

**NTPC Vidyut Vyapar Nigam Limited**  
(A wholly owned subsidiary of NTPC Limited)

**Directors' Report**

To  
Dear Members,

Your Directors have immense pleasure in presenting the Fourteenth Annual Report on the working of the Company for the financial year ended on 31<sup>st</sup> March 2016 together with Audited Financial Statement, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

**FINANCIAL RESULTS**

(₹ in Crore)

	2015-16	2014-15
Total Revenue	4122.61	3887.96
Total Expenses	4044.85	3821.48
Profit/(Loss) before Tax	77.76	66.48
Tax expenses	27.44	22.87
Profit/(Loss) for the year	50.32	43.61

**DIVIDEND**

During the financial year 2015-16, the Board of Directors have declared an interim dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each. Your Directors have not recommended any final dividend.

**ENERGY TRADING AND OTHER BUSINESS**

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

In the Financial Year 2015-16, your Company achieved highest ever power trading volume of 12600 million units (MUs) apart from Renewable Energy Certificates (RECs) equivalent to 166 MUs.

During the financial year under review, margin was ₹66.78 Crore from trade of 12766 million units including 5789 million units traded under solar & thermal bundled power, 1092 million units traded under SWAP arrangements, 2416 million units under bilateral trade, 1508 million units traded through exchange and 1961 million units traded under Cross Border Trading, as compared to margin of ₹55.36 Crore from trade of energy of 10421 million units including 5175 million units traded under solar & thermal bundled power, 1094 million units traded under SWAP arrangements, 2112 million units under bilateral trade, 295 million units traded through exchange and 1745 million units traded under Cross Border Trading. The overall volume of energy traded by the Company during the financial year 2015-16 has increased by 22.50% and margins increased by 20.60% over last financial year 2014-15.

**BUSINESS INITIATIVES**

The Government of India designated your Company as the Nodal Agency for Phase I of Jawaharlal Nehru National Solar Mission (JNNSM) with a mandate for purchase of power from the solar power projects connected to grid at 33 KV and above, at tariff regulated by CERC and for sale of such power bundled with the power sourced from NTPC coal power stations to Distribution Utilities under Phase I of JNNSM which envisages setting up of 1000 MW solar capacity. As on 31.03.2016 the total commissioned capacity under the Scheme of Batch I of Phase I of JNNSM is 733 MW as against the 718 MW as on 31.03.2015.

During the Financial Year 2015-16, a total of 5789 MUs of bundled solar power (including 1027 MUs of Solar Power) have been supplied to Discoms/ Utilities of the states of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka, Assam, West Bengal, Odisha, Telengana, Chhattisgarh and Damodar Valley Corporation.

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

year PPA between BPDB and the Company and back to back Power Sale Agreement (PSA) has also been signed with Tripura State Electricity Corporation Limited (TSECL) for supply of upto 100 MW of power for a period of 5 years. Under this agreement power is being supplied by the Company to BPDB with effect from March 17, 2016.

Your Company is appointed as the nodal agency by the Ministry of Power, Government of India on February 9, 2016 for cross border power trading with Nepal. PPA was signed between the Company and Nepal Electricity Authority (NEA) for supply of upto 80MW power through newly commissioned 400kV Muzaffarpur- Dhalkebar A/C line under radial mode from Indian Market. The Power supply commenced from February 18, 2016.

Your Company has excelled in many fields including expanding customer base, selling captive power, selling power of Independent Power Producers (IPPs), entering into power banking arrangement, trading of Power and RECs on the platform of Power Exchange(s) etc. The customer base of the Company has increased to more than 100 customers including state government utilities, private power utilities, IPPs and captive power generators, Industrial customers in all five power regions of India.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposit during the financial year ended on 31<sup>st</sup> March 2016.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis is enclosed at Annexure-I.

**AUDITORS' REPORT**

The Comptroller and Auditor General of India (C&AG) had appointed M/s S.S. Kothari Mehta & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-16.

The Statutory Auditors of the Company have given unqualified report on the financial statements of the Company for the financial year 2015-16.

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

The Comptroller and Auditor General (C&AG) of India, through letter dated July 4, 2016 have communicated that based on the financial reporting by the Management and the independent audit carried out by Statutory Auditors, C&AG has decided not to conduct the Supplementary Audit of the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2016 under Section 143(6)(a) of the Act. A copy of the letter issued by C&AG in this regard is placed after report of Statutory Auditors of your Company.

**PARTICULARS OF EMPLOYEES**

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the Government Companies is exempted to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. Your Company being a Government company is not required to include aforesaid information as a part of the Directors' Report. However, during the period under review the Company had no employees of the category falling Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**SECRETARIAL AUDITORS**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Agarwal S. & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company, for the financial year 2015-16. The Report of the Secretarial Auditors is enclosed at Annexure-II.

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

**Secretarial Auditors observation:**

During the financial year, the composition of the Board and Committees of the Board should be in compliance with the provisions of the Companies Act, 2013, with respect to appointment of Independent Directors & consequential non-compliances thereof



## Management reply

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (3) (c) and Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2015-16 and of the profit of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.
- the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## BOARD OF DIRECTORS

During the financial year under review Shri Gurdeep Singh, (DIN: 00307037) Chairman & Managing Director, NTPC Limited, consequent upon nomination received from NTPC Limited, appointed as an Additional Director and designated as the Chairman of the Company w.e.f. February 17, 2016. Shri Gurdeep Singh holds office up to the date of this Annual General Meeting but is eligible for appointment. The Company has received a requisite notice in writing from NTPC Limited, proposing his candidature for the office of Director liable to retire by rotation. Dr. Arup Roy Choudhury, (DIN: 00659908) consequent upon completion of tenure from services of NTPC Limited has ceased to be the Chairman of the Company w.e.f. August 31, 2015.

Shri I.J. Kapoor, (DIN: 02051043), consequent upon resignation from services of NTPC Limited, has tendered his resignation and accordingly ceased to be Director of the Company w.e.f. August 20, 2015.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Dr. Arup Roy Choudhury and Shri I.J. Kapoor during their association with the Company.

In accordance with the provisions of Companies Act, 2013, Mrs. A. Sathyabhama, Director (DIN: 06904946) shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers herself for reappointment.

## Number of meetings of the Board

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

Date of Board Meeting	Total strength of the Directors	No. of Directors present
May 8, 2015	6	6
July 28, 2015	6	5
July 28, 2015	6	5
September 29, 2015	4	4
September 29, 2015	4	4
October 29, 2015	4	3
January 28, 2016	4	4
March 29, 2016	5	5

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

Name of the Director	Designation	Attendance during 2015-16
Shri Gurdeep Singh (Chairman w.e.f.17.2.2016)	Chairman	1
Dr. Arup Roy Choudhury (ceased w.e.f.31.8.2015)	Chairman	3
Shri I.J. Kapoor (ceased w.e.f.20.8.2015)	Director	3
Shri A.K. Jha	Director	8
Shri Kulamani Biswal	Director	8
Shri K.K. Sharma	Director	8
Mrs. A. Sathyabhama	Director	5

## Declaration of Independent Director.

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

## AUDIT COMMITTEE

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

During the financial year under review 5 meeting of the Audit Committee were held on the following dates:

Date of Audit Meeting Committee	Total strength of the Directors	No. of Directors present
May 8, 2015	3	3
July 28, 2015	3	3
September 29, 2015	3	3
January 28, 2016	3	3
March 29, 2016	3	3

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

Name of the Director	Designation	Attendance during 2015-16
Shri Kulmani Biswal (Chairman w.e.f.29.9.2015)	Chairman	5
Shri I.J. Kapoor (ceased w.e.f.20.8.2015)	Chairman	2
Shri A.K. Jha (ceased w.e.f. 29.9.2015)	Director	2
Shri K.K. Sharma (appointed w.e.f. 29.9.2015)	Director	3
Mrs. A. Sathyabhama (appointed w.e.f. 29.9.2015)	Director	3

## CORPORATE SOCIAL RESPONSIBILITY

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

During the financial year under review 4 meeting of the CSR committee were held on the following dates:

Date of CSR Committee Meeting	Total strength of the Directors	No. of Directors present
July 28, 2015	3	3
September 29, 2015	3	3
January 28, 2016	3	3
March 29, 2016	3	3



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

Name of the Director	Designation	Attendance during 2015-16
Shri Gurdeep Singh (Chairman w.e.f.17.2.2016)	Chairman	1
Dr. Arup Roy Choudhury (ceased w.e.f.31.8.2015)	Chairman	1
Shri I.J. Kapoor (ceased w.e.f.20.8.2015)	Director	1
Shri A.K. Jha	Director	4
Shri Kulamani Biswal (appointed w.e.f.29.9.2015)	Director	3
Shri K.K. Sharma (ceased w.e.f. 17.2.2016)	Director	2

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

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

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

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the Government Companies is exempted to comply with the provisions of sub-sections 2, 3 and 4 of Section 178 of the Companies Act, 2013. Your Company being a Government company is not required to formulate and disclose policy, as a part of the Directors' Report, as envisaged.

