00	125.29
Plant & machinery		
Power stations	1,528.51	1,272.43
Construction equipment	<u>0.73</u>	<u>0.71</u>
	1,529.24	1,273.14
Others	93.67	97.05
Insurance	97.29	91.87
Interest payable to customers	(67.57)	3.61
Rates and taxes	23.84	24.10
Water cess & environment protection cess	25.50	38.46
Training & recruitment expenses	72.70	70.85
Less: Fees for application and training	<u>1.31</u>	<u>4.77</u>
	71.39	66.08
Communication expenses	37.75	35.08

For the year ended	₹ Crore	
	31.03.2012	31.03.2011
Travelling expenses	171.35	149.82
Tender expenses	21.71	24.48
Less: Receipt from sale of tenders	2.22	2.75
	19.49	21.73
Payment to auditors	2.74	2.87
Advertisement and publicity	12.23	13.78
Security expenses	290.96	244.68
Entertainment expenses	13.16	12.83
Expenses for guest house	16.40	13.80
Less: Recoveries	2.18	1.34
	14.22	12.46
Education expenses	10.02	25.41
Brokerage & commission	2.60	1.86
Community development and welfare expenses	58.32	79.48
Less: Grants-in-aid	0.24	0.43
	58.08	79.05
Ash utilisation & marketing expenses	4.22	1.64
Less: Sale of ash products	0.06	0.23
	4.16	1.41
Directors sitting fee	0.25	0.28
Books and periodicals	1.94	1.59
Professional charges and consultancy fees	30.19	39.39
Legal expenses	15.27	12.29
EDP hire and other charges	14.41	15.69
Printing and stationery	11.56	12.22
Oil & gas exploration expenses	14.34	3.64
Hiring of vehicles	47.08	43.10
Rebate to customers	632.87	711.28
Reimbursement of L.C.charges on sales realisation	4.10	4.96
Bank charges	2.95	3.00
Net loss in foreign currency transactions & translations (other than considered as finance cost)	35.31	6.50
Miscellaneous expenses	95.57	71.42
Stores written off	0.15	0.05
Survey & investigation expenses written off	7.05	4.50
Loss on disposal/write-off of fixed assets	58.40	60.87
	4,170.12	3,879.03
Less: Allocated to fuel cost	236.11	210.46
Transferred to development of coal mines	12.92	14.11
Transferred to deferred foreign currency fluctuation asset/liability	15.65	-
Transferred to expenditure during construction period (net) - Note 28	381.83	280.33
	3,523.61	3,374.13
Provisions for		
Tariff adjustments	-	1,526.45
Doubtful debts	-	4.83
Diminution in value of long term investments in subsidiary Company	8.14	-
Doubtful loans, advances and claims	0.05	0.25
Shortage in stores	0.88	1.45
Obsolescence in stores	10.39	8.80
Shortage in construction stores	0.26	0.33

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
Unserviceable capital work-in-progress	3.54	9.29
Unfinished minimum work programme for oil and gas exploration	41.19	-
Shortages in fixed assets	0.73	0.65
Others	-	0.10
	<u>65.18</u>	<u>1,552.15</u>
Total	<u>3,588.79</u>	<u>4,926.28</u>

a) Interest payable to customers includes reversal of ₹ 198.83 crore provided in earlier years towards interest payable to beneficiaries as per APTEL order which was set aside by the Hon'ble Supreme Court of India during the year.		
b) Spares consumption included in repairs and maintenance	834.50	807.11
c) Details in respect of payment to auditors:		
As auditor		
Audit fee	0.85	0.82
Tax audit fee	0.30	0.29
Limited review	0.52	0.62
In other capacity		
Other services (certification fees)	0.33	0.20
Reimbursement of expenses	0.53	0.74
Reimbursement of service tax	0.21	0.20
Total	<u>2.74</u>	<u>2.87</u>

Payment to the auditors includes ₹ 0.13 crore (previous year ₹ 0.15 crore) relating to earlier year.

27. Prior period items (Net)

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
REVENUE		
Sales	9.00	520.62
Others	0.81	0.02
	<u>9.81</u>	<u>520.64</u>
EXPENDITURE		
Employee benefits expense	(322.05)	(2.49)
Finance costs:		
Interest	(0.61)	0.13
Depreciation and amortisation	(1.35)	(1,113.05)
Generation, administration and other expenses		
Repairs and maintenance	(0.21)	1.35
Professional consultancy charges	-	(0.04)
Rates & taxes	0.09	0.70
Rent	0.90	-
Others	(1.39)	(0.63)
	<u>(324.62)</u>	<u>(1,114.03)</u>
Net Expenditure/(Revenue)	<u>(334.43)</u>	<u>(1,634.67)</u>
Less: Transferred to expenditure during construction period (net)-Note 28	(19.01)	4.05
Development of coal mines	(1.84)	-
Total	<u>(313.58)</u>	<u>(1,638.72)</u>

Employee benefits expense include (-) ₹ 341.83 crore (previous year ₹ nil) towards the reversal of excess provision for pension (refer Note 11).

28. Expenditure during construction period (net)

	₹ Crore	
For the year ended	31.03.2012	31.03.2011
A. Employee benefits expense		
Salaries and wages	410.83	340.64
Contribution to provident and other funds	32.11	32.32
Staff welfare expenses	24.94	31.83
Total (A)	467.88	404.79
B. Finance costs		
Interest on		
Bonds	467.08	504.95
Foreign currency term loans	99.93	86.26
Rupee term loans	1,397.01	1,066.78
Foreign currency bonds/notes	104.91	37.47
Other borrowing costs		
Foreign currency bonds/notes expenses	10.47	-
Management/arrangers/upfront fee	20.77	21.55
Others	23.05	3.45
Exchange differences regarded as an adjustment to interest costs	185.25	14.63
Total (B)	2,308.47	1,735.09
C. Depreciation and amortisation	32.21	24.77
D. Generation, administration & other expenses		
Power charges	155.21	80.73
Less: Recovered from contractors & employees	1.76	1.01
	153.45	79.72
Water charges	47.77	58.60
Rent	4.21	2.96
Repairs & maintenance		
Buildings	7.18	5.91
Construction equipment	0.37	0.24
Others	14.58	11.39
	22.13	17.54
Insurance	1.23	0.38
Rates and taxes	2.40	1.03
Communication expenses	5.04	4.77
Travelling expenses	32.32	28.76
Tender expenses	4.46	6.91
Less: Income from sale of tenders	0.08	0.12
	4.38	6.79
Advertisement and publicity	0.85	0.48
Security expenses	39.38	37.91
Entertainment expenses	2.46	2.02
Guest house expenses	3.18	2.60
Education expenses	0.02	0.16
Books and periodicals	0.35	0.71
Community development expenses	2.59	1.61
Professional charges and consultancy fee	7.97	5.45
Legal expenses	1.94	1.30
EDP hire and other charges	1.20	1.35
Printing and stationery	1.28	0.96
Miscellaneous expenses	47.68	25.23
Total (D)	381.83	280.33
Total (A+B+C+D)	3,190.39	2,444.98
E. Less: Other income		
Hire charges	2.76	1.61
Sale of scrap	0.11	0.05
Interest from contractors	29.09	17.77
Interest others	0.60	4.97
Miscellaneous income	7.60	0.51
Total (E)	40.16	24.91
F. Prior period items (net)	(19.01)	4.05
Grand total (A+B+C+D-E+F)	3,131.22*	2,424.12

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

29. The financial statements for the year ended 31st March 2011 were prepared as per then applicable, Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
30. Amount in the financial statements are presented in ₹ crore (upto two decimals) except for per share data and as other-wise stated. Certain amounts, which do not appear due to rounding off, are incorporated separately.
31. 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, which in the opinion of the management is not material.
- b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
32. The coal price notification No 222021 /1/ 2008-CRC-UU dated 31.12.2011 issued by Ministry of Coal (MoC) proposed migration from Useful Heat Value (UHV) to Gross Calorific Value (GCV) based pricing of coal, and also increased the coal prices. This was superseded by notification dated 31.01.2012, partially rolling back the increase in coal prices. Various stakeholders including power utilities and MOP have expressed concern on the switchover from existing UHV to GCV based pricing of coal, without having put in place the prerequisite technical and legal framework. The issue is under deliberation at MOP and Central Electricity Authority with MoC for an early resolution.
- Pending resolution of the issues, stations are continuing to make payment and accounting of coal as per the pre-migrated system of UHV based pricing of coal and the difference between the amounts billed by the coal companies and the payments made/accounted for has been shown as contingent liability. Since fuel cost is a pass through component of tariff, the revision of price will not have any adverse impact on the profits of the Company.
33. The levy of transit fee/entry tax/VAT on supplies of fuel to some of the power stations has been paid under protest as the matters are subjudice at various courts. Probable demand for the period upto January 2012 has been included under contingent liabilities. In case the Company gets refund / demand from fuel suppliers/tax authorities on settlement of these cases, the same will be passed on to respective beneficiaries.

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

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

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

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

- i) The amount of exchange differences (net) debited to the statement of profit & loss is ₹ 19.66 crore (previous year ₹ 6.50 crore).
- ii) The amount of exchange differences (net) debited to the carrying amount of fixed assets is ₹ 1,661.21 crore (previous year ₹ 168.29 crore).

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

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

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

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

A. Provident Fund

Company pays fixed contribution to provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of ₹ 173.46 crore (previous year ₹ 191.19 crore) to the funds for the year is recognised as expense and is charged to the statement of profit and loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

B. Gratuity & Pension

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

The Company has a scheme of pension at one of the stations in respect of employees taken over from erstwhile state government power utility. In respect of other employees of the Company, pension scheme is yet to be implemented as stated in Note 11 b) above.

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

C. Post-Retirement Medical Facility (PRMF)

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

D. Terminal Benefits

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

E. Leave

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

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

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

(Figures given in { } are for previous year)

i) Expenses recognised in Statement of Profit & Loss

₹ Crore

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current service cost	59.02 {53.78}	11.03 {9.74}	41.87 {38.01}	4.98 {4.32}
Interest cost on benefit obligation	100.75 {85.20}	26.49 {19.55}	55.40 {46.80}	16.35 {13.40}
Expected return on plan assets	(82.34) {(78.78)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	0.97 {50.37}	29.34 {45.32}	87.25 {85.47}	25.94 {16.55}
Expenses transferred to capital work-in-progress	6.68 {9.74}	3.60 {4.97}	18.01 {14.34}	- {-}
Expenses transferred to subsidiaries & joint venture companies	2.95 {4.57}	1.41 {3.16}	5.80 {9.63}	0.79 {0.40}
Expenses recognised in the statement of profit & loss	68.77 {96.26}	61.85 {66.48}	160.71 {146.31}	46.48 {33.87}
Actual return on plan assets	94.63 {83.89}	- {-}	- {-}	- {-}

ii) The amount recognised in the Balance Sheet

₹ Crore

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.03.2012	1,288.86 {1185.28}	369.49 {311.67}	739.57 {651.90}	229.34 {192.29}
Fair value of plan assets as at 31.03.2012	1,162.97 {1031.68}	- {-}	- {-}	- {-}
Net liability recognised in the balance sheet	125.89 {153.60}	369.49 {311.67}	739.57 {651.90}	229.34 {192.29}

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

₹ Crore

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 01.04.2011	1,185.28 {1065.03}	311.67 {244.40}	651.90 {585.08}	192.29 {167.46}
Interest cost	100.75 {85.20}	26.49 {19.55}	55.40 {46.80}	16.35 {13.40}
Current service cost	59.02 {53.78}	11.03 {9.74}	41.87 {38.01}	4.98 {4.32}
Benefits paid	(69.45) {(74.20)}	(9.04) {(7.33)}	(96.85) {(103.46)}	(10.22) {(9.44)}
Net actuarial (gain)/ loss on obligation	13.26 {(55.47)}	29.34 {45.31}	87.25 {85.47}	25.94 {16.55}
Present value of the defined benefit obligation as at 31.03.2012	1,288.86 {1185.28}	369.49 {311.67}	739.57 {651.90}	229.34 {192.29}

iv) Changes in the fair value of plan assets:

₹ Crore

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 01.04.2011	1,031.68 {987.14}	- {-}	- {-}	- {-}
Expected return on plan assets	82.34 {78.78}	- {-}	- {-}	- {-}
Contributions by employer	102.32 {31.40}	- {-}	- {-}	- {-}
Benefit paid	(65.66) {(70.74)}	- {-}	- {-}	- {-}
Net actuarial gain/(loss)	12.29 {5.10}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.03.2012	1,162.97 {1031.68}	- {-}	- {-}	- {-}

v) Other disclosures:

₹ Crore

Gratuity/Pension	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	1288.86	1185.28	1065.02	1040.99	536.10
Fair value of plan assets as at the end of	1162.97	1031.68	987.14	535.94	462.34
Surplus/(Deficit)	(125.89)	(153.60)	(77.88)	(505.05)	(73.76)
Experience adjustment on plan liabilities (loss)/gain	(18.87)	(59.49)	10.13	(21.04)	8.49
Experience adjustment on plan assets (loss)/gain	12.29	5.10	25.12	4.61	0.53

₹ Crore

PRMF	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	369.49	311.67	244.39	213.29	174.95
Experience adjustment on plan liabilities (loss)/gain	(30.60)	(33.27)	(12.65)	(4.24)	(14.32)

₹ Crore

Leave	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	739.57	651.90	585.07	647.94	516.02
Experience adjustment on plan liabilities (loss)/gain	(89.90)	(87.83)	(37.25)	(107.16)	(107.06)

₹ Crore

Terminal Benefits	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	229.34	192.29	167.47	125.51	101.60
Experience adjustment on plan liabilities (loss)/gain	(24.38)	(23.95)	(36.68)	(16.94)	37.18

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

₹ Crore

	Increase by	Decrease by
Service and interest cost	4.17	6.46
Present value of obligation	30.95	46.97

F. Details of the Plan Assets

The details of the plan assets at cost are:

₹ Crore

	31.03.2012	31.03.2011
i) State government securities	273.43	237.32
ii) Central government securities	330.85	316.45
iii) Corporate bonds/debentures	417.27	422.48
iv) Money market instruments	5.97	Nil
v) Investment with insurance companies	104.34	0.74
vi) Fixed deposits with banks	5.44	60.00
Total	1,137.30	1,036.99

The amounts included in the value of plan assets in respect of the reporting enterprise's own financial instruments is ₹ 25.00 crore (previous year ₹ 25.00 crore).

G. Actual return on plan assets ₹ 94.63 crore (previous year ₹ 83.89 crore).

H. Other Employee Benefits

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

I. Actuarial Assumptions

Principal assumptions used for actuarial valuation for the year ended are:

	31.03.2012	31.03.2011
i) Method used	Projected Unit Credit Method	
ii) Discount rate	8.50%	8.00%
iii) Expected rate of return on assets:		
- Gratuity	8.00%	8.00%
- Pension	7.00%	7.00%
iv) Annual increase in costs	6.00%	5.50%
v) Future salary increase	6.00%	5.50%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

J. The Company's best estimate of the contribution towards gratuity/pension for the financial year 2012-13 is ₹ 68.59 crore.

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

Borrowing costs capitalised during the year are ₹ 2,342.21 crore (previous year ₹ 1,743.61 crore).

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

Segment information:

a) Business segments

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

b) Segment revenue and expense

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

c) Segment assets and liabilities

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

₹ Crore

	Business Segments				Total	
	Generation		Others			
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Revenue :						
Sale of energy/consultancy, project management and supervision fees *	61,430.85	54,704.55	142.69	169.45	61,573.54	54,874.00
Other income	684.66	364.58	3.36	2.29	688.02	366.87
Total	62,115.51	55,069.13	146.05	171.74	62,261.56	55,240.87
Segment result #	12,300.36	12,083.33	(19.46)	50.21	12,280.90	12,133.54
Unallocated corporate interest and other income					2,569.10	2,166.43
Unallocated corporate expenses, interest and finance charges					2,523.84	2,250.37
Profit before tax					12,326.16	12,049.60
Income tax (net)					3,102.43	2,947.01
Profit after tax					9,223.73	9,102.59

	Business Segments				Total	
	Generation		Others			
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Other information						
Segment assets	64,642.77	53,198.01	220.52	110.76	64,863.29	53,308.77
Unallocated corporate and other assets					75,974.51	72,430.11
Total assets	64,642.77	53,198.01	220.52	110.76	140,837.80	125,738.88
Segment liabilities	8,235.50	7,937.78	167.53	106.51	8,403.03	8,044.29
Unallocated corporate and other liabilities					59,143.60	49,802.34
Total liabilities	8,235.50	7,937.78	167.53	106.51	67,546.63	57,846.63
Depreciation (including prior period)	2,753.31	1,333.45	0.17	0.13	2,753.48	1,333.58
Non-cash expenses other than depreciation	15.29	1,542.64	41.19	1.45	56.48	1,544.09
Capital expenditure	14,513.32	11,864.09	289.85	270.21	14,803.17	12,134.30

* Includes ₹ 281.64 crore (previous year ₹ 1,139.38 crore) for sales related to earlier years.

Generation segment result would have been ₹ 12,018.78 crore (previous year ₹ 10,943.95 crore) without including the sales related to earlier years.

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

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

a) Related parties:

i) Joint ventures:

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

ii) Key Management Personnel:

Shri Arup Roy Choudhury Chairman and Managing Director
 Shri A.K. Singhal Director (Finance)
 Shri I.J. Kapoor Director (Commercial)
 Shri.B.P.Singh Director (Projects)
 Shri D.K. Jain Director (Technical)
 Shri S.P.Singh Director (Human Resources)
 Shri N.N.Mishra Director (Operations)

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

₹ Crore

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

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

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

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

a) Finance leases

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

	₹ Crore	
	31.03.2012	31.03.2011
a) Obligations towards minimum lease payments		
• Not later than one year	0.48	0.68
• Later than one year and not later than five years	0.22	0.70
• Later than five years	-	-
Total	0.70	1.38
b) Present value of (a) above		
• Not later than one year	0.43	0.57
• Later than one year and not later than five years	0.21	0.64
• Later than five years	-	-
Total	0.64	1.21
c) Finance charges	0.06	0.17

b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps for a period of one to two years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Note 24 - Employee benefits expense includes ₹ 75.68 crore (previous year ₹ 70.23 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are included under 'Rent' in Note 26 - 'Generation, administration and other expenses'. Further, the Company has taken a helicopter on wet lease basis for a period of eleven years and the amount of lease charges is included in 'Miscellaneous expenses' in Note 26.

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

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

	Current year	Previous year
Net profit after tax used as numerator - ₹ crore	9,223.73	9,102.59
Weighted average number of equity shares used as denominator	8,245,464,400	8,245,464,400
Earning per share (Basic and Diluted) - ₹	11.19	11.04
Nominal value per share - ₹	10/-	10/-

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

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

44. Disclosure as per Accounting Standard - 27 on 'Financial Reporting of Interest in Joint Ventures'

a) Joint Venture Entities:

Company	Proportion of ownership interest as on (excluding share application money)	
	31.03.2012 (%)	31.03.2011 (%)
A. Joint Ventures incorporated in India		
1. Utility Powertech Ltd.	50	50
2. NTPC - Alstom Power Services Private Ltd.	50	50
3. NTPC-SAIL Power Company Private Ltd.*	50	50
4. NTPC -Tamilnadu Energy Company Ltd.	50	50
5. Ratnagiri Gas and Power Private Ltd.*	31.52	30.17
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

Company	Proportion of ownership interest as on (excluding share application money)	
	31.03.2012 (%)	31.03.2011 (%)
10. BF - NTPC Energy Systems Ltd.*	49	49
11. Nabinagar Power Generating Company Private Ltd.	50	50
12. National Power Exchange Ltd.*	16.67	16.67
13. International Coal Ventures Private. Ltd.*	14.28	14.28
14. National High Power Test Laboratory Private Ltd.	25	25
15. Transformers & Electricals Kerala Ltd.	44.60	44.60
16. Energy Efficiency Services Ltd.*	25	25
17. CIL NTPC Urja Private Ltd.*	50	50
18. Anushakti Vidyut Nigam Ltd.*	49	-
19. Pan-Asian Renewables Private Ltd.*	50	-
B. Joint Ventures incorporated outside India		
1. Trincomalee Power Company Ltd.*	50	-

* The accounts are unaudited

The Company's share of the assets, liabilities, contingent liabilities and capital commitment as at 31st March 2012 and income and expenses for the year in respect of joint venture entities based on audited/unaudited accounts are given below:

	₹ Crore	
	31.03.2012	31.03.2011
A. Assets		
• Long term assets	12,314.73	10,573.99
• Current assets	1,978.68	1,255.69
Total	14,293.41	11,829.68
B. Liabilities		
• Long term liabilities	8,085.19	7,472.12
• Current liabilities and provisions	1,940.20	1,127.83
Total	10,025.39	8,599.95
C. Contingent liabilities	78.09	123.10
D. Capital commitments	1,848.88	2,673.05
	Current year	Previous year
E. Income	3,659.89	2,442.99
F. Expenses	3,022.44	2,125.75

b) Joint venture operations:

- i) The Company along-with some public sector undertakings has entered into Production Sharing Contracts (PSCs) with GOI for three exploration blocks namely KG- OSN-2009/1, KG-OSN-2009/4 and AN-DWN-2009/13 under VIII round of New Exploration Licensing Policy (NELP VIII) with 10% participating interest (PI) in each of the blocks.

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

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

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

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

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

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

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

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

Particulars	Currencies	₹ Crore	
		31.03.2012	31.03.2011
Borrowings, including interest accrued but not due thereon.	USD	10,538.98	7,157.37
	JPY	3,378.49	3,125.17
	EURO	423.42	441.21
Sundry creditors/deposits and retention monies	USD	1,168.53	1,144.72
	EURO	786.62	540.95
	Others	34.96	30.31
Sundry debtors and Bank balances	USD	0.82	2.08
Unexecuted amount of contracts remaining to be executed	USD	2,033.53	2,361.57
	EURO	1,435.51	3,311.03
	Others	51.55	25.22

47. Information in respect of micro and small enterprises as at 31st March 2012 as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	₹ Crore
a) Amount remaining unpaid to any supplier:	
Principal amount	17.16
Interest due thereon (* ₹ 21,150/-)	*
b) Amount of interest paid in terms of section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day. (* ₹ 3,371)	*
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	0.03
d) Amount of interest accrued and remaining unpaid	0.03
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSMED Act	-

48. Disclosure as required by Clause 32 of Listing Agreements:

A. Loans and Advances in the nature of Loans:

1. To Subsidiary Companies

₹ Crore

Name of the company	Outstanding balance as at		Maximum amount outstanding	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Kanti Bijlee Utpadan Nigam Ltd.	17.14	21.71	21.71	26.29

2. To Firms/companies in which directors are interested : Nil

3. Where there is no repayment schedule or repayment beyond seven year or no interest or interest as per Section 372A of the Companies Act, 1956 : ₹ 17.14 crore

B. Investment by the loanee (as detailed above) in the shares of NTPC : Nil

49. Contingent Liabilities:

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

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for **₹ 4,417.04 crore** (previous year ₹ 3,485.85 crore) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

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

(ii) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of **₹ 1,173.58 crore** (previous year ₹ 1,851.08 crore) has been estimated.

(iii) Fuel Suppliers

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

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

(iv) Others

In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non-agricultural use, nala tax, water royalty etc. and by others, contingent liability of **₹ 877.47 crore** (previous year ₹ 1,064.40 crore) has been estimated.

(v) Possible Reimbursement

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

b) Disputed Income Tax/Sales Tax/Excise Matters

Disputed Income Tax/Sales Tax/Excise matters pending before various Appellate Authorities amount to **₹ 3,038.63 crore** (previous year ₹ 2,465.26 crore). Many of these matters were disposed off in favour of the Company but are disputed before higher authorities by the concerned departments. In such cases, the company estimate possible reimbursement of **₹ 2,111.54 crore** (previous year ₹ 1,793.36 crore).

c) Others

Other contingent liabilities amount to **₹ 327.20 crore** (previous year ₹ 398.74 crore).

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

50. Capital and other commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012 is **₹ 29,563.89 crore** (previous year ₹ 23,779.74 crore).
- In respect of investments of **₹ 2,895.97 crore** (previous year ₹ 2,440.72 crore) in the joint venture entities, the Company has restrictions for their disposal ranging from two years to twelve years from the date of incorporation/allotment of shares/commercial operation of the projects as the case may be.
- In respect of investments of **₹ 866.61 crore** (previous year ₹ 731.34 crore) in the subsidiary Companies, the Company has restrictions for their disposal for five years from the date of commercial operation of the respective project.
- As at 31st March 2012, the Company has commitments of **₹ 3,236.96 crore** (previous year ₹ 2,340.91 crore) towards further investment in the joint venture entities.
- As at 31st March 2012, the Company has commitments of **₹ 1,419.32 crore** (previous year ₹ 1,561.68 crore) towards further investment in the subsidiary companies.
- Company's commitment towards the minimum work programme in respect oil exploration activities of joint venture operations has been disclosed in Note 44 b).
- Company's commitment in respect of further commitments relating to lease agreements has been disclosed in Note 41.

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

₹ crore

Particulars	Current year		Previous year	
a) Value of imports calculated on CIF basis:				
Capital goods	880.34		965.31	
Spare parts	190.09		98.73	
b) Expenditure in foreign currency:				
Professional and consultancy fee	7.07		5.80	
Interest	390.03		514.43	
Others	14.44		12.21	
c) Value of components, stores and spare parts consumed (including fuel):	Current year		Previous year	
	%age	Amount	%age	Amount
Imported	18.69	7,942.77	21.68	7,835.18
Indigenous	81.31	34,572.43	78.32	28,304.29
	Current year		Previous year	
d) Earnings in foreign exchange:				
Professional & consultancy fees	2.48		1.01	
Others	0.28		0.11	

For and on behalf of the Board of Directors

 (A.K.Rastogi)
Company Secretary

 (A.K.Singhal)
Director (Finance)

 (Arup Roy Choudhury)
Chairman & Managing Director

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

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

 (Rakesh Kumar)
Partner
M No.087537

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

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

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

 (S. Narasimhan)
Partner
M No.206047

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

 (R. Raghuraman)
Partner
M No. 081350

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

 (R.C. Agrawal)
Partner
M No.070229

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

 (Prabuddha Gupta)
Partner
M.No.400189

Place : New Delhi

 Dated : 10th May 2012

AUDITORS' REPORT

To the Members of NTPC LIMITED

1. We have audited the accompanying financial statements of **NTPC LIMITED** (the Company) which comprises the Balance Sheet as at 31st March 2012, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and the significant accounting policies and other explanatory information. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order 2004, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in annexure referred to in para 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) Being a Government Company, pursuant to the Notification no. GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the Company;
 - f) Without qualifying our report, we draw attention to note no. 22 a) and 22 b) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission;
 - g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and the explanatory notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of balance sheet, of the state of affairs of the Company as at 31st March 2012,
 - b. in the case of statement of profit and loss, of the profit for the year ended on that date, and
 - c. in the case of cash flow statement, of the cash flows for the year ended on that date.

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

(Rakesh Kumar)
Partner
M No.087537

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

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

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

(S. Narasimhan)
Partner
M No.206047

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

(R. Raghuraman)
Partner
M No. 081350

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

(R.C. Agrawal)
Partner
M No.070229

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

(Prabuddha Gupta)
Partner
M.No.400189

Place : New Delhi
Dated : 10th May 2012

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC LIMITED on the accounts for the year ended 31st March 2012

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification to cover all assets over two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Substantial part of the fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on such verification.
- (iii) (a) The Company has not granted any loans secured or unsecured to any companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.
In view of clause 4(iii)(a) above, the clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.
In view of 4(iii) (e) above, the clauses 4(iii) (f) and 4(iii) (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for sale of electricity, goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
In view of clause 4(v) (a) above, the clause 4(v) (b) of the Order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed with respect to Section 58A and 58AA, by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
- (viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2012 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating to ₹ 164.77 crore that have not been deposited on account of matters pending before appropriate authorities are detailed below:

				₹ crore
Sl.No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Amount
1	Central Sales Tax and Sales Tax/ VAT Acts of Various States	Sales Tax/VAT	Additional Commissioner of Sales Taxes	26.53
			Commissioner of Sales Tax	6.46
			Dy. commissioner of Sales/ Commercial Taxes	15.92
			High Court	83.51
			Sales Tax Tribunal	1.81
			Joint Commissioner (Appeal) Trade tax	2.05
2	Water (Prevention & Control of Pollution) Cess Act, 1977	Water/Pollution Cess	Appellate Authority, Pollution Control Board	0.41
3.	Central Excise Act, 1944	Central Excise Duty/Service tax	CESTAT	1.61
4.	Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal/CIT	1.63
			Allahabad High Court	24.11
			Asst. Commissioner	0.73
Total				164.77

- (x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, the Company has created security or charge in respect of the Bonds issued by the Company during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the company and in accordance with generally accepted auditing practices in India, we have been informed that 3 cases of frauds involving an aggregate amount of ₹ 1.08 crore towards misappropriation of funds by the employees have been committed on the company during the year. The Company has taken appropriate action against these employees and the matters are under investigation.

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

(Rakesh Kumar)
Partner
M No.087537

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

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

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

(S. Narasimhan)
Partner
M No.206047

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

(R. Raghuraman)
Partner
M No. 081350

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

(R.C. Agrawal)
Partner
M No.070229

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

(Prabuddha Gupta)
Partner
M.No.400189

Place : New Delhi
Dated : 10th May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NTPC LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of NTPC Limited, New Delhi for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance standards on auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC Limited, New Delhi, for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place : New Delhi
Dated : 21st May 2012

EMPLOYEE COST SUMMARY

	₹ Crore									
Description	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
A. Salaries, wages & benefits (incl. Provident Fund and other contributions)	759.00	818.00	824.80	956.80	1,170.30	1,909.30	2,580.70	2,666.60	3,101.83	3,461.58
B. Other Benefits										
1. Welfare expenses	135.20	143.00	172.30	180.70	197.50	320.00	316.90	280.20	293.44	295.10
2. Township	46.00	57.50	62.90	56.70	61.00	65.60	74.50	56.20	111.64	120.08
3. Educational & School facilities	11.90	15.80	16.00	16.00	18.30	22.10	26.90	14.10	24.45	23.95
4. Medical Facilities	38.30	42.70	42.40	44.40	57.10	65.00	65.70	66.10	120.34	116.30
5. Subsidised Transport	3.50	4.50	4.70	4.60	3.60	4.80	4.90	2.40	5.04	5.31
6. Social & Cultural activities	7.90	10.90	10.80	10.00	10.20	12.00	11.50	13.20	14.84	11.62
7. Subsidised Canteen	13.90	15.90	16.00	17.40	22.30	26.20	18.50	18.50	22.23	27.46
Total (B)	256.70	290.30	325.10	329.80	370.00	515.70	518.90	450.70	591.98	599.82
Total (A+B)	1,015.70	1,108.30	1,149.90	1,286.60	1,540.30	2,425.00	3,099.60	3,117.30	3,693.81	4,061.40
8. Year end No. of Employees	21,408	20,971	21,420	21,870	23,602	23,677	23,390	23,743	23,797	24,011
9. Average No. of Employees	21,396	21,190	21,196	21,645	22,736	23,640	23,534	23,567	23,770	23,904
10. Average Salary, wages and benefits per employee (₹)	354,747	386,040	389,139	442,042	514,734	807,657	1,096,584	1,131,497	1,304,935	1,448,117
11. Average Cost of Other Benefits per employee per annum (₹)	119,979	137,002	153,382	152,368	162,738	218,147	220,490	191,242	249,045	250,929
12. Average cost of employees remuneration & benefits per annum (₹)	474,726	523,042	542,521	594,410	677,472	1,025,804	1,317,074	1,322,739	1,553,980	1,699,046

Revenue Expenditure on Social Overheads for the year ended 31st March 2012

									₹ Crore	
S.No	Particulars	Township	Educational & School Facilities	Medical Facilities	Subsidised Transport	Social and Cultural Activities	Subsidised Canteen	Total	Previous Year	
1	Payment to Employees	42.84	2.17	119.89	0.53	-	2.12	167.55	175.34	
2	Materials Consumed	7.49	0.01	10.28	-	-	-	17.78	13.17	
3	Rates & Taxes	3.37	-	-	0.02	-	-	3.39	3.65	
4	Welfare Expenses	3.29	19.25	103.90	5.18	10.96	25.79	168.37	154.55	
5	Others incl. Repairs & Maintenance	88.36	2.76	4.91	0.66	0.44	1.69	98.82	92.05	
6	Depreciation	43.10	1.97	1.68	0.05	0.55	0.15	47.50	69.78	
7	Sub Total (1 to 6)	188.45	26.16	240.66	6.44	11.95	29.75	503.41	508.54	
8	Less: Recoveries	25.53	0.04	4.47	0.60	0.33	0.17	31.14	34.66	
9	Net Expenditure (7-8)	162.92	26.12	236.19	5.84	11.62	29.58	472.27	473.88	
10	Previous Year	157.93	29.76	240.12	6.90	14.84	24.33	473.88		

SUBSIDIARY COMPANIES

NTPC ELECTRIC SUPPLY COMPANY LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report on the working of the Company for the financial year ended on 31st March 2012 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ Crore)

	2011-12	2010-11
Total Revenue	55.66	64.05
Total Expenditure	44.54	54.96
Profit before exceptional and extraordinary items & tax	11.12	9.09
Exceptional and extraordinary items	-	-
Profit before Tax	11.12	9.09
Less: Tax expenses	3.46	3.08
Profit after Tax	7.66	6.01

DIVIDEND

Your Directors have recommended a dividend of ₹ 5 Crore @ ₹ 617.97 per equity share on the face value of fully paid-up equity share capital of ₹ 10/- each. The dividend shall be paid after your approval at the Annual General meeting.

OPERATIONAL REVIEW

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

Your Company's distribution Joint Venture Company, KINESCO Power and Utilities Private Limited, engaged in retail distribution of electricity in an industrial area of Kochi, Kerala, recorded sales of ₹22.33 crore during the financial year 2011-12 with PAT of ₹ 1.49 crores.

Your Company has received 'Excellent' rating against the achievement of MoU target for the reporting period thereby achieving this rating for six years in succession.

During the year, your Company has undertaken rural electrification projects on deposit work basis under the Rajiv Gandhi Grameen Vidyutikaran Yojana in the states of West Bengal, Jharkhand, Chhattisgarh, Orissa and Madhya Pradesh. During this period, 3855 villages were electrified and 261115 Below Poverty Line (BPL) connections were provided. The cumulative achievement till 31st March 2012 is 29,567 villages and 2584377 BPL connections.

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

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

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

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2012.

AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREON

The Comptroller & Auditor General of India (C&AG) has appointed M/s Bhudladia & Company, Chartered Accountants as the Statutory Auditor of the Company for the financial year 2011-12.

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no. 16 to the Financial Statements. The note explains the basis for accounting of employee benefits expense. The same is treated as per the Accounting Policy adopted by the Company. The Statutory Auditors had sought opinion on the matter from the Institute of Chartered Accountants of India. The Institute has given an

opinion on 20th April 2012. Your Company has sought review of the opinion. Till such time, the existing practice is continued.

C&AG REVIEW

C&AG, vide letter dated June 7, 2012, has decided not to review the report of the Auditors on the accounts of the Company for the financial year ended March 31, 2012 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed after report of Statutory Auditors of your Company.

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

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

PARTICULARS OF EMPLOYEES

As per Notification No. GSR 289(E) dated 31 March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ₹ 60 lakh or more per annum, employed throughout the financial year or, ₹5 lakh per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report. However, such particulars shall be made available to the shareholders on a specific request made by them during the course of this Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the profit of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

The Board of Directors, consequent upon nomination received from its holding company viz. NTPC Limited, had appointed Shri N.N. Misra, Director (Operations), in place of Shri Sharad Anand, as Additional Director of the Company. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Sharad Anand during their association with the Company. Shri N.N. Misra holds office up to the date of this Annual General Meeting but is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing candidature of Shri N.N. Misra for the office of Director liable to retire by rotation.

The Board of Directors of your Company consists of Shri Arup Roy Choudhury, Chairman, Shri A.K. Singhal, Director, Shri S.P. Singh, Director and Shri N.N. Misra, Director.

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 17, 2012

(Arup Roy Choudhury)
Chairman

ANNEXURE-1
MANAGEMENT DISCUSSION AND ANALYSIS
INDUSTRY STRUCTURE AND DEVELOPMENTS
DISTRIBUTION

The Electricity Act, 2003 requires the state governments to set up State Electricity Regulatory Commissions for rationalization of energy tariffs and formulation of policy within each state. As of March 31, 2012, all the states, except Arunachal Pradesh, have set up their Regulatory Commissions. In addition, two Joint Electricity Regulatory Commissions have been set up for Manipur & Mizoram and Goa & UTS. 18 state electricity boards have so far been unbundled into separate generation, transmission and distribution companies. The aim is to bring in reforms in sector for efficient operation of the state electricity boards.

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

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

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

Development of Renewable Energy Sources (RES)

Today, the total installed capacity of the nation stands at 199877 MW and RES, at 24503 MW, accounts for 12.26% of this total. The Electricity Regulators have made it mandatory for the Discoms to source certain percentage of its input power requirement through Renewable Energy sources, to be increased progressively each year. The Government, in its quest for long-term energy and environmental security, is seeking to enhance the share of renewable power in the overall energy basket. Over longer term, the importance of RES would be more strategic in view of its important role in mitigating the effects of climate change. It is imperative for India to build a certain level of self-reliance in renewable technologies of the future. 79% of renewable energy is contributed by wind power generation where potential exists for 45000 to 65000 MW of on-shore wind power.

With the launch of Jawaharlal Nehru National Solar Mission, India has embarked upon an ambitious path to tap the vast and inexhaustible solar source. Going by emerging trends, it is amply clear that green technology is set to be the next growth sector.

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

STRENGTH AND WEAKNESS

Your Company's strength lies in its association with a strong promoter viz. NTPC Limited having a formidable track record in power project, engineering, construction, commissioning, operation and maintenance for the last 37 years. NTPC's formidable network, rapport and credibility with customer utilities, Discoms, its down stream power market and trading arm are added advantages to your Company.

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

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

OPPORTUNITIES AND OUTLOOK

The Electricity Act 2003 provides an opportunity to bulk consumers with a load of more than 1 MW to source their power requirement from anywhere in the country through Open Access for which the state utility is obliged to provide necessary clearances. This provides an opportunity in various industrial and Special Economic Zones (SEZ) which are being promoted by the state industrial development corporations wherein a contiguous geographical area of all such consumers can

be earmarked and power fed from upcoming power plants of NTPC and its JVs. Today, wherever major industrial development is taking place, this business model offers tremendous opportunity as quality and reliable power can be assured to these growing industries.

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

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

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

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

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

To advance its operational and financial stability, one of the key opportunities the Company foresees is in RES in general and wind projects in particular. Your Company is looking towards this opportunity with great interest and is planning to conduct specific studies for generating green power by wind farms in locations having high wind energy potential.

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

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

RISKS AND CONCERNS

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

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

Today, total manpower strength of the Company is 145 spread over more than 30 locations across the country. In the event of a sharp decline in revenue stream, it may not be possible to sustain such large manpower resource. The frittering away of manpower which has gathered experience and capability in distribution engineering and execution is another concern. In absence of any sustainable revenue your Company, to address this concern, has been repatriating manpower back to NTPC Limited.

INTERNAL CONTROL

Your Company has adequate internal control systems and procedures in place commensurate with the size and nature of its business. Your Company has adopted the internal control system of its holding company viz. NTPC Limited. The authorities vested in various levels are exercised within framework of appropriate checks and balances. The effectiveness of the checks and balances and internal control systems

are reviewed during internal audit carried out by Internal Audit Department of NTPC Limited. An independent internal audit is also carried out by experienced firm of Chartered Accountants in close co-ordination with departments of the Company and Internal Audit Department of NTPC Limited.

PERFORMANCE DURING THE YEAR

Operations

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

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

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

During the financial year 2011-12, against target of 252 un-electrified and de-electrified villages (UE/DE) villages set by the Govt. of India in the MoU, your Company achieved 273 UE/DE villages. Against the target of 68000 BPL connections, your Company achieved a performance of 261115 connections. Further, against the cumulative target of charging of 14551 UE/DE villages, charging documents in respect of 14553 villages were submitted and 12843 villages were energized. Energization of the balance 1708 villages, for reasons beyond the control of your Company, could not be achieved owing to: non-availability of forest clearances (240), non-availability of railways clearances (74), LWE affected areas (85), RCE pending sanction (796), sub-transmission problems (263) and inadequate power allocation (250). These are proposed to be taken up on receipt of requisite clearances.

In the implementation of electrical distribution network within 5 kms. radius of NTPC projects/stations, work has been taken up in 8 projects/stations where the awards were placed during the financial year 2011-12.

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

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

Project Management Consultancy Services

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

- setting up 220 KV sub-station, switchyard & connected facilities for BPCL, Kochi Refinery Ltd.
- pre-award Contract Management Services for Orissa Power Transmission Corporation Ltd.
- construction and augmentation of 66/11 KV sub-stations for UT of Chandigarh.
- validating the cost estimate, prepared by M/s MECON, of the electrical packages of M/s SAIL, Bhilai's expansion programme.

Financial Performance

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

(₹ Crore)

	2011-12	2010-11
Sales	46.09	57.25
Other income	9.57	6.80
Total	55.66	64.05

Revenue from RGGVY projects during the financial year 2011-12 contributed approx. 79% of total sales as compared to 84% in the previous financial year. Interest from banks contributed approx. 99% of the total other income as compared to 90% in the previous financial year.

The decrease in total income was due to reduction in business volume of the Company.

The expenditure incurred by your Company on account of Employee benefits

expense and Administration & other expenses for the current year as well as previous year is as follows:

(₹ Crore)

	FY 2011-12	FY 2010-11
Employee benefits expense	29.37	32.17
Administration & other expenses	16.24	16.16
Prior period items (net)	(1.27)	-
Total operating expenses	44.34	48.33

The decrease in total operating expenses was due to decreased employee costs.

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

(₹ Crore)

	FY 2011-12	FY 2010-11
Total operating expenses	44.34	48.33
Depreciation and amortization expense	0.20	0.19
Finance costs	-	6.44
Total expenses including operating expenses	44.54	54.96

The depreciation cost as compared to total expense is negligible since the fixed assets are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹2.12 crore as on 31.3.2012.

(₹ Crore)

	FY 2011-12	FY 2010-11
Profit before tax	11.12	9.09
Tax expenses	3.46	3.08
Profit for the year	7.66	6.01

During the period under review, the profit before tax increased due to increase in other income and decrease in interest charges.

The profit for the year has increased to ₹ 7.66 crore as compared to ₹ 6.01 crore in the previous financial year.

Reserves & Surplus

A sum of ₹ 0.77 crore has been added to General Reserve after appropriating dividend and dividend tax during the current year as compared to ₹ 0.61 crore during the previous year.

Current Assets

The current assets at the end of the current year were ₹ 963.60 crore as compared to ₹ 952.48 crore last year.

(₹ Crore)

	31.3.2012	31.3.2011
Trade receivables	8.00	8.59
Cash and bank balances	920.54	919.01
Short-term loans and advances	22.66	14.77
Other current assets	12.40	10.11
Total Current Assets	963.60	952.48

The increase was mainly on account of increase in cash and bank balances and short-term loans and advances. The major amount of outstanding trade receivables of ₹ 4.38 crore, constituting approx. 55% of the total, was due against invoices raised in March 2012 on PGCIL for third party inspection services.

Current Liabilities

During the financial year 2011-12, current liabilities have increased to ₹912.27 crore as compared to ₹903.06 crore in the financial year 2010-11 mainly on account of increase in retention funds for the RGGVY projects.

(₹ Crore)

	31.3.2012	31.3.2011
Trade payables	7.11	3.17
Other current liabilities	899.35	894.97
Short-term provisions	5.81	4.92
Total Current Liabilities	912.27	903.06

Cash Flow Statement

(₹ Crore)

	FY 2011-12	FY 2010-11
Opening Cash and cash equivalents	919.01	1103.70
Net cash from operating activities	(0.73)	(186.36)
Net cash from investing activities	6.92	6.35
Net cash flow from financing activities	(4.66)	(4.68)
Net Change in Cash and cash equivalents	1.53	(184.69)
Closing cash and cash equivalents	920.54	919.01

The closing cash and cash equivalents for the financial year ended March 31, 2012 has increased marginally to ₹ 920.54 crore from ₹ 919.01 crore.

Financial Indicators

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

	FY 2011-12	FY 2010-11
Capital employed in ₹Crore	52.58	50.73
Net worth in ₹Crore	52.58	50.73
Return on capital employed (PBT/CE)	21.15%	17.92%
Return on net worth (PAT/NW)	14.57%	11.85%
Dividend as % of equity capital	6180	4944
Earning per share in ₹	946.59	743.42

The capital employed as well as net worth has increased due to profits earned during the financial year 2011-12.

Human Resources

As on 31st March 2012, there were 148 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious targets, the Company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Today, your Company is proud to state that it has built a competent manpower base required for its growth in the distribution sector.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 17th July 2012

(Arup Roy Choudhury)
Chairman

**NTPC ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT**

₹

Particulars	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	809100	809100
Reserves and surplus	3	525017525	506539836
		525826625	507348936
Non-current liabilities			
Deferred tax liabilities (net)	4	713226	655227
Current liabilities			
Trade payables	5	71080123	31717626
Other current liabilities	6	8993524236	8949664010
Short-term provisions	7	58129657	49211570
		9122734016	9030593206
TOTAL		9649273867	9538597369
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	10128118	10740787
Intangible assets	8	-	-
Non-current investments	9	3100000	3100000
		13228118	13840787
Current assets			
Trade receivables	10	80045156	85912075
Cash and bank balances	11	9205369740	9190067223
Short-term loans and advances	12	226573110	147663575
Other current assets	13	124057743	101113709
		9636045749	9524756582
TOTAL		9649273867	9538597369

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

For Bhudladia & Company
Chartered Accountants

(Puneet Singla)
Partner
M. No.-506277

(R K Srivastava)
Chief Executive
Officer

For & on behalf of the Board of Directors

(A K Singhal) (Arup Roy Choudhury)
Director Chairman

Place : New Delhi
Dated : 3rd May 2012

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

₹

Particulars	Note	31.03.2012	31.03.2011
Revenue from operations (net)	14	460966868	572589470
Other income	15	95704689	67953955
Total revenue		556671557	640543425
Expenses			
Employee benefits expense	16	293721385	321689389
Finance costs	17	-	64361447
Depreciation and amortization expense	8	2006179	1921997
Administration & other expenses	18	162428359	161587988
Prior period items (net)	19	(12723512)	-
Total expenses		445432411	549560821
Profit before exceptional and extraordinary items & tax		111239146	90982604
Exceptional items		-	-
Profit before extraordinary items and tax		111239146	90982604
Extraordinary items		-	-
Profit before tax		111239146	90982604
Tax expense:			
Current tax			
Current year		36083000	30803000
Earlier years		(1490792)	-
Deferred tax			
Current year		57999	29804
Earlier years		-	-
Total tax expense		34650207	30832804
Profit for the year		76588939	60149800
Earnings per equity share (Par value of ₹ 10/- each)			
Basic		946.59	743.42
Diluted		946.59	743.42

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

For Bhudladia & Company
Chartered Accountants

(Puneet Singla)
Partner
M. No.-506277

(R K Srivastava)
Chief Executive
Officer

For & on behalf of the Board of Directors

(A K Singhal) (Arup Roy Choudhury)
Director Chairman

Place : New Delhi
Dated : 3rd May 2012

NTPC ELECTRIC SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 ₹

	31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	111239146	90982604
Adjustment for:		
Depreciation	2006179	1921997
Provisions	18407	-
Interest Received	(94290078)	(61488641)
Provisions written back	-	(45458)
Operating Profit before Working Capital Changes	18973654	31370502
Adjustment for:		
Trade & Other Receivables	5866919	120446042
Trade Payables & Other Liabilities	80655152	(1981831932)
Other Current Assets	753997	14424757
Loans & Advances	(3650797)	6093031
Cash generated from operations	102598926	(1809497600)
Direct Taxes Paid	109850946	54081250
Net Cash from Operating Activities - A	(7252021)	(1863578850)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1393509)	(1004828)
Interest Received	70592047	64465618
Net cash flow from Investing Activities - B	69198538	63460790
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(40000000)	(40000000)
Tax on Dividend	(6644000)	(6798000)
Net Cash flow from Financing Activities - C	(46644000)	(46798000)
Net Increase/Decrease in Cash & Cash equivalents (A + B + C)	15302518	(1846916060)
Cash & cash equivalents (Opening balance)	9190067223	11036983283
Cash & cash equivalents (Closing balance)	9205369740	9190067223

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

As per our Report of even date
For Bhucladia & Company
Chartered Accountants

For & on behalf of the Board of Directors

(Puneet Singla) Partner	(R K Srivastava) Chief Executive Officer	(A K Singhal) Director	(Arup Roy Choudhury) Chairman
----------------------------	--	---------------------------	----------------------------------

Place : New Delhi
Dated : 3rd May 2012

NTPC ELECTRIC SUPPLY COMPANY LIMITED

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF PREPARATION

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

2 USE OF ESTIMATES

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

3 FIXED ASSETS

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

4 INVESTMENTS

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

5 PROFIT AND LOSS ACCOUNT

5.1 INCOME RECOGNITION

- 5.1.1 Income from consultancy, project management and supervision services is accounted for on the basis of actual progress / technical assessment of work executed, in line with the terms of respective consultancy contracts. Claims for reimbursement of incidental expenditure are recognised as other income, as per the terms of consultancy service contracts. Income from Project Management Services is accounted for on the service charges earned.
5.1.2 Interest / surcharge recoverable on advances to suppliers as well as warranty claims / liquidated damages wherever there is uncertainty of realization / acceptance are not treated as accrued and are therefore accounted for on receipt / acceptance.

5.2 EXPENDITURE

- 5.2.1 Depreciation is charged on straight line method following the rates specified in Schedule XIV of the Companies Act, 1956.
5.2.2 Depreciation on the following assets is provided based on their estimated useful life:

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

- 5.2.3 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
5.2.4 Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.
5.2.5 Cost of software recognized as intangible assets is amortised on straight line method over a period of legal right to use or 3 years, whichever is less.
5.2.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.
5.2.7 Expenses on ex-gratia payments under voluntary retirement scheme and training and recruitment are charged to revenue in the year incurred.
5.2.8 The liabilities towards employee benefits are ascertained by the Holding Company i.e. NTPC Limited on actuarial valuation. The company provides for such employee benefits as apportioned by the Holding Company.
5.2.9 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
5.2.10 Pre-paid expenses and prior period expenses/income of items of ₹ 1,00,000/- and below are charged to natural heads of accounts.

6 PROVISIONS AND CONTINGENT LIABILITIES

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

7 CASH FLOW STATEMENT

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

Note No. 2 to the Financial Statements

As at	31.03.2012	31.03.2011
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
10,000,000 shares of par value of ₹ 10/- each (previous year 10,000,000 shares of par value of ₹ 10/- each)	100000000	100000000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
80,910 shares of par value of ₹ 10/- each (previous year 80,910 shares of par value of ₹ 10/- each) are held by the holding company, NTPC Ltd. and its nominees	809100	809100

- a) During the year, the Company has not issued/bought back any shares.
- b) The Company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time.
- c) In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- d) NTPC Ltd. holds all 80,910 equity shares of the Company and no other share holder of the Company holds more than 5 percent of the equity shares.

Note No. 3 to the Financial Statements

As at	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
Reserves		
General reserve		
As per last balance sheet	67200000	61100000
Add: Transfer from surplus balance in the statement of profit & loss	7659000	6100000
Closing balance	74859000	67200000
Surplus		
As per last balance sheet	439339836	431934036
Add: Profit for the year from statement of profit & loss	76588939	60149800
Less: Transfer to general reserve	7659000	6100000
Dividend paid		
Tax on dividend paid		
Proposed dividend	50000000	40000000
Tax on proposed dividend	8111250	6644000
Net surplus	450158525	439339836
Total	525017525	506539836

- a) The Company has proposed final dividend for the year 2011-12 @ ₹ 617.97 per equity share par value of ₹ 10/- each (previous year ₹ 494.38 per equity share)

Note No. 4 to the Financial Statements

The item-wise details of deferred tax liability are as:

	As at 01.04.2011	Additions/ (Adjustments) during the year	As at 31.03.2012
DEFERRED TAX LIABILITIES (Net)			
Difference of book depreciation and tax depreciation	655227	57999	713226
Less: Deferred tax assets			
Provisions & other disallowances for tax purposes	-	-	-
Disallowances u/s 43B of the Income Tax Act, 1961			
Total	655227	57999	713226

- a) The net increase during the year in the deferred tax liability of ₹ 57,999 (previous year increase ₹ 29,804) has been debited to statement of profit & loss.
- b) Deferred tax assets and Deferred tax liabilities have been offset as they relate to the same governing laws.

Note No. 5 to the Financial Statements

As at	31.03.2012	31.03.2011
TRADE PAYABLES		
For goods and services	71080123	31717626
Total	71080123	31717626

- a) Amounts due to Micro, Small and Medium Enterprises are ₹ Nil (Previous year ₹ Nil).

Note No. 6 to the Financial Statements

As at	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Book overdraft	6463918	7361113
Advances from customers and others	215771331	380476146
Other payables		
Tax deducted at source and other statutory dues	6145046	10110835
Amount received against deposit works	8593679299	8440941192
Others	171471012	110774724
Total	8993524236	8949664010

- a) Other payables - others include amounts payable to contractors, employees and Holding Company, NTPC Limited.

- b) Amounts due to Micro, Small and Medium Enterprises are ₹ Nil (Previous year ₹ Nil).

Note No. 7 to the Financial Statements

As at	31.03.2012	31.03.2011
SHORT TERM PROVISIONS		
Provision for employee benefits		
As per last balance sheet	2567570	3811992
Additions during the year	-	-
Amounts paid during the year	2567570	-
Amounts reversed during the year	-	1244422
Closing balance	-	2567570
Provision for proposed dividend		
As per last balance sheet	40000000	40000000
Additions during the year	50000000	40000000
Amounts used during the year	40000000	40000000
Amounts reversed during the year	-	-
Closing balance	50000000	40000000
Provision for tax on proposed dividend		
As per last balance sheet	6644000	6798000
Additions during the year	8111250	6644000
Amounts paid during the year	6644000	6798000
Amounts reversed during the year	-	-
Closing balance	8111250	6644000
Provision for shortage in fixed assets pending investigation		
As per last balance sheet	-	45458
Additions during the year	18407	-
Amounts adjusted during the year	-	45458
Amounts reversed during the year	-	-
Closing balance	18407	-
Total	58129657	49211570

Note No. 8 to the Financial Statements

NON-CURRENT ASSETS

TANGIBLE ASSETS

	Gross Block				Depreciation/Amortisation				Net Block	
	As at	Additions	Deductions/ Adjustments	As at	Upto	For	Deductions/ Adjustments	Upto	As at	As at
	01.04.2011			31.03.2012						
Temporary erection	190550	-	-	190550	190550	-	-	190550	-	-
Furniture and fixtures	6481467	-	-	6481467	3331447	247234	-	3578681	2902786	3150020
Office equipment	4942764	47867	16090	4974541	791540	332161	4367	1119334	3855207	4151224
EDP, WP machines and satcom equipment	7264008	1341942	69477	8536473	3824464	1426784	66977	5184271	3352202	3439544
Assets held for disposal valued at net book value or net realisable value whichever is less	-	-	(89267)	89267	-	-	(71345)	71345	17922	-
Total	18878789	1389809	(3700)	20272298	8138001	2006179	-	10144180	10128118	10740787
Previous year	17888775	1043301	53287	18878789	6292499	1860316	14814	8138001	10740787	11596276

INTANGIBLE ASSETS

	Gross Block				Depreciation/Amortisation				Net Block	
	As at	Additions	Deductions/ Adjustments	As at	Upto	For	Deductions/ Adjustments	Upto	As at	As at
	01.04.2011			31.03.2012						
Software	936895	-	-	936895	936895	-	-	936895	-	-
Total	936895	-	-	936895	936895	-	-	936895	-	-
Previous year	936895	-	-	936895	875215	61680	-	936895	-	61680

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

	Gross Block		Depreciation	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Assets capitalised with retrospective effect / Write back of excess capitalisation	3700	-	-	-
	3700	-	-	-

Note No. 9 to the Financial Statements

As at			31.03.2012	31.03.2011
NON-CURRENT INVESTMENTS	Number of shares	Face value per share		
	Current Year	Current Year		
	/ (Previous Year)	/ (Previous Year)		
		(₹)		
Trade				
Equity instruments (fully paid up - unless otherwise stated)				
Unquoted				
Joint Venture Companies				
KINESCO Power and Utilities Pvt. Ltd.	50000	10	500000	500000
	(50000)	(10)		
Share application money pending allotment in:				
KINESCO Power and Utilities Pvt. Ltd.			2600000	2600000
Total			3100000	3100000

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

Note No. 10 to the Financial Statements

As at	31.03.2012	31.03.2011
TRADE RECEIVABLES		
(Considered good, unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured	2592353	298478
Other receivables - Unsecured	77452803	85613597
Total	80045156	85912075

Note No. 11 to the Financial Statements

As at	31.03.2012	31.03.2011
CASH & BANK BALANCES		
Cash & cash equivalents		
Balances with banks		
- Current accounts	105216487	306497156
Cheques & drafts on hand	1210238	-
Other bank balances		
Deposits with original maturity of more than three months	9098943015	8883570067
Total	9205369740	9190067223

a) Other bank balances - deposits include ₹ **786,92,67,349** (Previous year ₹ 786,49,89,529) towards advances received from REC Ltd.

Note No. 12 to the Financial Statements

As at	31.03.2012	31.03.2011
SHORT TERM LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
ADVANCES		
Others		
Unsecured	5756425	2105628
Advance tax deposit & tax deducted at source	431197238	400107732
Less: Provision for current tax	210380553	254549785
	220816685	145557947
Total	226573110	147663575

a) Others include CENVAT recoverable.

Note No. 13 to the Financial Statements

As at	31.03.2012	31.03.2011
OTHER CURRENT ASSETS		
Interest accrued on :		
Term deposits	123069240	99371209
Others	988503	1742500
Total	124057743	101113709

a) Others include interest amount recoverable from contractors against mobilisation advance.

Note No. 14 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
REVENUE FROM OPERATIONS		
Consultancy, project management and supervision fees (including turnkey construction projects)	460966868	572544012
	460966868	572544012
Provisions written back		
Others	-	45458
	-	45458
Total	460966868	572589470

Note No. 15 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
OTHER INCOME		
Interest from		
Others		
Indian banks	94290078	61488641
Interest from income tax refunds	1414611	6441816
Other non-operating income		
Miscellaneous income	-	16513
Profit on disposal of fixed assets	-	6985
Total	95704689	67953955

a) ₹ 64,16,15,379 (previous year ₹ 45,17,84,557) towards interest earned on investment of advances received from REC Ltd. is not the income of the Company as it is attributable to REC Ltd. and therefore has been reduced from interest income and transferred to amount received against deposit works under Other Current Liabilities - Other payables - Others (Note No. 6).

Note No. 16 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	264311656	282960160
Contribution to provident and other funds	21519341	24727947
Staff welfare expenses	7890388	14001282
Total	293721385	321689389

a) Employee benefits expense include ₹ 56,57,078 (Previous year ₹ 1,88,90,019) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell gift on retirement and economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation, being defined benefits, at the year end.

b) The Institute of Chartered Accountants of India has given an opinion on 20th April 2012 regarding disclosure requirements for defined benefit plans in case of group administration plans and accounting for provident fund contribution in case of provident fund trust run by the holding company, as per accounting Standard 15 - Employee Benefits. The Company is seeking review on the opinion. Till such time existing practice is continued.

Note No. 17 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
FINANCE COSTS		
Interest on		
Others	-	64361447
Total	-	64361447

Note No. 18 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
ADMINISTRATION & OTHER EXPENSES		
Power charges	840719	682044
Less: Recovered from contractors & employees	-	-
	840719	682044
Rent	4315443	4291505
Less: Recoveries	-	-
	4315443	4291505
Repairs & maintenance		
Others	3305900	46179261
Insurance	35150	419129
Training & recruitment expenses	47000	121454
Less: Fees for application and training	-	-
	47000	121454
Communication expenses	8291697	4215396
Travelling expenses	29046925	30083774
Tender expenses	3903630	767200
Less: Receipt from sale of tenders	324000	119250
	3579630	647950
Payment to auditors (refer details below)	112700	105650
Advertisement and publicity	-	26664
Security expenses	4468111	720600
Entertainment expenses	1317031	1533312
Expenses for guest house	482234	353890
Less: Recoveries	-	-
	482234	353890
Brokerage & commission	17000	11350
Community development and welfare expenses	599893	-
Less: Grants-in-aid	-	-
	599893	-
Books and periodicals	133500	124154
Professional charges and consultancy fees	83030622	48616539
Less: Grants-in-aid	-	-
	83030622	48616539
Legal expenses	3072	12450
EDP hire and other charges	1133738	1107729
Printing and stationery	1041839	1192748
Hiring of vehicles	17992640	18849454
Bank charges	16401	2558
Miscellaneous expenses	2598707	2290377
	162409952	161587988

Note No. 18 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
Provisions for		
Shortage in stores	18407	-
	18407	-
Total	162428359	161587988
a) Details in respect of payment to auditors:		
As auditor		
Audit fee	66000	66000
Tax audit fee	21000	24500
Reimbursement of expenses	25700	15150
	112700	105650

Note No. 19 to the Financial Statements

For the period ended	31.03.2012	31.03.2011
PRIOR PERIOD ITEMS (NET)		
REVENUE	-	-
EXPENDITURE		
Employee benefits expense	(12723512)	-
Net Expenditure/(Revenue)	(12723512)	-

a) Excess provision of previous years towards superannuation benefits.

Other Notes

20 The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequently to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

22 Disclose as per Accounting Standard - 20 on 'Earnings Per Share' The elements considered for calculation of Earning Per Share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator - ₹	76,588,939	60,149,800
Weighted average number of equity shares used as denominator	80,910	80,910
Earning Per Share (Basic & Diluted) - ₹	946.59	743.42
Face value per share - ₹	10.00	10.00

23 Disclose as per Accounting Standard - 19 on 'Leases'

Operating Leases:

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Note No. 16 - Employees' benefit expenses include ₹ 2,15,92,778 (Previous year ₹ 2,00,27,309) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps amounting to ₹ 43,15,443 (Previous year ₹ 42,91,505) are shown as Rent in Note No. 18 - Administration and other expenses.

24 Disclose as per Accounting Standard - 27 on 'Financial Reporting of Interests in Joint Ventures'

Joint Venture Entities:

Company	Proportion of ownership interest as on (excluding Share Application Money)	
	31.03.2012	31.03.2011
KINESCO Power and Utilities Pvt. Ltd.	50%	50%

The above entity is incorporated in India. The Company's share of the assets, liabilities, contingent liabilities and capital commitment as at 31st March 2012 and income and expenses for the year based on audited accounts are given below:

	₹/lacs	
	31.03.2012	31.03.2011
A Assets		
Non-current assets	805.83	674.95
Current assets	353.44	205.53
Total	1,159.27	880.48
B Equity & liabilities		
Shareholders' funds	167.68	27.98
Non-current liabilities	64.86	56.85
Current liabilities	926.73	795.65
Total	1,159.27	880.48
C Contingent liabilities	149.22	25.42
D Capital commitments	0.25	-
	Current Year	Previous Year
E Income	1,133.81	943.81
F Expenses	1,051.27	879.10

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

26 The common services being utilized by the Company for its office at NOIDA are provided without any charges by the Holding Company.

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

Sl.	Particulars	Current Year	Previous Year
1	Amount of revenue recognised on consultancy contract on deposit work basis	3984.30	4841.34
2	Amount disbursed for consultancy contracts on deposit work basis	37699.51	54653.28
3	Amount of advance received from customers for consultancy contracts on deposit work basis	24313.68	30551.50
4	Gross amount due from customers for consultancy contracts on deposit work as an asset	Nil	Nil
5	Gross amount due to customers for consultancy contracts on deposit work basis as a liability	Nil	2.23

28 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil (Previous year ₹ Nil).

29 Contingent Liabilities:

- Company's liability towards reimbursement of Income Tax on HRR perks amounting to ₹ 49,85,286 (Previous year ₹ 49,85,286) stayed by the Hon'ble Allahabad High Court.

- Disputed Service Tax matter is pending before the Commissioner of Customs, Central Excise and Service Tax, Noida amounting to ₹ 231.20 crores plus interest (Previous year ₹ NIL) on deposit work funds received from REC Ltd. The Company has taken up the matter and the same is under consideration of Ministry of Finance. In case the Company is required to pay the amount, the same shall be claimed from REC Ltd. as per para 5.1 (d) of the MOU between REC & the Company.

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

Particulars	Current Year	Previous Year
a) Expenditure in foreign currency:		
Others	90,476	42,901

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

For Bhudladia & Company
Chartered Accountants

(Puneet Singla)
Partner

(R K Srivastava)
Chief Executive
Officer

For & on behalf of the Board of Directors

(A K Singhal)
Director

(Arup Roy Choudhury)
Chairman

Place : New Delhi
Dated : 3rd May 2012

AUDITORS' REPORT

To the Members of

NTPC ELECTRIC SUPPLY COMPANY LTD.

1. We have audited the attached Balance Sheet of NTPC Electric Supply Company Ltd. (a wholly owned subsidiary of NTPC Ltd.) as at 31st March 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('CARO'), as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is drawn to:
 - 4.1 The company's Accounting policy No. 5.1.1 of recognising revenue from Project Management Services for the service charges alone is in alignment with an expert opinion from ICAI on the matter which states that the Project Management Services rendered by the company are covered under the scope of Accounting Standard-7, yet the income from the same needs to be recognised only for the service charges alone. We are not in agreement with the said Expert Opinion as AS-7 does not prescribe any revenue recognition on net basis for a construction contract, instead it has to be on gross basis. The matter is referred back to ICAI for reconsideration.
 - 4.2 The fact that technical estimates for the purpose of measurement of income as certified by the management have been relied upon by us;
 - 4.3 Note 16 to the Financial Statements, in respect of Employee Benefits in which disclosure requirements as per Accounting Standards 15-Employee Benefits, in the case of defined benefit liabilities have not been complied with. Further provident fund benefits although are defined benefits, are treated as defined contribution for accounting, following the practice of its parent company and the consequential effect on financial statements cannot be ascertained.
5. Further to our comments in Annexure referred to in para 3 & 4 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except for items covered by points 4 above;
 - (e) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
 - (f) In our opinion, and according to the best of our information and according to the explanations given to us, and subject to foregoing

paragraphs, the said accounts read with the Accounting Policies and the Notes forming part of the financial statements, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
- b. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
- c. in the case of Cash Flow statement, of the cash flows for the year ended on that date.

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

(CA. Puneet Singla)

Partner

Place : New Delhi

Date : 3rd May 2012

Membership No.: 506277

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the statement of accounts of M/s NTPC Electric Supply Company Ltd., New Delhi for the year ended on 31st March 2012)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are verified by the management at the intervals of two years. During the year physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which is in our opinion considered reasonable having regard to the size and nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the explanations given to us, there is no disposal of fixed assets during the year.
- (ii) The Company does not have any inventory. Consequently, clauses (ii)(a) to (ii)(c) of paragraph 4 of CARO are not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted or taken any secured or unsecured loans, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii)(a) to (g) of paragraph 4 of CARO are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangement of the Company, referred to in Section 301 of the Companies Act, 1956, which requires to be entered in the register required to be maintained under that section.
In view of (v)(a) above, the clause (v)(b) of paragraph 4 of CARO is not applicable.
- (vi) The Company has not accepted any public deposits during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to the Company, as the Company has not commenced any activities related to distribution of electricity.
- (ix) (a) The Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues, with appropriate authorities. Being a wholly owned subsidiary of M/s NTPC

Ltd. all the employees are on secondment basis, therefore Provident fund on their salaries is being deposited by the holding company.

- (b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2012.
- (c) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2012 as given herein below:

Statute	Nature of Dues	Amount (₹)	Forum where disputes are pending
Income Tax Act, 1961	TDS on perks Income Tax	49,85,286	High Court, Allahabad

- (x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) The Company has not taken any loans from any financial institution, bank or by way of issue of debentures. Consequently clause (xi) of paragraph 4 of CARO is not applicable.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause (xiii) of paragraph 4 of CARO is not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, clause (xiv) of paragraph 4 of CARO is not applicable to the Company.

- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any term loans.
- (xvii) According to the information and explanations given to us, the Company has not raised any short term or long-term funds.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised money through a public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

(CA. Puneet Singla)

Partner

Membership No.: 506277

Place : New Delhi

Date : 3rd May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 May 2012.

