14th Annual Report

2012 - 2013

NTPC-SAIL Power Company Private Limited


NSPCL

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BOARD OF DIRECTORS

Shri N.N. Misra
Chairman

Shri S.D.M. Nagpal
Director

Shri R.K.S. Gahlowt
Director

Shri R.K. Vijayavergia
Director

Shri Tej Veer Singh
Director

Shri R. Bhargava
Director

Shri Manash sarkar
Director

Shri D. Basu
Director

BOARD OF DIRECTORS OF NSPCL

Shri N.N. Misra
Chairman
Director (Operations), NTPC Limited
5th 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

Shri R.K.S. Gahlowt
Director
Executive Director (CC&M), NTPC Ltd.
3rd Floor, Core 5, SCOPE Complex,
7, Institutional Area, Lodhi Road
New Delhi- 110003

Shri R.K. Vijayavergia
Director
Executive Director (Operations), SAIL
5th Floor, ISPAT Bhawan, Lodhi Road,
New Delhi-110003

Shri Tej Veer Singh
Director
Executive Director (P&E), SAIL
19th Floor, SCOPE Minar,
Laxmi Nagar, District Centre,
Delhi-110092

Shri R. Bhargava
Director
CEO - Bokaro Power Supply Co. (P) Ltd
Room No. 7- 01, Old Administrative
Building, Ispat Bhawan,
Bokaro Steel City- 827001

Shri Manash Sarkar
Director
Managing Director, RGPPL
2nd Floor , Block - 2
Plot No. 2B Sector - 126,
Expressway Noida-201304

Shri D. Basu
Director
General Manger (Internal Audit), NTPC Ltd.
4th Floor, Core -7, SCOPE Complex,
7, Institutional Area, Lodhi Road,
Delhi-110003

SENIOR OFFICIALS

CORPORATE CENTRE (CC)

Shri K.K. Sharma Chief Executive Officer	**Shri S.V. Shahi** Chief Finance Officer	**Shri G. Basu** GM (CP & Comml.)	**Shri A.N. Verma** GM (HR)
Shri Bhaskar Bhattacharya GM (Engg.)	**Shri Ashish Dev** AGM (I/C)	**Shri V.K. Dassani** AGM (I/C)	**Ms. Umang Vats** Company Secretary

PROJECTS

DURGAPUR
Shri K.R.C. Murty
Business Unit Head

ROURKELA
Shri Y. Singh
Business Unit Head

BHILAI
Shri Debasis Sarkar
Business Unit Head

Regd. Office

4th 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
5. Union Bank of India
6. United Bank of India
7. Rural Electrification Corporation Limited

CHAIRMAN'S STATEMENT

Gentlemen,

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

The year 2012-13 has been another eventful year for the Company. CPP-IIs at Bhilai, Durgapur and Rourkela with total installed capacity of 314 MW achieved a generation level of 2602 MU at availability factor of 94.71%. During 2012-13, Bhilai PP-III (2X250 MW) generated 4030MU (with DC -98.88%) against3978 MU (with DC-92.95%), recording an increase of 5.93% in the DC. Bhilai PP-III (2X250 MW) has been ranked 6^{th} in terms of PLF (92%) among all the coal based stations in the country. 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 has been exploring in the arena of Green Power and has also started initial activities for installation of 5 MW solar project at Diu.

During the year, commercial billing of ₹1575 Crore was done for power supply from Bhilai PP-III (2X250 MW) and 100% realisation was achieved. Target for capitalization of Bhilai PP III expenditure was achieved to meet the CERC requirement.

During the year, your company recorded total income of ₹ 2582.90 Crore against ₹2481.41Crore (including cost of coal) in the previous year 2011-12, registering an increase of 3.92%. This is mainly on account of better operational performance, higher recovery of capacity and energy charges, UI charges of Bhilai PP-III and marginal increase in return on notional equity of additional capitalisation of fixed assets of CPP-IIs. Correspondingly, your company recorded Net Profit (after tax) of ₹248.06 Crore in the year 2012-13 as compared to ₹194.22Crore in the previous year, registering an increase of 21.7%.

To meet additional power requirement of SAIL, your company is planning for new capacity addition of 1250 MW with 2x250 MW PP, Stage-II at Bhilai, 1x250 MW PP, Stage-I at Rourkela and 2x250 MW PP at Jagdishpur. 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 emphasis on targeted completion of Renovation and Modernization of power plants for the purpose of life extension of units, performance improvement, capacity enhancement, availability improvement. 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 scheme for upgradation of ESP at Durgapur is under finalization. Dry ash collection system at Durgapur & Rourkela is nearing completion and shall be commissioned shortly.

Your company has been ranked 20^{th} among top 50 Companies (less than 1000 employees category) and 3^{rd} in the category of Manufacturing and Production industry in 2012 as per Economic Times and Great Place to Work Institute study.

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

I take this opportunity to 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. I assure you that Team NSPCL will steer the company to newer heights with each passing year with their invaluable contribution and co-operation.

Thank you,

Sd/-
(N.N. MISRA)
CHAIRMAN

Place: New Delhi
Date: June 27, 2013


TG#1 MW
TG#2 MW
TG#3 MW
15.8
23.3
0.0
TOTAL MW
HEADER PR
TG 3 EXT FLOW
37.8
62.97
-3.77

SELECTED FINANCIAL INFORMATION

(₹ in Lakh)

		2012-13 #	2011-12 #	2010-11 #	2009-10	2008-09
A.	**Total Revenue**					
	Earned from					
	Sale of Energy incl. cost of Coal of PP-II	255171.55	244981.17	192503.92	138877.00	63610.00
	Sale of Energy excl. cost coal of PP-II (A)	186680.55	174846.17	141192.92	94511.00	26615.00
	Other Income (B)	3119.00	3160.09	2906.64	1198.00	350.00
	Total (A + B)	**189799.55**	**178006.26**	**144099.56**	**95709.00**	**26965.00**
B.	**Paid & Provided for**					
	Fuel	89573.18	84385.78	56232.74	35537.00	821.00
	Employees Remuneration & Benefits	12121.66	11382.23	9767.11	9500.00	5564.00
	Generation, Administration & Other Expenses	21714.32	21205.08	17593.58	10918.00	8595.00
	Provision (Net)	-	-	-	7.00	26.00
	Prior Period/Extra Ordinary Items	19.21	(424.43)	171.39	5.00	(114.00)
	Total	**123428.37**	**116548.66**	**83764.82**	**55967.00**	**14892.00**
	Profit before depreciation, Interest & finance charges and Tax (PBDIT)	**66371.18**	**61457.60**	**60334.74**	**39742.00**	**12073.00**
	Depreciation	16706.06	16130.50	16344.27	13350.00	4543.00
	Profit before Interest & finance charges and Tax (PBIT)	**49665.12**	**45327.10**	**43990.47**	**26392.00**	**7530.00**
	Interest & Finance Cost	13244.11	14132.57	15485.75	13755.00	679.00
	Profit Before Tax (PBT)	**36421.01**	**31194.53**	**28504.72**	**12637.00**	**6851.00**
	Tax (Net)	11614.81	11771.59	9371.37	4244.00	3303.00
	Profit After Tax (PAT)	**24806.20**	**19422.94**	**19133.35**	**8393.00**	**3548.00**
	Dividend	13236.75	11406.00	10456.00	2900.00	900.00
	Dividend Tax	2249.59	1850.34	1696.00	493.00	153.00
	Retained Profit	**9319.86**	**6166.60**	**6981.35**	**5000.00**	**2495.00**
C.	**What is Owned**					
	Gross Fixed Assets	339888.01	329609.53	309866.00	297259.00	76949.00
	Less: Depreciation	101523.43	84234.01	67783.00	50727.00	37374.00
	Net Block	238364.58	245375.52	242083.00	246532.00	39575.00
	Capital Work-in- Progress, Construction Stores & Advances	5801.49	6103.71	11029.54	12087.00	219540.00
	Current, Assets, Loans & Advances	107977.52	94536.74	84303.58	81998.00	73166.00
	Total Net Assets	**352143.59**	**346015.97**	**337416.12**	**340617.00**	**332281.00**
D.	**What is Owed**					
	Long Term Loans	128318.49	144972.44	156472.00	174561.00	181403.00
	Current Liabilities & Provisions	47862.84	48890.85	46732.14	48184.00	42423.00
	Total Liabilities	**176181.33**	**193863.29**	**203204.14**	**222745.00**	**223826.00**
E.	**Others**					
	Deferred Tax Liabilities (Net)	37027.85	25538.14	13764.00	4417.00	0.00
F.	**Net Worth**					
	Share Capital	98050.01	95050.01	95050.00	95050.00	95050.00
	Reserves & Surplus	40884.40	31564.54	25398.00	18405.00	13405.00
	Net Worth	**138934.41**	**126614.55**	**120448.00**	**113455.00**	**108455.00**
G.	**Capital Employed**	**267252.90**	**271586.99**	**276920.00**	**288016.00**	**289858.00**
H.	**No. of Shares**	**980500100**	**950500100**	**950500100**	**950500100**	**950500100**
I.	**No. of Employees**	**782**	**779**	**786**	**805**	**700**
J.	**Ratios***					
	Return on Capital Employed (%)	13.63	11.49	10.29	4.39	2.36
	Return on Net Worth (%)	17.85	15.34	15.89	7.40	3.27
	EPS (₹)	2.56	2.04	2.01	0.88	0.42
	Current Ratio	2.26	1.93	1.80	1.70	1.72
	Dividend payout including Tax on PAT (%)	62.43	68.25	63.51	40.43	29.68
	Dividend payout including Tax on Equity (%)	15.79	13.95	12.78	3.57	1.11
	Debt to Equity	0.92	1.14	1.30	1.54	1.67

Comparative data based on old Sch-VI formats. Financial Statements Prepared based on Revised Sch VI formats

* Ratios for the F.Y. 2008-09 & 2009-10 are based on Equity Capital of PP-II (₹15050.01 Lakhs) only, since PP-III commissioned in the F.Y. 2009-10

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 14th Annual Report on the performance of your company during the financial year ended March 31, 2013 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)

	2012-13	2011-12
Total Income *	2582.90	2481.41
Operating Expenditure *	1919.19	1866.84
Finance Cost	132.44	141.33
Depreciation & Amortization Expenses	167.06	161.30
Profit before tax	364.21	311.94
Provision for current Tax	1.25	(0.03)
Profit after Current Tax	362.96	311.97
Provision for Deferred Tax	114.90	117.75
Profit After Tax	248.06	194.22

*Including cost of coal (Current Yr. ₹684.91 crore & Previous Yr. ₹701.35 crore) which is a free supply and therefore, does not form part of the sales turnover and operating expenditure in case of Captive Power Plants-II as reflected in Financial Statements.

Your company recorded a total income of ₹2582.90 crore during 2012-13 as against ₹2481.41 crore in the previous year. The increase in the total income of ₹101.49 crore was mainly due to increased recovery of energy charges on account of increase in coal cost and annual fixed cost & higher UI charges in case of Bhilai (2X250 MW) Power Plant-III and marginal increase in return on notional equity of additional capitalization of fixed assets in case of PP-II. The increase in operating expenditure of ₹52.35 crore was mainly on account 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 was higher by ₹53.84 crore over the previous year. The increase in profit on account of increase in return on notional equity on additional capitalization of Fixed Assets and increase in interest on normative Working Capital in case of PP-II and higher Declared Capacity (DC), increased contribution from Coal in case of PP-III.

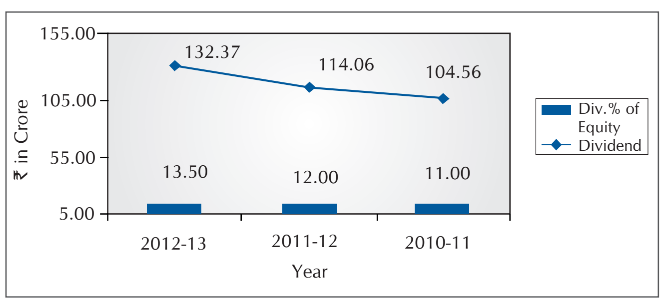
DIVIDEND

Your Directors have recommended a dividend of ₹132.37 crore for the year which is 13.50% of equity share capital. However, the total cash out flow on account of Dividend & tax thereon amounts to ₹154.87 crore and the dividend payout including Tax accounts for 62.43% of Profit After Tax. The dividend shall be paid after your approval at this Annual General Meeting. Your Directors believe that growth of the

Shri K.K. Sharma, CEO presenting Dividend Cheque to Chairman, SAIL

Shri K.K. Sharma, CEO presenting Dividend Cheque to CMD, NTPC

company through capacity addition would lead to increase in shareholders' value.



OPERATIONAL PERFORMANCE

During the financial year 2012-13, your Company's CPP II's (314 MW) generated 2601.868 MU at an Availability factor of 94.71%. Durgapur CPP-II (120 MW) recorded 952.183 MU at Availability Factor of 93.53%. Rourkela CPP-II (120MW) generated 1038.460 MU at Availability Factor of 96.08%. Plant Load Factor at Rourkela CPP-II in 2012-13 was in excess of 100%. Bhilai CPP-II recorded a generation of 611.225 MU at Availability Factor of 94.40% during the same period.

Bhilai CPP-II (2x250 MW) generated 4029.76 MU at an Availability Factor of 95.42% which has been its best since inception. Its DC of 98.88% has also been best since inception.

