NTPC VIDYUT VYAPAR NIGAM LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report on the working of the Company for the financial year ended on 31st March 2012 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

(₹ in Crore)

	2011-12	2010-11
Total Revenue	**69.98**	54.48
Total Expenditure	**10.72**	9.35
Profit before exceptional and extraordinary items & Tax	**59.26**	45.13
Exceptional Items	**107.18**	-
Profit before Tax	**166.44**	45.13
Less: Tax expenses	**54.51**	15.07
Profit for the year	**111.93**	30.06

DIVIDEND

Your Directors have recommended a dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each, for the financial year 2011-12. The dividend shall be paid after your approval at the Annual General Meeting.

ENERGY TRADING-BUSINESS

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

During the financial year under review margin from trade of energy was ₹44.84 Crore from trade of 8529 million units including 2996 million units traded under SWAP arrangements and 329 million units traded under Solar Bundled energy, as compared to margin of ₹28.12 Crore from trade of energy of 6933 million units including 3529 million units traded under SWAP arrangements in the financial year 2010-11. The overall volume of energy traded by Company during the financial year 2011-12 has increased by 23% over last financial year 2010-11.

BUSINESS INITIATIVES

The Government of India has designated your company as the Nodal Agency for Phase I of Jawaharlal Nehru National Solar Mission (JNNSM) with a mandate for purchase of power from the solar power projects connected to grid at 33 KV and above at tariff regulated by CERC and for sale of such power bundled with the power sourced from NTPC coal power stations to Distribution Utilities under Phase I (2010-2013) of JNNSM which envisages setting up of 1000 MW solar capacity.

Your company has conducted the process of Selection of the Solar Power Developers based on the Guidelines issued by the Ministry of New and Renewable Energy for Migration Projects Scheme and for New Projects Scheme under two batches viz. Batch-I and Batch-II.

Under the Migration Projects Scheme of JNNSM, Solar PV Projects of 48 MW Capacity in the States of Rajasthan (35 MW), Maharashtra (11 MW) and Punjab (2 MW) out of 54 MW contracted has been commissioned and Solar Thermal Projects of 30 MW Capacity in the State of Rajasthan are scheduled for commissioning in February, 2013.

Under Batch-I of New Projects Scheme, based on the Selection Process conducted by your Company, Power Purchase Agreements were signed with 35 Solar Power Developers for 610 MW capacity (140MW-Solar PV, 470 MW-Solar Thermal) and corresponding Power Sale Agreements with Buying Utilities/Discoms of the States of Andhra Pradesh, Karnataka, Maharashtra, West Bengal, Rajasthan Odisha, Punjab, Assam, Tamil Nadu, Uttar Pradesh, Chattisgarh and DVC have been concluded and solar capacity has been allocated to them as per principles finalised with MOP/ MNRE.

Solar PV capacity of 125 MW has been commissioned in the States of Rajasthan (100MW), Andhra Pradesh (10MW), Uttar Pradesh (5 MW), Odisha (5 MW) and Tamil Nadu (5MW). The Solar Thermal Projects for 470 MW capacity in the States of Rajasthan (400MW), Andhra Pradesh (50 MW) and Gujarat (20 MW) are scheduled for commissioning in May, 2013.

As on 31st March 2012, a total solar capacity of 173 MW has been commissioned and corresponding capacity allocation of NTPC coal power has been made by Ministry of Power. The sale of bundled power has commenced from October, 2011. During the Financial Year 2011-12, a total of 329 MUs of bundled power (including - 52 MUs of Solar Power) has been supplied by your company to the Discoms of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu and Odisha.

Under Batch-II of New Projects Scheme, based on the Selection process conducted by your company, Power Purchase Agreements (PPAs) have been signed with selected Solar Power Developers for 27 Projects for 340 MW capacity by 27th January, 2012. The Solar PV projects are scheduled to be commissioned in February, 2013.

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

Your Company has excelled in many fields including expanding customer base, selling captive power, selling power of Independent Power Producers (IPPs), entering into power banking arrangements and also selling un-requisitioned surplus from NTPC stations. The customer base of the Company has increased to 90 which include private Discoms and also state utilities. The Company has maintained a strong presence in all the five regions of India.

Your Company is trading of power from IPPs viz. M/s Jaiprakash Power Ventures Ltd., Sterlite, BALCO, Jindal Power Limited, Adani Power Limited, Torrent Power Limited and Captive Power Plants of Chhattisgarh, Gujarat and Andhra Pradesh.

Power Banking Arrangement facilitated by the company has resulted in not only stabilizing the power market but also lowering the market price. During the financial year 2011-12 the banking volume was of 2996 million units.

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2011-12, 3782470 MT of Fly Ash was sold as compared to 2337115 MT of Fly Ash sold in the Financial Year 2010-11. The revenue from sale of Ash is taken to fly Ash Utilisation Fund constituted in line with MOEF Notification of November 3, 2009. In accordance with the abovementioned MOEF notification net addition to Ash Fund in 2011-12 is ₹68.01 cr.

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has sold 209 MT of Cenosphere as compared to 600 MT of Cenosphere in the financial year 2010-11.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at Annexure-I.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) have appointed M/s Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2011-12.

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

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

A Supplementary Audit was conducted by the Comptroller & Auditor General of India under Section 619(3) (b) of the Companies Act, 1956. C&AG vide its letter dated June 19, 2012 communicated that on the basis of audit, nothing significant was noticed giving rise to any comments upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act,1956. A letter from C&AG on the accounts of the company for the financial year 2011-12 is placed after the report of Statutory Auditors of your Company.

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

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

During the financial year under review the Company did not have any foreign currency earnings. An expenditure of ₹0.03 crore in foreign currency has been incurred for travelling of employees during the financial year under review.

