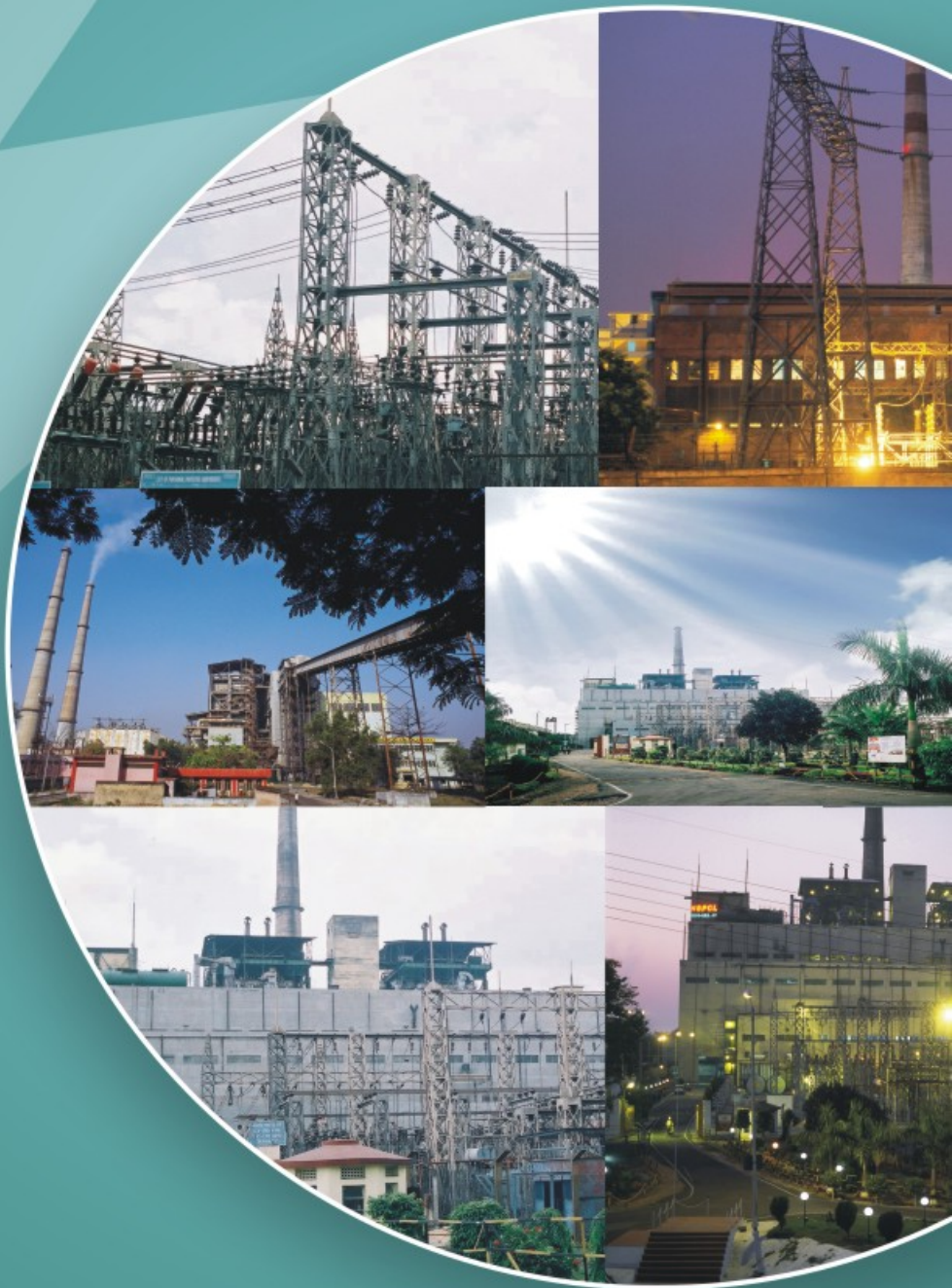


# 13<sup>th</sup> Annual Report

2011-2012



**NTPC-SAIL Power Company Private Limited**



N PCL

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## Board of Directors



**Shri N.N. Misra**  
Chairman



**Shri S.D.M. Nagpal**  
Director



**Shri S.N. Goel**  
Director



**Shri D.P. Bajaj**  
Director



**Shri R.K. Vijayavergia**  
Director



**Shri R. Kulshreshtha**  
Director



**Shri R.K.S. Gahlowt**  
Director



**D. Basu**  
Director



**Shri Vishwaroop**  
Chief Executive Officer



## BOARD OF DIRECTORS OF NSPCL

### Shri N. N. Misra

Chairman  
Director (Operations), NTPC Limited  
5<sup>th</sup> Floor, Core-7, SCOPE Complex,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003

### Shri S.D.M. Nagpal

Director  
C-36, Sector-27  
NOIDA-201301  
Tel: 0120-2444873

### Shri D.P. Bajaj

Director  
Executive Director (Internal Audit), SAIL  
18th Floor, Scope Minar  
Laxmi Nagar District Centre, Delhi- 110092  
Tel.: 011-22467447, Fax- 011-23448427

### Shri R.K.S. Gahlowt

Director  
Executive Director (CC&M), NTPC Ltd.  
6<sup>th</sup> Floor, NTPC EOC Complex, Sector-24  
NOIDA-201301  
Tel.: 0120-2410010, Fax : 0120-24010011

### Shri S.N. Goel

Director  
Executive Director (Fuel Security), NTPC Limited  
Room No. 120, 1<sup>st</sup> Floor, R&D Building,  
EOC Complex, Sector-24, NOIDA-201301  
Tel: 0120-2410025 Fax: 0120-2410243, 2410579

### Shri R. K. Vijayavergia

Director  
Executive Director (Operations), SAIL  
5<sup>th</sup> Floor, ISPAT Bhawan, Lodhi Road,  
New Delhi-110003  
Tel.: 011-24366740, Fax : 011-24367250

### Shri R. Kulshreshtha

Director  
Executive Director (CP), SAIL  
1<sup>st</sup> Floor, ISPAT Bhawan, Lodhi Road,  
New Delhi - 110003  
Tel: 011-24367497, 24300107 Fax: 011-24367015

### Shri D. Basu

Director  
GM (internal Audit.), NTPC Ltd.  
Room No. 304, EOC Annexe,  
A-8A, Sector 24, NOIDA- 201301

## SENIOR OFFICIALS

### Shri Vishwaroop

Chief Executive Officer

### Shri S.V. Shahi

Chief Finance Officer

### Shri G. Basu

GM (CP & Comml.)

### Shri V.M. Rao

GM (P&M)

### Shri Mohinder Singh

AGM (HR)

### Shri Bhaskar Bhattacharya

AGM (Engg.)

### Shri Ashish Dev

AGM (OS)

### Shri V.K. Dassani

AGM (C&M)

### Ms. Umang Vats

Company Secretary

### Durgapur

### Shri K.R.C. Murty

Business Unit Head

### Rourkela

### Shri Debasis Sarkar

Business Unit Head

### Bhilai

### Shri V.D. Paranjape

Business Unit Head

### Regd. Office

4<sup>th</sup> Floor, NBCC Tower  
15, Bhikaiji Cama Place  
New Delhi-110066  
Tel.: 011-26717379 to 26717382

### Statutory Auditors

Rajendra K Goel & Co.  
Chartered Accountants  
J-288, Ground Floor, Saket,  
New Delhi- 110017

### Site Address

- i.) CPP-II, Rourkela Steel Plant,  
Rourkela-769011 (Odisha)
- ii.) CCP-II, Durgapur- Steel Plant,  
Durgapur-713205 (West Bengal)
- iii.) NSPCL-Bhilai Unit, Near Purena  
Village, Bhilai (East), Distt.-Durg,  
Chhattisgarh-490021

### Bankers / Financial Institutions

1. Axis Bank Limited
2. Central Bank of India
3. ICICI Bank
4. State Bank of India-CAG Branch
5. Union Bank of India
6. United Bank of India



## CHAIRMAN'S STATEMENT

**Gentlemen,**

It is a matter of great pleasure to welcome you to the Thirteenth Annual General meeting of your company.

The year 2011-12 has been another eventful year for NSPCL. CPP-IIs at Bhilai, Durgapur and Rourkela with total installed capacity of 314 MW achieved a generation level of 2652 MU at a PLF of 96.16%. Bhilai PP-III(2X250 MW) generated 3978 MU with DC of 92.95% despite serious coal constraint for substantial period. NSPCL has taken well planned measures in areas of fuel security and operational & maintenance methodology including adoption of best practices for sustained performance and continuous improvement. The company in last year also widened its portfolio by entering in the Solar Power field with successful commissioning of 130 KW SPV based pilot project at Bhilai. Further for entering into the arena of Green Power, Company has also started initial activities for installation of 5 MW solar & 3x5 MW mini hydel plants. This will also meet SAIL's obligations to purchase power from renewable energy sources.

During the year, commercial billing of ₹ 1484 Crore was done for power supply from Bhilai Expansion Power Plant (2X250 MW) and 100% realisation was achieved. Target for capitalization of Bhilai PP III expenditure was achieved to meet the CERC requirement.

Your company recorded total income of ₹ 2481.41 Crore (including cost of coal) during the year 2011-12 as against ₹ 1954.11 Crore (including cost of coal) during 2010-11, this is mainly on account of full year operation of Bhilai PP-III at a DC of 92.95% for the year 2011-12 and higher operational performance of PP-II's. Correspondingly, your company recorded Net Profit (after tax) of ₹ 194.22 Crore during the year 2011-12 (previous year ₹ 191.33 Crore).

To meet additional power requirement of SAIL, your company is also planning for new capacity addition of 2x250MW, Stage-II at Bhilai and 1x250MW, Stage-I at Rourkela. Under stage -1, Feasibility Reports for installation of 1 X 250 MW unit at Rourkela and 2 X 250 MW units at Bhilai have already been made.

Your company has already formulated its strategic plan to meet new challenges and exploit emerging opportunities. Corporate Plan -2022 has already been approved by the Board which will play a significant role in country's growth agenda. Implementation plan will cover strategy for capacity addition, fuel security and sourcing , human resources development , fund tie up, corporate governance and ash utilization.

Sustained emphasis has been given to customer satisfaction by your company since its inception. Thrust areas of your company have been capacity optimization, reduction in O & M cost and increase in overall efficiency. In order to achieve these, best practices in all facets of management have been adopted for implementation. Your company is also giving adequate attention on targeted completion of Renovation and Modernization. Your Company has adopted various pro-active measures for improvement in the areas of Environmental

management. Major revamp in the ESP at Rourkela has already been initiated, while up gradation of ESP at Durgapur is under finalization. Dry ash collection system at Durgapur & Rourkela is nearing completion and shall be commissioned shortly.

Your Company believes in setting standards of transparency and thus has adopted Corporate Governance practices to the extent applicable to your company. Your Company also has a well defined fraud prevention policy to avoid fraudulent behaviour as well as to quickly investigate, dispose off and take corrective action in case any fraud is detected. In order to inculcate and strengthen moral values on which stands the edifice of corporate governance, your Company takes steps for actualization of the values.

Your company has put a lot of thrust on employee development through continued training and participation in decision-making. Lot of emphasis is being given on employee development through participative people management.

We are extremely indebted to our promoters (NTPC Ltd. and SAIL), the Ministry of Power, Ministry of Steel for the help we have been receiving on important policy issues. We are grateful to the Ministry of Environment and Forests, Ministry of Coal, Ministry of Railways, the State Governments and other agencies and authorities for their help to NSPCL. We are grateful to the Central Electricity Regulatory Commission and Central Electricity Authority for their guidance to the sector and to NSPCL. We are grateful to the Statutory Auditors of the company and Comptroller and Auditor General for their observations and suggestions.

I convey my sincere thanks to the financial institutions, banks and other lenders and investors for the unstinted faith reposed by them in the company. I am thankful to our vendors and associates who are our partners in our journey of progress. I take this opportunity to place on record my appreciation and thankfulness to my colleagues on the Board and the employees of your company for their invaluable contribution and co-operation in steering the company to newer heights with each passing year.

Thank you,

Sd/-  
(N.N. MISRA)  
CHAIRMAN

Place : New Delhi  
Date : June 28, 2012



## DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 13<sup>th</sup> Annual Report on the performance of your company during the financial year ended March 31, 2012 along with audited Statement of Accounts, Auditors' Report and comments of the Comptroller and Auditor General of India for the reporting period.

### FINANCIAL RESULTS

	(₹ / Crore)	
	2011-12	2010-11
Total Income *	2481.41	1954.11
Operating Expenditure *	1866.84	1350.76
Finance Cost	141.33	154.86
Depreciation & Amortization Expenses	161.30	163.44
Profit before tax	311.94	285.05
Provision for current Tax	(0.03)	0.24
Profit after Current Tax	311.97	284.81
Provision for Deferred Tax	117.75	93.47
Profit After Tax	194.22	191.34

\*Including cost of coal (C.Yr. ₹ 701.35 crore & P.Yr. ₹ 513.11 crore) as coal is supplied by SAIL for CPP-II and therefore, does not form part of the sales turnover and operating expenditure in case of CPP-II as reflected in Financial Statements.

Your company recorded a total income of ₹ 2481.41 crore during 2011-12 as against ₹ 1954.11 crore in the previous year. The increase in the total income of ₹ 527.30 crore is mainly due to increased recovery of energy charges and annual fixed cost in case of PP-III and marginal increase in return on notional equity due to additional capitalization of fixed assets in case of PP-II. The operating expenditure has increased by ₹ 516.08 crore is mainly on account of increase in coal cost and annual fixed cost in case of PP-III and other expenses like employee cost, fuel cost and other generation and administration expenses.

Profit after Tax (PAT) in this year is higher by ₹ 2.88 crore over the previous year. The marginal increase in profit on account of increase in return on notional equity is due to additional capitalization of Fixed Assets and increase in interest on Fixed Deposits.

### DIVIDEND

Your Directors have recommended a final dividend of ₹ 114.06 crore for the year (which is 12% of the subscribed equity

capital). The dividend payout including Tax accounts for 68.25 % of Profit After Tax. The dividend shall be paid after your approval at this Annual General Meeting. Your Directors believe that growth of the company through capacity addition would lead to increase in shareholders' value.

### OPERATIONAL PERFORMANCE

During the financial year 2011-12, your Company's CPP II's generated 2652.258 MU at combined PLF of 96.16 %. Durgapur CPP-II recorded 1040.840 MU at PLF of 98.74% - highest generation since inception. During 2011-12, Rourkela CPP-II generated 1029.913 MU at PLF of 97.71%. Loading Factor at Durgapur & Rourkela CPP-II's in 2011-12 was in excess of 100%. Bhilai PP-II recorded generation of 581.505 MU at a PLF of 89.46% during the same period.

Annual Overhauling of all the units of Durgapur & Rourkela CPP-II and Bhilai PP-II was carried out. capital overhauling of TG #3 at Bhilai PP-II was done during 2011-12. Six years rolling plan for overhaul of units has been drawn along with RLA studies on the ageing units and R&M plans have been finalized. Phase-I of R & M has already been taken-up to maintain improved performance level. In addition, Bhilai CPP-II also supplied 5.75 lakh tons of saturated steam at 8 ata and 6.05 lakh tons of saturated steam at 18 ata to Bhilai Steel Plant. Efficiency monitoring is being carried out before and after overhauls at the stations. Technical & Chemistry Audits have also been conducted and various corrective actions are being implemented as per recommendations. For sustained performance and continuous improvement the company has taken well planned measures in various areas of operation including adoption of best operation and maintenance practices.

### NEW CAPACITY ADDITION

To meet the additional power requirement of SAIL expected upto 2019-20, it has been agreed between the promoters viz. SAIL and NTPC that under phase -1 and phase 1A, new capacity addition be planned by NSPCL at the following locations:

Phase-I

Bhilai – 2 x 250 MW Stage-II, coal fired plant

Rourkela – 1 x 250 MW Stage-I, coal fired plant

Phase IA

Bokaro – 4 x 250 MW coal fired plant



Shri Vishwaroop, CEO Presenting Dividend Cheque to Chairman, SAIL



Shri Vishwaroop, CEO Presenting Dividend Cheque to CMD, NTPC



For Bhilai, Stage-II (2X250MW), Feasibility Report has been approved by your Board. Environment Impact Assessment has been awarded. Your Company has requested its promoters i.e. NTPC Ltd. and SAIL for equity contribution. PPA's have been signed with UT Dadra and Nagar Haveli and UT Daman and Diu and SAIL has sent its purchase commitment.

For Rourkela, Stage-I (1X250MW), Preliminary Feasibility Report has been submitted. Site specific studies have been awarded. PPA's have been signed with GRIDCO, UT Dadra and Nagar Haveli and West Bengal and SAIL has sent its purchase commitment.

### COMMERCIAL PERFORMANCE

Subsequent to commercial operation of the units at Bhilai 2X 250 MW, Stage-I, billing and realization of dues for power supply from the units has been started. All the beneficiaries viz Bhilai Steel Plant/SAIL, Chhattisgarh State Power Distribution Company Limited (CSPDCL), UT of Daman and Diu and UT of Dadra and Nagar Haveli are maintaining letter of credits (LCs) as per requirement of PPA signed with them. Power was also supplied to VISL, Bhadrabati of SAIL through Open Access during the year. Bhilai Expansion Power Plant ( 2 x 250 MW) is an interstate power plant and tariff of this plant is approved by CERC as per Tariff Regulation, 2009. During FY 2011-12, provisional commercial billing of ₹ 1484 crore has been done for the power supply from Bhilai 2x250 MW Power plant and close to 100 % realization of the energy bills has been achieved. Revenue of ₹ 294.18 crore has been received from Operations of PP-II Plant in which 100% realization was done.

