

## NTPC VIDYUT VYAPAR NIGAM LIMITED

### NTPC VIDYUT VYAPAR NIGAM LIMITED (A wholly owned subsidiary of NTPC Limited) DIRECTORS' REPORT

To

Dear Members,

Your Directors has immense pleasure in presenting the Thirteenth Annual Report on the working of the Company for the financial year ended on 31<sup>st</sup> March 2015 together with Audited Financial Statement, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

#### FINANCIAL RESULTS

(₹ Crore)

	2014-15	2013-14
<b>Total Revenue</b>	<b>3887.96</b>	<b>3532.32</b>
<b>Total Expenses</b>	<b>3821.48</b>	<b>3441.04</b>
<b>Profit/(Loss) before Tax</b>	<b>66.48</b>	<b>91.28</b>
<b>Tax expenses</b>	<b>22.87</b>	<b>31.04</b>
<b>Profit/(Loss) for the year</b>	<b>43.61</b>	<b>60.24</b>

#### DIVIDEND

During the financial year 2014-15, the Board of Directors have declared an interim dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each. Your Directors have not recommended any final dividend.

#### ENERGY TRADING AND OTHER BUSINESS

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

In the Financial Year 2014-15, your Company has achieved the milestone of crossing 10 Billion units of Power trading for the first time since inception.

During the financial year under review margin from trade of energy was ₹55.36 Crore from trade of 10421 million units including 1094 million units traded under SWAP arrangements and 5175 million units traded under Solar & Thermal Bundled energy, as compared to margin of ₹52.47 Crore from trade of energy of 9322 million units including 1297 million units traded under SWAP arrangements and 4390 million units traded under Solar & Thermal Bundled energy in the financial year 2013-14. The overall volume of energy traded by the Company during the financial year 2014-15 has increased by 11.79% over last financial year 2013-14.

During the financial year under review, the business of disposal of ash and ash products from the stations of NTPC has been transferred to NTPC, the holding company w.e.f 1-1-2015 and the same has been disclosed in the financial statements for the year.

#### 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 of JNNSM which envisages setting up of 1000 MW solar capacity. As on 31.03.2015 the total commissioned capacity under the Scheme of Batch I of Phase I of JNNSM is 718 MW as against the 548 MW as on 31.03.2014.

During the Financial Year 2014-15, a total of 5,175 MUs of bundled solar power (including 1012.13 MU of Solar Power) has been supplied to Discoms/ Utilities of the states of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka, Assam, West Bengal, Odisha, Telengana, Chhattisgarh and Damodar Valley Corporation. During the Financial Year, Your Company arranged sale of power of merchant solar plants located in Gujarat to Goa, which was done for the first time in India. Trading on Power exchange was also initiated by your Company during this year.

Your Company has also been designated as the nodal agency for cross border trading of power with Bangladesh and Bhutan. As per the Power Purchase Agreement (PPA) for supply of 250 MW power for 25 years from NTPC stations signed between the Company and Bangladesh Power Development Board (BPDB), power is being supplied by the Company to Bangladesh from Oct'2013.

During the Financial Year 2014-15, your Company has supplied 1745 MUs to Bangladesh against 864 MUs in previous year.

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 arrangement, trading of Power and REC on the platform of Power Exchange(s) etc. The customer base of the Company has increased to more than 100 customers including state government utilities, private power utilities, IPPs and captive power generators in all five regions of India.

#### FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31<sup>st</sup> March 2015.

#### 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 S.S. Kothari Mehta & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2014-15.

The Statutory Auditors of the Company have given unqualified report on the financial statements of the Company for the financial year 2014-15.

The Statutory Auditors have given emphasis to the matter that your company has appropriated Rs 34.72 crore from the Fly Ash Utilisation Fund for the expenses incurred by the holding company in accordance with policy guideline issued in reference to MOEF notification dated 3-11-2009. They have laid emphasis on the fact that Fly ash business has been transferred to the holding company on "as is Basis" w.e.f.1.1.2015.

Both are statement of facts and the Statutory Auditors has not qualified their opinion because of the abovementioned matter.

#### REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General (C&AG) of India, through letter dated 30<sup>th</sup> June 2015 have communicated that based on the financial reporting by the Management and the independent audit carried out by Statutory Auditors, C&AG has decided not to conduct the Supplementary Audit of the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2015 and as such have no comments to make under Section 143(6)(b) of the Act. A copy of the letter issued by C&AG in this regard is placed after report of Statutory Auditors of your Company.

#### PARTICULARS OF EMPLOYEES

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, exempting the Government Companies to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. Your company being a Government company is not required to include aforesaid information as a part of the Directors' Report. However, during the period under review the Company had no employees of the category falling Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel).

#### SECRETARIAL AUDITORS

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Agarwal S. & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company, for the financial year 2014-15. The Report of the Secretarial Auditors is enclosed at Annexure-II.

Secretarial Auditors have expressed their observation on appointment of Independent Directors. The Management replies to the Secretarial Auditors observations are as under:

#### Secretarial Auditors observation:

During the financial year, the composition of the Board and Committees of the Board are not in compliance with the provisions of the Companies Act, 2013, due to non-appointment of Independent Directors.

#### Management reply

NTPC by virtue of Maharatna powers, and previously Navratna powers, in order to achieve its corporate aim, formed your Company, as a wholly owned subsidiary. As per provisions of Articles of Association of the Company, all Board level appointments were made by NTPC.

Since in case of Government Company, the independent directors are to be appointed by the Government of India. NTPC has written a letter to the Department of Public Enterprises, Government of India requesting to authorize NTPC for nominating Independent Directors on the Board of its subsidiaries. The reply on the same is awaited.

**NTPC VIDYUT VYAPAR NIGAM LIMITED****DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 (3) (c) and Section 134(5) of the Companies Act, 2013, 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 2014-15 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.
- the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

**BOARD OF DIRECTORS**

During the financial year under review Shri U.P. Pani, (DIN: 03199828), consequent upon change of nomination from NTPC Limited, resigned w.e.f. March 24, 2015.

The Board of Directors, on nomination received from NTPC Limited, appointed Shri K.K. Sharma, (DIN: 03014947), Director (Operations), NTPC and Shri A.K. Jha, (DIN: 03590871), Director (Technical), NTPC as Additional Directors of the Company in place of Shri N.N. Misra, (DIN: 00575501) and Shri U.P. Pani, respectively.

Shri K.K. Sharma and Shri A.K. Jha hold office up to the date of this Annual General Meeting and are eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing their candidature for the office of Director liable to retire by rotation.

In accordance with the provisions of Companies Act, 2013, Dr. Arup Roy Choudhury, Chairman (DIN: 00659908) shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for reappointment.

**Number of meetings of the Board**

During the financial year under review, 8 meetings of the Board of Directors were held on the following dates:

Date of Board Meeting	Total strength of the Directors	No. of Directors present
June 17, 2014	5	4
June 17, 2014	5	4
July 23, 2014	6	5
August 27, 2014	6	5
November 4, 2014	6	5
January 19, 2015	6	6
March 25, 2015	6	5
March 25, 2015	6	5

The details of the number of meetings attended, during the financial year under review, by each director are as follows:

Name of the Director	Designation	Board meetings attendance during 2014-15
Dr. Arup Roy Choudhury	Chairman	8
Shri I.J. Kapoor	Director	6
Shri A.K. Jha (Director w.e.f.25.3.2015)	Director	2
Shri N.N. Misra (ceased w.e.f.4.11.2014)	Director	4
Shri U.P. Pani (ceased w.e.f. 24.3.2015)	Director	6
Shri Kulmani Biswal	Director	8
Shri K.K. Sharma (Director w.e.f 4.11.2014)	Director	4
Mrs. A. Sathyabhama	Director	1

**Declaration of Independent Director.**

Your Company is yet to appoint independent Directors. A statement on declaration by Independent directors under section 149(6) of the Companies Act, 2013, will be provided on appointment of the same.

**Disclosure on the Nomination and Remuneration Committee.**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014, your Company has constituted the Nomination and Remuneration Committee consisting of 3 directors. Nomination of independent director on Nomination and Remuneration committee will be made on appointment of the same.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not given any loans or guarantees or made any investment covered under the provisions of section 186 of the Companies Act, 2013.

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments, have taken place between financial year ended March 31, 2015, to which the financial statements related and the date of this Directors' Report, which affects the financial position of the Company.

**EXTRACT OF ANNUAL RETURN**

As per requirement of Section 92 (3), Section 134 (3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in form MGT-9 is given under Annexure-III.

**PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

As per requirement of Section 188 (2) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014, particulars of contracts or arrangements, during the financial year 2014-15, with related parties referred to in Section 188 (1) of the Companies Act, 2013 in form AOC-2 is given under Annexure-IV.

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

Being the trading company the norms for conservation of energy and technology absorption is not applicable on the Company.

During the financial year under review the Company has earned ₹445.95 crore from trade of power in foreign currency as compared to ₹211.85 foreign currency earned during the financial year 2013-14. An expenditure of ₹0.03 crore in foreign currency has been incurred mainly towards travelling of employees and other payments/ reimbursements during the financial year under review as compared to ₹0.08 crore expenses incurred towards travelling of employees during the financial year 2013-14.

**AUDIT COMMITTEE**

Your Company has an Audit Committee of the Board comprising of 3 Directors of the Company. Nomination of independent director on Audit Committee will be made on appointment of the same.

During the financial year under review 4 meeting of the Audit Committee were held on the following dates:

Date of Audit Meeting Committee	Total strength of the Directors	No. of Directors present
June 17, 2014	3	2
July 23, 2014	3	3
January 19, 2015	3	3
March 25, 2015	3	3

The details of the number of Audit committee meetings attended, during the financial year under review, by each director are as follows:

Name of the Director	Designation	Audit Committee meetings attendance during 2014-15
Shri I.J. Kapoor	Chairman of Audit Committee	3
Shri N.N. Misra (ceased w.e.f.4.11.2014)	Director	2
Shri Kulmani Biswal	Director	4
Shri U.P. Pani* (ceased w.e.f.24.3.2015)	Director	1
Shri A.K. Jha (Director w.e.f.25.3.2015)	Director	1

\* Member of Audit Committee w.e.f. 4.11.2014

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### CORPORATE SOCIAL RESPONSIBILITY

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted the Corporate Social Responsibility (CSR) Committee consisting of 3 directors. Nomination of independent director on CSR committee will be made on appointment of the same.