PARTICULARS OF EMPLOYEES

As per Notification No. GSR 289(E) dated 31 March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975, it is not necessary for the Company being a Government company to include the particulars of employees drawing salaries of ₹60 lakh or more per annum, employed throughout the financial year or ₹5 lakh per month, if employed for part of the financial year. However, during the period under review the Company had no employees of the category, falling, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, your Company has an Audit Committee of the Board comprising of Shri A.K. Singhal, Shri S.P. Singh and Shri N.N. Misra, Directors of the Company. Three meetings of the Audit Committee were held during the financial year 2011-12. The senior-most Director on the Audit Committee Chaired the meeting and quorum is of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2011-12 and of the profit of the company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

During the financial year under review the Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri Akhilesh Mishra, Joint Secretary (North), Ministry of External Affairs as an Additional Director of the Company in place of Shri Satish Mehta. Shri Akhilesh Mishra holds office up to the date of this Annual General Meeting and is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing his candidatures for the office of Directors liable to retire by rotation.

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place : New Delhi (Arup Roy Choudhury)
Date : July 17, 2012 Chairman

Annexure-I
MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Trading is an essential tool for optimisation of resources and plays an important role in the current market scenario of deficit power as it enables the state utilities to fully utilise the existing and captive sources of generation. The quantum of power being traded in short term has been increasing over the years along with declining trend of prices. As the upcoming IPPs have also entered into short term transactions in addition to long term, this demand for trading is expected to increase further. With the Electricity Act 2003, recognising Trading as a distinct activity, Trading of Electricity has been growing since then. The multi-buyer and multi-seller market model has helped in the growth of trading business with increasing number of trading licensees.

Short term Trading is also essential for balancing the demand with supply besides meeting the contingency demand of States.

The grant of Trading License for Inter-state trading is governed by CERC Regulations, 2009 including its Amendment issued from time to time.

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

During the last four years, 56 traders have obtained licenses for serving the needs of the various clients, out of which 15 nos. of licensees have been surrendered/ cancelled. The traders are issued license under categories I, II or III depending on the volume of units proposed to be traded and net worth. During 2011-12 out of the electricity generation of approximately 874 billion units, approximately 67 billion units were traded, representing 7.7% of trading to total generation.

Structure of Power Industries in India*

(i)	Long –Term (89.1%)	779 BU
(ii)	Power Trading (7.7%)	67 BU
(iii)	Balancing Market (UI) (3.2%)	28 BU
	Total	874 BU

The trading of Power in India*

(i)	Bilateral Trading	37 BU
(ii)	Bilateral Direct	15 BU
(iii)	Through Power Exchange	15 BU
	Total	67 BU

*Source: CERC

STRENGTH AND WEAKNESS

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

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

OPPORTUNITIES AND THREATS

Ministry of Power, Government of India plans to enhance the existing inter regional power transfer capacity of 27950 MW to 63000 MW by end of 12th Plan period. This would provide considerable opportunities for enhancement of trading volumes. Many Independent Power Producers are setting up generation capacities reserved as merchant capacity for sale in the market. This will provide opportunity to the Company for capturing such merchant capacity for trading.

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

OUTLOOK

Your Company has been designated as one of the nodal agencies for cross border trading of power with Bhutan and Bangladesh. The Power Purchase Agreement between the Company and Bangladesh Power Development Board (BPDB) for supply of 250 MW power from NTPC stations for 25 years has been signed on February 28, 2012. The Power supply to Bangladesh is expected to commence from July 2013. Cross border trading of power from Bhutan is expected to commence from 2016-17 with the commissioning of new projects.

Your Company has also been designated as nodal agency under Phase I of the Jawaharlal Nehru National Solar Mission (JNNSM) for buying power from solar power developers in India and selling to distribution utilities after bundling with unallocated equivalent capacity from NTPC power stations. The business under this segment has commenced from this financial year.

Your Company is also selling fly ash from NTPC plant at Dadri, Unchahar Kahalgaon, Ramagundam and Badarpur.

RISKS AND CONCERNS

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

INTERNAL CONTROL

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

PERFORMANCE DURING THE YEAR

Operations

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

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

	Fiscal 2012	Fiscal 2011
	Million units	
Trading of energy	**5204**	3404
Trading of energy under Power SWAP Arrangements	**2996**	3529
Trading of Solar Bundled energy	**329**	-
Total	**8529**	6933

During the Financial Year 2011-12, your company traded 8529 million units of power, which includes 329 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has increased by 23% over last year.

In the past three years your company has developed a good customer base and has served over 90 customers including State Government/Private Power Utilities, Captive Power Generators etc. in all five regions in the country.

Your Company had pioneered the innovative arrangement called Power SWAP Arrangements which resulted in business of 2996 million units during the financial year 2011-12.

In addition to energy trading, your Company is also trading fly ash. The details of the fly ash trading by the Company are as follows:

	Fiscal 2012	Fiscal 2011
	Million Ton	
Fly ash	**3782470**	2337115
Cenosphere	**209**	600

Financial Performance

The main revenue of your Company has been realized by trading of energy of 8529 million units contributing to 69% of total revenue.

₹ in Crore

	2011-12		2010-11	
Energy Sale	**2162.86**		1549.30	
Less: Energy Purchase	**2132.17**	**30.69**	1534.92	14.38
Sale of Solar & Thermal Bundled Energy	**147.09**			
Less: Purchase of Solar Bundled Energy	**144.79**	**2.30**		-
Energy sale under SWAP Arrangements		**11.84**		13.74
Other operating income		**3.76**		5.84
Sale of Fly Ash and Cenosphere	**84.30**		58.02	
Less: Transfer to Fly Ash Utilization Fund	**84.30**	**-**	58.02	-
Other income		**21.39**		20.52
Total		**69.98**		54.48

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

In view of the above notification the Company had created fly ash utilization fund and transferred an amount of ₹ 68.01 Crore net proceed from sale of fly ash and cenosphere and utilization of fund as per MOEF notification during the current financial year as compared to ₹ 48.34 Crore net proceed transferred during the previous financial year.