### FUEL SUPPLY FOR BHI LAI EXPANSION PLANT (2X250MW)

Your Company had signed MOU with South Eastern Coalfield Limited (SECL) in 2010-11 for 2.16 MTPA . Agreement was also signed with SCCL for supply of 2 MT. in 2011-12 SECL insisted to reduce the MOU quantity and accordingly, fresh MOU of 1.76 MTPA (corresponding to 73% of ACQ i.e. Annual Contracted Quantity) was signed. To bridge the gap between expected and actual materialization from the sources an agreement for supply of 0.6 MT of import coal was signed with M/s. MMTC and e-auction route was resorted to, from which 0.2MT and 0.6MT were procured respectively.

### ENVIRONMENT MANAGEMENT AND SAFETY

Your company has been taking various pro-active measures for improvement in the areas of Environmental Management. Environmental conditions at the plants have improved substantially. Necessary corrective actions are being taken at the time of overhauling of the units to keep the emission levels within permissible limits. 4 Nos Ambient Air Quality Monitoring Stations (AAQMS) along with metrological data monitor have been commissioned at Bhilai PP-III. Rourkela bagged the prestigious Greentech Environment Gold Award in Power Sector category for the year 2011 in recognition of its excellent work done in environment management as well as concern and commitment towards environment protection at its plant (CPP-II) inside Rourkela Steel Plant. The prestigious Award is presented every year to companies demonstrating the highest

level of commitment to Environmental Management and Corporate Social Responsibility.

Your company is fully committed to ensure and provide safe and healthy work environment to comply with applicable regulations and statutory requirements and it has already formulated and approved safety policy for implementation. Regular plant inspections are being carried out to identify unsafe conditions and practices, if any, and corrective measures taken, wherever necessary. Your Company has also taken measures to continuously improve the systems and procedures, provides training and arranges awareness programme for all concerned. Safety Awareness Programmes are held periodically.

### ASH UTILISATION

During the year, about 9.55 lakh tons of ash has been utilized for various productive purposes. Major utilization was in the areas of Ash Dyke raising, land development etc. Action has been initiated to install automated ash evacuation system to improve the environment in the plant area and optimize ash utilization.

Plant	Utilization (%)
Durgapur (2 X 60 MW)	14.63
Rourkela ( 2 X 60 MW)	106.87
Bhilai PP2 (2 X 30MW) + (1 X 14 MW)	61.51
Bhilai PP3 (2 X 250 MW)	28.41

### CORPORATE PLAN

The company has finalized its Corporate Plan for future horizon of 2010-22 namely NSPCL corporate plan 2010-22. NSPCL Corporate Plan 2010-22 along with company vision and mission was approved by your board. NSPCL Corporate Plan charts the strategies for growth of your Company and related diversification in the time related horizon upto 2022 to match with XII and XIII plan, Corporate Plan envisages capacity addition both through renewable and non-renewable sources.

### HUMAN RESOURCE MANAGEMENT

The focus of your Company this year has been on Employee engagement & empowerment. A robust Competency Development system has been introduced to identify key areas which require development and then grooming people to lead the organization with a firm orientation towards excellence. Continuing with the tradition of achieving excellence, your Company ranked 73rd in the study by Great Places to Work. Over 500 companies registered for the study, out of which 471 companies qualified to participate.





# 13<sup>th</sup> Annual Report 2011-2012

Your Company also bagged three awards from World HRD Congress- Award for Institution Building, Award for Best Talent Management Strategy and Edward De Bono Award for Innovation in HR.

## COMPANY CADRE BUILDING

Company now has 527 employees in its own cadre and 252 employees are on secondment from NTPC. The total strength of company is 779 as on 31.03.2012.

## TRAINING AND DEVELOPMENT

Your Company has always given due importance to Training & Development & upgradation of knowledge both technical as well as managerial. People Resources have been valued and our policies are aimed at their growth both professionally and individually. The target was to give at least 5 days training to all employees.

## EMPLOYEE BENEFIT & WELFARE

Social wellbeing of employees and their families was ensured through organising Welfare & Cultural events, get together, Celebrations of various festivals & occasions like New Year, Team Building exercises etc at all NSPCL units as well as Corporate Centre. Various Sports Tournaments like Table Tennis, Badminton, Volleyball, Cricket, Carom & Chess etc were also organized for the benefit of all employees.

## EMPLOYEE RELATIONS

There were regular interactions/communication meetings between the Management & Bi-partite Forums during the year. The employee relations continued to be conducive and no mandays were lost due to strikes, lockouts etc. The dedication of employees has resulted in high PLF and excellent achievement of the MOU. Partnership in Progress Programme on Leadership Development was successfully organised with the purpose of enhancing communication channel between Management and Non-Executives' representatives.

## CSR ACTIVITIES

Your Company undertook activities like donating Computers/Book Shelves etc in schools for under privileged children, Giving Sewing Machines to local women for empowerment, Flood Relief, Free Medical Camps, Development of infrastructure facilities like deepening of ponds etc as part of its Corporate Social Responsibility. 34 Numbers chairs (3 seater each) were given to Government Hospital-AIIMS, New Delhi. Initiative was taken to provide training to ITI Qualified people of nearby areas at units.

## COMPANYWIDE ERP SYSTEM

The company is in the process of implementation of companywide ERP System to integrate all the functions of the company to create effective business process, reduce inventory, create knowledge management, business intelligence etc so as to bring overall efficiency in your company and to make it more profitable in the long run. In this regard a consultancy contract is awarded to MDI, Gurgaon for ERP implementation road map, preparing technical specification etc.

## BOARD OF DIRECTORS

Shri K. Siva Kumar ceased to be a Director of your company. NTPC through its letter dated November 11, 2011 had nominated Shri D.Basu, GM (IA), NTPC Limited in place of Shri

K.Siva Kumar, as Director on the Board of NSPCL.

The Board placed on record its deep appreciation for the contribution made by Shri K.Siva Kumar.

## MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is placed at Annexure-I.

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

Your Company has been adopting modern technology to conserve energy both in the field of operation as well as in office.

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure- II to this Report.

## CORPORATE GOVERNANCE REPORT

A report on corporate governance is placed at Annexure-III.

## STATUTORY AUDITORS

The Statutory Auditors of your company are appointed by the Comptroller & Auditor General of India. M/s Rajendra K. Goel & Co., Chartered Accountants were appointed as the statutory auditors for the financial year 2011-12.

## COST AUDITORS

As prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2011, the Cost Accounting Records are being maintained by all the units of the Company. The particulars of Cost Auditors as required under Section 233(B) of the Companies Act, 1956 read with General Circular No. 15/2011 dated 11.04.2011 and Order F.No.52/26/CAB-2010 dated 02.05.2011 issued by Ministry of Corporate Affairs are given below.

M/s Tanmaya S. Pradhan & Co, Cost Accountants have been appointed as Cost Auditors for the F.Y. 2011-12 for all the stations including the Corporate Office of your company. The due date for filing Cost Audit Reports for the financial year ended March 31, 2012 is September 27, 2012 and the Cost Audit Reports shall be filed within the prescribed time period.

## REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

As advised by the office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG for the year 2011-2012 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

## DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of 217(2AA) of the Companies Act, 1956, your Directors' hereby confirm:

- (i) that in the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the

- Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - (iv) that the directors had prepared the annual accounts for the financial year ended March 31, 2012 on a going concern basis.

#### **ACKNOWLEDGEMENT**

Your Directors, acknowledge with a deep sense of appreciation and wishes to place on record its deep gratitude for the co-operation extended by NTPC, SAIL and their employees. The

Directors are thankful to the Ministry of Steel, Ministry of Power, for their valued co-operation, support and guidance provided to the Company from time to time. Your Board also acknowledges , thanks for the co-operation received from the Comptroller & Auditor General of India, the Statutory Auditors and the Bankers of the Company.

The Board wishes to place on record its appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

The Directors look forward to a bright future with confidence.

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

Place: New Delhi  
Date: June 28, 2012

Sd/-  
(N. N. Misra)  
CHAIRMAN



NSPCL Durgapur



## ANNEXURE-I

### MANAGEMENT DISCUSSION AND ANALYSIS

#### BUSINESS SCENARIO

##### Industry – An Overview.

The power industry in India has seen a sea change in last decade and the industry is now moving from negotiated and guaranteed arrangement to more open market and performance based competition.

Power requirement has registered a CAGR of 7 % over 2005-10. However the industry is to negotiate some key challenges, some of which are

- Financial wealth of distribution sector.
- Securing fuel from imported coal market is becoming increasingly costly and uncertain.
- Securing land clearances
- Issues pertaining to competitive bidding - risk of cost of fuel.

All India Electricity generation during FY 2011 – 12 is 876.43 BU with a growth rate of 8.05 % over same period last year as indicated:

Category	Actual Generation FY 2011-12* (BU)	Actual Generation same period last year (BU)	Growth (%)
Thermal	708.45	665.01	6.53
Nuclear	32.27	26.27	22.86
Hydro	130.43	114.26	14.15
Bhutan Import	5.28	5.61	-5.82
<b>Total</b>	<b>876.43</b>	<b>811.14</b>	<b>8.05</b>

\*Provisional based on actual cum assessment

(Source: CEA OPM Division Report/ Electricity generation during month of March'12 and during April 11 – March 12)

#### Demand & Supply Position

The power sector plays a key role in industrialization and urbanization of India. In order to sustain GDP growth at a desired level of over 8 % per annum, the growth in electricity generation has to be commensurate.

The last three year demand and supply position in the country is as follows:

Fiscal Year	Requirement (MU)	Availability (MU)	Deficit (MU)	Deficit (%)
2009-10	830,594	746,644	83,950	10.1
2010-11	861,591	788,355	73,236	8.5
2011-12 (anticipated)	933,741	837,374	96,367	10.3

(Source: Executive summary of CEA- LGBR 2011-12)

During the year 2010-11, despite energy availability increased by 5.6%, a deficit of 8.5% in energy availability has been faced by India. It is expected that in 2011-12 energy deficit will rise to 10.3% and peak shortage of 12.9%. This reiterates the position of demand exceeds supply which is ideal for growth in any sector in general.

#### CAPTIVE SECTOR

Captive capacity in India is estimated to be 39.4 GW with metal and mineral sector having highest capacity share of 33 % . Captive capacity has registered a CAGR of 9.6% over a period FY-06 to - FY-10 (during this period the same CAGR is 6.2% for utilities). The provision of Electricity Act allows that surplus power from captive plants up to maximum of 49% of capacity on annualized basis can be sold to grid.

#### Potential for Growth

For industries like aluminum, iron and steel etc. electricity is one of the critical input in terms of cost e.g. for aluminum industries the electricity cost is approximately 35-38 % of production cost. Reliability of power supply and low cost of production gives a competitive advantage to these industries as the power requirement in these industries is high. There exist a cost advantage and reliability of supply of captive power vis a vis grid power (industrial segment). So in these industries potential for growth of captive power is substantial.

Since Electricity Act 2003 provides for 49% of generation from captive power plant can be supplied to grid, building oversized captive power plant not only enables companies to get lower capital (per MW) and operating cost but it also creates an attractive revenue stream.

At all India level PLF of coal based thermal generation reduced to 73.46% during April 11 – March 12 from 75.25 % achieved during April 10 – March 11\*. In this scenario NSPCL Bhilai (2 x 250 MW ) plant has achieved a PLF of 105.07% during the month of Dec'11 which is highest in India among coal stations for that month. PLF for FY 2011-12 achieved by Bhilai 2 x 250 MW plant is 90.57 %

\*(Source: CEA OPM Division Report/ Electricity generation during month of March'12 and during April 11 – March 12)

#### OPPORTUNITIES FOR NSPCL

The following major areas of opportunity present significant potential for the company's growth and diversification.

#### NEW PROJECTS FOR CAPACITY ADDITION

As per CEA estimate, by 2017 demand in capacity is expected to be 213 GW from present 162 GW. This provides a major

opportunity to contribute to the capacity addition. In this line NSPCL is working for addition of nearly 1750 MW within next six to seven years at SAIL based steel plants (i.e. Bhilai, Rourkela and Bokaro) consisting of coal based units.

## CORPORATE PLAN 2022

NSPCL Corporate Plan 2010-22 has been approved by NSPCL Board. The Vision and Mission of the company which is an integral part of NSPCL Corporate Plan, is finalized. This Plan charts out a roadmap of NSPCL growth upto 2022 time horizon, through capacity expansion and related diversification.

NSPCL Corporate Plan 2010-22 envisages capacity addition of 750 MW in phase 1A by 2016-17 and another 1000 MW in phase 1B.



## RISK AND CONCERN

### Fuel risks

With the addition of capacity of about 1.5 lakh MW during next Ten years of which over 66% would be thermal (coal), it is uncertain whether coal supplies would meet the requirement and hence in broad sense fuel risk exists. However as per the present arrangement with SAIL, the customer for captive power generation is such that coal is supplied by SAIL plants for PP-IIIs through existing long term coal linkage with coal supply companies and hence risk of fuel supply for these plants is mitigated. For the plant other than PP-IIIs, suitable measures e.g. long term Fuel Supply Agreement with coal supply companies (SECL) at regulated price and short term coal linkage with Coal Company at negotiated price, e-auction mode of sourcing coal and import of coal are taken to reduce the fuel risk. For future new projects under capacity addition, sourcing of coal through imported coal and as suggested in NSPCL corporate plan, Captive mines may be considered in addition to already adopted mode of sourcing to mitigate the fuel risk. However as mentioned due to countrywide shortage of coal supply to meet the projected capacity addition near future, NSPCL is not insulated from fuel risk in general.

### Risk of Returns / Realizations

For PP- IIs, the present PPAs with SAIL, the only customer of

captive power plants, is based on fixed return on equity at 15.5% on pretax basis along with incentive of 2% on pretax basis on equity per annum. Hence for this case risk of return is mitigated through fixed return on equity at 15.5% on pretax basis along with incentive of 2% on pretax basis on equity per annum. Further SAIL being a promoter as well, risk of returns in future period is mitigated. Typically for PP-IIIs, energy bills are realized from SAIL in the month itself.

As regards expansion plant (Bhilai PP-III), after meeting the power requirement of SAIL, the balance power is supplied to UT Daman & Diu, UT Dadra & Nagar Haveli and State of Chhattisgarh. All these beneficiaries have signed long term Power Purchase Agreement (PPA) with NSPCL which include appropriate security mechanism through letter of credit facility and tripartite agreement between the Beneficiary and NSPCL. As per the PPA the applicable tariff would be the one determined by CERC. CERC vide its order dated 29.7.2010 has approved the tariff of Bhilai Expansion Power Plant for the period 22.04.09 to 31.03.2014. Hence adequate protection is taken to reduce the realization risk. Monthly energy billing to the beneficiaries commenced from COD of Unit- I i.e. 22.04.09 on the basis of Tariff determined by CERC. Till date the realization from the beneficiaries to 100 % and fund is realized within 2/3 days from the date of billing. For future new projects under capacity addition (1st phase) major part of capacity is to be utilized by SAIL (one of the promoter) as mentioned by SAIL and for balance capacity already PPA has been signed with Gridco, WBSSEDCL, UT of DD and UT of DNH. Hence to mitigate the risk of power off take action has been already initiated by NSPCL.

## COMPETITION

NSPCL is a joint venture of NTPC and SAIL Both the promoter companies are Maharatna PSUs well established in their respective market. NSPCL is mainly in power generation of captive nature and there are very few companies in India managing similar business at this scale on independent basis. Hence for the existing operation the competition is very less.

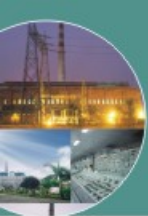
## INTERNAL CONTROL

The Company has an efficient system of internal controls for ensuring compliance with various Statutes, rules and regulations. Internal audit is conducted by firm(s) of Chartered Accountants twice in a year. The management has laid down guidelines for accounting and financial matters consistent with our promoter company – NTPC Limited to ensure adequate and timely accounting of the same in books of account.

## FINANCIAL PERFORMANCE

### Overview

The Company has prepared the financial statements in accordance with Revised Schedule VI of the Companies Act,



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1956, and Generally Accepted Accounting Principles (GAAP) in India. The Accounts of the Company for the year ended 31<sup>st</sup> March 2012 have been audited by the Statutory Auditors and Comptroller & Auditor General of India (CAG). The accounting policies adopted by the Company and the estimates and judgments relating to the financial statements have been made on prudent basis and in accordance with the applicable Accounting Standards.

The Company has been operating plants at Durgapur (2X60 MW), Rourkela (2X60 MW) and Bhilai (2X30+1X14 MW), hereinafter referred to as 'PP-IIs' since inception. The Company has added 2X250 MW capacity in Bhilai in the year 2009-10, hereinafter referred to as 'PP-III' or 'Bhilai Project'.

## FINANCIAL DISCUSSION AND ANALYSIS

### A. OPERATIONAL RESULTS

#### 1. Operational parameters

The operational performance of Company is tabulated below:

Particulars	Year ended 31 March	
	2012	2011
Generation (MU)		
PP-II	2652.26	2667.53
PP-III	3978.00	4017.92
<b>Total</b>	<b>6630.26</b>	<b>6685.45</b>
Energy sent out (MU)		
PP-II	2340.94	2357.84
PP-III	3642.11	3674.35
<b>Total</b>	<b>5983.05</b>	<b>6032.19</b>
PLF (%)		
PP-II	96.16%	96.98%
PP-III	90.57%	91.73%
<b>Total</b>	<b>92.73%</b>	<b>93.76%</b>
Addl saturated steam supply (lakh ton) from BHL unit		
- 18 ata	6.05	6.73
- 8 ata	5.75	5.31

The operational performance of the Company (during financial year 2011-12) has been marginally decreased than the previous financial year mainly due to shortage of coal in case of PP III and backing down by SAIL in case of PP IIs mainly at Bhilai. During F. Y. 2011-12, PP-III Bhilai secured All India 12<sup>th</sup> Rank in terms of achievement of PLF (6<sup>th</sup> Ranks amongst NTPC Stations) and also PP-III Bhilai achieved highest PLF of 105.07% 1st in all India in the month of Dec'2011 amongst Coal based Stations.