During the financial year under review 2 meeting of the Nomination and Remuneration Committee were held on the following dates:

Date of the Nomination and Remuneration Committee	Total strength of the Directors	No. of Directors present
July 28, 2015	3	3
September 29, 2015	3	3

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

Name of the Director	Designation	Attendance during 2015-16
Shri A.K. Jha	Chairman	2
Shri Kulmani Biswal	Director	2
Shri K.K. Sharma	Director	2

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

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

#### MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments, have taken place between financial year ended March 31, 2016, to which the financial statements relates and the date of this Directors' Report, which affects the financial position of the Company.

#### EXTRACT OF ANNUAL RETURN

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

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

As per requirement of Section 188 (2) of the Companies Act, 2013 and

Rule 8 of the Companies (Accounts) Rules, 2014, particulars of contracts or arrangements, during the financial year 2015-16, with related parties referred to in Section 188 (1) of the Companies Act, 2013 in form AOC-2 is given under Annexure-V.

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

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

During the financial year under review the Company has earned ₹446.17 crore from trade of power in foreign currency as compared to ₹445.95 crore foreign currency earned during the financial year 2014-15. An expenditure of ₹0.09 crore, during the financial year under review, in foreign currency has been incurred mainly towards travelling of employees and other payments/ reimbursements as compared to ₹0.03 crore expenses incurred towards travelling of employees during the financial year 2014-15.

#### ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Sd/-  
(GURDEEP SINGH)  
CHAIRMAN  
DIN: 00307037

Place: New Delhi  
Date: July 20, 2016

Annexure - I to Directors' Report of NVVN

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### INDUSTRY STRUCTURE AND DEVELOPMENTS

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

The short term market constitutes about 9-10% of the total power generation. However, there has been significant increase in direct transaction among Discoms (50%) as well as through Power Exchanges (21%) vis a vis last year. Your Company traded 1508 MUs in power exchange as compared to 295 MUs in the previous year.

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

During the last four years, 43 traders have obtained licenses for serving the needs of the various clients. 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 2015-16 out of the electricity generation of approximately 1103 Billion units, approximately 94 Billion units were traded, representing 8.52 % of trading to total generation.

Structure of Power Market in India\*

(i)	Long -Term (89.6 %)	988 BU
(ii)	Power Trading (8.5 %)	94 BU
(iii)	Balancing Market (UI) (1.9 %)	21 BU
	<b>Total</b>	<b>1103 BU</b>

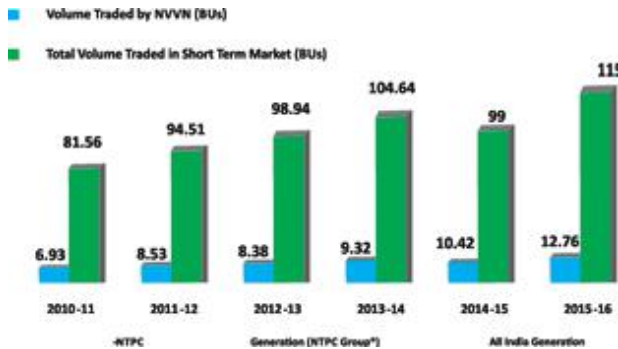




### The trading of Power in India\*

(i)	Bilateral Trading	36 BU
(ii)	Bilateral Direct	24 BU
(iii)	Through Power Exchange	34 BU
	<b>Total</b>	<b>94 BU</b>

\*Source: CERC (2015-16)



\*Source: CERC (2015-16)

### STRENGTH AND WEAKNESS

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

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

### OPPORTUNITIES AND THREATS

The inter-regional power transfer capacity has increased to 57450 MW (\*Source: Ministry of Power website) and is planned for enhancement to 68050 MW by end of 12<sup>th</sup> Plan period. This is expected to provide considerable opportunities for enhancement of trading volumes. With the passage of time short term power market has shifted from a seller's market to a buyers' market due to large availability of merchant power. Many states have joined UDAY scheme and with the implementation of UDAY scheme, the financial position of the State Discoms is expected to improve.

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

### OUTLOOK

Your Company was designated Nodal Agency for Cross Border trading of power with Bangladesh. The Power Purchase Agreement between the Company and BPDB for supply of 250 MW power from NTPC stations for 25 years was signed on February 28, 2012. The Power supply to Bangladesh commenced from October 5, 2013. Your Company has signed another Power Purchase Agreement (PPA) with Bangladesh Power Development Board (BPDB) and back to back Power Sale Agreement with Tripura State Electricity Corporation Limited (TSECL) valid for the period of 5 years. Upto 100 MW of power is being supplied under this PPA by the Company to BPDB under radial mode from March 17, 2016.

Your Company is appointed as the nodal agency by Gol/ MoP on February 09, 2016 for cross border power trading with Nepal. Power Purchase Agreement was signed between the Company and Nepal Electricity Authority (NEA) for supply of 80MW power upto June 2016, through newly commissioned 400kV Muzaffarpur- Dhalkebar A/C line under radial mode from Indian Market. The Power supply commenced on February 18, 2016.

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

Your Company is exploring new avenues for enhancement of future business in the Cross Border Trading of Power, Renewable Power Sector

and trading in Power Exchange and expects to consolidate its business in these segments for achieving long term growth.

### RISKS, CONCERNS AND THEIR MANAGEMENT

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

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

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

### INTERNAL CONTROL

Your Company has adequate internal control systems and procedures in place commensurate with the size and nature of its business. Your Company has adopted the internal control system of its holding company viz. NTPC Limited. A well defined internal control framework has been developed identifying key controls. 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:

	2015-16	2014-15
Trading of Power	Million units	
Bilateral Trading	2416	2112
Power SWAP Arrangements	1092	1094
Solar Bundled Power	5789	5175
Cross Border Trading	1961	1745
Trading through exchange	1508	295
<b>Total</b>	<b>12766</b>	<b>10421</b>

During the Financial Year 2015-16, your Company traded 12766 million units of power, which includes 5789 MUs of bundled solar power under Jawaharlal Nehru National Solar Mission. The overall volume of power traded by Company has increased by 22.50% 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.

#### Financial Performance

The revenue of your Company comprises of mainly sales from Energy traded and it contributes to 99.49% of total revenue.

₹ in Crore

	2015-16	2014-15
Sales		
Energy	4054.58	3835.22
Other operating income	47.10	38.38
Fly Ash and Cenosphere	-	87.42
Less: Transfer to Fly Ash Utilization Fund	-	87.42
Other income	20.93	14.36
<b>Total</b>	<b>4122.61</b>	<b>3887.96</b>

The Company has transferred the Ash Business to NTPC Limited, the holding company w.e.f. January 1, 2015.



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

	2015-16	2014-15
Purchase of energy	3987.80	3779.85
Rebate on energy sale	33.11	24.92
Employee benefits expense	13.97	10.16
Administration & other expenses	9.79	6.36
Total operating expenses	4044.67	3821.29

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

	2015-16	2014-15
Total operating expenses	4044.67	3821.29
Finance cost	0.05	0.02
Depreciation & amortization expense	0.13	0.17
Total expenses including operating expenses	4044.85	3821.48

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 and software etc. and the Gross Block was of the order of ₹0.78 Crore as on 31.3.2016.

During the year the Company earned profit after tax of ₹50.32 Crore registering an increase of 15.39% over the previous year.

