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

To

Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report on the working of the Company for the financial year ended on 31st March 2011 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ in Crore)

	FY 2010-11	FY 2009-10
Total Income/Revenue	**78.95**	85.13
Total Expenditure	**33.82**	42.05
Profit before Tax	**45.13**	43.08
Less: Tax	**15.07**	14.69
Profit after tax	**30.06**	28.39
Balance brought forward	**0.79**	1.06
Profit available for appropriation	**30.85**	29.45
Transfer to general reserve	**13.00**	17.00
Dividend-Proposed	**15.00**	10.00
Tax on Dividend- Proposed	**2.43**	1.66
Surplus carried forward	**0.42**	0.79

DIVIDEND

Your Directors have recommended a dividend of ₹ 15 Crore @ ₹ 7.5 per equity share on the face value of fully paid-up equity share capital of ₹ 10 each, for the financial year 2010-11. The dividend shall be paid after your approval at this Annual General meeting.

POWER TRADING-BUSINESS

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

During the financial year under review margin from trade of power was ₹ 28.12 Crore from trade of 6933 million units including 3529 million units traded under SWAP arrangements, as compared to margin of ₹ 21.47 Crore from trade of power of 5549 million units including 2341 million units traded under SWAP arrangements in the financial year 2009-10. The overall volume of power traded by Company during the financial year 2010-11 has increased by 25% over last financial year 2009-10.

BUSINESS INITIATIVES

The Cabinet has approved the Jawaharlal Nehru National Solar Mission (JNNSM) on November 19, 2009 with an aim to have capacity of 20,000 MW of solar power by 2022, with immediate target for 1000 MW by 2013 under Phase I.

Ministry of Power (MOP), Government of India, through a Presidential Directive, on December 22, 2009 has designated your company as the Nodal Agency for Phase I (1000 MW) under JNNSM 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 power sourced from NTPC coal power stations to Distribution Utilities under Phase I (2010-2013) of JNNSM.

MOP and Ministry of New and Renewable Energy (MNRE) have finalised the Guidelines for selection of Projects under Migration and New Projects, which was subsequently notified by MNRE.

Under Migration Projects Scheme of JNNSM, 16 nos. of Solar Power Developers (SPDs) with a total capacity of 84 MW (Solar PV-54 MW, Solar Thermal-30 MW) were selected in 3 states viz. Rajasthan, Maharashtra and Punjab for 66MW, 11MW and 7 MW respectively and Power Purchase Agreements were signed with them on October 15, 2010 and corresponding Power Sale Agreements have been signed with the above State buying Utilities.

The 13 Solar PV Projects of 54 MW capacity are scheduled for commissioning in October, 2011 and 3 Solar Thermal Projects of 30 MW capacity are scheduled for commissioning in February, 2013.

Under New Projects Scheme, 30 Solar Power Developers for Solar PV Projects for a total of 150 MW and 7 Solar Power Developers for Solar Thermal Projects for a total of 470 MW were selected and Letters of Intent issued on December 11, 2010. The Power Purchase Agreements with 36 Solar Power Developers for 615 MW capacity (145MW-Solar PV, 470 MW-Solar Thermal) and corresponding Power Sale Agreements with Buying Utilities/ Discoms of the States of Andhra Pradesh, Karnataka, West Bengal, Rajasthan Orissa, Punjab, Uttar Pradesh and DVC have been concluded and solar capacity has been allocated to them as per principles finalised with MOP/ MNRE.

Meetings were convened by MOP on April 21, 2011 and June 3, 2011 regarding allocation of equivalent MW of power from NTPC coal stations for bundling with solar power from Migration Projects and New Projects.

The balance available capacity of 301 MW Solar PV shall be taken up under Batch Second of Phase-I (i.e. 2011-12), for which selection process is being taken up shortly as per the guidelines of MNRE.

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 power 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. Jindal Power Limited, Adani Power Limited, Torrent Power Limited and Captive Power Plants of 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 2341 million units in financial year 2009-10 has been increased to 3529 million units during the financial year 2010-11.

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2010-11, 2337115 MT of fly ash was sold as compared to 759056 MT of fly ash sold in the financial year 2009-10.

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 600 MT of Cenosphere as compared to 553 MT of Cenosphere in the financial year 2009-10.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at Annexure-I.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) have appointed M/s Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2010-11.

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

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

Supplementary Audit was conducted by the Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated May 24, 2011 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 2010-11 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. An expenditure of ₹0.29 Crore in foreign currency has been incurred for travelling of employees during the financial year under review.

PARTICULARS OF EMPLOYEES

During the period under review the Company had no employees of the category, falling, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, your Company has an Audit Committee of the Board of Directors comprising of Shri A.K. Singhal, Shri S.P. Singh and Shri N.N. Misra, Directors of the Company. Two meetings of the Audit Committee were held during the financial year 2010-11. The senior-most Director on the Audit Committee Chaired the meeting and quorum is of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2010-11 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

Shri Arup Roy Choudhury, Chairman & Managing Director, NTPC Limited, consequent upon nomination received from NTPC Limited, has been appointed as an Additional Director and designated as Chairman of the Company w.e.f. September 3, 2010. Shri R.S. Sharma, consequent upon superannuation from services of NTPC Limited has ceased to be the Chairman of the Company w.e.f. August 31, 2010 (A/N).