Annual overhauling of the units at Durgapur & Rourkela CPP-II and Bhilai PP-II was carried out. Six years rolling plan for overhaul of units has been drawn along with Residual Life Assessment studies on the ageing units. Phase-I of R&M has already been taken-up to maintain improved performance level. Further R&M plans are being finalized. In addition, Bhilai CPP-II also supplied ₹5.63 lakh tons of saturated steam at 8 ata and ₹6.56 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 new capacity addition be planned by NSPCL at the following locations:

- Bhilai PP-III Stage-II – 2 x 250 MW, coal fired plant
- Rourkela Power Project III –1 x 250 MW, coal fired plant
- Jagdishpur Thermal Power Plant –2x250 MW, coal fired plant

For Bhilai PP III, Stage-II (2X250 MW), Feasibility Report has already been approved by your Board. Terms of Reference (TOR) of Environment Impact Assessment study has been approved by MOEF and EIA study is in progress. The promoters of the Company i.e. NTPC Ltd. and SAIL have been requested to give in-principle approval for equity contribution. PPA's have been signed with UT Dadra and Nagar Haveli and UT Daman and Diu. SAIL has sent its purchase commitment. Clearance from Airport Authority of India for Chimney has already been received. Site specific study related to Railway siding is already completed.

For Rourkela Power Project III (1X 250 MW), Feasibility Report has been approved by your Board. Site specific studies viz. Topographic survey, GTI, Hydrography and Area Drainage have been completed. EIA final report is ready. The promoters i.e. NTPC and SAIL have been requested to give in-principle approval for equity contribution. In-principle approval for equity contribution by SAIL for this project has been accorded by SAIL board. PPA's have been signed with GRIDCO, UT Dadra and Nagar Haveli and West Bengal. SAIL has sent its purchase commitment. Signing of PPA is under progress.

For Jagdishpur Thermal Power Plant (2 x250 MW), Feasibility Report has been approved by your Board. Initial site specific studies viz. Topography, GTI, Hydrography and Area Drainage have already been awarded. Your company has requested its promoters viz. NTPC Ltd and SAIL for in principle approval for their equity participation in the project PPA has been signed with UT Daman & Diu and UT Dadra & Nagar Haveli for earlier envisaged gas power project which is being regularized through supplementary agreement.

COMMERCIAL PERFORMANCE

Your company has realized 100% payment of current bills raised for sale of power for the fourth consecutive year. Subsequent to commercial operation of the units at Bhilai 2X250 MW, Stage-I, billing and realization of dues for power supply from its 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 is also supplied to Visvesvaraya Iron and Steel Plant (VISL) of SAIL. Bhilai Expansion Power Plant (2x250 MW) is an interstate power plant and tariff of this plant is approved by CERC as per Tariff Regulation, 2009. During FY 2012-13, energy billing of ₹1575 Cr. has been done for the power supply from Bhilai 2x250 MW Power plant to its various beneficiaries and 100% realization of the energy bills has been achieved. From operations of CPP-II (314 MW) at Durgapur, Rourkela and Bhilai against energy billing of ₹303.84 Cr. almost 100% realization was done during FY 2012-13.

CUSTOMER RELATIONSHIP

Customer Relationship Management (CRM) initiative has been taken by your Company which is helping in significant improvement in cash flow situation. Regular structured interaction with customers are taking place for constant feedback and improvement. Your company has organized a

customer meet during the year for better interfacing and there is no outstanding issue on power supply.

FUEL SUPPLY FOR BHILAI PLANT (2X250 MW)

Your Company had signed MOU with South Eastern Coalfield Limited (SECL) in 2010-11 for 2.16 MTPA. SECL insisted to reduce the MOU quantity and accordingly fresh MOU for 1.76 MTPA coal (corresponding to 73% of ACQ i.e. Annual Contracted Quantity) was signed. This MoU arrangement is being extended as per the directives of CIL till signing of fresh MoU/FSA. To bridge the gap between expected and actual materialization from the sources, an agreement for supply of 0.6MT of import coal was signed with MMTC in 2011-12 for two years and 0.36 MT imported coal was received in 2012-13. The e-auction route and coal procurement from SCCL was also resorted to, from which 0.62 MT and 0.07 MT were procured respectively during 2012-13. A fresh contract for supply of 0.9 MT of imported coal has also been signed with MMTC for a period of two years. MOU has been signed with SCCL for 0.5 MT coal for year 13-14. For CPP-II's at Durgapur, Rourkela and Bhilai, SAIL has been supplying coal after procurement from mines.

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. CPP-II Rourkela won prestigious First prize in CII (Odisha) Award for Best Practices in Safety, Health & Environment. Rourkela also bagged the Gold Awards for Environment & Safety Greentech in Power Sector category for the year 2012 in recognition of its excellent work done in environment management as well as concern and commitment towards safety & environment protection at its plant (CPP-II) inside Rourkela Steel Plant. CPP-II Durgapur also bagged the Gold & Silver Awards for Safety & Environment respectively from Greentech in Power Sector category for the year 2012. These prestigious Awards are 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 also held periodically.

CORPORATE PLAN

The company has finalized its Corporate Plan for future horizon of 2010- 22. NSPCL Corporate Plan 2010-22 along with 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 non- renewable and renewable sources. Various activities as per recommendations of Corporate Plan 2010-22 are being implemented in phased manner matching with strategy of your Company and its plan.

HUMAN RESOURCE MANAGEMENT

The HR philosophy of your Company is putting 'People First' for achieving sustainable growth. The company is investing in people development on a consistent basis. Employees are nominated to a variety of training and competency development programmes to build and sustain desired level of collective knowledge asset. Initiatives like Professional Circles, Quality Circles, Suggestion Schemes, Business Quizzes etc are encouraged so as to develop a culture of learning & continuous improvement. The latest in the series of events is the plan to develop Individual Development Plans (IDP'S) of all employees based on Competency Mapping and ensuring 7 days of training for all employees.

Your Company was ranked 20th in Top 25 Company Category (below 1000 employees) and 3rd in the Category of Manufacturing and Production Industry in the study conducted by Great Place to Work based on employees' response to the Trust Index Survey and Culture Audit. Around 600 Organisations registered for the study, out of which 514 Companies qualified to participate.

NSPCL bagged two awards from World HRD Congress viz. **Award for Best HR Practices in line with Business and 10th Best Employer Award.**

NSPCL Durgapur bagged Greentech Safety Gold Award 2012 in Power Sector. NSPCL Rourkela bagged Greentech Fire, Safety & Security Award (Gold)- 2012; Greentech Environment Excellence Award (Gold) – 2012 and CII, Odisha Awards-2012 for Best practices in Safety, Health & Environment.

COMPANY CADRE BUILDING

Company now has 519 employees in its own cadre and 263 employees are on secondment from NTPC. The total strength of company was 782 as on 31.03.2013. The Man MW ratio is 0.96.

TRAINING AND DEVELOPMENT

Your Company considers training to be an integral part of its policy on HR development. Being a Learning organization, your company has a policy to ensure Training & Development of all employees. The target was to give at least 7 days training to all employees and as a result of sustained efforts; the achievement was 8.16 mandays per employee.

EMPLOYEE BENEFIT & WELFARE

In order to enhance Employee Engagement and as a part of culture building initiatives, your Company organized a number of welfare and cultural programmes. Inter Unit Cultural Meet was conducted for the first time which involved participation of employees as well as family members. Inter Unit Sports Meet, Team Building Events, Birthday celebrations, New Year Celebrations, Celebrations of Festivals 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 was successfully organised with the purpose of enhancing communication channels between Management and Non-Executives' representatives.

CSR AND SUSTAINABLE DEVELOPMENT

CSR

As a part of its Corporate Social Responsibility, your company undertook activities like education to underprivileged children, women empowerment by providing training in computers, beauty Culture, stitching, embroidery etc. to underprivileged women and girls, development of infrastructure facilities, giving essential items to leprosy centers, providing computers, water coolers etc. to Government Schools at nearby villages, organizing free medical camps etc. for helping the society at large, 52 Nos. Chairs (3 seater each) were given for the renovation of Reception area of the Cancer Ward at AIIMS, New Delhi.

ASH UTILISATION

During the year, about ₹13.85 lakh tons of ash has been utilized for various productive purposes. Major utilization was in the areas of Ash Dyke raising, land development, cement manufacturing 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)	39.11
Rourkela (2 X 60 MW)	104.50
Bhilai PP2 (2 X 30MW) + (1 X 14 MW)	54.29
Bhilai PP3 (2 X 250 MW)	70.15
The NSPCL overall (814 MW)	70.2

TREE PLANTATION

Your Company has planted more than 25000 trees during the year around its projects as a measure to take massive afforestation, which is protecting ecology and environment.

COMPANY WIDE ERP SYSTEM

Your company is in the process of implementation of company wide 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. Company has decided to implement SAP-ERP, which is the best known ERP solution and is also implemented in NTPC and SAIL. In this regard a consultancy contract is awarded to MDI, Gurgaon for ERP implementation road map, preparing technical specification etc. MDI, Gurgaon is also involved in the Bid Process Management for System Integrator, Data Centre (DC)/ Disaster Recovery Centre (DRC) and Hardware Procurement and Project Monitoring Phase for SAP ERP implementation at NSPCL The tender for SAP license supply and implementation has been floated among SAP recommended agencies . The evaluation of bids is under process.

BOARD OF DIRECTORS

SAIL through their letter dated September 13, 2012 has Nominated Shri Tej Veer Singh, ED (P&E), SAIL as Director in place of shri D.P. Bajaj. Further, SAIL through its letter dated December 19, 2012 has nominated Shri R. Bhargava, ED BPSCL, as Director in place of Shri R. Kulshreshtha.

Consequent upon resignation from NTPC Shri S.N. Goel relinquished his charge as Director of the Company with effect from September 26, 2012. NTPC through their letter dated June 24, 2013 has nominated Shri Manash Sarkar, MD-RGPPL, as director in place of Shri S.N. Goel.

The Board placed on record its deep appreciation for the contribution made by Shri D.P. Bajaj, Shri R. Kulshreshtha and Shri S.N. Goel during their tenures.

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 2012-13.

COST AUDITORS

As prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001 applicable for the financial year 2011-12 & 2012-13, the Cost Accounting records are being maintained by all stations of the Company. The particulars of Cost Auditors as required under Section 233(B) of the Companies Act, 1956 read with General Circulars No. 15/2011 dated 11.04.2011 issued by Ministry of Corporate Affairs are given below:

The firm of Cost Accountants, M/s. Tanmaya S. Pradhan & Co., has been appointed as Cost Auditors for the financial year 2012-13 for all the stations including the Corporate Office. The due date of filling of the Cost Audit Reports for the financial year ended 31st March 2013 is September 27, 2013 and the same 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 2012-2013 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, 2013, 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, 2013 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 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

Sd/-
(N.N. MISRA)
CHAIRMAN

Place: New Delhi
Date: June 27, 2013

ANNEXURE - I

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SCENARIO

Industry - An Overview

In the recent year the effect of economic recession has cast its shadow on industrial growth broadly all over the world. Even in this scenario, Indian economy is one of the fastest growing economies in the world. Commensurate developmental spurt in Power Sector continued even in these years. The power industry in India has seen a sea change in last decade and the power 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 2005-12. The power industry is to negotiate some major challenges namely

- Securing fuel from imported coal market is becoming increasingly costly and fraught with problem of logistics due to infrastructural problem.
- Financial wealth of distribution sector.
- Securing land clearances.

All India Electricity generation during F.Y. 2012-13 is 911.209 BU with a growth rate of 3.97% over same period last year as shown in sector wise growth

Category	Actual Generation FY 2012-13 (BU)	Actual Generation FY 2011-12 (BU)	Growth (%)
Thermal	760.37	708.81	7.27
Nuclear	32.87	32.29	1.81
Hydro	113.63	130.51	(12.94)
Bhutan Import	4.79	5.28	(9.38)
TOTAL	**911.66**	**876.89**	**3.97**

Source: CEA OPM Division Report

Demand and Supply position

The last three years demand and supply position in the country is indicated below

Fiscal Year	Requirement (MU)	Availability (MU)	Deficit (%)
2010-11	8,61,591	7,88,355	8.50
2011-12	9,33,741	8,76,890	6.10
2012-13	9,98,114	9,11,209	8.70

Source: LGBR 2013-14 of CEA - Power Supply Position during 2012-13

The energy requirement registered a growth of 6.5% against projected growth of 5.1%.

Captive Sector

The Electricity Act, 2003 liberalizes captive generation. As per The Act 2003, “Captive generating plant” – is a Power plant set up by any person to generate electricity for his own use and includes a Power plant set up by any co–operative society or association of persons for generating electricity primarily for use of members of such co- operative or association. The provisions of the Act allow that surplus power upto maximum of 49% of the capacity of the captive power plant can be sold to bulk purchaser keeping minimum of 51% of capacity for own consumption. The metal and mineral sector has largest share of Captive capacity in India in the tune of 33% and the CAGR of Captive capacity over a period of 06-12 is 9.6% vis a vis CAGR of 6.2% for utilities and thus captive power sector offers a lot of growth potential in the future.

Potential for Growth

For industries like aluminum, iron & steel etc. electricity is one of the critical input cost component which 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 exists a cost advantage of captive power vis-a-vis grid power (industrial segment) apart for increase in reliability of power supply. So in these industries potential for growth of captive power is substantial. In these segments business opportunity also exist due to the fact that present captive power market is broadly a fragmented market with quite a no. of players having low market share and focusing on respective captive needs.

