

Powerful Growth Naturally!

**32nd ANNUAL
REPORT**
2007-2008

VISION

“A WORLD CLASS INTEGRATED POWER MAJOR,
POWERING INDIA’S GROWTH,
WITH INCREASING GLOBAL PRESENCE”



CORE VALUES

(B-COMIT)

BUSINESS ETHICS

CUSTOMER FOCUS

ORGANISATIONAL & PROFESSIONAL PRIDE

MUTUAL RESPECT & TRUST

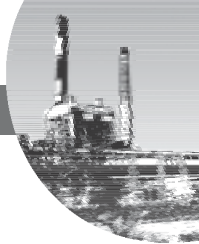
INNOVATION & SPEED

TOTAL QUALITY FOR EXCELLENCE



CORPORATE MISSION

“DEVELOP AND PROVIDE RELIABLE POWER, RELATED PRODUCTS
AND SERVICES AT COMPETITIVE PRICES, INTEGRATING MULTIPLE
ENERGY SOURCES WITH INNOVATIVE AND ECO-FRIENDLY
TECHNOLOGIES AND CONTRIBUTE TO SOCIETY ”



CORPORATE OBJECTIVES

To realise the vision and mission, eight key corporate objectives have been identified. These objectives would provide the link between the defined mission and the functional strategies:

■ Business portfolio growth

- To further consolidate NTPC's position as the leading thermal power generation company in India and establish a presence in hydro power segment.
- To broad base the generation mix by evaluating conventional and non-conventional sources of energy to ensure long run competitiveness and mitigate fuel risks.
- To diversify across the power value chain in India by considering backward and forward integration into areas such as power trading, transmission, distribution, coal mining, coal beneficiation, etc.
- To develop a portfolio of generation assets in international markets.
- To establish a strong services brand in the domestic and international markets.

■ Customer Focus

- To foster a collaborative style of working with customers, growing to be a preferred brand for supply of quality power.
- To expand the relationship with existing customers by offering a bouquet of services in addition to supply of power e.g. trading, energy consulting, distribution consulting, management practices.
- To expand the future customer portfolio through profitable diversification into downstream businesses, inter alia, retail distribution and direct supply.
- To ensure rapid commercial decision making, using customer specific information, with adequate concern for the interests of the customer.

■ Agile Corporation

- To ensure effectiveness in business decisions and responsiveness to changes in the business environment by:
 - Adopting a portfolio approach to new business development.
 - Continuous and co-ordinated assessment of the business environment to identify and respond to opportunities and threats.
- To develop a learning organisation having knowledge-based competitive edge in current and future businesses.
- To effectively leverage Information Technology to ensure speedy decision making across the organisation.

■ Performance Leadership

- To continuously improve on project execution time and cost in order to sustain long run competitiveness in generation.
- To operate & maintain NTPC stations at par with the best-run utilities in the world with respect to availability, reliability, efficiency, productivity and costs.
- To effectively leverage Information Technology to drive process efficiencies.

- To aim for performance excellence in the diversification businesses.
- To embed quality in all systems and processes.

■ Human Resource Development

- To enhance organisational performance by institutionalising an objective and open performance management system.
- To align individual and organisational needs and develop business leaders by implementing a career development system.
- To enhance commitment of employees by recognising and rewarding high performance.
- To build and sustain a learning organisation of competent world-class professionals.
- To institutionalise core values and create a culture of team-building, empowerment, equity, innovation and openness which would motivate employees and enable achievement of strategic objectives.

■ Financial Soundness

- To maintain and improve the financial soundness of NTPC by prudent management of the financial resources.
- To continuously strive to reduce the cost of capital through prudent management of deployed funds, leveraging opportunities in domestic and international financial markets.
- To develop appropriate commercial policies and processes which would ensure remunerative tariffs and minimise receivables.
- To continuously strive for reduction in cost of power generation by improving operating practices.

■ Sustainable Power Development

- To contribute to sustainable power development by discharging corporate social responsibilities.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilisation, peripheral development and energy conservation practices.
- To lead developmental efforts in the Indian power sector through efforts at policy advocacy, assisting customers in reforms, disseminating best practices in the operations and management of power plants etc.

■ Research and Development

- To pioneer the adoption of reliable, efficient and cost-effective technologies by carrying out fundamental and applied research in alternate fuels and technologies.
- To carry out research and development of breakthrough techniques in power plant construction and operation that can lead to more efficient, reliable and environment friendly operation of power plants in the country.
- To disseminate the technologies to other players in the sector and in the long run generating revenue through proprietary technologies.

REFERENCE INFORMATION

Registered Office

NTPC Bhawan, SCOPE Complex ,
7, Institutional Area, Lodi Road,
New Delhi – 110 003
Phone No. : 011-2436 0100
Fax No. : 011-2436 1018
Web site : www.ntpc.co.in

Subsidiaries

NTPC Electric Supply Company Ltd.
NTPC Hydro Ltd.
NTPC Vidyut Vyapar Nigam Ltd.
Pipavav Power Development Company Ltd.
Kanti Bijlee Utpadan Nigam Limited
(Formerly Vaishali Power Generating Company Ltd.)
Bhartiya Rail Bijlee Company Limited

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081
Phone No. : 040-2342 0815-28
Fax No. : 040-2342 0814
E- Mail – Id : mailmanagar@karvy.com

Shares listed at

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary

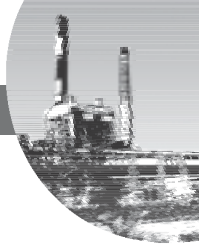
A.K. Rastogi

Bankers

Allahabad Bank
Andhra Bank
Bank of Baroda
Canara Bank
Central Bank of India
Dena Bank
Indian Bank
Indian Overseas Bank
ICICI Bank Ltd.
Jammu & Kashmir Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
State Bank of Bikaner & Jaipur
State Bank of Mysore
State Bank of Hyderabad
State Bank of India
State Bank of Patiala
State Bank of Travancore
State Bank of Saurashtra
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

Auditors

M/s Varma & Varma
M/s B.C. Jain & Co.
M/s Parakh & Co.
M/s S.K. Mittal & Co.
M/s Dass Gupta & Associates
M/s S.K. Mehta & Co.