Shri Chandan Roy, consequent upon superannuation from services of NTPC Limited has ceased to be the Director of the Company w.e.f. July 31, 2010 (A/N).

During the financial year under review the Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri S.P. Singh, Director (HR), NTPC and Shri N.N. Misra, Director (Operations), NTPC, as Additional Directors of the Company.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.S. Sharma and Shri Chandan Roy during their association with the Company. Shri Arup Roy Choudhury, Shri S.P. Singh and Shri N.N. Misra hold office up to the date of this Annual General Meeting but are eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing their candidatures for the office of Directors liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956, Shri Satish C. Mehta, Director shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for reappointment.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 14, 2011

(ARUP ROY CHOUDHURY)
Chairman

ANNEXURE - 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, 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.

The grant of Trading License for Inter-state trading is governed by CERC Regulations, 2009 including its Amendment dated 2nd June, 2010.

CERC has capped at a trading margin of 7 paisa per kWh in case the sale price is exceeding ₹ 3 per kWh and 4 paisa per kWh where sale price is less than or equal to ₹ 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, 50 traders have obtained licenses for serving the needs of the various clients, out of which 9 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 2010-11 out of the electricity generation of approximately 810 billion units, approximately 54 billion units were traded, representing 6.6% of trading to total generation.

Structure of Power Industries in India*

(Billion Units)

(i)	Long –Term (90%)	728
(ii)	Power Trading (6.6%)	54
(iii)	Balancing Market (UI)(3.4%)	28
	Total	**810**

The trading of Power in India*

(i)	Bilateral Trading	30
(ii)	Bilateral Direct	10
(iii)	Through Power Exchange	14
	Total	**54**

*source: CERC

STRENGTH AND WEAKNESS

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

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

OPPORTUNITIES AND THREATS

Ministry of Power, Government of India plans to enhance the existing inter regional power transfer capacity of 20750 MW to 32650 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 the number of private traders has increased and they are trading power without proper back-to-back payment security mechanism. In view of the above your company is having the threat of non timely payment by buyers.

OUTLOOK

Your Company has been designated as one of the nodal agencies for cross border trading of power with Bhutan and the nodal agency for 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 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 power stations. The business under this segment is expected to commence from 2011-12 onwards.

In line with the National Electricity Policy, 15% of power may be sold outside long term PPAs from NTPC stations. Your Company and NTPC shall sign MOU for marketing of such power.

Your Company is also selling fly ash from NTPC plant at Dadri, Unchahar and Kahalgaon. The Company is also in the process of starting sale of fly ash from Ramagundam, Farakka and Badarpur.

RISKS AND CONCERNS

The trading margin capped by CERC for electricity trading limits revenues of trading companies. The risk gets further enhanced due to large number of private players offering lower trading margin than the capped trading margin. Your Company continues to focus on increasing its market share in power trading and is taking appropriate initiatives to increase its business.

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR

Operations

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

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

	FY 2010-11	FY 2009-10
	Million units	
Purchase & sale of power	**3404**	3208
Sale of power under Power SWAP Arrangements	**3529**	2341
Total	**6933**	5549

During the financial year 2010-11, your company traded 6933 million units of power, representing over 23% of total bilateral trading volume through traders. The overall volume of power traded by Company has increased by 25% over last year.

In 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.

Your Company had pioneered the innovative arrangement called Power SWAP Arrangements which during the financial year 2010-11, resulted in business of 3529 million units as compared to 2341 million units in financial year 2009-10.

Financial Performance

The main revenue of your Company has been realized by trading of power of 6933 million units contributing to 62% of total revenue.

₹ in Crore

	FY 2010-11		FY 2009-10	
Sale of Power	**1549.30**		1829.49	
Less: Power Purchase	**1534.92**	**14.38**	1816.96	12.53
Power under SWAP Arrangements		**13.73**		8.94
Rebate on power purchase		**30.31**		35.89
Sale of fly Ash/ash products (Before 03.11.2009)		**-**		14.15
Sale of Fly Ash and Cenosphere	58.02		13.15	
Less: Transfer to Fly Ash Utilization Fund	58.02		13.15	-
other Income		**20.53**		13.62
Total		**78.95**		85.13

During the financial year 2010-11, the Company had traded 6933 million units as compared to 5549 million units in financial year 2009-10. In addition to power trading, your Company is also trading fly ash. During the financial year 2010-11, the Company had sold 2337115 MT of fly ash as compared to 759056 MT during financial year 2009-10. The Company had also traded 600 MT of Cenosphere during the financial year under review as compared to 553 MT of Cenosphere during financial year 2009-10. 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 ₹58.02 Crore received from sale of fly ash and cenosphere during the current financial year as compared to ₹13.15 Crore transferred during the previous financial year for the period starting from November 3, 2009 (i.e. date of notification) to March 31, 2010.