	2015-16	2014-15
Profit before tax	77.76	66.48
Tax expenses	27.44	22.87
Profit for the year	50.32	43.61

#### Dividend

During the financial year 2015-16, the Board of Directors on March 29, 2016 approved an interim dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each which was distributed on April 1, 2016. Your Directors have not recommended any final dividend.

#### Reserves & Surplus

During the financial year 2015-16, a sum of ₹26 Crore have been added to General Reserve as compared to ₹19 Crore in the previous year.

#### Current Assets

The current assets at the end of the financial year 2015-16 were ₹1296.49 Crore as compared to ₹1136.32 Crore in financial year 2014-15 registering an overall increase of 7.94%.

	31.03.2016	31.03.2015
Trade receivables	560.20	485.84
Cash and Bank balances	333.72	347.44
Short term loan and advances	2.21	1.07
Other current assets	330.36	301.97
Total Current Assets	1226.49	1136.32

The cash and bank balance has reduced mainly due to transfer of ash fund balance to NTPC Limited w.e.f 1-1-2015 and consequently the transfer of Term Deposits with Banks on maturity to NTPC as part of Ash fund. As on 31-3-2016 trade receivables has increased to ₹560.20 Crore as compared to ₹485.84 Crore as on 31-3-2015. The receivables are equivalent to 50 days as on 31-3-2016 against 46 days as on 31-3-2015. The major amount of receivables has now been recovered from various buyers and balance amount would be realized soon. The Other Current assets has increased to ₹330.36 Crore from ₹301.97 Crore mainly due to increase in unbilled revenue.

#### Current Liabilities

During the financial year 2015-16, Current Liabilities have increased to ₹1023.86 Crore as compared to ₹959.92 Crore in the financial year 2014-15, mainly on account of increase in trade payables.

	31.03.2016	31.03.2015
Trade payables	638.33	530.46
Other current liabilities	341.37	424.31
Short-term provisions	44.16	5.15
Total Current Liabilities	1023.86	959.92

#### Cash Flow Statement

	2015-16	2014-15
Opening cash and cash equivalents	347.44	637.60
Net cash from operating activities	(30.91)	(312.12)
Net cash from investing activities	21.19	41.96
Net cash flow from financing activities	(4.00)	(20.00)
Net change in cash and cash equivalents	(13.72)	(290.16)
Closing cash and cash equivalents	333.72	347.44

The closing cash and cash equivalent for the financial year ended March 31, 2016 has decreased by 3.95% from ₹347.44 Crore in the previous year to ₹333.72 Crore in the current year.

#### Financial Indicators

The various performance indicators for the financial year 2015-16 as compared to financial year 2014-15 are as under:-

	Description	2015-16	2014-15
A	i) Capital employed	232.14	205.90
	ii) Net worth	232.14	205.90
B	i) Return on Capital Employed (PBT/CE)	33%	32%
	ii) Return on net worth (PAT/NW)	22%	21%
C	Dividend as % of Equity Capital	100	100
D	Earning per share in ₹ (EPS) before exceptional item	25.16	21.81

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

#### Procurement from MSEs

Your Company during the financial year under review has not procured any goods and services from Micro and Small Enterprises (MSEs).

#### Sexual Harassment of women at workplace

All the employees of the Company are on secondment basis from holding company viz. NTPC Limited. In line with the requirement of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, all the employees are regulated under the NTPC's Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

#### Human Resources

As on 31<sup>st</sup> March 2016, there were 46 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.

Your Company has achieved all Human Resource Management targets of MoU 15-16 which includes actualization of training plan, implementation of Bell Curve and Employee Communication.

#### 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

Sd/-  
(GURDEEP SINGH)  
CHAIRMAN  
DIN: 00307037

Place: New Delhi  
Date: July 20, 2016



**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,  
The Members,  
NTPC Vidyut Vyapar Nigam Limited

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

Based on my verification of NVVNL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial period ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

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

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement and the Securities Exchange Board of India (Listing Obligation & Disclosure requirements) Regulations, 2015 - Not Applicable.

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

1. During the financial year, the composition of the Board and Committees of the Board should be in compliance with the provisions of the Companies Act, 2013, with respect to appointment of Independent Directors & consequential non-compliances thereof.

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

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

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

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

For Agarwal S. & Associates,  
Company Secretaries,

Sd/-  
(Sachin Agarwal)  
Partner  
FCS No. : 5774  
C.P No. : 5910

Place: New Delhi  
Date: June 10, 2016

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





To,  
The Members,  
NTPC Vidyut Vyapar Nigam Limited

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

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

For Agarwal S. & Associates,  
Company Secretaries,

Sd/-  
(Sachin Agarwal)

Partner  
FCS No. : 5774  
C.P No. : 5910

Place: New Delhi  
Date: June 10, 2016



T G Hall of NTPC Vindhyachal



Annexure - III to Directors' Report of NVVN

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

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

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

2. **The Composition of the CSR Committee.**

Name of the Director	Designation
Shri Gurdeep Singh	Chairman
Shri A.K. Jha	Director
Shri Kulamani Biswal	Director

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

The average net profit of the Company for three immediately preceding financial years i.e. 2012-13, 2013-14 and 2014-15 is ₹ 73.60 crore.

4. **Prescribed CSR Expenditure.**

The Company as per the requirement of the Companies Act, 2013, is required to spend 2% of ₹ 73.60 crore i.e. ₹ 1.47 Crore in the financial year 2015-16.

5. **Details of CSR spent during the financial year 2015-16.**

(a)	Total amount spent for the financial year	:	₹ 1,47,24,870
(b)	Amount unspent, if any	:	₹ 61,89,405
(c)	Manner in which the amount spent during the financial year	:	Detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified.	Sector in Which the Project is covered.	Projects or Programs (1) Local area or other (2)Specify the State and the district where projects or programs was undertaken.	Amount outlay (budget) Project or Programs wise (Amount in ₹ lakh)	Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads: (Amount in ₹ lakh)	Cumulative expenditure upto to the reporting period. (Amount in ₹ lakh)	Amount spent: Direct or through implementing agency
1.	Construction of Toilets and washrooms for orphans and children of destitute families	Sanitation	Sarai Kale Khan, Delhi	6.140	6.140	6.140	Implementing Agency
2.	Implementation and commissioning of solar power Integrated Domestic Energy System in 300 households in 3 villages	Rural Development/ Environment sustainability	In 3 villages of Chhatarpur District of Madhya Pradesh	39.776	9.1087	9.1087	Implementing Agency
3.	Construction of Toilets under Swacch Vidyalaya Abhiyan	Sanitation	In villages schools of Dist. Kanpur, Uttar Pradesh	101.084	101.084	101.084	Implementing Agency
4.	Construction of Hall/Library Hall for students in the High School	Promoting Education	Khandagiri, Bhubaneswar, Orissa	*89.160	8.9160	89.160	Direct
5.	Installation of Industrial RO Plants for providing clean drinking water for passengers at Railways stations	Safe Drinking water	In 3 railways stations- Ajmer, Bhilwara and Abu Road in Rajasthan	55.000	22.000	22.000	Implementing Agency
<b>Total</b>				<b>291.160</b>	<b>147.2487</b>	<b>227.4927</b>	

\* The project was undertaken during the financial year 2014-15. Out of budgeted amount of ₹ 89.160 Lakh an amount of ₹ 80.244 Lakh was incurred on 2014-15 and remaining ₹ 8.910 Lakh was incurred on 2015-16

6. **Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof.** Entire CSR budget for the financial year 2015-16, as per the provisions of the Companies Act, 2013, has been committed for CSR activities and remaining unspent amount shall be utilized in subsequent financial year 2016-17 onwards as spill over for CSR activities.