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 rise to 213 GW. This provides a major opportunity to contribute to the capacity addition. In this line, NSPCL is contemplating addition of approximately 1750 MW in two phases at SAIL based steel plants as envisaged in NSPCL Corporate Plan 2022.

RISKS AND CONCERNS

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 exits. However, as per the present arrangement with SAIL, coal is supplied by SAIL plants to CPP IIs and hence risk of fuel supply for generation from CPP-IIs is mitigated.

For Plants other than PP-IIs, suitable measures, e.g. long term fuel supply agreement with coal supplier like SECL at regulated price, short term coal linkage with coal company at negotiated price, e-auction mode of sourcing coal and import of coal are taken to mitigate fuel risks. For new projects, sourcing of coal through FSA coal, imported coal and as envisaged in NSPCL Corporate Plan, captive mine may be considered to mitigate fuel risk.

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. Further, SAIL being a promoter as well, risk of return in future period is mitigated. Typically for PP-IIs, 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 the beneficiaries have signed long term Power Purchase Agreement (PPA) with NSPCL which include appropriate security mechanism through letter of credit facility. 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 promoters) as mentioned by SAIL and for balance capacity already PPA's have been signed with Gridco, WBSEDCL, 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 markets. NSPCL is mainly in power generation of captive nature and there are very few companies in India managing similar business on independent basis. Given the expertise in this particular area, NSPCL has opportunities in future to be a dominant player in running and managing captive power plants on behalf of other companies and setting up similar projects.

INTERNAL CONTROL

The Company has an efficient system of internal control for ensuring compliance with relevant statutes, rules and regulations. Internal audit is conducted by firm (s) of Chartered Accountants twice in a year. Further, the Company is in the process of setting up in house internal Audit Department which will further strengthen the Internal Control of the Company. The management has laid down guidelines for accounting and financial matters consistent with those of our promoter company–NTPC Limited to ensure adequate and timely accounting of the same in the books of account.

FINANCIAL PERFORMANCE

Overview

The Company has prepared the financial statements in accordance with Revised Schedule VI. The Accounts of the Company for the year ended 31st March 2013 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:

(₹ Crore)

Particulars	Year ended 31st March	
	2013	2012
Generation (MU)		
PP-II	2601.87	2652.26
PP-III	4029.76	3978.00
TOTAL	**6631.63**	**6630.26**
Energy sent out (MU)		
PP-II	2299.78	2340.94
PP-III	3681.48	3642.11
TOTAL	**5981.26**	**5983.05**
PLF (%)		
PP-II	94.59%	96.16%
PP-III	92.00%	90.57%
TOTAL	**93.00%**	**92.73%**
Addl saturated steam supply (lakh ton) from BHL unit		
- 18 ata	6.57	6.05
- 8 ata	5.63	5.75

The Marginal increase in generation of the Company during the year was mainly due to better performance of PP-III Plant during the year.

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 total Income of the company (net of electricity duty & parallel operation charges for PP-III) for the year 2012-13 stood at ₹1897.99 crore (previous year ₹1780.06 crore). Sales on an overall basis have increased over the previous year, by ₹118.34 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 and increase in interest on normative Working Capital in case of PP-II.

Break up of Revenue from Operation is as follows:-

(₹ Crore)

Particulars	Year ended 31st March	
	2013	2012
PP-II	305.76	294.18
PP-III	1561.04	1454.28
TOTAL	**1866.80**	**1748.46**

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 2012-13 stood at ₹ 990.67 crore (Previous year was ₹ 995.53 crore) for PP-IIs.

PP-III

Based on final tariff order from CERC, sales of PP-III has increased to ₹1561.04 crore from ₹1454.28 crore in previous year. Sales has increased by ₹106.76 crore over previous year mainly due to increased recovery of energy charges, for increase in Coal cost, annual fixed costs and higher Incentive due to higher DC (cumulative DC of 98.88% achieved in this year as against 92.95% in last year).

3. Other income

Other income stood at ₹31.19 crore for the year 2012-13 (previous year ₹31.60 crore). The marginal decrease of other income in the current year over the previous year is mainly on account of decrease in interest income of fixed deposits from available internal investible surplus.

4. Expenditure

The total expenditure for the year ended 31st March 2013 and 31 March 2012 are given below:

(₹ Crore)

Particulars	Year ended 31st March			
	2013			2012
	PP-III	PP-II	Total	Total
Fuel	889.03	6.70	895.73	843.86
Employee benefits expense	32.77	88.45	121.22	113.82
Finance Cost	126.76	5.68	132.44	141.33
Depreciation & amortization expenses	129.28	37.78	167.06	161.30
Generation, administration & other expenses	101.36	115.78	217.14	212.05
Prior period items (net)	(0.24)	0.43	0.19	(4.24)
TOTAL	**1278.96**	**254.82**	**1533.78**	**1468.12**

4.1 Fuel costs

PP-IIs

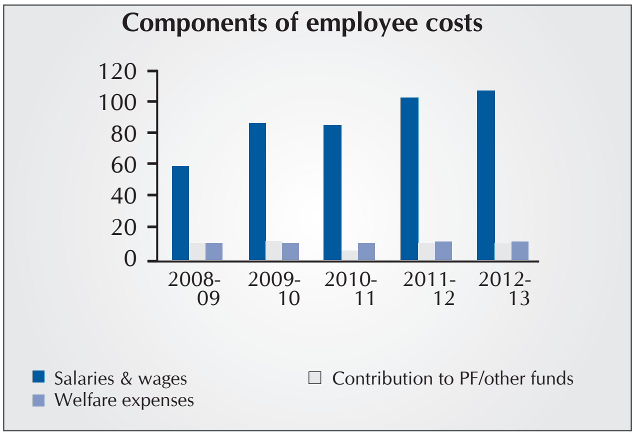
Fuel costs in case of PP IIs comprise of cost of furnace oil, LDO and HSD. In existing PP-IIs, coal, the primary fuel and CO gas is supplied free of cost by SAIL for the purpose of Power Generation.

PP-III

In case of PP-III, coal linkage is with NSPCL. Fuel cost have increased to ₹889.03 crore as against previous year figures of ₹835.80 core mainly on account of increase of coal price and increase in station heat rate.

4.2 Employee benefits expenses

Employee costs have increased marginally from ₹113.82 crore in 2011-12 to ₹121.22 crore in 2012-13, mainly due to annual increments to employees and increase in DA rates.



The Company had 782 employees (including executive and non-executive manpower) as on 31 March 2013 as compared to 779 employees at the end of previous year.

4.3 Finance Cost

PP-IIs

Interest cost for PP-IIs for the financial year 2012-13 stands marginally reduced against previous year due to repayment of term loan during current year.

PP-III

In case of PP-III, the interest expenses pertains to Project specific loans of ₹126.76 crore as against ₹134.27 crore in the previous year. 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 ₹2.43 crore 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. There is an increase in depreciation by ₹ 8.19 crore due to assets additions made at the year end of 2011-12 and current year (2012-13).

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 ₹10.88 crore mainly on account of Repair and Maintenance expenses at all the three PP-II plants, increase in station overheads including security expenses/Corporate expenses.

In case of PP-III, the generation, administration & other expenses for the year 2012-13 have marginally decreased over the previous year by ₹5.79 crore mainly due to decrease in provision for tariff adjustment in comparison to previous year.

On an overall basis, in case of PP III, the O&M expenses consisting of employee costs, generation, administration and other expenses stood at ₹110.13 crore excluding rebate to customer (₹22.03 lakhs per MW on annualized basis) as against allowed by CERC tariff of ₹21.51 lakhs per MW at 85% Declared Capacity for the year 2012-13.

4.6 Prior period items (Net)

Prior period expenditure mainly pertains to depreciation charged for certain assets related to previous years and marginally offset by other recoveries 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 made after adjusting MAT Credit Entitlement.

The deferred tax liability related to the period up to 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. 2012-13 has been computed on overall company basis at MAT rate which works out ₹66.84 crore. Correspondingly an amount of ₹65.59 crore is included as MAT credit entitlement.

Provision for Deferred Tax

The Deferred Tax liability arisen during the year 2012-13 on account of timing difference of ₹114.90 crore as against previous year of ₹117.75 crore and has been debited to statement of profit & loss account.

6. Profit Before Tax

The Profit before Tax for the financial year 2012-13 stood at ₹ 364.21 crore (previous year ₹ 311.94 crore)

In case of PP-II, the profit before tax for the year ended 31st March 2013 stood at ₹63.84 crore (previous year ₹62.59 crore) which includes RoE and incentive (grossed up with prevailing MAT rate) of ₹46.79 crore, interest on normative working capital of ₹6.09 crore and other income including interest on fixed deposits etc. of ₹10.96 crore.

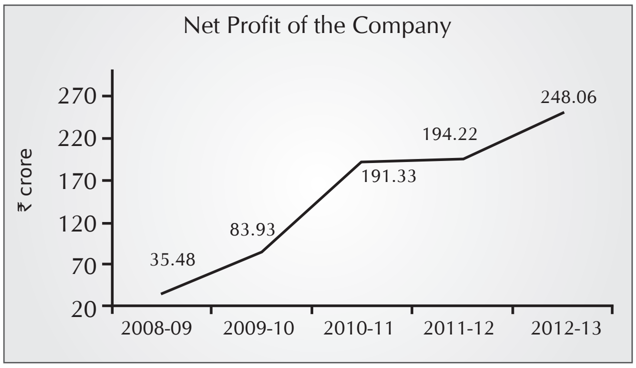
In case of PP-III, profit before tax for the year ended 31st March 2013 stood at ₹300.37 crore (previous year ₹249.35 crore). The increase of profit before tax of ₹51.02 crore mainly on account of :-

- Increase in operating profit of ₹49.17 crore – on account of increase in saving in Oil Incentive due to higher AFC, DC & excess recovery of energy charge as per CERC norm due to heat efficiency etc. in current year, increase in earnings from UI, decrease in provision of tariff adjustment.
- Increase in other income of ₹1.85 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 2013 stood at ₹248.06 core as against previous year amount of ₹194.22 crore. The deferred tax liability is reduced in the current year over the previous year mainly on account of adjustment of un-absorbed deprecation and creation Deferred Tax Assets.

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 ₹248.06 crore in current year 2012-13 as against of ₹194.22 crore of previous year 2011-12. The Profit after Tax for the year 2012-13 has grown by 27.72% over the previous period.

8. Dividend

The Company has made a provision of dividend for ₹132.37 crore for the financial year 2012-13 equivalent to 13.50% of equity (previous year ₹114.06 crore at 12% of equity). Correspondingly, dividend distribution tax at applicable rate has also been provided at ₹22.50 crore. However, the total cash outflow on account of Dividend and Dividend Tax would amount to ₹154.87 crore almost 62% of PAT. As per provisions of Companies Act, 1956 and its Rules, an amount equivalent to 5% of PAT (i.e. ₹12.40 crore) has also been transferred to General Reserve.

9. Segment-wise performance :

To comply with Accounting Standard-17 on 'Segment Reporting' and 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.

As per AS-17, in case of PP-III / CERC based segment the profit before tax, other income, interest expenses, and extra ordinary/ prior period items stood at ₹408.60 crore as against ₹361.31 crore. The increase of ₹47.29 crore is mainly due to increase in operational efficiency by saving of annual fixed cost and oil incentives etc.

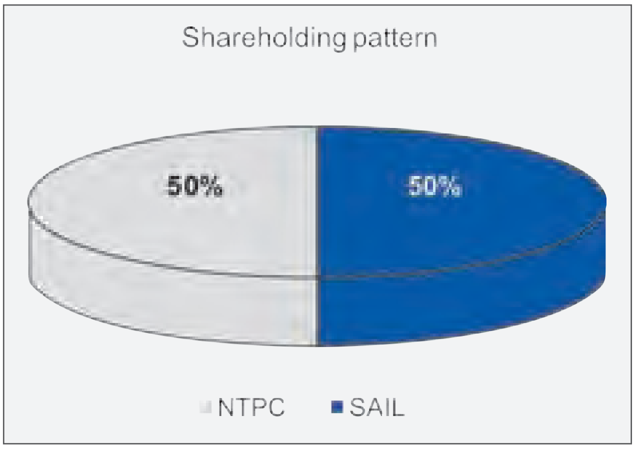
In case of PP-II, the other segment, the profit before tax, other income, interest expenses, and extra ordinary/prior period items stood at ₹57.06 crore as against ₹56.12 crore in the previous year and the marginal increase of ₹0.94 crore is mainly due to increase in ROE and incentive on notional equity.

B. FINANCIAL POSITION

1. Share Capital

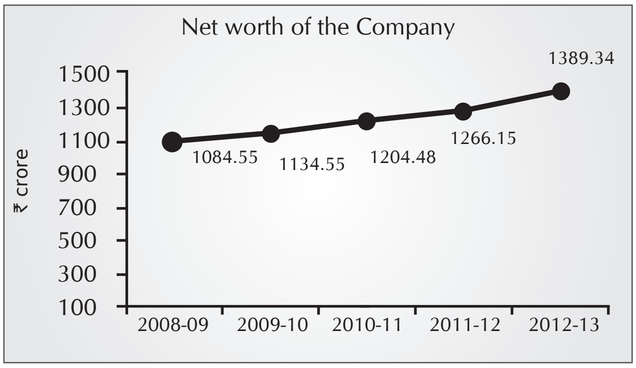
As at 31st March 2013, the authorized capital of the Company stood at ₹2000 crore (previous year: ₹2,000 crore). Issued, subscribed and paid up capital of the Company as at 31st March 2013 was ₹980.50 crore - ₹150.50 crore of equity being towards PP-IIs at Durgapur, Rourkela & Bhilai and the balance ₹830 crore of equity towards Bhilai PP III (equity of ₹30 Crore has been received during the year from both the promoters).

