NTPC VIDYUT VYAPAR NIGAM LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report on the working of the Company for the financial year ended on 31st March 2013 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)

	2012-13	2011-12
Total Revenue	**3075.32**	2379.18
Total Expenditure	**3012.28**	2319.92
Profit /(Loss) before exceptional and extraordinary items	**63.04**	59.26
Exceptional Items	**(115.82)**	107.18
Profit/(Loss) before Tax	**(52.78)**	166.44
Tax expenses	**(17.94)**	54.51
Profit/(Loss) for the year	**(34.84)**	111.93

DIVIDEND

During the financial year 2012-13, Directors have not recommended any dividend.

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 ₹43.04 Crore from trade of 8382 million units including 1520 million units traded under SWAP arrangements and 1590 million units traded under Solar Bundled energy, as compared to margin of ₹44.82 Crore from trade of energy of 8529 million units including 2996 million units traded under SWAP arrangements and 329 million units traded under Solar Bundled energy in the financial year 2011-12. The overall volume of energy traded by Company during the financial year 2012-13 has marginally decreased by 1.7% over last financial year 2011-12.

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 had 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 out of 54 MW contracted has been commissioned in the States of Rajasthan (35 MW), Maharashtra (11 MW) and Punjab (2 MW).

Under Batch-I of New Projects Scheme, based on 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, West Bengal, Rajasthan, Odisha, Punjab, Maharashtra, Assam, Tamil Nadu, Uttar Pradesh, Chattisgarh and DVC have been concluded and solar capacity has been allocated to them as per principles finalized with MOP/MNRE.

A Solar PV capacity of 130MW under Batch-I has been commissioned in the States of Rajasthan (100MW), Andhra Pradesh (10MW), Uttar Pradesh (5 MW), Karnataka (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 expected to be commissioned in financial year 2013-2014.

Under Batch-II, out of capacity of 340 MW, solar capacity of 290 MW have been commissioned in the states of Rajasthan (285 MW) and Maharashtra(5 MW).

As on 31st March 2013, a total solar capacity of 468 MW has been commissioned and corresponding allocation of NTPC coal power has been made by Ministry of Power. During the financial year 2012-13, a total of 1590 MUs of bundled power (including - 351 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.

Your Company has also been designated as the nodal agency for cross border trading of power with Bangladesh and Bhutan. The Power Purchase Agreement (PPA) for supply of 250 MW power from NTPC stations for 25 years has been signed on Feb 28, 2012 between your Company and Bangladesh Power Development Board. The Power supply to Bangladesh is expected to commence from August/September 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 etc. The customer base of your Company has increased to 100 which include private Discoms and also utilities. The Company has maintained a strong presence in all the five regions of India.

Your Company is also participating in Case-I tenders of various utilities. The Company has received Letter of Intent from Kerala State Electricity Board for supply of 300 MW from Chattisgarh (CSPDCL) for 3 years starting from March, 2014 to February, 2017

The business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. During the financial year 2012-13, 4198471 MT of Fly Ash was sold as compared to 3782470 MT of Fly Ash sold in the financial year 2011-12. The Ash sale revenue contributes to Ash Fund constituted in line with MOEF Notification of November 3, 2009. Net Addition to Ash Fund in 2012-13 was of ₹108 Crore (including an interest of ₹20 Crore) as against ₹68 Crore (including an interest of ₹ Nil) in the financial year 2011-12.

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 240 MT of Cenosphere as compared to 209 MT of Cenosphere in the financial year 2011-12.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2013.

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 2012-13.

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

In their report, the Statutory Auditors of the Company have drawn attention of the members to Note no. 3(a) and 4(b) regarding treatment of interest on Fly Ash Utilization Fund. The Ministry of Environment & Forest, Government of India vide notification dated 03.11.2009, required the Company to keep amounts collected from sale of fly Ash and Fly Ash products in a separate account. As notification did not specify on treatment of interest on such funds, interest income earned on these funds is being considered as other income. Your Company has transferred interest income (net of taxes) to Fly Ash Utilization Fund as compared to earlier practice to retain the income under Reserves & Surplus. The said treatment has been carried out with retrospective effect by transferring an amount of ₹19.69 Crore from Reserves & Surplus to Fly Ash Utilization Fund. Till further clarification by Ministry of Environment & Forest, Government of India on treatment of interest income, above mentioned practice is followed based on recommendation of C&AG.

The Statutory Auditors of the Company have also drawn attention of the members to Note no. 7 and 25, in respect of funds realized by the Company on account of non-performance by the Solar Power Developers under the Jawahar Lal Nehru Solar Mission. In pursuance of communication received from the Ministry of New & Renewable Energy, Government of India, an amount of ₹7.66 Crore for financial year 2010-11, ₹107.15 Crore for financial year 2011-12 and interest accrued thereon of ₹1.01 Crore have been reversed during the year under exceptional items thereby affecting the profit/loss for the year to the said extent with consequent effect on Reserves & Surplus. An amount of ₹13.95 Crore as liquidated damages received in the current year on late commissioning of Solar Power Plants is credited to "Retention on A/c encashment (Solar)". Further, an amount of ₹8.41 Crore is also transferred on account of accrued interest for the current year in the said retained amount. The treatment has been done as per the aforesaid communication and the same will be followed till further orders.

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller & Auditor General of India (C&AG), vide letter dated May 23, 2013, has decided not to review the report of the Statutory Auditors on the accounts of the Company for the financial year ended March 31, 2013 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed after report of Statutory Auditors of your Company.

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

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of

Directors) Rules, 1988, as your Company does not own any manufacturing facility.

During the financial year under review the Company did not have any foreign currency earnings. An expenditure of ₹0.02 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, such particulars shall be made available to the shareholders on a specific request made by them during the course of this Annual General Meeting.

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 I.J. Kapoor and Shri N.N. Misra, Directors of the Company. Two meetings of the Audit Committee were held during the financial year 2012-13. 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 2012-13 and of the loss 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 Shri S.P. Singh, has ceased to be the Director of the Company w.e.f. February 28, 2013 (A/N), consequent upon superannuation from services of NTPC Limited.