I, on behalf of the Comptroller and Auditors General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC Electric Supply Company Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

(Praveen Kumar Singh)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place: New Delhi
Dated: 07 June, 2012

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

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 10th Annual Report on the performance of the Company for the financial year ended 31st March, 2012 together with the Audited Accounts and Auditors' Report thereon.

OPERATIONAL REVIEW

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

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

Rammam HEP, Stage – III, is being developed for the benefit of West Bengal and Sikkim. All requisite statutory clearances and physical possession of land has been obtained. Infrastructure Development activities like construction of approach road and bridges are under progress.

Both the projects are under various stages of bidding. These projects are slated for commissioning during 12th Plan and early 13th plan period.

Your company has entered into Power Purchase Agreements, for Lata Tapovan HEPP and Power Purchase Agreement for Rammam HPP is under discussion with concerned beneficiaries.

With a view to reduce entity costs, synergy of operation, reduction in overhead expenditure, enhanced efficiency, better administrative control and optimum utilization of resources, your Board of Directors in its 43rd meeting held on May 3, 2012 has approved a scheme of amalgamation of NTPC Hydro Limited with NTPC Limited.

FINANCIAL REVIEW

The financial highlights of the Company are as under:

(₹. in Crore)

Particulars	F/Y 2011-12	F/Y 2010-11
Paid-up Share Capital	121.36	113.96
Share Capital Deposit – Pending Allotment	0.20	0.50
Capital Work in progress	86.24	79.09

MANAGEMENT DISCUSSION & ANALYSIS

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2012.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C& AG) vide letter dated 17th September 2011 appointed M/s KSMN & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2011-12. M/s KSMN & Company had conducted statutory audit of the books of accounts for the financial year 2011-12. Copy of Audit Report is appended to Financial Statements.

Auditor in their report has made observation regarding delay in allotment of shares beyond the prescribed time limit under Unlisted Public Co. (Preferential Allotment) Rules 2011. In this regard, it may be noted that Company is a wholly owned subsidiary of NTPC Limited and all equity shares of the Company are held by NTPC Limited and its seven nominees, as permissible under Section 49 (3) of the Companies Act, 1956. These seven nominees of NTPC Limited are holding shares in their official capacity as employees of NTPC Limited. Therefore, any allotment of shares made to NTPC Limited is not preferential allotment and as such Unlisted Public Co. (Preferential Allotment) Rules 2011 are not applicable.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India (C&AG) vide letter dated 29th May 2012 have communicated that C&AG have decided not to review the report of the

Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956. Copy of the letter received from C&AG is placed after the report of the Statutory Auditors.

AUDIT COMMITTEE

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

During the year under review two meetings of the Audit Committee were held on 29th April 2011 and 28th December 2011 respectively.

PARTICULARS OF EMPLOYEES

As no employee in the Company is having earning over the amount specified under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, therefore, particulars of employees are not required to be given.

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. in the preparation of the Annual Accounts for the financial year ended 31st March 2012, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2012 and of the loss of the Company for the said period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the annual accounts for the financial year ended 31st March 2012, on going concern basis.

BOARD OF DIRECTORS

Consequent upon superannuation from the service of NTPC Limited Shri D.K.Jain, ceased to be Director of the Company w.e.f. 30th June 2012. Your Board places on record its deep appreciation for the invaluable contribution made by him during his tenure. In exercise of powers conferred under Article 101 of the Articles of Association of the Company, NTPC Limited i.e. holding Company has nominated Shri A.K.Jha as a Director of the Company in place of Shri D.K.Jain. Shri A.K.Jha will hold office upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a member of the Company proposing their candidature for the office of Director liable to retire by rotation.

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 17.07.2012

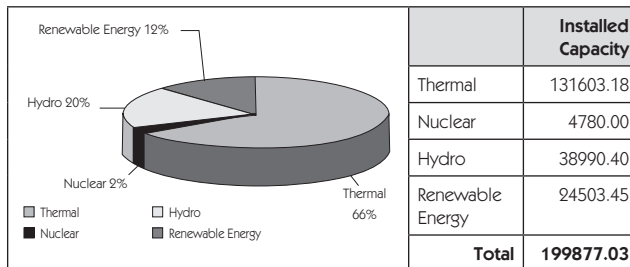
(Arup Roy Choudhury)
Chairman

ANNEXURE-I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENT

Availability of reliable power at affordable rate is sine qua none for growth of any economy. Hydro Power has been identified as a reliable and affordable source of Power. As on 31st March, 2012, the total installed capacity in India were 199877.03 MW out of which, share of Thermal, Hydro, Nuclear and Renewable energy sources were as follows:



Source: Central Electricity Authority

Our Country has been endowed with enormous hydro power potential, last assessed to be 84000 MW at 60% load factor. However, installed capacity of hydro electric projects was only 38,990.40 MW as on 31st March 2012.

II. STRENGTHS

The company is presently executing two projects namely, Lata Tapovan Hydro Electric Project (171 MW), located in Chamoli District of Uttarakhand and Rammam Hydro Electric Project, Stage – III (120 MW) located in Darjeeling District of West Bengal and West Sikkim District of Sikkim. The Company has received all statutory clearances for both projects and infrastructure development activities are presently being carried out. Both the projects are under various stages of bidding and slated for commissioning during the 12th Plan and early 13th plan period.

With a view to reduce entity costs, synergy of operation, reduction in overhead expenditure, enhanced efficiency, better administrative control and optimum utilization of resources, the Board of Directors in its 43rd meeting held on May 3, 2012 has approved a scheme of amalgamation of NTPC Hydro Limited with NTPC Limited.

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

III. OPPORTUNITIES

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

IV. OUTLOOK

As per the assessment of CEA, the country is endowed with hydro potential of approx. 148701 MW. Further, Hydro power potential at 60% load factor, had been

estimated at 84,000 MW. At present, installed Hydro Power Capacity of the Country is 38,990.40 MW only. Therefore, there is huge potential in the areas of Hydro Power which are yet to be harnessed.

V. RISK & CONCERNS/WEAKNESS/ THREATS

Environmental & Forest Clearance, lack of infrastructure facilities like roads & construction power, issues relating to land acquisition and R&R, apportionment of catchment area treatment among various beneficiaries etc. are some of the areas of concern which have marred development of Hydro Power in the Country. In addition to above, Hydroelectric power plant has complex structures and involves large amounts of capital with a long-running construction period. This situation imposes uncertainty factors with considerably high risks. The construction phase is identified as a critical phase in hydropower projects where many unforeseen factors occur.

VI. INTERNAL CONTROL SYSTEM

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

VII. FINANCIAL PERFORMANCE

During the financial year paid-up share capital of the Company has increased from ₹ 113.96 crore to ₹ 121.36 crore. The capital work in progress has increased from ₹. 79.09 crore to ₹ 86.24 Crore. The projects undertaken by the Company are in construction stage, therefore all the administrative expenditures of the Company except expenditure of Rs. 0.65 lakh, incurred on training, are transferred to Capital work in Progress.

VIII. HUMAN RESOURCE

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

IX. ENVIRONMENT PROTECTION

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

X. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 17.07.2012

(Arup Roy Choudhury)
Chairman

**NTPC Hydro Limited
BALANCE SHEET AS AT**

(Amount in ₹)

Particulars	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1213595000	1139595000
Reserves and surplus	3	(81391473)	(81326692)
		<u>1132203527</u>	<u>1058968308</u>
Share application money pending allotment	4	2000000	5000000
Non-current liabilities			
Other long term liabilities	5	8495953	5597700
		<u>8495953</u>	<u>5597700</u>
Current liabilities			
Trade payables	6	507611	352756
Other current liabilities	7	8435620	16619367
Short-term provisions	8	10351913	3876872
		<u>19295144</u>	<u>20848995</u>
TOTAL		<u>1161994624</u>	<u>1089715003</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	223666548	224461306
Intangible assets	9	84460	271112
Capital work-in-progress	10	862434932	790905993
Long-term loans and advances	11	71667987	71767987
Total		<u>1157853927</u>	<u>1087406398</u>
Current assets			
Cash and bank balances	12	1912625	2086045
Short-term loans and advances	13	2217215	212249
Other current assets	14	10857	10311
Total		<u>4140697</u>	<u>2308605</u>
TOTAL		<u>1161994624</u>	<u>1089715003</u>

Significant accounting policies Note No. 1

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

As per our report of even date

For and on behalf of the Board of Directors

For M/s KSMN & Company
 Chartered Accountants
 Firms' Regn. No. 001075N

(Praveen Kumar Verma)
 Partner
 Membership No. 504686

(Manish Kumar)
 Company Secretary

(A.K. Singhal)
 Director

(Arup Roy Choudhury)
 Chairman

 Place : New Delhi
 Date : 3rd May 2012

**NTPC Hydro Limited
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

(Amount in ₹)

Particulars	Note	31.03.2012	31.03.2011
Other income	15	-	-
Total revenue		<u>-</u>	<u>-</u>
Expenses			
Employee benefits expense	16	-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Generation, administration & other expenses	17	64781	-
Prior period items (net)	18	-	-
Total expenses		<u>64781</u>	<u>-</u>
Profit / (Loss) before exceptional and extraordinary items & tax		<u>(64781)</u>	<u>-</u>
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		<u>(64781)</u>	<u>-</u>
Extraordinary Items		-	-
Profit / (Loss) before tax		<u>(64781)</u>	<u>-</u>
Tax expense		-	-
Profit / (Loss) for the year		<u>(64781)</u>	<u>-</u>
Significant accounting policies Note No. 1		-	-
Expenditure During Construction Period (net)	19	-	-
Earnings per equity share (Par value of ₹10/- each)		-	-
Basic		-	-
Diluted		-	-

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

As per our report of even date

For and on behalf of the Board of Directors

For M/s KSMN & Company
 Chartered Accountants
 Firms' Regn. No. 001075N

(Praveen Kumar Verma)
 Partner
 Membership No. 504686

(Manish Kumar)
 Company Secretary

(A.K. Singhal)
 Director

(Arup Roy Choudhury)
 Chairman

 Place : New Delhi
 Date : 3rd May 2012

CASH FLOW FOR THE PERIOD ENDED

(Amount in ₹)

Particulars	31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Prior Period Adjustment	(64781)	-
Operating Profit before Working Capital Changes		
Adjustment for :		
Current Liabilities	(1553851)	(16738034)
Other Long Term Liabilities	2898253	
Loans and Advances	(1904966)	4145677
Other Current Assets	(546)	4178
	<u>(561110)</u>	<u>(12588179)</u>
Net cash flow from Operating Activities - A	(625891)	(12588179)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & CWIP & Construction		
Advance	(70547529)	(108030619)
Net cash used in Investing Activities - B	(70547529)	(108030619)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital Deposit	71000000	119104600
Net cash flow from Financing Activities - C	71000000	119104600
Net Increase / Decrease in Cash & Cash Equivalents (A+B+C)	(173420)	(1514198)
Cash & Cash Equivalents (Opening Balance)	2086045	3600243
Cash & Cash Equivalents (Closing Balance)	1912625	2086045

 As per our report of even date
For M/s KSMN & Company
 Chartered Accountants
 Firms' Regn. No. 001075N

For and on behalf of Board of Directors

(Praveen Kumar Verma)
 Partner
 Membership No. 504686

(Manish Kumar)
 Company Secretary

(A.K. Singhal)
 Director

(Arup Roy Choudhury)
 Chairman

 Place : New Delhi
 Date : 3rd May 2012

NOTES ON ACCOUNTS
Note No. 1 SIGNIFICANT ACCOUNTING POLICIES
A. BASIS OF PREPARATION

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

B. USE OF ESTIMATES

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

C. FIXED ASSETS

- Fixed Assets are carried at historical cost less accumulated depreciation / amortisation.
- 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.
- Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- Capital expenditure on assets not owned by the Company relating to generation of electricity business is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.

6. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
7. Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

D. CAPITAL WORK-IN-PROGRESS

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

E. STATEMENT OF PROFIT AND LOSS
EXPENDITURE

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

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

3. Depreciation on addition to / deductions from fixed assets during the year is charged on pro-rata basis from / up to the month in which the asset is available for use / disposal.
4. Assets costing upto ₹5000/- are fully depreciated in the year of acquisition.
5. Cost of software recognized as intangible assets, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.
6. Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009 / revised

useful life determined based on rates specified in schedule XIV of the Companies Act, 1956.

7. Capital expenditure on asset not owned by the company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
8. Leasehold land and buildings relating to generation of electricity business are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.
9. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
10. Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
11. Prepaid expenses and prior period expenses /income of items of ₹ 100,000/- and below are charged to natural heads of accounts.

F. LEASES
FINANCE LEASE

1. Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.
2. Depreciation on the assets taken on finance lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1 or 12.2.2. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is less.
3. Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

OPERATING LEASE

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

G. PROVISIONS AND CONTINGENT LIABILITIES

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

H. CASH FLOW STATEMENT

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

Note No. 2 : EQUITY SHARE CAPITAL
NTPC Hydro Limited

(Amount in ₹)

As at	31.03.2012		31.03.2011	
Authorised Shares				
500,000,000 shares of par value of ₹10/- each (Previous year 500,000,000 shares of par value of ₹10/- each)	<u>5000000000</u>		<u>5000000000</u>	
Issued, Subscribed and fully paid-up shares				
121359500 shares of ₹10/- each (Previous year 113,959,500 shares of par value of ₹10/- each)	<u>1213595000</u>		<u>1139595000</u>	
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
At the beginning of the period	113959500	1139595000	100799040	1007990400
Issued during the period	7400000	74000000	13160460	131604600
Outstanding at the end of the Period	121359500	1213595000	113959500	1139595000

b. Terms/rights attached to equity shares

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

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

c. Shares held by holding / ultimate holding Company and / or their subsidiaries / associates.

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

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

As at	31.03.2012	31.03.2011
Surplus		
Opening Balance	(81326692)	(81326692)
Add : During the year transfer from P&L Statement	(64781)	
Closing balance	(81391473)	(81326692)
Total	(81391473)	(81326692)

Note No.4 : SHARE APPLICATION MONEY PENDING ALLOTMENT (NON-REFUNDABLE)

Share application money pending allotment	2000000	5000000
Total	2000000	5000000

Disclosures -

- The share application money pending allotment shown above is non refundable, hence not a part of current liabilities.
- The share application money pending allotment is the balance of fund received from NTPC Ltd, the holding company against which shares are not yet allotted.
- The share allotment will be done with the approval of Board of Directors, alongwith reconciled inter-company balance with NTPC Ltd. upto the date of allotment of share
- The no. of shares issued on the balance of share application money pending allotment will be 200000 @ 10/- per shares.
- There will be no premium on this share allotment.
- The shares will be issued before 31st March 2013.
- The company has sufficient authorized capital (₹ 5000000000) to cover the share capital amount after this proposed allotment of shares.
- As this amount is non-refundable and non interest bearing, no interest will accrue on the amount due for refund.
- The allotment of share against the balances of application money pending allotment is always completed before the end of next financial year.

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

As at	31.03.2012	31.03.2011
Trade payables (Other than MSMED)	149,034	109,066
Payable for capital expenditure - Others (Other than MSMED)	8,346,919	5,488,634
Total	8,495,953	5,597,700

Note No. 6 : TRADE PAYABLES (Amount in ₹)

As at	31.03.2012	31.03.2011
For goods and services (Other than MSMED)	507611	352756
Total	507611	352756

Note No. 7 Other Current Liabilities (Amount in ₹)

As at	31.03.2012	31.03.2011
Payable for capital expenditure - Others (Other than MSMED)	7,452,335	11,764,208
Other payables		
Tax deducted at source and other statutory dues	968,641	1,020,867
Others *	14,644	42,126
NTPC Ltd. (Holding Company)	-	3,792,166
Total	8,435,620	16,619,367

*Others includes establishment related payments like telephone, electricity, water etc.

Note No. 8 : SHORT TERM PROVISIONS (Amount in ₹)

As at	31.03.2012	31.03.2011
Provision for employee benefits		
As per last balance sheet	3876872	4512303
Additions during the year	6479112	2894963
Amounts paid during the year	-	3507327
Amounts reversed during the year	4071	23067
Closing balance	10351913	3876872
Total	10351913	3876872

Note No. 9 : FIXED ASSETS (Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold	156,618,560			156,618,560	-			-	156,618,560	156,618,560
Leasehold*	17,534,711			17,534,711	1,910,947	580,135	-	2,491,082	15,043,629	15,623,764
Plant and machinery	78,825	4,500	-	83,325	25,408	8,130	-	33,538	49,787	53,417
Furniture and fixtures	3,184,933	-	24,000	3,160,933	1,536,055	148,371	24,000	1,660,426	1,500,507	1,648,877
Office equipment	1,656,919	25,550	-	1,682,469	776,955	87,845	(2)	864,802	817,667	879,965
EDP, WP machines and satcom equipment	4,232,545	72,466	(133,096)	4,438,107	2,765,825	429,840	228,136	2,967,529	1,470,578	1,466,720
Electrical Installations	82,569	-	-	82,569	14,277	4,185	2	18,460	64,109	68,292
Capital expenditure on assets not owned by the Company	48,101,711	-	-	48,101,711	-	-	-	-	48,101,711	48,101,711
Total	231,490,773	102,516	(109,096)	231,702,385	7,029,467	1,258,506	252,136	8,035,837	223,666,548	224,461,306
Previous year	229,168,144	471,633	(1,850,996)	231,490,773	5,448,346	1,362,570	(218,551)	7,029,467	224,461,306	223,719,798
INTANGIBLE ASSETS										
Software	570,596	17,114	17,114	570,596	299,484	187,128	476	486,136	84,460	271,112
Total	570,596	17,114	17,114	570,596	299,484	187,128	476	486,136	84,460	271,112
Previous Year	570,596	-	-	570,596	109,285	190,199	-	299,484	271,112	461,311

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

	31.03.2012	31.03.2011
Transferred to expenditure during construction period (net) - Note 19	1,445,634	1,552,769

Transferred to expenditure during construction period (net) - Note 19

*The execution of lease agreement of 187.328 acres lease hold land situated at Lata Tapovan Hydro Power Project of value ₹ 175.35 lacs (Previous year 187.328 acres, value ₹ 175.35 lacs) is awaiting completion for legal formalities.

Note No. 10 : CAPITAL WORK IN PROGRESS

(Amount in ₹)

	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2012
Roads, bridges, culverts & helipads	27039851	18777896	-	-	45817747
Hydraulic works, barrages, dams, tunnels and power channel	208518960				208518960
Electrical installations	-	10050	-	-	10050
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	53197978	2893203	-	-	56091181
Expenditure towards diversion of forest land	81520537	-	-	-	81520537
Expenditure during construction period (net)	420628667	49847787	(3)	-	470476457
Total	790905993	71528936	(3)	-	862434932
Previous year	683358940	107547053	-	-	790905993

Note No. 11 : LONG TERM LOANS AND ADVANCES

(Amount in ₹)

As at	31.03.2012	31.03.2011
Capital Advances		
Unsecured		
Covered by bank guarantee	16,393,679	16,393,679
Others*	55,274,308	55,274,308
Sub Total	71,667,987	71,667,987
Security Deposit (Unsecured)		
Deposit with Customs, Port trust & others	-	100,000
Total	71,667,987	71,767,987

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

Note No. 12 : CASH & BANK BALANCES

(Amount in ₹)

As at	31.03.2012	31.03.2011
Cash & cash equivalents		
Balances with banks		
- Current accounts	1861000	2036045
Deposits with original maturity of more than three months #	51625	50000
Total	1912625	2086045

Includes bank deposits for more than twelve months maturity amounting to 51625/= (previous year 50000/=) is deposited with state tax authorities

Note No.13 : SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

As at	31.03.2012	31.03.2011
Loans		
Due from NTPC Ltd. (holding company)	2,217,215	-
ADVANCES		
Others*		
Unsecured*	-	149,194
Advance tax deposit & tax deducted at source	-	63,055
Total	2,217,215	212,249

*Others (Unsecured) in previous year include pre-paid expenses related to BSNL.

Note No. 14 : OTHER CURRENT ASSETS

(Amount in ₹)

As at	31.03.2012	31.03.2011
Interest accrued on Term Deposit	10857	10311
Total	10857	10311

Note No. 15 : OTHER INCOME

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Interest from		
Contractors	276,331	-
Indian banks	3,937	4,839
Other non-operating income		
Miscellaneous income	94,231	83,477
	374,499	88,316
Less: Transferred to expenditure during construction period (net) - Note 19	374,499	88,316
Total	-	-

Note No. 16 EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Salaries and wages	39,282,340	39,108,461
Contribution to provident and other funds	2,733,939	3,475,157
Staff welfare expenses	1,157,516	1,419,877
	43,173,795	44,003,495
Less: Transferred to expenditure during construction period (net) - Note 19	43,173,795	44,003,495
Total	-	-

The employees benefits expenses includes 11,53,462 (Previous year 49,49,808) in respect of gratuity, leave encashment, post retirement medical benefits, transfer travelling allowance on retirement/death, farewell, gifts on retirement and economic rehabilitation scheme is apportioned by Holding Company i.e. NTPC Limited.

Note No. 17 : ADMINISTRATION & OTHER EXPENSES

(Amount in ₹)

For the period ended	31.03.2012	31.03.2011
Power charges	294770	110040
Water charges	1020	4562
Rent	3882291	4788311
Repairs & maintenance		
Buildings	1394831	1464868
Others	1265178	958717
Insurance	14475	15771
Rates and taxes	-	503500
Training & recruitment expenses	64781	-
Communication expenses	1278776	1723799
Travelling expenses	2386039	2279854
Tender expenses	-	29651
Payment to auditors (refer details below)	88240	88240
Advertisement and publicity	5000	30000
Security expenses	416636	383010
Entertainment expenses	293521	193906
Expenses for guest house	699174	571934
Less: Recoveries	16035	11790
	683139	560144
Community development and welfare expenses	651620	52000
Books and periodicals	39914	15113
Professional charges and consultancy fees	66180	65240
Legal expenses	8679	7645
EDP hire and other charges	605373	559026
Printing and stationery	66738	27521
Hiring of vehicles	836628	683242
Miscellaneous expenses	195540	227380
	14539369	14771540
Transferred to expenditure during construction period (net) - Note 19	14474588	14771540
Total	64781	-
As auditor		
Audit fee	80000	80000
Reimbursement of service Tax	8240	8240
Total	88,240	88,240

Note No. 18 : PRIOR PERIOD ITEMS (NET)

	(Amount in ₹)	
For the period ended	31.03.2012	31.03.2011
Expenditure		
Employee benefits expense	(8,981,426)	-
Depreciation and amortisation	109,695	218,551
Rent	-	(305,972)
Net Expenditure	(8,871,731)	(87,421)
Less: Transferred to Expenditure during construction period (net)-Note 19	(8,871,731)	(87,421)
Total	-	-

Note No. 19 : EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

	(Amount in ₹)	
For the period ended	31.03.2012	31.03.2011
A. Employee benefits expense		
Salaries and wages	39,282,340	39,108,461
Contribution to provident and other funds	2,733,939	3,475,157
Staff welfare expenses	1,157,516	1,419,877
Total (A)	43,173,795	44,003,495
B. Depreciation and amortisation	1,445,634	1,552,769
C. Generation , administration and other expenses		
Power charges	294,770	110,040
Water charges	1,020	4,562
Rent	3,882,291	4,788,311
Repairs & maintenance		
Buildings	1,394,831	1,464,868
Others	1,265,178	958,717
Insurance	14,475	15,771
Rates and taxes	-	503,500
Communication expenses	1,278,776	1,723,799
Travelling expenses	2,386,039	2,279,854
Tender expenses	-	29,651
Audit fee	88,240	88,240
Advertisement and publicity	5,000	30,000
Security expenses	416,636	383,010
Entertainment expenses	293,521	193,906
Guest house expenses	699,174	571,934
Less: Receipt from guest house	16,035	11,790
Community development expenses	651,620	52,000
Books and periodicals	39,914	15,113
Professional charges and consultancy fee	66,180	65,240
Legal expenses	8,679	7,645
EDP Hire and other charges	605,373	559,026
Printing and stationery	66,738	27,521
Expenses on hiring of vehicle	836,628	683,242
Miscellaneous expenses	195,540	227,380
Total (C)	14,474,588	14,771,540
Total (A+B+C)	59,094,017	60,327,804
D. Less: Other income		
Interest from contractors	276,331	-
Interest others	3,937	4,839
Miscellaneous income	94,231	83,477
Total (D)	374,499	88,316
E. Prior period items (net)		(87,421)
Grand total (A+B+C-D-E)*	49,847,787	60,152,067

* Balance carried to capital work-in-progress - (Note 10)

NOTES ON ACCOUNT

20. Estimated amount of contract remaining to be executed on capital account and not provided for ₹ 2,198.39 lacs (Previous year ₹ 2360.58 lacs).

21. Disclosure Regarding Operating Leases:

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees benefits expenses include ₹ 50,58,270 (Previous year ₹ 54,79,994/=) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule Note No. 19 Administration and other expenses amounting ₹ 7,83,766/- (Previous year ₹ 47,88,311/=).

22. Amount recoverable from NTPC Ltd., (holding company) has been shown ₹ 22,17,215/= as part of the short term loans & advances. This amount is recoverable from NTPC Ltd. on account of net balance of transactions upto 31st March 2012.

23. Earning Per Share

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

	Current Year	Previous Year
Net Loss used as numerator	64781	0
Weighted Average number of equity shares used as denominator	114080811	101267769
Earning Per Share (Rupees) – Basic	-	-
Weighted Average number of equity shares used as denominator	114084090	101282289
Earning Per Share (Rupees) – Diluted	-	-
Face Value per share (Rupees)	10	10

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

25. Contingent Liability: Company's liability towards reimbursement of Income Tax on HRR perks amounting to ₹ 10,12,167 stayed by the Hon'ble Allahabad High Court (Previous year ₹ 5,53,120/-).

26. All the employees of the company are on secondment from the Holding Company.

27. Based on information available with the company, there are no suppliers/contractors/service providers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31.03.2012.

28. Board of Directors of NTPC Ltd. (holding company) in its 36th Meeting has accorded in principle approval for merger of NTPC Hydro Ltd. with NTPC Ltd.

29. The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For and on behalf of Board of Directors

As per our report of even date
For M/s KSMN & Company
 Chartered Accountants
 Firms' Regn. No. 001075N

(Praveen Kumar Verma) (Manish Kumar) (A.K. Singhal) (Arup Roy Choudhury)
 Partner Company Secretary Director Chairman
 Membership No. 504686

Place : New Delhi
 Date : 3rd May 2012

AUDITORS' REPORT

To,
The Members of
NTPC Hydro Limited

1. We have audited the attached balance sheet of **NTPC Hydro Limited**, as at 31st March, 2012 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies(Auditors' Report)Order,2003as amended by the Companies (Auditors' Report) (Amendment) Order,2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of accounts required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account dealt with by this report is in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act,1956;
 - (v) Being a Government Company, pursuant to GSR 829(E) dated 17.07.2003 issued by the Government of India, provisions of Clause 3 of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies with the accounting principles generally accepted in India;
 - (a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) In the case of the profit and loss account, of the Nil Profit/Loss for the year ended on that date; and
 - (c) In case of cash flow Statement, of the cash flows for the year ended on that date.

For KSMN & Company
Chartered Accountants
Firms' Registration No. 001075N
(CA Praveen Kumar Verma)
Partner
Membership No. 504686

Place : New Delhi
Date : 3rd May 2012

Annexure referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified by the management once in every two years as per the defined policies of the company which is reasonable having regards to the size of the company and the nature of its assets. No materials discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- (ii) The company does not have any inventory accordingly the provisions of the clause 4(ii)(a), (b) & (c) are not applicable to the company.
- (iii) During the year the Company has not granted / taken any loans, secured or unsecured to / from companies, firm, or other parties covered in the register maintained under section 301 of the Company Act, 1956. Therefore, the provisions of clause 4(ii) (b), (c), (d), of the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets & sale of goods. The company has not made any purchase & sale of goods. Further, on the basis of our examination and according to the information and explanation given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4(v) (b) of the order is not applicable to the Company.
 - (b) In view of clause (v) (a) above, clause (v) (b) is not applicable.
- (vi) According to the information and explanations given to us, The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.
- (vii) In our opinion, the company has an internal audit systems commensurate with the size and nature of its business.
- (viii) The maintenance of the cost records under section 209(1)(d) of the companies Act, 1956 is not applicable to the company has not commenced any activities relating to the distribution of the electricity.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the Company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees state Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts in respect of the above were in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable.
 - (b) According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

- | | |
|---|--|
| <p>(xi) The company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.</p> <p>(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(xiv) On the basis of examinations of books of accounts and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions.</p> <p>(xvi) The company has not taken any term loan during the year.</p> <p>(xvii) The Company has not raised short-term basis or long term funds during the year.</p> <p>(xviii) According to the information and explanation given to us, the company has made preferential allotment of shares to NTPC Limited; Holding company</p> | <p>covered in the register maintained under section 301 of Companies Act, 1956. In our opinion, the price at which shares have been used in not prejudicial to the interest of the company. However, there is a delay in allotment of Shares beyond the prescribed time limit under Unlisted Public Co. (Preferential allotment) rules, 2011</p> <p>(xix) The Company has not issued any debentures, consequently the provision of clause 4(xix) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(xx) The Company has not raised any money by public issue.</p> <p>(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.</p> |
|---|--|

For KSMN & Company
Chartered Accountants
Firms' Registration No. 001075N
(CA Praveen Kumar Verma)
Partner
Membership No. 504686

Place : New Delhi
Date : 3rd May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC HYDRO LIMITED FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of NTPC HYDRO LIMITED, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 3rd May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors' on the accounts of NTPC HYDRO LIMITED, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

Place : New Delhi
Dated : 22nd May, 2012

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

(Praveen Kumar Singh)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

NTPC VIDYUT VYAPAR NIGAM LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report on the working of the Company for the financial year ended on 31st March 2012 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ in Crore)

	2011-12	2010-11
Total Revenue	69.98	54.48
Total Expenditure	10.72	9.35
Profit before exceptional and extraordinary items & Tax	59.26	45.13
Exceptional Items	107.18	-
Profit before Tax	166.44	45.13
Less: Tax expenses	54.51	15.07
Profit for the year	111.93	30.06

DIVIDEND

Your Directors have recommended a dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each, for the financial year 2011-12. The dividend shall be paid after your approval at the Annual General Meeting.

ENERGY TRADING-BUSINESS

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

During the financial year under review margin from trade of energy was ₹44.84 Crore from trade of 8529 million units including 2996 million units traded under SWAP arrangements and 329 million units traded under Solar Bundled energy, as compared to margin of ₹28.12 Crore from trade of energy of 6933 million units including 3529 million units traded under SWAP arrangements in the financial year 2010-11. The overall volume of energy traded by Company during the financial year 2011-12 has increased by 23% over last financial year 2010-11.

BUSINESS INITIATIVES

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

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

Under the Migration Projects Scheme of JNNSM, Solar PV Projects of 48 MW Capacity in the States of Rajasthan (35 MW), Maharashtra (11 MW) and Punjab (2 MW) out of 54 MW contracted has been commissioned and Solar Thermal Projects of 30 MW Capacity in the State of Rajasthan are scheduled for commissioning in February, 2013.

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

Solar PV capacity of 125 MW has been commissioned in the States of Rajasthan (100MW), Andhra Pradesh (10MW), Uttar Pradesh (5 MW), Odisha (5 MW) and Tamil Nadu (5MW). The Solar Thermal Projects for 470 MW capacity in the States of Rajasthan (400MW), Andhra Pradesh (50 MW) and Gujarat (20 MW) are scheduled for commissioning in May, 2013.

As on 31st March 2012, a total solar capacity of 173 MW has been commissioned and corresponding capacity allocation of NTPC coal power has been made by Ministry of Power. The sale of bundled power has commenced from October, 2011. During the Financial Year 2011-12, a total of 329 MUs of bundled power (including - 52 MUs

of Solar Power) has been supplied by your company to the Discoms of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Odisha.

Under Batch-II of New Projects Scheme, based on the Selection process conducted by your company, Power Purchase Agreements (PPAs) have been signed with selected Solar Power Developers for 27 Projects for 340 MW capacity by 27th January, 2012. The Solar PV projects are scheduled to be commissioned in February, 2013.

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

Your Company has excelled in many fields including expanding customer base, selling captive power, selling power of Independent Power Producers (IPPs), entering into power banking arrangements and also selling un-requisitioned surplus from NTPC stations. The customer base of the Company has increased to 90 which include private Discoms and also state utilities. The Company has maintained a strong presence in all the five regions of India.

Your Company is trading of power from IPPs viz. M/s Jaiprakash Power Ventures Ltd., Sterlite, BALCO, Jindal Power Limited, Adani Power Limited, Torrent Power Limited and Captive Power Plants of Chhattisgarh, Gujarat and Andhra Pradesh.

Power Banking Arrangement facilitated by the company has resulted in not only stabilizing the power market but also lowering the market price. During the financial year 2011-12 the banking volume was of 2996 million units.

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2011-12, 3782470 MT of Fly Ash was sold as compared to 2337115 MT of Fly Ash sold in the Financial Year 2010-11. The revenue from sale of Ash is taken to fly Ash Utilisation Fund constituted in line with MOEF Notification of November 3, 2009. In accordance with the abovementioned MOEF notification net addition to Ash Fund in 2011-12 is ₹68.01 cr.

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has sold 209 MT of Cenosphere as compared to 600 MT of Cenosphere in the financial year 2010-11.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at Annexure-I.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) have appointed M/s Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2011-12.

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

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

A Supplementary Audit was conducted by the Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated June 19, 2012 communicated that on the basis of audit, nothing significant was noticed giving rise to any comments upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A letter from C&AG on the accounts of the company for the financial year 2011-12 is placed after the report of Statutory Auditors of your Company.

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

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

During the financial year under review the Company did not have any foreign currency earnings. An expenditure of ₹0.03 crore in foreign currency has been incurred for travelling of employees during the financial year under review.

PARTICULARS OF EMPLOYEES

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

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, your Company has an Audit Committee of the Board comprising of Shri A.K. Singhal, Shri S.P. Singh and Shri N.N. Misra, Directors of the Company. Three meetings of the Audit Committee were held during the financial year 2011-12. The senior-most Director on the Audit Committee Chaired the meeting and quorum is of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

During the financial year under review the Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri Akhilesh Mishra, Joint Secretary (North), Ministry of External Affairs as an Additional Director of the Company in place of Shri Satish Mehta. Shri Akhilesh Mishra holds office up to the date of this Annual General Meeting and is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing his candidatures for the office of Directors liable to retire by rotation.