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

₹ in Crore

	2011-12	2010-11
Employee benefits expense	**6.91**	5.74
Administration & other expenses	**3.36**	3.38
Prior period items (net)	**(1.16)**	-
Total operating expenses	**9.11**	9.12

Due to notification by the Ministry of Environment and Forest, Government of India, the operating expenses of fly ash business during 2011-12 has been netted off with revenue from sale of fly ash and not included in operating expenses.

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

₹ in Crore

		2011-12		2010-11
Total operating expenses		**9.11**		9.12
Depreciation & amortization expense		**0.04**		0.06
Finance cost:				
a. cash credit	**0.02**		0.01	
b. other	**1.55**	**1.57**	0.16	0.17
Total expenses including operating expenses		**10.72**		9.35

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of ₹0.65 Crore as on 31.3.2012.

₹ in Crore

	2011-12	2010-11
Profit before exceptional and extraordinary items & tax	**59.26**	45.13
Exceptional items	**107.18**	-
Profit before tax	**166.44**	45.13

During the financial year under review the company has earned ₹ 107.18 Crore on account of encashment of EMD, bid bond and performance bank guarantees (PBGs). As per Government guidelines issued under the JNNSM, the solar power plants were to achieve commissioning by the scheduled dates. Failure to do so, led to imposing of liquidate damages in form of encashment of PBG's. Also EMD and Bid bond in respect of a party which failed to enter into legally binding PPA, was encashed.

₹ in Crore

	2011-12	2010-11
Profit before tax	**166.44**	45.13
Tax expenses	**54.51**	15.07
Profit for the year	**111.93**	30.06

Dividend

Your Directors have recommended a dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10/- each, for the financial year 2011-12. The dividend shall be paid after your approval at the Annual General Meeting.

Reserves & Surplus

During the financial year 2011-12, a sum of ₹88 Crore have been added to General Reserve as compared to ₹13 Crore in the previous year.

Current Assets

The current assets at the end of the financial year 2011-12 were ₹697.65 Crore as compared to ₹269.57 Crore in financial year 2010-11 registering an increase of 158%.

₹ in Crore

	31.03.2012	31.03.2011
Inventories	**0.02**	0.02
Trade receivables	**162.07**	56.49
Cash and Bank balances	**339.55**	144.71
Short term loan and advances	**-**	1.78
Other current assets	**196.02**	66.58
Total Current Assets	**697.66**	269.58

The increase was mainly on account of increase in trade receivables, cash and bank balance and Other Current assets. During the financial year under review, trade receivables has increased to ₹162.07 Crore from ₹56.49 Crore. The major amount of receivables has now been recovered from various buyers and balance amount would be realized soon. The Cash and Bank Balance has increased to ₹339.55 Crore from ₹144.70 Crore due to increase in CLTDs/FDRs and the Other Current assets has increased to ₹196.02 Crore from ₹66.58 Crore mainly due to increase in unbilled revenue.

Current Liabilities

During the financial year 2011-12, Current Liabilities have increased to ₹372.47 Crore as compared to ₹101.85 Crore in the financial year 2010-11, mainly on account of increase in trade payables for energy purchase.

₹ in Crore

	31.03.2012	31.03.2011
Trade payables	**323.79**	73.77
Other current liabilities	**19.09**	10.52
Short-term provisions	**29.59**	17.56
Total Current Liabilities	**372.47**	101.85

The short term provisions for the financial year under review have increased to ₹29.59 Crore as compared to ₹17.56 Crore in previous financial year, mainly on account of increase in proposed final dividend, tax thereon and increase in current tax liability due to encashment of bank guarantees of SPDs which could not declare their units commissioned on the scheduled dates as well as receipt of the claimed amounts after pronouncement by the Hon'ble High Court of Andhra Pradesh.

Cash Flow Statement

₹ in Crore

	2011-12	2010-11
Opening cash and cash equivalents	**144.71**	112.22
Net cash from operating activities	**201.82**	38.95
Net cash used in investing activities	**12.01**	5.36
Net cash flow from financing activities	**(18.99)**	(11.82)
Net change in cash and cash equivalents	**194.84**	32.49
Closing cash and cash equivalents	**339.55**	144.71

The closing cash and cash equivalent for the financial year ended March 31, 2012 has increased 2.35 times from ₹144.71 Crore in the previous year to ₹339.55 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2011-12 as compared to financial year 2010-11 are as under: -

₹ in Crore

	Description	2011-12	2010-11
A	i) Capital employed	**197.60**	108.91
	ii) Net worth	**197.60**	108.91
B	i) Return on Capital Employed (PBT/CE)	**84%**	41%
	ii) Return on net worth (PAT/NW)	**57%**	28%
C	Dividend as % of Equity Capital	**100**	75
D	Earning per share in ₹ (EPS) before exceptional item	**20.54**	15.03
E	Earning per share in ₹ (EPS) after exceptional item	**55.97**	15.03

The capital employed as well as net worth has increased due to addition of profit earned during the financial year 2011-12 and such increase has also resulted increase in Return on Capital Employed, Return on Net Worth and EPS of the Company.