7. **A responsibility statement of the CSR Committee** The Responsibility Statement of the Corporate Social Responsibility Committee is reproduced below: The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Place: New Delhi  
Date: July 20, 2016

Sd/-  
(N.K. Sharma)  
Chief Executive Officer

Sd/-  
(GURDEEP SINGH)  
CHAIRMAN  
DIN: 00307037





**Form No. MGT-9  
Extract of Annual Return**

as on the financial year ended on March 31, 2015

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products/Services	NIC code of the Product/service	% to total turnover of the company
1.	Power Trading	N.A.	99.49

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

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

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

**i) Category-wise Share Holding**

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



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

(ii) Shareholding of Promoters

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Shri A.K. Jha, Director (As Nominee of NTPC Limited)</b>				
	At the beginning of the year	NIL	-	NIL	-
	Equity shares transferred on 29.10.2015, as nominee of NTPC	100	No change	100	No change
	At the End of the year	100	-	100	-
2.	<b>Shri Kulamani Biswal, Director (As Nominee of NTPC Limited)</b>				
	At the beginning of the year	NIL	-	NIL	-
	Equity shares transferred on 29.10.2015, as nominee of NTPC	100	No change	100	No change
	At the End of the year	100	-	100	-



## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company secretary	CFO	Total
1.	<b>Gross Salary</b> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,41,359	15,13,667	33,50,013	94,05,039
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4,98,449	48,554	1,69,724	7,16,727
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify (Leave encashment)	4,32,000	-	-	-
	Total	54,71,808	15,62,221	35,19,737	1,05,53,766





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

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

For and on behalf of the Board of Directors  
Sd/-  
(GURDEEP SINGH)  
CHAIRMAN  
DIN: 00307037

Place : New Delhi  
Date : July 20, 2016

Annexure - V to Directors' Report of NVVN

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis	
(a) Name(s) of the related party and nature of relationship	: Utility Powertech Limited. A Joint Venture Company of Holding Company viz. NTPC Limited
(b) Nature of contracts/arrangements/ transactions	: The contract was for hiring of skilled and non-skilled manpower for carrying out the day-to-day activities of the Company.
(c) Duration of the contracts / arrangements/ transactions	: All contracts were for 1 years
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	: Total contract value was ₹ 80,00,000
(e) Justification for entering into such contracts or arrangements or transactions	: Utility Powertech Limited (UPL), a Joint venture Company of NTPC Limited, the holding Company, is providing manpower to joint venture and subsidiaries of NTPC. Since incorporation of the Company, UPL is providing skilled and non-skilled manpower.
(f) Date(s) of approval by the Board	: March 29, 2016
(g) Amount paid as advances, if any:	: Nil
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis	
(a) Name(s) of the related party and nature of relationship	: Not Applicable
(b) Nature of contracts/arrangements /transactions	: Not Applicable
(c) Duration of the contracts / arrangements /transactions	: Not Applicable
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	: Not Applicable
(e) Date(s) of approval by the Board, if any:	: Not Applicable
(f) Amount paid as advances, if any:	: Not Applicable

For and on behalf of the Board of Directors

Sd/-  
(GURDEEP SINGH)  
CHAIRMAN  
DIN: 00307037

Place : New Delhi  
Date : July 20, 2016



**NTPC VIDYUT VYAPAR NIGAM LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2016**

PARTICULARS	Note	Amount in ₹	
		31.03.2016	31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	200,000,000	200,000,000
Reserves and surplus	3	2,121,428,326	1,858,958,021
		<b>2,321,428,326</b>	<b>2,058,958,021</b>
<b>Fly Ash Utilization Fund</b>	4	-	-
<b>Non-current liabilities</b>			
Deferred tax liability (net)	5	-	182,623
<b>Current liabilities</b>			
Trade payables	6	6,383,315,898	5,304,572,603
Other current liabilities	7	3,413,741,366	4,243,118,212
Short-term provisions	8	441,614,166	51,492,397
		<b>10,238,671,430</b>	<b>9,599,183,212</b>
<b>TOTAL</b>		<b>12,560,099,756</b>	<b>11,658,323,856</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	1,720,853	2,473,646
Intangible assets	9	449,547	768,974
Capital work in progress	10	340,811	340,811
Deferred tax assets (net)	5	12,443	-
Long-term loans and advances	11	292,655,882	291,586,680
		<b>295,179,536</b>	<b>295,170,111</b>
<b>Current assets</b>			
Trade receivables	12	5,602,018,357	4,858,394,637
Cash and bank balances	13	3,337,172,499	3,474,391,374
Short-term loans and advances	14	22,135,691	10,658,009
Other current assets	15	3,303,593,673	3,019,709,725
		<b>12,264,920,220</b>	<b>11,363,153,745</b>
<b>TOTAL</b>		<b>12,560,099,756</b>	<b>11,658,323,856</b>
Significant Accounting Policies	1		

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

**For and on behalf of the Board of Directors**

Sd/-  
(Nitin Mehra)  
Company Secretary

Sd/-  
(Alka Saigal)  
CFO

Sd/-  
( N.K.Sharma)  
CEO

Sd/-  
(K. Biswal)  
Director

Sd/-  
(Gurdeep Singh)  
Chairman

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

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

Place : New Delhi  
Dated: 17.05.2016

Sd/-  
(Naveen Aggarwal)  
Partner  
( M.No.94380)



**NTPC VIDYUT VYAPAR NIGAM LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

Particulars	Note	Amount in ₹	
		31.03.2016	31.03.2015
Revenue from operations	16	41,016,870,788	38,736,009,488
Other income	17	209,291,788	143,680,565
<b>Total Revenue</b>		<b>41,226,162,576</b>	<b>38,879,690,053</b>
<b>Expenses</b>			
Purchase of energy	18	39,878,047,272	37,798,557,473
Rebate on energy sale		331,054,357	249,184,221
Cost of fly ash/ash products	19	-	-
Employee benefits expense	20	139,735,736	101,617,828
Finance costs	21	523,127	151,770
Depreciation and amortization expense	9	1,307,002	1,670,866
Administration & other expenses	22	97,896,521	63,658,474
<b>Total expenses</b>		<b>40,448,564,016</b>	<b>38,214,840,632</b>
<b>Profit/(Loss) before tax</b>		<b>777,598,560</b>	<b>664,849,421</b>
<b>Tax expense:</b>			
Current tax		274,608,027	229,016,592
Deferred tax		(195,066)	(281,018)
<b>Total Tax expense</b>		<b>274,412,961</b>	<b>228,735,574</b>
<b>Profit/(Loss) for the period</b>		<b>503,185,599</b>	<b>436,113,847</b>
Significant Accounting Policies	1		
Earnings per equity share (Par value of ₹ 10/- each)			
Basic & Diluted		<b>25.16</b>	<b>21.81</b>

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

**For and on behalf of the Board of Directors**

Sd/-  
(Nitin Mehra)  
Company Secretary

Sd/-  
(Alka Saigal)  
CFO

Sd/-  
(N.K.Sharma)  
CEO

Sd/-  
(K. Biswal)  
Director

Sd/-  
(Gurdeep Singh)  
Chairman

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

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

Sd/-  
(Naveen Aggarwal)  
Partner  
( M.No.94380)

Place : New Delhi  
Dated: 17.05.2016





**NTPC VIDYUT VYAPAR NIGAM LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

	31.03.2016	31.03.2015
Amount in ₹		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before tax	777,598,560	664,849,421
Adjustment for:		
Depreciation	1,307,002	1,670,866
Interest Charges	522,865	151,770
Interest income	(114,325,007)	(113,429,277)
Profit on disposal of fixed asset	(3,365)	(4,141)
(Decrease)/Increase in Fly Ash Utilization Fund	-	(3,470,019,336)
	<u>(112,498,505)</u>	<u>(3,581,630,118)</u>
Operating Profit before Working Capital Changes	665,100,055	(2,916,780,697)
Adjustment for:		
Trade and other receivables	(1,109,405,245)	(2,427,839,281)
Inventories	-	111,244
Trade payable and other liabilities	420,921,190	2,428,916,354
Loans and advances	(48,491,984)	5,511,260
	<u>(736,976,039)</u>	<u>6,699,577</u>
Cash generated from operations	(71,875,984)	(2,910,081,120)
Direct taxes paid	(237,268,906)	(211,095,157)
Net Cash from Operating Activities-A	<u>(309,144,890)</u>	<u>(3,121,176,277)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(499,537)	(1,536,399)
Disposal of fixed assets	268,121	934,620
Interest on Investments Received	232,236,886	466,927,130
Income Tax on Interest on Investments	(20,091,215)	(46,762,426)
Net Cash used in Investing Activities -B	<u>211,914,255</u>	<u>419,562,925</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(200,000,000)
Tax on dividend	(39,988,240)	-
Net Cash flow from Financing Activities-C	<u>(39,988,240)</u>	<u>(200,000,000)</u>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	<u>(137,218,875)</u>	<u>(2,901,613,352)</u>
Cash and Cash equivalents (Opening balance) *	3,474,391,374	6,376,004,726
Cash and Cash equivalents (Closing balance)*	3,337,172,499	3,474,391,374

**NOTES**

1. Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks. Cash & cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 13.