The Board of Directors, consequent upon nomination received from NTPC Limited, had appointed Shri U.P. Pani, Director (Human Resources), NTPC Limited as an Additional Director of the Company. Shri U.P. Pani 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 Director liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956, Shri A.K. Singhal, Director shall retire by rotation at this Annual General Meeting of your Company and, being eligible, 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 (Dr. Arup Roy Choudhury)
Date : July 15, 2013 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. 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, 63 traders have obtained licenses for serving the needs of the various clients, out of which 21 nos. of licensees have been revoked / 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 2012-13 out of the electricity generation of approximately 907 billion units, approximately 74 billion units were traded, representing 8.17% of trading to total generation.

Structure of Power Industries in India*

(i)	Long –Term (89.1%)	808 BU
(ii)	Power Trading (8.2%)	74 BU
(iii)	Balancing Market (UI) (2.7%)	25 BU
	Total	907 BU

The trading of Power in India*

(i)	Bilateral Trading	37 BU
(ii)	Bilateral Direct	15 BU
(iii)	Through Power Exchange	23 BU
	Total	74 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 29750 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 August/September 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 during the financial year 2012-13 was 1590 MUs.

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 with emphasis on back-to-back arrangements in order to mitigate risks while making endeavors to increase the 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 firm of Chartered Accountants in close co-ordination with departments of the Company and Internal Audit Department of NTPC Limited. The Internal Audit Reports are regularly reviewed by the Audit Committee of the Board of Directors.

PERFORMANCE DURING THE YEAR

Operations

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

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

	Fiscal 2013	Fiscal 2012
Trading of energy	Million units	
Power	**5272**	5204
Solar Bundled Power	**1590**	329
Power SWAP Arrangements	**1520**	2996
Total	**8382**	8529

During the Financial Year 2012-13, your company traded 8382 million units of power, which includes 1590 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has marginally decreased by 1.7% over last year.

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

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

	Fiscal 2013	Fiscal 2012
	Metric Ton	
Fly ash	**4198471**	3782470
Cenosphere	**240**	209

Financial Performance

The main revenue of your Company has been realized by trading of energy of 8382 million units contributing to 99% of total revenue.

₹ in Crore

	2012-13		2011-12	
Sales				
Bilateral energy	**2244.49**		2162.84	
Solar & Thermal Bundled Energy	**756.47**		147.10	
Energy under SWAP Arrangements	**5.78**	**3006.74**	11.84	2321.78
Other operating income		**36.22**		36.01
Fly Ash and Cenosphere	**108.86**	**-**	84.30	-
Less: Transfer to Fly Ash Utilization Fund	**108.86**	**-**	84.30	-
Other income		**32.36**		21.38
Total		**3075.32**		2379.17

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 during the current financial year the Company has transferred to fly ash utilization fund an amount of ₹88 Crore net proceed from sale of fly ash and cenosphere as compared to ₹68 Crore net proceed transferred during the previous financial year.

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

₹ in Crore

	2012-13	2011-12
Purchase of energy	**2963.70**	2276.96
Rebate on energy sale	**36.40**	32.25
Employee benefits expense	**7.98**	6.91
Administration & other expenses	**4.15**	3.34
Prior period items (net)	**-**	(1.16)
Total operating expenses	**3012.23**	2318.30

Due to notification by the Ministry of Environment and Forest, Government of India, the operating expenses of fly ash business during 2012-13 has been netted off with revenue from sale of fly ash, hence not included in operating expenses.

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

₹ in Crore

	2012-13		2011-12
Total operating expenses	**3012.23**		2318.30
Depreciation & amortization expense	**0.05**		0.04
Finance cost:			
a. cash credit	**-**	0.02	
b. other	**-**	1.55	1.57
Total expenses including operating expenses	**3012.28**		2319.91

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 ₹0.84 Crore as on 31.3.2013.

₹ in Crore

	2012-13	2011-12
Profit/(Loss) before exceptional and extraordinary items & tax	**63.04**	59.26
Exceptional items	**(115.82)**	107.18
Profit /(Loss)before tax	**(52.78)**	166.44

During the financial year under review the Company has recognized loss of ₹115.82 Crore under the head "Exceptional Items", as per the directions received from the Ministry of New and Renewable Energy (MNRE) and clarifications sought thereafter.

As per the aforesaid directive the following amounts were debited to exceptional item and kept as "Retention on A/c BG encashment (solar)":-

(i) ₹7.66 Crore (gross) received in financial year 2010-11;

(ii) ₹107.15 Crore (gross) received in the previous year 2011-12 by way of encashment of Bank Guarantee; and

(iii) accrued interest of ₹1.01 Crore (gross) upto 31.03.2012 on amount invested on account of "Retention on A/c BG encashment (solar)".

₹ in Crore

	2012-13	2011-12
Profit/(Loss) before tax	**(52.78)**	166.44
Tax expenses	**(17.94)**	54.51
Profit /(Loss) for the year	**(34.84)**	111.93

Dividend

Due to losses incurred by the Company during the financial year 2012-13, Directors have not recommended any dividend.

Reserves & Surplus

In view of the observations of C&AG, a separate bank account was opened during current year for accounting receipts for sale of fly ash/ ash products. As observed by Government Auditors, interest earned on fly ash utilization fund during previous financial years and current financial year was transferred to Fly Ash Utilization Fund from Reserves & Surplus.

During the financial year 2012-13, total interest of ₹19.69 Crore, on fly ash utilization fund, consisting of ₹7.63 Crore (net of income tax) pertaining to period starting from 03.11.2009 to 31.03.2012 and ₹12.06 Crore (net of income tax) pertaining to current financial year was transferred from Reserve and surplus to fly ash utilization fund.

During the financial year 2012-13 an amount of ₹12.06 Crore was transferred from

General Reserve to Surplus in the Statement of Profit and Loss.

Current Assets

The current assets at the end of the financial year 2012-13 were ₹935.60 Crore as compared to ₹697.66 Crore in financial year 2011-12 registering an increase of 34%.

₹ in Crore

	31.03.2013	31.03.2012
Inventories	**0.01**	0.02
Trade receivables	**158.36**	162.07
Cash and Bank balances	**523.03**	339.55
Short term loan and advances	**2.92**	3.49
Other current assets	**251.28**	192.53
Total Current Assets	**935.60**	697.66

The increase was mainly on account of increase in cash and bank balance and Other Current assets. During the financial year under review, trade receivables has decreased to ₹158.36 Crore from ₹162.07 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 ₹523.03 Crore from ₹339.55 Crore due to increase in CLTDs/FDRs and the Other Current assets has increased to ₹251.28 Crore from ₹192.53 Crore mainly due to increase in unbilled revenue.