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:-

₹ in Crore

	2010-11	2009-10
Open access charges	**0.12**	0.01
Cost of Ash/Ash products	**-**	0.05
Rebate on power sale	**24.48**	31.35
Other operating expenses	**8.97**	10.53
Total operating expenses	**33.57**	41.94

Due to the Ministry of Environment and Forest, Government of India, notification operating expenses of only ₹ 2.22 Crore relating to fly ash business up to November 2, 2009 was included in the operating expenses. However, the full operating expenses of fly ash business during 2010-11 has been netted off with revenue from sale of fly ash and not included in operating expenses.

During the financial year 2010-11, the rebate on power sale is ₹ 24.48 Crore as compared to ₹31.35 Crore in the previous year.

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

₹ in Crore

	2010-11	2009-10
Total operating expenses	**33.57**	41.94
Depreciation	**0.06**	0.07
Interest & Finance Charges	**0.19**	0.04
Total Expenses including operating expenses	**33.82**	42.05

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 ₹0.66 Crore as on 31.3.2011.

₹ in Crore

	2010-11	2009-10
Profit before tax	**45.13**	43.08
Provision for current and deferred tax	**15.07**	14.69
Net profit after tax	**30.06**	28.39

During the financial year under review even after transferring entire amount received from trade of fly ash and cenosphere to fly ash utilization fund the Company has earned the net profit after tax of ₹30.06 Crore as compared to ₹28.39 Crore earned in financial year 2009-10.

Dividend

Your Directors have recommended a dividend of ₹15 Crore @ ₹ 7.5 per equity share on the face value of fully paid-up equity share capital of ₹ 10/- each, for the financial year 2010-11. The dividend shall be paid after your approval at this Annual General meeting.

Reserves & Surplus

During the financial year 2010-11 a sum of ₹13 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 2010-11 were ₹269.73 Crore as compared to ₹ 209.63 Crore in financial year 2009-10 registering an increase of 29%.

₹ in Crore

	31.03.2011	31.03.2010
Inventories	**0.02**	0.06
Sundry Debtors	**117.55**	93.07
Cash and Bank balances	**144.71**	112.22
Other Current assets	**3.21**	1.82
Loans and Advances	**4.24**	2.46
Total Current Assets, Loans and Advances	**269.73**	209.63

The increase was mainly on account of increase in Sundry Debtors and cash and bank balance. During the financial year under review Sundry Debtors has increased to ₹ 117.55 Crore from ₹ 93.07 Crore. The major amount of debtors has now been recovered from various buyers and balance amount would be realized soon. The Cash and Bank Balance has increased to ₹ 144.71 Crore from ₹ 112.22 Crore due to increase in CLTDs/FDRs.

Current Liabilities and Provisions

During the financial year 2010-11 Current Liabilities have decreased to ₹ 84.57 Crore as compared to ₹ 91.23 Crore in the financial year 2009-10, mainly on account of decrease in sundry creditors for power purchase.

₹ in Crore

	31.03.2011	31.03.2010
Liabilities	**84.57**	91.23
Provisions	**17.56**	11.77
Total Liabilities and Provisions	**102.13**	103.00

The provisions for the financial year under review have increased to ₹ 17.56 Crore as compared to ₹ 11.77 Crore in previous financial year, mainly on account of increase in proposed final dividend and tax thereon.

Cash Flow Statement

₹ in Crore

	2010-11	2009-10
Opening Cash and cash equivalents	**112.22**	121.65
Net cash from operating activities	**38.79**	(8.56)
Net cash used in investing activities	**5.36**	8.49
Net cash flow from financing activities	**(11.66)**	(9.36)
Net Change in Cash and cash equivalents	**32.49**	(9.43)
Closing cash and cash equivalents	**144.71**	112.22

The closing cash and cash equivalent for the financial year ended March 31, 2011 has increased 1.29 times from ₹ 112.22 Crore in the previous year to ₹144.71 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2010-11 as compared to financial year 2009-10 are as under: -

₹ in Crore

	Description	**2010-11**	2009-10
A	i) Capital employed	**108.91**	96.28
	ii) Net worth	**108.91**	96.28
B	i) Return on Capital Employed (PBT/CE)	**41.44%**	44.74%
	ii) Return on net worth (PAT/NW)	**27.60%**	29.49%
C	Dividend as % of Equity Capital (basic/average)	**75**	50
D	Earning per share in ₹ (EPS)	**15.03**	14.20

The capital employed as well as net worth has increased due to addition of profit earned during the financial year 2010-11. The EPS of the Company has increased due to increase in profitability. The Return on Capital Employed and Return on Net Worth has reduced because of the increase in base figures of capital employed and net worth are not in proportion to an increase in revenue from trading of power and interest from investment of surplus funds and in the year 2009-10 the revenue included the receipt from sale of fly ash (₹ 12.07 Crore PBT and ₹ 7.97 Crore PAT) up to November 2, 2009

Human Resources

As on 31st March 2011, there were 53 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 man days of training every year.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : July 14, 2011

(ARUP ROY CHOUDHURY)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

3.1. Fixed Assets are carried at historical cost less accumulated depreciation.

3.2. Intangible assets are stated at their cost of acquisition less accumulated amortisation.

4. FOREIGN CURRENCY TRANSACTIONS

4.1. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

4.2. At the balance sheet date, foreign currency monetary items are reported using the closing rate.

5. INVENTORIES

5.1. Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.