Cash and cash equivalents	243,513,082	314,220,595
Deposits included in other bank balances	2,956,835,526	1,464,684,042
Other bank balances-Others #	136,823,891	1,695,486,737
Cash & cash equivalent as restated ( Note 13-Cash & bank balances)	<u>3,337,172,499</u>	<u>3,474,391,374</u>
# Amounts which are not available for use towards:		
Term deposit as security with Sales Tax Authorities	25,000	25,000
Term Deposits Fly Ash Utilisation Fund	-	1,571,139,084
Term Deposit as per the directive from the Hon'ble High Court of Delhi	136,798,891	124,322,653
	<u>136,823,891</u>	<u>1,695,486,737</u>

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

For and on behalf of the Board of Directors

Sd/-  
(Nitin Mehra)  
Company Secretary

Sd/-  
(Alka Saigal)  
CFO

Sd/-  
(N.K.Sharma)  
CEO

Sd/-  
(K. Biswal)  
Director

Sd/-  
(Gurdeep Singh)  
Chairman

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

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

Place : New Delhi  
Dated: 17.05.2016

Sd/-  
(Naveen Aggarwal)  
Partner ( M.No.94380)



**NTPC VIDYUT VYAPAR NIGAM LIMITED**  
**NOTE TO THE FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 31<sup>ST</sup> MARCH 2016**

**1. Significant Accounting Policies**

**A. Basis of preparation**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India, accounting standard specified under Section 133 of Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable) and applicable provisions of the Companies Act 1956.

**B. Use of estimates**

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

**C. 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.

**D. 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.

**E. Income recognition**

1. Sale of energy is accounted for based on the rates agreed with the customers.
2. Commission on trading through Exchange recognized as agreed with the client.
3. The surcharge on late payment/overdue trade receivables for sale of energy and liquidated damages are recognized when no significant uncertainty as to measurability or collectability exists.

**F. Expenditure**

**a) Depreciation /amortisation**

1. Depreciation is charged on straight line method according to useful lives specified in Schedule II of the Companies Act, 2013.
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 3 years, whichever is less.

**b) Other expenditure**

1. Expenses on training & recruitment and research & development are charged to revenue in the year incurred.
2. Prepaid expenses and prior period expenses/income of items of ₹ 5,00,000/- and below are charged to natural heads of accounts.

**G. Employee benefits**

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

**H. 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.

**I. 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.

**J. Cash flow statement**

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

**K. Taxes on Income**

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

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

**2. Share Capital**

Amount in ₹

As at	31.03.2016	31.03.2015
<b>Equity Share Capital</b>		
<b>Authorised</b>		
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
<b>Issued, subscribed and fully paid-up</b>		
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 period, the company has not issued/bought back any equity shares.
- b) The company has only one class of equity shares having par value of ₹10/- each.
- c) 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.
- d) During the year the company has approved the payment of interim dividend of ₹10/- per equity share of par value ₹10/- each, amounting to interim dividend of ₹20,00,00,000/- (previous year ₹20,00,00,000/-).
- e) Details of shareholders holding more than 5% shares in the company:

Particulars	31.03.2016		31.03.2015	
	No. of shares	%age holdings	No. of shares	%age holdings
NTPC Limited and its nominees	20,000,000	100	20,000,000	100

**3. Reserves and Surplus**

Amount in ₹

As at	31.03.2016	31.03.2015
<b>General Reserve</b>		
As per last financial statements	1,847,938,002	1,657,938,002
Add/(Less) : Transfer from/ to Surplus in the Statement of Profit and Loss	260,000,000	190,000,000
Closing balance	<u>2,107,938,002</u>	<u>1,847,938,002</u>
<b>Corporate Social Responsibility (CSR) Reserve</b>		
As per last financial statements	6,214,275	-
Add : Transfer from surplus	6,189,405	6,214,275
Less : Transfer to surplus	6,214,275	-
Closing balance	<u>6,189,405</u>	<u>6,214,275</u>
<b>Surplus in the Statement of Profit and Loss</b>		
As per last financial statements	4,805,744	4,894,412
Add : Profit/(Loss) after tax for the period from the Statement of Profit and Loss	503,185,599	436,113,847
Transfer from CSR Reserve	6,214,275	-
Less: Transfer to General Reserve	260,000,000	190,000,000
Transfer to CSR Reserve ( Note 31)	6,189,405	6,214,275
Interim Dividend	200,000,000	200,000,000
Tax on Interim Dividend	40,715,294	39,988,240
Net surplus/(deficit)	<u>7,300,919</u>	<u>4,805,744</u>
<b>Total</b>	<u>2,121,428,326</u>	<u>1,858,958,021</u>



- a) In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in accordance with its CSR policy. The company has spent an amount of ₹147,24,870/- during the year and the unspent balance amount of ₹ 61,89,405/- has been appropriated to CSR reserve from surplus. Refer Note 31.
- b) During the year the company has approved the payment of interim dividend of ₹10/- per equity share of par value ₹ 10/- each, amounting to interim dividend of ₹ 20,00,00,000/- (previous year ₹ 20,00,00,000/-).

#### 4. Fly Ash Utilization Fund

	Amount in ₹	
As at	31.03.2016	31.03.2015
As per last financial statements	-	3,262,301,631
Add: Transfer from sales (Note 16)	-	874,234,784
Transfer from other Income (Note 17)(Net of tax)	-	207,717,705
Less: Utilized during the year		
Cost of fly ash/ash products (Note 19)	-	22,311,593
Employee benefits expense (Note 20)	-	40,219,471
Administration & other expenses (Note 22)	-	42,891,315
Fly ash utilisation expenses incurred by holding company	-	347,207,619
	-	452,629,998
Net Fly ash utilisation fund	-	3,891,624,122
Less: Fly Ash Fund Transferred to NTPC Limited		
Total		3,891,624,122

#### 5. Deferred Tax Liabilities (net)

	Amount in ₹	
As at	31.03.2016	31.03.2015
Deferred tax liability		
Difference of book depreciation and tax depreciation	64,764	258,452
Less: Deferred tax asset		
Provisions & other disallowances for tax purposes	77,207	75,829
Total	(12,443)	182,623

- a) The net change in deferred tax of ₹1,95,066/- (Previous period ₹2,81,018/-) has been credited in Statement of Profit and Loss.
- b) Deferred tax asset and deferred tax liability have been offset as they relate to the same governing law.

#### 6. Trade Payables

	Amount in ₹	
As at	31.03.2016	31.03.2015
Trade Payable	6,383,315,898	5,304,572,603
Total	6,383,315,898	5,304,572,603

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

#### 7. Other Current Liabilities

	Amount in ₹	
As at	31.03.2016	31.03.2015
Advances from customers and others	5,474,129	1,561,825
Payable for capital expenditure	340,811	340,811
Other payables		
- Tax deducted at source and other statutory dues	15,374,287	41,055,022
- Deposits from customers and others	9,460,481	3,025,636
- Payable to holding company	26,154,652	1,815,401,012
- Payable to employees	10,514,217	11,190,154
- Retention on A/c BG encashment (Solar)	1,876,491,452	1,991,185,630
- Payable to Solar Payment Security Accounts	1,243,174,521	176,729,785
- Others	226,756,816	202,628,337
Total	3,413,741,366	4,243,118,212

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

	Amount in ₹		
Particulars	As at 01.04.2015	For the year ended 31.03.2016	As at 31.03.2016
Amount received as liquidated damages on late commissioning of solar power plants	1,840,719,007	88,870,003	1,929,589,010
Add: Interest accrued on above (Note 17)	181,890,653	-	181,890,653
Less: Legal expenses	31,424,030	32,009,440	63,433,470
Less: Liability on a/c of arbitration cases where award has been pronounced	-	171,554,741	171,554,741
Net Balance-Retention on A/c BG encashment (Solar)	1,991,185,630	(114,694,178)	1,876,491,452

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

-The Company utilised ₹187,64,91,452/- from "Retention on A/c BG encashment (Solar)" for non payment of dues by its customers under JNNSM scheme .