Current Liabilities

During the financial year 2012-13, Current Liabilities have increased to ₹603.94 Crore as compared to ₹374.92 Crore in the financial year 2011-12, mainly on account of increase in trade payables for energy purchase.

₹ in Crore

	31.03.2013	31.03.2012
Trade payables	**438.38**	323.79
Other current liabilities	**165.56**	19.09
Short-term provisions	**-**	32.04
Total Current Liabilities	**603.94**	374.92

The short term provisions for the financial year under review have become nil as compared to ₹32.04 Crore in previous financial year, mainly on account of payment of dividend and there is no provision of dividend during current financial year.

Cash Flow Statement

₹ in Crore

	2012-13	2011-12
Opening cash and cash equivalents	**339.55**	144.71
Net cash from operating activities	**186.92**	201.82
Net cash used in investing activities	**19.80**	12.01
Net cash flow from financing activities	**(23.24)**	(18.99)
Net change in cash and cash equivalents	**183.48**	194.84
Closing cash and cash equivalents	**523.03**	339.55

The closing cash and cash equivalent for the financial year ended March 31, 2013 has increased by 54% from ₹339.55 Crore in the previous year to ₹523.03 Crore in the current year.

Financial Indicators

The various performance indicators for the financial year 2012-13 as compared to financial year 2011-12 are as under:-

₹ in Crore

	Description	2012-13	2011-12
A	i) Capital employed	**143.06**	197.60
	ii) Net worth	**143.06**	197.60
B	i) Return on Capital Employed (PBT/CE)	**(37%)**	84%
	ii) Return on net worth (PAT/NW)	**(24%)**	57%
C	Dividend as % of Equity Capital	**-**	100
D	Earning per share in ₹ (EPS) before exceptional item	**21.30**	20.54
E	Earning per share in ₹ (EPS) after exceptional item	**(17.42)**	55.97

During the financial year 2012-13, the capital employed as well as net worth has decreased. The decrease is mainly on account of reduction in Reserve & Surplus due to transfer of total interest of ₹19.69 Crore to fly ash utilization fund and transfer of ₹12.06 Crore to Surplus in the Statement of Profit and Loss and recognition of loss of ₹115.82 Crore as exceptional item.

Human Resources

As on 31st March 2013, there were 52 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 15, 2013

(Dr. Arup Roy Choudhury)
Chairman

NTPC VIDYUT VYAPAR NIGAM LIMITED

BALANCE SHEET AS AT

(Amount in ₹)

Particulars	Note No.	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**200,000,000**	200,000,000
Reserves and surplus	3	**1,230,591,152**	1,775,976,299
		1,430,591,152	1,975,976,299
Fly Ash Utilization Fund	4	**2,349,334,677**	1,269,751,597
Non-current liabilities			
Deferred tax liabilities (Net)	10	**-**	139,907
Other Long term liabilities	5	**9,906,036**	8,532,069
		9,906,036	8,671,976
Current liabilities			
Trade payables	6	**4,383,807,302**	3,237,905,641
Other current liabilities	7	**1,655,595,363**	190,850,328
Short-term provisions	8	**-**	320,449,813
		6,039,402,665	3,749,205,782
TOTAL		**9,829,234,530**	7,003,605,654
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	**4,207,524**	2,471,855
Intangible assets	9	**14,700**	-
Deferred tax assets (net)	10	**179,268,996**	-
Long-term loans and advances	11	**289,761,188**	24,565,122
		473,252,408	27,036,977
Current assets			
Inventories	12	**134,246**	152,735
Trade receivables	13	**1,583,544,255**	1,620,715,226
Cash and bank balances	14	**5,230,290,672**	3,395,484,005
Short-term loans and advances	15	**29,205,705**	34,935,000
Other current assets	16	**2,512,807,244**	1,925,281,711
		9,355,982,122	6,976,568,677
TOTAL		**9,829,234,530**	7,003,605,654
Significant Accounting Policies	1		

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

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 : May 2, 2013

For and on behalf of Board of Directors

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

NTPC VIDYUT VYAPAR NIGAM LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in ₹)

Particulars	NOTE No.	31.03.2013	31.03.2012
Revenue from operations	17	30,429,610,119	23,577,920,449
Other income	18	323,571,108	213,844,876
Total Revenue		30,753,181,227	23,791,765,325
Expenses			
Purchase of energy	19	29,637,035,567	22,769,617,299
Rebate on energy sale		363,962,495	322,549,392
Cost of fly ash/ash products	20	-	-
Employee benefits expense	21	79,769,148	69,137,718
Finance costs	22	2,629	15,679,624
Depreciation and amortization expense	9	573,782	417,403
Administration & other expenses	23	41,469,043	33,366,444
Prior period items(net)	24	-	(11,596,403)
Total expenses		30,122,812,664	23,199,171,477
Profit/(Loss) before exceptional and extraordinary items & tax		630,368,563	592,593,848
Exceptional items	25	(1,158,216,659)	1,071,775,001
Profit/(Loss) before extraordinary items and tax		(527,848,096)	1,664,368,849
Extraordinary Items		-	-
Profit/(Loss) before tax		(527,848,096)	1,664,368,849
Tax expense:			
Current tax		-	545,050,799
Deferred tax		(179,408,903)	(9,244)
Total Tax expense		(179,408,903)	545041555
Profit/(Loss) for the year		(348,439,193)	1,119,327,294
Significant Accounting Policies	1		
Earnings per equity share (Par value of ₹ 10/- each) before Exceptional items			
Basic		21.30	20.54
Diluted		21.30	20.54
Earnings per equity share (Par value of ₹ 10/- each) after Exceptional items			
Basic		(17.42)	55.97
Diluted		(17.42)	55.97

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

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 : May 2, 2013

For and on behalf of Board of Directors

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

NTPC VIDYUT VYAPAR NIGAM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED

(Amount in ₹)