During the financial year under review 2 meeting of the CSR committee were held on the following dates:

Date of CSR Committee Meeting	Total strength of the Directors	No. of Directors present
January 19, 2015	3	3
January 19, 2015	3	3

The details of the number of CSR committee meetings attended, during the financial year under review, by each director are as follows:

Name of the Director	Designation	CSR Committee meetings attendance during 2014-15
Dr. Arup Roy Choudhury	Chairman	2
Shri I.J. Kapoor	Director	2
Shri U.P. Pani (ceased w.e.f.24.3.2015)	Director	2

As per the requirement of Section 135 of the Companies Act, 2013 and Rule 8 (1) of the Companies (Corporate Responsibility Policy) Rules, 2014 the annual report on CSR activities is at Annexure-V.

### ACKNOWLEDGMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by NTPC Limited, Ministry of Power and Ministry of New Renewable Energy of Government of India, the Central Electricity Regulatory Commission, the valued customers of the Company, various State Power utilities, Statutory Auditors, Office of the Comptroller and Auditor General of India and the Bankers of the Company.

For and on behalf of the Board of Directors

(Dr. ARUP ROY CHOUDHURY)  
CHAIRMAN  
DIN: 00659908

Place : New Delhi

Date : 28<sup>th</sup> July, 2015

### Annexure - I

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

Trading is an essential tool which plays an important role for optimisation of resources by utilizing the surpluses of seasons or time of day of a state / utility to meet the unmet demand / deficits of the same or another state / utility by way of sale or swap arrangements. Power traders play a key role for identification of such sources of surplus (supply) and deficits (consumers), tie up open access, and arrange scheduling for matching supply and demand at optimum cost charging a very small margin of their own.

Trading of Electricity has been growing since 2003 but the last couple of years have not seen any growth in the trading volumes and the market share of trading w.r.t. the total generation has shown a decline as compared with the previous year.

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, 71 traders have obtained licenses for serving the needs of the various clients, out of which 26 nos. of licenses 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 2014-15 out of the electricity generation of approximately 1048 Billion units, approximately 80 Billion units were traded, representing 7.6 % of trading to total generation.

#### Structure of Power Market in India\*

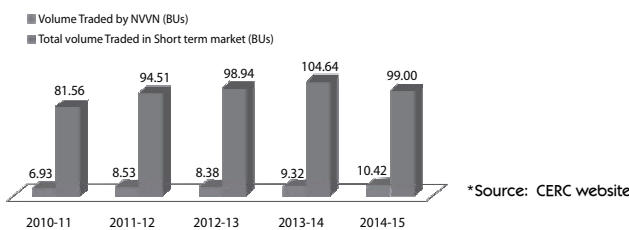
(i)	Long -Term (90.6 %)	949BU
(ii)	Power Trading (7.6 %)	80BU
(iii)	Balancing Market (UI) (1.8 %)	19BU
	Total	1048BU

#### The trading of Power in India\*

(i)	Bilateral Trading	36BU
(ii)	Bilateral Direct	16BU
(iii)	Through Power Exchange	28BU
	Total	80BU

\*Source: CERC (2014-15)

#### Volume Traded



\*Source: CERC website

### 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 and trading capabilities built over the years.

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

The inter regional power transfer capacity has increased to 46450 MW as on 31.03.2015 and is planned for enhancement to 72250 MW by end of 12<sup>th</sup> Plan period (Source: website Ministry of Power). This is expected to provide considerable opportunities for enhancement of trading volumes. With the passage of time short term power market has shifted from a seller's market to a buyers' market due to large availability of merchant power.

In recent times with the increase in entry of number of private traders the trading market has seen increased competition leading to power being traded without proper back-to-back payment security mechanism being in place making transaction prone to higher payment risk. The financial position of many State DISCOMs / Utilities is also a cause for concern for your company.

### OUTLOOK

Your Company is the designated Nodal Agency for Cross Border trading of power with Bangladesh and also one of the nodal agencies for cross border trade with Bhutan. The Power Purchase Agreement between the Company and BPDB for supply of 250 MW power from NTPC stations for 25 years was signed on February 28, 2012. The Power supply to Bangladesh has commenced from October 5, 2013. Cross border trading of power from Bhutan is expected to commence from 2017 with the commissioning of new projects.

Your Company is also the designated Nodal Agency under JNNSM Phase-I for buying power from solar power developers in India and selling to distribution utilities after bundling with unallocated capacity from NTPC thermal power stations. The business of selling bundled power to Discoms commenced from financial year 2011-12 and has grown with progressive commissioning of capacities.

Your Company is exploring new avenues for enhancement of future business in the Cross Border Trading of Power and Renewable Power Sector and expects to consolidate its business in these segments for achieving long term growth.

### RISKS, CONCERNS AND THEIR MANAGEMENT

Your Company is trading power on back-to-back basis, with the approval of the Board. It means that terms & conditions both for purchase/sale are on back-to-back basis. Deviation, if any, is reported to Board.

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

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while making endeavors to increase the business.

Your Company being the wholly owned subsidiary of NTPC Limited is governed by the framework of Risk Management in NTPC Limited. Key risks are regularly monitored through reporting of key performance indicators of identified risks.

### INTERNAL CONTROL

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

### PERFORMANCE DURING THE YEAR

#### Operations

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

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

	2014-15	2013-14
Trading of Power	Million units	
Bilateral Trading	3857	3635
Power SWAP Arrangements	1094	1297
Trading through exchange	295	-
Solar Bundled Power	5175	4390
Total	10421	9322

During the Financial Year 2014-15, your Company traded 10421 million units of power, which includes 5175 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has increased by 11.79% over last year. In the financial year 2014-15, your Company also earned the distinction of trading in power of more than 10 BUS for the first time since inception.

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

In addition to energy trading, your Company also traded fly ash and cenosphere for the period of nine months ended 31.12.2014. The details of the fly ash and cenosphere traded by the Company are as follows:

	April 1, 2014 to December 31, 2014	2013-14
	Metric Ton	
Fly ash	3622028	4653424
Cenosphere	365	225

During the financial year under review, the business of disposal of ash and ash products from the stations of NTPC has been transferred to NTPC w.e.f 1-1-2015 and the same has been disclosed in the financial statements for the year.

#### Financial Performance

The revenue of your Company comprises of mainly sales from Energy traded and it contributes to 99.63% of total revenue.

	₹ in Crore	
	2014-15	2013-14
Sales		
Energy	3835.92	3441.53
Other operating income	38.38	34.18
Fly Ash and Cenosphere	87.42	122.55
Less: Transfer to Fly Ash Utilization Fund	87.42	122.55
Other income	14.36	56.61
Total	3887.96	3532.32

In accordance with the Ministry of Environment and Forest, Government of India, notification dated November 3, 2009, the amount collected from sale of fly ash and fly ash based products is kept in a separate account head and utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash.

The amount transferred during the current financial year to the fly ash utilization fund net of amounts utilized as per the above notification is of ₹62.94 Crore as compared to ₹91.30 Crore transferred during the previous financial year.

During the financial year under review, Ash Business was transferred w.e.f. January 1, 2015 to NTPC Limited, the holding company. The closing balance of Fly Ash Utilisation Fund as at December 31, 2014 of ₹385.48 crore has been transferred to NTPC Limited, the holding company w.e.f January 1, 2015. Further an interest of ₹5.57 crore (₹3.68 crore net of tax) on unpaid balance of Ash Utilisation Fund for the period 01.01.2015 to 31.03.2015 has been transferred to Fly Ash Utilisation Fund maintained with NTPC Limited on net of tax basis.

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

	₹ in Crore	
	2014-15	2013-14
Purchase of energy	3779.85	3389.06
Rebate on energy sale	24.92	28.97
Employee benefits expense	10.16	8.59
Administration & other expenses	6.36	14.31
Total operating expenses	3821.29	3440.93

In accordance with the notification by the Ministry of Environment and Forest, Government of India, the operating expenses of fly ash business amounting to ₹ 8.30 Crore for nine months during 2014-15 have been met out of the Fly Ash Utilisation Fund, hence not included in operating expenses. The total expenses including operating expenses of the Company are as follows:-

	₹ in Crore	
	2014-15	2013-14
Total operating expenses	3821.29	3440.93
Finance cost	0.02	0.04
Depreciation & amortization expense	0.17	0.07
Total expenses including operating expenses	3821.48	3441.04

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 ₹0.76 Crore as on 31.3.2015.

	₹ in Crore	
	2014-15	2013-14
Profit before tax	66.48	91.28
Tax expenses	22.87	31.04
Profit for the year	43.61	60.24

In the financial year 2014-15 there has been change in presentation of Statement of Profit and Loss as compared to financial year 2013-14. For the financial year 2013-14, the income on investment of Fly ash Utilisation was included in "Other Income" and it was appropriated to Ash Utilisation fund from Reserve and Surplus. For the financial year 2014-15, the transfer of Interest to Ash Utilisation Fund is from "Other Income". This has been done to bring more clarity and better presentation. Adjusted Profit Before tax and Profit after Tax after excluding Interest earned on investment of Ash Utilisation Fund for financial year 2013-14 is ₹65.51 crore and ₹43.23 crore respectively.

#### Dividend

During the financial year 2014-15, the Board of Directors on March 25, 2015 distributed an interim dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each. Your Directors have not recommended any final dividend.

#### Reserves & Surplus

During the financial year 2014-15, a sum of ₹19 Crore have been added to General

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Reserve as compared to ₹9 Crore in the previous year.

### Current Assets

The current assets at the end of the financial year 2014-15 were ₹1136.32 Crore as compared to ₹1194.19 Crore in financial year 2013-14 registering an overall decrease of 4.85%.