5.2. The diminution in value of obsolete / unserviceable items is ascertained on review and provided for.

6. PROFIT AND LOSS ACCOUNT

6.1. INCOME RECOGNITION

6.1.1. Sale of energy are accounted for based on rates agreed with the customers.

6.1.2. Sale of fly ash/ ash products are accounted for based on rates agreed with the customers. Amounts collected are kept under separate account head "fly ash utilization fund" in accordance with the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India.

6.1.3. The surcharge on late payment/overdue sundry debtors for sale of energy 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 based on their estimated useful life as mentioned below:

a) Personal Computers and Laptops including peripherals	5 Years
b) Photocopiers and Fax Machines	5 Years
c) Air conditioners, Water coolers and Refrigerators	12 Years

6.2.2. Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

6.2.3. Assets costing up to ₹ 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 ₹1,00,000/- and below are charged to natural heads of accounts.

6.2.7. The liabilities towards employee benefits are ascertained and provided annually by the Holding Company i.e. NTPC Ltd. on actuarial valuation at the year end as per Accounting Standard (AS) 15. The company charges such employee benefits as apportioned by the Holding Company.

7. OPERATING LEASE

Assets acquired on lease where a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.

8. PROVISIONS AND CONTINGENT LIABILITIES

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

9. CASH FLOW STATEMENT

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

BALANCE SHEET AS AT 31st MARCH 2011

(₹)

	Schedule No.	31.03.2011	31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	**200000000**	200000000
Reserves and Surplus	2	**889094005**	762845863
Sub-total (Shareholders' funds)		**1089094005**	962845863
FLY ASH UTILIZATION FUND	3	**589596896**	106227627
DEFERRED TAX LIABILITY (Net)		**149151**	161285
TOTAL		**1678840052**	1069234775
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		**6566730**	6110716
Less: Depreciation		**3730047**	3164013
Net Block		**2836683**	2946703
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	5	**226025**	611296
Sundry Debtors	6	**1175528357**	930665567
Cash and Bank balances	7	**1447042306**	1122160031
Other Current Assets	8	**32129710**	18226374
Loans and Advances	9	**42373864**	24652547
Sub-total (Current Assets, Loans and Advances)		**2697300262**	2096315815
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	10	**845700045**	912362491
Provisions	11	**175596848**	117665252
Sub-total (Current Liabilities and Provisions)		**1021296893**	1030027743
Net Current Assets		**1676003369**	1066288072
TOTAL		**1678840052**	1069234775
Notes on accounts	18		

Schedules 1 to 18 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 Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(₹)

	Schedule No.	Current Year	Previous Year
INCOME			
Sales	12	**281155124**	356244155
Rebate on power purchase		**303136135**	358937862
Other income	13	**205226941**	136156532
Total		**789518200**	851338549
EXPENDITURE			
Open access charges		**1220373**	130000
Cost of fly ash/ash products	14	**-**	546606
Employees' remuneration and benefits	15	**57430389**	65555706
Administration & other expenses	16	**32299358**	39707385
Rebate on power sale		**244748386**	313522931
Depreciation		**566034**	674460
Interest and finance charges	17	**1956513**	408603
Total		**338221053**	420545691
Profit before Tax		**451297147**	430792858
Provision for :			
a) Current tax		**150727389**	146842820
b) Deferred tax		**(12134)**	25649
Total (a+b)		**150715255**	146868469
Profit after tax		**300581892**	283924389
Balance brought forward		**7961907**	10646268
Balance available for appropriation		**308543799**	294570657
Transfer to General Reserve		**130000000**	170000000
Dividend-Proposed		**150000000**	100000000
Tax on Dividend		**24333750**	16608750
Balance carried to Balance Sheet		**4210049**	7961907
Earning Per Share (Equity shares, face value ₹ 10/- each)-Basic and diluted		**15.03**	14.20
Notes on accounts	18		

Schedules 1 to 18 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 Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

SCHEDULES FORMING PART OF ACCOUNTS

(₹)

	31.03.2011	31.03.2010
Schedule 1		
SHARE CAPITAL		
AUTHORISED		
2,00,00,000 equity shares of ₹ 10/-each (Previous Year 2,00,00,000 equity shares of ₹ 10/-each)	**200000000**	200000000
ISSUED, SUBSCRIBED AND PAID UP		
2,00,00,000 equity shares of ₹ 10/-each fully paid-up (Previous year 2,00,00,000 equity shares of ₹ 10/- each fully paid up). All shares are held by the holding company, NTPC Limited and its' nominees.	**200000000**	200000000
Schedule 2		
RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	**754883956**	584883956
Add: Transfer from Profit & Loss Account	**130000000**	170000000
	884883956	754883956
Surplus in Profit & Loss Account	**4210049**	7961907
Total	**889094005**	762845863