		31.03.2013	31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		(527,848,096)	1,664,368,849
Adjustment for:			
Depreciation	573,782		417,403
Interest Charges	2,629		15,524,979
Interest income	(303,520,421)		(169,202,423)
Increase in Fly Ash Utilization Fund	882,637,126		680,154,701
		579,693,116	526,894,660
Operating Profit before Working Capital Changes		51,845,020	2,191,263,509
Adjustment for:			
Trade and other receivables	(735,043,233)		(2,060,955,723)
Inventories	18,489		73,290
Trade payable and other liabilities	2,612,020,663		2,590,324,895
Loans and advances	251,262,295		(255,793,000)
		2,128,258,214	273,649,462
Cash generated from operations		2,180,103,234	2,464,912,971
Direct taxes paid		(310,853,283)	(446,722,508)
Net Cash from Operating Activities-A		1,869,249,951	2,018,190,463
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(2,352,927)		(57,185)
Disposal of fixed assets	28,776		4,610
Interest on Investments Received	240,176,092		137,332,276
Income Tax on Interest on Investments	(39,847,596)		(17,169,736)
Net Cash used in Investing Activities -B		198,004,345	120,109,965
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(200,000,000)	(150,000,000)
Tax on dividend		(32,445,000)	(24,333,750)
Interest Paid		(2,629)	(15,524,979)
Net Cash flow from Financing Activities-C		(232,447,629)	(189,858,729)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)		1,834,806,667	1,948,441,699
Cash and Cash equivalents (Opening balance) *		3,395,484,005	1,447,042,306
Cash and Cash equivalents (Closing balance)*		5,230,290,672	3,395,484,005

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 ₹ **25000/-** (Previous year ₹ 25000/-) deposited as security with Sales Tax Authority which is not available for use.

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 : May 2, 2013

For and on behalf of Board of Directors

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

1 SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

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

B. USE OF ESTIMATES

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

C. FLY ASH UTILISATION FUND

1. 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.
2. Interest earned (net of Income Tax) on "Fly Ash utilization fund" is credited to the fund.

D. FIXED ASSETS

1. Tangible Assets are carried at historical cost less accumulated depreciation.
2. Intangible assets are stated at their cost of acquisition less accumulated amortisation.
3. Fixed Assets acquired out of fly ash utilization fund are directly charged to the fly ash utilization fund.

E. FOREIGN CURRENCY TRANSACTIONS

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

F. INVENTORIES

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

G. INCOME RECOGNITION

1. Sale of energy is accounted for based on rates agreed with the customers.
2. Interest earned (net of Income Tax) on "Fly Ash utilization fund" is credited to the fund.
3. The surcharge on late payment/overdue4 trade receivables for sale of energy and liquidated damages are recognized when no significant uncertainty as to measurability or collectability exists.

H EXPENDITURE

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 depreciation on which is charged 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

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.
3. Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.
4. Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or estimated life of 3 years, whichever is less.
5. Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research & development are charged to revenue in the year incurred.
6. Prepaid expenses and prior period expenses/income of items of ₹ 1,00,000/- and below are charged to natural heads of accounts.
7. The contributions in respect of liabilities for employee benefits expense towards leave, superannuation and other benefits in respect of employees posted on secondment basis are accounted for as determined and apportioned by the holding company i.e. NTPC Limited at a fixed percentage as per the stated policy.

I. 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.

J. PROVISION AND CONTINGENT LIABILITIES

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

K. CASH FLOW STATEMENT

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

2 SHARE CAPITAL

(Amount in ₹)

As at	31.03.2013	31.03.2012
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 its shareholders subject to approval of the shareholders.

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

d) Details of shareholders holding more than 5% shares in the company:

Particulars	31.03.2013		31.03.2012	
	No. of shares	**%age holdings**	No. of shares	%age holdings
NTPC Limited and its nominees	**20000000**	**100**	20000000	100

3 RESERVES AND SURPLUS

(Amount in ₹)

As at	31.03.2013	31.03.2012
General Reserve		
As per last financial statements	**1,764,883,956**	884,883,956
(Less)/Add: Transfer to/from Surplus in the Statement of Profit and Loss	**(120,649,969)**	880,000,000
Less: Transfer to fly ash utilisation fund (interest) (Note 4)	**76,295,985**	-
Closing balance	**1,567,938,002**	1,764,883,956
Surplus in the Statement of Profit and Loss		
As per last financial statements	**11,092,343**	4,210,049
Add:- Profit/(Loss) after tax for the year from Statement of Profit & Loss	**(348,439,193)**	1,119,327,294
(Add)/Less:Transfer from/to General Reserve	**(120,649,969)**	880,000,000
Less:Transfer to fly ash utilisation fund (interest) (Note 4)	**120,649,969**	-
Proposed dividend	**-**	200,000,000
Tax on proposed dividend	**-**	32,445,000
Net surplus/(deficit)	**(337,346,850)**	11,092,343
Total	**1,230,591,152**	1,775,976,299

a) During the current year, interest estimated at ₹ **7,62,95,985/-** (net of income tax) pertaining to the period from 03.11.2009 to 31.03.2012 and ₹ 12,06,49,969/- (net of income tax) pertaining to the current year on Fly ash utilisation fund has been transferred to "Fly ash utilisation fund" (Note 4).

b) The company has proposed final dividend for the year 2012-13 @ ₹ 'Nil' per equity share of par value ₹ 10/- each (previous year ₹ 10/- per equity share).

4 FLY ASH UTILIZATION FUND

(Amount in ₹)

As at	31.03.2013	31.03.2012
As per last financial statements	**1,269,751,597**	589,596,896
Add: Transfer from sales (Note 17)	**1,088,620,403**	843,016,824
Transfer from reserve and surplus (Interest) (Note 3)	**196,945,954**	-
Less: Utilized during the year		
Capital expenditure (Note 9)	**466,999**	40,462,858
Cost of fly ash/ash products (Note 20)	**23,438,456**	10,355,207
Employee benefits expense (Note 21)	**69,405,332**	55,935,453
Administration & other expenses (Note 23)	**112,672,490**	56,108,605
	205,983,277	162,862,123
Total	**2,349,334,677**	1,269,751,597

a) The Company sells fly ash and cenosphere given free of cost by its holding company NTPC Limited. As per the gazette notification dated 3rd November'2009 issued by Ministry of Environment and Forests (MoEF), Government of India, the amounts collected from sale of fly ash and fly ash based products shall be kept in a separate account head and be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance with the said notification, the company has created a fly ash utilization fund in its books of accounts, to which the entire sale proceeds of fly ash and cenosphere for the year amounting to ₹ **1,08,86,20,403/-** (previous year ₹ 84,30,16,824/-) has been transferred.