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 17, 2012

(Arup Roy Choudhury)
Chairman

Annexure-I
MANAGEMENT DISCUSSION AND ANALYSIS
INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

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

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

During the last four years, 56 traders have obtained licenses for serving the needs of the various clients, out of which 15 nos. of licensees have been surrendered/ cancelled. The traders are issued license under categories I, II or III depending on the volume of units proposed to be traded and net worth. During 2011-12 out of the electricity generation of approximately 874 billion units, approximately 67 billion units were traded, representing 7.7% of trading to total generation.

Structure of Power Industries in India*

(i)	Long -Term (89.1%)	779 BU
(ii)	Power Trading (7.7%)	67 BU
(iii)	Balancing Market (UI) (3.2%)	28 BU
	Total	874 BU

The trading of Power in India*

(i)	Bilateral Trading	37 BU
(ii)	Bilateral Direct	15 BU
(iii)	Through Power Exchange	15 BU
	Total	67 BU

*Source: CERC

STRENGTH AND WEAKNESS

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

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

OPPORTUNITIES AND THREATS

Ministry of Power, Government of India plans to enhance the existing inter regional power transfer capacity of 27950 MW to 63000 MW by end of 12th Plan period. This would provide considerable opportunities for enhancement of trading volumes. Many Independent Power Producers are setting up generation capacities reserved as merchant capacity for sale in the market. This will provide opportunity to the Company for capturing such merchant capacity for trading.

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

OUTLOOK

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

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

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

RISKS AND CONCERNS

The trading margin capped by CERC for electricity trading limits revenues of trading companies. The risk gets further enhanced due to large number of private players offering lower trading margin than the capped trading margin. Your Company continues to focus on increasing its market share in power trading and is taking appropriate initiatives to increase its business.

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR
Operations

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

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

	Fiscal 2012	Fiscal 2011
	Million units	
Trading of energy	5204	3404
Trading of energy under Power SWAP Arrangements	2996	3529
Trading of Solar Bundled energy	329	-
Total	8529	6933

During the Financial Year 2011-12, your company traded 8529 million units of power, which includes 329 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has increased by 23% over last year.

In the past three years your company has developed a good customer base and has served over 90 customers including State Government/Private Power Utilities, Captive Power Generators etc. in all five regions in the country.

Your Company had pioneered the innovative arrangement called Power SWAP Arrangements which resulted in business of 2996 million units during the financial year 2011-12.

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

	Fiscal 2012	Fiscal 2011
	Million Ton	
Fly ash	3782470	2337115
Cenosphere	209	600

Financial Performance

The main revenue of your Company has been realized by trading of energy of 8529 million units contributing to 69% of total revenue.

₹ in Crore

	2011-12		2010-11	
Energy Sale	2162.86		1549.30	
Less: Energy Purchase	2132.17	30.69	1534.92	14.38
Sale of Solar & Thermal Bundled Energy	147.09			
Less: Purchase of Solar Bundled Energy	144.79	2.30		-
Energy sale under SWAP Arrangements		11.84		13.74
Other operating income		3.76		5.84
Sale of Fly Ash and Cenosphere	84.30		58.02	
Less: Transfer to Fly Ash Utilization Fund	84.30	-	58.02	-
Other income		21.39		20.52
Total		69.98		54.48

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

In view of the above notification the Company had created fly ash utilization fund and transferred an amount of ₹ 68.01 Crore net proceed from sale of fly ash and cenosphere and utilization of fund as per MOEF notification during the current financial year as compared to ₹ 48.34 Crore net proceed transferred during the previous financial year.

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

₹ in Crore

	2011-12	2010-11
Employee benefits expense	6.91	5.74
Administration & other expenses	3.36	3.38
Prior period items (net)	(1.16)	-
Total operating expenses	9.11	9.12

Due to notification by the Ministry of Environment and Forest, Government of India, the operating expenses of fly ash business during 2011-12 has been netted off with revenue from sale of fly ash and not included in operating expenses.

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

₹ in Crore

	2011-12	2010-11
Total operating expenses	9.11	9.12
Depreciation & amortization expense	0.04	0.06
Finance cost:		
a. cash credit	0.02	0.01
b. other	1.55	0.16
Total expenses including operating expenses	10.72	9.35

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹0.65 Crore as on 31.3.2012.

₹ in Crore

	2011-12	2010-11
Profit before exceptional and extraordinary items & tax	59.26	45.13
Exceptional items	107.18	-
Profit before tax	166.44	45.13

During the financial year under review the company has earned ₹ 107.18 Crore on account of encashment of EMD, bid bond and performance bank guarantees (PBGs). As per Government guidelines issued under the JNNSM, the solar power plants were to achieve commissioning by the scheduled dates. Failure to do so, led to imposing of liquidate damages in form of encashment of PBG's. Also EMD and Bid bond in respect of a party which failed to enter into legally binding PPA, was encashed.

₹ in Crore

	2011-12	2010-11
Profit before tax	166.44	45.13
Tax expenses	54.51	15.07
Profit for the year	111.93	30.06

Dividend

Your Directors have recommended a dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10/- each, for the financial year 2011-12. The dividend shall be paid after your approval at the Annual General Meeting.

Reserves & Surplus

During the financial year 2011-12, a sum of ₹88 Crore have been added to General Reserve as compared to ₹13 Crore in the previous year.

Current Assets

The current assets at the end of the financial year 2011-12 were ₹697.65 Crore as compared to ₹269.57 Crore in financial year 2010-11 registering an increase of 158%.

₹ in Crore

	31.03.2012	31.03.2011
Inventories	0.02	0.02
Trade receivables	162.07	56.49
Cash and Bank balances	339.55	144.71
Short term loan and advances	-	1.78
Other current assets	196.02	66.58
Total Current Assets	697.66	269.58

The increase was mainly on account of increase in trade receivables, cash and bank balance and Other Current assets. During the financial year under review, trade receivables has increased to ₹162.07 Crore from ₹56.49 Crore. The major amount of receivables has now been recovered from various buyers and balance amount would be realized soon. The Cash and Bank Balance has increased to ₹339.55 Crore from ₹144.70 Crore due to increase in CLTDs/FDRs and the Other Current assets has increased to ₹196.02 Crore from ₹66.58 Crore mainly due to increase in unbilled revenue.

**NTPC VIDYUT VYAPAR NIGAM LIMITED
BALANCE SHEET AS AT**

Particulars	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	200,000,000	200,000,000
Reserves and surplus	3	1,775,976,299	889,094,005
		<u>1,975,976,299</u>	<u>1,089,094,005</u>
Fly Ash Utilization Fund	4	1,269,751,597	589,596,896
Non-current liabilities			
Deferred tax liabilities (Net)	5	139,907	149,151
Other Long term liabilities	6	8,532,069	2,801,016
		<u>8,671,976</u>	<u>2,950,167</u>
Current liabilities			
Trade payables	7	3,237,905,641	737,704,635
Other current liabilities	8	190,850,328	105,194,394
Short-term provisions	9	295,934,691	175,596,848
		<u>3,724,690,660</u>	<u>1,018,495,877</u>
Total		<u>6,979,090,532</u>	<u>2,700,136,945</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	2,471,855	2,836,683
Intangible assets	10	-	-
Long-term loans and advances	11	30,000	1,530,000
		<u>2,501,855</u>	<u>4,366,683</u>
Current assets			
Inventories	12	152,735	226,025
Trade receivables	13	1,620,715,226	564,954,398
Cash and bank balances	14	3,395,504,005	1,447,042,306
Short-term loans and advances	15	35,000	17,793,864
Other current assets	16	1,960,181,711	665,753,669
		<u>6,976,588,677</u>	<u>2,695,770,262</u>
TOTAL		<u>6,979,090,532</u>	<u>2,700,136,945</u>
Significant Accounting Policies	1		
Other Notes	25		

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our report of even date

For and on behalf of Board of Directors
(Nitin Mehra) (A.K.Singhal) (Arup Roy Choudhury)
Company Director Chairman
Secretary

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

(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Particulars	NOTE No.	31.03.2012	31.03.2011
Revenue from operations	17	485,990,492	339,542,873
Other income	18	213,844,876	205,226,941
Total Revenue		<u>699,835,298</u>	<u>544,769,814</u>
Expenses:			
Cost of fly ash/ash products	19	-	-
Employee benefits expense	20	69,137,718	57,430,389
Finance costs	21	15,679,624	1,721,053
Depreciation and amortization expense	10	417,403	566,034
Administration & other expenses	22	33,603,108	33,755,191
Prior Period Items(net)	23	(11,596,403)	-
Total expenses		<u>107,241,450</u>	<u>93,472,667</u>
Profit before exceptional and extraordinary items & tax		592,593,848	451,297,147
Exceptional items	24	1,071,775,001	-
Profit before extraordinary items and tax		<u>1,664,368,849</u>	<u>451,297,147</u>
Profit before tax		<u>1,664,368,849</u>	<u>451,297,147</u>
Tax expense:			
Current tax		545,050,799	150,727,389
Deferred tax		(9,244)	(12,134)
Profit/(Loss) for the year		<u>1,119,327,294</u>	<u>300,581,892</u>
Earnings per equity share (Par value of ₹ 10/- each) before Exceptional items		20.54	15.03
Basic		20.54	15.03
Diluted		20.54	15.03
Earnings per equity share (Par value of ₹ 10/- each) after Exceptional items		55.97	15.03
Basic		55.97	15.03
Diluted		55.97	15.03
Significant Accounting Policies	1		
Other Notes	25		

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our report of even date

For and on behalf of Board of Directors
(Nitin Mehra) (A.K.Singhal) (Arup Roy Choudhury)
Company Director Chairman
Secretary

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

(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

Current Liabilities

During the financial year 2011-12, Current Liabilities have increased to ₹372.47 Crore as compared to ₹101.85 Crore in the financial year 2010-11, mainly on account of increase in trade payables for energy purchase.

₹ in Crore

	31.03.2012	31.03.2011
Trade payables	323.79	73.77
Other current liabilities	19.09	10.52
Short-term provisions	29.59	17.56
Total Current Liabilities	372.47	101.85

The short term provisions for the financial year under review have increased to ₹29.59 Crore as compared to ₹17.56 Crore in previous financial year, mainly on account of increase in proposed final dividend, tax thereon and increase in current tax liability due to encashment of bank guarantees of SPDs which could not declare their units commissioned on the scheduled dates as well as receipt of the claimed amounts after pronouncement by the Hon'ble High Court of Andhra Pradesh.

Cash Flow Statement

₹ in Crore

	2011-12	2010-11
Opening cash and cash equivalents	144.71	112.22
Net cash from operating activities	201.82	38.95
Net cash used in investing activities	12.01	5.36
Net cash flow from financing activities	(18.99)	(11.82)
Net change in cash and cash equivalents	194.84	32.49
Closing cash and cash equivalents	339.55	144.71

The closing cash and cash equivalent for the financial year ended March 31, 2012 has increased 2.35 times from ₹144.71 Crore in the previous year to ₹339.55 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2011-12 as compared to financial year 2010-11 are as under: -

₹ in Crore

Description	2011-12	2010-11
A i) Capital employed	197.60	108.91
ii) Net worth	197.60	108.91
B i) Return on Capital Employed (PBT/CE)	84%	41%
ii) Return on net worth (PAT/NW)	57%	28%
C Dividend as % of Equity Capital	100	75
D Earning per share in ₹ (EPS) before exceptional item	20.54	15.03
E Earning per share in ₹ (EPS) after exceptional item	55.97	15.03

The capital employed as well as net worth has increased due to addition of profit earned during the financial year 2011-12 and such increase has also resulted increase in Return on Capital Employed, Return on Net Worth and EPS of the Company.

Human Resources

As on 31st March 2012, there were 53 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 man days of training every year.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : 17th July 2012

(Arup Roy Choudhury)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	(₹)	
	Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,664,368,849	451,297,147
Adjustment for:		
Depreciation	417,403	566,034
Interest Charges	15,524,979	1,621,580
Interest income	(169,202,423)	(76,304,879)
Increase in Fly Ash Utilization Fund	680,154,701	483,369,269
	526,894,660	409,252,004
Operating Profit before Working Capital Changes	2,191,263,509	860,549,151
Adjustment for:		
Trade and other receivables	(2,060,935,723)	(244,862,790)
Inventories	73,290	385,271
Trade payable and other liabilities	2,590,324,895	(66,455,850)
Loans and advances	(255,793,000)	(3,723,497)
	273,669,462	(314,656,866)
Cash generated from operations	2,464,932,971	545,892,285
Direct taxes paid	(446,722,508)	(156,394,420)
Net Cash from Operating Activities-A	2,018,210,463	389,497,865
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(57,185)	(456,014)
Disposal of fixed assets	4,610	
Interest on Investments Received	137,332,276	62,401,543
Income Tax on Interest on Investments	(17,169,736)	(8,330,789)
Net Cash used in Investing Activities -B	120,109,965	53,614,740
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(150,000,000)	(100,000,000)
Tax on dividend	(24,333,750)	(16,608,750)
Interest Paid	(15,524,979)	(1,621,580)
Net Cash flow from Financing Activities-C	(189,858,729)	(118,230,330)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	1,948,461,699	324,882,275
Cash and Cash equivalents (Opening balance) *	1,447,042,306	1,122,160,031
Cash and Cash equivalents (Closing balance)*	3,395,504,005	1,447,042,306

NOTES

- Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks.
 - Previous year figures have been regrouped/rearranged wherever necessary.
- *Includes ₹45000/- (Previous year ₹45000/-) deposited as security with Sales Tax Authority.

As per our report of even date

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

(C. Chuttani)
Partner
M.No.90723

Place : New Delhi
Dated : 3rd May 2012

For and on behalf of Board of Directors

(Nitin Mehra) (A.K.Singhal) (Arup Roy Choudhury)
Company Director Chairman
Secretary

Note No. 1 ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

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

4. FOREIGN CURRENCY TRANSACTIONS

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

5. INVENTORIES

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

6. STATEMENT OF PROFIT AND LOSS

6.1. INCOME RECOGNITION

- 6.1.1. Sale of energy are accounted for based on rates agreed with the customers.
- 6.1.2. Sale of fly ash/ ash products are accounted for based on rates agreed with the customers. Amounts collected are kept under separate account head "fly ash utilization fund" in accordance with the gazette notification dated 3rd November 2009 issued by Ministry of Environment and Forests (MoEF), Government of India.
- 6.1.3. The surcharge on late payment/overdue sundry debtors for sale of energy and liquidated damages are recognized when no significant uncertainty as to measurability or collectability exists.

6.2. EXPENDITURE

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

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

- 6.2.2. Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 6.2.3. Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 6.2.4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is less.
- 6.2.5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 6.2.6. Prepaid expenses and prior period expenses/income of items of ₹1,00,000/- and below are charged to natural heads of accounts.

6.2.7. The liabilities towards employee benefits are ascertained and provided annually by the Holding Company i.e. NTPC Ltd. on actuarial valuation at the year end as per Accounting Standard (AS) 15. The company charges such employee benefits as apportioned by the Holding Company.

7. OPERATING LEASE

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

8. PROVISIONS AND CONTINGENT LIABILITIES

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

9. CASH FLOW STATEMENT

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

SHAREHOLDERS' FUNDS

NOTE NO. 2 share capital

(Amount in ₹)

As at	31.03.2012	31.03.2011
Equity Share Capital		
AUTHORISED		
2,00,00,000 shares of par value of ₹10/- each (Previous year 2,00,00,000 shares of par value of ₹10/- each)	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and fully paid-up		
2,00,00,000 shares of par value of ₹ 10/- each (Previous year 2,00,00,000 shares of par value of ₹ 10/- each)	<u>200,000,000</u>	<u>200,000,000</u>

- a) During the year, the company has not issued/bought back any equity shares.
- b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their shareholding at the meetings of shareholder subject to approval of the shareholders.
- c) During the year ended 31st March 2012, an amount of ₹10/- (previous year ₹7.50/-) per share is proposed as dividend for distribution to equity shareholders.
- d) All shares are held by the Holding Company i.e. NTPC Limited and its' nominees.

NOTE NO. 3 Reserves and Surplus

(Amount in ₹)

As at	31.03.2012	31.03.2011
General Reserve		
As per last Balance Sheet	884,883,956	754,883,956
Add: Transfer from Surplus in the Statement of Profit and Loss	880,000,000	130,000,000
Closing balance	<u>1,764,883,956</u>	<u>884,883,956</u>
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	4,210,049	7,961,907
Add:- Profit after tax for the year from Statement of Profit & Loss	1,119,327,294	300,581,892
Less : Transfer to General Reserve	880,000,000	130,000,000
Proposed dividend	200,000,000	150,000,000
Tax on proposed dividend	32,445,000	24,333,750
Net surplus	<u>11,092,343</u>	<u>4,210,049</u>
Total	<u>1,775,976,299</u>	<u>889,094,005</u>

The Board of Directors has proposed a dividend for the year 2011-12 @ ₹10/- Per equity share (previous year ₹7.50/-) par value of ₹10/- each subject to approval of the shareholders.

NOTE NO. 4 Fly Ash Utilization Fund

(Amount in ₹)

As at	31.03.2012	31.03.2011
As per last balance sheet	589,596,896	106,227,627
Add: Transfer from Sales (Note 17)	843,016,824	580,162,287
Less: Utilized during the year		
Capital Expenditure (Note 10)	40,462,858	-
Cost of fly ash/ash products (Note 19)	10,355,207	2,205,544
Employees' benefits Expenses (Note 20)	55,935,453	55,768,507
Administration & Other Expenses (Note 22)	<u>56,108,605</u>	<u>38,818,967</u>
	162,862,123	96,793,018
Total	<u>1,269,751,597</u>	<u>589,596,896</u>

- a) The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. Consequent to the gazette notification dated 3rd November 2009 issued by Ministry of Environment and Forests (MoEF), Government of India, whereby the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance of the said notification, the company has created a fly ash utilization fund in its accounts to which the entire sale proceeds of fly ash and cenosphere for the year amounting to ₹84,30,16,824/- (previous year ₹58,01,62,287/-) has been transferred.

The company during the year utilized a sum of ₹16,28,62,123/- (previous year ₹9,67,93,018/-) towards direct/indirect expenses (including capital expenses) as determined and approved by the management. The indirect expenses such as employee cost, administration and other expenses amounting to ₹4,65,53,160/- (previous year ₹5,98,67,837/-) have been allocated in the ratio of gross margin on sales of power and fly ash, and its products. The other incomes has not been considered and hence not allocated.

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

Non-Current Liabilities

NOTE NO. 5 Deferred Tax Liabilities (Net)

(Amount in ₹)

Particulars	As at 01.04.2011	Additions/ Adjustments during the year	As At 31.03.2012
Difference of book depreciation and tax depreciation	149,151	(9,244)	139,907
Total	<u>149,151</u>	<u>(9,244)</u>	<u>139,907</u>
Previous Year	161,285	(12,134)	149,151

The net decrease during the year in the deferred tax liability is ₹9,244/- (previous year ₹12,134/-) has been credited to Statement of Profit and Loss.

NOTE NO.6 Other Long Term Liabilities

(Amount in ₹)

As at	31.03.2012	31.03.2011
Deposits from customers	8,532,069	2,801,016
Total	<u>8,532,069</u>	<u>2,801,016</u>

Disclosure regarding Micro, Small and Medium Enterprises as required by MSME Act, 2006 is given in Note No.25 Other notes, 25 (f).

Current Liabilities

NOTE NO. 7 Trade Payables

(Amount in ₹)

As at	31.03.2012	31.03.2011
- For Goods & Services	3,196,122,098	731,982,349
- Energy	38,500,198	3,593,061
- Open Access Charges(OAC)	3,283,345	2,129,225
- Other Services	<u>5,000,000</u>	<u>2,000,000</u>
Total	<u>3,237,905,641</u>	<u>737,704,635</u>

Disclosure regarding Micro, Small and Medium Enterprises as required by MSME Act, 2006 is given in Note No.25 Other notes, 25 (f).

NOTE NO. 8 Other Current Liabilities

As at	31.03.2012	31.03.2011
Advances from customers and others	46,771,524	40,142,353
Other Payables		
- Tax Deducted at Source and other statutory dues	4,326,720	3,530,234
- Deposits from contractors and others	13,810,587	38,551,086
- Payable to Holding Company	13,373,815	12,540,121
- Payable to Employees	14,403,886	10,430,600
- Encashment of Bank Guarantees*	98,163,396	-
- Stale Cheques	400	-
Total	190,850,328	105,194,394

* Represents the amount received, as per the directive from Hon'ble High Court of Delhi, for encashment of Bank Guarantee of ₹9,65,50,000/- along with accrued interest which is required to be kept under a separate account till the matter is settled through arbitration.

Disclosure regarding Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

Current Liabilities

NOTE NO. 9 Short Term Provisions

As at	31.03.2012	31.03.2011
Provision for Employee Benefits		
As per last Balance Sheet	1,263,098	1,056,502
Additions during the year	-	320,664
Amounts paid during the year	1,062,773	114,068
Amounts reversed during the year	200,325	-
Closing balance	-	1,263,098
Provision for Current Tax		
As per last Balance Sheet	689,325,593	-
Additions during the year	560,575,778	-
Less: Set off against taxed paid	1,186,411,680	-
Closing balance	63,489,691	-
Provision for Proposed Dividend		
As per last Balance Sheet	150,000,000	100,000,000
Additions during the year	200,000,000	150,000,000
Amounts paid during the year	150,000,000	100,000,000
Closing balance	200,000,000	150,000,000
Provision for tax on Proposed Dividend		
As per last Balance Sheet	24,333,750	16,608,750
Additions during the year	32,445,000	24,333,750
Amounts paid during the year	24,333,750	16,608,750
Closing balance	32,445,000	24,333,750
Total	295,934,691	175,596,848

Non-Current Assets

NOTE NO. 10 Fixed Assets

(Amount in ₹)

	Gross Block			Depreciation/Amortisation				Net Block		
	As At 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. Tangible Assets										
Plant and machinery(including associated civil works)	1,195,000	-	-	1,195,000	94,604	56,763	-	151,367	1,043,633	1,100,396
Furniture and fixtures	756,068	57,185	-	813,253	124,730	48,225	-	172,955	640,298	631,338
Office equipment	1,073,399	-	-	1,073,399	549,094	182,077	-	731,171	342,228	524,305
EDP, WP machines and satcom equipment	3,301,185	-	92,198	3,208,987	2,720,541	130,338	87,588	2,763,291	445,696	580,644
Total (A)	6,325,652	57,185	92,198	6,290,639	3,488,969	417,403	87,588	3,818,784	2,471,855	2,836,683
B. Assets created from Fly Ash Utilization Fund										
Plant & Machinery	-	3,419,707	-	3,419,707	-	-	-	-	3,419,707	-
Furniture and fixtures	-	45,754	-	45,754	-	-	-	-	45,754	-
Office equipment	-	135,334	-	135,334	-	-	-	-	135,334	-
Roads, bridges, culverts	-	35,284,854	-	35,284,854	-	-	-	-	35,284,854	-
Temporary erection	-	1,577,209	-	1,577,209	-	-	-	-	1,577,209	-
Total	-	40,462,858	-	40,462,858	-	-	-	-	40,462,858	-
Less: Set off against Fly Ash Utilization Fund(Note 4)	-	40,462,858	-	40,462,858	-	-	-	-	40,462,858	-
Total (B)	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B)	6,325,652	57,185	92,198	6,290,639	3,488,969	417,403	87,588	3,818,784	2,471,855	2,836,683
Previous Year	5,869,638	456,014	-	6,325,652	2,991,460	497,509	-	3,488,969	2,836,683	2,878,178

	Gross Block			Depreciation/Amortisation				Net Block		
	As At 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
C. Intangible Assets										
Software	241,078	-	-	241,078	241,078	-	-	241,078	-	-
TOTAL	241,078	-	-	241,078	241,078	-	-	241,078	-	-
Previous Year	241,078	-	-	241,078	172,553	68,525	-	241,078	-	68,525

Non-Current Assets
NOTE NO. 11 Long Term Loans and Advances

(Amount in ₹)		
As at	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise stated)		
Deposits	30,000	1,530,000
Total	30,000	1,530,000

Current Assets
NOTE NO. 12 Inventories

(Amount in ₹)		
As at	31.03.2012	31.03.2011
Stock-in-Trade-Cenosphere	152,735	226,025
Total	152,735	226,025

Stock-in-Trade-Cenosphere has been valued considering the significant accounting policy no.5.1 of Note no. 1 to these financial statements and it represents the collection cost.

NOTE NO. 13 Trade Receivables

(Amount in ₹)		
As at	31.03.2012	31.03.2011
(Unsecured, Considered good, unless otherwise stated)		
Energy		
Outstanding for a period exceeding six months	419,569,425	-
Others	994,045,468	390,458,201
Open Access Charges(OAC)		
Outstanding for a period exceeding six months	489,604	-
Others	206,610,729	174,496,197
Total	1,620,715,226	564,954,398

Unbilled revenue of ₹1,61,57,48,854/- (previous year ₹61,05,73,959/-) is stated in Note No. 16, Other current assets.

NOTE NO. 14 Cash & Bank Balances

(Amount in ₹)		
As at	31.03.2012	31.03.2011
Cash & cash equivalents		
Balances with banks		
- Current Accounts	2,956,026	10,630,349
Other bank balances		
Bank deposits with more than three months maturity	3,392,502,979	1,436,366,957
Others-Security Deposit with Sales Tax Authorities	45,000	45,000
Total	3,395,504,005	1,447,042,306

Cash & bank balances include fly ash utilization fund balance.

Current Assets
NOTE NO. 15 Short Term Loans and Advances

(Amount in ₹)		
As at	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise stated)		
Advances		
Others		
State Load Dispatch Center(SLDCs)	35,000	125,000
	35,000	125,000
Advance tax deposit & tax deducted at source	-	706,994,457
Less:- Provisions for taxations	-	689,325,593
	-	17,668,864
Total	35,000	17,793,864

NOTE NO. 16 Other Current Assets

(Amount in ₹)		
As at	31.03.2012	31.03.2011
(Unsecured, considered good, unless otherwise stated)		
Interest Accrued on Term deposits	63,999,857	32,129,710
Other Recoverables	245,533,000	-
Deposits	34,900,000	23,050,000
	344,432,857	55,179,710
Unbilled revenues	1,615,748,854	610,573,959
Total	1,960,181,711	665,753,669

NOTE NO.17 Revenue from Operations

(Amount in ₹)		
For the year ended	31.03.2012	31.03.2011
Sales		
Energy Sales	21,628,639,801	15,493,019,006
Less : Energy Purchase	21,321,681,496	15,349,194,705
	306,958,305	143,824,301
Sale of Solar & Thermal Bundled Energy	1,470,963,592	-
Less : Purchase of Solar Bundled Energy	1,447,935,803	-
	23,027,719	-
Energy Sales under Swap arrangements	118,416,451	137,330,893
	448,402,475	281,155,124
Fly Ash Cenosphere	835,559,845	568,474,221
	7,456,979	11,688,066
	843,016,824	580,162,287
Less: Transferred to Fly Ash Utilization Fund (Note 4)	843,016,824	580,162,287
	-	-
	448,402,475	281,155,124
Other Operating Income		
Rebate on energy purchase	360,137,339	303,136,135
Less:Rebate on energy sale	392,549,392	244,748,386
	37,587,947	58,387,749
TOTAL	485,990,422	339,542,873

- Sales and Purchases of energy (in million units) are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).
- Sale of energy under Swap arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognised for ₹11,84,16,451/- (previous year ₹13,73,30,823/-).540 MUs (previous year 602 MUs) energy supplied by the sellers under Swap arrangements are yet to be returned back by the buyers.
- Sale of energy includes compensation received of ₹37,10,78,714/- (previous year ₹1,30,46,400/-) due to lesser drawal of power by the buyers.
- Energy purchase includes compensation payment of ₹33,39,19,947/- (previous year ₹1,29,33,504/-) due to lesser drawal of power by the Company.

NOTE NO. 18 Other Income

(Amount in ₹)		
For the year ended	31.03.2012	31.03.2011
Interest		
From Banks	169,202,423	76,304,879
Other non-operating income		
Earnest Money/Security Deposit forfeited	15,604,707	77,247,890
Application Processing Fee-Solar	21,800,000	43,800,000
Surcharge received from Customers	6,879,066	877,424
RTI Application fee	90	40
Miscellaneous Income	358,590	6,996,708
Total	213,844,876	205,226,941

NOTE NO. 19 Cost of Fly Ash/Ash Products

	(Amount in ₹)	
For the year ended	31.03.2012	31.03.2011
--Fly Ash	9,755,926	709,787
--Cenosphere	599,281	1,495,757
	10,355,207	2,205,544
Less: Transferred to Fly Ash Utilization Fund (Note 4)	10,355,207	2,205,544
Total	-	-

NOTE NO. 20 Employee Benefits Expenses

	(Amount in ₹)	
For the year ended	31.03.2012	31.03.2011
Salaries and wages	111,382,632	97,371,114
Contribution to provident and other funds	8,459,350	8,364,160
Staff welfare expenses	5,231,189	7,463,622
	125,073,171	113,198,896
Less: Transferred to Fly Ash Utilization Fund (Note 4)	55,935,453	55,768,507
Total	69,137,718	57,430,389

- a) All the employees of the Company are on secondment basis from its Holding Company i.e. NTPC Limited.
- b) Company pays fixed contribution to provident fund at predetermined rates to a separate trust through its holding company i.e. NTPC Limited.
- c) Employee benefit expenses includes payment of ₹ 55,21,216/- (previous year ₹1,48,28,333/-) in respect of gratuity, leave, post retirement medical facility, settlement allowance, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited based on actuarial valuation at the end of the year. The same are paid to the holding company.
Employee benefits expenses also includes an amount of ₹53,54,016/- (previous year ₹25,37,032/-) in respect of pension as apportioned by the Holding Company i.e. NTPC Limited at the end of the year. The same are paid to the holding company..
- d) Employer benefits expenses includes Managerial Remuneration paid/payable to Chief Executive Officer:

	(Amount in ₹)	
	Current Year	Previous Year
Salaries and wages	2852215	2553152
Contribution to provident and other funds	234143	216043
Staff welfare expenses	99192	156871
	3185550	2926066

NOTE NO. 21 FINANCE COSTS

	(Amount in ₹)	
For the year ended	31.03.2012	31.03.2011
Interest on :		
Cash Credit	154,645	98,353
Others*	15,524,979	1,622,700
Total	15,679,624	1,721,053

*Includes interest accrued on account of deferral of advance tax of ₹1,55,24,979/- (Previous year ₹16,21,580/-) under the provisions of Income Tax Act, 1961.

NOTE NO. 22 Administration & Other Expenses

	(Amount in ₹)	
For the year ended	31.03.2012	31.03.2011
Power charges	1,217,402	1,527,447
Rent	31,121,036	29,084,055
Open access charges	236,664	1,220,373
Repairs & maintenance		
Office	839,707	2,023,407
Others	351,991	433,815
	1,191,698	2,457,222
Insurance	-	66,774
Rates and taxes	3,000,000	3,000,000
Training & recruitment expenses	89,983	17,500
Communication expenses	710,514	538,457
Inland Travel	7,865,293	5,686,347

NOTE NO. 22 Administration & Other Expenses

	(Amount in ₹)	
For the year ended	31.03.2012	31.03.2011
Foreign Travel	475,701	731,164
Tender expenses	3,481,185	3,446,095
Less: Receipt from sale of tenders	380,000	530,000
	3,101,185	2,916,095
Payment to auditors		
Audit fee to statutory auditors	56,180	50,000
Tax audit fee	11,030	(1,030)
Other services	-	(1,030)
	67,210	47,940
Advertisement and publicity	200,000	8,024,654
Entertainment expenses	981,420	1,015,283
Brokerage & commission	237,554	367,430
Ash utilisation & marketing expenses	15,564,999	3,646,216
Books and periodicals	21,915	15,592
Professional charges and consultancy fees	19,609,150	7,354,635
Legal expenses	805,748	1,792,220
EDP hire and other charges	239,767	174,152
Printing and stationery	577,838	614,118
Hiring of vehicles	234,135	380,020
Surcharge	303,758	-
Bank charges/LC Charges	540,623	235,460
Miscellaneous expenses	1,318,120	1,661,004
	89,711,713	72,574,158
Less: Transferred to Fly Ash Utilization Fund (Note 4)	56,108,605	38,818,967
Total	33,603,108	33,755,191

NOTE NO. 23 Prior Period Items (Net)

	(Amount in ₹)	
For the year ended	31.03.2012	31.03.2011
Revenue	-	-
Expenditure		
Employee Benefit expenses	(11,596,403)	-
Net Expenditure/(Revenue)	(11,596,403)	-

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

NOTE NO. 24 Exceptional Items

As per the Presidential directive dated 22.12.2009 from Ministry of Power, Government of India(GOI), NVVN was appointed the nodal agency for the Phase-I of Jawahar Lal Nehru National Solar Mission(JNNSM) 2009-13 to enter into Power Purchase Agreements(PPAs) with Solar Power Developers to purchase power for the solar power projects connected at 33 kv and above grid at tariff regulated by CERC and enter into back to back Power Sale Agreements(PSAs) with the Distribution Utilities for sale of such power bundled with the power sourced from NTPC (unallocated power).

Under the above scheme the Government of India issued guidelines for migration of existing solar power developers (SPD) to the scheme. Further guidelines for selection of new solar developers and commissioning of Phase-I Batch-I units by the SPD's within the specific time schedule were issued. Wherever the time schedule was not adhered to by the SPD's with regard to the commissioning of units i.e. under the migration scheme and phase-I batch-I the NVVN levied liquidated damages for non-performance as per the terms and conditions of MoU and PPAs by encashment of bank guarantees aggregating to ₹84,45,05,001/-.

The phase-I batch-II of JNNSM was notified on 03.10.2011. One of the parties where letter of intent was issued but the party could not establish the minimum required net-worth for selection at the time of verification of documents, the bank guarantees of ₹22,72,70,000/- were encashed by NVVN as per terms and conditions of Request for Selection (RfS) and the same has been upheld by the Hon'ble High Court of Andhra Pradesh.

NOTE NO. 25 Other Notes

- a) The financial statements for the year ended 31st March 2011 has been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
- b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- c) Disclosure regarding leases:

The Company's significant leasing arrangement are in respect of operating leases of the premises for residential use of the employees amounting to ₹1,27,20,072/- (Previous year ₹1,14,57,702/-) and are included in Note 20-Employees Benefits Expense. Similarly, lease payments in respect of premises for offices amounting to ₹3,11,21,036/- (Previous year ₹2,90,48,758/-) are shown in Rent in Note 22-Administration and Other Expenses. The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and these leasing arrangements are usually renewable on mutually agreed terms but are cancellable.