(₹)

		31.03.2011	31.03.2010
Schedule 3			
FLY ASH UTILIZATION FUND			
As per last Balance Sheet		**106227627**	-
Add: Transfer from Sales (Schedule 12)		**580162287**	131515160
Less: Utilized during the year			
Cost of fly ash ash/ash products (Schedule 14)	**2205544**		1355403
Employees' Remuneration and benefits (Schedule 15)	**55768507**		9426267
Administration & Other Expenses (Schedule 16)	**38818967**		14505863
		96793018	25287533
Total		**589596896**	106227627

Schedule 4

FIXED ASSETS

(₹)

	Gross Block				Depreciation				Net Block	
	As at 1.04.2010	Additions	Deductions/ Adjustments	**As at 31.03.2011**	As at 1.04.2010	For the year	Deductions/ Adjustments	**upto 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
TANGIBLE ASSETS										
Plant & Machinery	1195000	-	-	**1195000**	37842	56762	-	**94604**	**1100396**	1157158
Furniture, fixtures & other office equipment	1373453	456014	-	**1829467**	446699	227125	-	**673824**	**1155643**	926754
EDP & WP machines	3301185	-	-	**3301185**	2506919	213622	-	**2720541**	**580644**	794266
INTANGIBLE ASSETS										
Software	241078	-	-	**241078**	172553	68525	-	**241078**	**-**	68525
Total	**6110716**	**456014**	**-**	**6566730**	**3164013**	**566034**	**-**	**3730047**	**2836683**	**2946703**
Previous year	4291433	1843953	24670	**6110716**	2517464	674460	27911	**3164013**	**2946703**	1773969

	Current Year	Preious Year
Deductions/Adjustments from Gross Block includes		
Disposal/Retirement of assets	**-**	29380
Assets capitalised with retrospective effect	**-**	(4710)
Others	**-**	-
	-	24670
Deductions/Adjustments from Depreciation includes		
Disposal/Retirement of assets	**-**	27911
Others	**-**	-
	-	27911

(₹)

	31.03.2011	31.03.2010
Schedule 5		
INVENTORIES		
(Valuation as per Accounting Policy No.5)		
Cenosphere	**226025**	611296
Schedule 6		
SUNDRY DEBTORS		
(Considered good, unless otherwise stated)		
Debts outstanding over six months		
Unsecured	**-**	-
Other debts		
Unsecured	**1175528357**	930665567
Total	**1175528357**	930665567
Schedule 7		
CASH & BANK BALANCES		
Balances with scheduled banks		
- Current Account	**10630349**	2654668
- Term Deposit Account*	**1436411957**	1119505363
Total	**1447042306**	1122160031
* ₹ 45,000/- (Previous year ₹ 45,000/-) deposited as security with Sales Tax Authority		

(₹)

	31.03.2011	31.03.2010
Schedule 8		
OTHER CURRENT ASSETS		
Interest accrued on Term Deposits	**32129710**	18226374
Schedule 9		
LOANS AND ADVANCES		
(Considered good, unless otherwise stated)		
ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
RLDCs-open access		
Unsecured	**125000**	1851503
Advance Income/ Fringe Benefit Tax and tax deducted at source	**706994457**	540647668
Less: Provision for taxation	**689325593**	536976624
	17668864	3671044
DEPOSITS		
Deposits with suppliers and others	**24580000**	19130000
Total	**42373864**	24652547

	31.03.2011	31.03.2010
		(₹)
Schedule 10		
CURRENT LIABILITIES		
Sundry Creditors		
For goods and services		
Other than Micro and Small Enterprises	**748135235**	782731049
Holding Company -NTPC Limited	**12540121**	85024537
Deposits, retention money from buyers	**41352102**	21034153
	802027458	888789739
Advances from customers and others	**40142353**	21140610
Other liabilities	**3530234**	2432142
Total	**845700045**	912362491

	31.03.2011	31.03.2010
Schedule 11		
PROVISIONS		
Income/ Fringe Benefit Tax		
As per last balance sheet		
Additions during the year	**152348969**	146842820
Amount adjusted during the year	**(536976624)**	(390133804)
Less: Set off against taxes paid	**689325593**	536976624
	-	-
Proposed dividend		
As per last balance sheet	**100000000**	80000000
Additions during the year	**150000000**	100000000
Amounts used during the year	**100000000**	80000000
	150000000	100000000
Tax on proposed dividend		
As per last balance sheet	**16608750**	13596000
Additions during the year	**24333750**	16608750
Amounts paid during the year	**16608750**	13596000
	24333750	16608750
Employee benefits		
As per last balance sheet	**1056502**	4093248
Additions during the year	**320664**	18760
Amounts reversed during the year	**-**	1699131
Amounts paid during the year	**114068**	1356375
	1263098	1056502
Total	**175596848**	117665252