## 2. REVENUE FROM OPERATIONS

### Tariffs for computation of Sale of Energy

In case of PP-II's, as per the PPA entered with SAIL, billing is done on a cost plus basis except for Cash Credit interest wherein interest on normative working capital (fixed on the basis of previous year audited accounts) is billed at Cash Credit Rate applicable to SAIL. Return on Equity (ROE) and incentive is billed at 15.5% & 2% respectively on pretax basis which is

grossed up at the Income Tax rate applicable to NSPCL.

In case of PP-III, the charges of electricity are based on Tariff rates determined by Central Electricity Regulatory Commission (CERC). The Tariff rates consist of capacity charges for recovery of the annual fixed cost based on plant availability, energy charges for recovery of fuel cost and unscheduled interchange charge for the deviation in generation w.r.t. schedule, payable (or receivable) at rates linked to frequency prescribed in regulation to bring grid discipline. The capacity charges given by CERC includes. Return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the applicable tax rate as applicable for the respective year on prescribed 70:30 debt to equity ratio. CERC has issued Tariff Regulations for the period 2009-14 which is a balanced regulation for both consumer and investors.

The turnover of the company (net of electricity duty & parallel operation charges for PP-III) for the year 2011-12 stood at ₹ 1780.06 crore (previous year ₹ 1441.00 crore). Sales on an overall basis have increased over the previous year, by ₹ 339.06 crore mainly on account of increased recovery of energy charges due to increase in coal cost and annual fixed cost in case of PP-III and the marginal increase in return on notional equity of additional capitalization of fixed assets in case of PP-II.

Break up of sales is as follows:-

Particulars	Year ended 31 March	
	2012	2011
PP-II	294.18	279.18
PP-III	1454.28	1132.75
<b>TOTAL</b>	<b>1748.46</b>	<b>1411.93</b>

### PP-IIs

In case of PP-IIs, the entire sales is made to SAIL (being 100% captive power plants) and coal is supplied free of cost by SAIL. Sales including coal cost during 2011-12 stood at ₹ 995.53 crore (Previous year was ₹792.29crore for PP-IIs.

### PP-III

Based on final tariff order from CERC, sales of PP-III has increased to ₹1454.28crore from ₹1132.75crore in previous year. Sales has increased by ₹321.53crore over previous year is mainly due to increased recovery of energy charges due to increase in Coal cost and annual fixed costs and its cumulative DC of 92.95% in this year as against 92.72% in last year.

## 3. OTHER INCOME

Other income including provisions writtenback stood at ₹31.60 crore for the year 2011-12 (previous year ₹ 29.07crore), as given below:

₹crore

Particulars	Year ended 31 March			
	2012			2011
	PP-IIs	PP-III	Total	
Bank Interest on Fixed Deposits	10.85	13.23	24.08	24.74
Short Term Capital Gains from mutual fund liquid / liquid plus schemes	0.83	2.00	2.83	1.41
Other Miscellaneous Income net of prov. w/back	3.48	1.21	4.69	2.92
<b>Other income carried to P&amp;L Account</b>	<b>15.16</b>	<b>16.44</b>	<b>31.60</b>	<b>29.07</b>

The increase of other income in the current year over the previous year is mainly on account of increase in short term capital gains with higher yield from liquid / liquid plus schemes of public sector mutual funds and marginal increase in interest income of fixed deposits from available internal resources.

#### 4. EXPENDITURE

The total expenditure for the year ended 31 March 2012 and 31 March 2011 are given below:

₹crore

Particulars	Year ended 31 March			
	2012			2011
	PP-III	PP-II	Total	Total
Fuel	835.80	8.06	843.86	562.33
Employee benefits expense	28.93	84.89	113.82	97.67
Finance Cost	134.27	7.06	141.33	154.85
Depreciation & amortization expenses	121.09	40.21	161.30	163.44
Generation, administration & other expenses	107.15	104.90	212.05	175.94
Prior period items (net)	(5.87)	1.63	(4.24)	1.71
<b>Total</b>	<b>1221.37</b>	<b>246.75</b>	<b>1468.12</b>	<b>1155.94</b>

#### 4.1 Fuel costs

PP-IIs

Fuel costs in case of PP IIs comprise of cost of furnace oil, LDO and HSD. In existing PP-IIs, coal, the primary fuel and CO gas is supplied free of cost by SAIL for the purpose of Power Generation.

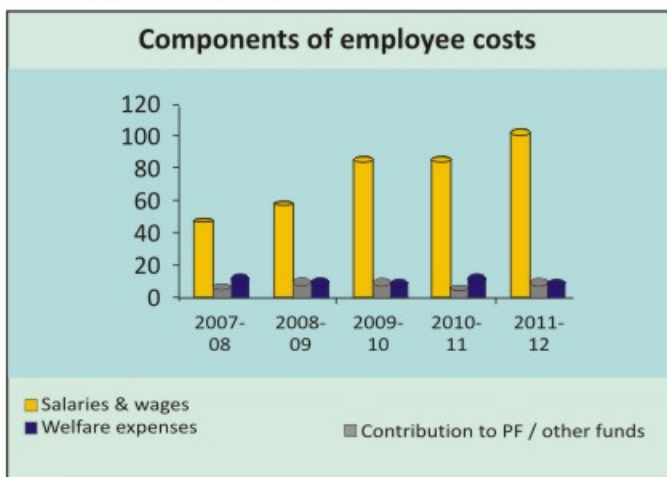
PP-III

In case of PP-III, coal linkage is with NSPCL. Fuel cost have increased to ₹835.80crore as against previous year figures of

₹ 557.19 core mainly on account of increase of coal price.

#### 4.2 Employee benefits expenses

Employee costs have increased in 2011-12 marginally from ₹ 97.67 crore in 2010-11 to ₹ 113.82crore in 2011-12, mainly due to annual increments to employees and increase in DA rates and increase of provision on account of superannuation benefits and AS-15 liabilities.



The Company had 779 employees (including executive and non-executive manpower) as on 31 March 2012 as compared to 786 employees at the end of previous year.

#### 4.3 Finance Cost

PP-IIs

Interest cost for PP-IIs for the financial year 2011-12 stands marginally increased against previous year due to interest on enhanced term loan drawn during current year.

PP-III

In case of PP-III the interest expenses pertains to Project specific loans of ₹134.27 crore as against ₹149.14 crore. The marginal decrease of finance cost is mainly on account of loan repayments.

#### 4.4 Depreciation and Amortization Expenses

PP-IIs

Depreciation in respect of PP-II has been decreased by ₹ 6.70crore over the previous year mainly due to reassessment of plant life in case of Rourkela and also charging residual deprecation / no deprecation on many assets due to completion of life in case of Bhilai and Durgapur unit.

PP-III

In case of PP- III, depreciation on the fixed assets capitalized is charged on straight line method following the rate and methodology notified by CERC Regulation, 2009.

#### 4.5 Generation administration & other expenses

Generation administration and other expenses comprise of various expenses including water charges, repairs and maintenance, tender expenses on account of R&M, security expenses, training & recruitment, travelling expenses etc.

In case of PP-II, generation, administration & other expenses increased by ₹4.48crore mainly on account of Repair and Maintenance expenses at all the three PP-II plants and marginal increase in station overheads / Corporate expenses.



In case of PP-III, the generation, administration & other expenses for the year 2011-12 have increased over the previous year by ₹31.63 crore mainly due to provision for tariff adjustment and increase in rebate to customers.

On an overall basis, in case of PP III, the O&M expenses consisting of employee costs, generation, administration and other expenses stood at ₹82.73 crore excluding rebate to customer and provision for tariff adjustment (₹16.55 lakhs per MW on annualized basis) as against the billing amount of ₹20.34 lakhs per MW at 85% Declared Capacity).

#### 4.6 Prior period items (Net)

Prior period expenditure mainly pertains to depreciation written back for certain assets of which depreciation were charge more in previous years and also on accounts of various rates and taxes etc. to govt. departments against their claim relating to previous years.

#### 5. Provision for Tax

The company provides for current tax computed in accordance with provisions of Income Tax Act, 1961 and Deferred Tax computed in accordance with the provisions of Accounting Standard (AS-22).

As per CERC regulations, 2009, w.e.f. 1st April 2009, income tax is recoverable on normative basis as Return on Equity following the applicable rate of tax for respective year. The actual income tax liability, if any, (more or less than the normative) is to be borne by the company. Accordingly, provision for current tax has been computed at MAT rate of 20.00775% applicable for the financial year 2011-12.

The deferred tax liability related to the period upto 31st March 2009 is recoverable from customers as and when the same materializes. However, the deferred tax liability/asset for the period after 1st April 2009 is to the account of the company.

#### Provision for Current Tax

The provision for Income Tax for the F.Y. 2011-12 has been computed on overall company basis at MAT rate which works out ₹ 68.70 crore. Correspondingly an amount of ₹68.40 crore is included as MAT credit entitlement.

#### Provision for Deferred Tax

The Deferred Tax liability arisen during the year 2011-12 on account of timing difference of ₹117.75 crore as against previous year of ₹93.47 crore and has been debited to statement of profit & loss account. The tax was higher during financial year 2011-12 on account of re-statement of deferred tax liability as on 31st March 2012.

#### 6. Profit Before Tax

The Profit before Tax for the financial year 2011-12 stood at ₹311.94 crore (previous year ₹285.05 crore)

In case of PP-II, the profit before tax for the year ended 31st March 2012 stood at ₹62.59 crore (previous year ₹57.12 crore) which includes RoE and incentive (grossed up with prevailing MAT rate ) of ₹44.86 crore, interest on normative working capital of ₹5.03 crore (net of interest on cash credit), and other

income including interest on fixed deposits etc. of ₹12.70 crore.

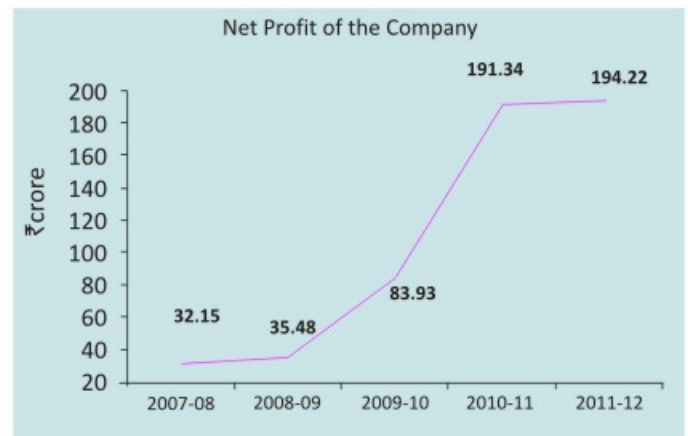
In case of PP-III, profit before tax for the year ended 31st March 2012 stood at ₹249.35 crore (previous year ₹227.93 crore). The increase of profit before tax of ₹21.42 crore mainly on account of :-

- Increase in operating profit of ₹4.13 crore—on account of increase in saving in Oil Incentive due to higher AFC and DC in current year, increase in earnings from UI, decrease in provision of tariff adjustment.
- Decrease in interest expenses by ₹14.87 crore.
- Increase in depreciation of ₹4.56 crore and
- Increase in prior period credit by ₹6.98 crore

#### 7. Net Profit after Tax

Net profit after current and deferred tax for the Company on consolidated basis for the financial year ending 31st March 2012 stood at ₹ 194.22 crore as against previous year amount of ₹ 191.34 crore. The deferred tax liability is higher in the current year over the previous year mainly on account of un-absorbed depreciation of earlier years along with difference in depreciation on additional capitalization of fixed assets in both PP-II and PP-III plants.

A year-wise profitability graph is shown below:



Up to 2008-09, net profit of the Company was out of PP-IIs only. In the year 2009-10, the profit has risen significantly on account of PP-III part year operations and from the financial year 2010-11, the profit has increased due to full year operation of plant. The profit has increased to ₹ 194.22 crore as against of ₹ 191.34 crore.

#### 8. Dividend

The Company has made a provision of dividend for ₹ 114.06 crore for the financial year 2011-12 equivalent to 12% of equity (previous year ₹104.56 crore at 11% of equity). Correspondingly, dividend distribution tax at applicable rate has also been provided at ₹18.50 crore. However, the total outflow on account of Dividend and Dividend Tax would amount to ₹132.56 crore almost 68% of PAT. As per provisions of Companies Act, 1956 and its Rules, an amount equivalent to



2.5% of PAT (i.e. ₹4.85crore) has also been transferred to General Reserve.

### 9. Segment-wise performance:

For the purpose of compiling segment-wise results, the company has identified two business segments based on risk and reward and regulating authority associated with the sale of power. Sale from PP-III is regulated by CERC Guidelines where is sale from other power plant i.e. PP-II is based on Power Purchased Agreement with SAIL.

In case of PP-III / CERC based segment the profit before tax, other income, interest expenses, and extra ordinary/ prior period items stood at ₹361.31crore as against ₹357.50crore. The marginal increase of ₹3.81crore is mainly due to increase in operational efficiency by saving of annual fixed cost and oil incentives etc.

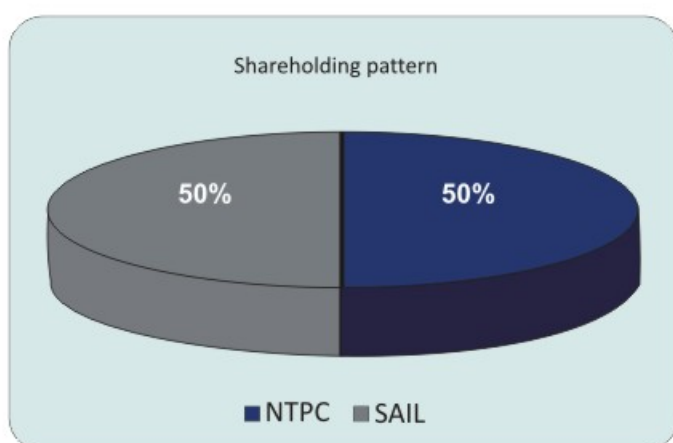
In case of PP-II, the other segment, the profit before tax, other income, interest expenses, and extra ordinary/ prior period items stood at ₹56.12crore as against ₹55.05crore in the previous year and the marginal increase of ₹1.07crore is mainly due to increase in ROE and incentive on notional equity.

## B. FINANCIAL POSITION

### 1. Share Capital

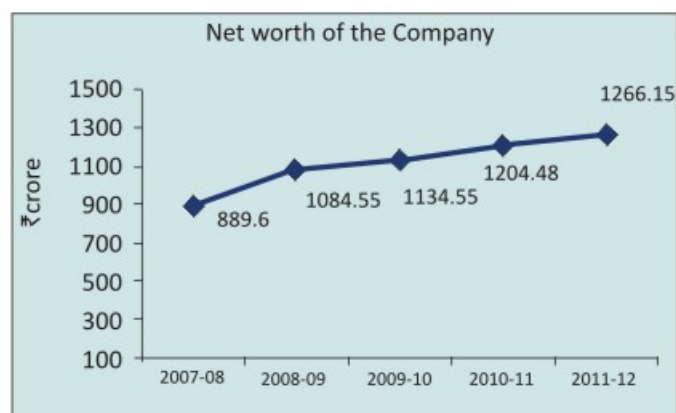
As at 31 March 2012, the authorized capital of the Company stood at ₹2000 crore (previous year: ₹2,000 crore). Issued, subscribed and paid up capital of the Company as at 31 March 2012 was ₹950.50 crore - ₹150.50 crore of equity being towards PP-IIs at Durgapur, Rourkela & Bhilai and the balance ₹800 crore of equity towards Bhilai PP III.

The shareholding pattern of the Company is given below:



### 2. Reserves & Surplus

As at 31 March 2012, reserves and surplus stood at ₹315.65crore as against ₹253.98crore in the previous year. The increase in reserves & surplus is on account of addition of net profit for the year 2011-12 (net of proposed dividend and tax thereon) and addition of the amount transferred to General Reserve. Correspondingly, the net worth of the Company has also increased over the past 5 years as shown below:



The net worth upto 2008-09 considers profits only from operations of PP-IIs. The financial year 2009-10 includes profits out of PP-III for part year operation and from the financial year 2010-11, it includes profit of PP-III for full year operation. The net worth also includes equity contribution from the promoters for Bhilai project as and when the same was required since financial year 2004-05.

### 3. Long Term Borrowing

Long Term Borrowings as at 31st March 2012 pertain to existing operations (PP-IIs) as well as Bhilai Expansion Power Project (PP-III) which is due for repayment after one year from the reporting date i.e. 31st March 2012. The breakup of the long term borrowings is as under:

Bank	As at 31 March	
	2012	2011
<b>For existing Plant (PP-II)</b>		
Term loan United Bank of India	25.07	31.81
<b>Sub-total</b>	<b>25.07</b>	<b>31.81</b>
<b>For Expansion Project (PP-III)</b>		
Term Loan:-		
Union Bank of India	282.58	323.63
Central Bank of India	77.29	86.38
Rural Electrification Corporation Limited	771.00	829.50
Union Bank Of India (Un-secured)	79.68	90.75
<b>Sub-Total</b>	<b>1210.55</b>	<b>1330.26</b>
<b>Total</b>	<b>1235.62</b>	<b>1362.07</b>

For the fixed assets pertaining to PP-IIs, loans have been taken from domestic term lenders – Union Bank of India and United Bank of India considering a debt-equity ratio of 70:30 for the fixed asset additions.

The loans are being duly repaid on due dates as per contractual terms and are secured against first charge on the fixed assets for the existing operations (PP-IIs) on pari-passu basis.

For Bhilai PP-III power project, secured loan to the extent of ₹1,830 crore have been tied up from Banks/ FIs secured against fixed assets (present and future) of the project. Out of this, ₹1800crore of loan funds have been drawn so far. Further, an unsecured loan of ₹110 crore has also been drawn from Union



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Bank of India against the deposit paid of the same amount to Water Resources Department, Government of Chhattisgarh as advance against supply of industrial water taken for building of water reservoir. All debt-obligations are being met on time.