- b) Other payables-Payable to Solar Payment Security Account : Upto current year, the company has withdrawn an amount of ₹124,31,74,521/- (net of SPSA Management Fees @ 1%) on account of default by its customers from Solar Payment Security Account as per the directions received from the Ministry of New and Renewable Energy (MNRE).

- c) Other payables- Others include the amount received on encashment of the Bank Guarantee of ₹9,50,65,000/- on 02.11.2011 invested in Fixed Deposit as per the directive from the Hon'ble High Court of Delhi till the matter is settled through Arbitration. Further, interest accrued thereon upto current year





amounting to ₹ 4,50,65,556/- (upto previous year ₹ 3,38,52,887/-) also stands credited in the said account.

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

#### 8. Short-Term Provisions

As at	Amount in ₹	
	31.03.2016	31.03.2015
<b>Provision for Current Tax</b>		
Opening balance	11,504,157	-
Additions during the period	283,981,995	275,498,557
Less: Set off against taxes paid/refund	266,142,021	263,994,400
Closing balance	29,344,131	11,504,157

#### Continued Note 8

As at	Amount in ₹	
	31.03.2016	31.03.2015
<b>Provision for Interim dividend</b>		
Opening balance	-	-
Additions during the period	200,000,000	200,000,000
Amounts paid during the period	-	200,000,000
Closing balance	200,000,000	-
<b>Provision for tax on Interim dividend</b>		
Opening balance	39,988,240	-
Additions during the period	40,715,294	39,988,240
Amounts paid during the period	39,988,240	-
Closing balance	40,715,294	39,988,240
<b>Provision for Arbitration Case</b>		
Opening balance	-	-
Additions during the period	171,554,741	-
Amounts paid during the period	-	-
Closing balance	171,554,741	-
<b>Total</b>	<b>441,614,166</b>	<b>51,492,397</b>

#### 9. Fixed Assets

	Amount in ₹									
	Gross Block				Depreciation/Amortisation				Net Block	
	As At 01.04.2015	Additions	Deductions/ Adjustments	As at 31.03.2016	Upto 01.04.2015	For the period	Deductions/ Adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>A. Tangible Assets</b>										
Plant and machinery(including associated civil works)	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	1,223,795	-	-	1,223,795	418,241	136,908	-	555,149	668,646	805,554
Office equipment	572,833	229,740	30,125	772,448	421,853	78,742	28,619	471,976	300,472	150,980
EDP, WP machines and satcom equipment	4,510,954	269,797	267,126	4,513,625	3,089,382	764,678	3,877	3,850,183	663,442	1,421,572
Communication equipments	111,146	-	-	111,146	15,606	7,247	-	22,853	88,293	95,540
<b>Total (A)</b>	<b>6,418,728</b>	<b>499,537</b>	<b>297,251</b>	<b>6,621,014</b>	<b>3,945,082</b>	<b>987,575</b>	<b>32,496</b>	<b>4,900,161</b>	<b>1,720,853</b>	<b>2,473,646</b>
Previous year	8,955,563	584,418	3,121,253	6,418,728	4,580,419	1,479,459	2,114,796	3,945,082	2,473,646	4,375,144

Deduction/adjustments from gross block and depreciation/amortisation for the year includes:

	Gross Block		Depreciation/Amortisation	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Disposal of assets	297,251	1,597,384	32,496*	666,905
Retirement of assets	-	1,523,869	-	1,447,891
	297,251	3,121,253	32,496	2,114,796

\*Net of depreciation of assets added during the year (Accumulated depreciation on addition of assets ₹242818/- & Disposal of assets ₹275314/-)

#### B. Intangible Assets

Software	1,207,472	-	-	1,207,472	438,498	319,427	-	757,925	449,547	768,974
<b>Total (B)</b>	<b>1,207,472</b>	<b>-</b>	<b>-</b>	<b>1,207,472</b>	<b>438,498</b>	<b>319,427</b>	<b>-</b>	<b>757,925</b>	<b>449,547</b>	<b>768,974</b>
Previous year	255,491	951,981	-	1,207,472	247,091	191,407	-	438,498	768,974	8,400

#### 10. Capital work-in progress

	Amount in ₹				
	As At 01.04.2015	Additions	Deductions/ Adjustments	Capitalised	As at 31.03.2016
EDP, WP machines and satcom equipment	340,811	-	-	-	340,811
<b>Total</b>	<b>340,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,811</b>
Previous year	340,811	-	-	-	340,811



### 11. Long-Term Loans and Advances

As at	31.03.2016	31.03.2015
(Unsecured, considered good, unless otherwise stated)		
<b>Deposits*</b>	<b>3,550,000</b>	2,550,000
<b>Advances</b>		
Refund due from Income Tax Authority	13,844,251	13,844,251
Advance tax & tax deducted at source	1,303,061,981	1,027,494,222
Less:- Provision for taxation	1,027,800,350	752,301,793
	<b>289,105,882</b>	<b>289,036,680</b>
<b>Total</b>	<b>292,655,882</b>	<b>291,586,680</b>

\* Deposit with Indian Energy Exchange (IEX) ₹ 25,00,000/- (previous year ₹ 25,00,000/-), Power Exchange of India Ltd. (PXIL) ₹ 10,00,000/- (previous year Nil) and Sales Tax Authority ₹ 50,000/- (previous year ₹ 50,000/-).

### 12. Trade Receivables

As at	31.03.2016	31.03.2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	1,425,351,606	1,406,326,566
Considered doubtful	223,091	223,091
Less: Allowance for bad & doubtful receivables	223,091	223,091
	<b>1,425,351,606</b>	<b>1,406,326,566</b>
Others		
Unsecured, Considered good	4,176,666,751	3,452,068,071
<b>Total</b>	<b>5,602,018,357</b>	<b>4,858,394,637</b>

Unbilled revenues of ₹ 3,25,22,29,249/- (previous year ₹ 2,88,74,47,724/-) is stated in Note 15.

### 13. Cash & Bank Balances

As at	31.03.2016	31.03.2015
<b>Cash &amp; cash equivalents</b>		
Balances with banks		
- Current Accounts	243,513,082	313,896,538
- Current Account-Fly Ash	-	324,057
<b>Other bank balances</b>		
Bank deposits with original maturity of more than three months but not more than twelve months	2,956,835,526	1,464,684,042
Others #	136,823,891	1,695,486,737
<b>Total</b>	<b>3,337,172,499</b>	<b>3,474,391,374</b>
<b># Not available for use to the Company and include:</b>		
Term deposit as security with Sales Tax Authorities	25,000	25,000
Term Deposits Fly Ash Utilisation Fund	-	1,571,139,084
Term Deposit as per the directive from the Hon'ble High Court of Delhi	136,798,891	124,322,653
	<b>136,823,891</b>	<b>1,695,486,737</b>

### 14. Short-Term Loans and Advances

As at	31.03.2016	31.03.2015
(Unsecured, considered good, unless otherwise stated)		
<b>Advances</b>		
Deposits	19,862,260	1,300,000
Others	2,273,431	9,358,009
<b>Total</b>	<b>22,135,691</b>	<b>10,658,009</b>

a) Deposits include margin money with Indian Energy Exchange (IEX) & Power Exchange of India Ltd. (PXIL).

b) Others include advance to Arbitrators ₹ Nil (previous year ₹ 86,48,349/-)

### 15. Other Current Assets

As at	31.03.2016	31.03.2015
(Unsecured, considered good, unless otherwise stated)		
Interest accrued on term deposits	11,372,501	129,284,380
Amounts recoverable	39,915,944	2,901,643
Asset held for disposal	75,978	75,978
Unbilled revenues*	3,252,229,249	2,887,447,724
<b>Total</b>	<b>3,303,593,673</b>	<b>3,019,709,725</b>

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

### 16. Revenue from Operations

For the year ended	31.03.2016	31.03.2015
<b>Revenue</b>		
Sale of Energy	40,530,679,726	38,349,199,880
Commission	15,172,575	2,990,564
	<b>40,545,852,301</b>	<b>38,352,190,444</b>
Fly Ash / Fly ash product	-	874,234,784
Less: Transferred to Fly Ash Utilisation Fund (Note 4)	-	874,234,784
	<b>40,545,852,301</b>	<b>38,352,190,444</b>
<b>Other Operating Income</b>		
Rebate on energy purchase	471,018,487	383,819,044
<b>Total</b>	<b>41,016,870,788</b>	<b>38,736,009,488</b>

a) Sale of bilateral energy and energy under SWAP arrangements in million units ( Mus) 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 ₹ 93,95,888/- (previous period ₹ 6,76,52,381/-) due to lesser supply/drawl of power by the supplier /buyers and open access charges on energy trading borne by the company.

c) Sale of Solar and thermal bundled energy in million units are recognized on the basis of monthly Joint meter reading (JMR) / Regional Energy Account (REA) issued by the concerned authorities.