₹ in Crore

	31.03.2015	31.03.2014
Inventories	-	0.01
Trade receivables	485.84	268.28
Cash and Bank balances	347.44	637.60
Short term loan and advances	1.06	7.80
Other current assets	301.98	280.50
<b>Total Current Assets</b>	<b>1136.32</b>	<b>1194.19</b>

The cash and bank balance has reduced mainly due to transfer of ash fund balance to NTPC Limited w.e.f 1-1-2015. As on 31-3-2015 trade receivables has increased to ₹485.84 Crore as compared to ₹268.28 Crore as on 31-3-2014. The receivables are equivalent to 46 days as on 31-3-2015 against 28 days as on 31-3-2014. The major amount of receivables has now been recovered from various buyers and balance amount would be realized soon. The Other Current assets has increased to ₹301.98 Crore from ₹280.50 Crore mainly due to increase in unbilled revenue.

### Current Liabilities

During the financial year 2014-15, Current Liabilities have increased to ₹960.30 Crore as compared to ₹710.89 Crore in the financial year 2013-14, mainly on account of increase in other current liabilities payable to NTPC Limited for the Investments made from Ash Fund on maturity.

₹ in Crore

	31.03.2015	31.03.2014
Trade payables	530.46	477.11
Other current liabilities	424.31	233.78
Short-term provisions	5.53	-
<b>Total Current Liabilities</b>	<b>960.30</b>	<b>710.89</b>

### Cash Flow Statement

₹ in Crore

	2014-15	2013-14
Opening cash and cash equivalents	637.60	523.03
Net cash from operating activities	(312.12)	82.67
Net cash from investing activities	41.96	31.90
Net cash flow from financing activities	(20.00)	-
Net change in cash and cash equivalents	(290.16)	114.57
Closing cash and cash equivalents	347.44	637.60

The closing cash and cash equivalent for the financial year ended March 31, 2015 has decreased by 45.51% from ₹637.60 Crore in the previous year to ₹347.44 Crore in the current year, due to transfer of Ash utilization Fund to NTPC Ltd. w.e.f 1-1-2015.

### Financial Indicators

The various performance indicators for the financial year 2014-15 as compared to financial year 2013-14 are as under:-

₹ in Crore

	Description	2014-15	2013-14
A	i) Capital employed	205.90	186.28
	ii) Net worth	205.90	186.28
B	i) Return on Capital Employed (PBT/CE)	32%	49%
	ii) Return on net worth (PAT/NW)	21%	32%
C	Dividend as % of Equity Capital	100	-
D	Earning per share in ₹ (EPS) before exceptional item	21.81	30.12

The capital employed as well as net worth has increased due to addition of profit earned during the current financial year. The Return on Capital Employed, Return on Net Worth and EPS of the Company has decreased due to change in presentation of Statement of Profit and Loss for the financial year 2014-15 as compared to previous year. The Return on Capital Employed and Return on Net worth after considering the adjusted Profit Before Tax and Profit After Tax for the financial year 2013-14 is 35% and 23% respectively.

### Human Resources

As on 31<sup>st</sup> March 2015, there were 50 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 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

(Dr. ARUP ROY CHOUDHURY)

CHAIRMAN

DIN: 00659908

Place : New Delhi

Date : 28<sup>th</sup> July, 2015

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015****{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}**

To,  
The Members,  
NTPC Vidyut Vyapar Nigam Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NTPC Vidyut Vyapar Nigam Limited (hereinafter called NVVNL/the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of NVVNL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial period ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - Not Applicable
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; - Not Applicable
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - Not Applicable
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;- Not Applicable
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; - Not Applicable
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - Not Applicable
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - Not Applicable
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - Not Applicable
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and - Not Applicable
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not Applicable
- (vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of random sampling.

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India (Not applicable for the Audit period).
- (ii) The Listing Agreement. - Not Applicable.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

1. *During the financial year, the composition of the Board and Committees of the Board are not in compliance with the provisions of the Companies Act, 2013, due to non-appointment of Independent Directors.*

**I further report that** the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

## **NTPC VIDYUT VYAPAR NIGAM LIMITED**

The Company was required to constitute Nomination and Remuneration committee in terms of Section 178 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014. However, the Company has committed to constitute Nomination and Remuneration committee in its ensuing Board Meeting to be held on 28<sup>th</sup> July, 2015.

The Company was required to appoint CEO & CFO in terms of Section 203 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. However, the Company has committed to re-designate CEO & CFO in its ensuing Board Meeting to be held on 28<sup>th</sup> July, 2015.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and Company is in process of reviewing & strengthening the same.

For Agarwal S. & Associates,  
Company Secretaries,

(Sachin Agarwal)  
FCS No. : 5774  
C.P No. : 5910

Place: New Delhi

Date: July 20, 2015

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

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"Annexure A"

To,

The Members,

**NTPC Vidyut Vyapar Nigam Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Agarwal S. & Associates,  
Company Secretaries,

(Sachin Agarwal)  
FCS No. : 5774  
C.P No. : 5910

Place: New Delhi

Date: July 20, 2015

## NTPC VIDYUT VYAPAR NIGAM LIMITED

Annexure - III

**Form No. MGT-9**  
**Extract of Annual Return**  
**as on the financial year ended on March 31, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i) CIN	: U40108DL2002GOI117584
ii) Registration Date	: November 1, 2002
iii) Name of the Company	: NTPC Vidyut Vyapar Nigam Limited
iv) Category / Sub-Category of the Company	: Company Limited by shares
v) Address of the Registered office and contact details	: NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110 003, Ph. No. 011-24360071
vi) Whether listed company Yes / No	: NO
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	: N.A.

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/Services	NIC code of the Product/service	% to total turnover of the company
1.	Power Trading	N.A.	99.63

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	NTPC Limited NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110 003	L40101DL1975GOI007966	Holding	100	Section 2 (46) of the Companies Act, 2013

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF (Nominees of NTPC)	-	700	700	-	-	700	700	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp. (NTPC Limited)	-	1,99,99,300	1,99,99,300	100	-	1,99,99,300	1,99,99,300	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	<b>2,00,00,000</b>	<b>2,00,00,000</b>	<b>100</b>	-	<b>2,00,00,000</b>	<b>2,00,00,000</b>	<b>100</b>	-
<b>(2) Foreign</b>									
a) NRIs- individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A) (1) + (2)</b>	-	<b>2,00,00,000</b>	<b>2,00,00,000</b>	<b>100</b>	-	<b>2,00,00,000</b>	<b>2,00,00,000</b>	<b>100</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	-	-	-	-	-	-	-	-	-



## NTPC VIDYUT VYAPAR NIGAM LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>2. Non-institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B) (1)+(B) (2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	2,00,00,000	2,00,00,000	100	-	2,00,00,000	2,00,00,000	100	-

### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in the shareholding during the year
1.	NTPC Limited	1,99,99,300	100	-	1,99,99,300	100	-	-
2.	Nominee of NTPC	700	-	-	700	-	-	-

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>	2,00,00,000	100	2,00,00,000	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	No change	No change	No change	No change
	<b>At the End of the year</b>	2,00,00,000	100	2,00,00,000	100

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs)

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For each of Top 10 shareholders</b>				
	<b>At the beginning of the year</b>	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	-	-	-	-
	<b>At the End of the year ( or on the date of separation, if separated during the year)</b>	-	-	-	-

**NTPC VIDYUT VYAPAR NIGAM LIMITED**
**(v) Shareholding of Directors and Key Managerial Personnel:**

SI No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Dr. Arup Roy Choudhury, Chairman (As Nominee of NTPC Limited)</b>				
	At the beginning of the year	100	-	100	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc):	No change	No change	No change	No change
	At the End of the year	100	-	100	-
2.	<b>Shri I.J. Kapoor, Director (As Nominee of NTPC Limited)</b>				
	At the beginning of the year	100	-	100	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc):	No change	No change	No change	No change
	At the End of the year	100	-	100	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrue but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition				
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
i) Principal amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total ( i + ii + iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SI. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors:

SI. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-
2.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
	<b>Total (B) = (1 + 2)</b>	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-	-
	<b>Overall Ceiling as per the Act</b>	-	-	-	-	-

## NTPC VIDYUT VYAPAR NIGAM LIMITED

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company secretary	CFO	Total
1.	Gross Salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	13,00,574	-	13,00,574
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	46,843	-	46,843
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0	-	0
2.	Stock Option	-	0	-	0
3.	Sweat Equity	-	0	-	0
4.	Commission - as % of profit - others, specify...	-	0	-	0
5.	Others, please specify	-	0	-	0
	<b>Total</b>	-	<b>13,47,417</b>	-	<b>13,47,417</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

(Dr. ARUP ROY CHOUDHURY)  
CHAIRMAN  
DIN: 00659908

Place: New Delhi  
Date: 28<sup>th</sup> July, 2015

Annexure - IV

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis		
(a)	Name(s) of the related party and nature of relationship	: Utility Powertech Limited.
(b)	Nature of contracts/arrangements/ transactions	: The contract was for hiring of skilled and non-skilled manpower for carrying out the day-to-day activities of the Company.
(c)	Duration of the contracts / arrangements/ transactions	: All contracts were for 1 years
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: Total contract value was ₹1,50,53,875
(e)	Justification for entering into such contracts or arrangements or transactions	: Utility Powertech Limited (UPL), a Joint venture Company of NTPC Limited, the holding Company, is providing manpower to joint venture and subsidiaries of NTPC. Since incorporation of the Company, UPL is providing skilled and non-skilled manpower.
(f)	Date(s) of approval by the Board	: May 8, 2015
(g)	Amount paid as advances, if any:	: Nil
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis		
(a)	Name(s) of the related party and nature of relationship	: Not Applicable
(b)	Nature of contracts/arrangements /transactions	: Not Applicable
(c)	Duration of the contracts / arrangements /transactions	: Not Applicable
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	: Not Applicable
(e)	Date(s) of approval by the Board, if any:	: Not Applicable
(f)	Amount paid as advances, if any:	: Not Applicable

For and on behalf of the Board of Directors

(Dr. ARUP ROY CHOUDHURY)  
CHAIRMAN  
DIN: 00659908

Place: New Delhi  
Date: 28<sup>th</sup> July, 2015

## NTPC VIDYUT VYAPAR NIGAM LIMITED

Annexure - V

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Keeping in view the size of the Company and manpower required for executing the CSR activities, your Company has adopted the CSR policy of its holding company viz. NTPC Limited and also undertaking CSR activities through NTPC Limited.