The shareholding pattern of the Company is given below:



2. Reserves & Surplus

As at 31st March 2013, reserves and surplus stood at ₹408.84 crore as against ₹315.65 crore in the previous year. The increase in reserves & surplus is on account of addition of net profit for the year 2012-13 (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:



3. Long Term Borrowing

Long Term Borrowings as at 31st March 2013 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 Balance Sheet date. The breakup of the long term borrowings is as under:

(₹ Crore)

Bank	As at 31st March	
	2013	2012
For existing Plant (PP-II)		
Term loan United Bank of India	18.67	25.07
Sub-total	**18.67**	**25.07**
For Expansion Project (PP-III)		
Term Loan:-		
Union Bank of India	242.13	282.58
Central Bank of India	68.20	77.29
Rural Electrification Corporation Limited	663.93	771.00
Union Bank Of India (Un-secured)	68.56	79.68
Sub-total	**1042.82**	**1210.55**
TOTAL	**1061.49**	**1235.62**

For the fixed assets pertaining to PP-IIs, loans have been taken from 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 of PP-II.

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. The Loan amount is fully drawn. Further, an unsecured loan of ₹110 crore has also been drawn from Union 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-IIs (presently the fund based limit is ₹15 crore and non-fund based ₹40 crore) against stocks and debtors of the PP-IIs.

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. Deferred Tax Liabilities

Deferred Tax Liabilities (net) have increased from ₹255.38 crore as at 31st March 2012 to ₹370.28 crore as at 31st March 2013 mainly due to timing difference of depreciation and other expense in accounts and as per allowability under the Income Tax Act.

5. Other Long Term Liabilities

Other Long Term Liabilities as at 31st March 2013 stood at ₹2.12 crore against previous year of ₹1.49 crore which includes the liabilities which will be paid after one year from the reporting date i.e. 31st March 2013, 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.

6. Long Term Provisions

Long Term Provisions 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 beyond a period of 12 months from the Balance Sheet date.

The Long Term Provisions for the year ending 31st March 2013 stood at ₹18.01 crore as against ₹14.90 crore in previous year. The marginal increase of ₹3.11 crore due to increase on account of employee benefit related provisions.

7. Trade Payables

The Trade Payable mainly comprises of amount payable towards supply of goods & services such as payable on account of coal including imported coal in the normal course of business. The Trade Payable for the year ending 31st March 2013 stood at ₹47.91 crore as against ₹84.88 crore in the previous year.

8. Other Current Liabilities

The Other Current Liabilities mainly comprise of current maturity of long term borrowings (the balance amount is shown as Long Term Borrowings), payable towards employee payments and other statutory liabilities. The other current liabilities for the year ended 31st March 2013 stood at ₹442.86 crore as against ₹438.70 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 2013 of ₹221.69 crore is as under:

(₹ Crore)

Bank	As at 31st March	
	2013	2012
For existing Plant (PP-II)		
Term Loan:-		
United Bank of India	28.37	25.07
Union Bank		
Sub-total	**28.37**	**25.07**
For Expansion Project (PP-III)		
Term Loan:-		
Union Bank of India	40.45	40.45
Central Bank of India	9.08	9.08
Rural Electrification Corporation Limited	132.79	128.50
Union Bank Of India (Un-secured)	11.00	11.00
Sub-total	**193.32**	**189.03**
TOTAL	**221.69**	**214.10**

The other Current Liabilities also includes an amount of ₹122.38 crore on account of Income Tax demand recovered from SAIL for on-going assessments with various authorities, the corresponding amount is appearing in long term loans and advance as a part of advance tax deposited.

9. Short Term Provisions

Short Term Provisions mainly consist of 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 balance sheet date 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 2013 stood at ₹189.43 crore as against ₹163.03 crore in previous year are summarized hereunder:

(₹ Crore)

Particulars	As at 31st March	
	2013	2012
Employee benefits *(incl. provisions relating to AS 15 Revised)*	1.87	1.09
Dividend and tax thereon	154.87	132.56
Provisions for tariff adjustment	32.69	29.38
TOTAL	**189.43**	**163.03**

10. Capital Employed

Considering the Reserve & Surplus and Borrowings (including repayment during one year shown as Other Current Liabilities) as at 31st March 2013, Capital Employed for the Company stood at ₹2672.52 crore as against ₹2715.86 crore as at 31st March 2012. The reduction is mainly on account of loan repayments partially offset by the increase in reserves & surplus and equity infusion.

11. Fixed Assets

Fixed assets of the company grouped under non-current assets include Tangible assets, Intangible assets & Capital work in progress. The breakup of the fixed assets is as under:-

(₹ Crore)

Particulars	As at 31st March	
	2013	2012
Tangible Assets		
Gross Block	3397.50	3294.82
Less: Accumulated Depreciation	1014.11	841.31
Net Block	**2383.39**	**2453.51**
Intangible Assets		
Gross Block	1.38	1.28
Less: Accumulated Depreciation	1.13	1.03
Net Block	**0.25**	**0.25**
Capital Work in Progress	**58.01**	**61.04**
TOTAL	**2441.65**	**2514.80**

During the year 2012-13, gross block has increased by ₹102.78 crore out of which ₹43.41 crore pertain to fixed asset additions in PP-IIs and balance amount of ₹59.37 crore in Bhilai PP-III.

Capital work in progress (CWIP) as at 31 March 2013 stood at ₹58.01 crore. Out of this, an amount of ₹54.68 crore pertains to Bhilai PP-III and balance of ₹3.33 crore in respect of PP-IIs. Further, the construction stores and advances (C.Y. ₹9.32 crore, P.Y. ₹4.97 crore) are included under capital work in progress.

12. Long Term Loans and Advances

Long Term Loans and Advances include capital advances, securities deposits, employee advances and other loans and advances to & contractors/suppliers which are expected to be realized after a period of 12 months from the Balance Sheet date. The long terms loans and advances for the year ended 31st March 2013 stood at ₹372.08 crore as against ₹354.48 crore as at 31st March 2012. The broad breakup of long term loans and advances is as under:

(₹ Crore)

Particulars	As at 31st March	
	2013	2012
Capital Advances	3.30	3.15
Security Deposits	2.44	2.59
Employees Loans	11.14	8.39
MAT credit entitlement	164.28	146.69
Advance Tax (net of provisions)	137.69	123.72
Other Advances	53.23	69.94
TOTAL	**372.08**	**354.48**

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

13. Inventories

Inventories mainly comprise of component & spares, Coal and others stores which are maintained for operating plants. As at 31st March 2013, the inventories stood at ₹110.86 crore as against the previous year level of ₹108.14 crore. The break up is as follows:

(₹ Crore)

Particulars	As at 31st March	
	2013	2012
Coal	38.29	39.03
Fuel Oil	5.94	6.55
Stores and Spares	60.62	56.84
Chemicals and consumables	5.60	5.70
Loose Tools	0.16	0.13
Others	1.13	0.76
Less: Provision for shortages	0.88	0.87
TOTAL	**110.86**	**108.14**

Out of the total inventory, ₹76.49 crore pertains to PP-III which includes coal inventory of ₹38.29 crore, fuel oil of ₹4.56 crore, stores and spares ₹29.50 crore. The inventory balance for PP-IIs stood at ₹34.37 crore as at 31st March 2013.

14. Trade Receivable

Trade receivable balance as at 31st March 2013 stood at ₹60.40 crore, pertains to energy bill raised and remained outstanding till 31st March 2013 as against ₹30.09 crore as at 31st March 2012.

Keeping in view the requirements of Revised Schedule VI to the Companies Act, 1956, balance trade receivable, (the billing of which was raised after balance sheet date i.e. 31st March 2013) are shown under "Other Current Assets" as unbilled revenues (C.Y. ₹147.73 crore , P.Y. ₹178.98 crore). The amount of trade receivable considering the unbilled revenues is of ₹208.13 crore as at 31.03.2013 as against ₹209.07 crore as at 31.03.2012.

Debtors' turnover period (trade receivables and unbilled revenue) as at 31 March 2013 was about 1.34 months (previous year 1.43 months).

15. Cash and Bank Balances

The cash and bank balance as at 31 March 2013 stood at ₹282.82 crore as against previous year level of ₹134.97 crore. This includes PP-II's and PP-III fund, as detailed below:

(₹ Crore)

Particulars	As at 31 Mar 13		As at 31 Mar 12	
	PP-IIs	PP-III	PP-IIs	PP-III
Current A/c & Cash Credit A/c	1.14	0.90	0.64	0.26
Deposits with Banks	112.50	168.28	106.75	27.32
Total	**113.64**	**169.18**	**107.39**	**27.58**
TOTAL	**282.82**		**134.97**	

16. Short Term Loans and Advances

Short Term Loans and Advances include employees loans and advances, advance to contractor / suppliers & MAT credit entitlements etc. which are expected to be realized within 12 months from the Balance Sheet date. The short terms loans and advances as at 31st March 2013 stood at ₹ 101.91 crore as against ₹ 135.50 crore as at 31st March 2012. The broad break up of short terms loans and advances is as follows:

(₹ Crore)

Particulars	As at 31 March	
	2013	2012
Employees Loans and advances	2.66	2.38
MAT credit Entitlement	48.00	-
Other Advances	51.25	133.12
TOTAL	**101.91**	**135.50**

The decrease in Short term loans & advances over the previous year is mainly on account of discharge of advances against Coal purchase decrease in advance given to Chhattisgarh govt. against water consumption of PP-III plant.

17. 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.

The breakup of other current assets is as under :-

(₹ Crore)

Particulars	As at 31 Mar 13	As at 31 Mar 12
Interest Accrued	3.09	2.67
Claims Recoverable	0.12	0.17
Unbilled revenues	147.73	178.98
Security Deposits	0.73	0.34
Others	0.03	0.02
TOTAL	**151.70**	**182.18**

C. CONTINGENT LIABILITIES

As at 31st March 2013, contingent liability has been considered at ₹38.78 crore in the accounts. This mainly includes:

- ₹27.20 crore in respect of service tax demand raised by the Authorities on Rourkela and Durgapur units on the plea of 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 ₹8.82 crore pertain to Income Tax dispute with various Authorities.

D. CASH FLOW

Cash flows in various activities for the year ending 31.03.2013 & 31.03.2012 are tabulated below:

(₹ Crore)

Particulars	Year ended 31 March	
	2013	2012
Cash and cash equivalent (opening balance)	134.96	231.02
Net cash from operating activities	627.32	429.47
Net cash used in investing activities	(77.65)	(148.08)
Net cash from financing activities	(401.81)	(377.45)
Cash and cash equivalents (closing balance)	282.82	134.96

The increases in cash in flows from operating activities in the current year (as against the previous year) is mainly on account 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 2012-13 has been increased mainly on account of higher loan repayments, higher dividend including tax paid in this year and partially offset by equity drawn from the promoters in this year.

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

Sd/-
(N.N. MISRA)
CHAIRMAN

Place: New Delhi
Date: June 27, 2013

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	2012-13	2011-12	% improvement
Rourkela (2x60 MW)	11.05	11.27	1.95
Bhilai PP2 (2x30 MW +1x14 MW)	12.15	12.53	3.03

Heat Energy

To improve/sustain the Heat Rate, various operational parameters such as Condenser vacuum, Boiler excess Air, Mill fineness etc are being closely monitored and suitable measures are being taken to improve these parameters.

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	2012-13	2011-12	% improvement
Durgapur (2x60 MW)	0.703	0.978	28.1
Bhilai PP2(2x30+1x14 MW)	Oil is not used, only coke oven gas is used.		

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 ₹293.25 Lakh

Expenditure:

Professional and Consultancy fee ₹5.48 Lakh

Others ₹2.11 Lakh

For and on behalf of Board of Directors

Sd/-
(N.N. MISRA)
CHAIRMAN

Place: New Delhi
Date: June 27, 2013

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 per the Articles of Association of the Company, the Board comprises eight directors out of which four directors are nominated by NTPC and four by SAIL. The Directors on Board of NSPCL as on date are Shri N.N. Misra, Chairman, Shri S.D.M. Nagpal, Shri R.K. Vijayavergia, Shri D. Basu, Shri Tej Veer Singh, Shri R.K.S. Gahlowt, Shri Manash Sarkar and Shri R. Bhargava, Directors. The appointment of Shri Ajit Kumar, nominated by NTPC, shall take effect from July 1, 2013, after superannuation of Shri R.K.S. Gahlowt. 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.