Human Resources

As on 31st March 2012, there were 53 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical, financial and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 man days of training every year.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : 17th July 2012

(Arup Roy Choudhury)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED
BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	200,000,000	200,000,000
Reserves and surplus	3	1,775,976,299	889,094,005
		1,975,976,299	1,089,094,005
Fly Ash Utilization Fund	4	1,269,751,597	589,596,896
Non-current liabilities			
Deferred tax liabilities (Net)	5	139,907	149,151
Other Long term liabilities	6	8,532,069	2,801,016
		8,671,976	2,950,167
Current liabilities			
Trade payables	7	3,237,905,641	737,704,635
Other current liabilities	8	190,850,328	105,194,394
Short-term provisions	9	295,934,691	175,596,848
		3,724,690,660	1,018,495,877
Total		6,979,090,532	2,700,136,945
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	2,471,855	2,836,683
Intangible assets	10	-	-
Long-term loans and advances	11	30,000	1,530,000
		2,501,855	4,366,683
Current assets			
Inventories	12	152,735	226,025
Trade receivables	13	1,620,715,226	564,954,398
Cash and bank balances	14	3,395,504,005	1,447,042,306
Short-term loans and advances	15	35,000	17,793,864
Other current assets	16	1,960,181,711	665,753,669
		6,976,588,677	2,695,770,262
TOTAL		6,979,090,532	2,700,136,945
Significant Accounting Policies	1		
Other Notes	25		

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our report of even date

For and on behalf of Board of Directors

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(Nitin Mehra) Company Secretary | **(A.K.Singhal)** Director | **(Arup Roy Choudhury)** Chairman

(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	NOTE No.	31.03.2012	31.03.2011
Revenue from operations	17	485,990,422	339,542,873
Other income	18	213,844,876	205,226,941
Total Revenue		699,835,298	544,769,814
Expenses:			
Cost of fly ash/ash products	19	-	-
Employee benefits expense	20	69,137,718	57,430,389
Finance costs	21	15,679,624	1,721,053
Depreciation and amortization expense	10	417,403	566,034
Administration & other expenses	22	33,603,108	33,755,191
Prior Period Items(net)	23	(11,596,403)	-
Total expenses		107,241,450	93,472,667
Profit before exceptional and extraordinary items & tax		592,593,848	451,297,147
Exceptional items	24	1,071,775,001	-
Profit before extraordinary items and tax		1,664,368,849	451,297,147
Profit before tax		1,664,368,849	451,297,147
Tax expense:			
Current tax		545,050,799	150,727,389
Deferred tax		(9,244)	(12,134)
Profit/(Loss) for the year		1,119,327,294	300,581,892
Earnings per equity share (Par value of ₹ 10/- each) before Exceptional items			
Basic		20.54	15.03
Diluted		20.54	15.03
Earnings per equity share (Par value of ₹ 10/- each) after Exceptional items			
Basic		55.97	15.03
Diluted		55.97	15.03
Significant Accounting Policies	1		
Other Notes	25		

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our report of even date

For and on behalf of Board of Directors

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(Nitin Mehra) Company Secretary | **(A.K.Singhal)** Director | **(Arup Roy Choudhury)** Chairman

(C. Chuttani)
Partner
M.No.90723
Place : New Delhi
Dated : 3rd May 2012

NTPC VIDYUT VYAPAR NIGAM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

(₹)

		Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**1,664,368,849**	451,297,147
Adjustment for:			
Depreciation	417,403		566,034
Interest Charges	15,524,979		1,621,580
Interest income	(169,202,423)		(76,304,879)
Increase in Fly Ash Utilization Fund	680,154,701		483,369,269
		526,894,660	409,252,004
Operating Profit before Working Capital Changes		**2,191,263,509**	860,549,151
Adjustment for:			
Trade and other receivables	(2,060,935,723)		(244,862,790)
Inventories	73,290		385,271
Trade payable and other liabilities	2,590,324,895		(66,455,850)
Loans and advances	(255,793,000)		(3,723,497)
		273,669,462	(314,656,866)
Cash generated from operations		**2,464,932,971**	545,892,285
Direct taxes paid		**(446,722,508)**	(156,394,420)
Net Cash from Operating Activities-A		**2,018,210,463**	389,497,865
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(57,185)		(456,014)
Disposal of fixed assets	4,610		
Interest on Investments Received	137,332,276		62,401,543
Income Tax on Interest on Investments	(17,169,736)		(8,330,789)
Net Cash used in Investing Activities -B		**120,109,965**	53,614,740
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		**(150,000,000)**	(100,000,000)
Tax on dividend		**(24,333,750)**	(16,608,750)
Interest Paid		**(15,524,979)**	(1,621,580)
Net Cash flow from Financing Activities-C		**(189,858,729)**	(118,230,330)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		**1,948,461,699**	324,882,275
Cash and Cash equivalents (Opening balance) *		**1,447,042,306**	1,122,160,031
Cash and Cash equivalents (Closing balance)*		**3,395,504,005**	1,447,042,306

NOTES

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.

As per our report of even date

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C. Chuttani)
Partner
M.No.90723

Place : New Delhi
Dated : 3rd May 2012

For and on behalf of Board of Directors

(Nitin Mehra)	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Company Secretary	Director	Chairman

Note No. 1 ACCOUNTING POLICIES

1. **BASIS OF PREPARATION**

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

2. **USE OF ESTIMATES**

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

3. **FIXED ASSETS**

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.

3.3. Fixed Assets acquired out of fly ash utilization fund are directly charged to the fly ash utilization fund.

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. **STATEMENT OF PROFIT AND LOSS**

6.1. INCOME RECOGNITION

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

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

6.1.3. The surcharge on late payment/overdue sundry debtors for sale of energy and liquidated damages are recognized when no significant uncertainty as to measurability or collectability exists.

6.2. EXPENDITURE

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

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

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

6.2.3. Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.

6.2.4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is less.

6.2.5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.

6.2.6. Prepaid expenses and prior period expenses/income of items of ₹1,00,000/- and below are charged to natural heads of accounts.

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

7. OPERATING LEASE

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

8. PROVISIONS AND CONTINGENT LIABILITIES

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

9. CASH FLOW STATEMENT

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

SHAREHOLDERS' FUNDS

NOTE NO. 2 share capital

(Amount in ₹)

As at	31.03.2012	31.03.2011
Equity Share Capital		
AUTHORISED		
2,00,00,000 shares of par value of ₹10/- each (Previous year 2,00,00,000 shares of par value of ₹10/- each)	**200,000,000**	200,000,000
Issued, subscribed and fully paid-up		
2,00,00,000 shares of par value of ₹ 10/- each (Previous year 2,00,00,000 shares of par value of ₹ 10/- each)	**200,000,000**	200,000,000

a) During the year , the company has not issued/bought back any equity shares.

b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their shareholding at the meetings of shareholder subject to approval of the shareholders.

c) During the year ended 31st March 2012, an amount of ₹10/-(previous year ₹7.50/-) per share is proposed as dividend for distribution to equity shareholders.

d) All shares are held by the Holding Company i.e. NTPC Limited and its' nominees.