NTPC Limited is executing the CSR activities for long and having a formidable set-up for executing CSR activities. The CSR Policy of NTPC Limited is formulated keeping in view the requirements of the Department of Public Enterprises and the Companies Act, 2013. The CSR policy focused on Health, Sanitation, Drinking Water, Education, Capacity Building, Women Empowerment, Social Infrastructure Development, support to Physically Challenged Person (PCPs), and activities contributing towards Environment Sustainability and other subject matter described under schedule VII of the Companies Act, 2013. The CSR policy is also available on the website of the Company: www.nvvn.co.in.

2. The Composition of the CSR Committee.

Name of the Director	Designation
Dr. Arup Roy Choudhury	Chairman
Shri I.J. Kapoor	Director
Shri U.P. Pani (ceased w.e.f.24.3.2015)	Director

3. Average net profit of the company for last three financial years.

The average net profit of the Company for three immediately preceding financial years i.e. 2011-12, 2012-13 and 2013-14 is ₹ 71.19 crore.

4. Prescribed CSR Expenditure.

The Company as per the requirement of the Companies Act, 2013, is required to spend 2% of ₹ 71.19 crore i.e. ₹ 1.42 Crore in the financial year 2014-15.

5. Details of CSR spent during the financial year 2014-15.

(a)	Total amount spent for the financial year	:	₹ 80,24,400				
(b)	Amount unspent, if any	:	₹ 62,14,275				
(c)	Manner in which the amount spent during the financial year	:	Detailed below				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified.	Sector in Which the Project is covered.	Projects or Programs (1) Local area or other (2)Specify the State and the district where projects or programs was undertaken.	Amount outlay (budget) Project or Programs wise	Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency*
1	Financial assistance to Swami Chidananda Yoga Centre for Swami Shivananda Centenary Boys High School.	Promotion of education	Bhubaneshwar	N.A.	₹ 80,24,400	₹ 80,24,400	Direct
	<b>TOTAL</b>				₹ 80,24,400	₹ 80,24,400	

6. Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof.

This being the first year of applicability of the provisions on CSR, the Company was not able to find appropriate projects for spending required amount on CSR activities. The shortfall of ₹ 62,14,275 has been transferred to CSR Reserve from surplus in the Statement of Profit and Loss for the financial year 2014-15. Your Company is committed to spend and fulfills its obligation towards CSR activities.

7. A responsibility statement of the CSR Committee

The Responsibility Statement of the Corporate Social Responsibility Committee is reproduced below:

The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

(N.K. Sharma)  
Chief Executive Officer

(Dr. ARUP ROY CHOUDHURY)  
CHAIRMAN  
DIN: 00659908

Place: New Delhi  
Date: 28<sup>th</sup> July, 2015

## NTPC VIDYUT VYAPAR NIGAM LIMITED

### NTPC VIDYUT VYAPAR NIGAM LIMITED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015

Particulars	Note	Amount in ₹	
		31.03.2015	31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	200,000,000	200,000,000
Reserves and surplus	3	1,858,958,021	1,662,832,414
		<u>2,058,958,021</u>	<u>1,862,832,414</u>
<b>Fly Ash Utilization Fund</b>	4	-	3,262,301,631
<b>Non-current liabilities</b>			
Deferred tax liability (net)	5	182,623	463,641
Other Long-term liabilities	6	-	9,857,306
		<u>182,623</u>	<u>10,320,947</u>
<b>Current liabilities</b>			
Trade payables	7	5,304,572,603	4,771,151,370
Other current liabilities	8	4,243,118,212	2,337,765,785
Short-term provisions	9	55,317,010	-
		<u>9,603,007,825</u>	<u>7,108,917,155</u>
<b>TOTAL</b>		<u>11,662,148,469</u>	<u>12,244,372,147</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	2,473,646	4,375,144
Intangible assets	10	768,974	8,400
Capital work in progress	11	340,811	340,811
Long-term loans and advances	12	295,411,293	297,723,497
		<u>298,994,724</u>	<u>302,447,852</u>
<b>Current assets</b>			
Inventories	13	-	111,244
Trade receivables	14	4,858,394,637	2,682,838,753
Cash and bank balances	15	3,474,391,374	6,376,004,726
Short-term loans and advances	16	10,658,009	78,011,339
Other current assets	17	3,019,709,725	2,804,958,233
		<u>11,363,153,745</u>	<u>11,941,924,295</u>
<b>TOTAL</b>		<u>11,662,148,469</u>	<u>12,244,372,147</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

(Nitin Mehra) (N.K.Sharma) (K. Biswal) (Dr. Arup Roy Choudhury)  
Company Secretary Chief Executive Officer Director Chairman

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

For S S Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.000756N

Place: New Delhi  
Dated: 8<sup>th</sup> May, 2015

(Naveen Aggarwal)  
Partner ( M.No.94380)

### NTPC VIDYUT VYAPAR NIGAM LIMITED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31<sup>st</sup> MARCH 2015

Particulars	NOTE	Amount in ₹	
		31.03.2015	31.03.2014
Revenue from operations	18	38,736,009,488	34,757,159,048
Other income	19	143,680,565	566,088,263
<b>Total Revenue</b>		<u>38,879,690,053</u>	<u>35,323,247,311</u>
<b>Expenses</b>			
Purchase of energy	20	37,798,557,473	33,890,629,901
Rebate on energy sale		249,184,221	289,745,050
Cost of fly ash/ash products	21	-	-
Employee benefits expense	22	101,617,828	85,920,961
Finance costs	23	151,770	437,750
Depreciation and amortization expense	10	1,670,866	696,270
Administration & other expenses	24	63,658,474	143,063,887
<b>Total expenses</b>		<u>38,214,840,632</u>	<u>34,410,493,819</u>
<b>Profit before tax</b>		<u>664,849,421</u>	<u>912,753,492</u>
<b>Tax expense:</b>			
Current tax		229,016,592	191,289,024
Deferred tax		(281,018)	179,732,637
MAT credit entitlement		-	(60,628,217)
<b>Total Tax expense</b>		<u>228,735,574</u>	<u>310,393,444</u>
<b>Profit for the year</b>		<u>436,113,847</u>	<u>602,360,048</u>
Significant Accounting Policies	1		
Earnings per equity share (Par value of ₹ 10/- each) Basic & Diluted (₹)		<u>21.81</u>	<u>30.12</u>

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

For and on behalf of the Board of Directors

(Nitin Mehra) (N.K.Sharma) (K. Biswal) (Dr. Arup Roy Choudhury)  
Company Secretary Chief Executive Officer Director Chairman

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

For S S Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.000756N

Place: New Delhi  
Dated: 8<sup>th</sup> May, 2015

(Naveen Aggarwal)  
Partner ( M.No.94380)

## NTPC VIDYUT VYAPAR NIGAM LIMITED

### NTPC VIDYUT VYAPAR NIGAM LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

	Amount in ₹	
	31.03.2015	31.03.2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	664,849,421	912,753,492
<b>Adjustment for:</b>		
Depreciation	1,670,866	696,270
Interest Charges	151,770	437,750
Interest income	(113,429,277)	(408,628,689)
Profit on disposal of fixed asset	(4,141)	(405)
Loss on disposal of fixed asset	-	85,789
(Decrease)/Increase in Fly Ash Utilization Fund	(3,470,019,336)	742,848,168
	<b>(3,581,630,118)</b>	<b>335,438,883</b>
<b>Operating Profit before Working Capital Changes</b>	<b>(2,916,780,697)</b>	<b>1,248,192,375</b>
<b>Adjustment for:</b>		
Trade and other receivables	(2,427,839,281)	(1,348,995,767)
Inventories	111,244	23,002
Trade payable and other liabilities	2,428,916,354	1,069,465,760
Loans and advances	5,511,260	10,134,793
	<b>6,699,577</b>	<b>(269,372,212)</b>
<b>Cash generated from operations</b>	<b>(2,910,081,120)</b>	<b>978,820,163</b>
Direct taxes paid	(211,095,157)	(152,153,447)
<b>Net Cash from Operating Activities-A</b>	<b>(3,121,176,277)</b>	<b>826,666,716</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,536,399)	(1,329,665)
Disposal of fixed assets	934,620	45,880
Interest on Investments Received	466,927,130	367,866,759
Income Tax on Interest on Investments	(46,762,426)	(47,534,877)
<b>Net Cash used in Investing Activities -B</b>	<b>419,562,925</b>	<b>319,048,097</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(200,000,000)	-
Tax on dividend	-	-
Interest Paid	-	(759)
<b>Net Cash flow from Financing Activities-C</b>	<b>(200,000,000)</b>	<b>(759)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>(2,901,613,352)</b>	<b>1,145,714,054</b>
<b>Cash and Cash equivalents (Opening balance)</b>	<b>6,376,004,726</b>	<b>5,230,290,672</b>
<b>Cash and Cash equivalents (Closing balance)</b>	<b>3,474,391,374</b>	<b>6,376,004,726</b>

#### NOTES

1. Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks. Cash & cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 15.

Cash and cash equivalents	314,920,595	572,888,726
Deposits included in other bank balances	1,464,684,042	2,540,544,859
Other bank balances-Others#	1,695,486,737	3,262,571,141
Cash & cash equivalent as restated (Note 15-Cash & bank balances)	<b>3,474,391,374</b>	<b>6,376,004,726</b>
# Amounts which are not available for use towards:		
Term deposit as security with Sales Tax Authorities	25,000	25,000
Term Deposits Fly Ash Utilisation Fund	1,571,139,084	3,148,988,493
Term Deposit as per the directive from the Hon'ble High Court of Delhi	124,322,653	113,557,648
	<b>1,695,486,737</b>	<b>3,262,571,141</b>

2. Previous period figures have been regrouped/rearranged wherever necessary.

For and on behalf of the Board of Directors

(Nitin Mehra) (N.K.Sharma) (K. Biswal) (Dr. Arup Roy Choudhury)  
Company Secretary Chief Executive Officer Director Chairman

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

For S S Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.000756N

Place: New Delhi  
Dated: 8<sup>th</sup> May, 2015

(Naveen Aggarwal)  
Partner ( M.No.94380)

### NTPC VIDYUT VYAPAR NIGAM LIMITED

Notes to the financial statements for the year ended 31<sup>st</sup> March 2015

#### 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, accounting standard specified under Section 133 of Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2014, the Companies Act, 2013 ( to the extent notified and applicable) and applicable provisions of the Companies Act 1956.