- d) Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

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

	Current Year	Previous Year
i) Net profit after Tax before exceptional items used as numerator (₹)	410,805,429	300,581,892
Weighted average number of equity shares used as denominator	20000000	20000000
Earning per share (Basic & Diluted)- (₹)	20.54	15.03
Face Value, per share- (₹)	10.00	10.00

ii) Net profit after Tax used as numerator (₹)	1,119,327,294	300,581,892
Weighted average number of equity shares used as denominator	20000000	20000000
Earning per share (Basic & Diluted)- (₹)	55.97	15.03
Face Value, per share- (₹)	10.00	10.00

- e) There are no external/internal indicators which leads to any impairment of assets of the company as required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules, 2006.
- f) Information in respect of Micro, Small and Medium Enterprises as at 31st March 2012 as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Amount
a) Amount remaining unpaid to any supplier:	
Principal amount	NIL
Interest due thereon (₹)	NIL
b) Amount of interest paid in terms of section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day. (₹)	NIL

Particulars	Amount
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act (₹)	NIL
d) Amount of interest accrued and remaining unpaid (₹)	NIL
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSMED Act (₹)	NIL

- g) Contingent Liabilities:

- Claims against the Company not acknowledged as debts in respect of: Claims made by Kerala State Electricity Board (KSEB) towards energy charges, contingent liability of ₹1,37,91,836/- (Previous year ₹1,37,91,836/-) has been estimated.
- Disputed Income Tax Matters:
Disputed Income Tax matters pending before various Appellate Authorities amounting to ₹1,26,35,887/- (Previous year ₹57,89,628/-) are disputed by the Company and Contested before various Appellate Authorities. However, the Company has paid said amount under protest. The case of Assessment year 2008-09 was disposed off in favour of the Company but are stated to be disputed before higher authorities by the concerned department. In such case, the company estimated possible refunded of ₹48,06,063/-.
- Liability, if any, on account of late payment to suppliers is unascertainable.
- Others:
One of the Solar Power Developers has challenged the encashment/ forfeiture of Earnest Money Deposit and Bid Bond amounting to ₹7,65,65,000/- (Previous year ₹7,65,65,000/-) before the Hon'ble Delhi High Court.

- h) Quantitative information: (As certified by the Management)

	Current Year	Previous Year
1) Trading of energy (MUs)		
Power	5204	3404
Solar Bundled Power	329	-
Power Under Swap Arrangements	2996	3529
2) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	3782470	2337115
Cenosphere	209	600
i) Expenditure in foreign currency (₹):		
Travelling Expenses	277,421	292,562

- j) Segment information :

The Company's principal business are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per Accounting Policy no.6.1.2. As such there is no reportable segment as at 31.03.2012.

- k) Figures in the Financial Statements have been rounded off to nearest rupee.

As per our report of even date

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

For and on behalf of Board of Directors

(Nitn Mehra) (A.K.Singhal) (Arup Roy Choudhury)
Company Director Secretary Chairman

(C.Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

AUDITOR'S REPORT
To the Members of
NTPC VIDYUT VYAPAR NIGAM LIMITED

1. We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in para 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. Being a Government Company, pursuant to the Notification No. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said Financial statements read with the Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012,
 - ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date, and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 3rd May 2012

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the financial statements for the year ended 31st March 2012.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) Substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) As explained to us inventories have been physically verified by the management at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories.
- (iii) (a) The company has not granted any loans secured or unsecured to any company, firm or other party listed in the register maintained under section 301 of the Companies Act, 1956.
In view of clause (iii) (a) above, the clause (iii) (b), (iii) (c) and (iii) (d) are not applicable.
- (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of the clause (iii) (e) above, the clause (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and also for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) The company has not accepted deposits from the public.
- (vii) In our opinion, the company has an Internal Audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost accounts and records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) The employees of company i.e. NVVN are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, the holding company is regular in depositing statutory dues including dues like Provident Fund with appropriate authorities. Moreover, Income Tax and Sales Tax are being deposited by the company. According to the information and explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax, etc. in arrear as at 31.03.2012 for a period of more than six month from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax and other applicable statutory dues which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

- | | |
|--|--|
| <p>(xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) The company is not a chit fund or a Nidhi / Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4 (xiii) (a), (b), (c) & (d) of the order are not applicable to the company.</p> <p>(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the order is not applicable to the company.</p> <p>(xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.</p> <p>(xvi) The company has not taken term loan during the year and as such provision of para (xvi) of the order is not applicable to the company.</p> <p>(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.</p> | <p>(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.</p> <p>(xix) According to the information and explanations given to us, the company has not issued debentures during the year, Therefore the provision of para (xix) of the order is not applicable to the company</p> <p>(xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year.</p> <p>(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.</p> |
|--|--|

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

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 3rd May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2012

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

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

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III, New Delhi

Place : New Delhi
Dated : 19 June, 2012

KANTI BIJLEE UTPADAN NIGAM LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2012.

PERFORMANCE OF THE COMPANY

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

The R&M of Unit#1 is nearing completion. Boiler hydro test, boiler light up and turbine box-up work has been completed. Unit#1 is expected to be operational by September 2012. Unit#2 has been taken up for R&M with effect from 29.03.2012. Unit#2 is expected to be operational by March 2013.

Unit#2 of Stage-I generated 207.39 MUs during the financial year 2011-12 as against 319.57 MUs generated during the last year. The average PLF was 21.46% as against 33.16% during the corresponding period last year. The loss in generation was due to non-availability of funds for meeting fuel and other expenses for generation as BSEB expressed its inability to pay actual cost of generation.

Your Company is implementing expansion of MTPP by adding 2X195 MW units in the available land. Out of 31 packages, 23 packages have been awarded and balance packages are at different stages of award. The main plant package was awarded to BHEL. Boiler drum #3 was lifted on 06.03.2012. Roads, drain and culverts have been completed in priority area in view of monsoon. The various activities pertaining to erection of ESP#3, ESP#4, Boiler#3 and Boiler#4 under Main Plant Package, works of TG deck of Unit # 3 & 4, structural erection of TG hall & ESP/VFD # 3 control room, foundation works of Bunker # 3 & 4, ESP/VFD # 4 control room, CWP# & CW fore bay, CW channel excavation, foundation works of Fuel oil pump house, Fire water pump house, Fire water tank, Water system control building, Canteen building & Permanent store under Main Plant Civil, CW, Offsite Civil Works, Chimney and Chimney Elevator package, activities of casting basin raft for cooling tower package, Aerator, Sump & Pump House of pre-treatment plant package, Land acquisition for ash dyke, ash pipe line corridor and makeup water pump house are in progress.

Your Company has already signed Power Purchase Agreement (PPA) with DVC, Jharkhand, Odisha, West Bengal, Sikkim and Bihar for 90.3% of the installed capacity from Stage-II. The balance 9.7% capacity which has remained unallocated shall be allocated by Ministry of Power.

Your Company has signed agreement with NTPC Electric Supply Company Limited for provision of supply of electricity in 5 km area around central power plants as per the scheme of Government of India. The estimated cost of the project would be ₹ 18.71 crore.

To take care of environmental norms, a contract has been awarded to a Govt. laboratory to carry out quality checks of ambient air, drinking water, effluent water and stack monitoring. Ambient Air Quality Monitoring is being done to keep check on emission of pollutants in the air and at the same time the effluents discharged in the water are also checked so as to maintain the quality of the air and water around the project.

Your Company incurred ₹5,00,000 towards community kitchen in Sadar Hospital in Muzaffarpur as its endeavour to become responsible corporate citizen.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2012 are as under:-

Balance Sheet Items as at	31.03.2012	31.03.2011
Paid-up Share Capital	5,27,87,24,600	88,50,75,370
Reserves and Surplus	3,53,61,34,208	2,83,38,74,679
Share Capital Deposit Pending Allotment	39,00,41,201	2,56,15,22,337
Non-current liabilities	4,98,36,97,403	40,22,91,856
Current liabilities	1,85,12,44,178	1,41,27,50,129
Non-current assets	14,46,80,48,481	7,31,45,63,641
Current assets	1,57,17,93,109	78,09,50,730

(₹)

Items from Statement of Profit and Loss for the year ended	31.03.2012	31.03.2011
Total Revenue	1,27,76,04,700	51,06,40,298
Total Expenses	1,20,02,58,656	65,64,67,060
Profit/ (Loss) before Tax	7,73,46,044	(14,58,26,762)
Total Tax Expenses	2,37,98,042	-
Profit/ (Loss) for the year	5,35,48,002	(14,58,26,762)

Revenue Recognition:

Central Electricity Regulatory Commission as per terms of Tariff Regulations, 2009 (Regulation 2009), has issued provisional Tariff Order dated 23.02.2012 in respect of KBUNL. The energy bills for the period upto March 2012 have since been raised/ revised. The revenue recognition from sale of energy includes fixed charges of ₹37.94 crore for intermittent periods of plant shut down due to shortage of fuel on account of non-payment of energy dues and are based on the availability declared by the company in line with the Regulation 2009/ Power Purchase Agreement.

Information under Schedule VI of the Companies Act, 1956 & applicable accounting standards

The information as per Schedule VI of the Companies Act, 1956 & applicable accounting standards is as under:

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012 is ₹ 1454,42,29,577 (previous year ₹ 1225,02,14,284).
- Foreign currency exposure not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount (₹)	
		31.03.2012	31.03.2011
Unexecuted amount of contracts remaining to be executed	USD	92,09,752	-
	JPY	1,21,42,767	-

- The conveyancing of the title to 291.34 acres of freehold land of value ₹ 54,41,42,649 (previous year Nil) and also registration of lease agreements for 838.53 acres of leasehold land of value ₹ 33 (previous year 838.53 acres, value ₹ 33) in favour of the Company are awaiting completion of legal formalities.
- Borrowing costs capitalised during the year are ₹ 22,75,10,417 (previous year ₹ 2,83,46,419).

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

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2012.

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

Your Company has initiated a proposal for energy audit at MTPP for further reduction in Auxiliary power consumption. CFLs have been installed in townships, office and plant for conserving energy. After the R&M of both the units (2X110MW) is completed, consumption of auxiliary power and fossil fuel would be reduced.

During the period under review, the Company had made payment of USD 27,451 and JPY 27,01,436 towards contractual payment and there was no earning in the foreign exchange. There was no earning or outgo in foreign exchange during the financial year 2010-11.

AUDIT COMMITTEE

During the year, the Audit Committee of the Board of Directors comprised S/Shri A.K. Singhal, N.N. Misra, V.C. Gupta and Lallan Prasad, Directors as members of the Committee. Two meetings of the Audit Committee were held during the year on 02.05.2011 and 17.11.2011.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 14.09.2011 had appointed M/s B.B. Mathur & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2011-12. The Statutory Auditors has submitted their report on the financial statements and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India, through letter dated 22.06.2012, has given 'NIL' Comments on the Financial Statements of your Company for the year

ended 31st March 2012 under section 619(4) of the Companies Act, 1956. As advised by the Office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG for the year 2011-12 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

COST AUDITORS

As per the requirements of the Cost Accounting Records (Electricity Industry) Rules, 2001, the Board, in its meeting held on 17.11.2011, has appointed M/s Musib & Co., Cost Accountants, Mumbai as the Cost Auditors of the Company for the financial year 2011-12.

The due date for filing Cost Audit Report for the financial year ended 31.03.2012 is 27.09.2012 and the Cost Audit Reports shall be filed within prescribed time period.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in Annex-2 to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the profit of the company for that period;

3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the Annual Accounts on a going concern basis.

BOARD OF DIRECTORS

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

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 25th July 2012

(Arup Roy Choudhury)
Chairman

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

INDUSTRY SECTOR AND DEVELOPMENTS

Overview of the power sector:

Power is one of the prime movers of economic development. Power sector is at a crucial juncture of its evolution from a controlled environment to a competitive, market driven regime which endeavors to provide affordable, reliable and quality power at reasonable prices to all sectors of the economy. The liberalization and globalization of the economy is leading to an increased tempo in industrial and commercial activities and this, coupled with penetration of technology in the day-to-day life of the common man, is expected to result in a high growth in power demand.

India has reached a level of about 813.3 kilowatt hour (kwh) per capita per year consumption. The comparable figures for Japan are about 7,800 kwh, for South Korea about 7,000 kwh, for China about 1,380 kwh, for USA about 13,000 kwh, for OECD countries about 8,050 kwh and world average is about 2,430 kwh. Thus, in terms of per capita electricity consumption, India is far behind many countries, and as a matter of fact, behind even the world average. India, the world's second-fastest growing economy, desperately needs to improve its electricity infrastructure to reduce peak hour power shortages and provide electricity to millions of rural households, as well as keeping its resource-hungry industry on the move. It is accordingly essential that development of the Power Sector should be commensurate with the overall economic growth of the nation.

The 12th Five Year Plan (2012-2017)

The Working Group on Power constituted by the Planning Commission to formulate the 12th Five year plan for the Power sector has estimated the capacity addition requirement of about 75,785 MW on all India basis. It banks upon the private sector to contribute over 55% of this addition during the plan period. Fuel-wise, nearly 85% of this capacity is expected to be based on thermal generation while the expectation from nuclear generation is pegged at mere 3.7% or 2,800 MW only.

Capacity addition in 12 th five year plan					
	Hydro	Thermal	Nuclear	Total	%share
Central	5,632	11,426	2,800	19,858	26.20
State	1,456	12,340	-	13,796	18.20
Private	2,116	40,015	-	42,131	55.59
Total	9,204	63,781	2,800	75,785	100.00
%share	12.14	84.16	3.69	100.00	

As per the 18th Electric Power Survey Report, peak demand of 199,540 MW and energy requirement of 1,354,874 BUs has been estimated by the end of 12th Five Year plan (i.e. in the year 2016-17). At the end of 11th Five Year Plan (i.e. in the year 2011-12), the country was facing peak shortage of 13,815 MW (10.6%) and energy shortage of 79,313 MUs (8.5%).

GENERATION

Existing Installed Capacity

The total installed capacity in the country as on March 31, 2012 is 1,99,877.03 MW.

The total thermal capacity, including coal, gas stations and diesel generation accounts for about 65.84% of installed capacity of the country followed by hydro capacity at 19.51%. Nuclear capacity accounts for 2.39% and the balance 12.26% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	1,31,603.18	65.84
Nuclear	4,780.00	2.39
Hydro	38,990.40	19.51
R.E.S.*	24,503.45	12.26
Total	1,99,877.03	100

* Renewable Energy Sources

Source: CEA Executive Summary

Existing Generation

The sector-wise Electricity Generation Target and achievement during financial year 2011-12 were as under:

Total Generation	Target (Million Units)	Achievement (Million Units)	% of achievement
Thermal	712,234	708,805.94	99.52
Hydro	112,050	130,511.47	116.48
Nuclear	25,130	32,286.56	128.48
Bhutan (Import)	5,586	5,284.51	94.60
Total	855,000	876,888.48	102.56

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The all-India thermal PLF was 73.32% during 2011-12 as against 74.97% during financial year 2010-11.

SWOT ANALYSIS
Strength/ Opportunity:

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

R&M of Stage-I (2X110MW) is being done by Bharat Heavy Electricals Limited and Main Plant order of Stage-II (2X195MW) has also been awarded to Bharat Heavy Electricals Limited. Balance of plant of Stage-I is being carried out by the Company itself.

Weakness/ Threats:

Your Company has been facing constraint in respect of availability of good quality of coal and delayed realisation of sale proceeds from BSEB. The area in which the plant is located experiences heavy rainfall and floods.

RISKS AND CONCERN

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

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

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

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

The Company is persistently taking up with BSEB for timely payment of sale proceeds.

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

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

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

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

INTERNAL CONTROL

The Company has robust internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. The Company has SAP in all modules like HR, Accounting, Engineering, etc. It is helping the Company a lot in retrieving data and maintaining systematic backup.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants. The scope of the Audit Committee includes compliance with Internal Control Systems.

FINANCIAL DISCUSSION AND ANALYSIS

For financial year 2011-12, the financial statements were drawn in accordance with the Schedule VI to the Companies Act, 1956.

Unit#2 (110 MW) of Stage-I of the plant was declared commercial on 15.10.2010 at 60% capacity. It generated 207.39 MUs at a PLF of 21.46%. The availability on bar was 30.87%. Corresponding to same period during previous year, Unit#2 generated 319.57 MUs at a PLF of 33.16%. The generation loss was on account of inability of BSEB, the beneficiary to pay the actual cost of generation. Unit#2 has since been taken up for renovation and modernization (R&M) and is expected to be operational by March 2013. Provisional tariff order for Unit#2 was received on 23.02.2012 on the

basis of which revised bills have been raised. Unit#1 of Stage-I is already under R&M and is expected to be operation by September 2012. The construction activities of Stage-II are in progress and the details of progress are given in the Directors' Report.

During the financial year 2011-12, 28,55,87,200 no. of shares were issued to NTPC and 15,37,77,723 no. of shares were issued to BSEB. The ratio of share capital (₹5,27,87,24,600) between NTPC and BSEB was 64.93:35.07 at the end of financial year 2011-12. The share application money pending allotment at the end of financial year amounted to ₹ 39,00,41,201, out of which shares amounting to ₹ 21,59,09,760 were allotted in April 2012.

The grants received from Backward Region Grants Fund (Rashtriya Sam Vikas Yojna) was credited to capital reserve account initially and the same was treated as income in the same proportion as the depreciation written off on the assets acquired out of grants. The capital reserve stood at ₹ 3,62,91,91,783 as against ₹ 2,98,04,80,256 after adjustments towards depreciation and other adjustments. The Reserves & Surplus after taking into consideration profit and loss was ₹ 3,53,61,34,208 and ₹ 2,83,38,74,679 respectively as at 31.03.2012 and 31.03.2011.

The investment approval accorded by the Board on 06.03.2010 stipulated debt equity ratio of 70:30 for Stage-II. The completed cost of the project was estimated as ₹ 3344.67 crores. Accordingly, loan of ₹ 2341.28 crore was tied-up with the consortium of banks led by State Bank of India during September 2011 secured on all assets of the project, present and future, movable and immovable. The rate of interest for the loan is 2.45% per annum above SBI Base Rate (floating) with monthly rest. As per the term of this loan agreement, repayment shall be on quarterly basis over a period of 15 years after the end of 3 years moratorium. The outstanding Rupee loan from the holding company i.e. NTPC Limited stood at ₹ 17,14,28,572 on which the Company is paying regular interest (at par with SBAR as adjusted to half yearly rests with a year of 365 days) since September 2008.

The current liabilities stood at ₹1,85,12,44,178 which included ₹13,10,00,000 towards provision for obligations incidental to land acquisition.

The net tangible assets as at 31.03.2012 were ₹ 2,13,53,55,833 as against ₹ 1,60,03,09,604 as at 31.03.2011. The net intangible assets as at 31.03.2012 were ₹ 8,13,229 and as at 31.03.2011 were ₹ 87,921. The capital work-in-progress was ₹10,07,43,03,791 as on 31.03.2012 as compared to ₹ 2,39,77,55,453 as on 31.03.2011. The total non-current assets was ₹ 14,46,80,48,481 as at 31.03.2012 and ₹ 7,31,45,63,641 as at 31.03.2011.

The revenue from operations amounting to ₹1,27,52,85,705 as against ₹ 48,58,07,318 accounted for during last year. The revenue from operations, inter-alia, included energy sales, energy internally consumed and capital grants recognised as income during the year. The total expenses were ₹ 1,20,02,58,656 which included fuel, employee benefit expense, finance cost, depreciation and amortisation expenses, generation, administration & other expenses and net of prior period items as against the expense for the last year of ₹ 65,64,67,060. The total tax is ₹ 2,37,98,042 and the profit for the year after tax was ₹ 5,35,48,002.

HUMAN RESOURCE

Presently, the Company has total strength of 172 employees, out of which, 131 executive and 6 non-executive employees are deputed from NTPC, 26 employees are deputed from BSEB and 9 employees are on the rolls of KBUNL. Out of the total strength, the company has employed 13 SC candidates, 7 ST candidates and 13 OBC candidates as a socially responsible and conscious organisation.

The Company is paying adequate perks and also making employees part of profit sharing by giving Profit Related Payment. They are being imparted training for their professional upgradation from time to time as an endeavour of your company to become a learning organisation. The Company had paid ₹20,85,28,337 towards employee benefits.

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

OUTLOOK

The company's outlook appears to be very bright. It will generate sufficient revenue for growth and development of the company once the funds are available and this will also boost employment opportunities to the local inhabitants.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
 Dated : 25th July 2012

(Arup Roy Choudhury)
 Chairman

Annex-2

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 WHOSE REMUNERATION EXCEEDED ₹ 60,00,000/- PER ANNUM AND ₹ 5,00,000/- PER MENSUM FOR THOSE EMPLOYED FOR THE PART OF THE YEAR.

A. EMPLOYEES EMPLOYED FOR THE WHOLE OF THE YEAR:

Sl No	Name (Surname first & in Alphabetical order)	Emp No	Designation & nature of duties	Remuneration (₹)	Qualification	Experience (Yrs)	Date of commencement of employment	Age (Yrs)	Last Employment held
1	2	3	4	5	6	7	8	9	10
NIL									

B. EMPLOYEES EMPLOYED FOR PART OF THE YEAR

Sl No	Name (Surname first & in Alphabetical order)	Emp No	Designation & nature of duties	Remuneration (₹)	Qualification	Experience (Yrs)	Date of commencement of employment	Age (Yrs)	Last Employment held	Remarks
1	2	3	4	5	6	7	8	9	10	11
1	Das Radhe Shyam	21378	Dy Manager (Stores)	2,152,782	BA, Diploma in Mat Mgt	28	22.08.1983	60	NTPC Ltd	Superannuation dt-31.07.2011
2	Jha Satish Chandra	4330	GM(F&A)	2,791,378	C.A.	24	01.07.1987	60	NTPC Ltd	Superannuation dt-31.07.2011

**KANTI BIJLEE UTPADAN NIGAM LTD.
BALANCE SHEET AS AT**

PARTICULARS	Note	(Amount in ₹)	
		31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	5,278,724,600	885,075,370
Reserves and surplus	3	3,536,134,208	2,833,874,679
Share application money pending allotment	4	390,041,201	2,561,522,337
Non-current liabilities			
Long-term borrowings	5	4,639,202,788	180,000,001
Deferred tax liabilities (net)	6	13,610,122	-
Other Long term liabilities	7	330,884,493	222,291,855
Current liabilities			
Short term borrowing	8	402,162,655	393,987,321
Trade payables	9	369,403,130	159,316,678
Other current liabilities	10	912,642,218	829,383,907
Short-term provisions	11	167,036,175	30,062,223
Total		16,039,841,590	8,095,514,371
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	2,135,355,833	1,600,309,604
Intangible assets	12	813,229	87,921
Capital work-in-progress	13	10,074,303,791	2,397,755,453
Long-term loans and advances	14	2,257,575,628	3,316,410,663
Current assets			
Inventories	15	187,555,564	24,207,989
Trade receivables	16	557,489,418	430,925,118
Cash and bank balances	17	672,704,981	224,230,096
Short-term loans and advances	18	15,910,037	96,725,896
Other current assets	19	138,133,109	4,861,631
Total		16,039,841,590	8,095,514,371

Significant accounting policies

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

For and on behalf of the Board of Directors

(Ruchi Aggrawal)
Company Secretary

(V.C.Gupta)
Director

(Arup Roy Choudhury)
Chairman

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

 Place : New Delhi
 Dated : 4th May 2012

(Rajneesh Behari Mathur)
Partner
 Mem No. 088034

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

Particulars	Note	(Amount in ₹)	
		31.03.2012	31.03.2011
Revenue from operations (Gross)	20	1,275,285,705	485,807,318
Other income	21	2,318,995	24,832,980
Total Revenue		1,277,604,700	510,640,298
Expenses:			
Fuel		751,550,615	353,324,562
Employee benefits expense	22	90,178,845	104,094,008
Finance costs	23	83,747,950	36,978,326
Depreciation and amortization expense	12	219,553,944	109,807,983
Generation, administration & other expenses	24	64,456,257	52,263,791
Prior period items (Net)	25	(9,228,955)	(1,610)
Total expenses		1,200,258,656	656,467,060
Profit/(Loss) before exceptional and extraordinary items & tax		77,346,044	(145,826,762)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		77,346,044	(145,826,762)
Extraordinary Items		-	-
Profit/(Loss) before tax		77,346,044	(145,826,762)
Tax expense:			
Current tax		-	-
Current year		10,187,920	-
Deferred tax		-	-
Current year		13,610,122	-
Total tax expense		23,798,042	-
Profit for the year		53,548,002	(145,826,762)
Expenditure during construction period (Net)	26	-	-
Significant accounting policies	1	-	-
Earning Per Equity share(Par value of ₹ 10/- each)			
Basic		0.15	(1.66)
Diluted		0.14	(1.66)

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

For and on behalf of the Board of Directors

(Ruchi Aggrawal)
Company Secretary

(V.C.Gupta)
Director

(Arup Roy Choudhury)
Chairman

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

 Place : New Delhi
 Dated : 4th May 2012

(Rajneesh Behari Mathur)
Partner
 Mem No. 088034

CASH FLOW STATEMENT

	(Amount in ₹)	
FOR THE YEAR ENDED MARCH 31,	2012	2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and after Prior Period Adjustments	77,346,044	(145,826,762)
Adjustment for:		
Depreciation/Amortisation	219,553,944	116,929,795
Provisions	(1,285,284)	336,890
Interest income	(33,074,786)	(8,301,390)
Interest charge	193,472,150	
Guarantee fee & other finance charges	135,274,054	
Operating Profit before Working Capital Changes	513,940,078	-
Adjustment for:		
Trade and other receivables	(196,564,300)	(299,684,317)
Inventories	(163,347,575)	(14,859,804)
Trade Payables & Other Liabilities	538,911,353	932,735,907
Loans & advances	1,139,650,894	(96,195,918)
Other Current Assets	(133,271,478)	(2,266,876)
Cash generated from operations	1,846,665,016	482,867,525
Income Tax/Advance Tax Paid	(3,545,520)	-
Net Cash from Operating Activities - A	1,843,119,496	482,867,525
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(8,437,230,936)	(4,258,495,216)
Interest income	33,074,786	8,301,390
Net Cash Flow from Investing Activities - B	(8,404,156,150)	(4,250,193,826)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term borrowing	4,467,378,121	227,398,542
Grants-in-aid received	648,711,527	1,105,573,106
Proceeds from Issue of Share Capital/Share Capital Deposit	2,222,168,094	2,517,722,337
Interest paid	(193,472,150)	-
Guarantee fee & other finance charges	(135,274,054)	-
Net Cash Flow from Financing Activities - C	7,009,511,538	3,850,693,985
Net increase/Decrease in cash and cash equivalents (A+B+C)	448,474,885	83,367,685
Cash and cash equivalents (Opening Balance)	224,230,096	140,862,411
Cash and cash equivalents (Closing Balance)	672,704,981	224,230,096

NOTES:

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

As per our report of even date
(Ruchi Aggrawal)
Company Secretary

For and on behalf of the Board of Directors
(V.C.Gupta)
Director

(Arup Roy Choudhury)
Chairman

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

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 4th May 2012

KANTI BIJLEE UTPADAN NIGAM LIMITED
Note No. - 1
SIGNIFICANT ACCOUNTING POLICIES YEAR 2011-12
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

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

- 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

- Fixed assets are carried at historical cost less accumulated depreciation/amortisation.
- 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.
- Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- Capital expenditure on assets not owned by the Company relating to generation of electricity business is reflected as a distinct item in capital work-in-progress till the period of completion and thereafter in the fixed assets.
- Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 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.
- Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

- In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as capital work-in-progress.
- 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.
- Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

6. FOREIGN CURRENCY TRANSACTIONS

- Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- Exchange differences 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.
- Other exchange differences are recognized as income or expense in the period in which they arise.

7. BORROWING COSTS

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

8. INVENTORIES

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

9. STATEMENT OF PROFIT AND LOSS
9.1 INCOME RECOGNITION

- 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.
- 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.
- The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages wherever there is uncertainty of realisation/acceptance are not treated as accrued and are therefore accounted for on receipt/acceptance.

- 9.1.5 Scrap other than steel scrap is accounted for as and when sold.
9.1.6 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.

9.2 EXPENDITURE

9.2.1 Depreciation on the assets of the generation of electricity business is charged on straight line method following the rates and methodology notified by the CERC Tariff Regulations, 2009 provided under Section 616 (c) of the Companies Act, 1956.

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

a) Kutcha Roads	2 years
b) Enabling works - residential buildings including their internal electrification. - non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	15 years 5 years
c) Personal computers & laptops including peripherals	5 years
d) Photocopiers and fax machines	5 years
e) Water coolers and refrigerators	12 years

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

9.2.4 Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.

9.2.5 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.

9.2.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009/ revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.

9.2.7 Where the life and/or efficiency of an asset is increased due to

renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

9.2.8 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.

9.2.9 Leasehold land and buildings relating to generation of electricity business are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.

9.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

9.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.

9.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.

9.2.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.

9.2.14 Prepaid expenses and prior period expenses/income of items of ₹100,000/- and below are charged to natural heads of accounts.

9.2.15 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.

10. 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.

11. CASH FLOW STATEMENT

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

NOTE NO. 2 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
1,000,000,000 equity shares of par value of ₹ 10/- each (Previous year 1,000,000,000 shares of par value of ₹ 10/- each)	10,000,000,000	10,000,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
52,78,72,460 equity shares of par value of ₹ 10/- each fully paid up (Previous year 8,85,07,537 equity shares of par value of ₹ 10/- each fully paid-up)	5,278,724,600	885,075,370

RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT BEGINNING & AT THE END OF THE YEAR

Number of Shares at the Beginning of the year	88507537
Shares issued during the year (NTPC-285587200, BSEB-153777723)	439364923
Shares bought back & other movement -	
Number of Shares Outstanding at the closing of the year	527872460

SHARES IN RESPECT OF EACH CLASS IN THE COMPANY HELD BY ITS HOLDING COMPANY OR ITS ULTIMATE HOLDING COMPANY INCLUDING SHARES HELD BY OR BY SUBSIDIARIES OR ASSOCIATES OF THE HOLDING COMPANY OR THE ULTIMATE HOLDING COMPANY IN AGGREGATE:

Holding Company- NTPC Ltd. - 34,27,38,200 Equity shares of ₹ 10 each
SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% OF SHARES

NTPC LTD. -(64.93%)-34,27,38,200 Equity Shares of ₹10/- each
BSEB - (35.07%)-18,51,34,260 Equity shares of ₹ 10/- each
(Previous year : 57151000 equity shares of ₹ 10 each held by NTPC Ltd. and their nominees and 31356537 equity shares ₹ 10 each fully paid up held by BSEB and their nominees.)

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

NOTE NO. 3 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	2,980,480,256	1,874,907,150
Add: Grants received during the year/period	750,000,000	1,129,144,894
Less: Grants utilised as depreciation for the year on assets created out of the grants	47,143,579	23,571,788
Less: Adjustments during the year/period	54,144,894	-
Sub-Total	3,629,191,783	2,980,480,256
Surplus in the statement of Profit and Loss as per last balance sheet	(146,605,577)	(778,815)
Add(Less)-Profit/(Loss) after tax for the year from Statement of Profit & Loss	53,548,009	(145,826,762)
Sub-Total	(93,057,575)	(146,605,577)
Total	3,536,134,208	2,833,874,679

NOTE NO. 4 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
SHARE APPLICATION MONEY PENDING ALLOTMENT		
Share application money not exceeding the issued capital and not refundable	390,041,201	2,561,522,337
NTPC Ltd.	₹ 144130337	
BSEB	₹ 245910864	
	390,041,201	2,561,522,337

- Equity shares of ₹ 10/- each in the ratio of 65:35 to be issued to the above shareholders at par.
- 215909760 nos. of equity shares has been allotted in April 2012. The balance amount is proposed to be allotted in the FY 2012-13.
- The authorised share capital of the Company is ₹ 1000 crores which is sufficient to cover the share capital amount on allotment of shares out of above share application money.
- No amount is refundable out of above share application money.

NOTE NO. 5 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
LONG TERM BORROWINGS		
Term Loans		
From Banks		
Secured 1		
Rupee Loan	4,504,917,073	-
From Other parties		
Secured 2		
Rupee Loan	134,285,715	180,000,001
Total	4,639,202,788	180,000,001

1. a) Loan from consortium led by SBI for Stage-2 (Secured by a first priority charge on all assets of the Project, present & future, movable & immovable including land of 1212.05 acres less the land (240 acres) on which Stage-1 Main Plant is situated and plant & machinery, machinery spares, tools and accessories etc.) The security will rank pari-pasu with all term lenders of the project.
- b) Total sanctioned amount of Rupee term loan is ₹ 2341 crores. Repayment period 15 years and repayment to start from 30.09.2014 on quarterly basis.
- c) The rate of interest is 2.45% per annum above SBI Base Rate (floating) with monthly rest.
2. a) Loan from Holding company NTPC Ltd. (Secured against the assets and/or future assets and/or current assets of the borrower by way of Equitable Mortgage by deposit of title deeds.
- b) Repayable in 7 years on half yearly basis starting from 30th Sep 2008.
- c) The rate of interest is at per with SBAR (State Bank Advance Rate) as adjusted to half yearly rests with a year of 365 days.

NOTE NO. 6 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
DEFERRED TAX LIABILITIES (NET)		
Difference of book depreciation and tax depreciation	25,366,750	-
Less: Deferred tax assets	-	-
Provisions & Other disallowances for tax purposes	11,756,628	-
Disallowances u/s 43B of the Income Tax Act, 1961	-	-
Deferred tax liabilities (net)	13,610,122	-

NOTE NO. 7 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
OTHER LONG TERM LIABILITIES		
Trade Payable	65,410	-
Other Liabilities		
Payable For capital Expenditure	330,819,083	222,291,855
TOTAL	330,884,493	222,291,855

- a) Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-27

NOTE NO. 8 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
SHORT TERM BORROWINGS		
Cash Credit Loan	402,162,655	393,987,321
TOTAL	402,162,655	393,987,321

Cash credit towards Working Capital requirement for Stage-1 from State Bank of India, Commercial Branch, Patliputra, Patna.

Repayable on demand

Secured against Inventory and book debts of Stage-I

NOTE NO. 9 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
TRADE PAYABLES		
For Goods & Services	369,403,130	159,316,678
TOTAL	369,403,130	159,316,678

Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-27.

NOTE NO. 10 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Current maturity of long term debts		
Secured		
Loan From NTPC Ltd.	37,142,857	37,142,857
Payable for Capital Expenditure	597,994,555	584,009,192
Other Payables		
Tax deducted at source and other statutory dues	15,125,534	30,743,420
Deposit From Contractors & Others	5,769,690	6,540,848
Others	256,609,582	170,947,590
TOTAL	912,642,218	829,383,907

Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No.-27.