		Current Year	Previous Year
			(₹)
Schedule 12			
SALES			
Power	15493019006		18294915737
Less: Power Purchase	15349194705		18169623104
	143824301		125292633
Power under swap arrangements	137330823		89419146
		281155124	214711779
Fly Ash	568474221		266322943
Cenosphere	11688066		6724593
	580162287		273047536
Less: Transfered to Fly Ash Utilization Fund (Schedule 3)	580162287		131515160
		-	141532376
Total		**281155124**	356244155

	Current Year	Previous Year
Schedule 13		
OTHER INCOME		
Interest (Gross) (Tax deducted at source ₹ 83,30,789/-, Previous year ₹ 1,16,02,442/-)	**76304879**	82303612
Interest/surcharge received from customers	**877424**	314168
Earnest money/Security deposit forfeited	**77247890**	53534909
Miscellaneous income	**50796748**	3262
Gain on Asset Sale	**-**	581
Total	**205226941**	136156532

		Current Year	Previous Year
			(₹)
Schedule 14			
COST OF FLY ASH/ASH PRODUCTS			
– Fly Ash	709787		447203
– Cenosphere	1495757		1454806
		2205544	1902009
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)			
– Fly Ash	709787		26472
– Cenosphere	1495757		1328931
		2205544	1355403
Total		**-**	546606

	Current Year	Previous Year
Schedule 15		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	**97371114**	65125850
Contribution to provident and other funds	**8364160**	5900404
Welfare expenses	**7463622**	3955719
	113198896	74981973
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)	**55768507**	9426267
Total	**57430389**	65555706

		Current Year	Previous Year
Schedule 16			
ADMINISTRATION & OTHER EXPENSES			
Power Charges		**1527447**	887100
Rent		**29084055**	26990857
Repairs & Maintenance			
– Office	2023407		2956989
– Others	433815		100433
		2457222	3057422
Insurance		**66774**	-
Rates and taxes		**3000000**	3005000
Training & recruitment expenses		**17500**	12800
Communication expenses		**538457**	639086
Travelling expenses		**6417511**	3780226
Tender expenses	3446095		2699405
Less: Receipt from sale of tenders	530000		280000
		2916095	2419405
Payment to Auditors		**47940**	96513
Advertisement and publicity		**8024654**	10000
Entertainment expenses		**1015283**	452930
Brokerage & commission		**367430**	226071
Ash utilisation & marketing expenses		**3646216**	8008339
Books and periodicals		**15592**	26494
Professional charges and consultancy fee		**7354635**	3077468
Legal expenses		**1792220**	61482
EDP hire and other charges		**174152**	62429
Printing and stationery		**614118**	399486
Miscellaneous expenses		**2041024**	1000140
		71118325	54213248
Less: Transferred to Fly Ash Utilization Fund (Schedule 3)		**38818967**	14505863
Total		**32299358**	39707385

	Current Year	Previous Year
Schedule 17		
INTEREST AND FINANCE CHARGES		
Interest on:		
Cash credit	**98353**	70672
Others	**1622700**	1210
	1721053	71882
Finance Charges:		
Bank charges	**235460**	336721
Total	**1956513**	408603

SCHEDULE 18

NOTES ON ACCOUNTS

1. 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.

2. Sales and Purchases of energy (in million units) are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).

3. 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 ₹ 13,73,30,823/- (previous year ₹ 8,94,19,146/-) in schedule 12. 602 MUs power supplied by the sellers under SWAP arrangements are yet to be returned back by the buyers.

4. (a) The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. Consequent to the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India, whereby the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance of the said notification, the company has created a fly ash utilization fund in its accounts to which the entire sale proceeds of fly ash and Cenosphere for the year amounting to ₹ 58,01,62,287/-(previous year ₹13,15,15,160/-) has been transferred. The company utilized a sum of ₹ 9,67,93,018/-(previous year ₹ 2,52,87,533/-) towards direct/indirect expenses as determined and approved by the management. During the year, the indirect expenses such as employee costs, administration and other expenses amounting to ₹ 5,98,67,837/- have been allocated in the ratio of gross margin on sales of power and fly ash & its products as compared to allocation of indirect expenses based on number of employees in the previous year. Due to change in the basis of allocation of indirect expenses, there is an increase in the profit for the current year by ₹2,61,95,422/- with consequent effect in the balance of fly ash utilization fund in the Balance Sheet. The Interest income has been considered as an 'Other Income' and hence not allocated.

   (b) Considering the opinion of the tax consultants, there is a transfer of sale proceeds (income) by overriding effect because the sale proceeds do not belong to the company since it has to be used for specified purposes. The amounts collected shall be a liability being collected as a trustee and there will be no tax liability. Hence, no provision has been made for Income Tax on the net receipts arising on account of sale of fly ash and Cenosphere.

5. Sale of Power includes compensation received of ₹ 1,30,46,400/-(previous year ₹ 52,50,59,097/-) due to lesser drawl of power by the buyers.

6. Power purchase includes compensation payment of ₹ 1,29,33,504/- (previous year ₹ 52,49,34,604/-) due to lesser drawl of power by the Company.