##### B. Use of estimates

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

##### C. Fly Ash Utilisation Fund

- 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 3<sup>rd</sup> November 2009 issued by Ministry of Environment and Forests (MoEF), Government of India.
- Interest earned (net of Income Tax) on "Fly Ash Utilization Fund" is credited to the fund.
- Expenses incurred by the company/ holding company in relation to utilisation of fly ash are charged to the "Fly Ash Utilization Fund".

##### D. Fixed Assets

- Tangible 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.

##### E. 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.

##### F. 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.

##### G. Income recognition

- Sale of energy is accounted for based on the rates agreed with the customers.
- Interest earned on "Fly Ash utilization fund" is credited to other income.
- The surcharge on late payment/overdue trade receivables for sale of energy and liquidated damages are recognized when no significant uncertainty as to measurability or collectability exists.

##### H. Expenditure

###### a) Depreciation /amortisation

- Depreciation is charged on straight line method according to useful lives specified in Schedule II of the Companies Act, 2013.
- 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.
- Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.
- 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.

###### b) Other expenditure

- Expenses on training & recruitment and research & development are charged to revenue in the year incurred.
- Prepaid expenses and prior period expenses/income of items of ₹ 1,00,000/- and below are charged to natural heads of accounts.

##### I. Employee benefits

The employees of the Company are on secondment from the holding company. Employee benefits include provident fund, pension, gratuity, post-retirement medical facilities, compensated absences, long service award, economic rehabilitation scheme and other terminal benefits. In terms of the arrangement with the Holding Company, the Company is to make a fixed percentage contribution of the aggregate of basic pay and dearness allowance for the period of service rendered in the Company. Accordingly, these employee benefits are treated as defined contribution schemes.

##### J. 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.

## NTPC VIDYUT VYAPAR NIGAM LIMITED

### K. Provision and contingent liabilities

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

### L. Cash flow statement

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

### M. Taxes on Income

Current tax is determined on the basis of taxable income in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax liability/asset resulting from 'timing difference' between accounting income and taxable income is accounted for considering the tax rate & tax laws that have been enacted or substantively enacted as on the reporting date. Deferred tax asset is recognized and carried forward only to the extent that there is reasonable / virtual certainty that the asset will be realized in future. Deferred tax assets are reviewed at each reporting date for their reasonability.

## 2. SHARE CAPITAL

As at	31.03.2015	31.03.2014
<b>Equity Share Capital</b>		
<b>Authorised</b>		
2,00,00,000 shares of par value of ₹10/- each (Previous period 2,00,00,000 shares of par value of ₹10/- each)	200,000,000	200,000,000
<b>Issued, subscribed and fully paid-up</b>		
2,00,00,000 shares of par value of ₹10/- each (Previous period 2,00,00,000 shares of par value of ₹10/- each)	200,000,000	200,000,000

- During the period, the company has not issued/bought back any equity shares.
- The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meetings of its shareholders subject to approval of the shareholders.
- All shares are held by the Holding Company i.e. NTPC Limited and its nominees.
- Details of shareholders holding more than 5% shares in the company:

Particulars	31.03.2015		31.03.2014	
	No. of shares	%age holdings	No. of shares	%age holdings
NTPC Limited and its nominees	20,000,000	100	20,000,000	100

### 3. Reserves and Surplus

As at	31.03.2015	31.03.2014
<b>General Reserve</b>		
As per last financial statements	1,657,938,002	1,567,938,002
Add: Transfer from Surplus in the Statement of Profit and Loss	190,000,000	90,000,000
Closing balance	1,847,938,002	1,657,938,002
<b>CSR Reserve</b>		
As per last financial statements	-	-
Add: Transfer from Surplus in the Statement of Profit and Loss	6,214,275	-
Closing balance	6,214,275	-
<b>Surplus in the Statement of Profit and Loss</b>		
As per last financial statements	4,894,412	(337,346,850)
Add: Profit/(Loss) after tax for the period from the Statement of Profit and Loss	436,113,847	602,360,048
Less: Transfer to General Reserve	190,000,000	90,000,000
Transfer to CSR Reserve ( Note 31)	6,214,275	-
Transfer to Fly Ash Utilisation Fund (interest)(Note 4)	-	170,118,786
Dividend paid	200,000,000	-
Tax on dividend paid	39,988,240	-
Net surplus/(deficit)	4,805,744	4,894,412
<b>Total</b>	<b>1,858,958,021</b>	<b>1,662,832,414</b>

During the year, the Company has paid interim dividend of ₹10/- (previous year ₹ Nil) per equity share of par value ₹10/- each for the year 2014-15

### 4. Fly Ash Utilization Fund

As at	31.03.2015	31.03.2014
As per last financial statements	3,262,301,631	2,349,334,677
Add: Transfer from sales (Note 18)	874,234,784	1,225,513,224
Add: Transfer from other Income (Note 19) (Net of tax)	207,717,705	-
Transfer from reserve and surplus Note 3) (Net of tax)	-	170,118,786
Less: Utilized during the year		
Capital expenditure (Note 10)	-	4,915,087
Cost of fly ash/ash products (Note 21)	22,311,593	28,905,770
Employee benefits expense (Note 22)	40,219,471	57,327,339
Administration & other expenses (Note 24)	42,891,315	51,313,853
Fly ash utilisation expenses incurred by holding company	347,207,619	340,203,007
	452,629,998	482,665,056
Net Fly ash utilisation fund	3,891,624,122	3,262,301,631
Less: Fly Ash Fund Transferred to NTPC Limited	3,891,624,122	-
<b>Total</b>	<b>-</b>	<b>3,262,301,631</b>

- The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. As per the gazette notification dated 3<sup>rd</sup> November 2009 issued by Ministry of Environment and Forests (MoEF), Government of India, the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance with the said notification, the company has created a fly ash utilization fund in its books of accounts to which the entire sale proceeds of fly ash and cenosphere for the year amounting to ₹87,42,34,784/- (previous year ₹1,22,55,13,224/-) has been transferred.
- Further, during the year, interest earned on the fund amounting to ₹20,77,17,705/- (net of income tax) (Gross ₹31,46,76,117/-) has been transferred from "Other Income" (Note 19) [previous year ₹17,01,18,786/-, (net of income tax)] from "Reserve and surplus" (Note 3).
- During the financial year 2013-14 the holding company framed a policy guideline for utilisation of Ash Fund created from sale of fly ash/ fly ash products, in reference to the above notification dated 03.11.2009, including employee cost and other administrative expenditure incurred at its various coal based generating stations/offices. These expenses mainly pertain to the development of infrastructure or facilities, promotion and facilitation activities so as to increase the utilisation of fly ash. Therefore, during the current year company has charged an amount of ₹45,26,29,998/- (previous year ₹48,26,65,056/-) to the fund as fly ash utilisation expenses, which includes ₹34,72,07,619/- (previous year ₹34,02,03,007/-) incurred and certified by holding company.
- The indirect expenses incurred by the company amounting to ₹4,27,52,797/- on account of employee benefits and administration & other expenses have been allocated in the ratio of gross margin on sale of power and fly ash & its products.
- As per the management decision (note dated 12.09.2014), all the activities related to sale of fly ash & closing balance of fly ash utilisation fund has been transferred to NTPC Limited (holding company) w.e.f 1st Jan 2015.

### 5. Deferred Tax Liabilities (net)

As at	31.03.2015	31.03.2014
<b>Deferred tax liability</b>		
Difference of book depreciation and tax depreciation	258,452	463,641
Less: Deferred tax asset	-	-
Provisions & other disallowances for tax purposes	75,829	-
<b>Total</b>	<b>182,623</b>	<b>463,641</b>

- The net change in deferred tax of ₹2,81,018/- has been credited [Previous year (₹17,97,32,637/-) charged] to Statement of Profit and Loss.
- Deferred tax asset and deferred tax liability have been offset as they relate to the same governing law.

### 6. Other Long-Term Liabilities

As at	31.03.2015	31.03.2014
Deposits from customers (Note- 38)	-	9,857,306
<b>Total</b>	<b>-</b>	<b>9,857,306</b>

Disclosure with respect to Micro, Small and Medium Enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006 is made in Note 29.

### 7. Trade Payables

As at	31.03.2015	31.03.2014
<b>Trade Payable</b>	<b>5,304,572,603</b>	<b>4,771,151,370</b>
	<b>5,304,572,603</b>	<b>4,771,151,370</b>

Disclosure with respect to Micro, Small and Medium Enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006 is made in Note 29.

**NTPC VIDYUT VYAPAR NIGAM LIMITED**

**8. Other Current Liabilities**

	Amount in ₹	
As at	31.03.2015	31.03.2014
Advances from customers and others	1,561,825	74,778,233
Payable for capital expenditure	340,811	340,811
Other payables		
- Tax deducted at source and other statutory dues	41,055,022	15,170,725
- Deposits from customers and others	3,025,636	39,045,369
- Payable to holding company (Note 38)	1,815,401,012	270,359,888
- Payable to employees	11,190,154	18,404,539
- Retention on A/c BG encashment (Solar)	1,991,185,630	1,618,161,629
- Payable to Solar Payment Security Account	176,729,785	183,598,578
- Others	202,628,337	117,906,013
<b>Total</b>	<b>4,243,118,212</b>	<b>2,337,765,785</b>

a) Other payables-Payable to holding company includes payable on account of Fly Ash Utilisation Fund.