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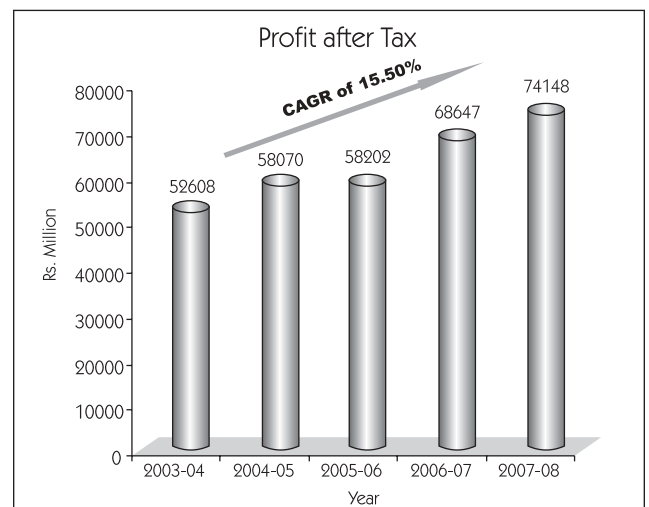
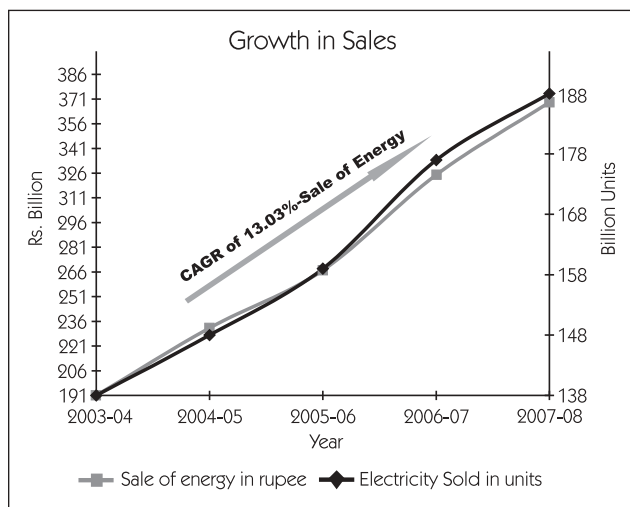
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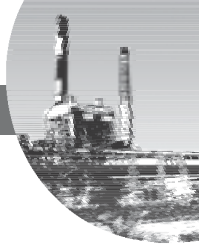
THE YEAR AT A GLANCE

		2008	2007
Gross Generation	Million Units	200863	188674
Commercial Generation	Million Units	200280	188140
Energy sent out	Million Units	187988	176530
Sale of Energy	Rs. Million	369462	325344
Profit before tax	"	102549	89074
Profit after tax	"	74148	68647
Dividend	"	28859	26385
Dividend tax	"	4905	3896
Retained Earnings	"	40384	38366
Net Fixed Assets	"	260937	256481
Net Worth	"	526386	485968
Loan Funds	"	271906	244844
Capital Employed	"	588868	564331
Net Cash From Operations	"	101711	80653
Value Added	"	127538	111012
No. of Employees #		23674	23602
Value added per employee	Rs Million	5.39	4.70
Debt to Equity	Ratio	0.52	0.50
Return on Capital Employed	%	14.07	13.89
Face Value Per share	Rs.	10.00	10.00
Dividend Per Share	"	3.50*	3.20
Book Value Per Share	"	63.84	58.94
Earnings Per Share	"	8.99	8.33

excluding JVs, Subsidiaries;

* including final dividend recommended by the Board





LETTER TO SHAREHOLDERS



Dear Shareowner,

Your Company is entering into a higher orbit of performance and growth with many opportunities and challenges. The Company has crossed the 400 billion mark in terms of gross revenue (Rs. 400.113 billion) and the 200 billion mark in terms of power generation (200.84 billion units) in the year 2007-08. Its net profit was Rs.74,148 million. Its total installed capacity, including that under joint ventures, is close to 30,000 MW (29,394 MW). Coal based power stations operated at 92.24% PLF. With 19.11% of the country's capacity, NTPC accounted for 28.51% of the total power generation in India. Your Company has made an impressive contribution of Rs.57,009.7 million to the Central Exchequer.

In the year 2008-09, your Company is striving to put capacity of 3,000 MW under commercial generation, the highest for any single year so far for the Company. Capacity addition is on course. Currently 16,680 MW is under construction. We plan to place orders for 11,000 MW during 2008-09. We plan to commence coal production from the Pakri-Barwadih mines in 2008-09.

Your Company's performance in the stock market has been steady and robust amid the fluctuations and shareholder wealth has increased over three times in a period of nearly three and a half years since its IPO in October 2004 till the end of the March 2008. Our investor base has crossed the number of 1 million shareholders, indicating that your confidence in our Company is continuously rising.

The tremendous power appetite of the country – whetted by economic growth, rising living standards and requirements of a huge population – translates into abundant growth opportunities for NTPC. Your Company is ready with strategies and targets both short-term and long-term, to leverage its resources and strengths to exploit the growth opportunities.

We plan to become 50,000 MW Plus by 2012 and 75,000 MW Plus by 2017. This works out to 10.4% CAGR up to 2017 whereas the national CAGR works out to 8.5% based on the power requirement data in the Integrated Energy Policy of the Planning Commission.

In order to secure inputs for the growth plans of your Company, we are pushing our coal mining activities forward; we have entered into joint ventures for equipment manufacturing and EPC and we are exploring good project sites. In order to help in meeting the huge skilled manpower requirement of the sector, we are developing or adopting technology training institutes.

In order to secure fuel resources, we are exploring opportunities for coal and gas supplies from countries like Indonesia, Mozambique and Nigeria.

Your Company has plans to increase its global presence. In Sri Lanka, the site for setting up Company's first power station abroad in joint venture with Ceylon Electricity Board has been finalized. The power plant is scheduled to become operational by 2012.

Your Company is revising its long-term Corporate Plan and has decided to chalk out a new Corporate Plan for the time horizon 2007 to 2027. Continuous efficiency improvement, through technological initiatives and upgradation and promoting environmentally sustainable power development, have always been high on the management's agenda and action-plan. Our change management initiatives with intensification of IT enablement and use of ERP are underway.

We expect greater infusion of competition and other free-market features in the sector and our strategies are aimed at continuous improvement in our performance through technological initiatives and upgradation, modernization, adoption of best practices and global benchmarking. We are scaling up our R&D activities and are giving stronger thrust to research on sustainable power development. We believe that the power market and the regulatory regime will incentivise efficiency and our business plans are firmed up accordingly.