Other Payables- 'Others' includes:-

- a) NTPC Ltd.- 158,353,252
- b) BSEB- 69,275,394
- c) Others payable to employee & others 28,980,936

NOTE NO. 11 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
As at	31.03.2012	31.03.2011
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
As per last Balance Sheet	30,062,223	24,822,209
Additions during the year/period	4,107,023	5,783,269
Amounts paid during the year/period	4,775,471	543,255
	29,393,775	30,062,223
Provision for current tax		
As per last balance sheet	-	-
Additions during the year	10,187,920	-
Less: Set off against taxes paid	3,545,520	-
Closing balance	6,642,400	-
Provision for obligations incidental to land acquisition		
As per last balance sheet	-	-
Additions during the year	131,000,000	-
Amounts paid during the year	-	-
	131,000,000	-
Total	167,036,175	30,062,223

NOTE NO. 12 TO THE FINANCIAL STATEMENTS
NON-CURRENT ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions	Deduction/ Adjustment	As at 31.03.2012	Upto 01.04.2011	For the year	Deduction/ Adjustment	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold		744,000,985		744,000,985					744,000,985	
Leasehold	33			33	4	1		5	28	29
Roads, bridges, culverts & helipads	12,430,863			12,430,863	2,391,092	418,893		2,809,915	9,620,948	10,039,841
Building :										
Freehold										
Main plant	113,508,719			113,508,719	31,505,461	6,471,974		37,977,435	75,531,284	82,003,258
Others	191,498,666			191,498,666	30,690,291	7,328,965		38,019,256	153,479,410	160,808,375
Water Supply, drainage & sewerage system	4,444,628			4,444,628	882,613	148,455		1,031,068	3,413,560	3,562,014
MGR track and signalling system	18,393,666			18,393,666	919,683	1,839,367		2,759,050	15,634,616	17,473,983
Plant and machinery (including associated civil works)	1,412,081,340	55,080	(4040445)	1,416,176,865	100,487,496	201,073,722	(368891)	301,930,109	1,114,246,756	1,311,593,845
Furniture and fixtures	7,341,533	1,325,491		8,667,024	1,917,905	573,943		2,491,848	6,175,176	5,493,627
Office equipment	2,855,489	1,445,294		4,300,783	1,303,892	278,002		1,581,894	2,718,889	1,551,597
EDP, WP machines and satcom equip.	4,690,718	2,895,387		7,586,105	2,526,291	1,198,633		3,724,924	3,861,181	2,164,428
Construction equipments	5,462,417	1,876,094		7,338,511	279,987	830,616		1,110,603	6,227,908	5,182,430
Electrical Installations	366,565			366,565	27,030	53,536		80,566	285,999	339,535
Communication Equipments	112,567			112,567	2,859	7,126		9,985	102,582	109,708
Hospital Equipments	34,946			34,946	25,857	423		26,280	8,666	9,089
Assets held for disposal valued at net book value or net realisable value whichever is less	47,845			47,845					47,845	47,845
Total	1,773,269,995	751,598,331	(4040445)	2,528,908,771	172,960,391	220,223,656	(368891)	393,552,938	2,135,355,833	1,600,309,604
	334,000,329	1,439,962,478	692,811	1,773,269,995	56,811,101	117,994,130	1,064,333	172,960,391	1,600,309,604	278,057,656

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

	Gross Block		Depreciation/ Amortisation	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Cost adjustment including exchange difference	(4040445)	(6800)	(368991)	
Assets capitalised with retrospective effect/write back of excess capitalisation		(33)		(3)
Others		699644		1064336
	(4040445)	692811	(368991)	1064333

A) Leasehold Land includes 838.53 Acres valuing ₹ 33 acquired on lease for 33 years.

B) Freehold Land includes 291.34 Acres of value ₹ 613000985/- of land in possession of the company.

INTANGIBLE ASSETS

(Amount in ₹)

	Gross Block			Depreciation/Amortisation			Net Block			
	As at 01.04.2011	Additions	Deduction/ Adjustment	As at 31.03.2012	Upto 01.04.2011	For the year	Deduction/ Adjustment	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Software	868428	1406114		2274542	780507	680806		1461313	813229	87,921
Total	868428	1406114		2274542	780507	680806		1461313	813229	87,921
Previous year	868428	-	-	868428	605736	174771	-	780507	87921	262,692

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

	31.03.2012	31.03.2011
Charged to Statement of Profit & Loss	219553944	109807983
Transferred to expenditure during construction period (net)-Note-26	1350518	8186148
	220904462	117994131

NOTE NO. 13 TO THE FINANCIAL STATEMENTS

NON CURRENT ASSETS

(Amount in ₹)

	As at 01.04.2011	Addition	Deduction/ Adjustment	Capitalised	As at 31.03.2012
CAPITAL WORK-IN-PROGRESS					
Development of land	103,783,517	178,593,618			282,377,135
Roads, bridges, culverts & helipads	609,634	469,005			1,078,639
Buildings :					
Main plant		1,165,294,196			1,165,294,196
Others	2,023,762	29,271,237			31,294,999
Temporary erection	42,221,321	19,762,641			61,983,962
MGR track and signalling system	1,068,728	126,251,955			127,320,683
Plant and machinery	1,044,040,365	5,210,096,682			6,254,137,047
Furniture and fixtures		134,899			134,899
Construction equipments	393,447	2,949,250			3,342,697
	1,194,140,774	6,732,823,483			7,926,964,257
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	405,567,561	127,778,524			533,346,085
Expenditure during construction period (net)-Note 26		412,552,855			412,552,855
Less: Allocated to related works		412,552,855			412,552,855
	405,567,561	127,778,524			533,346,085
Construction stores (At Cost)					
Steel	4,855,409		(928,270,780)		933,126,189
Cement	899,239		(14,513,372)		15,412,611
Others	792,292,470		121,480,705		670,811,765
Sub-total	798,047,118		(821,303,447)		1,619,350,565
Less: Provision for Shortages			(5,357,116)		5,357,116
Sub-total	798,047,118		(815,946,331)		1,613,993,449
Total	2,397,755,453	6,860,602,007	(815,946,331)		10,074,303,791
Previous Year	1,468,733,116	1,694,559,565	128,381,777,050	1,435,202,567	2,397,755,453

NOTE NO. 14 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
LONG TERM LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
CAPITAL ADVANCES		
Unsecured		
Covered by Bank Guarantee	1,720,534,156	1,217,166,610
Others	526,779,993	2,088,955,176
Deposit with Customs port trust & others (Unsecured)	10,261,479	10,288,877
Total	2,257,575,628	3,316,410,663

NOTE NO. 15 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
INVENTORIES		
Coal	17,373,003	14,503,502
Fuel oil	11,718,487	9,300,244
Components and spares	13,354,011	628,177
Chemicals & consumables	1,780,933	3,120
Steel Scrap	60,000,000	0
Others	85,757,050	597,451
	189,983,484	25,032,494
Less: Provision for shortages	1,582,302	40,495
Less: Provision for diminution in value of obsolete/ unserviceable/surplus inventory	845,618	784,010
Total	187,555,564	24,207,989
Inventories include material in transit		
Coal	-	8,534,037
Chemicals & consumables	-	60,016
	-	8,594,053

a) Inventory items, other than steel scrap and material-in-transit, have been valued considering the significant accounting policy no. 8 disclosed in Note no. -1 to these financial statement. Steel scrap has been valued at estimated realisable value. Material-in-transit has been valued at cost.

b) Other Inventories includes items of steel, cement of Stage-I etc.

NOTE NO. 16 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
TRADE RECEIVABLES		
(Considered good, unless otherwise stated)		
Other receivables-Unsecured	557,489,418	430,925,118
Total	557,489,418	430,925,118

NOTE NO. 17 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
CASH & BANK BALANCES		
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	42,781,803	9,179,826
Deposits with original maturity of less than three months	599,250,735	215,050,270
Deposits with original maturity of more than three months	30,672,443	-
Total	672,704,981	224,230,096

NOTE NO. 18 TO THE FINANCIAL STATEMENTS

(Amount in ₹)

As at	31.03.2012	31.03.2011
SHORT TERM LOANS & ADVANCES		
ADVANCES		
Employees (including imprest)		
Unsecured	-	5,000
Contractors & Suppliers, including material issued on loan		
Unsecured	13,756,602	94,261,459
Others		
Unsecured	362,025	668,027
	14,118,627	94,934,486
Advance tax deposited & tax deducted at source	1,791,410	1,791,410
Total	15,910,037	96,725,896

NOTE NO. 19 TO THE FINANCIAL STATEMENTS

As at	(Amount in ₹)	
	31.03.2012	31.03.2011
OTHER CURRENT ASSETS		
Interest accrued :		
Term deposits	1,845,591	4,861,631
	<u>1,845,591</u>	<u>4,861,631</u>
Claims Recoverable		
Unsecured, considered good	8,450,000	-
	<u>8,450,000</u>	
Unbilled Revenue	127,837,518	-
Total	<u>138,133,109</u>	<u>4,861,631</u>

NOTE NO. 20 TO THE FINANCIAL STATEMENTS

For the period ended	(Amount in ₹)	
	31.03.2012	31.03.2011
REVENUE FROM OPERATIONS		
Sales		
Energy Sales	1,179,727,250	485,486,584
Total -Sales	<u>1,179,727,250</u>	<u>485,486,584</u>
Energy Internally Consumed	985,761	320,734
Other operating revenues		
Capital grants recognised as Income during the year	47,143,579	-
Interest from customers	47,414,972	-
Provision written back	-	-
Shortage in stores	14,143	-
Total	<u>94,572,694</u>	<u>-</u>
Total	<u>1,275,285,705</u>	<u>485,807,318</u>

- The Central Electricity Regulatory Commission (CERC) notified the tariff vide its order dtd. 23.02.2012 in respect of petition no-271/2010. The tariff order notified provisional annual fixed charges (capacity charges) and energy charges for the period w.e.f. 15.10.2010 in respect of MTPS Stage-I (Unit-2).
- Sales of ₹ 30.87 crores pertaining to previous year have been recognized based on the orders issued by the CERC.
- Energy internally consumed is valued at variable cost of generation and the corresponding amount is included in power charges (Note-24).

NOTE NO. 21 TO THE FINANCIAL STATEMENTS

For the period ended	(Amount in ₹)	
	31.03.2012	31.03.2011
OTHER INCOME		
Interest from		
Others		
Indian Banks	33,074,786	8,301,390
Interest from Contractor	12,663,042	901,356
Sub Total	<u>45,737,828</u>	<u>9,202,746</u>
Other non-operating income		
Miscellaneous income	3,603,071	94,587,508
Other Receipts from Contractors/ Suppliers	8,450,000	-
Sale of Scrap	68,566,704	-
Sub Total	<u>80,619,775</u>	<u>94,587,508</u>
Total	<u>126,357,603</u>	<u>33,790,254</u>
Less : Transferred to expenditure during construction period (net) - Note 26	124,038,608	8,957,274
Total	<u>2,318,995</u>	<u>24,832,980</u>

NOTE NO. 22 TO THE FINANCIAL STATEMENTS

For the period ended	(Amount in ₹)	
	31.03.2012	31.03.2011
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	184,762,284	189,909,454
Contribution to provident and other funds	15,042,474	15,154,372
Staff welfare expenses	8,723,579	15,658,643
Sub Total	<u>208,528,337</u>	<u>220,722,469</u>
Less: Allocated to fuel cost	5,942,027	3,773,691
Transferred to expenditure during construction period (net) - Note 26 (net) -Note 23	112,407,465	112,854,770
Total	<u>90,178,845</u>	<u>104,094,008</u>

Disclosures required by AS 15 in respect of provision made towards various employee benefits is made in note no-1

NOTE NO. 23 TO THE FINANCIAL STATEMENTS

For the period ended	(Amount in ₹)	
	31.03.2012	31.03.2011
FINANCE COSTS		
Interest on :		
Rupee term loans	109,728,570	-
Cash Credit Loan	53,394,004	33,746,998
Others (Loan From Holding Company)	30,349,576	31,577,747
	<u>193,472,150</u>	<u>65,324,745</u>
Other Borrowing Costs :		
Guarantee fee	2,369,115	-
Up-front fee	132,904,939	-
Sub-Total	<u>135,274,054</u>	<u>-</u>
Less: Transferred to Expenditure during construction period (net)- Note 26	244,998,254	28,346,419
Total	<u>83,747,950</u>	<u>36,978,326</u>

NOTE NO. 24 TO THE FINANCIAL STATEMENTS

For the period ended	(Amount in ₹)	
	31.03.2012	31.03.2011
GENERATION, ADMINISTRATION & OTHER EXPENSES		
Power charges	28,500,501	320,734
Less: Recovered from contractors & employees	1,666,146	232,815
	<u>26,834,355</u>	<u>87,919</u>
Stores consumed	2,803,428	266,537
Rent	339,927	0
Repairs & maintenance		
Buildings	3,507,837	7,614,108
Plant & Machinery	69,326,466	45,957,743
	<u>72,834,303</u>	<u>53,571,851</u>
Others	4,459,039	295,803
Insurance	15,149,484	7,206,495
Rates and taxes	713,033	63,184
Water cess & environment protection cess	239,702	316,971
Training & recruitment expenses	241,791	145,257
Communication expenses	2,924,368	2,018,188
Travelling expenses	14,237,712	12,279,242
Tender expenses	3,252,700	2,104,294
Less: Receipt from sale of tenders	52,875	188,852
	<u>3,199,825</u>	<u>1,915,442</u>
Payment to auditors	181,091	109,169
Advertisement and publicity	40,000	19,200
Security expenses	62,020,027	53,139,482
Entertainment expenses	856,848	557,530
Expenses for guest house	5,090,077	4,395,675
Less: Recoveries	80,030	59,555
	<u>5,010,047</u>	<u>4,336,120</u>
Brokerage & commission	58,610	0
Ash utilisation & marketing expenses	0	191,095
		<u>191,095</u>
Books and periodicals	24,631	0
Professional charges and consultancy fees	7,713,935	2,104,244
Legal expenses	9,148	15,905,100
EDP hire and other charges	544,943	934,937
Printing and stationery	812,511	341,367
Hiring of vehicles	4,090,455	4,012,040
Bank charges	3,223,005	1,248,701
Miscellaneous expenses	3,372,279	6,135,272
	<u>231,934,497</u>	<u>167,201,146</u>
Less: Allocated to fuel cost	5,519	0
Less: Transferred to Expenditure during Construction period(net)-Note 26	175,185,503	115,274,245
	<u>56,743,475</u>	<u>51,926,901</u>
Provisions for		
Shortage in stores	1,582,302	0
Obsolescence in stores	773,364	336,890
Shortage in construction stores	5,357,116	0
Total Provision	<u>7,712,782</u>	<u>336,890</u>
Total	<u>64,456,257</u>	<u>52,263,791</u>
a) Spares consumption included in repairs and maintenance	19,973,753	11,679,321
b) Details in respect of payment to auditors:		
As auditor		
Audit fees	86,545	55,150
Tax audit fee	20,000	0
In other capacity		
Other services	10,000	33,090
Reimbursement of expenses	<u>64,546</u>	<u>20,929</u>
	<u>181,091</u>	<u>109,169</u>

NOTE NO. 25 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
For the period ended	31.03.2012	31.03.2011
PRIOR PERIOD ITEMS (NET)		
EXPENDITURE		
Employee Benefit expenses	(9,228,955)	-
Depreciation & amortisation	-	(364,689)
Rent	2,649,723	-
	(6,579,232)	(364,689)
Net Expenditure/(Income)		
Less: Transferred to Expenditure during construction period (net)- Note- 26	2,649,723	(363,079)
Total	(9,228,955)	(1,610)

NOTE NO. 26 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
For the period ended	31.03.2012	31.03.2011
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)		
A. Employee benefits expense		
Salaries and wages	102,109,829	98,654,556
Contribution to provident and other funds	7,200,794	6,805,127
Staff welfare expenses	3,096,842	7,395,087
Total (A)	112,407,465	112,854,770
B. Finance Costs		
Interest on		
Rupee term loans	109,728,570	28,142,373
Guarantee Commission	2,369,115	-
Upfront Fee	132,904,939	-
Others	(4,370)	204,046
Total (B)	244,998,254	28,346,419
C. Depreciation and amortisation	1,350,518	8,186,148
D. Generation, administration and other expenses		
Power charges	27,514,740	-
Less: Recovered from contractors & employees	1,405,395	145,398
	26,109,345	(145,398)
Rent	339,927	-
Repairs & maintenance	-	-
Buildings	-	5,961,567
Others	49,607,186	26,286,535
	49,947,113	32,248,102
Insurance	8,437,950	3,963,710
Rates and taxes	657,533	316,971
Communication expenses	1,939,581	887,842
Travelling expenses	6,548,972	6,551,191
Tender expenses	2,416,707	2,185,523
Less: Income from sale of tenders	4,500	106,852
	2,412,207	2,078,671
Advertisement and publicity	40,000	19,200
Security expenses	44,902,220	42,793,191
Entertainment expenses	493,400	178,936
Guest house expenses	3,493,692	2,449,000
Payment to auditors	127,854	35,526
Brokerage & Commission	5,995	-
Books & periodical	5,820	-
Professional charges and consultancy fee	6,581,944	1,677,759
Legal expenses	4,800	15,905,100
EDP Hire and other charges	21,883	6,000
Printing and stationery	293,598	207,032
Miscellaneous expenses	23,161,596	6,101,412
Total (D)	175,185,503	115,274,245
Total (A+B+C+D)	533,941,740	264,661,582

NOTE NO. 26 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
For the period ended	31.03.2012	31.03.2011
E. Less: Other Income		
Interest From Bank	32,713,400	7,495,910
Interest from contractors	12,410,875	901,356
Sale of scrap	68,566,704	-
Other Receipts from Contractors/ Suppliers	8,450,000	-
Miscellaneous income	1,897,629	560,008
TOTAL (E)	124,038,608	8,957,274
F. Prior Period Items (net)	2,649,723	(363,079)
GRAND TOTAL (A+B+C+D-E+F)*	412,552,855	255,341,230

* Balance carried to Capital Work-in-progress - (Note 13)

NOTE NO. 27 TO THE FINANCIAL STATEMENTS

	(Amount in ₹)	
For the period ended	31.03.2012	31.03.2011
Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006		
For Goods and Services	453,012	54,349
For Capital Expenditure	3,275,421	125,110
Total	3,728,433	179,459

NOTE NO-28 FINANCIAL YEAR 2011-12

Notes on Accounts:

- As per the MOU dt.9th May 2006, Govt. of India sanctioned a grant of ₹ 4,71,00,00,000 through Govt. of Bihar for renovation & modernization of the taken over station under RSVY grant. M/s BHEL has been paid an advance of ₹ 2,40,00,00,000 till 31.03.2012 and KBUNL has been paid ₹ 1,30,00,00,000 out of the sanctioned amount and the same have been accounted as 'Grants-in-Aid' in Note -3.
- An amount of ₹ 14,48,45,478/- has been booked as 'fuel expenses'; payable to coal companies for short lifting of coal during the year as per Coal Supply Agreement. Out of the above, an amount of ₹ 11,84,08,041/- shall be billed as energy charges to the customers after their consent to the CSA provisions.
- Disclosure as per Accounting Standard-15: Employees' remuneration and benefits includes ₹ 80,40,337 (previous year ₹ 2,96,97,049) in respect of gratuity, leave, post retirement medical facility, transfer traveling allowance on retirement/death, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited on actuarial valuation basis at the end of the year. Employees' remuneration and benefits also includes ₹ 39,18,895 (Previous Year ₹ 19,058,066) for the employees on deputation from BSEB towards pension and leave contribution.
- Related Party Disclosures: Nil**
- Operating leases:**
The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable. Note 22 - Employee Benefit Expenses include ₹ 48,93,047 (Previous Year ₹ 45,11,244) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for office included under 'Rent' in Note-24 - 'Generation, Administration and Other Expenses'.
- 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 (₹)	53548002	(145826762)
Weighted average number of equity shares used as denominator	353807122	88507537
Earning per share (₹)	0.15	(1.66)
Diluted Earning Per Share(₹)	0.14	(1.66)
Face value per share (₹)	10/-	10/-

7. Disclosure as required by Micro, Small & Medium Scale Enterprises Act, is NIL.
8. (i) Balances shown under advances, creditors and material lying with contractors in so far as these have since not been realized/discharged or adjusted are subject to confirmation / reconciliation and consequential adjustment, if any.
- (ii) In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
9. Information pursuant to Ministry of Environment & forest notification no. s.o.2804(E) New Delhi the 3rd November, 2009 for ash:
- (i) Unit no.-2 (1*110MW) has been declared for commercial operation w.e.f: 15/10/2010.
- (ii) Only slurry ash generated (75980 MT) & there is no sale of ash.

- (iii) Pond & Slurry ash is used for site filling of area for Stage-II (195x2 MW) of KBUNL.
10. Figures have been rounded off to nearest rupee.
11. Previous year figures have been regrouped/ rearranged wherever necessary.

As per our report of even date
(Ruchi Aggrawal)
Company Secretary

For and on behalf of the Board of Directors
(V.C.Gupta)
Director

(Arup Roy Choudhury)
Chairman

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

(Rajneesh Behari Mathur)
Partner
Mem No. 088034

Place : New Delhi
Dated : 4th May 2012

AUDITOR'S REPORT

To the Members of
KANTI BIJLEE UTPADAN NIGAM LTD.

- We have audited the attached Balance Sheet of **KANTI BIJLEE UTPADAN NIGAM LTD.** (a Subsidiary of NTPC Ltd.) as at 31st March 2012, the Profit and Loss Account and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of the section 227 of the Companies Act 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- Further to our comments in the Annexure referred to above, we report that :
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - In our opinion proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of such books.
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of accounts.
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, subject to notes to accounts annexed thereto, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
 - In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and subject to Note No. 2 in the "Notes to Accounts" give a true and fair view in conformity with the accounting principles generally accepted in India : -
 - in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012
 - in the case of the Profit & Loss Account, of the profit of the Company for the period ended on that date and
 - in the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For M/s B.B.Mathur & Co.,
Chartered Accountants
Firm Reg. No. 000290N

(Rajneesh Behari Mathur)
Partner
M. No. 088034

Place : New Delhi
Date : 4th May 2012

ANNEXURE TO AUDITORS' REPORT

{Referred to in paragraph (3) of our report of even date}
Re : **KANTI BIJLEE UTPADAN NIGAM LTD.**

- The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets. In respect of assets taken over from erstwhile Muzaffarpur Thermal Power Station from Bihar State Electricity Board the records have been maintained from the date of such acquisition after due physical verification of such assets.
 - There is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets and according to the information and explanations given to us no material discrepancies were noticed on such verification.
 - During the year under reference there has been no substantial disposal of fixed assets of the company.
- The Inventory of the Company has been physically verified by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
 - The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - Not Applicable.
 - Not Applicable.
 - Not Applicable.
 - The company has taken secured loan from NTPC its holding company. The maximum amount outstanding during the year was ₹ 21,71,42,858/- and the closing balance as on 31st March 2012 was ₹ 17,14,28,572/-.
 - In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system.
- According to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.
 - Not Applicable.
- In our opinion and according to the information and explanations given to us, the company has not accepted any deposits, from the public, covered by the directives issued by the Reserve Bank of India, the provisions of section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- (vii) The Company does not have its own Internal audit department and the Internal audit of the Company has been entrusted to a firm of Chartered Accountants. In our opinion, the Internal audit system so adopted was commensurate with the size and nature of the business of the Company.
- (viii) We have been informed by the management that cost records are being maintained as per section 209 (1)(d) of Companies Act 1956. Further cost auditor has been appointed by the company although the cost audit has not been conducted till the date of signing of this report.
- (ix) (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, and employees state insurance, income tax, sales tax, Wealth Tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the last day of the financial year, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income tax, Sale tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have accumulated losses of more than 50% of its equity capital and hasn't suffered cash losses during the year. Hence this losses is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or banks.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under reference.
- (xix) According to the information and explanations given to us the company has not issued any debentures.
- (xx) According to the information and explanation given to us the company has not raised any money by way of public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M/s B.B.Mathur & Co.,
Chartered Accountants
Firm Reg. No. 000290N

(Rajneesh Behari Mathur)
Partner
M.No. 088034

Place : New Delhi
Date : 4th May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF KANTI BIJLEE UTPADAN NIGAM LTD., NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of KANTI BIJLEE UTPADAN NIGAM LTD., New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 04 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of financial statement of Kanti Bijlee Utpadan Nigam Limited, New Delhi for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

(Praveen Kumar Singh)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III, New Delhi

Place : New Delhi
Dated : 22 June 2012

BHARTIYA RAIL BIJLEE COMPANY LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report on the working of the Company together with Audited Accounts and Auditors' Report thereon for year ended on 31st March 2012.

PERFORMANCE OF THE COMPANY

Your Company is setting up 4X250 MW Power Project at Nabinagar, Bihar to meet the traction and non-traction electric power requirement of Railways. For setting up this project, out of total requirement of 1,596.94 acres of land, 1,328.15 acres of land has been acquired and efforts are being made to acquire balance land. Your Company has adopted Rehabilitation and Resttlement Scheme 2010, as applicable in NTPC, for giving compensation to Project Affected Persons (PAPs).

Your Company has taken number of steps towards rehabilitation and resettlement like awarding ITI scholarships for students of PAPs, providing drinking water through tankers during summer draught in all villages, installation of drinking water pumps in two villages, providing solar street lights in all the villages, construction of crematoriums for villagers, establishing stitching schools for ladies, distributing playing kits among schools in PAPs' villages. The Company is providing mobile health clinic for the Project Affected Villagers.

84% of the total site leveling job and 3.9 Km of plant boundary out of 7.9 Km has been completed. Mechanical erection of structures for boilers are under progress. The civil work is in progress for Boiler Unit#4, mill, bunker, Cooling Water, Coal Handling Plant, Pre-treatment Plant etc. Piling of all the four units of TG has been completed and raft concreting of TG#1 has started. Raft casting of chimney #1 is in progress. Construction work of Lagoon#1 is in progress. The contract packages related to coal transportation are under various stages of award.

Your Company's work was disrupted due to agitation by land oustees for extra compensation and other demands. The Board of your Company has resolved the issue by making payment to the land oustees on the principle of 'One Project One Rate', which was in parity to the compensation paid to other land oustees. The work at site was also disrupted due to bandhs. Your Company, with the help of State Police, has been able to contain the affect of such occurrences.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2012 are as under:- (₹)

Balance Sheet Items as at	31.03.2012	31.03.2011
Paid-up Share Capital	6,88,46,00,000	4,80,00,00,000
Reserves and Surplus	(52,62,166)	(51,18,988)
Share Application Money Pending Allotment	83,00,39,000	2,91,46,39,000
Non-current liabilities	5,83,91,36,906	1,27,29,28,510
Current liabilities	1,28,03,30,186	44,79,93,712
Non-current assets	13,30,87,87,377	7,35,25,75,061
Current assets	1,52,00,56,549	2,07,78,67,173

Items from Statement of Profit and Loss for the year ended	31.03.2012	31.03.2011
Total Revenue	-	-
Total Expenses	1,43,178	2,31,384
Loss for the year	(1,43,178)	(2,31,384)

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

AUDIT COMMITTEE

Audit Committee of the Board of Directors of the Company comprised S/ Shri B.P. Singh, R.K.S. Gahlowt and Sudhir Kumar Saxena, Directors as members. During the financial year 2011-12, one meeting of the Audit Committee was held on 29.04.2011.

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

INDUSTRY SECTOR AND DEVELOPMENTS

Overview of the power sector:

Power is one of the prime movers of economic development. Power sector is at a crucial juncture of its evolution from a controlled environment to a competitive, market driven regime which endeavors to provide affordable, reliable and quality power at reasonable prices to all sectors of the economy. The liberalization and globalization of the economy is leading to an increased tempo in industrial and commercial activities and this, coupled with penetration of technology in the day-to-day life of the common man, is expected to result in a high growth in

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2012.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over Rupees Sixty Lac in aggregate, if employed throughout the year or Rupees Five Lac per month in aggregate, if employed for part of the year, as such the particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

AUDITORS' REPORT

The Comptroller & Auditor General of India through letter dated 12.09.2011 has appointed M/s I.P. Pasricha & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2011-2012. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

The comments of the Comptroller & Auditor General of India and management replies thereto are furnished at Annex-2 to this Report.

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

As a measure to conserve energy, the Company has installed solar lights in the affected villages. During the period under review, the Company incurred INR 65,94,84,276 (USD 1,02,093 and Euro 98,70,256) towards contractual payment and there was no earning in foreign currency.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the loss of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the Annual Accounts on a going concern basis.

DIRECTORS

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

ACKNOWLEDGEMENT:

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

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Power Finance Corporation Limited, Rural Electrification Corporation Limited, auditors, bankers, contractors, vendors and consultants of the Company.

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

For and on behalf of the Board of Directors

PLACE : New Delhi
DATE : 27th July 2012

(B.P. Singh)
Chairman

power demand.

India has reached a level of about 813.3 kilowatt hour (kwh) per capita per year consumption. The comparable figures for Japan are about 7,800 kwh, for South Korea about 7,000 kwh, for China about 1,380 kwh, for USA about 13,000 kwh, for OECD countries about 8,050 kwh and world average is about 2,430 kwh. Thus, in terms of per capita electricity consumption, India is far behind many countries, and as a matter of fact, behind even the world average. India, the world's second-fastest growing economy, desperately needs to improve its electricity infrastructure to reduce peak hour power shortages and provide electricity to millions of rural households, as well as keeping its resource-hungry industry on the move. It is accordingly essential that development of the Power Sector should be commensurate with the overall economic growth of the nation.

The Twelfth Five Year Plan (2012-2017)

The Working Group on Power constituted by the Planning Commission to formulate the 12th Five year plan for the Power sector has estimated the capacity addition requirement of about 75,785 MW on all India basis. It banks upon the private sector to contribute over 55% of this addition during the plan period. Fuel-wise, nearly 85% of this capacity is expected to be based on thermal generation while the expectation from nuclear generation is pegged at mere 2,800 MW (3.77%) only.

Capacity addition in 12th five year plan					
	Hydro	Thermal	Nuclear	Total	%share
Central	5,632	11,426	2,800	19,858	26.20
State	1,456	12,340	-	13,796	18.20
Private	2,116	40,015	-	42,131	55.59
Total	9,204	63,781	2,800	75,785	100.00
%share	12.14	84.16	3.69	100.00	

As per the 18th Electric Power Survey Report, peak demand of 199,540 MW and energy requirement of 1,354,874 BUs has been estimated by the end of 12th Five Year Plan (i.e. in the year 2016-17). At the end of 11th Five Year Plan (i.e. in the year 2011-12), the country was facing peak shortage of 13,815 MW (10.6%) and energy shortage of 79,313 MUs (8.5%).

GENERATION
Existing Installed Capacity

The total installed capacity in the country as on March 31, 2012 is 1,99,877.03 MW. The total thermal capacity, including coal, gas stations and diesel generation accounts for about 65.84% of installed capacity of the country followed by hydro capacity at 19.51%. Nuclear capacity accounts for 2.39% and the balance 12.26% is contributed by Renewable Energy Sources.

Total Capacity	MW	% share
Thermal	1,31,603.18	65.84
Nuclear	4,780.00	2.39
Hydro	38,990.40	19.51
R.E.S.*	24,503.45	12.26
Total	1,99,877.03	100.00

* Renewable Energy Sources

Source: CEA Executive Summary

Existing Generation

The sector-wise Electricity Generation Target and achievement during financial year 2011-12 were as under:

Total Generation	Target (Million Units)	Achievement (Million Units)	% of achievement
Thermal	712,234	708,805.94	99.52
Hydro	112,050	130,511.47	116.48
Nuclear	25,130	32,286.56	128.48
Bhutan (Import)	5,586	5,284.51	94.60
Total	855,000	876,888.48	102.56

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by Plant Load Factor (PLF). The all-India thermal PLF was 73.32% during 2011-12 as against 75.07% during financial year 2010-11.

SWOT ANALYSIS
Strength/ Opportunity

The Company is backed by strong promoters i.e. Ministry of Railways and NTPC Limited. The Company is able to acquire major portion of land for establishing the project. NTPC is the consultant for the Company which is having wide experience in engineering and management expertise from planning to commissioning and operating power plants. Also, Bharat Heavy Electricals Limited is the main plant contractor. The Company has tied up loan with Power Finance Corporation Limited and with Rural Electrification Limited for meeting its debt portion.

Weakness/ Threats:

The major threat the company is facing in acquiring parts of land. There has been increase in prices of coal. The site where the project is located is prone to huge rainfall. Security of the project has been a considerable concern for the company. At times the unsocial elements are causing bandhs and other nuisances at site.

RISKS AND CONCERN

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

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

Operational risks are associated with systems, processes & people and cover areas

such as succession planning, attrition and retention of people, operational failure or interruption, disruption in supply chain, failure of research & development facilities and faulty application of information technology and non-compliance of regulatory provisions.

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

The risks Company is facing is bandhs and agitation by land oustees. The Company has resolved the matter of agitation by land oustees by giving compensation based on the principle of 'One Rate One Project' in one project and adopting Rehabilitation and Resettlement Scheme, 2010, as applicable in NTPC, for giving compensation to Project Affected People. For overcoming security threats, the Company has established police station at site and has deployed police.

The Company has awarded all the packages for the project. However, for Induced Cooling Tower Package for which the contract was awarded to M/s Lanco Infrastructure Limited (Lanco), Paharpur Cooling Towers Limited, one of the participating bidder has filed the suit alleging non-fulfilment of qualifying requirements by Lanco. The matter is sub-judice in the Supreme Court. The Company is exploring the possibility of alternative arrangement for cooling tower because due to delay in execution of such package, the synchronization of the project might get delayed.

INTERNAL CONTROL

The Company has robust internal systems and processes for efficient conduct of business. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. The Company has implemented SAP in all of its modules like HR, Accounting, Engineering, etc. which helps in retrieving data and maintaining systematic backup.

FINANCIAL DISCUSSION AND ANALYSIS

For financial year 2011-12, the financial statements were drawn in accordance with the revised Schedule VI to the Companies Act, 1956.