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

Particulars	As at 01.04.2014	For the year ended 31.03.2015	As at 31.03.2015
Amount received as liquidated damages on late commissioning of solar power plants	1,474,289,003	366,430,004	1,840,719,007
Add: Interest accrued on unutilised amount	156,896,020	24,994,633	181,890,653
Less: Legal expenses	13,023,394	18,400,636	31,424,030
<b>Net Balance- Retention on A/c BG encashment (Solar)</b>	<b>1,618,161,629</b>	<b>373,024,001</b>	<b>1,991,185,630</b>

**10. Fixed Assets**

	Amount in ₹									
	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2014	Additions	Deduction/Adjustment	As at 31.03.2015	Upto 01.04.2014	For the year	Deduction/Adjustment	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>A. Tangible Assets</b>										
Plant and machinery (including associated civil works)	1,195,000	-	1,195,000	-	264,891	63,171	328,062	-	-	930,109
Furniture and fixtures	1,007,947	215,848	-	1,223,795	287,560	130,681	-	418,241	805,554	720,387
Office equipment	1,260,667	-	687,834	572,833	958,936	116,360	653,443	421,853	150,980	301,731
EDP, WP machines and satcom equipment	5,380,803	368,570	1,238,419	4,510,954	3,060,673	1,162,000	1,133,291	3,089,382	1,421,572	2,320,130
Communication equipments	111,146	-	-	111,146	8,359	7,247	-	15,606	95,540	102,787
<b>Total (A)</b>	<b>8,955,563</b>	<b>584,418</b>	<b>3,121,253</b>	<b>6,418,728</b>	<b>4,580,419</b>	<b>1,479,459</b>	<b>2,114,796</b>	<b>3,945,082</b>	<b>2,473,646</b>	<b>4,375,144</b>
<b>B. Assets created from fly ash utilization fund</b>										
Plant & machinery	8,334,794	-	8,334,794	-	-	-	-	-	-	8,334,794
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	2,044,208	-	2,044,208	-	-	-	-	-	-	2,044,208
<b>Total</b>	<b>45,844,944</b>	<b>-</b>	<b>45,844,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,844,944</b>
Less: Set off against Fly Ash Utilization Fund (Note 4)	45,844,944	-	45,844,944	-	-	-	-	-	-	45,844,944
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B)</b>	<b>8,955,563</b>	<b>584,418</b>	<b>3,121,253</b>	<b>6,418,728</b>	<b>4,580,419</b>	<b>1,479,459</b>	<b>2,114,796</b>	<b>3,945,082</b>	<b>2,473,646</b>	<b>4,375,144</b>
Previous year	8,138,884	988,854	172,175	8,955,563	3,931,360	689,970	40,911	4,580,419	4,375,144	4,207,524
<b>C. Intangible Assets</b>										
Software	255,491	951,981	-	1,207,472	247,091	191,407	-	438,498	768,974	8,400
<b>Total (C)</b>	<b>255,491</b>	<b>951,981</b>	<b>-</b>	<b>1,207,472</b>	<b>247,091</b>	<b>191,407</b>	<b>-</b>	<b>438,498</b>	<b>768,974</b>	<b>8,400</b>
Previous year	255,491	-	-	255,491	240,791	6,300	-	247,091	8,400	14,700

**11. Capital work-in progress**

	Amount in ₹				
	As At 01.04.2014	Additions	Deductions/Adjustments	Capitalised	As at 31.03.2015
Furniture and fixtures	-	-	-	-	-
EDP, WP machines and satcom equipment	340,811	-	-	-	340,811
<b>Total</b>	<b>340,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,811</b>
Previous year	-	340,811	-	-	340,811

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

-The Company had utilised ₹ 1,10,43,40,543/- from "Retention on A/c BG encashment (Solar)" for non payment of dues by its customers under JNNSM scheme.

c) Other payables-Payable to Solar Payment Security Account : Upto current year, the company has withdrawn an amount of ₹ 17,67,29,785/- (net of SPSA Management Fess @1%) on account of default by its customers from Solar Payment Security Account as per the directions received from the Ministry of New and Renewable Energy (MNRE).

d) Other payables- Others include the amount received on encashment of the Bank Guarantee of ₹9,50,65,000/- on 02.11.2011 invested in Fixed Deposit as per the directive from the Hon'ble High Court of Delhi till the matter is settled through Arbitration. Further, interest accrued thereon upto current year amounting to ₹3,38,52,887/- (upto previous year ₹ 2,28,41,013/-) also stands credited in the said account.

e) Considering the directions received from MNRE and opinion of the tax consultant, there is a transfer of proceeds from BG encashment by overriding effect because the proceeds from BG encashment do not belong to the company since it has to be used for specified purposes and there will be no tax liability.

**9. Short-Term Provisions**

	Amount in ₹	
As at	31.03.2015	31.03.2014
<b>Provision for</b>		
Provision for current tax #	15,328,770	-
Provision for tax on dividend	39,988,240	-
<b>Total</b>	<b>55,317,010</b>	<b>-</b>

# Provision for current tax is net of advance tax paid & TDS deducted.

-Disclosure as per AS 29 'Provisions, Contingent Liabilities and Contingent Assets' has been made in Note 33.



## NTPC VIDYUT VYAPAR NIGAM LIMITED

### 12. Long-Term Loans and Advances

	Amount in ₹	
As at	31.03.2015	31.03.2014
(Unsecured, considered good, unless otherwise stated)		
Deposits*	2,550,000	2,550,000
<b>Advances</b>		
Refund due from Income Tax Authority	17,668,864	17,668,864
Advance tax & tax deducted at source	1,027,494,222	1,029,806,426
Less:- Provision for taxation	752,301,793	752,301,793
	<u>292,861,293</u>	<u>295,173,497</u>
<b>Total</b>	<b>295,411,293</b>	<b>297,723,497</b>

\*Deposit with Sales Tax Authority ₹ 50,000/- (previous year ₹ 50,000/-) and Indian Energy Exchange (IEX) ₹25,00,000/- (previous year ₹ 25,00,000/-).

### 13. Inventories

	Amount in ₹	
As at	31.03.2015	31.03.2014
Stock-in-Trade-Cenosphere (Note 38)	-	111,244
<b>Total</b>	<b>-</b>	<b>111,244</b>

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

### 14. Trade Receivables

	Amount in ₹	
As at	31.03.2015	31.03.2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good		
Energy	1,378,726,234	1,105,877,827
Open Access Charges(OAC)	27,600,332	9,541,179
Considered doubtful (Energy&OAC)	223,091	-
Less: Allowance for bad & doubtful receivables(Energy)	223,091	-
	<u>1,406,326,566</u>	<u>1,115,419,006</u>
Others-unsecured, considered good		
Energy	3,255,739,830	1,406,038,094
Open Access Charges(OAC)	196,328,241	161,381,653
	<u>3,452,068,071</u>	<u>1,567,419,747</u>
<b>Total</b>	<b>4,858,394,637</b>	<b>2,682,838,753</b>

Unbilled revenues of ₹ 2,88,74,47,724/- (previous year ₹ 263,51,64,327/-) is stated in Note 17.

### 15. Cash & Bank Balances

	Amount in ₹	
As at	31.03.2015	31.03.2014
<b>Cash &amp; cash equivalents</b>		
Balances with banks		
- Current Accounts	313,896,538	571,637,044
- Current Account-Fly Ash (Note 38)	324,057	1,251,682
<b>Other bank balances</b>		
Deposits with original maturity of more than three months but not more than twelve months	1,464,684,042	2,540,544,859
Others #	1,695,486,737	3,262,571,141
<b>Total</b>	<b>3,474,391,374</b>	<b>6,376,004,726</b>
# Not available for use to the Company and include:		
Term deposit as security with Sales Tax Authorities	25,000	25,000
Term Deposits Fly Ash Utilisation Fund (Note 38)	1,571,139,084	3,148,988,493
Term Deposit as per the directive from the Hon'ble High Court of Delhi	124,322,653	113,557,648
	<u>1,695,486,737</u>	<u>3,262,571,141</u>

### 16. Short-Term Loans and Advances

	Amount in ₹	
As at	31.03.2015	31.03.2014
(Unsecured, considered good, unless otherwise stated)		
MAT credit entitlement	-	60,628,217
Others*	9,358,009	7,359,462
<b>Deposits</b>	<b>1,300,000</b>	<b>10,023,660</b>
<b>Total</b>	<b>10,658,009</b>	<b>78,011,339</b>

\*Others include advance to Arbitrators ₹86,48,349/- (previous year ₹39,09,454/-), OAC advance ₹25000/- (previous year ₹28,88,208/-) and prepaid/advance to Indian Energy Exchange ₹6,84,660/- (previous year ₹5,61,800/-).

### 17. Other Current Assets

	Amount in ₹	
As at	31.03.2015	31.03.2014
(Unsecured, considered good, unless otherwise stated)		
Interest accrued on term deposits	129,284,380	168,106,116
Amounts recoverable	2,901,643	1,687,790
Asset held for disposal	75,978	-
Unbilled revenues*	2,887,447,724	2,635,164,327
<b>Total</b>	<b>3,019,709,725</b>	<b>2,804,958,233</b>

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

### 18. Revenue from Operations

	Amount in ₹	
For the year ended	31.03.2015	31.03.2014
<b>Sales</b>		
Energy	38,352,190,444	34,415,322,234
Fly Ash / Fly ash product	874,234,784	1,225,513,224
Less: Transferred to Fly Ash Utilization Fund (Note 4)	874,234,784	1,225,513,224
	<u>-</u>	<u>-</u>
	<b>38,352,190,444</b>	<b>34,415,322,234</b>
<b>Other Operating Income</b>		
Rebate on energy purchase	383,819,044	341,836,814
<b>Total</b>	<b>38,736,009,488</b>	<b>34,757,159,048</b>

a) Sale of bilateral energy and energy under SWAP arrangements in million units (Mus) are recognized on the basis of Joint meter reading(JMR)/monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).

b) Sale of bilateral energy includes compensation received of ₹ 6,76,52,381/- (previous year ₹25,75,135/-) due to lesser supply/drawl of power by the supplier/buyers and open access charges on energy trading borne by the company.

c) Sale of energy under Swap arrangements is billed by margin only to buyers.

d) Sale of energy through energy exchange is recognised by brokerage only.