Working capital facility has been tied up with State Bank of India (SBI) for PP-II's (presently the fund based limit is ₹ 15 crore and non-fund based ₹ 40 crore) against stocks and debtors of the PP-II's.

Working capital facility for Bhilai Project (PP-III) has also been tied up for ₹ 225 crore (fund based ₹ 150 crore & non-fund based ₹ 75 crore) with SBI and ₹ 100 crore (including ₹ 60 crore fund based) with Union Bank of India.

While the working capital facility has been tied up with banks as mentioned above, however, the internal resources of the Company are being deployed to the maximum extent towards working capital requirement of the Company in order to save on interest costs.

#### 4. Other Long Term Liabilities

Other Long Term Liabilities as at 31st March 2012 stood at ₹ 1.49 crore against previous year of ₹ 2.26 crore which includes the liabilities which will be paid after one year from the reporting date i.e. 31st March 2012, grouped as non-current category. The liabilities comprise of trade payable, retention money, deposits from contractors & suppliers for capital work and other work, which is non-current in nature.

#### 5. Long Term Provisions

As per the provisions of the Revised Schedule VI, the Long Term Provisions include the provisions to be discharged after one year from the reporting date i.e. 31st March 2012. This mainly includes the employee related provisions which have been considered in the books of account in accordance with the AS-15 as per the actuarial valuation & shall be discharged after one year from the reporting date i.e. 31st March 2012.

Long Term Provisions for the year ending 31st March 2012 stood at ₹ 14.90 crore as against ₹ 12.40 crore in previous year. The marginal increase of ₹ 2.50 crore due to increase on account of employee benefit related provisions.

#### 6. Trade Payables

As per the provisions of the Revised Schedule VI, the Trade Payable includes the amount due on account of goods purchase or service received in the normal course of business. The Trade Payable for the year ending 31st March 2012 stood at ₹ 95.71 crore as against ₹ 46.30 crore in the previous year. This mainly includes the liabilities to MMTC for imported coal, liability for contractor & suppliers for various projects and PRP & other employee related payment which shall be settled within one year from the reporting date 31st March 2012.

#### 7. Other Current Liabilities

As per revised Schedule –VI, the amount of Long Term Borrowing which is due for re-payment within one year from the reporting date of 31st March 2012 are classified under Other Current Liabilities, while the balance amount are shown as Long Term Borrowing. The other current liabilities for the year ended 31st March 2012 stood at ₹ 407.14 crore as against ₹ 471.18 crore in previous year.

The breakup of the portion of long term borrowing which is due for repayment within one year of reporting date i.e. 31st March 2012 of ₹ 214.10 crore is as under:

Bank	₹ crore As at 31 March	
	2012	2011
<b>For existing Plant (PP-II)</b>		
Term Loan:-		
United Bank of India	25.07	15.90
Union Bank		7.72
<b>Sub-total</b>	<b>25.07</b>	<b>23.62</b>
<b>For Expansion Project (PP-III)</b>		
Term Loan:-		
Union Bank of India	40.45	40.45
Central Bank of India	9.08	9.08
Rural Electrification Corporation Limited	128.50	118.50
Union Bank Of India (Un-secured)	11.00	11.00
<b>Sub-Total</b>	<b>189.03</b>	<b>179.03</b>
<b>Total</b>	<b>214.10</b>	<b>202.65</b>

The other Current Liabilities also includes an amount of ₹ 126.71 crore on account of Income Tax demand received from SAIL for on-going assessments with various authorities, the corresponding amount is appearing in short term loans and advance as a part of advance tax deposited.

In overall the reduction in other current liabilities over the previous year is mainly on account of reduction in liabilities of capital expenditure in respect of PP-III project at Bhilai.

#### 8. Short Term Provisions

As per the provisions of the Revised Schedule VI, the Short Term Provisions include the provisions settled within one year of the reporting date i.e. 31st March 2012. This mainly includes the employee related provisions which have been considered in the books of account in accordance with the AS-15 as per the actuarial valuation & shall be settled within one year of the reporting date of 31st March 2012 and also include provisions for dividend & dividend tax, provision for taxation & provision for tariff adjustments.

The short term provisions for the year ending 31st March 2012 stood at ₹ 183.76 crore as against ₹ 137.84 crore in previous year are summarized hereunder:

Particulars	₹ crore As at 31 March	
	2012	2011
Employee benefits (incl. provisions relating to AS 15 Revised)	21.82	16.33
Dividend and tax thereon	132.56	121.51
Provisions for tariff adjustment	29.38	-
<b>Total</b>	<b>183.76</b>	<b>137.84</b>

## 9. Capital Employed

Considering the Reserve & Surplus and Borrowings (including repayment during one year shown as Other Current Liabilities) as at 31st March 2012, Capital Employed for the Company stood at ₹ 2715.86crore as against ₹ 2769.20crore as at 31st March 2011. The reduction is mainly on account of loan repayments partially offset by the increase in reserves & surplus.

## 10. FIXED ASSETS

As per the provision of Revised Schedule-VI, the fixed assets grouped under non-current assets include Tangible assets, Intangible assets & Capital work in progress. The breakup of the fixed assets is as under:-

Particulars	As at 31 March	
	2012	2011
<b>Tangible Assets</b>		
Gross Block	3294.82	3097.67
Less: Accumulated Depreciation	841.31	676.89
<b>Net Block</b>	<b>2453.51</b>	<b>2420.78</b>
<b>Intangible Assets</b>		
Gross Block	1.28	0.99
Less: Accumulated Depreciation	1.03	0.95
<b>Net Block</b>	<b>0.25</b>	<b>0.04</b>
Capital Work in Progress	61.04	110.29
<b>Total</b>	<b>2514.80</b>	<b>2531.11</b>

During the year, gross block has increased by ₹ 197.44crore out of which ₹ 30.48crore pertain to fixed asset additions in PP-II's and balance amount of ₹ 166.96crore in Bhilai PP-III.

Capital work in progress (CWIP) as at 31 March 2012 stood at ₹ 61.04crore. Out of this, an amount of ₹ 18.18crore pertains to Bhilai PP-III and balance of ₹ 42.86crore in respect of PP-II's. Further, as per revised schedule VI, construction stores and advances (C.Y. ₹ 4.97crore, P.Y. ₹ 6.16crore) are included under capital work in progress.

## 11. Long Term Loans and Advances

As per Revised Schedule –VI, Long Term Loans and Advances includes capital advances securities deposits and other loans and advances to the employees & contractors / suppliers which are non-current in nature. The long terms loans and advances for the year ended 31st March 2012 stood at ₹ 230.76crore as against ₹ 180.02crore as at 31st March 2011. The broad breakup of long term loans and advances is as under:

Particulars	As at 31 March	
	2012	2011
Capital Advances	3.15	9.95
Security Deposits	2.59	4.00
Employees Loans	8.39	5.70
MAT credit entitlement	146.69	78.29
Other Advances	69.94	82.08
<b>Total</b>	<b>230.76</b>	<b>180.02</b>

The increase in long term loans & advances over the previous year is primarily on account of MAT credit entitlement, employees Loans and Advances partially offset by reduction in advance paid to contractor against PP-III project.

## 12. Inventories

As at 31st March 2012, the inventories stood at ₹ 108.14crore as against the previous year level of ₹ 115.60crore. The break up is as follows:

Particulars	As at 31 March	
	2012	2011
Coal	39.03	31.94
Fuel Oil	6.55	5.67
Stores and Spares	56.84	72.02
Chemicals and consumables	5.70	5.27
Loose Tools	0.13	0.11
Others	0.76	0.90
Less: Provision for shortages	0.87	0.31
<b>Total</b>	<b>108.14</b>	<b>115.60</b>

Out of the total inventory, ₹ 67.78crore pertains to PP-III which includes coal inventory of ₹ 39.03crore, fuel oil of ₹ 3.27crore, stores and spares ₹ 21.56 crore. The inventory balance for PP-II's stood at ₹ 40.36 crore as at 31st March 2012.

## 13. Trade Receivable

Trade receivable balance as at 31st March 2012 stood at ₹ 30.09crore, pertains to energy bill raised and remained outstanding till 31st March 2012 as against ₹ 30.75crore as at 31st March 2011.

Further as per Revised Schedule VI, balance trade receivable, (the billing of which was raised after balance sheet date i.e. 31st March 2012) are shown under "Other Current Assets" as unbilled revenues (C.Y. ₹ 178.98crore, P.Y. ₹ 126.37crore).

Debtors turnover period (trade receivables and unbilled revenue) as at 31 March 2012 was about 1.43 months (previous year 1.34 months).

## 14. Cash and Bank Balances

The cash and bank balance as at 31 March 2012 stood at ₹ 134.97crore as against previous year level of ₹ 231.03crore. This includes PP-II's and PP-III fund, as detailed below:

Particulars	As at 31 Mar			
	PP-II's	PP-III	PP-II's	PP-III
Remittance in transit	0.01	-	0.01	-
Balance with Bank	0.63	0.26	3.17	0.82
Deposits with less than three months maturity	70.75	27.32	20.00	56.93
Deposits with more than three months maturity	36.00		98.10	52.00
<b>Total</b>	<b>107.39</b>	<b>27.58</b>	<b>121.28</b>	<b>109.75</b>
<b>Total</b>	<b>134.97</b>		<b>231.03</b>	



## 15. Short Term Loans and Advances

As per Revised Schedule –VI, Short Term Loans and Advances include employees loans and advances, advance to contractor / suppliers and advance tax deposited (net of provision for tax). The short terms loans and advances as at 31st March 2012 stood at ₹ 259.22crore as against ₹ 155.52 crore as at 31st March 2011. The broad break up of short terms loans and advances is as follows:

Particulars	₹crore As at 31 March	
	2012	2011
Employees Loans and advances	2.44	1.87
Advance Tax deposited & TDS (net of provisions)	123.72	117.36
Other Advances	133.06	36.29
<b>Total</b>	<b>259.22</b>	<b>155.52</b>

The increase in Short term loans & advances over the previous year is primarily on account of other advances like advance for Coal and advance to Chhattisgarh govt. against water consumption of PP-III plant.

Presently (i.e. in June'12) Company has received an amount of ₹ 4.33crore from the Income Tax Department against refund for the A.Y. 2001-02 and A.Y. 2002-03 after adjustment of pending demands, which has been passed on to SAIL. For the balance years the matter is being pursued with the Income Tax Departments.

## 16. Other Current Assets

Other Current Assets mainly comprise of interest accrued on matured fixed / flexi deposits, claims recoverable, security deposits (current nature) and unbilled revenue the billing of which raised after balance sheet date i.e. 31st March 2012.

The breakup of other current assets is as under:-

Particulars	₹crore	
	As at 31 Mar 12	As at 31 Mar 11
Interest Accrued	2.67	3.55
Claims Recoverable	0.17	0.06
Unbilled revenues	178.98	126.37
Security Deposits	0.34	0.13
Others	0.02	0.01
<b>Total</b>	<b>182.18</b>	<b>130.12</b>

## C. CONTINGENT LIABILITIES

As at 31st March 2012, contingent liability has been considered at ₹ 58.34 crore in the accounts. This mainly includes:

- ₹ 26.03crore in respect of service tax demand raised by the Authorities on Rourkela and Durgapur units for rendering business auxiliary service to respective steel plants. While the case was decided in favour of NSPCL at CESTAT Kolkata, the Service taxes Authorities have preferred an appeal in the respective High Courts. The matter is pending in the High Court(s); and
- an amount of ₹ 30.45crore pertain to Income Tax dispute with various Authorities.

## D. CASH FLOW

Particulars	₹crore Year ended 31 March	
	2012	2011
Cash and cash equivalent (opening balance)	231.02	249.09
Net cash from operating activities	479.65	597.67
Net cash used in investing activities	(174.28)	(227.28)
Net cash from financing activities	(401.43)	(388.46)
Cash and cash equivalents (closing balance)	134.96	231.02

The decrease in cash inflows from operating activities in the current year (as against the previous year) is mainly on account of decrease in movement in working capital, increase in tax paid, increase in finance cost etc. which is partially offset by a significant increase in profits with higher efficiency in operational parameters.

Net cash outflow in investing activities have decreased as against the previous year on account of lesser cash outflows on fixed asset for PP-III project as compared to previous year.

Cash outflow from financing activities in the year 2011-12 has been increased mainly on account of higher loan repayments in this year as loan repayment of all PP III loans have commenced. Besides, in the current year the loan draws have not been significant, as these only relate to fixed assets additions in case of PP-III.

## CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis and in the Directors' Report describing the Company's objectives, projections and estimates contain words or phrases such as 'will' 'aim', 'believe', 'expect', 'intend', 'plan', 'estimate', 'objective', 'contemplate', 'project' and similar expressions or variation of such expressions that are 'forward-looking' and progressive within the meaning of applicable laws and regulations.

Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon the economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

For and on behalf of the  
Board of Directors

Date: June 28, 2012  
Place: New Delhi

Sd/-  
**(N. N. Misra)**  
Chairman

## ANNEXURE-II

### PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS), RULES, 1988

#### (A) CONSERVATION OF ENERGY

Various Energy Conservation measures are being adopted/implemented in these plants as well, which are in line with the measures being taken by NTPC in their various projects.

##### Energy Audit

Energy Audit and Energy Surveys have been carried out in the areas like Auxiliary Power Consumption (APC), water balance, Cooling Water System, Coal Handling Plant, Compressed Air, Boiler and Turbines etc.

Improvement derived in APC (%) is listed beneath:

Name of Station	2011-12	2010-11	% improvement
Durgapur (2x60 MW)	11.76	11.78	0.02
Bhilai PP3(2x250 W)	8.44	8.50	0.06

##### Heat Energy

To improve the Heat Rate, various operational parameters such as Condenser vacuum, Boiler excess Air, Mill fineness etc were closely monitored and suitable measures have been taken to improve these parameters. Acid cleaning of boiler 2 of Bhilai CPP-II was done. Bhilai Expansion heat rate improved to 2448 Kcal/Kwh in FY 2011-12 as against 2370 Kcal/Kwh in the previous year.

##### Fuel Oil

Fuel Oil Consumption has reduced by taking the requisite measures. The details are as under:

Specific Oil consumption (ml/kwh)

Name of Station	2011-12	2010-11	% improvement
Rourkela (2x60 MW)	0.416	0.445	6.57
Bhilai PP2(2x30+1x14 MW)	Oil is not used, only coke oven gas is used.		
Bhilai PP3(2x250 MW)	0.179	0.442	59.05

##### D.M. Water

Attending to Steam / D.M. Water and other water leakage, on line leak sealing etc have been ensured and this has shown improvement.

##### Lubricants

Plugging leakages, optimising lubricant oil consumption in turbines & other equipment have been looked into.

##### Lighting

Rectification/Substitution of Conventional lighting fixture with energy efficient fixtures has been undertaken.

#### (B) Additional investment and proposals for reduction in Consumption of Energy

- Energy audits : All Stations
- Energy Audit Instruments : All Stations
- Energy Efficient devices in lighting : All Stations

#### (C) Impact of the measures taken

Impact on the measures taken has started showing improvements.

#### (B) Technology Absorption

Efforts are being made for absorption of latest technology in the areas of control system of the plant through R&M.

#### (C) Foreign Exchange Earnings and outgo

##### FOREIGN EXCHANGE OUTGO

##### i) Value of imports:

Spare parts, components and others ₹ 115.82 Lakh

##### Expenditure

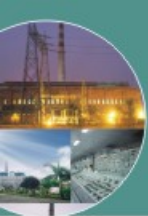
Others ₹ 1.82 Lakh

For and on behalf of Board of Directors

Date: June 28, 2012

Place: New Delhi

Sd/-  
(N.N. Misra)  
Chairman



## ANNEXURE-III

### CORPORATE GOVERNANCE REPORT

Corporate Governance is a system encompassing the entire mechanics of the functioning of a company and is about doing the right things, at the right time, in the right manner. Corporate Governance envisages a simplified and transparent corporate structure driven by business needs and hence is a journey and not a destination. Corporate Governance stems from the culture and mindset of the management and is therefore beyond the realm of law. It leads to improved employee morale and higher productivity, thereby providing a competitive advantage in the global marketplace.

The fundamental objective of Corporate Governance policies is to promote corporate fairness, transparency, accountability and responsiveness. NSPCL is committed to maintaining the highest standards of corporate governance. We are making continuous efforts to adopt the best practices in corporate governance and we believe that the practices we are putting into place for the company shall go beyond adherence to regulatory framework. The Management and Employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability which are fundamental to NSPCL.

The Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and at the same time protect the interests of all its shareholders.

#### 1. BOARD OF DIRECTORS

The role of the Board is to determine the Company's strategy and provide appropriate leadership. It oversees management's implementation of the strategy and acts as a sounding board for senior executives. It also provides a critical overview of strategic risks and monitors the adequacy of the Company's control environment.

##### 1.1 Size of the Board

Our Company is a Joint Venture of NTPC Ltd. and Steel Authority of India Limited (SAIL). The promoters hold 50% of the total paid-up share capital each. As per the Articles of Association, the power to appoint Directors rests with NTPC and SAIL.

In terms of the Articles of Association of the Company the strength of our Board shall not be less than eight Directors or more than twelve Directors.

##### 1.2 Composition of the Board

As on date the Board comprises eight directors out of which four were nominated by NTPC and four by SAIL. The directors bring to the Board wide range of experience and skills.

##### 1.3 Responsibilities

The primary role of the Board is that of trusteeship to protect and enhance Shareholders value. As trustee, the Board ensured that the Company has clear goals and policies for achieving these goals. The Board oversees the Companies

strategic direction reviews corporate performance, authorizes and monitors strategic decision, ensures regulatory compliance and safeguard interest of Shareholders. The Board ensures the Company is managed in a manner that fulfills stakeholders' aspirations and social expectations.

Board member also ensures that their other responsibilities do not impinge on their responsibilities as a Director of the Company.