During the financial year 2011-12, your company had allotted 20,84,60,000 shares of ₹ 10/- each to NTPC Ltd. and Ministry of Railways in the ratio of 74:26. Share Capital pending allotment stood at ₹ 39,000 and ₹ 83,00,00,000 received from NTPC Limited and Ministry of Railways respectively. The Company had withdrawn cumulative loan of ₹ 5,60,65,04,666 upto the financial year 2011-12 from PFC and REC. The tangible assets after depreciation amounted to ₹ 1,82,35,84,339 as at 31.03.2012 as against ₹ 1,82,14,10,821 as at 31.03.2011. The intangible assets after depreciation amounted to ₹ 4,73,564 and ₹ 7,90,696 as at 31.03.2012 and 31.03.2011 respectively. The depreciation transferred to Expenditure During Construction (EDC) for the financial year 2011-12 was ₹ 1,22,96,347. The capital work-in-progress stood at ₹ 8,46,96,55,673 as at 31.03.2012.

As the project is in construction stage, the income and expenses were transferred to EDC account. The expenses (net of income) transferred to EDC amounted to ₹ 50,70,41,667. The expenses incurred on training & recruitment was charged to statement of profit and loss. The total loss charged to statement of profit and loss was ₹ 1,43,178 which was transferred to reserves and surplus as against ₹ 2,31,384 for the financial year 2010-11.

HUMAN RESOURCE

Presently, the Company has total strength of 109 employees (including 14 Executive Trainees), out of which 108 employees have been deputed from the Holding Company i.e. NTPC Limited and 1 employee has been deputed from Ministry of Railways. As a socially responsible and socially conscious organisation the company has deployed 17 SC employees, 7 ST employees and 16 OBC employees out of the total strength of 109 employees.

The company is paying Performance Related Pay to its employees in order to boost their morale and also extending the facility of retention of family anywhere in India. Quarters have been hired at Dalmianagar as a Temporary Township until Permanent Township at the site is constructed.

The employee benefits expense (salaries & wages, contribution to provident & other funds and staff welfare expenses) was ₹ 14,46,13,098 for the financial year 2011-12.

OUTLOOK

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

PLACE : New Delhi
DATE : 27 July 2012

(B.P. Singh)
Chairman

**BHARTIYA RAIL BIJLEE COMPANY LIMITED
BALANCE SHEET AS AT**

Particulars	Note	Amount in ₹	
		31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	6,884,600,000	4,800,000,000
Reserves and surplus	3	(5,262,166)	(5,118,988)
		<u>6,879,337,834</u>	<u>4,794,881,012</u>
Share Application money pending allotment	4	830,039,000	2,914,639,000
Non-current liabilities			
Long-term borrowings	5	5,606,504,666	1,245,531,352
Other long term liabilities	6	232,632,240	27,397,158
		<u>5,839,136,906</u>	<u>1,272,928,510</u>
Current liabilities			
Other current liabilities	7	1,258,043,033	438,744,787
Short-term provisions	8	22,287,153	9,248,925
		<u>1,280,330,186</u>	<u>447,993,712</u>
TOTAL ASSETS		<u>14,828,843,926</u>	<u>9,430,442,234</u>
Non-current assets			
Fixed assets			
Tangible assets	9	1,823,584,339	1,821,410,821
Intangible assets	9	473,564	790,696
Capital work-in-progress	10	8,469,655,673	2,327,535,007
Other non-current assets	11	16,380,060	-
Long-term loans and advances	12	2,998,693,741	3,202,838,537
		<u>13,308,787,377</u>	<u>7,352,575,061</u>
Current assets			
Cash and bank balances	13	977,836,646	1,426,802,430
Short-term loans and advances	14	540,067,564	647,341,284
Other current assets	15	2,152,339	3,723,459
		<u>1,520,056,549</u>	<u>2,077,867,173</u>
TOTAL		<u>14,828,843,926</u>	<u>9,430,442,234</u>

Significant accounting policies 1

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

For and on behalf of the Board of Directors

(K. K. Singh) Chief Executive Officer	(S. K. Saxena) Director	(B. P. Singh) Chairman
---	-----------------------------------	----------------------------------

This is the Balance Sheet referred to in our report

 Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612
Place : New Delhi
Dated : 3rd May 2012

**BHARTIYA RAIL BIJLEE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

Particulars	Note	Amount in ₹	
		31.03.2012	31.03.2011
Revenue from operation		-	-
Other income		-	-
Total revenue		-	-
Expenses			
Generation, administration & other expenses	20	143,178	231,384
Total expenses		<u>143,178</u>	<u>231,384</u>
Profit before exceptional and extraordinary items and tax		<u>(143,178)</u>	<u>(231,384)</u>
Profit before tax		<u>(143,178)</u>	<u>(231,384)</u>
Profit for the year		<u>(143,178)</u>	<u>(231,384)</u>
Expenditure During Construction Period	21		
Earnings per equity share (Par value of ₹ 10/- each)			
Basic		(0.00)	(0.00)
Diluted		(0.00)	(0.00)

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

For and on behalf of the Board of Directors

(K. K. Singh) Chief Executive Officer	(S. K. Saxena) Director	(B. P. Singh) Chairman
---	-----------------------------------	----------------------------------

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

 Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612
Place : New Delhi
Dated : 3rd May 2012

CASH FLOW STATEMENT

For the year ended March 31,	Amount in ₹	
	2012	2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss as per statement of Profit and Loss	(143,178)	(231,384)
Adjustment for		
Increase/(Decrease) in Current liabilities	832,336,474	88,722,821
Increase/(Decrease) in Other Current Assets	1,571,120	(1,946,258)
Increase/(Decrease) in Loans & Advances	107,273,720	(693,621)
	<u>941,181,314</u>	<u>86,082,942</u>
Net Cash from Operating Activities-A	<u>941,038,136</u>	<u>85,851,558</u>
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets and CWIP	(6,160,357,112)	(2,351,524,797)
Long term loan and advances	204,144,796	-
Net Cash used in Investing Activities-B	<u>(5,956,212,316)</u>	<u>(2,351,524,797)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital	2,084,600,000	800,000,000
Proceeds from Share Application money pending allotment	(2,084,600,000)	1,453,100,000
Proceeds from Long Term Borrowings	4,566,208,396	1,245,531,352
Net Cash flow from Financing Activities-C	<u>4,566,208,396</u>	<u>3,498,631,352</u>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	<u>(448,965,784)</u>	<u>1,232,958,113</u>
Cash and Cash equivalents (Opening Balance)	1,426,802,430	193,844,317
Cash and Cash equivalents (Closing Balance)	<u>977,836,646</u>	<u>1,426,802,430</u>

NOTES : 1. Cash and Cash Equivalents consists of Cash in Hand and balance with Banks

2. Figures for Previous year have been regrouped/rearranged wherever necessary.

For and on behalf of the Board of Directors

(K. K. Singh) Chief Executive Officer	(S. K. Saxena) Director	(B. P. Singh) Chairman
---	-----------------------------------	----------------------------------

This is the cash flow statement referred to in our report

 Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612

 Place : New Delhi
Dated : 3rd May 2012

NOTE NO.1
SIGNIFICANT ACCOUNTING POLICIES
1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

- 3.1 Fixed Assets are carried at historical cost less accumulated depreciation/ amortisation.
- 3.2 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.
- 3.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- 3.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.

- 3.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 3.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 3.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

4. CAPITAL WORK-IN-PROGRESS

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

5. FOREIGN CURRENCY TRANSACTIONS

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

6. BORROWING COSTS

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

7. PROFIT AND LOSS ACCOUNT

7.1 INCOME RECOGNITION

7.2 EXPENDITURE

- 7.2.1 Depreciation on the assets of the generation of electricity business is charged on straight line method following the rates and methodology notified by the CERC Tariff Regulations, 2009.
- 7.2.2 Depreciation on the following assets is provided based on their estimated useful life:
- | | |
|---|----------|
| a) Kutch Roads | 2 years |
| b) Enabling works | |
| - residential buildings including their internal electrification. | 15 years |
| - non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips. | 5 years |
| c) Personal computers & laptops including peripherals | 5 years |
| d) Photocopiers and Fax Machines | 5 years |
| e) Water coolers and Refrigerators | 12 years |
- 7.2.3 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 7.2.4 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 7.2.5 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.

- 7.2.6 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
- 7.2.7 Leasehold land and buildings are fully amortised over 25 years or lease period whichever is less following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.
- 7.2.8 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 7.2.9 Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.
- 7.2.10 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
- 7.2.11 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 7.2.12 Prepaid expenses and prior period expenses/income of items of ₹100,000/- and below are charged to natural heads of accounts.

8. 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.

9. CASH FLOW STATEMENT

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

NOTE NO. 2 TO THE FINANCIAL STATEMENTS

Amount in ₹

As at	31.03.2012	31.03.2011
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
1606,000,000 shares of par value of ₹10/- each, (previous year 1606,000,000 shares of par value of ₹10/- each)	16,060,000,000	<u>16,060,000,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
688,460,000 shares of par value of ₹10/- each (509,460,000 shares held by NTPC Ltd and their nominees and 179,000,000 Shares held by Ministry of Railways, Govt. of India and their nominees'). (Previous Year 480,000,000 shares of par value of ₹10/- each (355,200,000 shares held by NTPC Ltd and their nominees and 124,800,000 held by Ministry of Railways, Govt. of India and their nominees'))	6,884,600,000	4,800,000,000
Total	6,884,600,000	<u>4,800,000,000</u>

- a) During the year, the Company has issued 208,460,000 Equity shares.

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

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

d) NTPC Ltd. holds 74% of the total equity share and	No	509,460,000	
Ministry of Railway holds 26% of the total equity shares	No	179,000,000	
Total Equity shares :	No	<u>688,460,000</u>	
Share holding position as on 31.03.2012			NTPC Ltd Min. of Railways
Opening Share	No.	355,200,000	124,800,000
Share allotment during the year	No.	154,260,000	54,200,000
Closing Balance of Share	No	<u>509,460,000</u>	<u>179,000,000</u>

NOTE NO. 3 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
Reserves		
Surplus		
As per last balance sheet	(5,118,988)	(4,887,604)
Add: Profit for the year from statement of profit & loss account	(143,178)	(231,384)
	-	-
Net surplus	<u>(5,262,166)</u>	<u>(5,118,988)</u>
Total	<u>(5,262,166)</u>	<u>(5,118,988)</u>

a) The Company has not proposed any dividend for the year 2011-12

NOTE NO. 4 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHARE APPLICATION MONEY PENDING FOR ALLOTMENT		
Equity Share Capital		
(Amount received for allotment and is pending for allotment)		
Received from NTPC Ltd and	39,000	1,542,639,000
Received from Ministry of Railways	830,000,000	1,372,000,000
	<u>830,039,000</u>	<u>2,914,639,000</u>

Share allotment to Ministry of Railways will be made after proportionate Loan fund raised from PFC, REC and Equity contribution from NTPC Ltd.

NOTE NO. 5 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
LONG-TERM BORROWINGS		
Term loans		
From Banks / Financial Institutions		
Secured		
Rupee loans	5,606,504,666	1,245,531,352
Total	<u>5,606,504,666</u>	<u>1,245,531,352</u>

a) Securities - Secured by Equitable mortgage/hypothecation (to be created) of all present and future fixed and movable assets of Nabnagar TPP (4*250) MW, as first charge, ranking pari pasu with charge created with PFC for 60 % of total debts and balance 40% with REC.

- b) "The rupee term loans - Interest rate to be charged for facility will be linked to the applicable three year "AAA" Bond yield rate with a margin of :
- 250 bps with reset after 3 years for pre COD and
 - 225 bps with reset after every 3 years for post COD"

Moratorium & Principal repayment Period : The Moratorium period for the project will be up to 6 months from the COD. The facility will be available for a period of 48 months from the date of documentation or till the actual completion of the project plus 06 months (moratorium period), whichever is earlier. The repayment will be for a period of 15 years, begin after 06 months from COD, in 60 quarterly installments. Interest will be charged during construction period and moratorium period.

- c) There has been no defaults in repayment of any of the loans or interest thereon as at the end of the year.

NOTE NO. 6 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
OTHER LONG TERM LIABILITIES		
Other liabilities		
Payable for capital expenditure	201,977,512	-
Others	30,654,728	27,397,158
Total	<u>232,632,240</u>	<u>27,397,158</u>

- a) Other liabilities - Others include deposits received from contractors, customers and others towards sale of scrap etc.
- b) Disclosure w.r.t. Micro, small and medium enterprises as required by MSMED Act, 2006 is made in Note No. 22.

NOTE NO. 7 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
OTHER CURRENT LIABILITIES		
Interest accrued and due on borrowings	107,018,239	27,498,128
Book overdraft		
Advances from customers and others		
Payable for capital expenditure	1,108,103,464	327,461,650
Other payables		
Tax deducted at source and other statutory dues	17,245,069	34,523,628
NTPC Ltd	14,030,982	15,326,469
Others *	11,645,279	33,934,912
Total	<u>1,258,043,033</u>	<u>438,744,787</u>

* Other payables - others include deposits received from contractors, customers and others, amounts payable to NTPC, capital exp and employees.

NOTE NO. 8 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHORT TERM PROVISIONS		
Provision for employee benefits		
As per last balance sheet	9,248,925	6,947,311
Additions during the year	13,038,228	9,248,925
Amounts paid during the year	-	6,947,311
Closing balance	<u>22,287,153</u>	<u>9,248,925</u>
Total	<u>22,287,153</u>	<u>9,248,925</u>

NOTE NO. 9 TO THE FINANCIAL STATEMENTS

NON-CURRENT ASSETS

Amount in ₹

	Gross Block			As at 31.03.2012	Depreciation/Amortisation			Net Block		As at 31.03.2011
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold	1,585,278,764		(162,699)	1,585,441,463	-			-	1,585,441,463	1,585,278,764
Roads, bridges, culverts & helipads	534,632			534,632	326,758	133,843		460,601	74,031	207,874
Temporary erection	13,575,154	20,656		13,595,810	6,591,008	7,004,802		13,595,810	-	6,984,146
Water supply, drainage & sewerage system	124,020	70,933		194,953	18,224	31,216		49,440	145,513	105,796
Plant and machinery	1,361,344			1,361,344	148,509	65,708		214,217	1,147,127	1,212,835
Furniture and fixtures	9,181,633	1,199,094		10,380,727	1,185,195	697,611		1,882,806	8,497,921	7,996,438
Office equipment	2,837,454	1,729,798		4,567,252	711,535	619,255		1,330,790	3,236,462	2,125,919
EDP, WP machines and satcom equipment	5,150,875	51,000		5,201,875	1,060,861	772,648		1,833,509	3,368,366	4,090,014
Construction equipments	19,442,887			19,442,887	1,753,137	1,859,561		3,612,698	15,830,189	17,689,750
Electrical Installations	3,037,587	9,881,162		12,918,749	233,121	656,389		889,510	12,029,239	2,804,466
Communication Equipments	957,508	1,004,822		1,962,330	63,320	105,613		168,933	1,793,397	894,188
Laboratory and workshop equipments		17,747		17,747		17,747		17,747	-	-
Capital expenditure on assets not owned by the Company	192,020,631			192,020,631				-	192,020,631	192,020,631
Total	1,833,502,489	13,975,212	(162,699)	1,847,640,400	12,091,668	11,964,393		24,056,061	1,823,584,339	1,821,410,821
Previous year	1,468,383,773	365,118,986	270.00	1,833,502,489	4,625,667	7,526,816	60,815	12,091,668	1,821,410,821	1,463,758,106

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

	Gross Block		Depreciation/Amortisation	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Disposal of assets	-	270.00	-	60,545

a) The conveyancing of the title to 1328.15 acres of freehold land of value ₹158.53 crore (previous year 1328.15 acres of value ₹158.53 crore) in favour of the company. Mutation for the above land has been done in the name of BRBCL.

INTANGIBLE ASSETS

	Gross Block			As at 31.03.2012	Amortisation			Net Block		As at 31.03.2011
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	
Software	1,018,782	17,114		1,035,896	228,086	334,246		562,332	473,564	790,696
Total	1,018,782	17,114		1,035,896	228,086	334,246		562,332	473,564	790,696
Previous year	410,530	608,252		1,018,782	45,135	182,951		228,086	790,696	365,395

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

	31.03.2012	31.03.2011
Transferred to expenditure during construction period (net)	12,296,347	7,709,767
- Note 21	12,298,639	7,709,767

NOTE NO. 10 TO THE FINANCIAL STATEMENTS

NON-CURRENT ASSETS

Amount in ₹

	Gross Block				As at 31.03.2012
	As at 01.04.2011	Additions	Deductions & Adjustments	Capitalised	
CAPITAL WORK-IN-PROGRESS					
Development of land	151,059,693	105,012,295			256,071,988
Roads, bridges, culverts & helipads	74,000	61,969			135,969
Buildings :					
Main plant	180,419,778	448,480,447			628,900,225
Others	28,183,779	99,800,537			127,984,316
Temporary erection	1,241,798	229,362			1,471,160
Water supply, drainage and sewerage system	49,748	47,789			97,537
MGR track and signalling system	1,867,401	202,305,386			204,172,787
Plant and machinery	437,050,503	2,358,228,885			2,795,279,388
Electrical installations		275,714,052			275,714,052
Capital expenditure on assets not owned by the company	19,150,000	27,455,449			46,605,449
Sub total :	819,096,700	3,517,336,171			4,336,432,871
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	785,746,251				785,746,251
Expenditure during construction period (net)	439,516,438	507,041,667 *			946,558,105
	2,044,359,389	4,024,377,838			6,068,737,227
Less: Provision for unserviceable works					
Construction stores (net of provision)	283,175,618	2,117,742,828			2,400,918,446
Total	2,327,535,007	6,142,120,666			8,469,655,673
Previous year	833,786,578	1,695,414,843		201,666,414	2,327,535,007

* Brought from expenditure during construction period (net) - Note 21

NOTE NO. 11 OTHER NON CURRENT ASSETS Amount in ₹

As at	31.03.2012	31.03.2011
Deffered foreign currency fluctuation asset *	16,380,060	-
	16,380,060	-

* In line with accounting policies no.5.1 and 5.2 disclosed in Note 1, deferred foreign currency fluctuation liability to the extent of Rs.1,63,80,060 (previous year Nil) has been made.

NOTE NO. 12 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
LONG TERM LOANS AND ADVANCES (Considered good, unless otherwise stated)		
CAPITAL ADVANCES		
Secured		
Unsecured		
Covered by bank guarantee	2,897,842,001	3,192,389,997
Others *	93,000,540	8,850,540
	2,990,842,541	3,201,240,537
SECURITY DEPOSITS (Unsecured)	7,851,200	1,598,000
Total	2,998,693,741	3,202,838,537

* Other includes Advance paid to Diesel Locomotive Works and deposit with BSEB for deposit work

NOTE NO. 13 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
CASH & BANK BALANCES		
Cash & cash equivalents		
Balances with banks		
- Current accounts	27,836,646	26,796,591
- Deposits with original maturity of three months or less than three months	950,000,000	1,400,000,000
- Cash in hand	-	5,839
Total	977,836,646	1,426,802,430

NOTE NO. 14 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
SHORT TERM LOAN AND ADVANCES		
ADVANCES		
Employees		
Unsecured	40,170	8,112
Contractors & Suppliers, including material issued on loan		
Unsecured	527,571,815	644,736,241
	527,611,985	644,744,353
Advance tax deposit & tax deducted at source	12,455,579	2,596,931
Total	540,067,564	647,341,284

NOTE NO. 15 TO THE FINANCIAL STATEMENTS Amount in ₹

As at	31.03.2012	31.03.2011
OTHER CURRENT ASSETS		
Interest accrued on :		
Short Term deposits	1,163,701	2,130,654
Claims recoverable		
Unsecured, considered good	988,638	1,592,805
Total	2,152,339	3,723,459

NOTE NO. 16 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
OTHER INCOME		
Interest from		
Contractors	34,944,144	11,107,211
Indian banks	64,536,185	10,686,901
Other non-operating income		
Miscellaneous income	1,537,999	793,352,00
	101,018,328	22,587,464
Less: Transferred to expenditure during construction period (net) - Note 21	101,018,328	22,587,464
Total	-	-

NOTE NO. 17 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	125,303,807	109,973,997
Contribution to provident and other funds	9,454,449	9,240,327
Staff welfare expenses	9,854,842	10,515,800
	144,613,098	129,730,124
Less: Transferred to expenditure during construction period (net) - Note 21	144,613,098	129,730,124
Total	-	-

Disclosures required by AS 15 in respect of provision made towards various employees benefits is made in Note-22

NOTE NO. 18 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
FINANCE COSTS		
Interest on		
Rupee term loans	313,415,024	46,647,690
Other borrowing costs		
Up-front fee	-	20,663,326
Others	-	-
	313,415,024	67,311,016
Less: Transferred to expenditure during construction period (net) - Note 21	313,415,024	67,311,016
Total	-	-

NOTE NO. 19 TO THE FINANCIAL STATEMENTS Amount in ₹

For the period ended	31.03.2012	31.03.2011
GENERATION, ADMINISTRATION & OTHER EXPENSES		
Power charges	16,561,298	7,715,752
Less: Recovered from contractors & employees	64,700	4,512
	16,496,598	7,711,240
Rent	1,791,654	3,810,367
Less: Recoveries	324,449	-
	1,467,205	3,810,367
Repairs & maintenance		
Buildings	3,081,341	7,599,082
Plant & machinery		
Construction equipment	2,143,303	7,802
	2,143,303	7,802
Others		492,268
Insurance	269,122	121,824
License Fee	100,000	

NOTE NO. 19 TO THE FINANCIAL STATEMENTS	Amount in ₹	
For the period ended	31.03.2012	31.03.2011
Training & recruitment expenses	143,178	231,384
Less: Fees for application and training	-	-
	143,178	231,384
Postage & Telegram/ courier	34,004	80,160
Communication expenses	5,489,940	1,690,914
Travelling expenses	9,983,005	7,790,859
Tender expenses	2,112,291	5,061,632
Less: Receipt from sale of tenders	54,500	50,640
	2,057,791	5,010,992
Payment to auditors (refer details below) *	123,059	76,151
Advertisement and publicity	81,245	172,961
Security expenses	6,523,053	4,958,146
Entertainment expenses	1,968,810	721,808
Expenses for guest house	1,360,467	868,292
Less: Recoveries	2,860	29,959
	1,357,607	838,333
Community development and welfare expenses	1,724,752	1,445,676
Less: Grants-in-aid	-	-
	1,724,752	1,445,676
Books and periodicals	36,485	19,070
Professional charges and consultancy fees	68,717,084	3,403,225
Less: Grants-in-aid	-	-
	68,717,084	3,403,225
Legal expenses	1,877,547	141,722
EDP hire and other charges	212,797	-
Printing and stationery	559,615	657,218
Hiring of vehicles	6,330,915	7,526,277
Hiring of constn Equipment	11,000	-
DG Set operatng exp	9,793,298	3,799,643
Furnishing Expenses	4,420	401,711
Hiring Ch Office Equipment	33,887	-
Horticulture Expenses	16,451	-
Bank charges	2,479,524	8,465,955
Net loss in foreign currency transactions & translations (other than considered as finance cost)	16,380,060	-
Miscellaneous expenses	1,149,626	1,159,980
	160,646,722	68,334,768
Less: Transferred to deferred foreign currency fluctuation asset/liability	16,380,060	-
Transferred to expenditure during construction period (net) - Note 21	144,123,484	68,103,384
Total	143,178	231,384
* Details in respect of payment to auditors:		
As auditor		
Audit fee	44,944	44,120
Reimbursement of expenses	78,115	32,031
	-	76,151

NOTE NO. 20 TO THE FINANCIAL STATEMENTS	Amount in ₹	
For the period ended	31.03.2012	31.03.2011
PRIOR PERIOD ITEMS (NET)		
EXPENDITURE		
Employee benefits expense	(6,389,009)	-
Depreciation and amortisation	1,051	(60,545)
	(6,387,958)	(60,545)
Net Expenditure/(Revenue) *	(6,387,958)	(60,545)
Less: Transferred to Expenditure during construction period (net) - Note 21	(6,387,958)	(60,545)
Total	-	-

* Includes expenditure on pension provision and prior period depreciaiton

NOTE NO. 21 TO THE FINANCIAL STATEMENTS	Amount in ₹	
For the period ended	31.03.2012	31.03.2011
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)		
A. Employee benefits expense		
Salaries and wages	125,303,807	109,973,997
Contribution to provident and other funds	9,454,449	9,240,327
Staff welfare expenses	9,854,842	10,515,800
Total (A)	144,613,098	129,730,124
B. Finance costs		
Interest on		
Rupee term loans	313,415,024	46,647,690
Other Borrowing costs		
Upfront fee	-	20,663,326
Others	-	-
Total (B)	313,415,024	67,311,016
C. Depreciation and amortisation	12,296,347	7,709,767
D. Generation , administration and other expenses		
Power charges	16,561,298	7,715,752
Less: Recovered from contractors & employees	64,700	4,512
	16,496,598	7,711,240
Water charges		
Rent	1,467,205	3,810,367
Repairs & maintenance		
Buildings	3,081,341	7,599,082
Construction equipment	2,143,303	7,802
Others		492,268
	5,224,644	8,099,152
Insurance	269,122	121,824
Rates and taxes		
License Fee	100,000	-
Postage & Telegram/ Courier	34,004	80,160
Communication expenses	5,489,940	1,690,914
Travelling expenses	9,983,005	7,790,859
Tender expenses	2,112,291	5,061,632
Less: Income from sale of tenders	54,500	50,640
	2,057,791	5,010,992
Payment to Auditors	123,059	76,151
Advertisement and publicity	81,245	172,961
Security expenses	6,523,053	4,958,146
Entertainment expenses	1,968,810	721,808
Guest house expenses	1,357,607	838,333

NOTE NO. 21 TO THE FINANCIAL STATEMENTS

Amount in ₹

For the period ended	31.03.2012	31.03.2011
Hire Charges of Vehicle	6,330,915	7,526,277
Hiring of constn Equipment	11,000	-
DG Set operating exp	9,793,298	3,799,643
Furnishing Expenses	4,420	401,711
Hiring Ch Office Equipment	33,887	-
Horticulture Expenses	16,451	-
Bank Charges	2,479,524	8,465,955
Books and periodicals	36,485	19,070
Community development expenses	1,724,752	1,445,676
Professional charges and consultancy fee	68,717,084	3,403,225
Legal expenses	1,877,547	141,722
EDP Hire and other charges	212,797	-
Printing and stationery	559,615	657,218
Miscellaneous expenses	1,149,626	1,159,980
Total (D)	144,123,484	68,103,384
Total (A+B+C+D)	614,447,953	272,854,291
E. Less: Other income		
Interest from contractors	34,944,144	11,107,211
Interest others	64,536,185	10,686,901
Miscellaneous income	1,537,999	793,352
Total (E)	101,018,328	22,587,464
F. Prior period items (net)	(6,387,958)	(60,545)
Grand total (A+B+C+D-E+F)	507,041,667 *	250,206,282

* Balance carried to capital work-in-progress - (Note 10)

NOTE - 22 TO THE FINANCIAL STATEMENTS

- 22.01 The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
- 22.02 Amount in the financial statements are presented in ₹.
- 22.03 a) Certain loans & advances and creditors, so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequent adjustment, if any.
- b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- Capital expenditure on Assets not owned by the Company has been capitalised on completion of the job.
- 22.04 **Disclosure as per Accounting Standard - 16 on 'Borrowing Costs'**
Borrowing costs capitalised during the year are ₹ 313,415,024 (previous year ₹ 67,311,016).
- 22.05 **Disclosure as per Accounting Standard - AS-17, on 'Segment Reporting'**
- Not applicable
- 22.06 **Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'**
Related party- NTPC Ltd - Transaction during the year ₹ 6,70,62,400. No outstanding liability remains.
- 22.07 Expenses on operating leases of the premises for residential use of the employees amounting to ₹ 67,96,934 (previous year: ₹ 62,70,980) are included in "Rent Lease Accommodation". Similarly, lease payments in respect of premises for office/transit accommodation are shown as Rent ₹ 17,91,654 (Previous year ₹ 38,10,367) in Note-22 "Administration and other expenses".

NOTE - 22 TO THE FINANCIAL STATEMENTS
22.08 Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

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

	Current Year	Previous Year
Net profit after tax used as numerator - ₹	(143,178)	(231,384)
Weighted average number of equity shares used as denominator for Basic EPS	532,115,000	458,739,726
Earning per share -Basic	(0.00)	(0.00)
Earning per share -Diluted	(0.00)	(0.00)
Face value per share - ₹	10/-	10/-

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

Particulars	Currencies	Amount	
		31.03.2012	31.03.2011
Sundry creditors/deposits and retention monies	USD		
	EURO	10,412,539	
Unexecuted amount of contracts remaining to be executed	USD	1,309,161	1,411,254
	EURO	89,862,051	99,732,307

22.10 Foreign currency exposure not hedged by a derivative instrument in respect of unexecuted amount of contracts remaining to be executed are EURO 8,98,62,051 (₹ 621,66,56,688/-) & USD 13,09,161 (₹ 6,75,91,982)

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

22.12 Contingent liability: Claims against the company not acknowledged as debts is NIL (Previous year: NIL).

22.13 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012 is ₹ 38,10,89,71,275 (previous year ₹ 37,94,66,00,179).

22.14 Interest earned to the tune of ₹ 3,49,44,144.00 on advances made to contractors from time to time during the year against their work bills has been set off against the pre-project expenditure capitalized.

22.15 The conveyance of the title of 1,328.15 acres (previous year : 1,328.15 acres) of Freehold Land of Value ₹158.54 crores (previous year : ₹ 158.54 Crs) in possession of the company as on 31.03.2012. Further, an amount of ₹ 25.26 crores (previous year: ₹ 31.26 crores) is appearing as deposit for land as on 31.03.2012 possession is still awaited.

22.16 All the employees of the company are on secondment posting from the holding company. i.e. NTPC Ltd. except one employee on deputation from Ministry of Railways. Salaries paid to Employees on secondment and other benefits to them have been entered in to the Books of Company on the basis of transfer entries made by NTPC in this regard.

22.17 The employees remuneration and benefits includes ₹ 6,420,074 (Previous Year: ₹ 5,341,835/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, retirement benefits, farewell gift on retirement and economic rehabilitation scheme (for employees on secondment from NTPC Ltd.) as apportioned by Holding company i.e. NTPC Ltd. on actuarial valuation.

22.18 During the year 208,460,000 shares of ₹ 10/- each (154,260,000 shares to NTPC Ltd and 54,200,000 shares to Ministry of Railway) have been allotted on 25.08.2012.

22.19 Company has paid ₹ 430,000.00 during the year on account of Scholarship to poor Students of project affected families, where the land is acquired/to be acquired for company's project as resolved by the Board of Directors in their meeting.

22.20 BRBCL is investing short term parkable surplus fund in STDR and the interest earned against it is charged to IEDC as per NTPC Ltd (Holding company) policy.

For and on behalf of the Board of Directors

(K. K. Singh) Chief Executive Officer	(S. K. Saxena) Director	(B. P. Singh) Chairman
---	-----------------------------------	----------------------------------

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

Maneet Pal Pasricha
For I. P. Pasricha & Co.
Chartered Accountants
Firm Reg. No. 000120
M.No. 516612
Place : New Delhi
Dated : 3rd May 2012

AUDITOR'S REPORT
TO THE MEMBERS OF
BHARTIYA RAIL BIJLEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of **M/s BHARTIYA RAIL BIJLEE COMPANY LIMITED** (a subsidiary company of NTPC Limited) **as at March 31st, 2012** and the related Profit & Loss Account and cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Company (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by Law have been kept by the Company so far as appear from our examination of those books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standard referred to in sub-section (3C) of section 211 of The Companies Act, 1956;
 - e. Being a Government company, pursuant to notification No. GSR 829(E) dated 17/07/2003 issued by the Government of India; provisions of clause (g) of sub-section (1) of section 274 of The Companies Act, 1956 are not applicable to the company; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statement together with the notes thereon give in the prescribed manner the information required by the act and give a true and fair view in conformity with the accounting principal generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2012;
 - (ii) In the case of the Profit & Loss Account, of the **Loss** for the year ended on that date.
 - (iii) In the case of Cash flow statement, of the cash flow for the year ended on that date.

As per our Audit Report of even date attached

For I.P. Pasricha & Co.
Chartered Accountants
FRN No. 000120N

CA Maneet Pal Singh
Partner
M.No. 516612

Place : New Delhi
 Date : 3rd May 2012

ANNEXURE REFERRED TO IN OUR AUDIT REPORT

REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF THE **BHARTIYA RAIL BIJLEE COMPANY LIMITED** ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2012

- (i) The company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets.
 The fixed assets of company have been verified physically by the external audit firm during this financial year and no discrepancies were identified.
 In our opinion and according to the information and explanation given to us, no substantial part of fixed assets has been disposed off during the year.
- (ii) The company does not have inventory. Accordingly, the provision of clause 4(ii) (b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (iii) The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (b), (c) & (d) of the Company (Auditor's Report) Order, 2003 are not applicable to the Company.
However, Share Capital Deposit still has a unadjusted balance of ₹ 83 Crores as on March 31st, 2012 against which no share have been allotted by company so far.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with the regard to the purchase of fixed assets. The company has not made any purchase / sale of goods.
- (v) According to the information given to us, there are no transactions that need to be entered in register maintained u/s 301 of the Companies Act, 1956. **Company has awarded a Consultancy Contract of ₹ 76.00 Crores (plus statutory dues) to NTPC Limited; holding company. During this year, amount paid / payable is to the tune of ₹ 6.70 Crores (Total payment made including service tax ₹ 84.11 Crores upto 31/03/2012) against this contract. Most of the Director in company are from NTPC Limited, and interest of Director are as required u/s 299 of the companies act has already been disclosed in the Board's Meetings. As per Notification No. GSR 233 dt. 31/01/1978 published in the Gazettee of India, Section 3(i) dt. 11/02/1978, provisions of Section 297 are not applicable.**
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975
- (vii) The provisions of the order related to internal audit are not applicable to the company. However, Internal Audit is being conducted by the holding Company, i.e. NTPC Limited.
- (viii) The maintenance of cost records under clause (d) of sub section (1) of section 209 of the act is not applicable to the company since it has not commenced any activity related to the generation of electricity.
- (ix) A. The employees of the company are on secondment posting from its holding company, i.e. NTPC Limited except one employee on deputation from Ministry of Railways. According to information given to us, holding companies as well as Ministry of Railways are undisputed statutory dues like provident fund with appropriate authorities.
 B. According to information and explanations given to us, and records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess as at 31-03-2012 which have not been deposited on account of any dispute.
- (x) This Clause is not applicable as the company is not in existence for 5 years or more from the date of registration till March 31st, 2012.
- (xi) Company has taken a loan of ₹ 286.10 crores from Power Financial Corporation Limited (PFC) and ₹ 150 crores from Rural Electrification Cooperation Limited (REC), during the year and interest, due, is being paid.
- (xii) The company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund, nidhi mutual benefit fund or mutual benefit society are not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence, requirements of paragraph 4 (XIV) are not applicable to the company.