NOTE NO. 3 Reserves and Surplus

(Amount in ₹)

As at	31.03.2012	31.03.2011
General Reserve		
As per last Balance Sheet	**884,883,956**	754,883,956
Add: Transfer from Surplus in the Statement of Profit and Loss	**880,000,000**	130,000,000
Closing balance	**1,764,883,956**	884,883,956
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	**4,210,049**	7,961,907
Add:- Profit after tax for the year from Statement of Profit & Loss	**1,119,327,294**	300,581,892
Less : Transfer to General Reserve	**880,000,000**	130,000,000
Proposed dividend	**200,000,000**	150,000,000
Tax on proposed dividend	**32,445,000**	24,333,750
Net surplus	**11,092,343**	4,210,049
Total	**1,775,976,299**	889,094,005

The Board of Directors has proposed a dividend for the year 2011-12 @ ₹10/- Per equity share (previous year ₹7.50/-) par value of ₹10/- each subject to approval of the shareholders.

NOTE NO. 4 Fly Ash Utilization Fund

(Amount in ₹)

As at		31.03.2012	31.03.2011
As per last balance sheet		**589,596,896**	106,227,627
Add: Transfer from Sales (Note 17)		**843,016,824**	580,162,287
Less: Utilized during the year			
Capital Expenditure (Note 10)	40,462,858		-
Cost of fly ash/ash products (Note 19)	10,355,207		2,205,544
Employees' benefits Expenses (Note 20)	55,935,453		55,768,507
Administration & Other Expenses (Note 22)	56,108,605		38,818,967
		162,862,123	96,793,018
Total		**1,269,751,597**	589,596,896

a) The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. Consequent to the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India, whereby the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance of the said notification, the company has created a fly ash utilization fund in its accounts to which the entire sale proceeds of fly ash and cenosphere for the year amounting to ₹84,30,16,824/- (previous year ₹58,01,62,287/-) has been transferred.

The company during the year utilized a sum of ₹16,28,62,123/-(previous year ₹9,67,93,018/-) towards direct/indirect expenses(including capital expenses) as determined and approved by the management.The indirect expenses such as employee cost, administration and other expenses amounting to ₹4,65,53,160/- (previous year ₹5,98,67,837/-) have been allocated in the ratio of gross margin on sales of power and fly ash. and its products.The other incomes has not been considered and hence not allocated.

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

Non-Current Liabilities

NOTE NO. 5 Deferred Tax Liabilities (Net)

(Amount in ₹)

Particulars	As at 01.04.2011	Additions/ Adjustments during the year	As At 31.03.2012
Difference of book depreciation and tax depreciation	149,151	(9,244)	**139,907**
Total	149,151	(9,244)	**139,907**
Previous Year	161,285	(12,134)	**149,151**

The net decrease during the year in the deferred tax liability is ₹9,244/-(previous year ₹12,134/-) has been credited to Statement of Profit and Loss.

NOTE NO.6 Other Long Term Liabilities

(Amount in ₹)

As at	31.03.2012	31.03.2011
Deposits from customers	**8,532,069**	2,801,016
Total	**8,532,069**	2,801,016

Disclosure regarding Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

Current Liabilities

NOTE NO. 7 Trade Payables

(Amount in ₹)

As at	31.03.2012	31.03.2011
- For Goods & Services		
- Energy	**3,196,122,098**	731,982,349
- Open Access Charges(OAC)	**38,500,198**	3,593,061
- Other Services	**3,283,345**	2,129,225
Total	**3,237,905,641**	737,704,635

Disclosure regarding Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

NOTE NO. 8 Other Current Liabilities

(Amount in ₹)

As at	31.03.2012	31.03.2011
Advances from customers and others	46,771,524	40,142,353
Other Payables		
- Tax Deducted at Source and other statutory dues	4,326,720	3,530,234
- Deposits from contractors and others	13,810,587	38,551,086
- Payable to Holding Company	13,373,815	12,540,121
- Payable to Employees	14,403,886	10,430,600
- Encashment of Bank Guarantees*	98,163,396	-
- Stale Cheques	400	-
Total	190,850,328	105,194,394

* Represents the amount received, as per the directive from Hon'ble High Court of Delhi, for encashment of Bank Guarantee of ₹9,65,50,000/- along with accrued interest which is required to be kept under a separate account till the matter is settled through arbitration.

Disclosure regarding Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is given in Note No.25 Other notes, 25 (f).

Current Liabilities

NOTE NO. 9 Short Term Provisions

(Amount in ₹)

As at	31.03.2012	31.03.2011
Provision for Employee Benefits		
As per last Balance Sheet	1,263,098	1,056,502
Additions during the year	-	320,664
Amounts paid during the year	1,062,773	114,068
Amounts reversed during the year	200,325	-
Closing balance	-	1,263,098
Provision for Current Tax		
As per last Balance Sheet	689,325,593	-
Additions during the year	560,575,778	-
Less: Set off against taxed paid	1,186,411,680	-
Closing balance	63,489,691	-
Provision for Proposed Dividend		
As per last Balance Sheet	150,000,000	100,000,000
Additions during the year	200,000,000	150,000,000
Amounts paid during the year	150,000,000	100,000,000
Closing balance	200,000,000	150,000,000
Provision for tax on Proposed Dividend		
As per last Balance Sheet	24,333,750	16,608,750
Additions during the year	32,445,000	24,333,750
Amounts paid during the year	24,333,750	16,608,750
Closing balance	32,445,000	24,333,750
Total	295,934,691	175,596,848