### 19. Other income

	Amount in ₹	
For the year ended	31.03.2015	31.03.2014
<b>Interest from</b>		
Banks	453,100,027	471,377,603
Less: Transferred to Fly Ash Utilization Fund (Note 4) [amount transferred ₹ 20,77,17,705/- (net of tax)]	314,676,117	-
-Transferred to retention on A/c BG encashment (Solar) (Note 8)	24,994,633	62,748,914
	<u>113,429,277</u>	<u>408,628,689</u>
<b>Other non-operating income</b>		
Surcharge/ other recoveries from Customers	20,289,478	149,637,942
Management fees	9,047,199	7,743,238
Profit from disposal of fixed assets	4,141	405
Miscellaneous Income #	910,470	77,989
<b>Total</b>	<b>143,680,565</b>	<b>566,088,263</b>

Interest Income excludes interest on fly ash utilisation fund ₹ 31,46,76,117/- (previous year includes ₹25,77,16,688/-)

#Miscellaneous income includes liquidated damages recovered/ sundry balance written back ₹ 9,10,470/- (previous year ₹ 77,989/-).

### 20. Purchase of energy

	Amount in ₹	
For the year ended	31.03.2015	31.03.2014
Purchase of Energy	37,798,557,473	33,890,629,901
<b>Total</b>	<b>37,798,557,473</b>	<b>33,890,629,901</b>

a) Purchase of energy in million units (Mus) are recognized on the basis of monthly Joint meter reading (JMR)/ Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).

b) Bilateral energy purchase includes compensation payment of ₹6,76,36,551/- (previous year ₹25,58,042/-) due to lesser supply/drawl of power by the Company.

### 21. Cost of Fly Ash/Ash Products

	Amount in ₹	
For the year ended	31.03.2015	31.03.2014
Fly Ash-duty & taxes	22,039,473	28,682,615
Cenosphere -collection & packing charges	272,120	223,155
	<u>22,311,593</u>	<u>28,905,770</u>
Less: Transferred to Fly Ash Utilization Fund (Note 4)	22,311,593	28,905,770
<b>Total</b>	<b>-</b>	<b>-</b>

**NTPC VIDYUT VYAPAR NIGAM LIMITED**

**22. Employee Benefits Expense**

	Amount in ₹	
For the year ended	31.03.2015	31.03.2014
Salaries and wages	113,561,556	116,677,019
Contribution to provident and other funds	21,858,851	19,562,059
Staff welfare expenses	6,416,892	7,009,222
	141,837,299	143,248,300
Less: Transferred to Fly Ash Utilization Fund (Note 4)	40,219,471	57,327,339
<b>Total</b>	<b>101,617,828</b>	<b>85,920,961</b>

a) In accordance with Significant Accounting policy No. I of Note 1, an amount of ₹2,18,58,851/- (previous year ₹1,95,62,059/-) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹68,05,918/- (previous year ₹54,51,581/-) towards leave & other benefits are paid/payable to the holding Company and included under Employee benefits ( Note 22).

**23. Finance Costs**

	Amount in ₹	
For the year ended	31.03.2015	31.03.2014
Interest on :		
Others*	151,770	437,750
<b>Total</b>	<b>151,770</b>	<b>437,750</b>

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

**24. Administration & Other Expenses**

For the year ended	31.03.2015	31.03.2014
Power charges	1,530,227	556,673
Rent	41,376,689	38,124,678
Repairs and maintenance		
Office	3,981,018	3,409,684
Others	387,636	261,928
	3,668,654	3,671,612
Insurance	18,876	27,777
Rates and taxes	4,000,000	4,000,000
Training & recruitment expenses	129,516	115,818
Communication expenses	2,693,563	2,555,354
Inland Travel	8,100,074	8,754,300
Foreign Travel	886,954	807,747
Tender expenses	1,339,654	4,083,650
Less: Receipt from sale of tenders	115,000	1,010,000
	1,224,654	3,073,650
Payment to auditors		
Audit fee to statutory auditors	140,450	84,270
Statutory Auditor-Other capacity	56,180	33,708
	196,630	117,978
Entertainment expenses	1,230,087	827,733
Brokerage & commission	310,642	383,108
Community development and welfare expenses	8,024,400	1,033,222
Ash utilisation & marketing expenses	687,259	371,712
Books and periodicals	74,373	20,730
Professional charges	26,055,766	27,420,981
Surcharge expenses	972,882	96,324,167
Legal expenses	259,321	646,949
EDP hire and other charges	48,831	77,340
Printing and stationery	428,670	292,132
Hiring of vehicles	468,815	824,406
Bank charges/LC Charges	1,063,369	2,803,398
Miscellaneous expenses	2,876,446	1,460,486
Loss on disposal/write-off of fixed assets	-	85,789
	106,396,698	194,377,740
Less: Transferred to Fly Ash Utilization Fund (Note 4)	42,891,315	51,313,853
	63,435,383	143,063,887
Provision for doubtful debts	223,091	-
<b>Total</b>	<b>63,658,474</b>	<b>143,063,887</b>

25 a) Some of the balances of trade/ other payables and loans and advances are subject to confirmation/ reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact.

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.

**26 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 ₹ 50,80,687/- (Previous year ₹ 89,01,690/-) and are included in Note 22-"Employees Benefits Expense". Similarly, lease payments in respect of premises for offices amounting to ₹4,13,76,689/- (Previous year ₹3,81,10,072/-) are shown in Rent in Note 24-"Administration and Other

Expenses". The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and these leasing arrangements are usually renewable on mutually agreed terms but are not non-cancelable.

27 Estimated amount of contract remaining to be executed on capital account and not provided for as at 31.03.2015 is ₹ Nil (previous year ₹ Nil/-).

28 Disclosure as per Accounting Standard - 20 on 'Earnings Per Share' : The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	Year ended 31.03.2015	Year ended 31.03.2014
Net profit/(loss) after Tax as numerator(₹)	436,113,847	602,360,048
Weighted average number of equity shares used as denominator	20,000,000	20,000,000
Earning per share (Basic & Diluted)-(₹)	21.81	30.12
Face Value per share-(₹)	10/-	10/-

29 Disclosure in respect of Micro, Small and Medium Enterprises as at 31.03.2015 as required by Micro, Small and Medium Enterprises Development Act, 2006 is ₹ 'Nil' ( previous year ₹ 'Nil').

30 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.

31 As per Section 135 of Companies Act 2013, the Company needs to spend ₹1,42,38,675/- during the current financial year 2014-15 under the Corporate Social Responsibility (CSR). Company was able to spend only ₹80,24,400/- (Note 24) and as such the company has made appropriation for the shortfall of ₹ 62,14,275/- by transferring from "Surplus in the statement of Profit & Loss" to "CSR Reserve" as per DPE guidelines and EAC opinion (Note 3). Further, company has committed an amount of ₹ 8,91,600/- towards CSR, which is yet to be released/expanded by the company.

32 During the year, the company started providing depreciation in accordance with schedule II of the Companies Act 2013, which was notified on March 27, 2014. Considering the revision in the useful life, depreciation for the year has increased by ₹6,80,302/- which has been charged to statement of profit and loss in the current year.

**33 Contingent Liabilities:**

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

b) Others:

-Various solar power developers challenged the encashment/ forfeiture of EMD/Bid bond under provisions of PPA before arbitrator/High Courts. The contingent liability of ₹ 2,21,00,22,510/- and interest claim of ₹62,06,56,992/- thereon (previous year contingent liability ₹97,65,00,510/- and interest of ₹23,48,98,770/-) has been estimated. Any possible liability crystallised on the above will be 1<sup>st</sup> recovered from " Retention on A/c BG encashment (Solar)" ( Note 8).

-One party has challenged the invocation of BG of ₹ 1,00,00,000/- on the ground of non conclusion of contract with the company for Ash Business. Interest on above has been estimated till current year ₹63,51,781/- (till previous year ₹45,51,781/-).

- 535 Million units supplied by the sellers under SWAP arrangements are yet to be returned- Amount unascertainable.

**34 Quantitative information: (As certified by the Management)**

	Year ended 31.03.2015	Year ended 31.03.2014
a) Trading of energy (MUs) ( including REC's)	10,421	9,392
b) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	3,622,028	4653424
Cenosphere	365	225
35 a) Expenditure in foreign currency (₹):	Year ended 31.03.2015	Year ended 31.03.2014
i) Travelling Expenses	345,771	490,073
ii) Others	-	272,650
b) Earning in foreign currency (₹)		
Trading of Power	4,459,493,332	2,118,538,172

**36 Segment information :**

The Company's principal businesses are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per significant accounting policy No.C.1. of Note 1. As such there is no reportable segment as at 31.03.2015

37 Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures' Related party: Utility Powertech Ltd., (Joint Venture Company of NTPC Limited(Holding Company) Transactions with the related party Utility Powertech Ltd. are as follows:

Particulars	(Amount in ₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
Contracts for services for services received by the Company:	27,327,135	28,649,080

## NTPC VIDYUT VYAPAR NIGAM LIMITED

The company's management is of the opinion that its domestic transactions with related parties are at arms length and will not have any impact on financial statements for the year ended 31.03.2015

38 During the financial year 2014-15, as per the management decision (note dated 12.09.2014), the Ash Business was transferred from NVVN to NTPC Limited (Holding Company) w.e.f 01.01.2015, on as is basis. It involved transfer of Fly Ash Fund, Advances, Security Deposit/Bid Security, Inventory of Cenosphere and Assets pertaining to Ash Business on book value, which has been appropriately disclosed under the relevant notes. The modality of transfer of Ash business as finalised and approved by the management, provided that, Fly Ash Fund invested in Fixed Deposit with listed banks be transferred to designated bank account of NTPC Limited as and when it matures after the transfer of ash business along with interest. Balance to the extent of unmatured fixed deposit and unpaid bank balance is appearing in other current liabilities as payable to holding company (Note 8).

As per the requirements of Ministry of Environment and Forest (MoEF) vide gazette notification dated 3<sup>rd</sup> November 2009, fly ash sale proceeds were to be utilised in the approved manner. Accordingly, NVVN is crediting the Fly Ash Fund with all the sale proceeds from the Fly Ash Business and related expenditures are incurred from such specified fund. Consequently, it has no impact on the profit and loss account of the company and thus it is not considered for the disclosures required under Accounting Standard 24 Discontinuing Operations.