Our generation per employee and other productivity indices per employee have been continuously improving. The rising manpower productivity in NTPC will mean less number of people, generating more power and building more projects. NTPC has been consistently rated among the best employers and among the best places to work for in the most prestigious surveys.

Our focus on people, our emphasis on transparency, fairness and sound governance, our demonstrated concern for the socio-economic support and improvement of communities in the vicinity of our Units and also in other parts of the country have contributed to generating invaluable goodwill for your Company. We are stepping up our engagement with all stakeholders in order to strengthen sustainable bonds of development, growth and trust.

Your Company is imparting strong thrust on corporate social responsibility. We are setting up a large number of Distributed Generation Units at remote un-electrified villages. These small Units have brought about transformational socio-economic change in these villages. Participation of the local community and use of locally available renewable energy sources have been instrumental in the success of these projects. We are making substantial contribution to rural electrification through our active participation in Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) of the Government of India. In order to contribute towards augmenting availability of skilled manpower in the sector, your Company is adopting and upgrading Industrial Training Institutes (ITIs) and is setting up new ITIs near its units.

With its performance oriented culture and its focus on ensuring the highest standards of governance and overall excellence, your Company's efforts aim at maximising the returns to its stakeholders.

With best wishes,

Yours sincerely,



(R.S. Sharma)

Chairman & Managing Director

NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the members of NTPC Limited will be held on Wednesday, September 17, 2008 at 11.30 a.m. at Air Force Auditorium, Subroto Park, New Delhi – 110 010 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2008 and Profit & Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To confirm payment of interim dividend and declare final dividend for the year 2007-08.
3. To appoint a Director in place of Dr. R.K. Pachauri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Ashok Misra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri R.C. Shrivastav, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

Special Business

7. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:
 - i) Resolved that pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and the requirements of lenders, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing, whether by way of Term Loan/ Line of Credit / Equipment Finance/ Project Finance/ Bridge Loans / Cash Credit facilities / Public Deposits or otherwise from Financial Institutions/ Banks or from Public/ Bodies Corporate or from Government Body/ Corporation or Government of India or by way of External Commercial Borrowings or from Multilateral/ Bilateral agencies within India or abroad or by way of issue of bonds in domestic or International Markets on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) at any time shall not exceed in the aggregate Rs. 1,00,000 crore (Rupees One Lac Crore Only) irrespective of the fact that such aggregate amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose.
 - ii) Further resolved that pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/ or create charge on all or any one or more of the movable and / or immovable properties or such other assets of the Company, wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit, to or in favour of National/ International Financial Institutions/ Banks/ Trustees for the Bond Holders (in case of issue of Bonds) etc. hereinafter referred to as "the lenders" to secure any Term Loans/ Cash Credit Facilities/ Debentures/ Bonds or otherwise, obtained/ to be obtained from any of the aforesaid lenders together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damage(s), commitment charge(s), premia on prepayment or on redemption, cost, charge(s), expenses and all other monies payable by the Company to such lenders under the respective loan/ other agreement(s) entered/ to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board.

- iii) Further resolved that the Board of Directors be and is hereby authorized and it shall always be deemed to have been so authorized to finalize and execute with the Lenders/ Trustees for the holders of the Bonds, the requisite agreement, documents, deeds and writings for borrowing and/ or creating the aforesaid mortgage(s) and/ or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions.

By order of the Board of Directors



(A.K. Rastogi)

Company Secretary

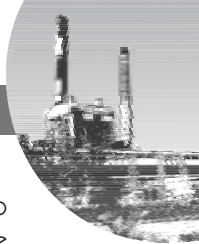
Regd. Office:

NTPC Bhawan, 7 Institutional Area,
Lodi Road, New Delhi-110003

Date: 29th July, 2008

NOTES :-

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business under Item No. 7 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY - EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from August 30, 2008 to September 17, 2008 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after September 22, 2008 to the Members or their mandates whose names appear on the Company's Register of Members on September 17, 2008 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on August 29, 2008.
4. Members are requested to:-
 - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - iv) quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - v) **note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.**
 - vi) note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. Those holding shares in



Electronic Form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ Registrar & Share Transfer Agent /DP with complete details need not send it again.

The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.

6. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent alongwith relevant Share Certificates.
7. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Form-2B is to be submitted in duplicate to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
8. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
9. Members are requested to notify immediately any change of address:
 - i. to their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - ii. to the Company at its Registered Office or to its Registrar & Share Transfer Agent, Karvy Computershare Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.
10. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Shri K. Sivakumar, GM (Finance) (I/c) and Public Spokesperson of the Company at the registered office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
11. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges, the relevant details of Dr. R.K. Pachauri, Prof. Ashok Misra and Shri R.C. Shrivastav Directors retiring by rotation and seeking re-appointment under Item No. 3, 4 and 5 aforesaid in accordance with applicable provisions of the Articles of Association of the Company as well as of those directors who have been appointed since the last Annual General Meeting are also annexed. The tenure of both Dr. R.K. Pachauri and Prof. Ashok Misra is upto January 29, 2009 and tenure of Shri R.C. Shrivastav is upto June 30, 2010 as per terms of their appointment by the Government of India.
12. None of the Directors of the Company is any way related with each other.
13. The Board of Directors in its meeting held on January 30, 2008 had declared an interim dividend @ 27% on the paid-up equity share capital of the company which was paid on February 13, 2008. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
14. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid / unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
15. Annual listing fee for the year 2008-09 has been paid to all Stock Exchanges wherein shares of the Company are listed.
16. Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C & AG) and in terms of Clause (aa) of sub-section (8) of Section 224 of the Companies Act, 1956 their remuneration has to be fixed by the Company in the Annual

General Meeting. The Members of the Company in the 31st Annual General Meeting held on September 12, 2007 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the year 2007-08. Accordingly, the Board of Directors has fixed audit fee of Rs.61,75,000/- for the Statutory Auditors for the financial year 2007-08 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses for visits to accounting units. Further, Statutory Auditors of the Company for the year 2008-2009 are yet to be appointed by C&AG of India, the Members may authorise the Board to fix an appropriate remuneration of Auditors as may be deemed fit by the Board.

17. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

Annex to Notice

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for Item No. 7

Article 28 of the Articles of Association of the Company provides as under:

“Subject to the provisions of Section 58A, 292 and 293 of the Act and Government Guidelines issued from time to time, the Board may by means of resolution passed at meetings of the Board from time to time, accept deposits or borrow and/ or secure the payment of any sum or sums of money for the purpose of the Company.”

As per the provisions of Article 28 of the Articles of Association read with applicable provisions of the Act, the Board of Directors of the Company can accept, deposit or borrow money and/or secure payment of any sum or sums of money which, together with money already borrowed by the company, does not exceed the aggregate of the paid-up capital and free reserves of the Company. As such for borrowing by Board within the limit prescribed under section 293 of the Act, approval of the Shareholders is not required.

As on 31.03.2008, the paid-up capital and free reserves of the Company are Rs. 8245.50 crore and Rs. 42901.70 crore respectively totaling to Rs.51147.20 crore.

Domestic and Foreign outstanding/committed Borrowings of the Company upto 31.03.2008 and projected requirements upto 2012 of cumulative borrowing are to the tune of Rs. 105507.80 crore. In addition to above, during 1st April 2008 to 30th June 2008, loan of Rs. 10,350 crore including loan of Rs. 10,000 crore from Power Finance Corporation Limited has been tied and an amount of Rs. 539.37 crore has been repaid during the said period. As a result, outstanding and committed borrowings as on 30.06.2008 is Rs. 45,240.22 crore.

Since the projected borrowings of the Company for its various projects and other capital schemes is likely to exceed its paid-up capital and free reserves, it is, therefore, proposed to seek your approval for borrowing powers of Board upto total amount of Rs. 1,00,000 crore including the amount already borrowed.

In connection with the borrowing, through issue of bonds and loan from financial institutions, the assets of the company both movable and immovable are some time required to be charged / mortgaged and the financial institutions insist for approval of the shareholders under section 293(1)(a) of the Companies Act, 1956, it is, therefore, proposed to seek your consent for empowering the Board of Directors for mortgaging and / or creating the charge on the assets, both movable and immovable of the Company.

None of the Directors is interested or concerned in the above resolution except to the extent that he is a Director of the Company.

The Directors commend the ordinary resolution at Item No. 7 for approval of the Members.

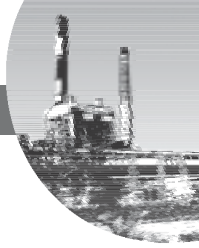


BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING
Directors seeking re-election at the 32nd AGM

Name	Dr. R.K. Pachauri	Prof. Ashok Misra	Shri R.C. Shrivastav
Date of Birth & Age	20.08.1940/68 yrs	30.07.1947/61 yrs	08.06.1950/58 yrs
Date of Appointment	30.01.2006	30.01.2006	24.05.2006
Qualifications	Master of Science in Industrial Engineering, Ph.D. in Industrial Engineering and Ph. D. in Economics	B. Tech in Chemical Engineering, Master of Science in Chemical Engineering, Ph.D. in Polymer Science & Engineering and EDP.	Graduate in Electrical Engineering
Expertise in specific functional area	Dr. R.K. Pachauri is the Chairman of the Nobel Peace Prize-winning Intergovernmental Panel on Climate Change (IPCC), the scientific intergovernmental body that provides decision-makers and the public with an objective source of information about climate change. He is also Director General of TERI (The Energy and Resources Institute), an independent research organisation providing knowledge on energy, environment, forestry, biotechnology, and the conservation of natural resources. Dr Pachauri is a prominent researcher on environmental subjects, recognised internationally for his efforts to build up and disseminate greater knowledge about man-made climate change and to lay the foundations for the measures that are needed to counteract such change. He is active in several international forums dealing with the subject of climate change and its policy dimensions. He was recently awarded the second-highest civilian award in India, the 'Padma Vibhushan' and received the 'Officier De La Légion D'Honneur' from the Government of France in 2006.	Prof. Ashok Misra is the Director of Indian Institute of Technology, Mumbai. He authored one book on Polymers, published large number of papers in international journals and has been awarded six patents. He is the recipient of a number of prestigious awards. He is a member of several scientific associations and societies and currently, President, National Academy of Sciences, India (NASI). He is a member of the International Academy Advisory Panel of Ministry of Education, Singapore.	Shri R.C. Shrivastav has rich and diverse experience in the power sector. He joined NTPC in 1981 and worked in various capacities in the areas of construction, commissioning and operation & maintenance of power stations as well as corporate operation services. As Director (HR) Shri Shrivastav is overall in-charge of Human Resource function for the entire organization and other corporate functions such as Industrial Safety, Resettlement & Rehabilitation, Corporate Communication and Corporate Social Responsibility.
Directorship held in other companies	Part-time Director 1. Oil and Natural Gas Corporation Limited	Part-time Director 1. Reliance Industries Limited 2. Rashtriya Chemicals & Fertilizers Limited	Part-time Chairman 1 NTPC – SAIL Power Company Private Limited Part-time Director 1. Kanti Bijlee Utpadan Nigam Limited 2. NTPC Hydro Limited 3. NTPC Electric Supply Co. Ltd.
Memberships/ Chairmanship of Committees across all Public Companies	NTPC Limited Member– Audit Committee	—	NTPC Limited Shareholders'/ Investors' Grievance Committee

Directors appointed since last Annual General Meeting held on September 12, 2007

Name	Shri V.P. Joy
Date of Birth & Age	30.06.1963/45 yrs
Date of Appointment	30.08.2007
Qualifications	Graduate in Electronics & Communication Engineering, MBA from University of Birmingham, UK and an officer of Indian Administrative Service from Kerala State cadre.
Expertise in specific functional area	Shri V.P. Joy has held various posts in the State Government of Kerala. Prior to his joining as Joint Secretary (Thermal), Ministry of Power, Government of India, he has held the post of Director in Ministry of Petroleum & Natural Gas, Government of India and has wide experience in the Petroleum Energy Sector in the areas of supply, pricing, corporate affairs and refineries.
Directorship held in other companies	—
Memberships/ Chairmanship of Committees across all Public Companies	—



ACHIEVEMENTS & ACCOLADES

NTPC Limited and Power Finance Corporation Ltd. (PFC) signed a Memorandum of Agreement (MoA) for financing NTPC's ongoing capacity addition programme through a **Term Loan of Rs. 10,000 crore** by PFC to NTPC.