Eleven Board Meetings were held during the financial year 2012-13. Details of number of Board meetings attended by Directors, attendance at last AGM, held by the company during the year 2012-13 are tabulated below:

Sl. No.	Directors	Meetings held during respective tenures of Directors	No. of Board Meetings Attended	Attendance at the last AGM
1.	Shri N.N.Misra	11	11	Yes
2.	Shri S.D.M. Nagpal	11	11	Yes
3	Shri D.P. Bajaj	5	5	Yes
4.	Shri R.K. Vijayavergia	11	7	Yes
5.	Shri R.K.S. Gahlowt	11	9	Yes
6.	Shri R. Kulshreshtha	6	3	No
7.	Shri S.N. Goel	5	5	Yes
8.	Shri D. Basu	11	8	Yes
9.	Shri Tej Veer Singh	6	6	NA
10.	Shri R. Bhargava	2	2	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 whole time employment with either of the promoters. Presently, sitting fee of ₹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:-

i) Investment / Loan Sub- Committee.

ii) Audit Committee

iii) Contracts Sub-Committee

iv) 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 ₹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, 2013, this committee comprised the following members:

- Shri N.N. Misra - Chairman
- Shri S.D.M. Nagpal - Director
- Shri D. Basu - Director
- Shri Tej Veer singh - 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, 2013, this committee comprised the following members:

- Shri S.D.M. Nagpal - Chairman
- Shri D. Basu - Director
- Shri R.K.S. Gahlowt - Director
- Shri Tej Veer Singh - Director

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

Meetings and Attendance

Six meetings of the Audit Committee were held during the financial year 2012-13 on May 9, June, 20, July 18, October 18, November 19, 2012 and January 22, 2013.

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	6	6
Shri D.P. Bajaj	3	3
Shri R.K.S. Gahlowt	6	6
Shri D. Basu	6	6
Shri Tej Veer Singh	2	2

Shri S.D.M Nagpal, Director chaired all the meetings of Audit Committee held during the year 2012-13

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 ₹25 crore and for Consultancy assignments upto each contract value of ₹2 crore and approval of Tender committee for proposal requiring Board approval.

As on March 31, 2013 this committee comprises the following members:

- Shri N.N. Misra - Chairman
- Shri S.D.M. Nagpal - Director
- Shri Tej Veer singh - 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

Major 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 there under.

e. To appoint/ extend the tenure of consultants within the sanctioned manpower budget.

As on March 31, 2013 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:

Date & time	August 21, 2010	September 26, 2011	June 28, 2012
Time	1400 hrs	1130 hrs	1400 hrs
Venue	4th Floor, NBCC Towers, 15, Bhikaiji Cama Place, New Delhi -110 066		
Special Resolution passed	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. 21, 2011
2011-12	₹950.5 Crore	₹114.06 crore	Jun. 28, 2012

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

Sd/-
(N.N. MISRA)
CHAIRMAN

Place: New Delhi
Date: June 27, 2013

BALANCE SHEET

(₹ in Lakh)

As at	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Share holders' funds			
Share Capital	2	98050.01	95050.01
Reserves & Surplus	3	40884.40	31564.54
		138934.41	**126614.55**
Non-Current Liabilities			
Long-term borrowings	4	106149.20	123562.16
Deferred Tax Liabilities (Net)	5	37027.85	25538.14
Other long term liabilities	6	212.18	149.73
Long - term Provisions	7	1800.57	1489.46
		145189.80	**150739.49**
Current Liabilities			
Trade Payables	8	4790.59	8488.20
Other Current Liabilities	9	44285.66	43870.34
Short- term provisions	10	18943.13	16303.39
		68019.38	68661.93
TOTAL		**352143.59**	**346015.97**
ASSETS			
Non-Current assets			
Fixed Assets			
Tangible assets	11	238339.29	245350.37
Intangible assets	11	25.29	25.15
Capital Work-in-progress	12	5801.49	6103.71
Long-term loans and advances	13	37208.85	35448.22
		281374.92	**286927.45**
Current assets			
Inventories	14	11085.75	10814.36
Trade receivables	15	6040.09	3009.36
Cash and bank Balances	16	28282.21	13496.73
Short-term loans and advances	17	10190.69	13550.43
Other Current assets	18	15169.93	18217.64
		70768.67	**59088.52**
TOTAL		**352143.59**	**346015.97**
Contingent Liabilities	19	3877.90	5833.97
Significant Accounting Policies	1		

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(S.V.Shahi)**	**(Vishwaroop)**	**(Tej Veer Singh)**	**(N.N.Misra)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	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
Dated : 09.05.2013

STATEMENT OF PROFIT AND LOSS

(₹ in Lakh)

FOR THE PERIOD ENDED	Note	31.03.2013	31.03.2012
Revenue from operations (gross)	20	194287.33	182296.24
Less: Electricity Duty/Parallel Operation Charges		7606.78	7450.07
Revenue from Operations (net)		**186680.55**	**174846.17**
Other Income	21	3119.00	3160.09
Total revenue		**189799.55**	**178006.26**
Expenses			
Fuel	22	89573.18	84385.78
Employee benefits expense	23	12121.66	11382.23
Finance Costs	24	13244.11	14132.57
Depreciation and amortisation expense		16706.06	16130.50
Generation,administration & other expenses	25	21714.32	21205.08
Prior period items (Net)	26	19.21	(424.43)
Total expenses		**153378.54**	**146811.73**
Profit before exceptional and extraordinary items & tax		**36421.01**	**31194.53**
Exceptional items		-	-
Profit before extraordinary items & tax		**36421.01**	**31194.53**
Extraordinary items		-	-
Profit before tax		**36421.01**	**31194.53**
Tax expense:			
Current Tax			
Current year		7290.26	6869.76
Earlier years		(606.05)	(32.60)
Deferred Tax		11489.73	11774.85
Less: Provision for MAT Credit Entitlement		6559.13	6840.42
Total tax expenses		**11614.81**	**11771.59**
Profit for the year		**24806.20**	**19422.94**
Expenditure during Construction Period	27		
Earnings per Share (Equity Shares, Face value ₹ 10/-) each Basic and Diluted (₹)		2.56	2.04

The accompanying notes form an integral part of these financial statements

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(S.V.Shahi)**	**(Vishwaroop)**	**(Tej Veer Singh)**	**(N.N.Misra)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	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
Dated : 09.05.2013

CASH FLOW STATEMENT

(₹ in Lakh)

AS AT		31.03.2013		31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax, prior period items and extra-ordinary items		**36440.24**		**30770.10**
Adjustment for				
Depreciation	17347.75		16749.83	
Provision for shortage of stocks	0.36		-	
Provision for tariff adjustment	331.29		2938.32	
Provision for obolensce in stores	1.09		59.66	
Provisions written back	-		(3.64)	
Interest and finance charges	13244.11		14132.57	
Income from sale of investments	(292.90)		(283.23)	
Interest on fixed deposits	(2489.29)		(2408.00)	
Prior Period Adjustmetns (Net)	(19.21)		424.43	
Profit on disposal of Fixed Assets	(0.11)		-	
Loss on disposal of Fixed Asset	466.27		152.81	
		28589.36		**31762.76**
Operating profit before working capital changes		**65029.60**		**62532.86**
Adjustment for:				
Trade and other receivables	(3030.73)		11677.70	
Inventories	(272.49)		693.48	
Trade payables / other liabilities	(3562.76)		(1871.09)	
Loans and Advances	9555.28		(8679.04)	
Other current assets	3094.48		(13929.22)	
		5783.78		**(12108.18)**
Cash generated from operations		**70813.38**		**50424.68**
Direct Taxes paid		(8081.25)		(7477.25)
Net cash from operating activities - A		**62732.13**		**42947.43**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(10500.89)		(17581.28)	
Disposal of Fixed Assets	0.11		-	
Profit on sale of investment	292.90		283.23	
Interest Income	2442.53		2489.64	
		(7765.35)		**(14808.41)**
Net cash used in Investing activities - B		**(7765.35)**		**(14808.41)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity capital	3000.00		-	
Proceeds from borrowings	5203.00		9274.00	
Repayment of borrowings	(21856.95)		(20773.36)	
Interest paid	(13271.01)		(14093.76)	
Dividend paid	(11406.00)		(10455.50)	
Tax on dividend paid	(1850.34)		(1696.14)	
		(40181.30)		(37744.77)

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Net cash from financing activities - C	**(40181.30)**		**(37744.77)**
Net increase / decrease in cash and cash equivalents	**14785.49**		**(9605.75)**
Cash and cash equivalents - opening balance	13496.72		23102.47
Cash and cash equivalents - closing balance	28282.21		13496.72
Net cash increase / decrease	**14785.49**		**(9605.75)**

Note:

i) Cash and cash equivalents consist of balance with banks and fixed deposits.

ii) Previous Year's figures have been regrouped/ rearranged wherever necessary

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(S.V.Shahi)**	**(Vishwaroop)**	**(Tej Veer Singh)**	**(N.N.Misra)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	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
Dated : 09.05.2013

Note 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, the relevant provisions of the Companies Act, 1956 including accounting standards notified there under and the provisions of the Electricity Act, 2003 to the extent applicable.

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 Tangible assets are carried at historical cost less accumulated depreciation/amortisation.

3.2 Expenditure on renovation and modernization of tangible 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 relating to generation of electricity business is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the tangible 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 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.

4.2 Deposit works/ cost plus contracts are accounted for on the basis of statements of account received from the contractors/ engineering estimates.

4.3 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 arising from settlement/translation of foreign currency loans, 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.

5.4 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.

7.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

7.3 Premium paid on long term investments is amortised over the period remaining to maturity.

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 INCOME RECOGNITION

9.1 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).

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

9.3 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.

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

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

9.1.0 EXPENDITURE

9.1.1 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 in accordance with section 616 (C) of the Companies Act,1956. The PP-III plant located at Bhilai is the only CERC Regulated plant.

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

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

a. Kutcha Roads	2 Years
b. Enabling works	
➤ residential buildings including their internal electrification.	15 Years
➤ 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

9.1.4 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.

9.1.5 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.

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

9.1.7 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. Other intangible assets are amortized on straight line method over the period of legal right to use or 25 years whichever is less.

9.1.8 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, 2009/ revised useful life determined based on rates specified in schedule XIV of the Companies Act, 1956, 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.

9.1.9 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.

9.1.10 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalized and fully depreciated over the residual useful life of the related plant and machinery.

9.1.11 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, similar expenditure for community development is charged off to revenue.

9.1.12 Amortization of lease hold lands and buildings:-

a) 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.

b) 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, 2009.

c) Leasehold land acquired on perpetual lease is not amortized.

9.1.13 Expenses on training and recruitment are charged to revenue in the year of incurrence.

9.1.14 Preliminary expenses on account of new projects incurred prior to approval of feasibility report / techno economic clearance are charged to revenue.

9.1.15 Actuarial gains/ losses in respect of 'Employee Benefit Plans' are recognized in the statement of profit & loss account.

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

9.1.17 Net pre-commissioning income/ expenditure is adjusted directly in the cost of related assets and systems.

9.1.18 Transit and handling losses of coal as per norms are included in cost of coal.

10.0 EMPLOYEE BENEFITS

10.1 Defined contribution plan

Company's contribution paid/payable during the year to provident fund is recognized in the statement of profit and loss. The same is paid to a fund administered through a separate trust.

10.2 Defined benefit plan

Company's liability towards gratuity, leave benefits (including compensated absences), post retirement medical facility and other terminal benefits are determined by independent actuary, at year end using the projected unit credit method. Past service costs are recognized on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Liability for gratuity as per actuarial valuation is paid to a fund administered through a separate trust

10.3 Short term employee benefits

These are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service are rendered.

11.0 LEASES

11.1 Finance Lease

11.1.1 Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is less.

11.1.2 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.

11.1.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

11.2 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.

12.0 IMPAIRMENT

The carrying amount of cash generating units is reviewed at each balance sheet date where there is any indication of impairment based on internal/ external indicators. An impairment loss is recognized in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating units. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

13.0 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.

14.0 CASH FLOW STATEMENT

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

Note No. 2 to the Financial Statements
SHARE CAPITAL

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Equity Share Capital			
AUTHORISED			
200,00,00,000 shares of par value ₹10/- each (previous year 200,00,00,000 shares of par value of ₹10/- each)	**200000.00**		**200000.00**
ISSUED, SUBSCRIBED AND FULLY PAID-UP			
98,05,00,100 shares of par value of ₹10/- each (previous year 95,05,00,100 shares of ₹10/- each)	98050.01		95050.01
TOTAL	**98050.01**		**95050.01**

a. During the year the Company has alloted 3,00,00,000 equity shares of ₹10/- each to NTPC and SAIL in equal proportion.

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 amount. The distribution will be in the proportion to the number of equity shares held by the share holders.

d. NTPC Ltd. & SAIL holds 49,02,50,050 (Previous year 47,52,50,050) number of equity shares (50%) each.

Note No. 3 to the Financial Statements
RESERVES & SURPLUS

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
General Reserve			
As Per last balance Sheet	1390.67		905.10
Add:Transfer from Surplus balance in the statement of profit & Loss	1240.31		485.57
Closing Balance	**2630.98**		**1390.67**
Surplus in the statement of profit & loss			
As per last financial statements	30173.87		24492.84
Add: Profit for the year as per Statement of Profit & Loss	24806.20		19422.94
Less: Transfer to General Reserve	1240.31		485.57
Proposed Dividend	13236.75		11406.00
Tax on Proposed Dividend	2249.59		1850.34
Net Surplus	**38253.42**		**30173.87**
TOTAL	**40884.40**		**31564.54**

The Company has proposed final dividend for the year 2012-13 @ ₹1.35/- per equity share (previous year ₹1.20/- per equity share) of par value of ₹10/- each.

Note No. 4 to the Financial Statements
LONG TERM BORROWINGS

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Term Loans			
Secured			
From Banks			
Union Bank of India **	24212.62		28258.07
Central Bank of India **	6820.39		7729.38
United Bank of India *	1867.48		2506.93
From Financial Institution			
Rural Electrification Corporation **	66392.86		77100.00
	99293.35		**115594.38**
Un-Secured			
Union Bank of India	6855.85		7967.78
Total	**6855.85**		**7967.78**
TOTAL	**106149.20**		**123562.16**

* 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 12.10%. 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.