Non-Current Assets

NOTE NO. 10 Fixed Assets

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. Tangible Assets										
Plant and machinery(including associated civil works)	1,195,000	-	-	1,195,000	94,604	56,763	-	151,367	1,043,633	1,100,396
Furniture and fixtures	756,068	57,185	-	813,253	124,730	48,225	-	172,955	640,298	631,338
Office equipment	1,073,399	-	-	1,073,399	549,094	182,077	-	731,171	342,228	524,305
EDP, WP machines and satcom equipment	3,301,185	-	92,198	3,208,987	2,720,541	130,338	87,588	2,763,291	445,696	580,644
Total (A)	6,325,652	57,185	92,198	6,290,639	3,488,969	417,403	87,588	3,818,784	2,471,855	2,836,683
B. Assets created from Fly Ash Utilization Fund										
Plant & Machinery	-	3,419,707	-	3,419,707	-	-	-	-	3,419,707	-
Furniture and fixtures	-	45,754	-	45,754	-	-	-	-	45,754	-
Office equipment	-	135,334	-	135,334	-	-	-	-	135,334	-
Roads,bridges,culverts	-	35,284,854	-	35,284,854	-	-	-	-	35,284,854	-
Temporary erection	-	1,577,209	-	1,577,209	-	-	-	-	1,577,209	
Total	-	40,462,858	-	40,462,858	-	-	-	-	40,462,858	-
Less: Set off against Fly Ash Utilization Fund(Note 4)	-	40,462,858	-	40,462,858	-	-	-	-	40,462,858	-
Total (B)	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B)	6,325,652	57,185	92,198	6,290,639	3,488,969	417,403	87,588	3,818,784	2,471,855	2,836,683
Previous Year	5,869,638	456,014	-	6,325,652	2,991,460	497,509	-	3,488,969	2,836,683	2,878,178

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
C. Intangible Assets										
Software	241,078	-	-	241,078	241,078	-	-	241,078	-	-
TOTAL	241,078	-	-	241,078	241,078	-	-	241,078	-	-
Previous Year	241,078	-	-	241,078	172,553	68,525	-	241,078	-	68,525

Non-Current Assets

NOTE NO. 11 Long Term Loans and Advances

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,considered good, unless otherwise stated)		
Deposits	30,000	1,530,000
Total	**30,000**	1,530,000

Current Assets

NOTE NO. 12 Inventories

(Amount in ₹)

As at	31.03.2012	31.03.2011
Stock-in-Trade-Cenosphere	152,735	226,025
Total	**152,735**	226,025

Stock-in-Trade-Cenosphere has been valued considering the significant accounting policy no.5.1 of Note no. 1 to these financial statements and it represents the collection cost.

NOTE NO. 13 Trade Receivables

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,Considered good, unless otherwise stated)		
Energy		
Outstanding for a period exceeding six months	419,569,425	-
Others	994,045,468	390,458,201
Open Access Charges(OAC)		
Outstanding for a period exceeding six months	489,604	-
Others	206,610,729	174,496,197
Total	**1,620,715,226**	564,954,398

Unbilled revenue of ₹1,61,57,48,854/- (previous year ₹61,05,73,959/-) is stated in Note No. 16, Other current assets.

NOTE NO. 14 Cash & Bank Balances

(Amount in ₹)

As at	31.03.2012	31.03.2011
Cash & cash equivallents		
Balances with banks		
- Current Accounts	2,956,026	10,630,349
Other bank balances		
Bank deposits with more than three months maturity	3,392,502,979	1,436,366,957
Others-Security Deposit with Sales Tax Authorities	45,000	45,000
Total	**3,395,504,005**	1,447,042,306

Cash & bank balances include fly ash utilization fund balance.

Current Assets

NOTE NO. 15 Short Term Loans and Advances

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,considered good, unless otherwise stated)		
Advances		
Others		
State Load Dispatch Center(SLDCs)	35,000	125,000
	35,000	125,000
Advance tax deposit & tax deducted at source	-	706,994,457
Less:- Provisions for taxations	-	689,325,593
	-	17,668,864
Total	**35,000**	17,793,864

NOTE NO. 16 Other Current Assets

(Amount in ₹)

As at	31.03.2012	31.03.2011
(Unsecured,considered good, unless otherwise stated)		
Interest Accrued on Term deposits	63,999,857	32,129,710
Other Recoverables	245,533,000	-
Deposits	34,900,000	23,050,000
	344,432,857	55,179,710
Unbilled revenues	1,615,748,854	610,573,959
Total	**1,960,181,711**	665,753,669

NOTE NO.17 Revenue from Operations

(Amount in ₹)

For the year ended			31.03.2012	31.03.2011
Sales				
Energy Sales	21,628,639,801			15,493,019,006
Less : Energy Purchase	21,321,681,496			15,349,194,705
		306,958,305		143,824,301
Sale of Solar & Thermal Bundled Energy	1,470,963,522			-
Less : Purchase of Solar Bundled Energy	1,447,935,803			-
		23,027,719		-
Energy Sales under Swap arrangements		118,416,451		137,330,823
			448,402,475	281,155,124
Fly Ash		835,559,845		568,474,221
Cenosphere		7,456,979		11,688,066
		843,016,824		580,162,287
Less: Transferred to Fly Ash Utilization Fund (Note 4)		843,016,824		580,162,287
			-	-
			448,402,475	281,155,124
Other Operating Income				
Rebate on energy purchase		360,137,339		303,136,135
Less:Rebate on energy sale		322,549,392		244,748,386
			37,587,947	58,387,749
TOTAL			**485,990,422**	339,542,873

a) 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).

b) Sale of energy under Swap arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognised for ₹11,84,16,451/- (previous year ₹13,73,30,823/-).540 MUs (previous year 602 MUs) energy supplied by the sellers under Swap arrangements are yet to be returned back by the buyers.

c) Sale of energy includes compensation received of ₹37,10,78,714/-(previous year ₹1,30,46,400/-) due to lesser drawal of power by the buyers.

d) Energy purchase includes compensation payment of ₹33,39,19,947/- (previous year ₹1,29,33,504/-) due to lesser drawal of power by the Company.