NTPC Limited bagged the **SCOPE Meritorious Award for Good Corporate Governance** for the year 2005-06. The Company has promoted strong Corporate Governance and proactively taken steps for protecting the systems and processes.

NTPC Limited was ranked number 1 in the special category - '**Best Workplaces for Large Organizations**' and number eight overall for the year 2008 by Grete Places to Work Institute's India Chapter in collaboration with the Economic Times. This is the fourth consecutive year when the Company figures among the Top 10.



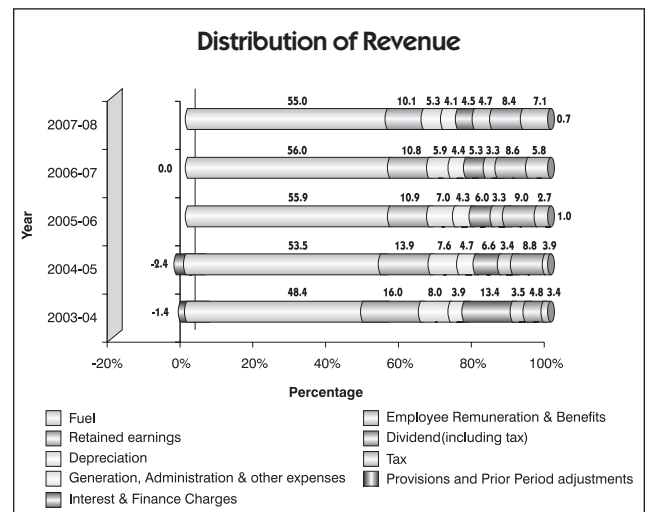
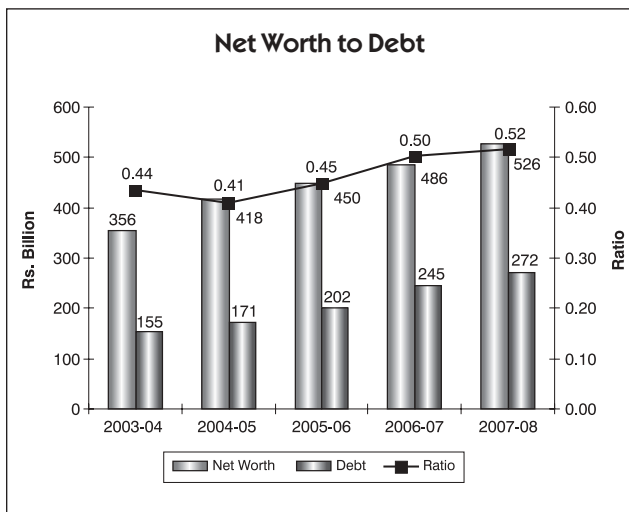
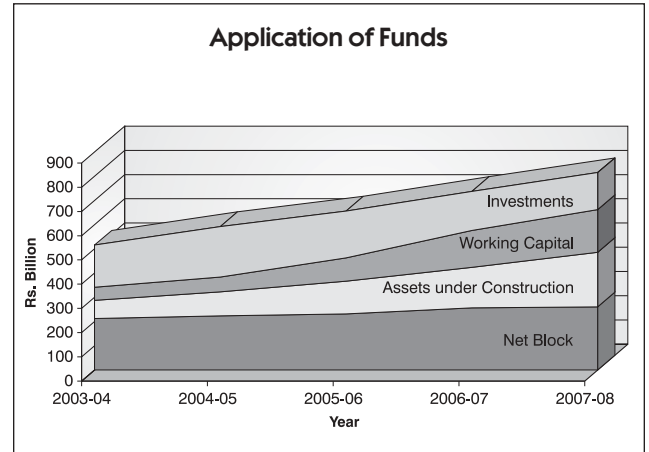
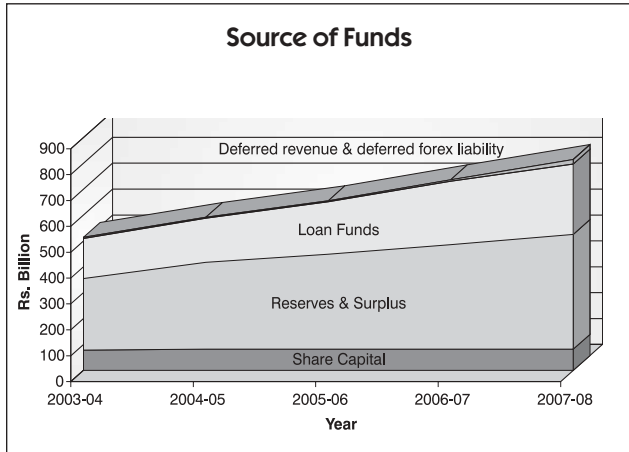
Four Power Stations of NTPC Limited bagged the prestigious **National Awards for Meritorious Performance** instituted by Ministry of Power, Govt. of India for the year 2006-07. The National Awards have been instituted by the Ministry of Power to inculcate competitive spirit and to motivate the power utilities to achieve higher levels of performance.

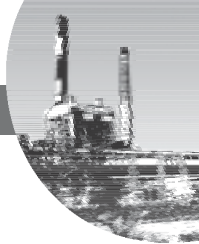
No. 1 Independent Power Producer Company in Asia, 2007 - "Platts Top 250 Global Energy Company 2007 Survey".

'Golden Peacock Global Award' for Excellence in Corporate Governance - 2007.

Star PSU for the year 2008 by Business Standard.

411th largest company in the world in the Forbes List of World's 2000 Largest Companies for the year 2007 : jumps up by 83 positions from the 494th rank in 2006.

