

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

To the Members,

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

FINANCIAL RESULTS

(Rs. in Crore)

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

DIVIDEND

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

POWER TRADING-BUSINESS

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

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

BUSINESS INITIATIVES

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

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

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

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

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

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

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

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

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has sold 553 MT of Cenosphere as compared to 432 MT of Cenosphere in the financial year 2008-09.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at Annexure-I.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) have appointed M/s N.K. Jain Mittal & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2009-10.

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

REVIEW OF ACCOUNT BY COMPTROLLER & AUDITOR GENERAL OF INDIA

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

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

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

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

PARTICULARS OF EMPLOYEES

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

AUDIT COMMITTEE

As per the provisions of section 292A of the Companies Act, 1956, your Company has constituted an Audit Committee of the Board of Directors comprising of Shri Chandan Roy, Shri A.K. Singhal and Shri R.C. Shrivastav. Four meetings of the Audit Committee were held during the financial year 2009-10. The senior-most Director on the Audit Committee shall be the Chairman and quorum shall be of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2009-10 and of the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

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

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

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 14, 2010

(R.S. SHARMA)
CHAIRMAN

Annex-I

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

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

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

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

Structure of Power Industries in India* (Billion Units)

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

The trading of Power in India*

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

*source: CERC

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

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

STRENGTH AND WEAKNESS

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

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

OPPORTUNITIES AND THREATS

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

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

OUTLOOK

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

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

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

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

RISKS AND CONCERNS

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

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR

Operations

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

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

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

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

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

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

Financial Performance

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

Rs. in Crore

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

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

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

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

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

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

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

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

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

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of Rs. 0.61 Crore as on 31.3.2010.

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

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

Dividend

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

Reserves & Surplus

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

Current Assets, Loans and Advances

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

registering an increase of 11.70%.

Rs. in Crore

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

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

Current Liabilities and Provisions

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

Rs. in Crore

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

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

Cash Flow Statement

Rs. in Crore

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

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

Financial Indicators

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

Rs. in Crore

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

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

Human Resources

As on 31st March 2010, there were 40 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 mandays of training every year.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 14, 2010

(R.S. SHARMA)
CHAIRMAN

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

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

Notes:

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

Place: New Delhi
Date: July 14, 2010

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

NTPC VIDYUT VYAPAR NIGAM LTD
ACCOUNTING POLICIES
1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

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

4. FOREIGN CURRENCY TRANSACTIONS

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

5. INVENTORIES

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

6. PROFIT AND LOSS ACCOUNT
6.1. INCOME RECOGNITION

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

6.2. EXPENDITURE

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

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

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

7. PROVISIONS AND CONTINGENT LIABILITIES

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

8. CASH FLOW STATEMENT

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

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

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

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

For and on behalf of Board of Directors

As per our report of even date

For N.K.Jain Mittal & Co.

Chartered Accountants

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

Partner Company Secretary Director Chairman

M.No.81775

Place: New Delhi

Dated: 05.05.2010

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

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

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

For and on behalf of Board of Directors

As per our report of even date

For N.K.Jain Mittal & Co.

Chartered Accountants

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

Partner Company Secretary Director Chairman

M.No.81775

Place: New Delhi

Dated: 05.05.2010

SCHEDULES FORMING PART OF ACCOUNTS

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

		(Rs.)	
SCHEDULE NO.		31.03.2010	31.03.2009
Schedule 2			
RESERVES AND SURPLUS			
	General Reserve		584883956
	As per last Balance Sheet		170000000
	Add: Transfer from Profit & Loss Account		754883956
	Surplus in Profit & Loss Account		7961907
	Total		762845863
Schedule 3			
FLY ASH UTILIZATION FUND			
	As per last Balance Sheet		-
	Add: Transfer from Sales (Schedule 13)		13151160
	Less: Utilized during the year		25287533
	Total		106227627

Schedule 4
FIXED ASSETS

(Rs.)