NOTE No. 5 to the financial statements
DEFERRED TAX LIABILITIES

(₹ in Lakh)

AS AT	01-04-2012	Additions/Adjustment During the year		31-03-2013
DEFERRED TAX LIABILITIES (NET)				
Difference of books depreciation & tax depreciation	39223.00	3118.70		42341.70
Less: Deferred Tax Assets				
Provisions & other disallowances for tax purpose:	10275.40	(8371.00)		1904.40
	28947.60	**11489.73**		**40437.30**
Less: Recoverable from beneficiaries	3409.45	-		3409.45
Deferred Tax Liabilities (Net)	**25538.14**	**11489.73**		**37027.85**

a. The net increase during the year in the deferred tax liability amounting to ₹11489.73 lakh (previous year ₹11774.86 lakhs) has been debited to statement of Profit & Loss.

b. Deferred tax liabilities up to 31st March 2009 when ever materialises, is recoverable from beneficiaries. This is as per regulation 39 of CERC tariff regulations, 2009.

c. Deferred tax assets and Deferred tax liabilities have been offset as they relate to the same governing laws.

Note No. 6 to the Financial Statements
OTHER LONG TERM LIABILITIES

(₹ in Lakh)

AS AT	31.03.2013	31.03.2012
Trade Payables	69.52	61.53
Other liabilities		
Payable for Capital expenditure	108.81	49.23
Others	33.85	38.97
TOTAL	**212.18**	**149.73**

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 38.

Note No. 7 to the Financial Statements
LONG - TERM PROVISIONS

(₹ in Lakh)

AS AT	31.03.2013	31.03.2012
Provision for Employee benefits		
As per last balance Sheet	1489.46	1239.45
Addition/ (Adjustments) during the year	311.11	250.01
TOTAL	**1800.57**	**1489.46**

Disclosure required by AS 15 on 'Employees Benefits' has been made in Note 37.

Note No. 8 to the Financial Statements
TRADE PAYABLES

(₹ in Lakh)

AS AT	31.03.2013	31.03.2012
For Goods and Services	4790.59	8488.20
	4790.59	**8488.20**

Disclosure w.r.t. Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note 38.

Note No. 9 to the Financial Statements
OTHER CURRENT LIABILITIES

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Current maturities of long term borrowings			
Term Loan from banks			
Secured *	21069.29		20310.27
Un-secured	1100.00		1100.00
Interest accrued but not due on borrowings	302.28		329.18
Advances from customers and others	12238.45		12671.05
Payable for Capital Expenditure	3459.78		4371.62
Other Payables			
Tax Deducted at source and other statutory dues	724.59		762.91
Others	5391.27		4325.31
	44285.66		**43870.34**

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

* Refer Note 4 for details of security.

Note No. 10 to the Financial Statements
SHORT- TERM PROVISIONS

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Provision for employee benefits			
As per last balance sheet	108.73		84.26
Additions/(Adjustments) during the year	78.09		24.47
	186.82		**108.73**
Provision for proposed dividend			
As per last balance sheet	11406.00		10455.50
Additions during the year	13236.75		11406.00
Amounts used during the year	11406.00		10455.50
	13236.75		**11406.00**
Provision for tax on proposed dividend			
As per last balance sheet	1850.34		1696.14
Additions during the year	2249.59		1850.34
Amounts paid during the year	1850.34		1696.14
	2249.59		**1850.34**
Provision for Tariff Adjustment			
As per last balance sheet	2938.32		-
Additions during the year	331.29		2938.32
	3269.61		**2938.32**
Others			
As per last balance sheet	-		-
Additions during the year	0.36		-
	0.36		**-**
TOTAL	**18943.13**		**16303.39**

Disclosure required by AS 15 on 'Employees Benefits' has been made in Note 37.

Note 11 : Fixed Assets

TANGIBLE ASSETS

(₹ in Lakh)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2012	Addition	Adjustment	As At 31.03.2013	As At 01.04.2012	Addition	Adjustment	As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
Land Leasehold	11,524.24	-	-	11,524.24	1,678.66	352.27	-	2,030.93	9,493.31	9,845.58
Road, bridges and Culverts	1,920.28	339.90	0.01	2,260.19	184.44	64.05	-	248.49	2,011.70	1,735.84
Buildings Main Plants	28,586.38	62.45	(34.10)	28,682.92	5,999.29	1,031.07	-	7,030.36	21,652.55	22,587.09
Buildings Others	5,099.62	3,305.40	148.81	8,256.21	190.93	185.88	-	376.82	7,879.40	4,908.68
Buildings Temporary Structures	32.02	9.66	0.21	41.46	30.75	1.50	-	32.24	9.22	1.27
Water Supply Drainage & Swerage System	1,885.56	434.57	(4.18)	2,324.30	109.30	80.28	-	189.57	2,134.72	1,776.25
MGR track and signalling system	5,616.87	38.80	81.75	5,573.92	826.18	293.94	-	1,120.12	4,453.79	4,790.69
Railway Sidings	117.79	-	-	117.79	111.90	-	-	111.90	5.89	5.89
Plant & Machinery	267,032.07	4,148.60	(1,335.98)	272,516.66	72,534.18	14,607.27	21.22	87,120.23	185,396.43	194,497.90
Construction Equipments	1,346.36	-	-	1,346.36	687.27	115.96	-	803.23	543.13	659.09
Furnitures, Fixtures & Other Office Equipments	2,656.19	256.50	7.71	2,904.97	702.79	169.56	2.75	869.59	2,035.38	1,953.41
EDP,WP Machines	538.67	116.88	37.63	617.92	349.93	62.96	33.84	379.05	238.87	188.74
Vehicles	29.70	-	-	29.70	11.13	3.27	-	14.41	15.29	18.56
Electrical Installation	930.57	248.50	(0.87)	1,179.93	165.63	55.59	-	221.22	958.72	764.93
Laboratory Equipments	808.27	90.68	-	898.95	159.16	47.32	-	206.48	692.47	649.11
Comunication Equipments	264.23	89.30	0.35	353.18	50.11	18.35	0.33	68.14	285.04	214.11
Retired Assets/ Unservicable Obsolete	0.14	-	(0.07)	0.21	0.14	0.05	0.14	0.05	0.16	-
Capital Expenditure of Assets not owned by the Company	1,092.86	28.21	-	1,121.07	339.63	248.22	-	587.85	533.22	753.23
TOTAL	**329,481.81**	**9,169.45**	**(1,098.73)**	**339,749.99**	**84,131.44**	**17,337.54**	**58.28**	**101,410.70**	**238,339.29**	**245,350.37**
Previous Year	309,766.67	14,849.94	(4,865.20)	329,481.81	67,688.58	16,742.05	299.19	84,131.44	245,350.37	242,078.09

INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2012	Addition	Adjustment	AS AT 31.03.2013	AS AT 01.04.2012	Addition	Adjustment	AS AT 31.03.2013	As at 31.03.2013	As at 31.03.2012
Software	127.72	10.17	(0.15)	138.04	102.57	10.19	-	112.75	25.29	25.15
TOTAL :	**127.72**	**10.17**	**(0.15)**	**138.04**	**102.57**	**10.19**	**-**	**112.75**	**25.29**	**25.15**
Previous Year	98.76	28.96	-	127.72	94.78	7.79	-	102.57	25.15	3.97

Depreciation/ amortisation of Tangible and intangible Assets for the year is allocated as given below:	**31.03.2013**	**31.03.2012**
Charged to statement of Profit & Loss Account	**16706.06**	**16130.50**
Allocated to Fuel Cost	**641.67**	**619.34**
TOTAL	**17347.73**	**16749.84**

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.

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
CAPITAL WORK IN PROGRESS

(₹ in Lakh)

PARTICULARS	01.04.2012	Additions	Deductions/ Adjustments	Capitalised	31.03.2013
Development of Land	-	119.08	119.08	-	-
Roads, Bridges & Culverts	-	317.73	71.42	246.31	-
Buildings					
Main Plant	52.53	239.91	11.99	72.19	208.26
Others	1222.16	2081.17	(65.58)	3339.77	29.14
Temporary Erections	-	10.86	-	9.66	1.20
Water Supply, Drainage and sewerage System	259.46	368.52	(25.87)	421.88	231.96
MGR Track & Signalling system	32.48	6.32	-	38.80	-
Railway Sliding	224.09	79.39	-	-	303.48
Plant & Machinery (Including associated civil works)	-	-	-	-	-
On Supply cum erection contract	3643.55	2108.45	(16.45)	1756.00	4012.45
Furniture Fixtures and other office equipments	1.63	9.71	-	1.68	9.66
EDP/WP machines	3.10	0.42	-	3.52	-
Electrical Installation	107.84	147.47	5.92	248.04	1.35
Communication Equipments	23.46	61.84	-	85.30	-
Capital Expenditure on Assets not owned by the company	5.63	23.81	-	28.21	1.23
	5575.93	**5574.68**	**100.51**	**6251.36**	**4798.73**
Survey, Investigation, Consultancy	33.12	52.52	12.20	-	73.44
Expenditure during construction period					
Project	-	384.13	-	-	384.13
Less: Allocated to CWIP	-	384.13	-	-	384.13
	5609.05	**5627.20**	**112.71**	**6251.36**	**4872.18**
Less: Provision for unserviceable works	2.44	-	-	-	2.44
Construction stores (net of Provisions)	497.10	1454.30	982.34	37.29	931.76
TOTAL	**6103.71**	**7081.49**	**1095.06**	**6288.65**	**5801.49**
Previous Year	11029.54	8480.56	1634.74	11771.65	6103.71

Note No. 13 to the Financial Statements
LONG - TERM LOANS & ADVANCES

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
CAPITAL ADVANCES			
Secured	1.77		2.14
Unsecured			
Covered by Bank Guarantee	200.51		107.60
Others	127.50		205.97
	329.78		**315.71**
SECURITY DEPOSITS (Un-secured)	244.53		259.53
	244.53		**259.53**
LOANS			
Employees (including accrued interest)			
Secured	851.33		584.80
Unsecured	262.77		254.23
	1114.10		**839.03**
ADVANCES			
Contractors & Suppliers, including materials issued on loan			
Secured	-		-
Unsecured	5321.01		6974.33
Minimum Alternate Tax (MAT) credit Entitlement	16428.43		14669.30
Advance Tax Deposited & Tax Deducted at Source	46495.87		38414.62
Less: Provision for Current Tax	32726.87		26042.66
Others			
Unsecured	2.00		18.36
	35520.44		**34033.95**
	-		-
TOTAL	**37208.85**		**35448.22**
Due from Directors and Officers of the company			
- Directors	-		-
- Officers	16.12		17.17

Note No. 14 to the Financial Statements
INVENTORIES *

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Coal	3828.76		3903.74
Fuel oil	594.04		655.12
Stores and spares	6061.94		5660.65
Chemicals & consumables	560.47		570.45
Loose tools	16.02		12.95
Others	112.83		98.67
	11174.06		**10901.58**
Less: Provision for shortages	0.76		0.76
Provision for obsolete/unserviceable items/ dimunition in value of surplus inventory	87.55		86.46
TOTAL	**11085.75**		**10814.36**
* Inventories include material in transit, under inspection and with Contractors	282.90		544.15

a. Inventory items have been valued considering the significant accounting policy no.8 disclosed in Note 1 to these financial statement.

b. 'Other' inventories include items of steel, cement, ash bricks etc.

Note No. 15 to the Financial Statements
TRADE RECEIVABLES

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
(Un-secured Considered good, unless otherwise stated)			
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered doubtful	-		-
Other Receivables	6040.09		3009.36
	6040.09		**3009.36**

Note No. 16 to the Financial Statements
CASH & BANK BALANCES

(₹ in Lakh)

AS AT	31.03.2013	31.03.2012
Cash & Cash Equivalents		
Balances with Banks		
Current Accounts	82.36	59.46
Cash Credit Accounts	120.80	29.45
Deposits with original maturity upto three months	7148.00	9806.05
Cheques & drafts on hand	0.58	0.49
Remittance in transit	-	0.38
Others	0.02	-
Other bank balances		
Deposits with original maturity of more than three months*	20930.45	3600.90
	28282.21	**13496.73**

* Includes bank deposits with more than twelve months maturity amounting to ₹NIL (previous year ₹NIL)

Note No. 17 to the Financial Statements
SHORT TERM LOANS & ADVANCES

(₹ in Lakh)

AS AT	31.03.2013	31.03.2012
LOANS		
Employees (including accrued interest)		
Secured	124.75	115.73
Unsecured	141.25	122.64
	266.00	**238.37**
ADVANCES		
Employees (including imprest)		
Secured	-	-
Unsecured	5.48	5.88
Contractors & Suppliers, including materials issued on loan		
Secured	-	-
Unsecured	4682.77	11530.40
Considered doubtful	4.29	4.29
Others		
Un-secured	436.44	1775.78
Considered doubtful	-	-
Less: Allowance for bad & doubtful advances	4.29	4.29
MAT Credit Entitlement	4800.00	-
	9924.69	**13312.06**
TOTAL	**10190.69**	**13550.43**
a. Due from Directors and Officers of the Company		
Directors	-	-
Officers	3.66	5.02

Note No. 18 to the Financial Statements
OTHER CURRENT ASSETS

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Interest Accrued :			
Term deposits	308.79		262.03
Others	-		5.02
Claims Recoverables			
Secured	-		-
Un-Secured, Considered good	12.08		16.65
Considered Doubtful	0.06		0.06
Less: Provision for doubtful claims	0.06		0.06
Unbilled Revenues*	14773.32		17897.95
Security Deposits (Unsecured)	72.73		34.30
Others	3.01		1.69
TOTAL	**15169.93**		**18217.64**

a. 'Others' include amount recoverable from contractors and others towards hire charges, rent/electricity, etc.