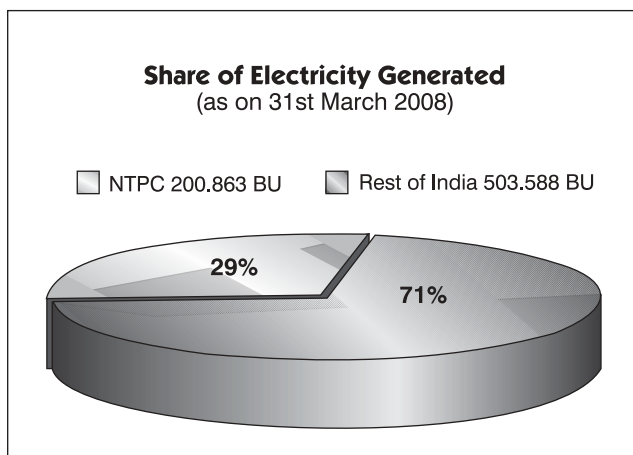
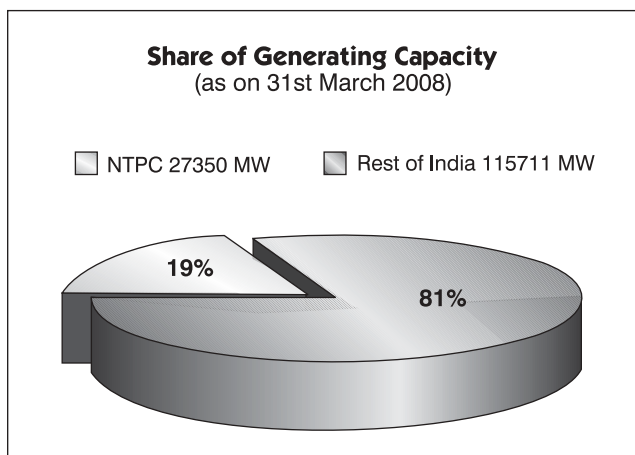


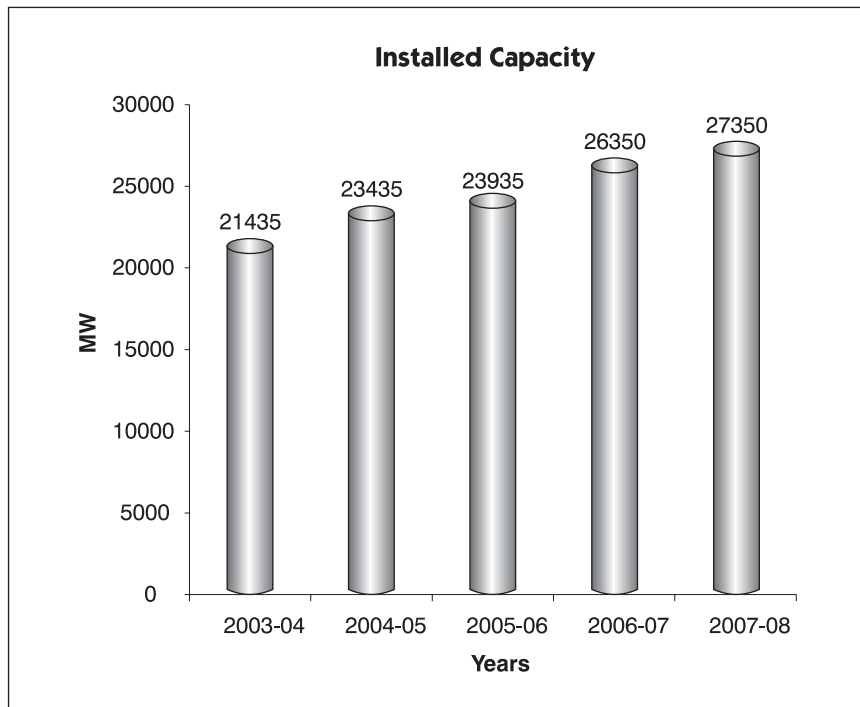
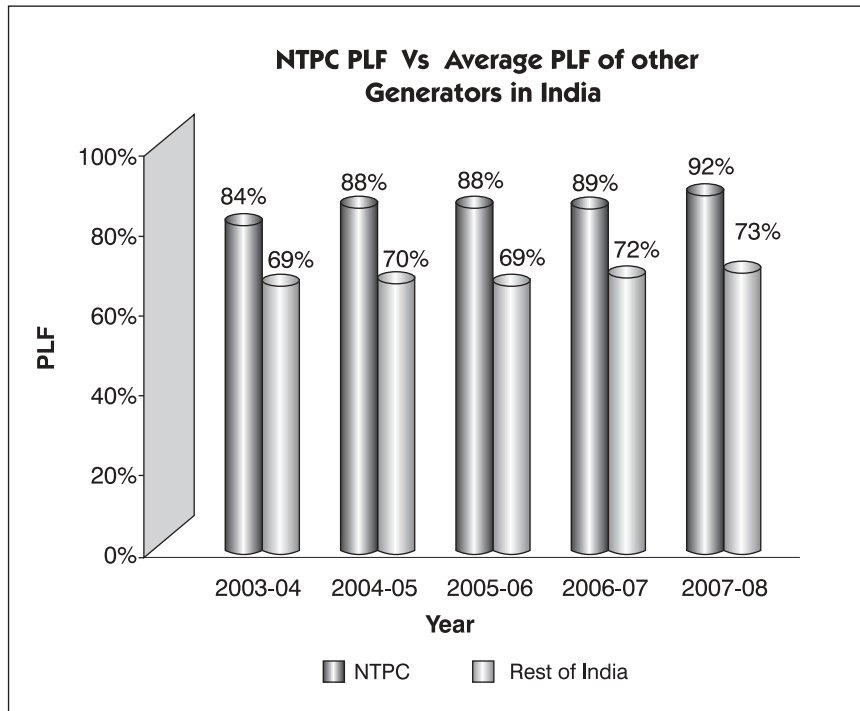


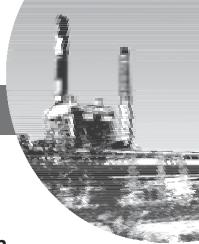
STATION-WISE GENERATION 2007-08

STATIONS	Fuel Type	Capacity (MW)	Gen. (MU) Gross
Northern Region		5490	45421
Singrauli	Coal	2000	16105
Rihand	Coal	2000	16763
Unchahar	Coal	1050	9010
Tanda	Coal	440	3543
National Capital Region		3857	27237
Badarpur	Coal	705	5354
Dadri	Coal	840	7232
Anta	Gas	413	2728
Auraiya	Gas	652	4062
Dadri	Gas	817	5217
Faridabad	Gas	430	2644
Western Region		7153	51292
Korba	Coal	2100	17731
Vindhyachal	Coal	3260	25888
*Sipat	Coal	500	0.2
Kawas	Gas	645	3671
Jhanor Gandhar	Gas	648	4002
Eastern Region		6900	46824
Farakka	Coal	1600	11739
Kahalgaon	Coal	1840	6834
Talcher - Kaniha	Coal	3000	24762
Talcher - Thermal	Coal	460	3489
Southern Region		3950	30089
Ramagundam	Coal	2600	20588
Simhadri	Coal	1000	7780
Rajiv Gandhi CCP	Liquid Fuel	350	1721
Total		27350	200863

* Sipat Unit-IV under stabilisation.