#### 1.4 Board/Committee Meetings and procedure

##### a). Institutionalized decision making process:

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/decisions by the Board, the Company has defined procedure for meetings of the Board of Directors and committees thereof in an informed and efficient manner.

##### b). Scheduling and selection of Agenda items for the Board/Committee Meetings:

- i) The meetings are convened by giving appropriate notice after obtaining approval of the Chairman of the Board/Committee. Detailed Agenda notes, management reports and other explanatory statements are circulated in advance among the members for facilitating meaningful, informed and focused decisions at the meetings. To address specific urgent need, meetings at times are also being called at shorter notice. The Board also passes Resolution by Circulation but only for such matters which are of utmost urgency.
  - ii) The Agenda papers are prepared by the concerned officials and submitted to the Chief executive Officer for obtaining approval of the Chairman. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.
  - iii) Where it is not practicable to attach any document or the agenda is of sensitive nature, the same is placed on the table at the meeting with the approval of the Chairman. In special and exceptional circumstances, additional and supplemental item(s) on the agenda are taken up for discussion with the permission of the chair and after a consensus is formed. Sensitive subject matters are discussed at the meeting even without written material being circulated.
  - iv) The meetings are usually held at the Company's Registered Office at New Delhi.
  - v) The members of the Board have complete access to all information of the Company.
- ##### c). Recording of minutes of proceeding at the Board Meeting.
- The minutes of each Board meeting are submitted for confirmation at its next meeting after these are signed by the Chairman.

#### d). Compliance

Every Director while preparing agenda notes ensures adherence to all the applicable provisions of the law, rules, guidelines etc. The Company Secretary ensures compliance of all applicable provisions of the Companies Act, 1956.

Ten Board Meetings were held during the financial year 2011-12. Details of number of Board meetings attended by Directors, attendance at last AGM, held by the company during the year 2011-12 are tabulated below:

Sl. No.	Directors	Meeting held during respective tenures of Directors	No. of Board Meetings Attended	Attendance at the last AGM
1.	Shri N.N.Misra	10	10	Yes
2.	Shri S.D.M. Nagpal	10	10	Yes
3.	Shri K. Siva Kumar	7	5	Yes
4.	Shri D.P. Bajaj	10	6	No
5.	Shri R.K. Vijayavergia	10	8	Yes
6.	Shri R.K.S. Gahlowt	10	8	No
7.	Shri R. Kulshreshtha	10	6	Yes
8.	Shri S.N. Goel	10	7	Yes
9.	Shri D. Basu	3	3	NA

\* NA indicates that concerned person was not a Director on NSPCL'S Board on the relevant date.

#### 1.5 Information placed before the Board of Directors, inter alia, includes:

The Board has complete access to any information within the Company. The information regularly supplied to the Board includes:

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Annual Accounts, Directors' Report etc.
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights.
- Major investments
- Award of large contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement etc.
- Short term investment of surplus funds.
- Other materially important information.

#### 1.6 Remuneration of Directors

The Articles of Association of the company has authorized the Board of Directors of the Company to determine the sitting fee payable to Independent Directors within the ceiling prescribed under the Companies Act, 1956. Accordingly, the Board decides the sitting fee payable to the Directors who are not in wholtime employment with either of the promoters. Presently, sitting fee of Rs. 10,000/- for each meeting of the Board/Committees of the

Board constituted by the Board from time to time, is being paid to such Directors.

#### 2. SUB-COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

- Investment / Loan Sub-Committee.
- Audit Committee
- Contracts Sub-Committee
- HR/Remuneration Sub-committee

##### 2.1 Investment/ Loan Sub-committee

The terms of reference of Investment Committee of the Board mainly include consideration and approval of proposals for deployment of surplus funds of the company with scheduled banks from time-to-time. The limit set for this committee is Rs. 350 crores.

The terms of reference of the Loan Sub-committee of the Board mainly include review of the existing sanctioned loans, scrutinizing any changes in the terms and conditions of the existing loans and approving the quantum of drawal of funds. The committee shall tie-up loans for any future requirement of funds and finalizing terms and conditions for the same.

As on March 31, 2012, this committee comprised the following members:

- Shri N.N. Misra - Chairman
- Shri S.D.M. Nagpal - Director
- Shri D. Basu - Director
- Shri D.P. Bajaj - Director

The quorum for this meeting is 2 members with one representative of each promoter.



## 2.2 Audit Committee

The Audit Committee constituted on March 17, 2007. The purpose of the Audit Committee is to review the status of all Audits and perform the following functions:

- a). Review the reports of Comptroller & Auditor General (CAG) on Government Audit, statutory auditors and internal auditors and response thereto;
- b). Review the adequacy of overall internal control systems and suggest improvements in the same;
- c). Review compliance with various Statutes and assist in forming better corporate practices;
- d). Review of quarterly, half-yearly and annual financial statements;
- e). Review and determine the scope of work of internal auditors;
- f). Noting appointment and removal of external auditors. Recommending the fixation of audit fee for external auditors and also approval for payment for any other services; and
- g). Investigate into any matter in relation to the items specified above or referred to it by the Board.

As on March 31, 2012, this committee comprised the following members:

- Shri S.D.M. Nagpal - Chairman
- Shri D. Basu - Director
- Shri R.K.S. Gahlowt - Director
- Shri D.P. Bajaj - Director

The quorum for this meeting is 2 members comprising one member each from both the promoters

### Meetings and Attendance

Five meetings of the Audit Committee were held during the financial year 2011-12 on May 9, July 20, September 5, October 19, 2011, January 23, 2012.

The details of meeting of Audit-Committee attended by the members are as under:-

Members of Audit Committee	Meetings held during his tenure	Meetings attended
Shri S.D.M. Nagpal	5	5
Shri K. Siva Kumar	4	4
Shri D.P. Bajaj	5	2
Shri R.K.S. Gahlowt	5	3
Shri D. Basu	1	1

Shri S.D.M Nagpal, Director chaired all the meetings of Audit Committee held during the year 2011-12.

## 2.3 Contracts Sub-committee

The Contracts Sub-committee was formed on March 17, 2007. Its scope shall include Technical and administrative approval of cost estimates, Calling of tenders, approval of Award of contracts upto each contract value of Rs. 25 crore and for

Consultancy assignments upto each contract value of Rs. 2 crore and approval of Tender committee for proposal requiring Board approval.

As on March 31, 2012 this committee comprises the following members:

- Shri N.N. Misra - Chairman
- Shri S.D.M. Nagpal - Director
- Shri D.P. Bajaj - Director
- Shri D. Basu - Director
- Shri R.K.S. Gahlowt - Director

The quorum for this meeting is 3 members with at least one representative of each promoter.

## 2.4 HR/Remuneration Sub-committee

Scope of work of the HR/Remuneration Sub-Committee:

- a) To take decision with respect to promotion, acceptance of resignation, termination of service in accordance with the terms of appointment, review of terms of appointment, approval for weightage for service in respect of Executives at E7 and E7A level.
- b) Settlement of grievance at stage III level in respect of all Executive.
- c) Constitution of Selection Board for recruitment, approval of list of candidates to be called for interview, Selection of Panel and approval of appointment in respect of Executives at E5 and above as per sanctioned posts.
- d) Formulation of performance related pay (PRP) / annual incentive scheme for employees on the rolls of the Company and recommend payment thereunder.
- e) To appoint/ extend the tenure of consultants within the sanctioned manpower budget.

As on March 31, 2012 this committee comprises the following members:

1. Shri N.N. Misra - Chairman
2. Shri S.D.M. Nagpal - Member
3. Shri R.K.S. Gahlowt - Member
4. Shri R.K. Vijayavergia - Member

The quorum for this meeting is 2 members comprising one member each from both the promoters.

## 3. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through web site.

## 4. Annual General Meeting

Date, time and location where the last three Annual General Meetings were held are as under:



<b>Date &amp; time</b>	September 1, 2009	August 21, 2010	September 21, 2011
<b>Time</b>	1230 hrs	1400 hrs	1130 hrs
<b>Venue</b>	4th Floor, NBCC Towers, 15, Bhikaiji Cama Place, New Delhi -110 066		
<b>Special Resolution passed</b>	NIL	NIL	NIL

#### 5. Dividend

Details of amount of dividend given by the Company for the last four years are as under:

Year	Paid-up Capital	Total Dividend	Date of AGM
2007-08	₹ 780.5 Crore	₹ 9 Crore	Sept. 18, 2008
2008-09	₹ 950.5 Crore	₹ 9 Crore	Sept. 1, 2009
2009-10	₹ 950.5 Crore	₹ 29 Crore	Aug. 21, 2010
2010-11	₹ 950.5 Crore	₹ 104.56 crore	Sept. 26, 2011

#### 6. Audit Qualification:

It is the Company's endeavour, always to present unqualified financial statements.

#### 7. Whistle Blower Policy

The Company has not adopted any separate "Whistle Blower" policy. However, under the provisions of "Fraud Prevention Policy" adopted by the Company, a Whistle Blower mechanism is in place for reporting of fraud or suspected fraud involving employees of the Company as well as representatives of vendors, suppliers, contractors, consultants, service provider or any other party doing any type of business with NSPCL. All reports of fraud or suspected fraud are investigated with utmost speed. The mechanism for prevention of fraud is also included in the policy.

For and on behalf of Board of Directors

Date: June 28, 2012  
Place: New Delhi

Sd/-  
(N.N.Misra)  
Chairman





## BALANCE SHEET

		(₹ in Lakh)	
As at	Note	31.03.2012	31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Share holders' funds</b>			
Share Capital	2	95050.01	95050.01
Reserves & Surplus	3	31564.54	25397.94
		<b>126614.55</b>	<b>120447.95</b>
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	123562.16	136206.42
Deferred Tax Liabilities (Net)	5	25538.14	13763.29
Other long term liabilities	6	149.73	226.04
Long - term Provisions	7	1489.46	1239.45
		<b>150739.49</b>	<b>151435.20</b>
<b>Current Liabilities</b>			
Trade Payables	8	9571.50	4630.09
Other Current Liabilities	9	40714.00	47117.76
Short- term provisions	10	18376.43	13784.18
		<b>68661.93</b>	<b>65532.03</b>
<b>TOTAL</b>		<b>346015.97</b>	<b>337415.18</b>
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Fixed Assets			
Tangible assets	11	245350.37	242078.09
Intangible assets	11	25.15	3.97
Capital Work-in-progress	12	6103.71	11029.54
Long-term loans and advances	13	23076.26	18002.09
		<b>274555.49</b>	<b>271113.69</b>
<b>Current assets</b>			
Inventories	14	10814.36	11560.21
Trade receivables	15	3009.36	3075.07
Cash and cash equivalents	16	13496.73	23102.47
Short-term loans and advances	17	25922.39	15551.67
Other Current assets	18	18217.64	13012.07
		<b>71460.48</b>	<b>66301.49</b>
<b>TOTAL</b>		<b>346015.97</b>	<b>337415.18</b>
Contingent Liabilities	19	5833.97	16250.90
Significant Accounting Policies	1		

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

Sd/-  
**(UMANG VATS)**  
Company Secretary

Sd/-  
**(S. V. SAHI)**  
Chief Finance Officer

Sd/-  
**(D. P. BAJAJ)**  
DIRECTOR

Sd/-  
**(N. N. MISRA)**  
CHAIRMAN

As per our report of even date  
for Rajendra K. Goel & CO.  
Chartered Accountants  
FRN:01457N

Sd/-  
**(R. K. GOEL)**  
PARTNER

Membership No. 06154

Place: New Delhi  
Date: 09.05.2012

## STATEMENT OF PROFIT AND LOSS

		(₹ in Lakh)	
FOR THE YEAR ENDED	Note	31.03.2012	31.03.2011
Revenue from operations (gross)	20	182296.24	148285.49
Less: Electricity Duty/Parallel Operation Charges		7450.07	7092.57
Revenue from Operations (net)		<b>174846.17</b>	<b>141192.92</b>
Other Income	21	3160.09	2906.64
<b>Total revenue</b>		<b>178006.26</b>	<b>144099.56</b>
<b>Expenses</b>			
Fuel	22	84385.78	56232.74
Employee benefits expense	23	11382.23	9767.11
Finance Costs	24	14132.57	15485.75
Depreciation and amortisation expense		16130.50	16344.27
Generation, administration & other expenses	25	21205.08	17593.58
Prior period items (Net)	26	(424.43)	171.39
<b>Total expenses</b>		<b>146811.73</b>	<b>115594.84</b>
<b>Profit before exceptional and extraordinary items &amp; tax</b>		31194.53	28504.72
Exceptional items		-	-
<b>Profit before extraordinary items &amp; tax</b>		<b>31194.53</b>	<b>28504.72</b>
Extraordinary items		-	-
<b>Profit before tax</b>		<b>31194.53</b>	<b>28504.72</b>
<b>Tax expense:</b>			
Current Tax			
Current year		6869.76	5705.16
Earlier years		(32.60)	(0.01)
Fringe benefit Tax			
Earlier years		-	0.57
Deferred Tax		11774.85	9346.53
Less: Provision for MAT Credit Entitlement		6840.42	5680.88
<b>Total tax expenses</b>		<b>11771.59</b>	<b>9371.37</b>
<b>Profit for the year</b>		<b>19422.94</b>	<b>19133.35</b>
Expenditure during Construction Period	27		
Earnings per Share (Equity Shares, Face value ₹ 10/- each Basic and Diluted (₹))		2.04	2.01

The accompanying notes form an integral part of these financial statements

Sd/-  
**(UMANG VATS)**  
Company Secretary

Sd/-  
**(S.V.SAHI)**  
Chief Finance Officer

Sd/-  
**(D.P.BAJAJ)**  
DIRECTOR

Sd/-  
**(N.N.MISRA)**  
CHAIRMAN

As per our report of even date  
for **RAJENDRA K. GOEL & CO.**  
Chartered Accountants  
FRN:01457N

Sd/-  
**(R.K. GOEL)**  
PARTNER

Membership No. 06154

**Place:** New Delhi  
**Date:** 09.05.2012



## CASH FLOW STATEMENT

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax , prior period items and extra-ordinary items	30770.10	28676.08
<b>Adjustment for</b>		
Depreciation	16749.83	16982.45
Provisions	858.90	(558.29)
Provisions written back	(3.64)	(7.14)
Interest and finance charges	16530.56	17356.51
Prior Period Adjustmetns (Net)	424.43	(171.39)
	<u>34560.08</u>	<u>33602.14</u>
<b>Operating profit before working capital changes</b>	<b>65330.18</b>	<b>62278.22</b>
<b>Adjustment for:</b>		
Trade and other receivables	11677.70	237.37
Inventories	693.48	(2235.67)
Trade payables / other liabilities	267.99	630.89
Loans and Advances	(8679.04)	4447.13
Other current assets	<u>(13847.58)</u>	<u>(126.33)</u>
	<u>(9887.46)</u>	<u>2953.39</u>
<b>Cash generated from operations</b>	<b>55442.72</b>	<b>65231.61</b>
Direct Taxes paid	<u>(7477.25)</u>	<u>(5464.07)</u>
<b>Net cash from operating activities - A</b>	<b>47965.47</b>	<b>59767.54</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of assets / addition to CWIP/ construction stores & advances	(17428.46)	(22727.95)
	<u>(17428.46)</u>	<u>(22727.95)</u>
<b>Net cash used in Investing activities - B</b>	<b>(17428.46)</b>	<b>(22727.95)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	9274.00	3146.00
Repayment of borrowings	(20773.36)	(21235.29)
Interest paid	(16491.75)	(17375.53)
Dividend paid	(10455.50)	(2900.00)
Tax on dividend paid	<u>(1696.14)</u>	<u>(481.65)</u>
	<u>(40142.76)</u>	<u>(38846.47)</u>
<b>Net cash from financing activities - C</b>	<b>(40142.76)</b>	<b>(38846.47)</b>
<b>Net increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>(9605.75)</b>	<b>(1806.88)</b>
Cash and cash equivalents - opening balance	23102.47	24909.35
Cash and cash equivalents - closing balance	13496.72	23102.47
<b>Net cash increase / decrease</b>	<b>(9605.75)</b>	<b>(1806.88)</b>

**Note:**

- i) Cash and cash equivalents consist of balance with banks and fixed deposits
- ii) Interest income on fixed deposits has been considered as income from operating activities
- iii) Previous Year's figures have been regrouped/ rearranged wherever necessary.

Sd/-  
**(UMANG VATS)**  
Company Secretary

Sd/-  
**(S.V.SHAHI)**  
Chief Finance Officer

Sd/-  
**(D.P.BAJAJ)**  
DIRECTOR

Sd/-  
**(N.N.MISRA)**  
CHAIRMAN

As per our report of even date  
for **RAJENDRA K. GOEL & CO.**  
Chartered Accountants  
FRN:01457N

Sd/-  
**(R. K. GOEL)**  
PARTNER  
Membership No. 06154

**Place:** New Delhi  
**Date:** 09.05.2012



## Notes to the Financial Statements for the year ended 31st March, 2012

### No. 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.0 BASIS OF PREPARATION

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

#### 2.0 USE OF ESTIMATES

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

#### 3.0 FIXED ASSETS

- 3.1 Fixed assets are carried at historical cost less accumulated depreciation/amortisation.
- 3.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and/ or efficiency of an existing asset is added to the cost of related assets.
- 3.3 Intangible assets are stated at their cost of acquisition less accumulated amortization.
- 3.4 Capital expenditure on assets not owned by the company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 3.5 Deposits, payments/ liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
- 3.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 3.7 Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/ assessments.

#### 4.0 CAPITAL WORK-IN PROGRESS

- 4.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital work-in-progress.
- 4.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets
- 4.3 Deposit works/ cost plus contracts are accounted for on the basis of statements of account received from the contractors/ engineering estimates.
- 4.4 Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

#### 5.0 FOREIGN CURRENCY TRANSACTIONS

- 5.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 5.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- 5.3 Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/ capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- 5.4 Exchange differences arising from settlement/ translation of foreign currency loans (other than regarded as borrowing cost), deposits/liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01-04-2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement/ translation of long term foreign currency monetary items in respect of transactions entered on or after 01-04-2004 are adjusted in the carrying cost of related assets.
- 5.5 Other exchange differences are recognized as income or expense in the period in which they arise.