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

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

For and on behalf of the Board of Directors

(Nitin Mehra)	(N.K.Sharma)	(K. Biswal)	(Dr. Arup Roy Choudhury)
Company Secretary	Chief Executive Officer	Director	Chairman

These are notes referred to in Balance Sheet and statement of profit & loss  
For S S Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.000756N

Place: New Delhi (Naveen Aggarwal)  
Dated: 8<sup>th</sup> May, 2015 Partner ( M.No.94380)

### INDEPENDENT AUDITORS' REPORT

To

The Members

NTPC Vidyut Vyapar Nigam Limited

We have audited the accompanying financial statements of NTPC Vidyut Vyapar Nigam Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company Board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standard specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of adequate accounting policies; making judgment and estimates that are reasonable and prudent; the design, implementation and maintenance of internal controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of this Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31 2015;
- in the case of the Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of Matter

a) The company has appropriated from Fly Ash Utilization Fund, inter-alia, expenses incurred by the holding company i.e. NTPC of Rs.34,72,07,619 which are stated to have been made on the basis of policy guidelines as framed by NTPC/NVVN dated 25th March 2014, in reference to the notification dated 03-11-2009 issued by Ministry of Environment & Forests, Govt. of India. In this regard we have relied upon a declaration issued by the holding company i.e NTPC, confirming that the above expenditure has been incurred by NTPC for Fly Ash Utilization activities in terms of the above said notification dated 03-11-2009. [Refer Note No. 4(c)]

b) The Company has transferred the Fly Ash Business on, 'as is basis' to its holding company w.e.f. 1st January, 2015 by transferring all assets, liabilities, rights and obligations at book value along with the fund required to be utilized as per the guidelines of Ministry of Environment & Forests [Refer Note No. 38], which has no impact on the Statement of Profit & Loss Account of the current year.

Our opinion is not qualified in respect of these matters.

#### Report on Legal and Other Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of subsection (11) of Sec 143 of the Act, we give in the Annexure (A) a statement on the matters specified in paragraph 3 & 4 of the order.
- We are enclosing our report in terms of section 143(5) of the Act, 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, in the Annexure (B) on the directions and sub-directions issued by "Comptroller and Auditor General of India."
- As required by Section 143 (3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with us this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

**NTPC VIDYUT VYAPAR NIGAM LIMITED**

- (f) The Company has adequate internal financial controls system in place and it is operating effectively.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 33 of the financial statement.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.S.Kothari Mehta & Co.**

Chartered Accountants

Firm Registration Number: 000756N

**(Naveen Aggarwal)**

Partner

Membership Number: 094380

Place: New Delhi

Date : 8<sup>th</sup> May, 2015

**ANNEXURE (A) TO THE INDEPENDENT AUDITOR'S REPORT**

Statement referred to in our report of even date to the members of **NTPC VIDYUT VYAPAR NIGAM LIMITED** on the financial statements for the year ended 31<sup>st</sup> March 2015.

We report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us 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.
- (ii) (a) As explained to us physical verification of inventory have been conducted by company at reasonable intervals. There is no inventory in the company as on 31<sup>st</sup> March, 2015.
- (b) Procedure of physical verification of inventory followed by the company are reasonable and adequate in relation to size of the company. There is no inventory in the company as on 31<sup>st</sup> March, 2015.
- (c) Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification. There is no inventory in the company as on 31<sup>st</sup> March, 2015.
- (iii) The company has not granted any loans secured or unsecured to any company, firm or other party listed in the register maintained under Section 189 of the Companies Act, 2013.  
In view of above clause (iii) (a), and clause (iii) (b) of "the Order" are not applicable to 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 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 weakness in internal control system.
- (v) The company has not accepted deposits from the public, therefore provision of section 73-76 of Companies Act 2013 is not applicable to the company. Hence provision of clause 3(v) of "the Order" is not applicable to the company.
- (vi) The Central Government has not prescribed maintenance of

cost accounts and records under section 148 of the Companies Act, 2013.

- (vii) (a) The employees of the company are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, the holding company is regular in depositing undisputed statutory dues including provident fund, employee state insurance etc. According to the information and explanation given to us, according to the records of the company income tax, sales tax and service tax are being deposited by the company on regular basis with the appropriate authority during the year. Duty of customs, duty of excise, value added tax, cess and other related statues are not applicable to the company. According to the information and explanations given to us, there are no undisputed provident fund, income tax, sales tax & service tax in arrear as at 31<sup>st</sup> March, 2015 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 service tax which have not been deposited on account of any dispute. Duty of customs, duty of excise, value added tax, cess and other related statues are not applicable to the company.
- (c) As per section 205(C) of the Companies Act 1956, company is not required to transfer any amount to investor education and protection fund, therefore provision of clause 3(vii)(c) of "the Order" is not applicable to the company.
- (viii) The company has no accumulated losses as at 31<sup>st</sup> March 2015 and it has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanation given to us the company has not taken any loan from the financial institutions, banks or raised money against debentures. Accordingly provisions of clause 3 (ix) of "the Order" is not applicable to the company.
- (x) In our opinion and according to information and explanation given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xi) The Company has not taken any term loan during the year under audit, therefore clause 3(xi) of "the Order" is not applicable to the company.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For S.S.Kothari Mehta & Co.**

Chartered Accountants

Firm Registration Number: 000756N

**(Naveen Aggarwal)**

Partner

Membership Number: 094380

Place: New Delhi

Date : 8<sup>th</sup> May, 2015

## NTPC VIDYUT VYAPAR NIGAM LIMITED

### Annexure B to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of NTPC Vidyut Vyapar Nigam Limited on accounts for the year ended 31<sup>st</sup> March 2015.

S.N.	Directions/Sub-directions	Actions Taken	Impact on Financial Statement
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and liabilities (including Committed and General Reserves) may be examined including the mode and present stage of disinvestment process.	The Company has not been selected for disinvestment, therefore requirements under clause 1 of the directions are not applicable during the year.	Not Applicable
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefor and the amount involved.	There was no waiver/write off of debts/loans/interest etc. by the company during the year, therefore requirements under clause 2 of the directions are not applicable during the year.	Not Applicable
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	During the year under audit no inventory of the company was lying with the third party and no asset has been received as gift from Govt. or other authorities, therefore requirements under clause 3 of the directions are not applicable during the year.	Not Applicable
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	The age-wise analysis of pending legal/arbitration cases obtained from the management is enclosed at Annexure-I. These cases are pending at different forum at different stages. The Company has a system for monitoring expenditure on legal cases (foreign and local) which in our view is effective.	Nil

Annexure I

### Age-wise Analysis of Pending Legal/Arbitration Cases as at 31.03.2015

Name of Unit: NTPC Vidyut Vyapar Nigam Limited

Sl. No.	"Category of Case"	Case No.	Name Of Court	Name of Party	<1 Year	1-2 Years	2-3 Years	>3 Years
1	Other	WP No. 2027/2010	HC of Delhi	R.S.India Solar Energy Pvt Ltd.				√
2	Other	WP No. 3340/2011	HC of AP at Hyderabad	"M/s Surya Chakra Power Venture (P) Ltd. "				√
3	Other	WP No. 2618/2011	HC of Delhi	M/s Bhaskar Green Pvt. Ltd.				√
4	Other	WP No. 2658/2011	"HC of Chhattisgarh at Bilaspur"	"M/s South Asian Agro Industries Ltd."				√
5	Arbitration		Before Arbitral Tribunal	Coastal Projects Ltd			√	
6	Other	OMP No. 394/2012	HC of Delhi	"M/s Greentech Power Pvt Ltd. "			√	
7	Other		Before Arbitral Tribunal	M/s Precision Ltd.			√	
8	Other		Arbitral Tribunal	"M/s DDE Renewable Energy Pvt. Ltd."		√		
9	Other		Arbitral Tribunal	M/s Newton Solar Power Pvt Ltd.		√		
10	Other		Arbitral Tribunal	M/s Oswal Woollen Mills Ltd.	√			
11	Other		Arbitral Tribunal	M/s ACME Power Ltd.	√			
12	Other		Arbitral Tribunal	M/s Sai Sudhir Energy Ltd.		√		
13	Other		Arbitral Tribunal	M/s Essel Mp Energy Ltd.		√		
14	Other		Before Arbitral Tribunal	M/s Enfield Infrastructure Ltd.	√			
15	Other		Arbitral Tribunal	M/s Sunborn Energy Ltd.	√			
16	Other		Before Arbitral Tribunal	M/s Symphony Vyapar Pvt. Ltd	√			

## NTPC VIDYUT VYAPAR NIGAM LIMITED

Sl. No.	"Category of Case"	Case No.	Name Of Court	Name of Party	<1 Year	1-2 Years	2-3 Years	>3 Years
17	Other		Before Arbitral Tribunal	M/s Lexicon Vanijya Pvt Ltd.	√			
18	Other		"Before Secretary (LAW) Under PMA"	M/s NVVN Ltd Vs India Oil Corporation	√			
19	Other		CERC	"1.M/s Dewakar Solar Energy,2.M/s Rajasthan Sun Technik (two petitions), 3.M/s MEIL Green,4.M/s Godavari Solar Power,5.M/s Aurum Renewable,6.M/s Coporate Ispat,7.M/s KVVK Energy "			√	
20	Other		HC of AP at Hyderabad	M/s Sujana Towers Ltd.		√		
21	Other		Arbitral Tribunal	M/s CCCL Infrastructure Ltd.	√			
22	Other	WP No. 874/2011	HC of Calcutta	M/s Birla Corporation Ltd.				√
23	Other	Suit No. 49/2014	"Deputy Commissioner District Khliehriat, East Jantia Hiils"	M/s Cement Manufacturing Co. Ltd	√			
24	Other	Suit No. 51/2014	"Deputy Commissioner District Khliehriat, East Jantia Hiils"	M/s Megha Technical & Engineers Pvt. Ltd.	√			
25	Other	Appeal No. 51/2015	"Appellate Tribunal of Electricity"	M/s Essar Power MP Ltd	√			
26	Other	Appeal No. 81/2015	"Appellate Tribunal of Electricity"	M/s KSK Mahanadi Power Co. Ltd.	√			

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH, 2015

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 8 May, 2015.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of NTPC Vidyut Vyapar Nigam Limited for the year ended 31 March 2015 and as such have no comments to make under section 143 (6) (b) of the Act.

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

(Tanuja S. Mittal)  
Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board - III, New Delhi

Place : New Delhi  
Dated : 30 June, 2015