SELECTED FINANCIAL INFORMATION

	Rs. in Million				
	2007-08	2006-07	2005-06	2004-05	2003-04
A) Operating Income					
Earned from					
Sale of Energy	369462	325344	266564	232415	190571
Consultancy & Other Income	30651	28422	26806	24110	61816
Total	400113	353766	293370	256525	252387
Paid & Provided for					
Fuel	220202	198181	163947	137235	122150
Employees Remuneration & Benefits	18960	11632	9684	8823	8835
Generation, Administration & other expenses	16284	15567	12721	12062	9813
Provision (Net)	7	73	334	(6160)	(3813)
Prior Period/Extra Ordinary Items	2745	(109)	2488	(102)	183
Profit before depreciation, Interest & Finance Charges and Tax	141915	128422	104196	104667	115219
Depreciation	21385	20754	20477	19584	20232
Profit before Interest & Finance Charges and Tax	120530	107668	83719	85083	94987
Interest & Finance Cost	17981	18594	17632	16955	33697
Profit before tax	102549	89074	66087	68128	61290
Tax (Net)	28401	20427	7885	10058	8682
Profit after tax	74148	68647	58202	58070	52608
Dividend	28859	26385	23087	19790	10823
Dividend tax	4905	3896	3238	2680	1387
Retained Profit	40384	38366	31877	35600	40398
B) What is Owned					
Gross Fixed Assets	533680	507273	460396	431062	400281
Less : Depreciation	272743	250792	229501	207914	187736
Net block	260937	256481	230895	223148	212545
Capital Work-in-progress, Construction Stores & Advances	224783	168392	136340	99285	74953
Investments	152672	160943	192891	207977	173380
Current Assets, Loans & Advances	255488	221827	157245	129073	135468
Total Net Assets	893880	807643	717371	659483	596346
C) What is Owed					
Long Term Loans	271776	244516	201195	166719	149415
Working Capital Loans	130	328	778	4159	5113
Current Liabilities & Provisions	79299	70263	61402	67467	80941
Total Liabilities	351205	315107	263375	238345	235469
D) Others					
Deferred Revenue - Advance against deprectiaion	13734	6567	4408	3374	1591
Deferred Foreign Currency Fluctuation Liability	2554	-	-	-	-
Development surcharge fund	-	-	-	-	3784
Derferred Tax Liability (Net)	1	1	1	1	1
Total	16289	6568	4409	3375	5376
E) Net Worth					
Share Capital	82455	82455	82455	82455	78125
Reserves & Surplus	443931	403513	367132	335308	277376
Net Worth	526386	485968	449587	417763	355501
F) Capital Employed	588868	564331	523572	500540	458267
G) Value Added	127538	111012	97206	88167	66341
G) No. of Shares	8245464400	8245464400	8245464400	8245464400	7812549400
I) No. of Employees *	23674	23602	21870	21420	20971
J) Ratios					
Return on Capital Employed (%)	14.07	13.89	12.46	12.77	12.93
Return on Net Worth (%)	16.10	15.57	14.16	14.33	14.94
Book Value per Share (Rs.)	63.84	58.94	54.53	50.67	45.50
Current Ratio	3.22	3.16	2.56	1.91	1.67
Debt to Equity	0.52	0.50	0.45	0.41	0.43
Value Added/Employee (Rs. Million)	5.39	4.70	4.44	4.12	3.18

* Excluding JVs, Subsidiaries

DIRECTORS' PROFILE



Shri R.S. Sharma (58 years), Chairman & Managing Director, NTPC Limited, since May 01, 2008, has rich and varied experience spanning over thirty seven years in the Indian power industry out of which he has spent 30 years in power projects and stations. A graduate in Mechanical Engineering, Shri Sharma began his career in 1971 as Engineer in Madhya Pradesh Electricity Board where he laid the foundations of his exceptional expertise in the area of Operation & Maintenance of power stations.

He joined NTPC in 1980 and worked in equipment erection and plant maintenance areas prior to becoming head of various projects. He also headed the Southern Region of the Company. Later he served as Executive Director (Corporate Planning) and Executive Director (Commercial) and looked after key areas of Strategic Planning and Commercial Functions respectively.

Shri Sharma became Director (Commercial) in October, 2004 and took numerous initiatives to ensure robust commercial success of NTPC. He led NVVN, the trading arm of NTPC, to achieve a substantial share in the power trading market. As Director (Commercial), he also led the team of New Business Development in setting up various joint ventures, carrying out the due process for a power exchange and the Company's diversification into equipment manufacturing. He guided the efforts for acquisition of coal mines abroad and led the team in preparing the road-map for nuclear power. Besides his wide-ranging contribution to the power industry and the Company, Shri Sharma has demonstrated high commitment to corporate governance, corporate social responsibility and value based leadership.

Shri R.S. Sharma was holding 2304 equity shares in the company as on March 31, 2008.

Shri Chandan Roy (58 yrs), Director (Operations) is a graduate in Mechanical Engineering. A power engineer of repute with rich and varied experience of more than 37 years in the areas of project planning, conceptualisation, design, engineering and Operation & Maintenance of more than 29000 MW. Shri Roy has held various responsible positions in India and abroad. Prior to joining the Board of NTPC Limited in January 2004, he has held various important positions including the Executive Director of a Regional Head Quarter, Executive Director (Engineering) etc. He has also been the Chairman of Ratnagiri Gas and Power Private Limited (Part time), a joint venture company of NTPC Ltd and Gas Authority of India Limited (GAIL) for two (2) years and the chief architect of revival of the abandoned project. Prior to joining NTPC in 1977, he worked in Babcock & Wilcox, London. In recognition of his expertise in the area of power plant design, commissioning and generation he has been awarded "Eminent Engineer Award" by Institution of Engineers (India) in the year 2006.



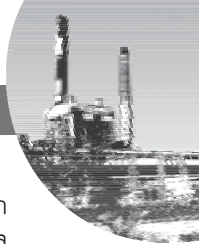
Shri Chandan Roy was holding 14516 equity shares in the company as on March 31, 2008.