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

e) Commission on energy trading through exchange recognised as agreed with the client.



## 17. Other income

	Amount in ₹	
For the year ended	31.03.2016	31.03.2015
<b>Interest from</b>		
Banks	139,900,317	453,100,027
Less: Transferred to Fly Ash Utilisation Fund/Holding Co. (Note 4/Note 7) *	25,575,310	314,676,117
Less: Transferred to retention on A/c BG encashment (Solar) (Note 7)	-	24,994,633
	<b>114,325,007</b>	<b>113,429,277</b>
<b>Other non-operating income</b>		
Surcharge/ other recoveries from Customers	73,026,862	20,289,478
Management fees	12,068,541	9,047,199
Profit from disposal of fixed assets	3,365	4,141
Miscellaneous Income #	9,868,013	910,470
<b>Total</b>	<b>209,291,788</b>	<b>143,680,565</b>
* amount transferred (net of tax)	16,724,207	207,717,705

# Miscellaneous income includes sundry balance written back, liquidated damages recovered etc.

## 18. Purchase of energy

	Amount in ₹	
For the year ended	31.03.2016	31.03.2015
Purchase of Energy	39,878,047,272	37,798,557,473
<b>Total</b>	<b>39,878,047,272</b>	<b>37,798,557,473</b>

a) Purchase of energy in million units ( Mus) 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 ₹ 89,75,540/- (previous year ₹ 6,76,36,551/-) due to lesser supply/drawl of power by the Company.

c) Purchase of Solar and thermal bundled energy in million units are recognized on the basis of monthly Joint meter reading (JMR) / REA issued by the concerned authorities.

## 19. Cost of Fly Ash/Ash Products

	Amount in ₹	
For the year ended	31.03.2016	31.03.2015
Fly Ash-duty & taxes	-	22,039,473
Cenosphere -collection & packing charges	-	272,120
	-	22,311,593
Less: Transferred to Fly Ash Utilization Fund (Note 4)	-	22,311,593
<b>Total</b>	<b>-</b>	<b>-</b>

## 20. Employee Benefits Expense

	Amount in ₹	
For the year ended	31.03.2016	31.03.2015
Salaries and wages	112,661,648	113,561,556
Contribution to provident and other funds	20,138,824	21,858,851
Staff welfare expenses	6,935,265	6,416,892
	<b>139,735,736</b>	<b>141,837,299</b>
Less: Transferred to Fly Ash Utilization Fund (Note 4)	-	40,219,471
<b>Total</b>	<b>139,735,736</b>	<b>101,617,828</b>

a) All the employees of the Company are on secondment from NTPC Limited. Pay, allowances, perquisites and other benefits of the employees are governed by the terms and conditions under an agreement with NTPC Ltd. As per the agreement, amount equivalent to a fixed percentage of basic & DA of the seconded employees is payable by the company for employee benefits such as provident fund, pension, gratuity, post retirement medical facilities, compensated absences, long service award, economic rehabilitation scheme and other terminal benefits.

b) In accordance with Significant Accounting policy No. G of Note 1, an amount of ₹ 2,01,38,824/- (previous year ₹ 2,18,58,851/-) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹ 68,42,828/- (previous year ₹ 68,05,918/-) towards leave & other benefits are paid/ payable to the holding Company and included under Employee benefits.

## 21. Finance Costs

	Amount in ₹	
For the year ended	31.03.2016	31.03.2015
Interest on :		
Others*	523,127	151,770
<b>Total</b>	<b>523,127</b>	<b>151,770</b>

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

## 22. Administration & Other Expenses

	Amount in ₹	
For the year ended	31.03.2016	31.03.2015
Power charges	1,831,180	1,530,227
Rent	46,417,590	41,376,689
Repairs & maintenance		
Office	2,453,218	3,281,018
Others	141,163	387,636
	<b>2,594,381</b>	<b>3,668,654</b>
Insurance	3,316	18,876
Rates and taxes	4,000,000	4,000,000
Training & recruitment expenses	93,800	129,516
Communication expenses	2,537,160	2,693,563
Inland Travel	7,553,649	8,100,074
Foreign Travel	2,081,959	886,954
Tender expenses	872,244	1,339,654
Less: Receipt from sale of tenders	-	115,000
	<b>872,244</b>	<b>1,224,654</b>
Payment to auditors		
Audit fee to statutory auditors	170,680	140,450
Statutory Auditor-Other capacity	-	56,180
	<b>170,680</b>	<b>196,630</b>
Entertainment expenses	1,208,442	1,230,087
Brokerage & commission	13,950	310,642
Corporate Social Responsibility (CSR) Expenses	14,724,870	8,024,400
Ash utilisation & marketing expenses	-	687,259
Books and periodicals	22,016	74,373
Professional charges	3,677,476	26,055,766
Surcharge expenses	-	972,882
Legal expenses	2,426,733	259,321
EDP hire and other charges	109,840	48,831





Printing and stationery	164,929	428,670
Hiring of vehicles	298,969	468,815
Bank charges/LC Charges	4,179,667	1,063,369
Miscellaneous expenses	2,913,669	2,876,446
	<b>97,896,521</b>	106,326,698
Less: Transferred to Fly Ash Utilization Fund (Note 4)	-	42,891,315
	<b>97,896,521</b>	63,435,383
Provision for doubtful debts	-	223,091
<b>Total</b>	<b>97,896,521</b>	<b>63,658,474</b>

23 The Central Government in consultation with National Advisory Committee on Accounting Standards, has vide Gazette Notification No. 364 (E) dated 30th March 2016 notified Companies (Accounting Standards) Amendment Rules, 2016 (amended rules) thereby amending the Companies (Accounting Standards) Rules 2006 (principle rules). The Company believes that Rule 3(2) of the principle rules has not been withdrawn or replaced by the amended rules. Accordingly, the amended rules shall come into effect for the accounting periods commencing on or after 30th March 2016

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

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

25 Disclosure as per Accounting Standard - 1 on "Disclosure of Accounting Policies  
During the year, following changes in accounting policies have been made:

a) Accounting policy no. E 2 - Commission on trading through Exchange has been added to bring more clarity.

b) Policy No. F b) 2 has been modified increasing the threshold limit of prepaid expenses and prior period expenses/income of items from ₹ 1 lakh to ₹ 5 lakh for charging the same to natural heads of accounts.

There is no impact on the accounts due to changes at a) & b).

26 Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
a) Related party: Utility Powertech Ltd., Joint Venture Company of NTPC Limited (Holding Company)		
Transactions with the related party Utility Powertech Ltd. are as follows:		
Contracts for services received by the Company:	4,900,138	27,327,135
Amount payable for services received	2,145,299	1,631,869
b) Key Management Personnel:		
Shri N. K. Sharma Chief Executive Officer Managerial remuneration	5,471,808	3,765,000

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 31.03.2016

27 Disclosure as per Accounting Standard - 19 on 'Leases'.

"The Company's significant leasing arrangement are in respect of operating leases of the premises for residential use of the employees amounting to ₹44,91,924/- (Previous period ₹ 50,80,687/-) and are included in Note 20-"Employees Benefits Expense". Similarly, lease payments in respect of premises for offices amounting to ₹4,64,17,590/- (Previous period ₹ 4,13,76,689/-) 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 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:

	Year ended 31.03.2016	Year ended 31.03.2015
Net profit/(loss) after Tax used as numerator(₹)	503,185,599	436,113,847
Weighted average number of equity shares used as denominator	20,000,000	20,000,000
Earning per share (Basic & Diluted)-(₹)	25.16	21.81
Face Value per share-(₹)	10.00	10.00

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

30 "Disclosure in respect of Micro, Small and Medium Enterprises as at 31.03.2016 as required by Micro, Small and Medium Enterprises Development Act, 2006 is ₹ 'Nil' ( previous year ₹ 'Nil')."