b) Further, during current year, interest estimated to have been earned on the fund amounting to ₹19,69,45,954/- (₹ 7,62,95,985/- (net of income tax) pertaining to the period from 03.11.2009 to 31.03.2012 and ₹12,06,49,969/- (net of income tax) pertaining to the current year) has been transferred from "Reserve and surplus" (Note 3).

c) During the current year the company utilized a sum of ₹ **20,59,83,277/-**(previous year ₹16,28,62,123/-) towards direct/indirect expenses (including capital expenses) as determined and approved by the management. The indirect expenses of ₹ 7,39,56,243/- on account of employee cost, administration and other expenses have been allocated in the ratio of gross margin on sale of power and fly ash & its products.

d) Considering the opinion of the tax consultant, 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 OTHER LONG TERM LIABILITIES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Deposits from customers	**9,906,036**	8,532,069
Total	**9,906,036**	8,532,069

Disclosure with respect to Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note 30.

6 TRADE PAYABLES

(Amount in ₹)

As at	31.03.2013	31.03.2012
- Energy	**4,363,829,303**	3,196,122,098
- Open access charges(OAC)	**14,652,495**	38,500,198
- Other services	**5,325,504**	3,283,345
Total	**4,383,807,302**	3,237,905,641

Disclosure with respect to Micro,Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note 30.

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Advances from customers and others	**35,752,127**	46,771,524
Payable for capital expenditure	**106,850**	-
Other Payables		
- Tax Deducted at Source and other statutory dues	**3,813,614**	4,326,720
- Deposits from contractors and others	**21,876,854**	13,810,587
- Payable to Holding Company	**88,217,273**	13,373,815
- Payable to Employees	**19,912,266**	14,403,886
- Retention on A/c BG encashment (Solar)	**1,378,038,503**	-
- Others	**107,877,876**	98,163,796
Total	**1,655,595,363**	190,850,328

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

1.1) The liquidated damages of ₹ 7,65,65,000/- (gross) (received in financial year 2010-11) and ₹ 1,07,15,75,000/-(gross) (received in the previous year 2011-12) by way of BG encashment have been transferred to "Retention on A/c BG encashment (solar)".

1.2) Interest accrued amounting to ₹ 1,00,76,659/- (gross) upto 31.03.2012 on the amount invested out of BG encashment (solar) is also credited to the said account.

2.1) An amount of ₹ 13,95,00,000/- received as liquidated damages in the current year on late commissioning of solar power plants is credited to "Retention on A/c BG encashment (solar)".

2.2) Interest accrued amounting to ₹ 8,40,70,447/- (gross) for the current year on the amount invested out of BG encashment (solar) has also been credited to the said account.

3) ₹ 37,48,603/- on account of legal expenses has been debited to "Retention on A/c BG encashment (solar)".

4) Interest on refund,if any, received from the income tax department on account of above shall be credited to "Retention on A/c BG encashment (solar)".

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

b) Other payables-Others include the amount received on encashment of the Bank Guarantee of ₹ **9,50,65,000/-** (previous year ₹ 9,50,65,000/-) along with accrued interest of ₹ **1,28,03,887/-** (previous year ₹ 30,98,396/-) thereon which is required to be invested in Fixed Deposit as per the directive from the Hon'ble High Court of Delhi till the matter is settled through arbitration.

8 SHORT TERM PROVISIONS

(Amount in ₹)

As at	31.03.2013	31.03.2012
Provision for employee benefits		
Opening balance	**-**	1,263,098
Additions during the year	**-**	-
Amounts paid during the year	**-**	1,062,773
Amounts reversed during the year	**-**	200,325
Closing balance	**-**	-
Provision for current tax		
Opening balance	**88,004,813**	689,325,593
Additions during the year	**-**	560,575,778
Less: Set off against taxes paid	**88,004,813**	1,161,896,558
Closing balance	**-**	88,004,813
Provision for proposed dividend		
Opening balance	**200,000,000**	150,000,000
Additions during the year	**-**	200,000,000
Amounts paid during the year	**200,000,000**	150,000,000
Closing balance	**-**	200,000,000
Provision for tax on proposed dividend		
Opening balance	**32,445,000**	24,333,750
Additions during the year	**-**	32,445,000
Amounts paid during the year	**32,445,000**	24,333,750
Closing balance	**-**	32,445,000
Total	**-**	320,449,813

9 FIXED ASSETS

(Amount in ₹)

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
A. Tangible Assets										
Plant and machinery (including associated civil works)	1,195,000	-	-	**1,195,000**	151,367	56,762	-	**208,129**	**986,871**	1,043,633
Furniture and fixtures	813,253	138,192	-	**951,445**	172,955	56,424	-	**229,379**	**722,066**	640,298
Office equipment	1,073,399	165,568	-	**1,238,967**	731,171	148,665	-	**879,836**	**359,131**	342,228
EDP, WP machines and satcom equipment	3,208,987	1,919,121	485,782	**4,642,326**	2,763,291	309,138	461,493	**2,610,936**	**2,031,390**	445,696
Comunication equipments	-	111,146	-	**111,146**	-	3,080	-	**3,080**	**108,066**	-
Total (A)	6,290,639	2,334,027	485,782	**8,138,884**	3,818,784	574,069	461,493	**3,931,360**	**4,207,524**	2,471,855
B. Assets created from Fly Ash Utilization Fund										
Plant & Machinery	3,419,707	-	-	**3,419,707**	-	-		**-**	**3,419,707**	3,419,707
Furniture and fixtures	45,754	-	-	**45,754**	-	-	-	**-**	**45,754**	45,754
Office equipment	135,334	-	-	**135,334**	-	-	-	**-**	**135,334**	135,334
Roads,bridges,culverts	35,284,854	-		**35,284,854**	-	-	-	**-**	**35,284,854**	35,284,854
Temporary erection	1,577,209	-	(466,999)	**2,044,208**	-	-	-	**-**	**2,044,208**	1,577,209
Total	40,462,858	-	(466,999)	**40,929,857**	-	-	-	**-**	**40,929,857**	40,462,858
Less: Set off against Fly Ash Utilization Fund(Note 4)	40,462,858	-	(466,999)	**40,929,857**	-	-	-	**-**	**40,929,857**	40,462,858
Total (B)	-	-	-	**-**	-	-	-	**-**	**-**	-
Grand Total (A+B)	6,290,639	2,334,027	485,782	**8,138,884**	3,818,784	574,069	461,493	**3,931,360**	**4,207,524**	2,471,855
Previous Year	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