* Unbilled revenues include ₹10848.22 lakhs (Previous year ₹13041.87 lakhs) in case of PP - III and ₹3925.10 lakhs (Previous year ₹4856.08 lakhs) in case of PP - II.

Note No. 19 to the Financial Statements
CONTINGENT LIABILITIES

(₹ in Lakh)

AS AT	31.03.2013		31.03.2012
Claims against the company not acknowledged as debt in respect of			
Capital Works	104.85		104.85
Disputed Income Tax & FBT demand	882.49		3044.63
Disputed Service Tax demand	2720.42		2603.01
Others*	170.14		81.48
TOTAL	**3877.90**		**5833.97**

Possible reimbursement ₹2932.89 Lakh (Previous year ₹3619.44 lakh)

* Includes an amount of ₹136.87 lakh as on 31.03.2013 on account of entry tax demand received from Sales Tax department, Rourkela, for which the case is pending with Sales Tax Tribunal.

Note No. 20 to the Financial Statements
REVENUE FROM OPERATIONS (Gross)

(₹ in Lakh)

For the year ended	31.03.2013		31.03.2012
Sales			
Energy sales (including electricity duty/Parallel Operation charges)	194287.33		182292.60
	194287.33		**182292.60**
Provisions Written back			
Shortage in stores	-		3.64
	194287.33		**182296.24**

a. Energy sales is exclusive of electricity duty directly paid by SAIL in respect of DSP-CPP-II ₹1675.39 Lakh (Previous year ₹1836.37 Lakh).

Note No. 21 to the Financial Statements
OTHER INCOME

(₹ in Lakh)

For the year ended	31.03.2013	31.03.2012
Interest from		
Loan to Employees	73.93	47.52
Indian Banks	2489.29	2408.00
Others	2.68	11.22
Income from Current Investments- Non-trade		
Net Gain on sales of Mutual funds	292.90	283.23
Other non-operating income		
Surcharge received from customers	5.13	45.82
Hire charges for equipment	-	-
Miscellaneous Income	255.67	370.20
Profit on disposal of fixed assets	0.11	-
	3119.71	**3165.99**
Less: Transferred to expenditure during construction period (Net) - Note 27	0.71	5.90
TOTAL	**3119.00**	**3160.09**

Note No. 22 to the Financial Statements
FUEL COST

(₹ in Lakh)

For the year ended	31.03.2013	31.03.2012
Coal	88592.41	83332.86
Furnace oil	384.48	301.19
LDO & HSD	596.29	751.73
TOTAL	**89573.18**	**84385.78**

Note No. 23 to the Financial Statements
EMPLOYEE BENEFITS EXPENSES

(₹ in Lakh)

For the year ended	31.03.2013	31.03.2012
Salaries and Wages	10561.20	10134.91
Contribution to provident and other funds	1005.26	847.97
Staff welfare expenses	1117.25	937.75
	12683.71	**11920.63**
Less: Allocated to Fuel cost	352.87	212.87
Transferred to expenditure during construction period (net)- Note-27	209.18	325.53
TOTAL	**12121.66**	**11382.23**

a. Disclosures required by AS-15 in respect of provision made towards various employees benefits is made in Note 37.

b. Employee benefits expense includes the leave, superannuation and other retirement benefits in respect of employees posted on secondment basis from NTPC Ltd.

Note No. 24 to the Financial Statements
FINANCE COST

(₹ in Lakh)

For the year ended	31.03.2013		31.03.2012
Interest on			
Rupee Term Loans			
from banks	5270.33		6254.21
from Financial Institution	8050.86		8335.96
Rupee Working Capital loan			
from bank	0.13		0.13
Other Borrowing costs			
Guarantee fee	10.99		15.30
Other finance Charges	29.98		35.22
	13362.29		**14640.82**
Less: Transferred to expenditure during construction period (Net) - Note 27	118.18		508.25
TOTAL	**13244.11**		**14132.57**

Note No. 25 to the Financial Statements
GENERATION, ADMINISTRATION & OTHER EXPENSES

(₹ in Lakh)

For the year ended			31.03.2013		31.03.2012
Power charges	87.10				
Less: Recovered from contractors & employees	9.30				
			77.79		97.51
Water charges			2947.38		2680.86
Stores consumed			340.88		296.15
Rent	277.99				
Less: Recoveries	-				
			277.99		259.61
Repairs & maintenance					
Buildings			271.44		170.55
Plant & Machinery					
Power stations			9398.05		8038.05
Others			716.75		579.75
Insurance			250.00		176.44
Rates & taxes			186.61		174.59
Water Cess & environment protection cess			21.63		24.06
Training & Recruitment expenses	112.78				
Less: Fees for application & training	7.62				
			105.16		97.61
Communication expenses			124.74		126.38
Travelling expenses			728.12		612.62
Tender expenses	52.40				
Less: Receipt from sale of tenders	3.05				
			49.35		60.15
Payment to auditors (refer detail below)			10.93		10.84
Advertisement and publicity			9.99		21.54

(₹ in Lakh)

For the year ended		31.03.2013	31.03.2012
Security expenses		1667.17	1370.14
Entertainment expenses		50.97	44.93
Expenses for guest house	55.03		
Less: Recoveries	1.91		
		53.12	25.52
Brokerage & commission		0.80	5.38
Donations		-	-
Community development and welfare expenses		237.81	109.88
Ash utilisation & marketing expenses	11.68		
Less: Sale of ash products	-		
		11.68	106.95
Directors sitting fees		4.36	3.50
Books and periodicals		3.78	6.61
Professional charges and Consultancy fees		168.70	298.24
Legal expenses		31.29	29.40
EDP hire and other charges		52.19	47.17
Printing & stationary		49.47	46.11
Hiring of vehicles		183.26	149.69
Rebate to customers		2711.25	2397.99
Miscellaneous expenses		149.86	143.23
Survey & Investigation expenses written off		188.87	-
Loss on disposal/ write-off of fixed assets		466.27	152.81
		21547.65	**18364.26**
Less: Allocated to fuel cost		108.58	65.62
Transferred to Expenditure during construction period (net)-Note-27		57.48	91.54
		21381.59	**18207.11**
Provisions			
Tariff Adjustment		-	2454.00
Interest on refund to Customers		331.29	484.32
Shortage in stores		0.36	-
Obsolescence in stores		1.09	59.66
		332.73	**2997.98**
		-	-
		21714.32	**21205.08**
a) Stores consumption included in repairs and maintenance.			
b) Details in respect of payment to auditors:			
As Auditor			
Audit fee		4.75	3.75
Tax audit fee		1.45	1.28
In other capacity			
Other services (Certification Fees)		0.60	-
Reimbursement of expenses		3.14	5.07
Reimbursement of Service Tax		1.00	0.75
TOTAL		**10.93**	**10.84**

Note No. 26 to the Financial Statements
PRIOR PERIOD ITEMS

(₹ in Lakh)

For the year ended	31.03.2013		31.03.2012
REVENUE			
Sales	-		251.87
	-		**251.87**
EXPENDITURE			
Depreciation and amortisation	44.15		175.00
Repairs and Maintenance	-		(7.23)
Rates & Taxes	-		30.88
Others	(24.94)		(371.21)
	19.21		**(172.56)**
	-		-
Net Expenditure/(Revenue)	**19.21**		**(424.43)**
Less: Transferred to Expenditure during construction period (net) Note 27	-		-
TOTAL	**19.21**		**(424.43)**

Note No. 27 to the Financial Statements
EXPENDITURE DURING CONSTRUCTION PERIOD

(₹ in Lakh)

For the year ended		31.03.2013		31.03.2012
A. Employee Benefits Expenses		-		-
Salaries and Wages		195.21		266.93
Contribution to provident and other funds		10.55		46.16
Staff welfare expenses		3.42		12.44
TOTAL (A)		**209.18**		**325.53**
B. Finance Costs		-		-
from banks		43.62		201.31
from Financial Institutions		74.56		306.95
TOTAL (B)		**118.18**		**508.25**
C. Depreciation and Amortisation		-		-
D. Generation, Administration and Other expenses				
Rent	-			
Less: Recoveries	-			
		-		47.18
Others		30.98		2.63
Communication expenses		1.21		2.12
Travelling expenses		9.66		12.83
Tender expenses	5.04			
Less: Receipt from sale of tenders	-			
		5.04		(0.07)
Security expenses		0.13		1.20
Entertainment expense		0.54		0.44

(₹ in Lakh)

For the year ended		31.03.2013		31.03.2012
Expenses for guest house	-			
Less: Recoveries	-			
		-		0.09
Professional charges and consultancy fees		-		7.48
Miscellaneous expenses		9.91		17.64
TOTAL (D)		**57.48**		**91.54**
		-		-
TOTAL (A+B+C+D)		**384.83**		**925.32**
E. Less: Revenue from Operations		-		-
TOTAL (E)		-		-
F. Less: Other Income				
Interest from:				
Others		0.71		5.90
TOTAL (F)		**0.71**		**5.90**
G. Prior Period Items (net)		-		-
GRAND TOTAL (A+B+C+D - E - F+G)		**384.13**		**919.43**

28. Previous year figures have been re-grouped/re-arranged wherever considered necessary.
29. Amount in the financial statements are presented in ₹ Lakhs (upto two decimals) except for per share data and as otherwise stated.

30. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital account and not provided for as on 31.03.2013 is ₹6751.22 Lakhs (Previous year ₹8155.53 Lakhs).

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, ₹23.87 Lakhs MT (Previous year ₹25.48 Lakhs MT) of coal costing ₹65337.03 Lakhs (Previous year ₹67565.00 Lakhs) and gas costing ₹2932.24 Lakhs (Previous year ₹2570.17 Lakhs) has been consumed in CPP-II.
33. During the year 2012-13, out of ₹19.73 Lakhs Tons (Previous year ₹21.67 Lakhs Tons) of ash generated, ₹13.86 Lakhs Tons (Previous year ₹9.55 Lakhs Tons) ash has been utilized (including ash supplied by SAIL, RSP free of cost w.r.t PP-I, RSP) for various productive purposes which is 70.25% (Previous year 44.07%) 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. As per last directive of GOI, CIL issued a draft model Coal Supply Agreement (CSA), which is under review and finalization.

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 of Provident Fund and Family Pension is remitted to NTPC. The contribution towards Provident Fund of ₹629.32 Lakhs (previous year ₹569.78 Lakhs) is recognized as expense out of which ₹8.98 Lakhs (previous year ₹23.27 Lakhs) is transferred to IEDC account and the remaining amount of ₹620.34 Lakhs (previous year ₹546.51 Lakhs) is 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 have 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 Lakhs 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.

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 home town 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. Earned leave & Half-pay leave (on combined basis) can be accumulated up to a overall ceiling of 300 days (of which HPL cannot exceed 240 days). Half-pay leave is encashable only on separation beyond the age of 50 years subject to certain restrictions. The liability for Earned leave & Half-pay leave is recognized on the basis of actuarial valuation.

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	107.11	18.58	152.66	19.02
	{92.74}	{16.51}	{111.85}	{17.10}
Interest cost on benefit obligation	120.20	25.81	90.54	-
	{109.89}	{23.66}	{78.03}	{-}
Expected return on plan assets	(109.28)	-	-	-
	{(118.45)}	{-}	{-}	{-}
Net actuarial (gain)/loss recognized in the year	33.05	12.23	257.88	(3.51)
	{52.34}	{7.15}	{115.29}	{6.83}
Expenses recognized in the statement of Profit & Loss	151.08	56.62	501.08	15.51
	{136.52}	{47.32}	{305.17}	{23.93}
Actual Return on Plan Assets	122.14	-	-	-
	{138.63}	{-}	{-}	{-}

b) The amount recognized in the Balance Sheet

(₹ in Lakh)

	Gratuity	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.3.13	1654.32	373.90	1452.02	106.60
	{1502.47}	{322.61}	{1131.79}	{95.32}
Fair value of plan assets as at 31.3.13	1501.95	-	-	-
	{1365.95}	{-}	{-}	{-}
Net assets/ (liability) recognized in the Balance Sheet	(152.37)	(373.90)	(1452.02)	(106.60)
	{(136.52)}	{(322.61)}	{(1131.79)}	{(95.32)}

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

(₹ in Lakh)

	Gratuity	prmf	Leave	Terminal Benefits
Present value of obligation as at 01.04.2012	1502.47	322.61	1131.79	95.32
	{1292.81}	{278.36}	{917.96}	{75.11}
Acquisition Adjustment	6.81	-	3.36	-
	{11.91}	{-}	{9.70}	{-}
Interest cost	120.20	25.81	90.54	-
	{109.89}	{23.66}	{78.03}	{-}
Current Service Cost	107.11	18.58	152.66	19.02
	{92.74}	{16.51}	{111.85}	{17.10}
Benefits paid	(128.20)	(5.32)	(184.21)	(4.23)
	{(77.40)}	{(3.07)}	{(101.04)}	{(3.72)}