31 As per Section 135 of Companies Act, 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in accordance with its CSR policy. The details of CSR expenses for the year are as under:

Particulars	(Amount in ₹)
A. Balance amount of previous year to be spent	6,214,275
B. Amount required to be spent during 2015-16	14,700,000
C. Amount spent during the year (incl. Rs.101,08,400/- spent in collaboration with NTPC)	14,724,870
D. Shortfall amount appropriated to CSR Reserve	6,189,405

32 Contingent Liabilities:

a) -Various solar power developers challenged the encashment/ forfeiture of EMD/Bid bond under provisions of PPA before arbitrator/High Courts. The contingent liability of ₹ 2,34,69,84,157/- and interest claim of ₹ 89,58,78,419/- thereon (previous year contingent liability ₹ 2,21,00,22,510/- and interest of ₹ 62,06,56,992/-) has been estimated. Any possible liability crystallised on the above will be recovered from " Retention on A/c BG encashment (Solar)"( Note 7).

b) -One party has challenged the invocation of BG of ₹ 1,00,00,000/- on the ground of non conclusion of contract with the company for Ash Business. Interest on above has been estimated till current year ₹ 77,07,945/- ( till previous year ₹ 63,51,781/-).

c) - 480.89 Million units supplied by the sellers under SWAP arrangements are yet to be returned- Amount uncertainable.





	Year ended 31.03.2016	Year ended 31.03.2015
33 a) Expenditure in foreign currency (₹):		
Travelling Expenses	903,766	345,771
b) Earning in foreign currency (₹)		
Trading of Power	4,461,748,180	4,459,493,332

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

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

For and on behalf of the Board of Directors

Sd/- (Nitin Mehra) Company Secretary	Sd/- (Alka Saigal) CFO	Sd/- (N.K.Sharma) CEO	Sd/- (K. Biswal) Director	Sd/- (Gurdeep Singh) Chairman
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These are the notes referred to in Balance Sheet and Statement of Profit and Loss

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

Place: New Delhi  
Dated: 17.05.2016

Sd/-  
(Naveen Aggarwal)  
Partner  
(M.No.94380)

#### Independent Auditors Report

To

#### The Members

#### NTPC Vidyut Vyapar Nigam Limited

We have audited the accompanying financial statements of NTPC Vidyut Vyapar Nigam Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### Opinion

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- in the case of the of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Legal and Other Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of subsection (11) of Sec 143 of the Act, we give in the Annexure (A) a statement on the matters specified in paragraph 3 & 4 of the order.
- We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanation given to us, in the Annexure (B) on the directions and sub-directions issued by Comptroller and Auditor General of India.
- As required by Section 143 (3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with in this Report are in agreement with the books of account
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 30 of the financial statement.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (iii) The company has not granted any loans secured or unsecured to any company, firm or other party listed in the register maintained under Section 189 of the Companies Act, 2013.  
Accordingly (3)(iii) (a), clause (3)(iii) (b), and clause (3)(iii) (c) of "the Order" are not applicable to the company.
- (iv) The company has not made any loan, investments, guarantees and security under provisions of section 185 and 186 of the Companies Act, 2013.  
Accordingly clause (3) (iv) of "the Order" is not applicable to the company.
- (v) The company has not accepted deposits from the public, therefore provision of section 73-76 of Companies Act 2013 is not applicable to the company. Accordingly provision of clause 3(v) of "the Order" is not applicable to the company.
- (vi) The Central Government has not prescribed maintenance of cost accounts and records under section 148 of the Companies Act, 2013
- (vii) (a) The employees of the company are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, the holding company is regular in depositing undisputed statutory dues including provident fund, employee state insurance etc. According to the information and explanation given to us, according to the records of the company income tax, sales tax and service tax are being deposited by the company on regular basis with the appropriate authority during the year. Duty of customs, duty of excise, value added tax, cess and other related statutes are not applicable to the company. According to the information and explanations given to us, there are no undisputed provident fund, income tax, sales tax & service tax in arrear as at 31<sup>st</sup> March, 2016 for a period of more than six month from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax and service tax which have not been deposited on account of any dispute. Duty of customs, duty of excise, value added tax, cess and other related statutes are not applicable to the company.

**For S.S.Kothari Mehta & Co.**  
Chartered Accountants  
Firm Registration Number: 000756N

Sd/-  
(Naveen Aggarwal)  
Partner  
Membership Number: 094380

Place: New Delhi  
Date : 17.05.2016

#### Annexure (A) to the Independent Auditor's Report

The Annexure as referred in paragraph (1) 'Report on Legal and Other Regulatory Requirements of our Independent Auditors' Report to the members of NTPC Vidyut Vyapar Nigam Limited for the year ended 31 March 2016, we report that:

We report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) There is no immovable property in the name of the Company, therefore clause (3)(i)(c) of "the Order" is not applicable to the company.
- (ii) There is no inventory in the company during the year under audit. Accordingly clause (3)(ii) of "the Order" is not applicable to the company.
- (viii) In our opinion and according to the information and explanation given to us the company has not taken any loan from the financial institutions, banks or raised money against debentures. Accordingly provisions of clause 3 (viii) of "the Order" is not applicable to the company.
- (ix) The Company has neither raised any money by way of initial public offer or further public offer nor they have taken any term loan during the year under audit, Accordingly clause 3(ix) of "the Order" is not applicable to the company.
- (x) 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.
- (xi) The Company has not paid or provide any managerial remuneration. Accordingly provisions of clause 3 (xi) of "the Order" is not applicable to the company.
- (xii) The Company is not a Nidhi Company. Accordingly provisions of clause 3 (xii) of "the Order" is not applicable to the company.
- (xiii) All the transactions undertaken by the Company are in compliance with provisions of sec: 177 and 188 of the Companies Act, 2013.
- (xiv) The Company has not made any preferential allotment or private placement of shares or debentures during the year under review. Accordingly provisions of clause 3 (xiv) of "the Order" is not applicable to the company.



(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly provisions of clause 3 (xv) of “the Order” is not applicable to the company

(xvi) The Company is not required to obtain any registration under section 45-IA of the Reserve Bank of India Act, 1934.

Accordingly provision of clause 3 (xvi) of “the Order” is not applicable to the company.

For S.S.Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration Number: 000756N

Sd/-  
(Naveen Aggarwal)  
Partner  
Membership Number: 094380

Place: New Delhi  
Date: 17.05.2016

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

Annexure referred to in our report of even date to the members of NTPC Vidyut Vyapar Nigam Limited on accounts for the year ended 31st March 2016.

S. N	Direction/Sub-direction	Actions Taken	Impact on financial Statement
1	Whether the Company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	There is no freehold and leasehold land in the Company. Therefore requirements under clause 1 of the directions are applicable during the year.	Not Applicable
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc. If yes the reasons there of and amount involved.	There are no waiver/write off of debts/loans/ interest etc. by the company during the year, therefore requirements under clause 2 of the directions are not applicable during the year.	Not Applicable
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the Government or other authorities.	During the year under audit no inventory of the Company was lying with third party and no assets have been received as gift from Govt. or other authorities, therefore requirements under clause 3 of the directions are not applicable during the year.	Not Applicable

For S.S.Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration Number: 000756N

Sd/-  
(Naveen Aggarwal)  
Partner  
Membership Number: 094380  
Place: New Delhi  
Date: 17.05.2016



## Annexure C to the independent Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 3(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of NTPC Vidyut Vyapar Nigam Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.S.Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration Number: 000756N

Sd/-  
(Naveen Aggarwal)  
Partner  
Membership Number: 094380

Place: New Delhi  
Date: 17.05.2016





## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on Independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 May 2016.

I, on behalf of the Comptroller and Auditor General of the India, have decided not to conduct the supplementary audit of the financial statements of NTPC Vidyut Vyapar Nigam Limited for the year ended 31 March 2016 under Section 143 (6) (a) of the Act.

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

Sd/-  
(Ritika Bhatia)

Principal Director of Commercial Audit & Ex-Officio Member,  
Audit Board-III, New Delhi

Place: New Delhi

Dated : 04 July, 2016