	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	Upto 01.04.2012	For the year	Deductions/ Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
C. Intangible Assets										
Software	241,078	18,900	4,487	**255,491**	241,078	(287)	-	**240,791**	**14,700**	-
TOTAL	**241,078**	**18,900**	**4,487**	**255,491**	**241,078**	**(287)**	**-**	**240,791**	**14,700**	**-**
Previous Year	241,078	-	-	**241,078**	241,078	-	-	241,078	-	-

10 DEFERRED TAX ASSET/(LIABILITY) (NET)

(Amount in ₹)

As at	31.03.2013	31.03.2012
Deferred tax asset		
On account of carry forward losses for tax purposes	**179,546,717**	-
Less: Deferred tax liability		
Difference of book depreciation and tax depreciation	**277,721**	139,907
Total	**179,268,996**	(139,907)

a) The net increase in deferred tax asset of ₹ 17,94,08,903/- (Previous Year decrease in deferred tax liability credited to statement of profit and loss ₹ 9,244/-) has been credited to statement of Profit and Loss.

b) Deferred tax aset and deferred tax liability have been offset as they relate to the same governing law.

11 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,considered good, unless otherwise stated)		
Deposits	**2,550,000**	50,000
Advances		
Advance tax & tax deducted at source	**1,537,112,559**	713,840,715
Less:- Provision for taxation	**1,249,901,371**	689,325,593
	287,211,188	24,515,122
Total	**289,761,188**	24,565,122

12 INVENTORIES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Stock-in-Trade-Cenosphere	**134,246**	152,735
	134,246	152,735

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

13 TRADE RECEIVABLES

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,Considered good, unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Energy	**845,757,221**	419,569,425
Open Access Charges(OAC)	**973,261**	489,604
	846,730,482	420,059,029
Others		
Energy	**593,478,695**	994,045,468
Open Access Charges(OAC)	**143,335,078**	206,610,729
	736,813,773	1,200,656,197
Total	**1,583,544,255**	1,620,715,226

Unbilled revenue of ₹ **2,38,54,63,058/-** (previous year ₹ 1,61,57,48,854/-) is stated in Note 16 Other Current Assets.

14 CASH & BANK BALANCES

(Amount in ₹)

As at	31.03.2013	31.03.2012
Cash & cash equivallents		
Balances with banks		
- Current Accounts	633,765,481	2,956,026
- Current Account-Fly Ash	619,825	-
Other bank balances		
Bank deposits with original maturity of more than three months but not more than twelve months	4,595,880,366	3,392,502,979
Others-Term deposit as security with Sales Tax Authorities, not available for use	25,000	25,000
Total	5,230,290,672	3,395,484,005

Cash & bank balances include fly ash utilization fund balance and retention on A/c of BG encashment (solar).

15 SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,considered good, unless otherwise stated)		
Advances		
Others*	3,364,305	35,000
Deposits	25,841,400	34,900,000
Total	29,205,705	34,935,000

* Others include advances given to arbitrators ₹ **27,37,505/-** (previous year ₹ 'Nil') and to Indian Energy Exchange of ₹ **5,61,800/-** (previous year ₹ 'Nil').

16 OTHER CURRENT ASSETS

(Amount in ₹)

As at	31.03.2013	31.03.2012
(Unsecured,considered good, unless otherwise stated)		
Interest Accrued on Term deposits	127,344,186	63,999,857
Other Recoverables	-	245,533,000
	127,344,186	309,532,857
Unbilled revenues*	2,385,463,058	1,615,748,854
Total	2,512,807,244	1,925,281,711

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

17 REVENUE FROM OPERATIONS

(Amount in ₹)

For the year ended		31.03.2013	31.03.2012
Sales			
Bilateral energy	22,444,881,453		21,628,403,137
Solar & thermal bundled energy	7,564,750,557		1,470,963,522
Energy under swap arrangements	57,809,715		118,416,451
		30,067,441,725	23,217,783,110
Fly Ash	1,076,166,984		835,559,845
Cenosphere	12,453,419		7,456,979
		1,088,620,403	843,016,824
Less: Transferred to Fly Ash Utilization Fund (Note 4)		1,088,620,403	843,016,824
		-	-
		30,067,441,725	23,217,783,110
Other Operating Income			
Rebate on energy purchase		362,168,394	360,137,339
TOTAL		30,429,610,119	23,577,920,449

a) Sales 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 bilateral energy includes compensation received of ₹ **2,11,79,344/-** (previous year ₹37,10,78,714/-) due to lesser supply/drawl of power by the supplier /buyers and open access charges on energy trading borne by the company.

c) (i) 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 ₹**5,78,09,715/-** (previous year ₹11,84,16,451/-).

(ii) 454 Mus (previous year 540 Mus) energy supplied by the sellers under Swap arrangements are yet to be returned back by the buyers.

18 OTHER INCOME

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Interest from		
Banks*	303,520,421	169,202,423
Other non-operating income		
Earnest Money/Security Deposit forfeited	444,653	15,604,707
Application Processing Fee-Solar	-	21,800,000
Surcharge received from Customers	1,759,342	6,879,066
RTI Application fee	50	90
Miscellaneous Income #	17,846,642	358,590
Total	323,571,108	213,844,876

* Excludes interest earned on Solar BG Retention A/c of ₹ **8,40,70,447/-** (previous year ₹ 'Nil') shown under "Retention on A/c BG encashment (solar)" (Note 7).

Miscellaneous income includes ₹ **1,36,30,994/-** (previous year ₹ 'Nil') on A/c of old liability of KSEB lying unadjusted for more than three years written back .

19 PURCHASE OF ENERGY

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Purchase of energy		
Bilateral energy	22,183,565,757	21,321,681,496
Solar & thermal bundled energy	7,453,469,810	1,447,935,803
Total	29,637,035,567	22,769,617,299

a) 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) Bilateral energy purchase includes compensation payment of ₹ **2,10,87,434/-** (previous year ₹ 33,39,19,947/-) due to lesser supply/drawl of power by the Company.