7. Employees' remuneration and benefits include ₹ 1,48,28,333/-(previous year ₹ (-) 8,67,511/-) 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.

8. All the employees of the Company are on secondment basis from its Holding Company i.e. NTPC Limited.

9. Company pays fixed contribution to provident fund at predetermined rates to a separate trust created by the holding company i.e. NTPC Limited.

10. Segment information :

    a) Business Segments:

    The Company's principal business are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per Accounting Policy no. 6.1.2.

    b) Segment Revenue and Expense:

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

    c) 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	**281155124**	214711779	**-**	141532376	**281155124**	356244155
Other Income	**127829106**	51820650	**1092956**	2031689	**128922062**	53852339
Total	**408984230**	266532429	**1092956**	143564065	**410077186**	410096494
Segment Results	**375522012**	227835995	**1092956**	120691722	**376614968**	348527717
Unallocated Corporate Interest and Other Income					**76304879**	82304193
Unallocated Corporate expenses, interest and finance charges					**1622700**	39052
Income Taxes(Net)					**150715255**	146868469
Profit after Tax					**300581892**	283924389
OTHER INFORMATION						
Segment assets	**1632899913**	1434957896	**837438458**	324641296	**2470338371**	1759599192
Unallocated Corporate and other assets					**229798574**	339663326
Total Assets					**2700136945**	2099262518
Segment Liabilities	**746376357**	842265236	**686653448**	174949242	**1433029805**	1017214478
Unallocated Corporate and other liabilities					**178013135**	119202177
Total Liabilities					**1611042940**	1136416655
Depreciation					**566034**	674460
Non Cash Expenses other than Depreciation						
Capital Expenditure					**456014**	1847194

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

11. Disclosure regarding leases:

    Expenses on operating leases of the premises for residential use of the employees amounting to ₹ 1,14,57,702/- (Previous year ₹ 83,16,090/-) are included in Schedule 15-"Employees remuneration and benefits". Similarly, lease payments in respect of premises for offices are shown in Rent in Schedule 16-"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.

12. 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 (₹)	**3,00,581,892**	28,39,24,389
Weighted average number of equity shares used as denominator	**2,00,00,000**	2,00,00,000
Earning/(Loss) per share (₹)	**15.03**	14.20
Face value per share (₹)	**10**	10

13. 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:

(₹)

		31.03.2011	31.03.2010
Deferred Tax Liability			
i)	Difference of book Depreciation and tax Depreciation	**1,49,151**	1,61,285
Less: Deferred Tax Assets			
i)	Provisions Disallowed for Tax Purposes	**NIL**	NIL
Deferred tax Liability (Net)		**1,49,151**	1,61,285

The net decrease in deferred tax liability of ₹ **12,134**/- (previous year increase ₹ 25,649/-) has been credited to Profit & Loss Account.

14. As required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules,2006, there has been no impairment loss during the year.

15. Payment to the Statutory Auditors (Schedule 16):

(₹)

	Current Year	Previous Year
Audit Fees	**50,000**	60,000
Tax Audit Fees	**-**	10,000
Certification Fees	**-**	17,500
Reimbursements -Service Tax (Net)	**(2060)***	9,013
	47,940	96,513

* Net of service tax provision reversal of ₹ 7,210/- of previous year.

16. Contingent Liabilities:

a) Claims against the Company not acknowledged as debts in respect of:

Claims made by Kerala State Electricity Board (KSEB) towards energy charges, contingent liability of ₹ 1,37,91,836/- (Previous year ₹ 1,37,91,836) has been estimated.

b) Disputed Income Tax Matters:

Disputed Income Tax matters pending before various Appellate Authorities amounting to ₹ 57,89,628/-(Previous year ₹ 9,83,565/-) are disputed by the Company and Contested before various Appellate Authorities. However, the Company has paid said amount under protest.

c) Others:

One of the Solar Power Developers has challenged the encashment/ forfeiture of Earnest Money Deposit and Bid Bond amounting to ₹ 7,65,65,000/- before the Hon'ble Delhi High Court.

17. Managerial remuneration paid/payable to Chief Executive Officer:

(₹)

	Current Year	Previous Year
Salaries and allowances	**25,53,152**	24,90,838
Contribution to provident fund & other funds including gratuity & group insurance	**2,16,043**	1,96,343
Other benefits	**1,56,871**	1,15,304
Directors' fees	**NIL**	NIL

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

18. Quantitative information:

	Current Year	Previous Year
a) Trading of energy (MUs)		
Power	**3404**	3208
Power Under Swap Arrangements	**3529**	2341
b) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	**2337115**	759056
Cenosphere	**600**	553

19. Expenditure in foreign currency (₹):

a) Traveling Expenses **2, 92,562** NIL

20. Figures have been rounded off to nearest rupees.

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

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner M.No.90723	Company Secretary	Director	Chairman