#### 6.0 BORROWING COSTS

- 6.1 Borrowing costs attributable to the fixed assets during construction/ renovation and modernization are capitalized. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year.
- 6.2 Other borrowing costs are recognized as an expense in the period in which they are incurred.

## 7.0 INVESTMENTS

7.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.

## 8.0 INVENTORIES

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

8.2 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

## 9.0 STATEMENT OF PROFIT & LOSS

### 9.1.0 INCOME RECOGNITION

#### 9.1.1 Sale of Energy is accounted for :-

(i) Based on Power Purchase Agreement with SAIL, in case of supply by Captive Power Plants (CPP-II).

(ii) Based on tariff rates prescribed by the Central Electricity Regulatory Commission (CERC), in case of Bhilai Expansion Power Project (PP-III).

9.1.2 The Surcharge on late payment/ overdue Sundry Debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

9.1.3 Interest/ surcharge recoverable on advances to suppliers and contractors as well as Warranty claims/ liquidated damages wherever there is uncertainty of realization / acceptance from suppliers and contractors are not treated as accrued and are therefore accounted for on receipt/ acceptance.

9.1.4 Scrap other than steel scrap is accounted for as and when sold.

9.1.5 Insurance claims are accounted for based on certainty of realization.

### 9.2.0 EXPENDITURE

9.2.1 Depreciation on the assets of the generation of electricity business in respect of CERC Regulated plants is charged on straight line method following the rates and methodology notified by the CERC Regulations, 2009 as provided under section 616 (C) of the Companies Act, 1956. The PP-III plant located at Bhilai is the only CERC Regulated plant.

9.2.2 Depreciation on other assets is charged on straight line method following the rates specified in Schedule -XIV of the Companies Act, 1956.

9.2.3 Depreciation on the following assets is provided based on their estimated useful life:

a) Kutch Roads	2 Years
b) Enabling works	
o residential buildings including their internal electrification.	15 Years
o non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 Years
c) Personal Computers and Laptops including peripherals	5 Years
d) Photocopiers and Fax Machines	5 Years
e) Water coolers and Refrigerators	12 Years
f) Air conditioners w.r.t. CPP-II	12 Years

9.2.4 In case of the CPP-II assets whose residual life has been determined on the basis of technical assessment, the depreciation is provided at a rate such that 95% of the gross block is depreciated over the residual life of those assets.

9.2.5 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.

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

9.2.7 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. Intangible assets- Others are amortized on straight line method over the period of legal right to use.

9.2.8 Where the cost of depreciable assets has undergone a change during the year due to increase/ decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged off prospectively:

(i) At the rates and methodology notified by CERC Tariff Regulations, in respect of CERC Regulated plants (Bhilai Expansion Power Project -PP-III).

(ii) Over the residual life in case of Assets other than referred in ( i ) above.

9.2.9 Where the life and/ or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon



along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

- 9.2.10 Machinery spares which can be used only in connection with an item of plant and machinery and its use is expected to be irregular, are capitalized and fully depreciated over the residual useful life of the related plant and machinery.
- 9.2.11 Capital expenditure on assets not owned by the Company is amortized over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 9.2.12 Amortization of lease hold lands and buildings:
- In case of CPP-II plants, leasehold lands other than acquired on perpetual lease are amortized over the lease period. Leasehold buildings are amortized over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalized, are amortized over a period of 30 years.
  - In case of Bhilai Expansion Power Project (PP-III), leasehold land and buildings are fully amortized over 25 years or lease period whichever is lower following the rates and methodology notified by CERC Regulations.
  - Leasehold land acquired on perpetual lease is not amortized.
- 9.2.13 Expenses on training and recruitment are charged to revenue in the year of incurrence.
- 9.2.14 Preliminary expenses on account of new projects incurred prior to approval of feasibility report / techno economic clearance are charged to revenue.
- 9.2.15 Actuarial gains/ losses in respect of 'Employee Benefit Plans' are recognized in the statement of profit & loss account.
- 9.2.16 Prepaid expenses and prior period expenses/ income of items up to ₹1,00,000/- each, are charged to natural heads of accounts.
- 9.2.17 Net pre-commissioning income/ expenditure is adjusted directly in the cost of related assets and systems.
- 9.2.18 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Transit and handling losses of coal as per norms are included in cost of coal.

## 10.0 LEASES

### 10.1 FINANCE LEASE

- 10.1.1 Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.
- 10.1.2 Depreciation on the assets taken on finance lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 9.2.1 or 9.2.2. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is less.
- 10.1.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

### 10.2 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.

## 11.0 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 estimates.

## 12.0 CASH FLOW STATEMENT

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



## No.2 SHARE CAPITAL

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
<b>Equity Share Capital</b>		
<b>AUTHORISED</b>		
200,00,00,000 shares of par value ₹ 10/- each ( previous year	200000.00	200000.00
200,00,00,000 shares of par value of ₹10/- each)		
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
95,05,00,100 shares of par value of ₹10/- each ( previous year	95050.01	95050.01
95,05,00,100 shares of ₹.10/- each)		
<b>TOTAL</b>	<b>95050.01</b>	<b>95050.01</b>

- a) During the year the Company has not issued/bought back any shares.
- b) The Company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of the equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of share holders.
- c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the share holders.
- d) NTPC Ltd. & SAIL holds 47,52,50,050 number of equity shares ( 50% ) each.

## No.3 RESERVES & SURPLUS

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
<b>General Reserve</b>		
As Per last balance Sheet	905.10	426.77
Add: Transfer from Surplus balance in the statement of profit & Loss	485.57	478.33
<b>Closing Balance</b>	<b>1390.67</b>	<b>905.10</b>
<b>Surplus</b>		
As per last balance sheet	24492.84	17978.26
Add: Profit for the year from the Statement of Profit & Loss	19422.94	19133.35
Less: Transfer to General Rrerves	485.57	478.33
Proposed Dividend	11406.00	10455.50
Tax on Proposed Dividend	1850.34	1696.14
Tax on Proposed Dividend for earlier year	-	(11.20)
<b>Net Surplus</b>	<b>30173.87</b>	<b>24492.84</b>
<b>TOTAL</b>	<b>31564.54</b>	<b>25397.94</b>

- a) The Company has proposed final dividend for the year 2011-12 @ ₹1.20/- per equity share par value of ₹ 10/- each ( previous year ₹ 1.10/- per equity share).

## No.4

### LONG TERM BORROWINGS

	(₹ in Lakh)	
As at	31.03.2012	31.03.2011
<b>Rupee Term Loans</b>		
<b>Secured</b>		
<b>From Banks</b>		
Union Bank of India **	28258.07	32362.78
Central Bank of India **	7729.38	8637.69
United Bank of India *	2506.93	3181.29
<b>From Financial Institution</b>		
Term Loan From Rural Electrification Corporation **	77100.00	82950.00
	<u>115594.38</u>	<u>127131.76</u>
<b>Un-secured</b>		
Union Bank of India	7967.78	9074.66
<b>TOTAL</b>	<b>123562.16</b>	<b>136206.42</b>

\*Secured by equitable mortgage/hypothecation of all the present and future Fixed assets and movable assets of the CPP-II at Rourkela, Durgapur, Bhilai & Corporate office.

\*\* Secured by equitable mortgage/hypothecation of all the present and future fixed assets and movable assets of Bhilai Expansion Project (CPP-III).

- a) There has been no defaults in repayment of any of the loans or interest thereon as at the end of the year.  
 b) The rupee term loan carries interest rate from 8% to 14.75%. These are repayable in installments as per the terms of respective agreements generally over a period of 5 to 15 years from initial disbursement after a moratorium period of 6 months to 4 years.

## No.5

### DEFERRED TAX LIABILITIES (NET)

	(₹ in Lakh)		
As at	01.04.2011	Additions/ (Adjustments) during the year	As at 31.03.2012
Item wise details of deferred tax liability are as under:			
Difference of Books depreciation & tax depreciation	36209.04	3013.96	39223.00
Less: Deferred Tax Assets:			
Provisions, other disallowances, accumulated losses & unabsorbed depreciation for tax purposes :	19036.30	(8760.90)	10275.40
	17172.74	11774.86	28947.60
Recoverable from beneficiaries	3409.45	-	3409.45
<b>Deferred Tax Liabilities (Net)</b>	<b>13763.29</b>	<b>11774.86</b>	<b>25538.14</b>

- a) The net increase during the year in the deferred tax liability is ₹ 11774.85 lakhs (previous year ₹ 9346.53 lakhs) has been debited to statement of Profit & Loss  
 b) In terms of regulation 39 of CERC tariff regulations, 2009, deferred tax liabilities up to 31st March 2009 when ever materialised, is recoverable from beneficiaries.  
 c) Deferred tax assets and Deferred tax liabilities have been offset as they relate to the same governing laws.

## No.6

### OTHER LONG TERM LIABILITIES

	(₹ in Lakh)	
As at	31.03.2012	31.03.2011
Trade Payables	61.53	28.44
Other liabilities		
Payable for Capital expenditure	49.23	172.40
Others	38.97	25.20
<b>TOTAL</b>	<b>149.73</b>	<b>226.04</b>

- a) Other liabilities- 'Others' include deposits received from contractors, customers and others.  
 b) Disclosure w.r.t. Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note No.38.

**No.7  
LONG TERM PROVISIONS**

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
<b>Provision for Employees' benefits</b>		
As per last balance Sheet	1239.45	1482.93
Addition/ (Adjustments) during the year	250.01	(243.48)
<b>TOTAL</b>	<b><u>1489.46</u></b>	<b><u>1239.45</u></b>

a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no 37.

**No.8  
TRADE PAYABLES**

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
For Goods and Services	9571.50	4630.09
	<b><u>9571.50</u></b>	<b><u>4630.09</u></b>

a) Disclosure w.r.t. Micro, Small and Medium Enterprises as required by MSME Act,2006 is made in Note No.38.

**No.9  
OTHER CURRENT LIABILITIES**

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
Current maturities of long term debts		
Against Rupees term Loan from banks		
Secured*	20310.27	19165.38
Un-secured	1100.00	1100.00
Interest accrued but not due on borrowings	329.18	290.37
Advances from customers and others	12671.05	11569.72
Payable for Capital Expenditure	4375.62	13533.39
Other Payables		
Tax Deducted at source and other statutory dues	281.32	234.56
Others	1646.56	1224.34
	<b><u>40714.00</u></b>	<b><u>47117.76</u></b>

a) Other payables - 'Others' include deposits received from contractors, customers and others.

\* Refer Note no. 4 for details of security.



## No.10 SHORT TERM PROVISIONS

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
<b>Provision for employee benefits</b>		
As per last balance sheet	1632.54	1953.23
Additions/(Adjustments) during the year	549.23	(320.70)
	<b>2181.77</b>	<b>1632.53</b>
<b>Provision for current tax</b>		
As per last balance sheet	19488.17	13901.82
Additions during the year	6837.16	5705.72
Amounts adjusted during the year	282.67	119.36
Less: Set off against taxes paid	26042.66	19488.17
	-	-
<b>Provision for proposed dividend</b>		
As per last balance sheet	10455.50	2900.00
Additions during the year	11406.00	10455.50
Amounts used during the year	10455.50	2900.00
	<b>11406.00</b>	<b>10455.50</b>
<b>Provision for tax on proposed dividend</b>		
As per last balance sheet	1696.14	492.86
Additions during the year	1850.34	1684.94
Amounts paid during the year	1696.14	481.65
	<b>1850.34</b>	<b>1696.15</b>
<b>Provision for Tariff Adjustment</b>		
As per last balance sheet	-	-
Additions during the year	2938.32	-
	<b>2938.32</b>	-
<b>TOTAL</b>	<b>18376.43</b>	<b>13784.18</b>

a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no 37.

b) Refer Note no.25 For provision for tariff adjustment.

## Note No.11

### NON-CURRENT ASSETS TANGIBLE ASSETS

(₹ in Lakh)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.11	Addition	Adj./ Sales	As at 31.03.2012	As at 01.04.11	For the Year	Adj./Sales during yr.	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Land</b>										
(Including Development expenses)										
-- Freehold	-	-	-	-	-	-	-	-	-	-
-- Leasehold	11320.14	-	(204.10)	11524.24	1369.28	309.38	-	1678.66	9845.58	9950.86
Road, bridges and Culverts	1399.87	523.00	2.60	1920.28	135.45	48.99	-	184.44	1735.84	1264.42
<b>Buildings</b>										
-- Main Plants	28193.88	263.85	(128.66)	28586.38	4979.62	1019.57	(0.10)	5999.29	22587.08	23214.25
-- Others	1527.06	3569.01	(3.54)	5099.61	132.18	58.75	-	190.93	4908.68	1394.88
-- Temporary Structures	27.77	4.49	0.25	32.02	26.85	3.91	-	30.75	1.27	0.93
Water Supply Drainage & Swerage System	635.99	1240.67	(8.90)	1885.56	82.23	27.07	-	109.30	1776.26	553.76
MGR track and signalling system	5437.50	7.76	(171.61)	5616.87	528.13	298.05	-	826.18	4790.69	4909.37
Railway Sidings	117.79	-	-	117.79	111.90	-	-	111.90	5.89	5.89
Plant & Machinery	255056.52	7632.40	(4343.15)	267032.07	58266.24	14315.89	47.95	72534.18	194497.88	196790.27
Construction Equipments	1295.92	50.44	-	1346.36	534.54	152.74	-	687.27	659.09	761.38
Furnitures,Fixures & Other Office Equipments	2072.78	584.46	1.05	2656.19	546.20	156.94	0.35	702.79	1953.40	1526.58
EDP,WP Machines	441.14	96.68	(0.85)	538.67	302.49	47.10	(0.35)	349.93	188.74	138.65
Vehicles	23.67	-	(6.03)	29.70	8.47	2.66	-	11.13	18.56	15.20
Electrical Installation	440.34	490.23	-	930.57	139.05	26.58	-	165.63	764.93	301.28
Laboratory Equipments	789.21	19.07	-	808.27	364.80	45.69	251.33	159.16	649.11	424.41
Communication Equipments	192.90	71.34	-	264.24	36.49	13.62	-	50.11	214.13	156.41
Retired Assets/ Unserviceable Obsolete	0.14	-	-	0.14	0.14	-	-	0.14	0.00	0.00
Capital Expenditure on Assets not owned by the Company	794.06	296.54	(2.25)	1092.86	124.52	215.11	-	339.63	753.23	669.54
<b>TOTAL</b>	<b>309766.67</b>	<b>14849.94</b>	<b>(4865.20)</b>	<b>329481.81</b>	<b>67688.58</b>	<b>16742.05</b>	<b>299.19</b>	<b>84131.44</b>	<b>245350.37</b>	<b>242078.09</b>
<b>Previous Year</b>	<b>297159.94</b>	<b>10602.36</b>	<b>(2004.38)</b>	<b>309766.67</b>	<b>50642.91</b>	<b>16971.28</b>	<b>(74.41)</b>	<b>67688.58</b>	<b>242078.09</b>	<b>246517.02</b>

### INTANGIBLE ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.11	Addition	Adj./ Sales	As at 31.03.2012	As at 01.04.11	For the Year	Adj./Sales during yr.	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Software	98.76	28.96	-	127.72	94.78	7.79	-	102.57	25.15	3.97
<b>Total</b>	<b>98.76</b>	<b>28.96</b>	<b>-</b>	<b>127.72</b>	<b>94.78</b>	<b>7.79</b>	<b>-</b>	<b>102.57</b>	<b>25.15</b>	<b>3.97</b>
<b>Previous Year</b>	<b>98.76</b>	<b>-</b>	<b>-</b>	<b>98.76</b>	<b>83.61</b>	<b>11.18</b>	<b>-</b>	<b>94.78</b>	<b>3.97</b>	<b>15.15</b>

Depreciation for the year allocated as given below:

	Current Year	Prev.year
Charged to statement of Profit & loss	16130.50	16344.27
Allocated to Fuel Cost	619.34	638.18
<b>TOTAL</b>	<b>16749.83</b>	<b>16982.45</b>

a) Leasehold Land includes 1758.09 Sqm valuing ₹ 2,189.65 lakh (Previous year 1758.09 Sqm valuing ₹ 2189.65 lakhs) pertaining to 4th Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi acquired on perpetual lease in respect of which Sub-Lease Deed is pending for registration and no depreciation has been charged thereof.

b) As required by Accounting Standard (AS) 28 'Impairment of Assets' notified under the Companies (Accounting Standards) Rules, 2006, the Company believes that there are no impairment indicators.