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

Deductions/Adjustments from Gross Block includes

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

Deductions/Adjustments from Depreciation includes

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

Depreciation for the year is allocated as given below

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

Schedule 5

INVENTORIES

(Valuation as per Accounting Policy No.5)

	31.03.2010	31.03.2009
Cenosphere	611296	1657268

Schedule 6

SUNDRY DEBTORS

(Considered good, unless otherwise stated)

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

Schedule 7

CASH & BANK BALANCES

Balances with scheduled banks

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

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

Schedule 8

OTHER CURRENT ASSETS

Interest accrued on Term Deposits

	31.03.2010	31.03.2009
	18226374	34306486

Schedule 9

LOANS AND ADVANCES

(Considered good, unless otherwise stated)

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

Schedule 10

CURRENT LIABILITIES

Sundry Creditors

For goods and services

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

Schedule 11

PROVISIONS

Income/ Fringe Benefit Tax

As per last balance sheet

Additions during the year

Amount adjusted during the year

Less: Set off against taxes paid

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

Tax on proposed dividend

As per last balance sheet

Additions during the year

Amounts paid during the year

	31.03.2010	31.03.2009
	13596000	6798000
	16608750	13596000
	13596000	6798000
	16608750	13596000

Employee benefits

As per last balance sheet

Additions during the year

Amounts reversed during the year

Amounts paid during the year

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

Schedule 12

CONTINGENT LIABILITIES

Claims against the company not acknowledged as debts in respect of:

Disputed open access charges

Disputed energy charges

Others

	31.03.2010	31.03.2009
	-	15600385
	13791836	108219634
	-	200000
Total	13791836	124020019

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

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

SCHEDULE 20 NOTES ON ACCOUNTS

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

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

(Rs.)

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

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

10. Disclosure regarding leases

Expenses on operating leases of the premises for residential use of the employees amounting to Rs.83,16,090/- (Previous year Rs.28,65,578/-) are included in Schedule 16-"Employees remuneration and benefits". Similarly, lease payments in respect of premises for offices are shown in Rent in Schedule 17-"Administration and Other Expenses". The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and are not non-cancelable.

11. Earnings per share

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

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

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

(Rs.)

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

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

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

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

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

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

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

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

16. Quantitative information:

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

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

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details	State Code :	0 5 5
Registration No.	U 4 0 1 0 8 D L 2 0 0 2 G O 1 1 1 7 5 8 4	
	Date	Month
	3 1	0 3
		Year
		2 0 1 0

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

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

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

Total Liability	Total Assets
2 0 9 9 2 6 3	2 0 9 9 2 6 3

Source of Funds

Paid-up Capital	Reserves & surplus
2 0 0 0 0 0	7 6 2 8 4 6
Fly Ash Utilization Fund	Secured Loans
1 0 6 2 2 8	N I L
Unsecured Loans	Deferred Tax Liabilities
N I L	1 6 1

Application of Funds

Net Fixed Assets	Investment
2 9 4 7	N I L
Net Current Assets	Misc. Expenditure
1 0 6 6 2 8 8	N I L
Accumulated Losses	
N I L	

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

Turnover	Total Expenditure
8 5 1 3 3 9	4 2 0 5 4 6
Profit/Loss before Tax	Secured after Tax
4 3 0 7 9 3	2 8 3 9 2 4
Earning per share in Rs.	Dividend Rate%
1 4 . 2 0	5 0

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

(As per monetary terms)

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

As per our report of even date

For and on behalf of Board of Directors

For N.K.Jain Mittal & Co.

Chartered Accountants

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

M.No.81775

Place: New Delhi

Dated:05.05.2010

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2010

(Rs.)

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

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

For and on behalf of Board of Directors

As per our report of even date

For N.K.Jain Mittal & Co.

Chartered Accountants

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

M.No.81775

Place: New Delhi

Dated:05.05.2010

AUDITOR'S REPORT

To the Members of

NTPC VIDYUT VYAPAR NIGAM LIMITED

- We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- Further to our comments in the annexure referred to in para 3 above, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - Being a Government Company, pursuant to the Notification no. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
 - In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 20, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2010,
 - in the case of Profit and Loss Account, of the profit for the year ended on that date, and
 - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N.K. Jain Mittal & Co.

Chartered Accountants

(N.K.Gupta)

Partner

M.No.81775

Place: New Delhi
Dated: 05.05.2010

ANNEXURE TO THE AUDITOR'S REPORT

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

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

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

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

Place: New Delhi
Dated: 05.05.2010

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

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 5 May 2010.

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

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

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

Place: New Delhi
Dated: 31st May, 2010