NOTE NO. 18 Other Income

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Interest		
From Banks	169,202,423	76,304,879
Other non-operating income		
Earnest Money/Security Deposit forfeited	15,604,707	77,247,890
Application Processing Fee-Solar	21,800,000	43,800,000
Surcharge received from Customers	6,879,066	877,424
RTI Application fee	90	40
Miscellaneous Income	358,590	6,996,708
Total	**213,844,876**	205,226,941

NOTE NO. 19 Cost of Fly Ash/Ash Products

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
--Fly Ash	**9,755,926**	709,787
--Cenosphere	**599,281**	1,495,757
	10,355,207	2,205,544
Less:Transferred to Fly Ash Utilization Fund (Note 4)	**10,355,207**	2,205,544
Total	**-**	-

NOTE NO. 20 Employee Benefits Expenses

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Salaries and wages	**111,382,632**	97,371,114
Contribution to provident and other funds	**8,459,350**	8,364,160
Staff welfare expenses	**5,231,189**	7,463,622
	125,073,171	113,198,896
Less: Transferred to Fly Ash Utilization Fund (Note 4)	**55,935,453**	55,768,507
Total	**69,137,718**	57,430,389

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

b) Company pays fixed contribution to provident fund at predetermined rates to a separate trust through its holding company i.e. NTPC Limited.

c) Employee benefit expenses includes payment of ₹ 55,21,216/-(previous year ₹1,48,28,333/-) in respect of gratuity, leave, post retirement medical facility, settlement allowance, long service award to employees, farewell gift on retirement and family economic rehabilitation scheme as apportioned by the Holding Company i.e. NTPC Limited based on acturial valuation at the end of the year. The same are paid to the holding company.

Employee benefits expenses also includes an amount of ₹53,54,016/- (previous year ₹25,37,032/-) in respect of pension as apportioned by the Holding Company i.e. NTPC Limited at the end of the year. The same are paid to the holding company..

d) Employer benefits expenses includes Managerial Remuneration paid/payable to Chief Executive Officer:

(Amount in ₹)

	Current Year	Previous Year
Salaries and wages	**2852215**	2553152
Contribution to provident and other funds	**234143**	216043
Staff welfare expenses	**99192**	156871
	3185550	2926066

NOTE NO. 21 FINANCE COSTS (Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Interest on :		
Cash Credit	**154,645**	98,353
Others*	**15,524,979**	1,622,700
Total	**15,679,624**	1,721,053

*Includes interest accrued on account of deferrment of advance tax of ₹1,55,24,979/- (Previous year ₹16,21,580/-)under the provisions of Income Tax Act,1961.

NOTE NO. 22 Administration & Other Expenses

(Amount in ₹)

For the year ended		31.03.2012	31.03.2011
Power charges		**1,217,402**	1,527,447
Rent		**31,121,036**	29,084,055
Open access charges		**236,664**	1,220,373
Repairs & maintenance			
Office	839,707		2,023,407
Others	351,991		433,815
		1,191,698	2,457,222
Insurance		**-**	66,774
Rates and taxes		**3,000,000**	3,000,000
Training & recruitment expenses		**89,983**	17,500
Communication expenses		**710,514**	538,457
Inland Travel		**7,865,293**	5,686,347

NOTE NO. 22 Administration & Other Expenses

(Amount in ₹)

For the year ended		31.03.2012	31.03.2011
Foreign Travel		**475,701**	731,164
Tender expenses	3,481,185		3,446,095
Less: Receipt from sale of tenders	380,000		530,000
		3,101,185	2,916,095
Payment to auditors			
Audit fee to statutory auditors	56,180		50,000
Tax audit fee	11,030		(1,030)
Other services	-		(1,030)
		67,210	47,940
Advertisement and publicity		**200,000**	8,024,654
Entertainment expenses		**981,420**	1,015,283
Brokerage & commission		**237,554**	367,430
Ash utilisation & marketing expenses		**15,564,999**	3,646,216
Books and periodicals		**21,915**	15,592
Professional charges and consultancy fees		**19,609,150**	7,354,635
Legal expenses		**805,748**	1,792,220
EDP hire and other charges		**239,767**	174,152
Printing and stationery		**577,838**	614,118
Hiring of vehicles		**234,135**	380,020
Surcharge		**303,758**	-
Bank charges/LC Charges		**540,623**	235,460
Miscellaneous expenses		**1,318,120**	1,661,004
		89,711,713	72,574,158
Less: Transferred to Fly Ash Utilization Fund (Note 4)		**56,108,605**	38,818,967
Total		**33,603,108**	33,755,191

NOTE NO. 23 Prior Period Items (Net)

(Amount in ₹)

For the year ended	31.03.2012	31.03.2011
Revenue	**-**	-
Expenditure		
Employee Benefit expenses	**(11,596,403)**	-
Net Expenditure/(Revenue)	**(11,596,403)**	-

In terms of guidelines of Department of Public Enterprises (DPE), Government of India (GOI), issued vide OM:2(70)/08-DPE(WC)-GL-XIV/08 dated 26.11.2008 and OM:2(70)/08-DPE(WC)-GL-VII/09 dated 02.04.2009, the defined contribution pension scheme formulated by NTPC has been approved by the Ministry of Power (MOP), GOI, vide their letter dated 1st December 2011. As per the approval, the pension scheme will be managed through a separate trust to be formed for the purpose and the trust shall be managed by Board of trustees consisting members of both employers and employees. The proposed scheme is under discussions with employees representatives for their acceptance and finalization.Pending formation of a seperate trust a review of provision that existed as at 1st April 2011 was carried out considering the requirement of above mentioned guidelines of DPE, and the excess over the requirement amounting to ₹1,15,96,403/- was written back.