## Note No.12 to the Financial Statements

### NON-CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 01.04.2011	Additions	Deductions/ Adjustments	Capitalised	As 31.03.2012
<b>CAPITAL WORK-IN- PROGRESS</b>					
Development of Land	47.32	51.10	98.42	-	-
Roads, bridges & culverts	224.00	312.03	13.58	522.44	-
Buildings:					
- Main plant	126.83	203.29	(20.93)	298.53	52.53
- Others	2782.88	2099.68	(107.18)	3767.59	1222.16
Temporary Erections	1.60	2.90	-	4.49	-
Water Supply, drainage and sewerage System	884.37	597.81	(15.98)	1238.70	259.46
MGR track & signalling system	9.56	37.81	7.14	7.76	32.48
Railway siding	107.00	117.09	-	-	224.09
Plant & Machinery :(including associated civil works)					
On own Account	869.61	-	869.61	-	-
On supply-cum-erection contract	5268.13	3013.97	(749.58)	5388.13	3643.55
Furniture Fixures and other office equipments	15.46	5.23	-	19.06	1.63
EDP/WP machines	-	23.93	-	20.83	3.10
Electrical Installation	-	461.67	-	353.83	107.84
Communication equipment	11.79	117.25	(0.13)	105.70	23.46
Capital Expenditure on Assets not owned by the Company	40.62	9.59	-	44.58	5.63
	<b>10389.18</b>	<b>7053.34</b>	<b>94.94</b>	<b>11771.65</b>	<b>5575.93</b>
Expenditure pending Allocation					
Survey, Investigation, Consultancy	26.92	11.33	5.13	-	33.12
Expenditure during Construction period					
- Project	-	919.43	-	-	919.43
Less : Allocated to CWIP	-	919.43	-	-	919.43
	<b>10416.10</b>	<b>7064.67</b>	<b>100.07</b>	<b>11771.65</b>	<b>5609.05</b>
Less: Provision for unserviceable works	2.44	-	-	-	2.44
<b>Construction stores (net of Provisions)</b>	<b>615.87</b>	<b>1415.90</b>	<b>1534.67</b>	<b>-</b>	<b>497.10</b>
<b>TOTAL</b>	<b>11029.54</b>	<b>8480.56</b>	<b>1634.74</b>	<b>11771.65</b>	<b>6103.71</b>
<b>PREVIOUS YEAR</b>	<b>10390.46</b>	<b>11097.39</b>	<b>267.60</b>	<b>10725.91</b>	<b>11029.54</b>

**No.13**
**LONG TERM LOANS AND ADVANCES**

(Considered good, unless otherwise stated)

(₹ in Lakh)

As at	31.03.2012	31.03.2011
<b>CAPITAL ADVANCES</b>		
Secured	2.14	154.00
Unsecured		
Covered by Bank Guarantee	107.60	460.40
Others	205.97	380.66
Considered doubtful	-	-
	<b>315.71</b>	<b>995.06</b>
<b>SECURITY DEPOSITS (Un-secured)</b>	<b>259.53</b>	<b>400.79</b>
<b>LOANS</b>		
Employees (including accrued interest)		
Secured	584.20	394.36
Unsecured	254.83	175.41
	<b>839.03</b>	<b>569.77</b>
<b>ADVANCES</b>		
Contractors & Suppliers, including materials issued on loan		
Secured	-	-
Unsecured	6974.33	8187.00
Considered doubtful	4.29	4.29
Minimum Alternate Tax (MAT) credit Entitlement	14669.30	7828.88
Others		
Unsecured	18.36	20.59
considered doubtful	-	-
Less: Provision for bad and doubtful loans, advances and claims	4.29	4.29
	<b>21661.99</b>	<b>16036.47</b>
<b>TOTAL</b>	<b>23076.26</b>	<b>18002.09</b>
Due from Directors and Officers of the Company		
Directors	-	-
Officers	17.17	7.42



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## No.14 INVENTORIES \*

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
Coal	3903.74	3193.81
Fuel oil	655.12	567.53
Stores and spares	5683.61	7202.37
Chemicals & consumables	570.45	526.54
Loose tools	12.95	11.46
Others	75.71	89.70
	<u>10901.58</u>	<u>11591.41</u>
Less: Provision for shortages	0.76	4.40
Provision for obsolete/unserviceable items/ diminution in value of surplus inventory	86.46	26.80
	<b><u>10814.36</u></b>	<b><u>11560.21</u></b>
* Inventories include Stores in transit, under inspection and with Contractors	544.15	1590.91

- a) Inventory items have been valued considering the significant accounting policy no.8 disclosed in Note no.1 to these financial statement.  
b) Other inventories include items of steel, cement, ash bricks etc.

## No.15 TRADE RECEIVABLES

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
( Un-secured Considered good, unless otherwise stated) Outstanding for a period exceeding six months from the date they are due for payment	-	177.98
Other Receivables	3009.36	2897.09
	<b><u>3009.36</u></b>	<b><u>3075.07</u></b>

## No.16 CASH & BANK BALANCES

As at	(₹ in Lakh)	
	31.03.2012	31.03.2011
<b>Cash &amp; Cash Equivalents</b>		
Balances with Banks		
Current Account	71.41	335.60
Cash Credit Account	17.50	62.75
Deposits with original maturity of less than three months	9806.50	7692.80
Cheques & drafts on hand	0.49	0.41
Remittance in transit	0.38	0.46
<b>Other bank balances</b>		
Deposits with original maturity of more than three months*	3600.45	15010.45
Others	<b><u>13496.73</u></b>	<b><u>23102.47</u></b>

\* Includes bank deposits with more than twelve months maturity amounting to ₹ Nil ( previous year ₹ 412 lakh)



**No.17**
**SHORT TERM LOANS AND ADVANCES**

(Considered good, unless otherwise stated)

	(₹ in Lakh)	
As at	31.03.2012	31.03.2011
<b>LOANS</b>		
Employees (including accrued interest)		
Secured	115.73	80.60
Unsecured	122.64	104.04
	<u>238.37</u>	<u>184.64</u>
<b>ADVANCES</b>		
Employees (including imprest)		
Secured		
Unsecured	5.88	2.43
Considered doubtful	-	0.04
Contractors & Suppliers, including materials issued on loan		
Secured		
Unsecured	11530.40	2995.13
Considered doubtful	-	-
Others		
Un-secured	1775.78	633.96
Less: Allowance for bad & doubtful advances	-	0.04
Advance tax deposited & tax deducted at source	38414.62	31223.68
Less : Provision for Current Tax	26042.66	19488.17
	<u>25684.02</u>	<u>15367.03</u>
	<u>25922.39</u>	<u>15551.67</u>
<b>TOTAL</b>		
a) Due from Directors and Officers of the Company		
Directors		
Officers	5.02	3.37

**No.18**
**OTHER CURRENT ASSETS**

	(₹ in Lakh)	
As at	31.03.2012	31.03.2011
Interest Accrued :		
Term deposits	262.03	343.67
Others	5.02	11.04
Claims Recoverables		
Un-Secured, Considered good	16.65	6.04
Considered Dobtful	0.06	0.06
Less: Provision for doubtful claims	0.06	0.06
Unbilled Revenues *	17897.95	12636.96
Security Deposits ( Unsecured)	34.30	13.25
Others	1.69	1.11
<b>TOTAL</b>	<u>18217.64</u>	<u>13012.07</u>

\* It represents an amount of ₹ 13041.87 lakh ( Prev.year ₹ 10592.08 Lakh) in case of PP-III and ₹ 4856.08 Lakh (Prev. year ₹ 2044.88 Lakh).

a) Other Current Assets- 'Others' include amount recoverable from contractors and others towards hire charges, rent/electricity, etc.



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## No.19 CONTINGENT LIABILITIES

	(₹ in Lakh)	
As at	31.03.2012	31.03.2011
Claims against the company not acknowledged as debt in respect of		
Capital Works	104.85	106.38
Disputed Income Tax & FBT demand	3044.63	13365.05
Disputed Service Tax demand	2603.01	2485.61
Others	81.48	293.86
<b>TOTAL</b>	<b>5833.97</b>	<b>16250.90</b>
Possible reimbursement ₹ 3619.44/- Lakh ( Previous year ₹14891/- lakh)		

## No.20 REVENUE FROM OPERATIONS

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
<b>Sales</b>		
Energy sales ( including electricity duty/Parallel Operation charges)	182292.60	148278.35
	<b>182292.60</b>	<b>148278.35</b>
<b>Provisions Written back</b>		
Doubtful construction advances	-	0.57
Shortage in stores	3.64	6.57
	<b>3.64</b>	<b>7.14</b>
	<b>182296.24</b>	<b>148285.49</b>

a) Energy sales is exclusive of electricity duty directly paid by SAIL in respect of DSP-CPP-II ₹ 1836.37 Lakh (Previous year ₹ 1791.47 Lakh).

## No.21 OTHER INCOME

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
<b>Interest from</b>		
Loan to Employees	47.52	29.00
Indian Banks	2408.00	2473.95
Others	11.22	20.98
<b>Income from Current Investments- Non-trade</b>		
Net Gain on sales of Mutual funds	283.23	140.83
<b>Other non-operating income</b>		
Surcharge received from customers	45.82	23.32
Miscellaneous Income	370.20	233.20
	<b>3165.99</b>	<b>2921.28</b>
Less: Transferred to expenditure during construction period (Net) - Note 27	5.90	14.64
<b>TOTAL</b>	<b>3160.09</b>	<b>2906.64</b>

## No.22 FUEL COST

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
Coal	83332.86	55147.45
Furnace oil	301.19	652.95
LDO & HSD	751.73	432.34
<b>TOTAL</b>	<b>84385.78</b>	<b>56232.74</b>

**No.23  
EMPLOYEE BENEFITS EXPENSES**

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
Salaries and Wages	10134.91	8421.03
Contribution to provident and other funds	847.97	531.40
Staff welfare expenses	937.75	1176.99
	<b>11920.63</b>	<b>10129.42</b>
Less: Allocated to Fuel cost	212.87	206.64
Transferred to expenditure during construction period (net)- Note-27	325.53	155.67
<b>TOTAL</b>	<b>11382.23</b>	<b>9767.11</b>

Disclosures required by AS-15 in respect of provision made towards various employees benefits is made in Note No. 37.

**No.24  
FINANCE COSTS**

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
<b>Interest on</b>		
<b>Rupee Term Loans</b>		
from banks	6254.21	6192.75
from Financial Institution	8335.96	9356.33
<b>Rupee Working Capital loan</b>		
from bank	0.13	0.01
<b>Other Borrowing costs</b>		
Guarantee fee	15.30	15.24
Others	35.22	23.24
	<b>14640.82</b>	<b>15587.57</b>
Less: Transferred to expenditure during construction period (Net) - Note 27	508.25	101.82
	<b>14132.57</b>	<b>15485.75</b>

**No.25  
GENERATION, ADMINISTRATION & OTHER EXPENSES**

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
Power charges	104.23	
Less: Recovered from contractors & employees	6.72	23.02
Water charges	2680.86	2327.73
Stores consumed	296.15	298.65
Rent	259.61	
Less: Recoveries	-	260.20
Repairs & maintenance		
Buildings	170.55	160.72
Plant & Machinery		
Power stations	8038.05	8857.34
Others	579.75	615.79
Insurance	176.44	114.85
Rates & taxes	174.59	81.48
Water Cess & environment protection cess	24.06	8.77
Training & Recruitment expenses	102.46	
Less: Fess for application & training	4.85	134.31
Communication expenses	126.38	106.15
Travelling expenses	612.62	453.31
Tender expenses	63.17	
Less: Receipt from sale of tenders	3.02	72.61



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	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
Payment to auditors (refer detail below)	10.84	10.97
Advertisement and publicity	21.54	8.29
Security expenses	1370.14	1219.36
Entertainment expenses	44.93	43.11
Expenses for guest house	26.20	
Less: Recoveries	<u>0.68</u>	
Brokerage & commission	5.38	0.15
Community development and welfare expenses	109.88	104.62
Ash utilisation & marketing expenses	106.95	59.73
Directors sitting fees	3.50	3.40
Books and periodicals	6.61	1.05
Professional charges and consultancy fees	298.24	299.10
Legal expenses	29.40	8.03
EDP hire and other charges	47.17	44.56
Printing & stationary	46.11	44.02
Hiring of vehicles	149.69	134.98
Rebate to customers	2397.99	1870.76
Miscellaneous expenses	143.23	132.44
Temporary works charged off /Stores written off	-	0.07
Survey & Investigation expenses written off	-	5.00
Loss on disposal/writte-off of fixed assets	152.81	218.99
	<b>18364.26</b>	<b>17739.39</b>
Less: Allocated to fuel cost	65.62	64.10
Transferred to Expenditure during construction period (net)-Note-27	91.54	87.59
	<b>18207.10</b>	<b>17587.70</b>
<b>Provisions</b>		
Tariff Adjustment	2454.00	0.00
Interest on refund to Customers	484.32	0.00
Shortage in stores	-	4.40
Obsolescence in stores	59.66	1.48
	<b>2997.98</b>	<b>5.88</b>
	<b>21205.08</b>	<b>17593.58</b>
a) Spares consumption included in repairs and maintenance		
b) Details in respect of payment to auditors:		
<b>As auditor</b>		
Audit fee	4.21	3.31
Tax audit fee	1.40	0.89
<b>In other capacity</b>		
Other Capacity	-	1.00
<b>Reimbursement of expenses</b>	5.23	5.77
<b>TOTAL</b>	<b>10.84</b>	<b>10.97</b>

**No.26  
PRIOR PERIOD ITEMS (NET)**

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
<b>REVENUE</b>		
Others *	251.87	-
	<u>251.87</u>	<u>-</u>
<b>EXPENDITURE</b>		
Depreciation and amortisation	175.00	164.97
Generation, administration and other expenses		
Repairs and maintenance	(7.23)	-
Rates & Taxes	30.88	-
Others **	(371.21)	6.42
	<u>(172.56)</u>	<u>171.39</u>
<b>Net Expenditure/(Revenue)</b>	<u>(424.43)</u>	<u>171.39</u>
Less: Transferred to Expenditure during construction period (net) Note 27	-	-
	<u>(424.43)</u>	<u>171.39</u>

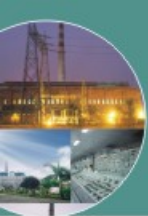
\* It includes Excess Depreciation written back.

\*\* It includes Interests expenses.

**No.27  
EXPENDITURE DURING CONSTRUCTION PERIOD (NET)**

	(₹ in Lakh)	
For the period ended	31.03.2012	31.03.2011
<b>A. Employee Benefits Expenses</b>		
Salaries and Wages	266.93	137.33
Contribution to provident and other funds	46.16	12.46
Staff welfare expenses	12.44	5.89
<b>TOTAL (A)</b>	<u>325.53</u>	<u>155.67</u>
<b>B. Finance Costs</b>		
<b>Interest on Term Loan</b>		
from banks	508.25	101.82
<b>TOTAL (B)</b>	<u>508.25</u>	<u>101.82</u>
<b>C. Depreciation and Amortisation</b>	-	-
<b>D. Generation, Administration and Other expenses</b>		
Rent	47.19	47.18
Others	2.63	2.23
Rates & taxes	-	20.18
Communication expenses	2.12	0.68
Travelling expenses	12.83	5.03
Tender expenses	-	-
Less: Receipt from sale of tenders	0.07	8.14
Security expenses	1.20	0.00
Entertainment expenses	0.44	0.44
Less: Recoveries	0.09	0.00
Professional charges and consultancy fees	7.48	3.68
Miscellaneous expenses	17.64	0.04
<b>TOTAL (D)</b>	<u>91.55</u>	<u>87.59</u>
<b>TOTAL (A+B+C+D)</b>	<u>925.33</u>	<u>345.09</u>
<b>E. Less: Revenue from Operations</b>	-	-
<b>TOTAL (E)</b>	-	-
<b>F. Less: Other Income</b>		
Interest from:		
Others	5.90	14.64
<b>TOTAL (F)</b>	<u>5.90</u>	<u>14.64</u>
<b>G. Prior Period Items (net)</b>	-	-
<b>GRAND TOTAL (A+B+C+D-E-F+G)</b>	<u>919.43</u>	<u>330.45</u>

\* Balance carried to Capital Work -in-progress- (Note 12)



## OTHER NOTES

28. The financial statements for the year ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
29. Amount in the financial statements are presented in ₹ lakh (upto two decimals) except for per share data and as other-wise stated.

### 30. Capital and Other Commitments

- a) Estimated amount of contracts remaining to be executed on Capital account and not provided for as on 31.03.2012 is ₹ 8155.53 Lakh (Previous year ₹ 19,266.15 Lakh).
- b) The company has commitment for an amount of ₹ 233.34 lakh, payable to Bhilai Steel Plant every year as Ground rent and service charge against the lease hold land obtained from Bhilai Steel Plant for construction of 2X250 MW power plant and township for further remaining period of 24 years.
- c) The company has commitment for an amount of ₹ 6.16 Lakh, payable to NBCC every year as Ground rent against the Building at 4th Floor, NBCC Tower, 15, Bhikaji Cama Place, New Delhi acquired on perpetual lease.
31. Expenditure on account of the shared facilities, services and consumption of stores/ spares/ consumables etc. with respect to taken over plants of SAIL (CPP-II) have been booked as per the advice of SAIL, in accordance with Shared Services and Support Agreement entered into by the company with SAIL.
32. As per the Power Purchase Agreement (PPA) w.r.t. taken over plants of SAIL (CPP-II), the cost of coal and gas consumed at the plant is borne by SAIL, therefore, its cost has not been included in fuel cost. During the year, 25.48 Lakh MT (Previous year 24.45 Lakh MT) of coal costing ₹ 67565.00 Lakh (Previous year ₹ 48,374.00 Lakh) and gas costing ₹ 2570.17 Lakh (Previous year ₹ 2,937.14 Lakh) has been consumed in CPP-II.
33. During the year 2011-12, out of 21.67 Lakh Tons (Previous year 18.47 Lakh Tons) of ash generated, 9.55 Lakh Tons (Previous year 13.01 Lakh Tons) ash has been utilized for various productive purposes which is 44.07% (previous year 70.44%) of the total ash generated.
34. a) The long-term liabilities, current liabilities, loans and advances, current/non-current assets so far as these have since not been realized/ discharged or adjusted, are subject to confirmation/ reconciliation and consequential adjustment, if any.  
b) In the opinion of the management, the value of current assets, long term loans and advances and other non-current assets on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
35. Corporate Office expenditure common to CPP-II and Bhilai Expansion Unit (PP-III) are allocated to the respective Units in the proportion of 75:25.
36. NSPCL has MOU with SECL for coal supply for part of its coal requirement and the balance coal supply is being obtained through MOU with SCCL, e-auction and coal import route. However, as per recent directive for GOI, CIL has issued a draft model FSA, which is under study for further action.

### 37. Disclosure as required by Accounting Standard- 15 on 'Employee Benefits'

The General description of various employees' benefits schemes are as under:

#### A. Provident Fund

The Company pays fixed contribution to Provident Fund at pre-determined rate for its own employees and employees on secondment. Contribution to family pension scheme is paid to the appropriate authorities. For employees who are on secondment from NTPC, the amount is remitted to NTPC. The contribution of ₹ 569.78 Lakh (previous year ₹ 557.25 lakh) is recognized as expense and charged to the statement of Profit & Loss.