20 COST OF FLY ASH/ASH PRODUCTS

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
--Fly Ash	23,097,658	9,755,926
--Cenosphere	340,798	599,281
	23,438,456	10,355,207
Less:Transferred to Fly Ash Utilization Fund (Note 4)	23,438,456	10,355,207
Total	-	-

21 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Salaries and wages	**136,671,018**	111,382,632
Contribution to provident and other funds	**6,917,293**	8,459,350
Staff welfare expenses	**5,586,169**	5,231,189
	149,174,480	125,073,171
Less: Transferred to Fly Ash Utilization Fund (Note 4)	**69,405,332**	55,935,453
Total	**79,769,148**	69,137,718

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

b) Employee benefits expense include ₹ **1,71,17,972/-** for the year (previous year net credit ₹ 7,21,171/-) towards leave, superannuation and other benefits in respect of employees posted on secondment basis from the NTPC Ltd. (holding company).

c) Employee benefits expense include ₹**1,34,00,970/-** towards leave, superannuation and other benefits pertaining to earlier years i.e. 01.01.2007 to 31.03.2012 being additional provisions made during the current year due to change in the methodology of allocation of such provisions in accordance with the corporate policy.

d) Employee benefits expense includes Managerial Remuneration paid/ payable to Chief Executive Officer ₹ **31,60,492/-** (previous year ₹ 31,85,550/-).

22 FINANCE COSTS

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Interest on :		
Cash Credit	**-**	154,645
Others	**2,629**	15,524,979
Total	**2,629**	15,679,624

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

23 ADMINISTRATION & OTHER EXPENSES

(Amount in ₹)

For the year ended		31.03.2013	31.03.2012
Power charges		**1,236,904**	1,217,402
Rent		**35,535,169**	31,121,036
Repairs & maintenance			
Office	1,974,293		839,707
Others	5,222,714		351,991
		7,197,007	1,191,698
Insurance		**17,374**	-
Rates and taxes		**6,823,146**	3,000,000
Training & recruitment expenses		**173,855**	89,983
Communication expenses		**2,191,005**	710,514
Inland Travel		**9,027,299**	7,865,293
Foreign Travel		**263,334**	475,701
Tender expenses	2,764,841		3,481,185
Less: Receipt from sale of tenders	400,000		380,000
		2,364,841	3,101,185
Payment to auditors			
Audit fee to statutory auditors	112,360		56,180
Tax audit fee	16,854		11,030
		129,214	67,210
Advertisement and publicity		**165,520**	200,000
Entertainment expenses		**706,199**	981,420
Brokerage & commission		**384,015**	237,554
Community development and welfare expenses		**1,175,593**	-
Ash utilisation & marketing expenses		**56,721,890**	15,564,999
Books and periodicals		**10,645**	21,915

23 ADMINISTRATION & OTHER EXPENSES

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Professional charges and consultancy fees	**24,529,517**	19,609,150
Legal expenses	**97,914**	805,748
EDP hire and other charges	**288,238**	239,767
Printing and stationery	**653,458**	577,838
Hiring of vehicles	**600,569**	234,135
Surcharge	**-**	303,758
Bank charges/LC Charges	**1,685,025**	540,623
Miscellaneous expenses	**2,163,802**	1,318,120
	154,141,533	89,475,049
Less: Transferred to Fly Ash Utilization Fund (Note 4)	**112,672,490**	56,108,605
Total	**41,469,043**	33,366,444

24 PRIOR PERIOD ITEMS (NET)

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Revenue	**-**	-
Expenditure		
Employee Benefits expense	**-**	(11,596,403)
Net Expenditure/(Revenue)	**-**	(11,596,403)

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

25 EXCEPTIONAL ITEMS

(Amount in ₹)

For the year ended	31.03.2013	31.03.2012
Bank guarantee encashment-solar	**(1,148,140,000)**	1,071,775,001
Interest on bank guarantee encashment-solar	**(10,076,659)**	-
	(1,158,216,659)	1,071,775,001

As per the Presidential directive dated 22.12.2009 issued by Ministry of Power, Government of India(GOI), NVVN was appointed the nodal agency under Phase-I of Jawahar Lal Nehru National Solar Mission (JNNSM) to enter into Power Purchase Agreements (PPAs) with Solar Power Developers (SPDs) to purchase power from 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 the unallocated capacity of NTPC coal based stations.

Under phase- I of JNNSM, the Government of India issued guidelines for migration of existing solar power developers (SPDs) to this Scheme. Further guidelines were issued for selection of new solar power developers and commissioning of solar power units by the SPDs under Batch I & II. Wherever, the SPDs defied the provisions of Guidelines issued by GOI, Request for Selection (RfS)/ letters of Intents (LOIs) issued by NVVN and Memorandum of Understandings (MOUs)/ Power Purchase agreements (PPAs) entered in between NVVN and SPDs, BGs given by SPDs upto the stage of detection of misrepresentation /committing the default, were encashed.

During current year ₹ 7,65,65,000/- (gross) (received in financial year 2010-11) and ₹ 1,07,15,75,000/-(gross) (received in the previous year 2011-12) by way of BG encashment with reference to the above Guidelines along with the interest accrued amounting to ₹ 1,00,76,659/- (gross) upto 31.03.2012 on the amount invested out of BG encashment (solar) and taken as income in the earlier years under other income/ exceptional items by NVVN has been reversed and kept as "Retention on A/c BG encashment (solar)" as per the directions received from the Ministry of New and Renewable Energy (MNRE) vide letter ref. no. 29/5/2010-11/JNNSM(ST) dated 29.06.2012 and clarifications thereafter.

26. 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.

27. 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 ₹ 1,03,58,826/- (Previous year ₹ 1,27,20,072/-) and are included in Note 21- "Employees Benefits Expense". Similarly, lease payments in respect of premises for offices amounting to ₹ 3,55,35,169/- (Previous year ₹ 3,11,21,036/-) are shown in Rent in Note 23-"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.

28. Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

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

	Current Year	Previous Year
i) Net profit/(loss) after Tax before exceptional items used as numerator(₹)	**425,970,673**	410,805,429
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**21.30**	20.54
Face Value per share- (₹)	**10.00**	10.00

	Current Year	Previous Year
ii) Net profit/(loss) after Tax used as numerator (₹)	**(348,439,193)**	1,119,327,294
Weighted average number of equity shares used as denominator	**20000000**	20000000
Earning per share (Basic & Diluted)- (₹)	**(17.42)**	55.97
Face Value per share- (₹)	**10.00**	10.00

29. 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.

30. Disclosure in respect of Micro, Small and Medium Enterprises as at 31st March 2013 as required by Micro, Small and Medium Enterprises Development Act, 2006 is ₹ 'Nil' (previous year ₹ 'Nil').

31. Contingent Liabilities:

a) Disputed Income Tax Matters:
During the current year all the Income Tax matters pending before various Appellate Authorities are decided in favour of the Company. The contingent liability of ₹ 'Nil' (Previous period ₹1,26,35,887/-) has been estimated.

b) 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 ₹'Nil' (Previous year ₹1,37,91,836/-) has been estimated.

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

d) Others:

- various solar power developers challenged the encashment/ forfeiture of EMD/Bid bond under provisions of PPA before arbitrator/High Courts. The contingent liability of ₹ **89,74,74,338/-** including interest thereon (previous year ₹ 7,65,65,000/-) has been estimated.
- One party has challenged the invocation of BG of ₹ **1,27,51,781/-** including interest thereon (previous year ₹ 1,09,51,781/-)on the ground of non conclusion of contract with the company for ash business.
- One of the customer has approached state regulatory commission and has claimed ₹ **23,30,55,860/-** including interest thereon (previous year ₹ 20,27,00,660/-) for default in power supply.

32. Quantitative information: (As certified by the Management)

		Current Year	**Previous Year**
a)	Trading of energy (MUs)		
	Power	**5272**	5204
	Solar Bundled Power	**1590**	329
	Power Under Swap Arrangements	**1520**	2996
b)	Trading of Fly Ash / Cenosphere (MTs)		
	Fly Ash	**4198471**	3782470
	Cenosphere	**240**	209

33. Estimated amount of contract remaining to be executed on capital account and not provided for as at 31st March 2013 is ₹ 3,57,611/- (previous year ₹ Nil).

34. Expenditure in foreign currency (₹):

Travelling Expenses	**150,926**	277,421

35. Segment information :
The Company's principal businesses are trading of energy and trading of fly ash/ ash products. The amount collected from sale of fly ash/ash products are dealt with as per Accounting Policy no.C.1. As such there is no reportable segment as at 31.03.2013.

36. The company's management is of the opinion that its domestic transactions with related parties are at arms length and will not have any impact on financial statements for the year ended 31.03.2013.

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

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

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)	**(N.K.Sharma)**	**(A.K.Singhal)**	**(Arup Roy Choudhury)**
Company Secretary	Chief Executive Officer	Director	Chairman

(C. Chuttani)
Partner
M.No.90723

Place : New Delhi
Dated : May 2, 2013

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **NTPC VIDYUT VYAPAR NIGAM LIMITED ("the Company")**, which comprise the Balance sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss , of the loss for the year ended on that date; and

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

EMPHASIS OF MATTER

Without qualifying our report:

1. We draw your attention to Note 3 (a) & 4 (b) of the financial statements regarding creation & utilization of Fly Ash fund. The Ministry of Environment & Forest, Government of India vide notification dated 03.11.2009, requiring NVVN to keep in a separate account the collection from sale of Fly Ash and Fly Ash products. The notification did not specify on the treatment of interest on such funds and as such the interest income earned on these funds was considered by NVVN as other income, pending clarification from the Ministry of Environment & Forest. The said clarification is still awaited. However, the company while continuing to treat the interest income on these funds as income of NVVN transferred the interest income (net of tax) to Fly Ash Utilization Fund as compared to earlier practice to retain the income under Reserves & Surplus. The said treatment has been carried out retrospectively i.e. with effect from date of notification by transfer from General Reserve to Fly Ash Utilization Fund aggregating to ₹19,69,45,954/- thereby effecting the balances of Reserves & Surplus & Fly Ash Utilization Fund to the said extent.

2. Note 7 and 25 in respect of funds realized by NVVN on account of non performance by the Solar Power Developers under the Jawahar Lal Nehru National Solar Mission (JNNSM) amounting to ₹ 7,65,65,000/- (gross) for the financial year 2010-11 and ₹ 107,15,75,000/- (gross) for the financial year 2011-12. The said amount together with interest accrued thereon of ₹ 100,76,659/- upto 31.03.2012 were treated as income of the company under the head other income for the year 2010-11 and as exceptional item/ other income for the year 2011-12. During the year in pursuance of communication received from the Ministry of New & Renewable Energy, Government of India the amounts so received are to be kept in separate account and not to be considered as income of NVVN. In view thereof, the amount received during the year on account of non-performance and interest thereon has been treated accordingly. Further amounts so received up to 31.03.2012 have been reversed during the year under Exceptional item thereby effecting the profit/loss for the year to the said extent with consequent effect on Reserves & Surplus.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the **Annexure (A)** a statement on the matters specified in paragraphs 4 and 5 of the Order.

1. As required by section 227(3) of the Act, we report that:

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

   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   (c) the Balance Sheet, 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 comply with the Accounting Standards referred to in subsection (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) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(C.Chuttani)
Partner
M.No. 90723

Place : New Delhi
Dated : 2nd May, 2013

ANNEXURE (A) TO THE INDEPENDENT AUDITOR'S REPORT

Statement referred to in our report of even date to the members of **NTPC VIDYUT VYAPAR NIGAM LIMITED** on the financial statements for the year ended 31st March 2013.

(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 the 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 31.03.2013 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 as at 31st March 2013, however it has incurred cash loss during the financial year covered by our audit but has not incurred cash loss in the immediately preceding financial year

(xi) In our opinion and according to the information and explanations given to us, the company has not taken any loan from the financial institutions, banks or raised money against debentures. Accordingly, the para (xi) of order is not applicable to the company.

(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 : 2nd May, 2013

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, 2013

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2013 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 02 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2013 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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

(Brij Mohan)
Principal Director of Commercial Audit & Ex-officio
Member Audit Board-III,
New Delhi

Place : New Delhi
Dated : 23 May, 2013