	Gratuity	prmf	Leave	Terminal Benefits
Net actuarial (gain)/ loss on obligation	45.91	12.23	257.88	(3.51)
	{72.52}	{7.15}	{115.29}	{6.83}
Present value of the defined benefit obligation as at 31.03.2013	1654.30	373.91	1452.02	106.60
	{1502.47}	{322.61}	{1131.79}	{95.32}

d) Changes in the fair value of plan assets

(₹ in Lakh)

	Gratuity	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 01.04.2012	1365.95	-	-	-
	{1480.58}	{-}	{-}	{-}
Acquisition Adjustment	6.81	-	-	-
	{11.91}	{-}	{-}	{-}
Expected return on plan assets	109.28	-	-	-
	{118.45}	{-}	{-}	{-}
Contributions by employer	135.25	-	-	-
	{(187.77)}	{-}	{-}	{-}
Benefit paid	(128.20)	-	-	-
	{(77.40)}	{-}	{-}	{-}
Net Actuarial gain/(loss)	12.86	-	-	-
	{20.18}	{-}	{-}	{-}
Fair value of plan assets as at 31.03.2013	1501.95	-	-	-
	{1365.95}	{-}	{-}	{-}

e) Other disclosures:

(₹ in Lakh)

Gratuity	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of obligation as at the end of	1654.32	1502.49	1292.82	1366.76	1133.32
Fair value of plan assets as at the end of	1501.95	1365.95	1480.59	1108.02	691.69
Surplus/(Deficit)	(152.37)	(136.53)	187.77	(258.74)	(441.63)
Experience adjustment on plan liabilities (loss)/gain	(38.40)	(77.80)	152.58	(142.18)	(174.64)
Experience adjustment on plan assets (loss) /gain	12.86	20.18	131.67	(18.01)	(16.81)

(₹ in Lakh)

PRMF	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of obligation as at the end of	373.91	322.60	278.36	249.36	197.47
Experience adjustment on plan liabilities(loss)/gain	(13.17)	(24.57)	(1.17)	(26.92)	12.68

(₹ in Lakh)

Leave	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of obligation as at the end of	1452.02	1131.78	917.96	708.67	665.09
Experience adjustment on plan liabilities (loss)/gain	(252.22)	(118.79)	(152.43)	(21.06)	(135.79)

(₹ in Lakh)

Terminal Benefits	31.03.2013`	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of obligation as at the end of	106.60	95.32	75.11	42.27	33.88
Experience adjustment on plan liabilities(loss)/gain	8.87	(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:

		Cost increase by 1%	Cost decrease by 1%
i)	Service and interest cost	₹ 13.07 Lakhs	₹ 5.62 Lakhs
ii)	Present value of obligation (PBO)	₹ 89.34 Lakhs	₹ 38.74 Lakhs

F. Other Employee Benefits

Provisions for Long Service Award and Economic Rehabilitation Scheme amounting to ₹17.38 Lakhs (previous year ₹ (0.10) Lakhs) 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:

		2013	2012
i)	Central Government securities	8.38 %	8.74 %
ii)	State Government Securities	2.41 %	5.06 %
iii)	Corporate Bonds/ debentures	18.80 %	19.62 %
iv)	Funds managed by Insurer	70.40 %	66.23 %
v)	Bank Balance (for Gratuity)	0.01%	0.35%
	TOTAL	**100.00%**	**100.00%**

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

		2013	2012
i)	Method used	Projected Unit Credit Method	
ii)	Discount Rate	8.00%	8.50%
iii)	Expected rate of return on assets (Gratuity only)	8.00%	8.00%
iv)	Annual increase in costs/ Future salary increase	6.00%	6.00%

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 2013-14 is ₹75.79 Lakhs.

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 due and payable at the year end on account of principal is ₹15.46 Lakhs (Previous Year ₹10.49 Lakhs) 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	156104	145428	30576	29418			186681	174846
Segment result	40860	36131	5706	5612			46565	41743
Other Income	1830	1644	1289	1516			3119	3160
Interest Expenses	12676	13427	568	706			13244	14133
Extra Ordinary & Prior period Items	(24)	(588)	43	163			19	(424)
Income Tax					125	(3)	125	(3)
Deferred Tax					11490	11775	11490	11775
Profit After Tax							24806	19423
Other Information								
Segment Assets*	267547	274549	49587	43357	13	28110	317146	346016
Segment Liabilities*	21246	23533	26617	25358			47863	48891
Depreciation	12928	12109	3778	4021			16706	16130
Non Cash Expenses Other than Depreciation	2		464				466	
Capital Expenditure	4452	10796	5512	4022	13		9976	14818

*Does not include components related to Income Tax and Deferred Taxes

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 Lakhs	24806.20	19422.94
Weighted average number of equity shares used as denominator	969239826	950500100
Earnings per share (Basic and Diluted) - ₹	2.56	2.04
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			259.28	211.49
Spare Parts			52.83	54.64
b) Expenditure in foreign currency:				
Professional and consultancy fee			5.48	-
Interest			-	-
Others			2.11	1.82
c) Value of components, stores and spare parts consumed (including fuel)	Current Year		Previous Year	
	% age	Amount	% age	Amount
Imported	0.31	293.25	0.13	115.82
Indigenous	99.69	93949.85	99.87	88792.54
d)Earning in foreign Exchange			Current Year	Previous Year
Professional & consultancy fee			-	-
Others			-	-

43. During the year, the Company has reviewed the accounting of carpet coal considering the provisions of AS 10. Based on review, the value of coal used for carpeting has been capitalized with the cost of coal handling plant which was hitherto been charged to the statement of Profit and Loss. Further, the accounting policy related to carpet coal has been deleted. Consequently, Gross Block of tangible assets is higher by ₹782.03 Lakhs and profit for the year (after considering depreciation effect) is higher by ₹726.97 Lakhs.

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(S.V.Shahi)**	**(Vishwaroop)**	**(Tej Veer Singh)**	**(N.N.Misra)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	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
Dated : 09.05.2013

INDEPENDENT AUDITORS REPORT

To
The Members of
NTPC-SAIL Power Company Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **NTPC-SAIL Power Company Private Limited** which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.;

e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.;

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act,1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Rajendra K. Goel & Co.
CHARTERED ACCOUNTANTS
FRN-01457N

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

Place: New Delhi
Date : 09.05.2013

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 at regular intervals. No material discrepancies were noticed during such verification. ;

(c) No substantial part of the fixed assets had been disposed off during the year by the Company so as to affect it as a going concern. -

II. (a) The inventories excluding material in transit have been physically ver ified during the year by the management. In our opinion, the frequency of such 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 inventories. 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 neither granted nor taken any loans, secured or unsecured, from Companies, firms and other parties, covered in the register maintained under section 301 of the Companies Act, 1956.

Since, the Company has neither granted nor taken any loans as referred to in clause iii (a) above, provisions of clause (iii) (b) to (iii) (d) of the paragraph 4 of the order 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 purchase 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 v (a) above, the clause v (b) of paragraph 4 of the order is not applicable.

VI. The Company has not accepted any deposit within the meaning of section 58A & 58AA of the Companies Act, 1956. Therefore the provisions of clause (vi) of the paragraph 4 of the order is not applicable.

VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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 2013 for a period of more than six months from the date they became payable. ;

(b) According to the records of the Company & explanations given to us, there are disputed dues of Income Tax, Service Tax, Entry Tax and Cess etc. aggregating to ₹3851.50 Lakhs which have not been deposited. The details of such disputed dues as at 31st March, 2013 are mentioned here under: -

Name of the Statute	Nature of Dues	Period / Year	Amount (₹ in Lakhs)	Forum Before which dispute is pending
Income Tax Act, 1961	Income Tax	2005-2006	63.00	Hon'ble High Court of Delhi
		2007-2008	552.99 *	DCIT
		2008-2009	9.91*	ITAT, New Delhi
		2009-2010	9.13 *	ITAT, New Delhi
		2009-2010	208.70 *	DCIT
		2010-2011	49.93	CIT (Appeals), Delhi
Finance Act, 1994	Service Tax	10-09-2004 to 28-02-2005	2720.42	Hon'ble High Courts of Calcutta and Orissa

Name of the Statute	Nature of Dues	Period / Year	Amount (₹ in Lakhs)	Forum Before which dispute is pending
Odisha Entry Tax Act, 1999	Entry Tax	Oct 2008 to March 2013	136.88	Sales Tax Tribunal, Orissa
Building and other Construction Workers Welfare Cess Act, 1996	Labour Welfare Cess	Up to April 2009	100.54	Hon'ble High Court of Chattisgarh

* In these cases, the Department have unilaterally adjusted the amounts of demand from the amounts refundable to the Company for some other years.

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 provisions of any special statute applicable for chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company. As such, the provisions of clause (XIII) of the paragraph 4 of the order is not applicable to the Company.

XIV. The company is not dealing in or trading in share, securities, debentures and other investments except Mutual Funds. In our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. As at 31st March, 2013, there were no outstanding mutual funds investments.

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 (XIX) of paragraph 4 of the Order are 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 (XX) of paragraph 4 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-01457N

R.K Goel
(PARTNER)
Membership No: 06154

Place: New Delhi
Date : 09.05.2013

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 2013

The preparation of financial statements of NTPC-SAIL Power Company Private Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09.05.2013.

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 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

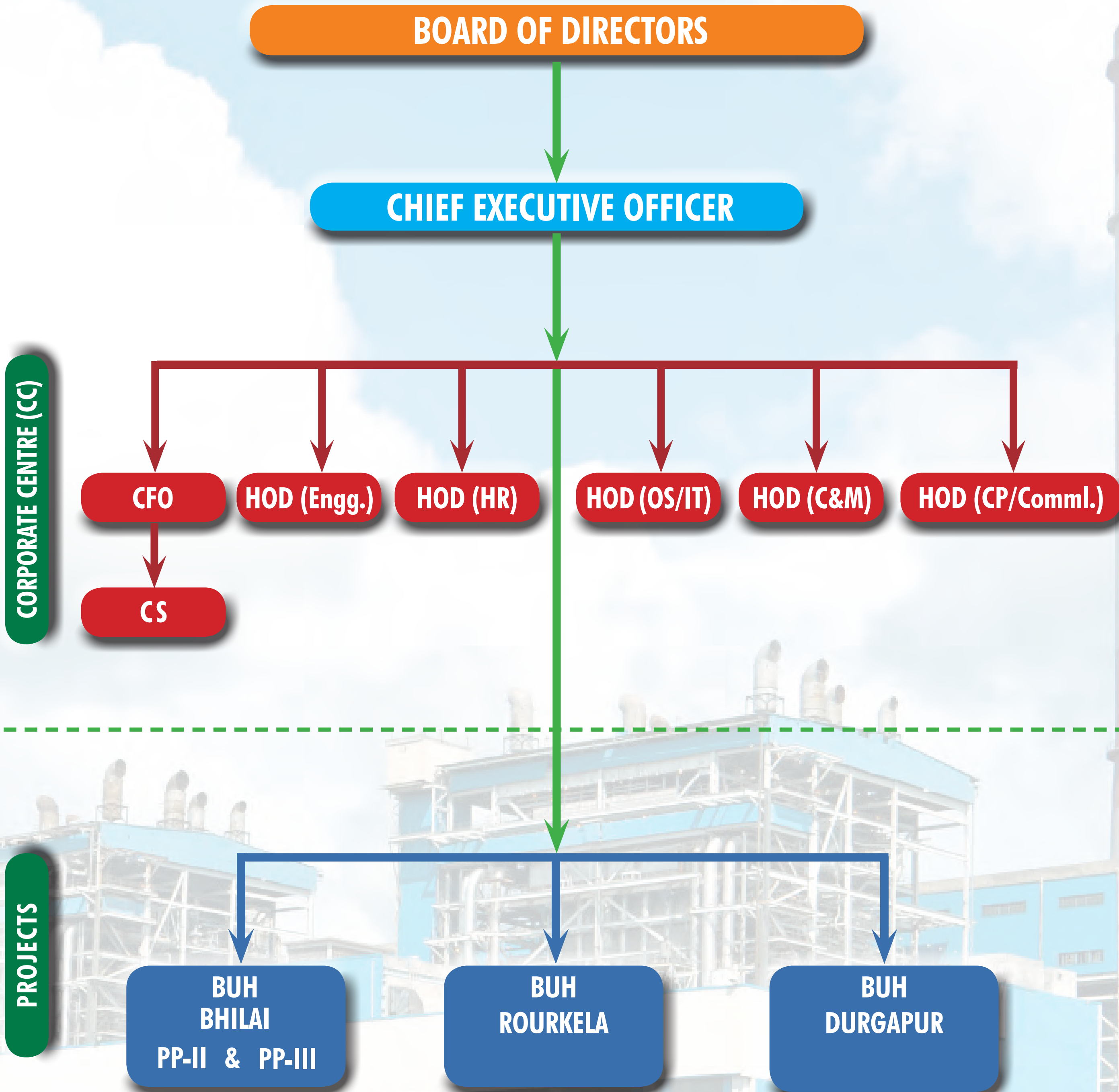
For and on the behalf of the
Comptroller & Auditor General of India

S. Jaiswal

(Sushil Kumar Jaiswal)
Principal Director of Commercial Audit
Ranchi

Place : Ranchi
Date : 21.06.2013

ORGANIZATION CHART




UNIT-1 TURBINE GENERATOR

NTPC-SAIL Power Company Private Limited

(A Joint Venture of NTPC & SAIL)

4^{th} Floor, NBCC Tower, 15, Bhikaji Cama Place, New Delhi - 110 066

Design & Production : Airads Ltd., New Delhi