- (xv) In our opinion and according to the information and explanation given to us, company has not given any guarantee for loan taken by other from banks or financial Institution during the year.
- (xvi) Company has taken a term loan of ₹ 286.10 crores from Power Financial Corporation Limited (PFC) and ₹ 150 crores from Rural Electrification Cooperation Limited (REC) during the year as stated in clause (xi) and has applied the same for the purpose for which loan was obtained.
- (xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion According to the information and explanations given to us, there are no funds raised on short term basis which have been used for the long term investment and vice versa.
- (xviii) The company has made preferential allotment of ₹ 208.46 crores share at face value of ₹ 10 each to NTPC Limited and Ministry of Railways, parties and companies covered in the registered maintained under section 301 of the act during the year. In our opinion and according to the information and explanation given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**As per our Audit Report of even date attached
For I.P. Pasricha & Co.
Chartered Accountants
FRN No. 000120N**

**CA Maneet Pal Singh
Partner
M.No. 516612**

Place : New Delhi
Date : 3rd May 2012

BHARTIYA RAIL BIJLEE COMPANY LIMITED

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Bhartiya Rail Bijlee Company Limited, New Delhi, for the year ended 31st March 2012 and Management Replies thereon

Comment	Management Reply
<p>The preparation of financial statements of Bhartiya Rail Bijlee Company Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 May 2012.</p> <p>I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Bhartiya Rail Bijlee Company limited, New Delhi for the year ended 31 March 2012. The supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report:</p> <p>A) Balance Sheet Current Asset Short Term Loans and advances : ₹ 54 crore (Note No.14) Contractors & Suppliers including material issued on loan (Unsecured) : ₹ 52.76 crore The above represents capital advances for procurement of fixed assets which should have been classified as non-current assets as per the guidance note on revised Schedule VI to the Companies Act, 1956 issued by the Institute of Chartered Accountants of India (ICAI). This incorrect classification has resulted in overstatement of 'Short term Loan and Advances' by ₹ 52.76 crore with consequent understatement of 'Long Term Loans and Advances' (Note No. 12) to the same extent.</p> <p>B) General Capital and other commitments (Note No. 22.13) Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012: ₹3810.90 crore The above is over stated by ₹ 345.74 Crore due to (i) non adjustment of liabilities already created (₹ 122.58 crore), (ii) taking incorrect values of (a) Letter of Awards in respect of various contract packages (₹ 79.29 crore), (b) advance for capital expenditure (₹ 52.90 crore) & (c) progressive payments (₹ 88.52 crore) and (iii) calculation error (₹ 2.45 crore).</p>	<p>Noted for compliance w.e.f. the financial year 2012-13.</p> <p>Noted for compliance w.e.f. the financial year 2012-13.</p>
<p>For and on behalf of the Comptroller & Auditor General of India</p> <p>Sd/- (Praveen Kumar Singh) Principal Director of Commercial Audit & Ex-officio Member Audit Board – III, New Delhi</p> <p>Place : New Delhi Dated : 25 June 2012</p>	<p>For and on behalf of the Board of Directors</p> <p align="right">(B.P. Singh) Director</p> <p align="right">Place: New Delhi Dated : 27th July 2012</p>

CONSOLIDATED BALANCE SHEET AS AT

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

Significant accounting policies

1

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

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

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

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

(S.Narasimhan)
Partner
M No.206047

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

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

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

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

(Sanjay Agrawal)
Partner
M No.072867

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

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

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

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

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

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

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

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

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

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

(S.Narasimhan)
Partner
M.No.206047

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

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

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

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

(Sanjay Agrawal)
Partner
M.No.072867

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED

	31.3.2012	31.3.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	13,137.26	12,392.33
Adjustment for:		
Depreciation/Amortisation	3,107.09	2,719.69
Prior period depreciation/amortisation	(0.43)	(1,170.72)
Provisions	75.83	1,552.77
Deferred revenue on account of advance against depreciation	(73.58)	(818.79)
Deferred Foreign Currency Fluctuation Asset/Liability	(876.83)	(58.28)
Deferred Income from foreign currency fluctuation	792.00	90.46
Interest charges	4,818.92	3,801.05
Guarantee Fee & other Finance charges	98.68	64.62
Interest/Income on Bonds/Investment	(750.93)	(852.93)
Dividend Income	(60.16)	(21.13)
Provisions Written Back	(317.32)	(7.84)
	<u>6,813.27</u>	<u>5,298.90</u>
Operating Profit before Working Capital Changes	19,950.53	17,691.23
Adjustment for:		
Trade receivables	(3,400.03)	(2,850.90)
Inventories	(96.95)	(252.20)
Trade payables, provisions and other liabilities	858.96	1,477.14
Loans & Advances and other current assets	(348.75)	(963.61)
	<u>(2,986.77)</u>	<u>(2,589.57)</u>
Cash generated from operations	16,963.76	15,101.66
Direct Taxes Paid	(1,901.79)	(3,034.16)
Net Cash from Operating Activities - A	15,061.97	12,067.50
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(15,932.47)	(13,735.84)
Purchase of Investments	(23,630.00)	(15,848.17)
Sale of Investments	25,433.87	19,268.07
Interest/Income on Bonds/Investments received	821.12	923.12
Dividend received	60.16	21.13
	<u>(13,247.32)</u>	<u>(9,371.69)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	10,823.38	10,570.82
Repayment of long term borrowings	(3,651.79)	(4,308.44)
Grant Received/Ash utilisation reserve etc.	189.24	327.50
Interest paid	(4,721.80)	(3,742.01)
Guarantee fee & other finance charges paid	(98.68)	(64.62)
Dividend paid	(3,550.10)	(3,149.16)
Tax on dividend	(573.06)	(523.08)
	<u>(1,582.81)</u>	<u>(888.99)</u>
Net Cash flow from Financing Activities - C	231.84	1,806.82
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	17,859.83	16,053.01
Cash and cash equivalents at the beginning of the year (see Note 1 below)	17,859.83	17,859.83
Cash and cash equivalents at the end of the year (see Note 1 below)	18,091.67	18,091.67
NOTES		
1 Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 19:		
Cash and cash equivalents	1,090.53	646.26
Demand deposits included in other bank balances	16,919.18	17,160.83
Other bank balances-Others*	81.96	52.74
Cash and cash equivalents as restated (Note-19-Cash and bank balances)	<u>18,091.67</u>	<u>17,859.83</u>
* Amounts which are not available for use towards:		
1) Unclaimed dividend	11.49	10.25
2) Margin money kept with RBI earmarked for fixed deposits from public	1.77	30.80
3) Deposited as security with Government and other authorities	12.99	11.69
4) Margin money with banks	55.71	-
	<u>81.96</u>	<u>52.74</u>
2 Previous year's figures have been regrouped/rearranged wherever considered necessary.		

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

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

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

(S.Narasimhan)
Partner
M No.206047

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

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

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

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

(Sanjay Agrawal)
Partner
M No.072867

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

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

1. Significant accounting policies

A. Basis of preparation

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

B. Use of estimates

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

C. Grants-in-aid

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

D. Fixed assets

1. Tangible assets are carried at historical cost less accumulated depreciation/amortisation.
2. Expenditure on renovation and modernisation of tangible assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
3. Intangible assets are stated at their cost of acquisition less accumulated amortisation.
4. Capital expenditure on assets not owned by the Company relating to generation of electricity business is reflected as a distinct item in capital work-in-progress till the period of completion and thereafter in the tangible assets.
5. Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
6. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
7. Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

E. Capital work-in-progress

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

F. Oil and gas exploration costs

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

G. Development of coal mines

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

H. Foreign currency transactions

1. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
2. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
3. Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
4. Exchange differences arising from settlement/translation of foreign currency loans (other than regarded as borrowing cost), deposits/liabilities relating to fixed assets/capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement/translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.

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

I. Borrowing costs

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

J. Investments

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

K. Inventories

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

L. Income recognition

1. Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case of power stations where the tariff rates are yet to be approved, provisional rates are adopted.
2. Advance against depreciation considered as deferred revenue in earlier years is included in sales, to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.
3. Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. H is adjusted in depreciation or sales, as the case may be.
4. Exchange differences arising from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability' during construction period and adjusted from the year in which the same becomes recoverable/payable.
5. The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
6. Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages wherever there is uncertainty of realisation/acceptance are not treated as accrued and are therefore accounted for on receipt/acceptance.
7. Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts. Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
8. Scrap other than steel scrap is accounted for as and when sold.
9. Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

M. Expenditure

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

a) Kutch roads	2 years
b) Enabling works	
- residential buildings including their internal electrification.	15 years
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 years
c) Personal computers & laptops including peripherals	5 years
d) Photocopiers and fax machines	5 years
e) Water coolers and refrigerators	12 years

4. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
5. Assets costing up to ₹ 5000/- are fully depreciated in the year of acquisition.
6. Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use following the rates and methodology notified by CERC Tariff Regulations, 2009.
7. Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged off prospectively at the rates and methodology notified by CERC Tariff Regulations, 2009/ revised useful life determined based on rates specified in Schedule XIV of the Companies Act, 1956.

8. Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.
9. Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
10. Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, similar expenditure for community development is charged off to revenue.
11. Leasehold land and buildings relating to generation of electricity business are fully amortised over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Tariff Regulations, 2009. Leasehold land acquired on perpetual lease is not amortised.
12. Land acquired for mining business under Coal Bearing Areas (Acquisition & Development) Act, 1957 is amortised on the basis of balance useful life of the project. Other leasehold land acquired for mining business is amortised over the lease period or balance life of the project whichever is less.
13. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
14. Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to revenue.
15. Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
16. Prepaid expenses and prior period expenses/income of items of ₹ 100,000/- and below are charged to natural heads of accounts.
17. Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Transit and handling losses of coal as per norms are included in cost of coal.

N. Employee benefits

1. Defined contribution plan:

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

2. Defined benefit plan:

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

3. Short term employee benefits

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

O. Leases

1. Finance lease

- 1.1 Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.
- 1.2 Depreciation on the assets taken on finance lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. M.1 or M.2. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is less.
- 1.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

2. Operating lease

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

P. Impairment

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

Q. Provisions and contingent liabilities

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

R. Cash flow statement

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

Notes forming part of Consolidated Financial Statements

2. Share capital

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

3. Reserves and surplus

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

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

4. Deferred revenue

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

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

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

Notes forming part of Consolidated Financial Statements

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

5. Long-term borrowings

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

Notes forming part of Consolidated Financial Statements

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

Notes forming part of Consolidated Financial Statements

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

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

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

₹ Crore

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

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

Notes forming part of Consolidated Financial Statements

Details of securities

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

Notes forming part of Consolidated Financial Statements

5A. Short term borrowings

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

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

- a) The cash credit is fully secured against Inventory and Trade Debtors of Kanti Bijlee Utpadan Nigam Ltd. with interest as per prevailing bank norms.
b) Power Finance Corporation Ltd. has ceded first pari passu charge to the extent of ₹ 325 crores on the fixed assets, revenue and receivables of Aravali Power Company Pvt. Ltd. in favour of its working capital lender (Punjab National Bank). Rate of interest charged by the bank is 1% above bank base rate.
c) There has been no defaults in payment of interest as at the end of the year.

6. Deferred tax liabilities (net)

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

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

- a) The net increase during the year in the deferred tax liability of ₹ 92.84 crore (previous year ₹ 441.94 crore) has been debited to statement of profit & loss.
b) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing laws.

7. Other long-term liabilities

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

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

- a) In line with accounting policies no.L.3 (Note 1), deferred foreign currency fluctuation liability to the extent of ₹ 37.76 crore (previous year ₹ 35.49 crore) has been made during the year.
b) Other liabilities - Others include deposits received from contractors, customers and parties towards sale of scrap etc.

8. Long-term provisions

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

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

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

Notes forming part of Consolidated Financial Statements

9. Trade payables

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

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

10. Other current liabilities

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

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

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

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

Notes forming part of Consolidated Financial Statements

11. Short-term provisions

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

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

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

b) In terms of guidelines of Department of Public Enterprises (DPE), Government of India (GOI), issued vide OM:2(70)/08-DPE(WC)-GL-XIV/08 dated 26.11.2008 and OM:2(70)/08-DPE(WC)-GL-VII/09 dated 02.04.2009, the defined contribution pension scheme formulated by the Company has been approved by the Ministry of Power, GOI, vide their letter dated 1st December 2011. The proposed scheme is under discussions with employees' representatives. Pending formation of a separate trust, an amount of ₹ 174.55 crore (previous year ₹ 94.56 crore) for the year and ₹ 301.50 crore up to 31st March 2012 (upto the previous year ₹ 468.78 crore) has been provided and included in provision for employee benefits. An initial investment of ₹ 1.00 crore was made in LIC on 31st March 2012 out of the above said provision. During the year, a review of provision as at 1st April 2011 was carried out considering the requirement of above mentioned guidelines of DPE, and the excess over the requirement amounting to ₹ 341.83 crore was written back through Note 27 - 'Prior period items (net)'.

c) Other provisions includes ₹ 41.19 crore (previous year ₹ Nil) towards the cost of unfinished minimum work programme demanded by the Ministry of Petroleum and Natural Gas (MoPNG) included interest thereon in relation to block AA-ONN-2003/2.

d) Provision for tariff adjustment - amount adjusted during the year represent the amount transferred from 'Other current assets -Unbilled revenue' (Refer Note 21 c).

Notes forming part of Consolidated Financial Statements
12. Tangible assets

₹ Crore

	Gross Block			As at 31.03.2012	Depreciation/Amortisation			Net Block		
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land :										
(including development expenses)										
Freehold	2,413.34	486.07	(86.81)	2,986.22	-	-	-	-	2,986.22	2,413.34
Leasehold	561.32	121.18	(42.14)	724.64	113.68	27.31	(0.69)	141.68	582.96	447.64
Roads, bridges, culverts & helipads	528.65	3.85	(4.13)	536.63	154.93	26.94	0.01	181.86	354.77	373.72
Building :										
Freehold										
Main plant	3,186.61	472.27	(44.25)	3,703.13	1,161.23	94.67	(1.72)	1,257.62	2,445.51	2,025.38
Others	2,178.55	170.86	(21.63)	2,371.04	783.29	102.53	1.11	884.71	1,486.33	1,395.26
Leasehold	51.35	-	0.39	50.96	22.08	2.81	0.15	24.74	26.22	29.27
Temporary erection	32.51	5.63	3.20	34.94	31.60	2.41	0.87	33.14	1.80	0.91
Water supply, drainage & sewerage system	621.84	18.99	(2.09)	642.92	276.08	21.93	(0.24)	298.25	344.67	345.76
MGR track and signalling system	1,108.20	116.32	(43.45)	1,267.97	558.20	34.95	-	593.15	674.82	550.00
Railway siding	339.16	87.43	(6.94)	433.53	137.72	19.77	0.02	157.47	276.06	201.44
Earth dam reservoir	200.46	97.63	(0.13)	298.22	82.12	13.26	-	95.38	202.84	118.34
Plant and equipment	65,971.43	6,032.19	(1,676.66)	73,682.88	29,990.14	3,003.25	54.09	32,939.30	40,740.98	35,981.29
Furniture and fixtures	377.20	29.06	0.29	405.97	222.54	16.76	1.11	238.19	167.78	154.66
Vehicles including speedboats										
Owned	11.46	1.18	0.45	12.19	5.83	0.68	0.49	6.02	6.17	5.63
Leased	2.64	-	0.57	2.07	1.41	0.56	0.54	1.43	0.64	1.23
Office equipment	127.50	18.36	1.92	143.94	66.44	8.37	1.85	72.96	70.98	61.06
EDP, WP machines and satcom equipment	360.85	18.35	4.01	375.19	238.95	26.02	4.96	260.01	115.18	121.90
Construction equipments	151.17	9.76	(0.22)	161.15	73.53	10.78	1.68	82.63	78.52	77.64
Electrical installations	321.69	21.72	6.65	336.76	141.13	12.32	0.37	153.08	183.68	180.56
Communication equipments	90.19	4.89	0.24	94.84	45.17	4.77	0.65	49.29	45.55	45.02
Hospital equipments	27.35	2.27	0.28	29.34	14.87	0.83	0.26	15.44	13.90	12.48
Laboratory and workshop equipments	33.73	7.84	(0.08)	41.65	13.00	1.56	1.30	13.26	28.39	20.73
Capital expenditure on assets not owned by the Company	210.42	8.53	(0.66)	219.61	121.53	18.48	(0.10)	140.11	79.50	88.89
Assets of Government	2.84	-	-	2.84	-	-	-	-	2.84	2.84
Less: Grants from Government	2.84	-	-	2.84	-	-	-	-	2.84	2.84
Assets held for disposal valued at net book value or net realisable value whichever is less	2.21	0.03	0.16	2.08	-	-	-	-	2.08	2.21
Total *	78,909.83	7,734.41	(1,911.03)	88,555.27	34,255.47	3,450.96	66.71	37,639.72	50,915.55	44,654.36
Previous year	71,423.76	6,742.40	(743.67)	78,909.83	32,657.49	2,864.61	1,266.63	34,255.47	44,654.36	38,766.27

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

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

Notes forming part of Consolidated Financial Statements

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

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

Intangible assets

	Gross Block			As at 31.03.2012	Amortisation			Net Block		
	As at 01.04.2011	Additions	Deductions/ Adjustments		Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Software	92.37	3.24	(0.26)	95.87	82.85	7.34	(0.09)	90.28	5.59	9.52
Right of Use - Land	7.79	-	-	7.79	1.32	1.21	0.02	2.51	5.28	6.47
- Others	199.52	3.52	(19.54)	222.58	6.66	8.61	(0.78)	16.05	206.53	192.86
Total #	299.68	6.76	(19.80)	326.24	90.83	17.16	(0.85)	108.84	217.40	208.85
Previous year	103.01	107.42	(89.25)	299.68	65.15	24.62	(1.06)	90.83	208.85	37.86

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

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

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

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

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

₹ Crore

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

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

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

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

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

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

Notes forming part of Consolidated Financial Statements

14. Non-current Investments

As at			₹ Crore
	Number of shares/bonds/ securities Current year/ (previous year)	Face value per share/bond/ security Current year/ (previous year) (₹)	31.03.2012 31.03.2011
Trade			
Equity Instruments (fully paid up-unless otherwise stated)			
Quoted			
Joint Venture Companies			
PTC India Ltd.	12000000 (12000000)	10 (10)	12.00 <hr/> 12.00
			<hr/> 12.00 <hr/> 12.00
Cooperative societies			
Bonds (fully-paid up)			
Unquoted			
8.50 % Tax-Free State Government Special Bonds of the Government of (#)			
Andhra Pradesh	3781950 (5042600)	1000 (1000)	378.20 <hr/> 504.26
Assam	154392 (205856)	1000 (1000)	15.44 <hr/> 20.58
Bihar	5683200 (7577600)	1000 (1000)	568.32 <hr/> 757.76
Chattisgarh	1449660 (1932880)	1000 (1000)	144.97 <hr/> 193.29
Gujarat	2511720 (3348960)	1000 (1000)	251.17 <hr/> 334.90
Haryana	3225000 (4300000)	1000 (1000)	322.50 <hr/> 430.00
Himachal Pradesh	100164 (133552)	1000 (1000)	10.02 <hr/> 13.35
Jammu and Kashmir	1102080 (1469440)	1000 (1000)	110.21 <hr/> 146.94
Jharkhand	2880376 (3840496)	1000 (1000)	288.04 <hr/> 384.05
Kerala	3007200 (4009600)	1000 (1000)	300.72 <hr/> 400.96
Madhya Pradesh	2492520 (3323360)	1000 (1000)	249.25 <hr/> 332.34
Maharashtra	1144200 (1525600)	1000 (1000)	114.42 <hr/> 152.56
Orissa	3308622 (4411496)	1000 (1000)	330.86 <hr/> 441.15
Punjab	1038690 (1384920)	1000 (1000)	103.87 <hr/> 138.49
Rajasthan	435000 (435000)	1000 (1000)	43.50 <hr/> 43.50
Sikkim	102588 (136784)	1000 (1000)	10.26 <hr/> 13.68
Uttar Pradesh	11969700 (15959600)	1000 (1000)	1,196.97 <hr/> 1,595.96
Uttaranchal	1198950 (1598600)	1000 (1000)	119.89 <hr/> 159.86
West Bengal	3522744 (4696992)	1000 (1000)	352.27 <hr/> 469.70
			<hr/> 4,910.88 <hr/> 4,922.88
			<hr/> 6,533.33 <hr/> 6,545.33
Total ##			
Quoted investments			
Book value			12.00 <hr/> 12.00
Market value			73.32 <hr/> 100.92
Unquoted investments			
Book value			4,910.88 <hr/> 6,533.33

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

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

a) Investments have been valued considering the accounting policy J (Note 1).

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

Notes forming part of Consolidated Financial Statements

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

₹ Crore

As at	31.03.2012	31.03.2011
CAPITAL ADVANCES		
Secured	19.64	18.13
Unsecured		
Covered by Bank Guarantee	1,595.31	2,266.85
Others	1,766.27	1,478.00
Considered doubtful	2.19	2.21
Less: Allowance for bad & doubtful advances	2.19	2.21
	<u>3,381.22</u>	<u>3,762.98</u>
SECURITY DEPOSITS (Unsecured)	<u>214.77</u>	<u>199.28</u>
LOANS		
Related parties-Unsecured	0.05	0.07
Employees (including accrued interest)		
Secured	380.55	305.37
Unsecured	138.24	172.28
Loan to state government in settlement of dues from customers-Unsecured	335.04	478.63
Others-Secured	21.42	28.57
	<u>875.30</u>	<u>984.92</u>
ADVANCES		
Contractors & Suppliers, including material issued on loan		
Unsecured	84.85	44.34
Others-Secured	0.16	1.19
	<u>85.01</u>	<u>45.53</u>
MAT credit recoverable	70.44	39.14
Total #	<u>4,626.74</u>	<u>4,961.85</u>

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

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

15 A. Other non current assets

₹ Crore

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

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

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

Notes forming part of Consolidated Financial Statements

16. Current investments

As at			₹ Crore
	Number of bonds/ securities	Face value per bond/ security	31.03.2012
	Current year/ (previous year)	Current year/ (previous year) (₹)	31.03.2011
Bonds (fully-paid up)			
Unquoted			
8.50% Tax-Free State Government Special Bonds of the Government of^(c)			
Andhra Pradesh	1260650 (1260650)	1000 (1000)	126.07
Assam	51464 (51464)	1000 (1000)	5.15
Bihar	1894400 (1894400)	1000 (1000)	189.44
Chattisgarh	483920 (483920)	1000 (1000)	48.32
Gujarat	837240 (837240)	1000 (1000)	83.73
Haryana	1075000 (1075000)	1000 (1000)	107.50
Himachal Pradesh	33388 (33388)	1000 (1000)	3.34
Jammu and Kashmir	367360 (367360)	1000 (1000)	36.74
Jharkhand	960120 (960120)	1000 (1000)	96.01
Kerala	1002400 (1002400)	1000 (1000)	100.24
Madhya Pradesh	830840 (830840)	1000 (1000)	83.08
Maharashtra	381400 (381400)	1000 (1000)	38.14
Orissa	1102874 (1102874)	1000 (1000)	110.29
Punjab	346230 (346230)	1000 (1000)	34.62
Rajasthan	- (145000)	1000 (1000)	14.50
Sikkim	34196 (34196)	1000 (1000)	3.42
Uttar Pradesh	3989900 (3989900)	1000 (1000)	398.99
Uttaranchal	399650 (399650)	1000 (1000)	39.96
West Bengal	1174248 (1174248)	1000 (1000)	117.42
Sub-Total			<u>1,622.46</u>
Investment in Mutual Funds (Un-quoted)			
Canara Robeco Liquid Super-IP-DDR			175.04
Sub-Total			<u>175.04</u>
Total #			<u>1,622.46</u>
# Includes ₹ Nil (previous year ₹ Nil) share of jointly controlled entities.			<u>1,812.00</u>
Unquoted investments			
Book value			1,812.00

a) Investments have been valued considering the accounting policy no.J (Note 1).

b) The above investments are unquoted and hence market value is not applicable.

c) Entire bonds are permitted by Reserve Bank of India for transfer/trading.

d) Super IP-DDR is the nature of the scheme. IP-DDR stands for Institutional Plan - Daily Dividend Reinvestment

Notes forming part of Consolidated Financial Statements

17. Inventories

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

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

18. Trade Receivables

	31.03.2012	31.03.2011
As at		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	107.18	64.98
Considered doubtful	840.70	841.69
Less: Allowance for bad & doubtful receivables	840.70	841.69
	107.18	64.98
Other- Unsecured, considered good	6,573.84	1,681.29
Total #	6,681.02	1,746.27
# Includes ₹ 622.69 crore (previous year ₹ 203.15 crore) share of jointly controlled entities.		

19. Cash and bank balances

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

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

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

* Not available for use to the Company and include:

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

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

Notes forming part of Consolidated Financial Statements

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

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

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

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

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

21. Other current assets

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

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

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

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

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

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

Notes forming part of Consolidated Financial Statements

22. Revenue from operations (gross)

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

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

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

Notes forming part of Consolidated Financial Statements

23. Other income

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

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

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

Notes forming part of Consolidated Financial Statements

24. Employee benefits expense

	₹ Crore	
For the period ended	31.03.2012	31.03.2011
Salaries and wages	3,365.80	2,940.80
Contribution to provident and other funds	317.30	352.90
Staff welfare expenses	310.18	311.74
	3,993.28	3,605.44
Less: Allocated to fuel cost / Ash utilisation fund	173.95	178.46
Transferred to development of coal mines	32.00	28.98
Transferred to expenditure during construction period (net)- Note 28	537.60	475.74
Total #	3,249.73	2,922.96

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

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

25. Finance costs

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

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

Notes forming part of Consolidated Financial Statements

26. Generation, administration & other expenses

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

Notes forming part of Consolidated Financial Statements

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

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

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

27. Prior period items (Net)

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

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

Notes forming part of Consolidated Financial Statements

28. Expenditure during construction period (net)

₹ Crore

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

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

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

Notes forming part of Consolidated Financial Statements

29. The consolidated financial statements for the year ended 31st March 2011 had been prepared as per the pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended 31st March 2012 have been prepared considering the provisions of Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.
30. Amount in the financial statements are presented in ₹ crore (upto two decimals) except for per share data and as other-wise stated. Certain amounts, which do not appear due to rounding off, are incorporated separately through foot notes.

31. BASIS OF CONSOLIDATION

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

a) Basis of Accounting:

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

b) Principles of consolidation:

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

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

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

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

Notes forming part of Consolidated Financial Statements

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

* The financial statements are un-audited.

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

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

₹ Crore

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

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

Notes forming part of Consolidated Financial Statements

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

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

₹ Crore

32. a) Certain loans & advances and creditors in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
- b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
33. The coal price notification No 222021 /1/ 2008-CRC-UU dated 31.12.2011 issued by Ministry of Coal (MoC) proposed migration from Useful Heat Value (UHV) based to Gross Calorific Value (GCV) based pricing of coal, and also increased the coal prices. This was superseded by notification dated 31.01.2012, partially rolling back the increase in coal prices. Various stakeholders including power utilities and MOP have expressed concern on the switchover from existing UHV to GCV based pricing of coal, without having put in place the prerequisite technical and legal framework. The issue is under deliberation at MOP and Central Electricity Authority with MoC for an early resolution.

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

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

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

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

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

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

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

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

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

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

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

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

A. Provident Fund

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

Notes forming part of Consolidated Financial Statements

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

B. Gratuity & Pension

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

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

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

C. Post-Retirement Medical Facility (PRMF)

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

D. Terminal Benefits

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

E. Leave

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

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

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

i) Expenses recognised in Statement of Profit & Loss

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

ii) The amount recognised in the Balance Sheet

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

Notes forming part of Consolidated Financial Statements

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

₹ Crore

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

iv) Changes in the fair value of plan assets:

₹ Crore

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

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

₹ Crore

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

F. Other Employee Benefits

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

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

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

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

Segment information:

a) Business Segments

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

b) Segment Revenue and Expense

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

c) Segment Assets and Liabilities

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

Notes forming part of Consolidated Financial Statements

₹ Crore

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

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

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

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

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

a) Related parties:

i) Joint ventures:

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

ii) Key Management Personnel:

Shri Arup Roy Choudhury

Chairman and Managing Director

Shri A.K. Singhal

Director (Finance)

Shri I.J. Kapoor

Director (Commercial)

Shri B.P.Singh

Director (Projects)

Shri D.K. Jain

Director (Technical)

Shri S.P.Singh

Director (Human Resources)

Shri N.N.Mishra

Director (Operations)

Notes forming part of Consolidated Financial Statements

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

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

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

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

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

a) Finance leases

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

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

Notes forming part of Consolidated Financial Statements

b) Operating leases

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

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

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

	Current Year	Previous Year
Net profit after tax used as numerator - ₹ crore	9,814.66	9,348.23
Weighted average number of equity shares used as denominator	8,245,464,400	8,245,464,400
Earning per share (Basic and Diluted) - ₹	11.90	11.34
Face value per share - ₹	10/-	10/-

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

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

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

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

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

₹ Crore

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

47. Contingent Liabilities:

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

(i) Capital Works

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

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

(ii) Land compensation cases

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

(iii) Fuel Suppliers

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

Notes forming part of Consolidated Financial Statements

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

(iv) Others

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

(v) Possible Reimbursement

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

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

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

(c) Others

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

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

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

48. Capital and other commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2012 is ₹ 36,693.87 crore (previous year ₹ 31,496.08 crore) which includes an amount of ₹ 1,848.88 crore (previous year ₹ 2,673.05 crore) in respect of jointly controlled entities.
- Company's commitment towards the minimum work programme in respect oil exploration activities of joint venture operations has been disclosed in Note 31 G.
- Company's commitment in respect of further commitments relating to lease agreements has been disclosed in Note 42.

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

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

For and on behalf of the Board of Directors

(A.K.Rastogi)
Company Secretary

(A.K.Singhal)
Director (Finance)

(Arup Roy Choudhury)
Chairman & Managing Director

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

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

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

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

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

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

(S.Narasimhan)
Partner
M No.206047

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

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

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

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

(Sanjay Agrawal)
Partner
M No.072867

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
NTPC Ltd.

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 2012 and also the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
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 Subsidiaries and Joint Venture entities.
4. The financial statements of the following Subsidiaries and Joint Venture Companies have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these companies is based solely on the report of these auditors. The details of the assets, revenue and net cash flows in respect of these Subsidiaries and Joint Venture entities to the extent to which they are reflected in the consolidated financial statements are given below:

₹ Crore

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

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

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

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

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

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

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

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

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

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

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

(Sanjay Agrawal)
Partner
M No.072867

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

(S.Narasimhan)
Partner
M No.206047

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

(Pawan K Goel)
Partner
M.No.072209

Place : New Delhi
Dated : 10th May 2012

NTPC Limited

Regd. Office : NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003

ATTENDANCE SLIP

36th Annual General Meeting to be held on Tuesday, September 18, 2012 at 10.30 a.m.

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
*Folio No.	
DP ID No.	
Client ID No.	
No. of shares held	
NAME OF PROXY (IN BLOCK LETTERS, TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)	

I, hereby record my presence at the 36th Annual General Meeting of the Company at Air Force Auditorium, Subroto Park, New Delhi – 110 010, on Tuesday, September 18, 2012.

Signature of Member/Proxy

*Applicable in case of shares held in Physical Form.

NOTES:

1. The attendance slip should be signed as per the specimen signature registered with Karvy Computershare Private Limited, Registrar & Transfer Agent (RTA)/ Depository Participant (DP). Such duly completed and signed Attendance Slip(s) should be handed over at the RTA counter(s) at the venue against which RTA will provide admission card. Entry to the hall will be strictly on the basis of admission card as provided by RTA. Members in person and Proxy holders **may please carry photo-ID card for identification/verification purposes.**
2. Shareholder(s) present in person or through registered proxy shall only be entertained.
3. **Due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium. Shareholder(s)/ proxy holder(s) will be required to take care of their belonging(s).**
4. **No gifts will be distributed at the Annual General Meeting.**

NTPC Limited

Regd. Office : NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003

FORM OF PROXY

DP ID :
Client ID :
No. of Shares :

Regd. Folio No.:
(in case of shares held in Physical Form)

I/We of
..... in the District of being a member/ members of the above
named Company, hereby appoint of in the District of or failing him/her
..... of in the District of
..... as my/our proxy to vote for me/us on my/our behalf at the 36th Annual General meeting of the
Company to be held on Tuesday, September 18, 2012 and at any adjournments thereof.

Signed this day of 2012.

Signature

Affix One
Rupee
Revenue
Stamp

This form is to be used in favour of resolution(s) no..... and against resolution (s) no..... Unless otherwise instructed, the Proxy will act as he thinks fit.

- Notes:
- a) The form should be signed across the stamp as per specimen signature registered with Karvy Computershare Private Limited, Registrar & Transfer Agent/ Depository Participant.
 - b) The form should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the Meeting.



Achievements & Accolades



NTPC Awarded 'SCOPE Meritorious Award 2010-11' for Corporate Social Responsibility & Responsiveness by HE President of India Smt. Pratibha Devisingh Patil. The Gold Trophy was received by Shri Arup Roy Choudhury CMD and Shri S. P. Singh, Director (HR), NTPC in the presence of Shri Praful Patel, Hon'ble Union Minister of Heavy Industries & Public Enterprises.



NTPC Director (Finance) Shri A. K. Singhal receiving the 'GSBA-Top Rankers Excellence Award 2011' in the 'Best Finance Professional' category from Shri Subodh Kant Sahai, Union Minister of Tourism. The award has been given to Shri Singhal for his contribution in helping NTPC register a spectacular performance and setting new benchmarks in physical and financial performance.



Dr. M. Veerappa Moily, Union Minister of Corporate Affairs presenting the trophy to Shri Arup Roy Choudhury CMD NTPC and Chairman SCOPE on his felicitation by Dun & Bradstreet at India's Top PSUs 2012 function held in New Delhi on May 28, 2012 for his contribution to the public sector.



NTPC received the 'Good Corporate Citizen Award-2011' by PHD Chamber of Commerce. The award was presented by Smt. Meira Kumar, Hon'ble Speaker Lok Sabha to Shri I. J. Kapoor, Director (Comm) NTPC and Shri A. K. Rastogi, Company Secretary, NTPC.



CMD and Directors at the Analysts & Investors Meet at Mumbai on 1st August 2012



A Maharatna Company

NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi - 110003
www.ntpc.co.in