Place: New Delhi
Dated: 29.04.2011

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE

I. Registration Details State Code : 055

Registration No. U40108DL2002GOI117584

	Date	Month	Year
Balance-Sheet date	31	03	2011

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

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

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

Total Liability	Total Assets
2700137	2700137

Source of Funds

Paid-up Capital	Reserves & surplus
200000	889094
Fly Ash Utilization Fund	Secured Loans
589597	NIL
Unsecured Loans	Deferred Tax Liabilities
NIL	149

Application of Funds

Net Fixed Assets	Investment
2837	NIL
Net Current Assets	Misc. Expenditure
1676003	NIL
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	Total Expenditure
789518	338221
Profit before Tax	Profit after Tax
451297	300582
Earning per share in ₹	Dividend Rate %
15.03	75

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

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

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	**(Nitin Mehra)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Partner M.No.90723	Company Secretary	Director	Chairman

Place: New Delhi
Dated: 29.04.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(₹)

			Current Year	Previous Year
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net profit before tax		**451297147**	430792858
	Adjustment for:			
	Depreciation	566034		674460
	Interest Charges	1621580		
	Interest income	(76304879)		(82303612)
	Gain on Sale of Assets	-		(581)
			(74117265)	(81629733)
	Operating Profit before Working Capital Changes		**377179882**	349163125
	Adjustment for:			
	Trade and other receivables	(244862790)		(309732472)
	Inventories	385271		1045972
	Trade payable and other liabilities	(66455850)		(75891031)
	Loans and advances	(3723497)		(19946503)
	Increase in Fly Ash Utilization Fund	**483369269**		106227627
			168712403	(298296407)
	Cash generated from operations		**545892285**	50866718
	Direct taxes paid		**(158016000)**	(136536758)
	Net Cash from Operating Activities-A		**387876285**	(85670040)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	(456014)		(1848663)
	Disposal of fixed assets	-		2050
	Interest on Investments Received	62401543		98383724
	Income Tax on Interest on Investments	(8330789)		(11602442)
	Net Cash used in Investing Activities -B		**53614740**	84934669
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Dividend paid		**(100000000)**	(80000000)
	Tax on dividend		**(16608750)**	(13596000)
	Net Cash flow from Financing Activities-C		**(116608750)**	(93596000)
	Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		**324882275**	(94331371)
	Cash and Cash equivalents (Opening balance) *		**1122160031**	1216491402
	Cash and Cash equivalents (Closing balance)*		**1447042306**	1122160031

NOTES: 1. Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks.

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

*Includes ₹ 45000/- (Previous year ₹ 45000/-) deposited as security with Sales Tax Authority.

For and on behalf of Board of Directors

As per our report of even date
For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)	(Nitin Mehra)	(A.K.Singhal)	(Arup Roy Choudhury)
Partner	Company Secretary	Director	Chairman
M.No.90723			

Place: New Delhi
Dated: 29.04.2011

AUDITORS' REPORT

To the Members of
NTPC VIDYUT VYAPAR NIGAM LIMITED

1. We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such cheques of the books and records of the Company as we considered appropriate and according to the information and explainations given to us, we enclosed in the annexure a statement on the matters specified in the paragraph 4 and 5 of the said Order

4. Further to our comments in the annexure referred to in para 3 above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;

   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e. Being a Government Company, pursuant to the Notification no. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;

   f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 18, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

      ii. in the case of Profit and Loss Account, of the profit for the year ended on that date; and

      iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Aiyar & Co.
Chartered Accountants
Firm Reg. No. 001174N
(C. Chuttani)
Partner
M. No. 90723

Place: New Delhi
Dated: 29th April, 2011

ANNEXURE TO THE AUDITORS' 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 2011.

(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 resonable intervals having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) Substantial part of fixed assets has not been disposed off during the year.

(ii) (a) As explained to us inventories have been physically verified by the management at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories.

(iii) (a) The company has not granted any loans secured or unsecured to any company, firm or other party listed in the register maintained under section 301 of the Companies Act, 1956.

In view of clause (iii) (a) above, the clause (iii) (b), (iii) (c) and (iii) (d) are not applicable.

(b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

In view of the clause (iii) (e) above, the clause (iii) (f) and (iii) (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system 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) (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 statutory dues including dues like Provident Fund with appropriate authorities. Moreover, Income Tax and Sales Tax are being deposited by the company. According to the information and explainations given to us, there are no undisputed Provident fund, Income Tax, Sales Tax, etc. in arrear as at 31.03.2011 for a period of more than six month from the date they became payable.

(b) According to the information and explainations given to us, there no due of Sales Tax, Income Tax and other applicable statutory dues which have not been deposited on account of any dispute.

(x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(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) (a), (b), (c) & (d) of the Order are not applicable to the company.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order is not applicable to the company.

(xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) The company have not taken term loan during the year and as such provision of para (xvi) of the order is not applicable to the company.

(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, therefore the provision of para (xix) of the order is not applicable to the Company.

(xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Aiyar & Co.
Chartered Accountants
Firm Reg. No. 001174N
(C. Chuttani)
Partner
M. No. 90723

Place: New Delhi
Dated: 29th April, 2011

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, 2011

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2011 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 29 April 2011.

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 2011. 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: 24th May, 2011