NOTE NO. 24 Exceptional Items

As per the Presidential directive dated 22.12.2009 from Ministry of Power, Government of India(GOI) ,NVVN was appointed the nodal agency for the Phase-I of Jawahar Lal Nehru National Solar Mission(JNNSM) 2009-13 to enter into Power Purchase Agreements(PPAs) with Solar Power Developers to purchase power for the solar power projects connected at 33 kv and above grid at tariff regulated by CERC and enter into back to back Power Sale Agreements(PSAs) with the Distribution Utilities for sale of such power bundled with the power sourced from NTPC (unallocated power).

Under the above scheme the Government of India issued guidelines for migration of existing solar power developers (SPD) to the scheme. Further guidelines for selection of new solar developers and commissioning of Phase-I Batch-I units by the SPD's within the specific time schedule were issued. Wherever the time schedule was not adhered to by the SPD's with regard to the commissioning of units i.e. under the migration scheme and phase-I batch-I the NVVN levied liquidated damages for non-performance as per the terms and conditions of MoU and PPAs by encashment of bank guarantees aggregating to ₹84,45,05,001/-.

The phase-I batch-II of JNNSM was notified on 03.10.2011. One of the parties where letter of intent was issued but the party could not establish the minimum required net-worth for selection at the time of verification of documents, the bank guarantees of ₹22,72,70,000/- were encashed by NVVN as per terms and conditions of Request for Selection (RfS) and the same has been upheld by the Hon'ble High Court of Andhra Pradesh.

NOTE NO. 25 Other Notes

a) The financial statements for the year ended 31st March 2011 has been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

c) Disclosure regarding leases:

The Company's significant leasing arrangement are in respect of operating leases of the premises for residential use of the employees amounting to ₹1,27,20,072/- (Previous year ₹1,14,57,702/-) and are included in Note 20-Employees Benefits Expense. Similarly, lease payments in respect of premises for offices amounting to ₹3,11,21,036/- (Previous year ₹2,90,48,758/-) are shown in Rent in Note 22-Administration and Other Expenses. The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and these leasing arrangements are usually renewable on mutually agreed terms but are cancellable.

d) Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

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

	Current Year	Previous Year
i) Net profit after Tax before exceptional items used as numerator (₹)	**410,805,429**	300,581,892
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**20.54**	15.03
Face Value per share- (₹)	**10.00**	10.00

ii) Net profit after Tax used as numerator (₹)	**1,119,327,294**	300,581,892
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**55.97**	15.03
Face Value per share- (₹)	**10.00**	10.00

e) There are no external/internal indicators which leads to any impairement of assets of the company as required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules, 2006.

f) Information in respect of Micro, Small and Medium Enterprises as at 31st March 2012 as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**Amount**
a) Amount remaining unpaid to any supplier:	
Principal amount	NIL
Interest due thereon (₹)	NIL
b) Amount of interest paid in terms of section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day. (₹)	NIL
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act (₹)	NIL
d) Amount of interest accrued and remaining unpaid (₹)	NIL
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSMED Act (₹)	NIL

g) Contingent Liabilities:

1) 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.

2) Disputed Income Tax Matters:

Disputed Income Tax matters pending before various Appellate Authorities amounting to ₹1,26,35,887/-(Previous year ₹57,89,628/-) are disputed by the Company and Contested before various Appellate Authorities. However, the Company has paid said amount under protest. The case of Assessment year 2008-09 was disposed off in favour of the Company but are stated to be disputed before higher authorities by the concerned department.In such case, the company estimated possible refunded of ₹48,06,063/-.

3) Liability, if any,on account of late payment to suppliers is unaccertainable.

4) Others:

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

h) Quantitative information: (As certified by the Management)

	Current Year	**Previous Year**
1) Trading of energy (MUs)		
Power	**5204**	3404
Solar Bundled Power	**329**	-
Power Under Swap Arrangements	**2996**	3529
2) Trading of Fly Ash / Cenosphere (MTs)		
Fly Ash	**3782470**	2337115
Cenosphere	**209**	600
i) Expenditure in foreign currency (₹):		
Travelling Expenses	**277,421**	292,562

j) Segment information :

The Company's principal business are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per Accounting Policy no.6.1.2. As such there is no reportable segment as at 31.03.2012.

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

As per our report of even date

For Aiyar & Co.
Chartered Accountants
Firm Registration No.001174N

(C.Chuttani)
Partner
M.No.90723

Place : New Delhi
Dated : 3rd May 2012

For and on behalf of Board of Directors

(Nitin Mehra) Company Secretary

(A.K.Singhal) Director

(Arup Roy Choudhury) Chairman

AUDITOR'S REPORT
To the Members of
NTPC VIDYUT VYAPAR NIGAM LIMITED

1. We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in para 3 above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
   c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet,Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. Being a Government Company, pursuant to the Notification No. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
   f. In our opinion, and to the best of our information and according to the explanations given to us, the said Financial statements read with the Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012,
      ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date, and
      iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Aiyar & Co.
Chartered Accountants
Firm's Reg. No. 001174N

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 3rd May 2012

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the financial statements for the year ended 31st March 2012.

(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

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

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

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

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

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

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

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

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

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and also for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

(v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.

(b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.

(vi) The company has not accepted deposits from the public.

(vii) In our opinion, the company has an Internal Audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed maintenance of cost accounts and records under section 209 (1) (d) of the Companies Act, 1956.

(ix) (a) The employees of company i.e. NVVN are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, the holding company is regular in depositing statutory dues including dues like Provident Fund with appropriate authorities. Moreover, Income Tax and Sales Tax are being deposited by the company. According to the information and explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax, etc. in arrear as at 31.03.2012 for a period of more than six month from the date they became payable.

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

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

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

(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 provision 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 has 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's Reg. No. 001174N

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 3rd May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2012

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditors General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956

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

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III, New Delhi

Place : New Delhi
Dated : 19 June, 2012