The obligation of the company is limited to such fixed contributions. As per terms of the deed of NSPCL Employees Provident Fund Trust, the employer shall make good deficiency, if any, in the interest rate earned by the Trust vis-à-vis to the statutory rate on year to year basis. The amount remitted to NSPCL EPF Trust, is invested in permitted securities. However, the Trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. Since overall interest earnings, profit/loss on redemption of securities and cumulative surplus of the trust is more than statutory interest payment requirement, no provision is considered necessary.

#### B. Gratuity

The company has a defined benefit gratuity plan. Every employee including non-executives absorbed from SAIL, who has rendered continuous service of five years or more is entitled to get gratuity @ 15 days salary (15/26 x last drawn Basic salary

plus Dearness Allowance) for each completed year of service subject to a maximum of ₹ 10.00 lakh on superannuation, resignation, termination, disablement or on death.

The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognized on the basis of actuarial valuation.

However w.r.t the employees on secondment from NTPC, the company pays fixed contribution @4.81% of annual basic pay and DA to NTPC on prorata basis and the same is recognized in the statement of Profit and Loss as expenses.

Pension scheme is yet to be implemented as stated in NOTE 10 above.

### C. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The liability for the same is recognized on the basis of actuarial valuation.

### D. Terminal Benefits

Terminal Benefits include settlement at hometown for employees and dependents and farewell gift at the time of superannuation of the employee. The liability for the same is recognized on the basis of actuarial valuation.

### E. Leave

The company provides for earned leave benefits (including Compensated absences) and half-pay leave to the employees of the company which accrue annually at 30 days and 20 days respectively. 73.33% of the earned leave is encashable while in service and a maximum of 300 days on superannuation. Half-pay leave is encashable only on separation beyond the age of 50 years up to a maximum of 240 days as per rules of the company. The liability of the same is recognized on the basis of actuarial valuation. However w.r.t the employees on secondment from NTPC, the company pays fixed contribution @11% of annual basic pay and DA to NTPC on prorata basis and the same is recognized in the statement of Profit and Loss as expense.

The above mentioned schemes (C, D and E) are unfunded and are recognized on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the statement of Profit and Loss, Balance Sheet is as under: (Figures given in {} represents previous year).

#### a) Expenses recognized in the Profit & Loss Account

(₹ in Lakh)

	Gratuity	PRMF	Leave	Terminal Benefits
Current Service Cost	92.74	16.51	111.85	-
	{84.71}	{15.10}	{118.09}	{-}
Interest cost on benefit obligation	109.89	23.66	78.03	-
	{109.34}	{19.95}	{56.69}	{-}
Expected return on plan assets	(118.45)	-	-	-
	{{88.64}}	{-}	{-}	{-}
Net actuarial (gain)/loss recognized in the year	52.34	7.15	115.29	23.93
	{{293.18}}	{{3.88}}	{149.73}	{35.93}
Expenses recognized in the statement of Profit & Loss	136.52	47.32	305.17	23.93
	{{187.77}}	{31.17}	{324.51}	{35.93}
Actual Return on Plan Assets	138.63	-	-	-
	{220.31}	{-}	{-}	{-}

#### b) The amount recognized in the Balance Sheet

(₹ in Lakh)

	Gratuity	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.03.12	1502.47	322.61	1131.79	95.32
	{1292.81}	{278.36}	{917.96}	{75.11}
Fair value of plan assets as at 31.03.12	1365.95	-	-	-
	{1480.58}	{-}	{-}	{-}
Net assets/ (liability) recognized in the Balance Sheet	(136.52)	(322.61)	(1131.79)	(95.32)
	{187.77}	{{278.36}}	{{917.96}}	{{75.11}}



## c) Changes in the present value of the defined benefit obligations

(₹ in Lakh)

	Gratuity	PRMF	Leave	Terminal Benefits
Present value of obligation as at 01.04.2011	1292.81	278.36	917.96	75.11
	{1366.76}	{249.36}	{708.67}	{42.27}
Acquisition Adjustment	-	-	9.70	-
	{-}	{-}	{-}	{-}
Interest cost	109.89	23.66	78.03	-
	{109.34}	{19.95}	{56.69}	{-}
Current Service Cost	92.74	16.51	111.85	-
	{84.71}	{15.10}	{118.09}	{-}
Benefits paid	(77.40)	(3.07)	(101.04)	(3.72)
	{{106.49}}	{{2.17}}	{{115.22}}	{{3.09}}
Net actuarial (gain)/ loss on obligation	84.43	7.15	115.29	23.93
	{{161.51}}	{{3.88}}	{149.73}	{35.93}
Present value of the defined benefit obligation as at 31.03.2012	1502.47	322.61	1131.79	95.32
	{1292.81}	{278.36}	{917.96}	{75.11}

## d) Changes in the fair value of plan assets

(₹ in Lakh)

	Gratuity	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 01.04.2011	1480.58	-	-	-
	{1108.02}	{-}	{-}	{-}
Expected return on plan assets	118.45	-	-	-
	{88.64}	{-}	{-}	{-}
Contributions by employer	(187.77)	-	-	-
	{258.74}	{-}	{-}	{-}
Benefit paid	(77.40)	-	-	-
	{{106.49}}	{-}	{-}	{-}
Net Actuarial gain/(loss)	32.09	-	-	-
	{131.67}	{-}	{-}	{-}
Fair value of plan assets as at 31.03.2012	1365.95	-	-	-
	{1480.58}	{-}	{-}	{-}

## e) Other disclosures:

(₹ in Lakh)

Gratuity	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	1502.49	1292.82	1366.76	1133.32	720.90
Fair value of plan assets as at the end of	1365.95	1480.59	1108.02	691.69	531.19
Surplus/(Deficit)	(136.53)	187.77	(258.74)	(441.63)	(189.71)
Experience adjustment on plan liabilities(loss)/gain	(89.71)	152.58	(142.18)	(174.64)	(152.41)
Experience adjustment on plan assets(loss)/gain	32.09	131.67	(18.01)	(16.81)	-



(₹ in Lakh)

PRMF	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	322.60	278.36	249.36	197.47	187.14
Experience adjustment on plan liabilities(loss)/gain	(24.57)	(1.17)	(26.92)	12.68	(16.50)

(₹ in Lakh)

Leave	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	1131.78	917.96	708.67	665.09	453.63
Experience adjustment on plan liabilities(loss)/gain	(118.79)	(152.43)	(21.06)	(135.79)	(133.81)

(₹ in Lakh)

Terminal Benefits	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Present value of obligation as at the end of	95.32	75.11	42.27	33.88	30.80
Experience adjustment on plan liabilities(loss)/gain	(9.00)	9.14	3.88	5.50	-

**f) The effect of one percentage point increase/decrease in the medical cost of PRMF will be as under: -**

(₹ in Lakh)

	Cost increase by 1%	Cost decrease by 1%	
i) Service and interest cost	₹ 9.30 lakh	₹ 6.64 lakh	
ii) Present value of obligation (PBO)	₹ 78.84 lakh	₹ 33.32 lakh	

**F. Other Employee Benefits**

Provisions for Long Service Award and Economic Rehabilitation Scheme amounting to ₹ (0.10) lakh (previous year ₹ (6.04) lakh) for the year have been made on the basis of actuarial valuation at the year-end and charged to the statement of Profit & Loss.

**G. Details of the Plan Asset**

Major categories of plan assets as percentage of total plan assets as on 31st March are as follows:

	2012	2011
i) Central Government securities	8.74%	8.75%
ii) State Government Securities	5.06%	5.06%
iii) Corporate Bonds/ debentures	19.62%	19.63%
iv) Funds managed by Insurer	66.23%	66.55%
v) Bank Balance (for Gratuity)	0.35%	0.01%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>



## H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

	2012	2011
i) Method used	Projected Unit Credit Method	
ii) Discount Rate	8.50%	8.00%
iii) Expected rate of return on assets (Gratuity only)	8.00%	8.00%
iv) Annual increase in costs/ Future salary increase	6.00%	5.50%

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

The Company's best estimate of the contribution towards gratuity for the financial year 2012-13 is ₹ 58.11 Lakh.

38. Disclosure of trade payables under current liabilities is based on the information received by the company from the suppliers regarding their status in response to the process initiated by the company for identifying their registration under "The Micro, Small and Medium Enterprises Development Act, 2006". Amount Overdue at the year end on account of principal is ₹ 10.49 lakh (Previous Year NIL) and on account of Interest is NIL (Previous Year NIL).

### 39. Disclosure as per Accounting Standard - 17 on 'Segment Reporting'

#### a) Business Segments:

The company has identified two business segments based on the risk and reward and regulatory authority associated with the sale of power. Sale from Bhilai Expansion project (PP-III) is regulated by CERC guidelines whereas sale from other power plants is based on the power purchase agreement with SAIL.

#### b) Segment Revenue and Expense:

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

#### c) Segment Assets and Liabilities:

Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

(₹ in Lakh)

Particulars	CERC		PPA		Unallocated		Total	
	Current Year	Prev. year	Current Year	Prev. year	Current Year	Prev. year	Current Year	Prev. year
Revenue:								
Sale of Energy	145428	113275	29418	27918			174846	141193
Segment result	36131	35750	5612	5505			41743	41255
Other Income	1644	2068	1516	839			3160	2907
Interest Expenses	13427	14918	706	572			14133	15486
Extra Ordinary & Prior period Items	(588)	111	163	60			(424)	171
Income Tax					(3)	24	(3)	24
Deferred Tax					11775	9347	11775	9347
Profit After Tax							19423	19133
Other Information								
Segment Assets	268066	259994	36240	31849	41710	45572	346016	337415
Segment Liabilities	11173	15181	8332	5393	29386	26158	48891	46732
Depreciation	12109	11635	4005	4690	17	19	16130	16344
Non Cash Expenses Other Than Depreciation								
Capital Expenditure	10796	9366	3993	3897	29	1	14818	13246

d) The Company has power stations located within the country and therefore geographical segments are not applicable.

#### 40. Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

As per clause 9 of the Accounting Standard 18 "Related Party Disclosures" issued by ICAI, the related party transaction disclosure is not required.

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

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

	Current Year	Previous Year
Net profit after tax used as numerator - ₹ in lakh	19422.94	19133.35
Weighted average number of equity shares used as denominator	950500100	950500100
Earnings per share (Basic and Diluted) - ₹	2.04	2.01
Face value per share - ₹	10/-	10/-

#### 42. Other disclosures as per Schedule VI of the Companies Act, 1956

(₹ in Lakh)

Particulars	Current Year	Previous Year
a) Value of imports calculated on CIF basis:		
Capital Goods	211.49	198.65
Spare Parts	54.64	22.46
b) Expenditure in foreign currency:		
Professional and consultancy fee	-	-
Interest	-	-
Others	1.82	3.45
c) Value of components, stores and spare parts consumed (including fuel)	Current Year	Previous Year
	% age      Amount	% age      Amount
Imported	0.13      115.82	0.39      235.66
Indigenous	99.87      88792.54	99.61      60475.36
d) Earning in foreign Exchange		Current Year      Previous Year
Professional & consultancy fee		-      -
Others		-

43. Previous year figures have been re-grouped/ re-arranged wherever necessary to make them comparable with those of the current year.

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

Sd/-  
**(UMANG VATS)**  
Company Secretary

Sd/-  
**(S.V.Shahi)**  
Chief Finance Officer

Sd/-  
**(D.P.BAJAJ)**  
DIRECTOR

Sd/-  
**(N.N.MISRA)**  
CHAIRMAN

As per our report of even date  
for **Rajendra K. Goel & CO.**  
**CHARTERED ACCOUNTANTS**  
FRN No. 01457N

Sd/-  
**(R. K. Goel)**  
PARTNER  
Membership No. 06154

Place: New Delhi  
Date: 09.05.2012



## AUDITORS' REPORT

To the Members of

**NTPC-SAIL Power Company Private Limited**

1. We have audited the attached Balance Sheet of **NTPC-SAIL Power Company Private Limited** as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to the financial statements and other Notes, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - b. In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
    - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Rajendra K. Goel & Co.**  
**Chartered Accountants**  
**FRN: 01457N**

Sd/-  
**R.K Goel**  
**(Partner)**

**Membership. No. 06154**

**Place : New Delhi**  
**Date : 09.05.2012**

## ANNEXURE TO AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the management. The discrepancies noticed were not significant and have been properly dealt with in the accounts.
- (c) Substantial part of the fixed assets has not been disposed off during the year.
- II. (a) The inventories excluding material in transit have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of Inventories, wherever material, have been properly dealt with in the books of account.
- III. (a) The Company has not granted any loans, secured or unsecured, from Companies, firms and other parties, covered in the register maintained under section 301 of the Companies Act, 1956.
- In view of clause (iii) (a) above, the clauses (iii) (b), (iii) (c) and (iii) (d) are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other Parties covered in register maintained under section 301 of the Companies Act, 1956.
- In view of (iii) (e) above, the clauses (iii) (f) and (g) are not applicable.
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V. (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of clause 5 (a) above, the clause 5 (b) is not applicable.
- VI. The Company has not accepted any deposit within the meaning of section 58A & 58AA of the Companies Act, 1956.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, the scope and the extent of the internal audit need to be further enhanced, having regard to the expanding activities of the company.
- VIII. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determining whether they are accurate and complete.
- IX. (a) Undisputed statutory dues including provident fund, investor education and protection fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31st March 2012, for a period of more than six months from the date they became payable.
- (b) According to the record of the company & explanations given to us, there are disputed dues of Service Tax, Income Tax and other statutory dues aggregating to Rs. 5608.34 Lacs which have not been deposited, the details are as under: -



# 13<sup>th</sup> Annual Report 2011-2012

Name of the Statute	Nature of the Dues	Amount [Rs. in lacs]	Period to which the amount relates	Forum where dispute is pending
Service Tax department	Service Tax	2603.01	10.09.2004 to 28.02.2005	Pending with Hon'ble High Court of Calcutta and Orissa
Income Tax Department	Income Tax	1040.94	2008-09	CIT (Appeal)
Income Tax Department	Income Tax	63	2005-06	ITAT
Construction Labour Welfare Cess Act	Labour Welfare Cess	100.54	Upto April 2009	Pending with Hon'ble High Court of Chattisgarh
Income Tax Department	Income Tax	1039.17	2009-10	CIT (Appeal)
Income Tax Department	Income Tax	208.69	2009-10	ACIT
Income Tax Department	Income Tax	552.99	2007-08	ACIT

- X. The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- XI. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a Financial Institution or Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a Chit Fund company or a Nidhi/Mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- XIV. The company is not dealing in or trading in share, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the company.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or Financial Institutions.
- XVI. In our opinion, the term loans have been applied for the purpose for which they were raised.
- XVII. According to information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment & vice-versa.
- XVIII. The company has not made preferential allotment of shares during the year, to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- XIX. The Company has not issued any debentures during the year and accordingly, the provisions of clause 4 (xix) of the Order is not applicable to the Company.
- XX. During the year under audit, the Company has not raised money by public issue and accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- XXI. Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit.

**For Rajendra K. Goel & Co.**  
Chartered Accountants  
FRN: 001457N

Sd/-  
R.K Goel  
(Partner)  
Membership. No. 06154

Place : New Delhi  
Date : 09.05.2012

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE  
ACCOUNTS OF NTPC-SAIL POWER COMPANY PRIVATE LIMITED FOR  
THE YEAR ENDED 31 MARCH 2012**

The preparation of financial statements of NTPC-SAIL Power Company Private Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09.05.2012.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of NTPC-SAIL Power

Company Private Limited for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 619(4) of the Companies Act, 1956.

**For and on the behalf of the  
Comptroller & Auditor general of India**

Place: Ranchi  
Date: 18.06.2012



(Manoj Sahay)  
Principal Director of Commercial Audit



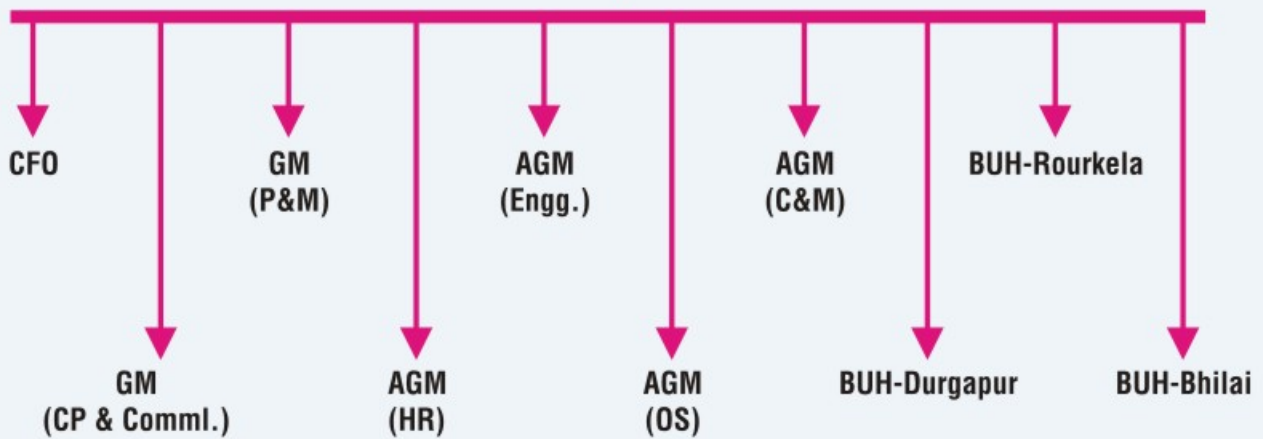


# ORGANIZATION CHART

## BOARD OF DIRECTORS

CHAIRMAN

CHIEF EXECUTIVE OFFICER









**NTPC-SAIL Power Company Private Limited**  
(A Joint Venture of NTPC & SAIL)