Shri R.K. Jain (59 yrs), Director (Technical) since May 5, 2005, has vast experience of over 35 years of Power Project Planning, Conceptualisation, Design/Engineering and Contract & Materials. He also served as Executive Director (National Capital Region), Executive Director (Corporate Contract & Materials), and as General Manager (Consultancy & Joint Ventures). Prior to joining NTPC in 1977, he worked with Central Electricity Authority. As Director(Technical), he is responsible for Engineering Division, induction of new technologies like Supercritical etc., development of Energy Technology Centre for research in Energy related areas, non-conventional energy resources, implementation of Distributed Generation Schemes and development and implementation of IT initiatives in NTPC

including ERP. He is also responsible for NTPC's globalization initiatives in the areas of setting up power plants abroad, O&M Contracts & offer Engineering Services for international clients.

Shri R.K. Jain was holding 369 equity shares in the company as on March 31, 2008.



Shri A.K. Singhal (54 yrs), Director (Finance) since August 2005, a Chartered Accountant, comes with rich experience of 29 years of Corporate Finance Management. He is also a member of All India Management Association (AIMA) and Institute of Internal Auditors (IIA). Prior to joining NTPC in 2001, he was the Executive Director (Finance) in National Fertilizers Limited (NFL) as head of Finance & Accounts department. He held various managerial positions in Krishak Bharati Cooperative Limited (KRIBHCO) and Engineering Projects of India Limited (EPIL). As Finance Director on the Board of NTPC, he is responsible for formulating financial strategies and plans to enable the company in achieving its Vision. He gives directions with respect to the entire gamut of Financial Management of the organization including timely financial resource mobilization at minimum possible cost from Domestic & Global

sources including equity issues, optimum utilization of funds, formulation of company's annual financial budget and undertaking budgetary controls. He is also responsible for designing internal control systems commensurate with the size of the organization and for ensuring compliance of such systems. Being responsible for compliances of Company Law and other statutory requirements, he also gives direction to the Corporate Governance framework of the company. After company became listed he has been acting as one of the vital links between the shareholders of the company and the rest of the Board.

Shri A.K. Singhal was holding 10329 equity shares in the company as on March 31, 2008.

Shri R.C. Shrivastav (58 yrs.), Director (Human Resources) is a Graduate in Electrical Engineering. He has a rich and diverse experience in the power sector. He started his career in power plant operation in captive power plant of Steel Authority of India Limited. He joined NTPC in 1981 and worked in various capacities in the areas of construction, commissioning and operation & maintenance of power stations as well as corporate operation services. He headed a number of power stations of NTPC and was elevated to the post of Executive Director (Southern Region) in 2002. He later handled the responsibility as Chief Executive Officer of NTPC Electric Supply Company Limited, a wholly owned subsidiary Company of NTPC engaged in electricity distribution before appointment as Director (HR) of NTPC in May 2006. As Director (HR) Shri Shrivastav is overall in-charge of Human Resource function for the entire organization. He is also responsible for Power Management Institute of NTPC and other corporate functions such as Industrial Safety, Resettlement & Rehabilitation, Corporate Communication and Corporate Social Responsibility.



Shri R.C. Shrivastav was holding 2304 equity shares in the company as on March 31, 2008.



Shri K.B. Dubey (59 yrs), Director (Projects) is a graduate in Mechanical Engineering. Shri Dubey started his professional career with Bharat Heavy Electricals Ltd and subsequently joined NTPC in 1981. He has worked in NTPC in different capacities and in variegated areas. He has headed various Projects, Region and Corporate Groups in NTPC such as Faridabad Gas Power Project, Koldam Hydro Power Project, Hydro Region and Corporate Monitoring Group and has earned laurels in both Professional and Administrative capacities. He took over as Director (Projects) of NTPC on 12.01.2007. Shri Dubey is a member of the Panel of Arbitrators of the Singapore International Arbitration Centre. He is also an Arbitrator of the Scope forum of Conciliation and Arbitration. He is Member in the

governing body of National Institute of Rock Mechanics and also member in governing body of Construction Industry Development Council (CIDC).

Shri K.B. Dubey was holding 3180 equity shares in the Company as on March 31, 2008.

Shri Rajesh Verma (44 years), is a graduate in Electrical Engineering from IIT, Delhi and an Indian Administrative Service Officer from Orissa State cadre. He has held various posts in both the State Governments of Orissa and Rajasthan. Prior to his joining as Joint Secretary & Financial Adviser, Ministry of Power, Government of India with effect from 02.07.2007, he has held the post of Director (Hydro), Ministry of Power. He is on the Board of the Company as a part-time Director nominated by the Government of India with effect from July 23, 2007.



Shri Rajesh Verma was holding NIL equity shares in the Company as on March 31, 2008.



Shri V.P. Joy (45 years) is a graduate in Electronics & Communication Engineering, MBA from Birmingham, UK and an Indian Administrative Service Officer from Kerala State cadre. He has held various posts in the State Government of Kerala. Prior to his joining as Joint Secretary (Thermal), Ministry of Power, Government of India, he has held the post of Director in Ministry of Petroleum & Natural Gas, Government of India and has wide experience in the Petroleum Energy Sector in the areas of supply, pricing, corporate affairs and refineries. He is on the Board of the Company as a part-time Director nominated by the Government of India with effect from 30 August 2007.

Shri V.P. Joy was holding NIL equity shares in the Company as on March 31, 2008.

Dr. R.K. Pachauri (68 yrs) is the Chairman of the Nobel Peace Prize-winning Intergovernmental Panel on Climate Change (IPCC), the scientific intergovernmental body that provides decision-makers and the public with an objective source of information about climate change. He is also Director General of TERI (The Energy and Resources Institute), an independent research organisation providing knowledge on energy, environment, forestry, biotechnology and the conservation of natural resources. Dr Pachauri is a prominent researcher on environmental subjects, recognised internationally for his efforts to build up and disseminate greater knowledge about man-made climate change and to lay the foundations for the measures that are needed to counteract such change. He is active in several international forums dealing with the subject of climate change and its policy dimensions. He was recently awarded the second-highest civilian award in India, the 'Padma Vibhushan' and received the 'Officier De La Légion D'Honneur' from the Government of France in 2006. He has been on the Board of the Company with effect from January 30, 2006 as a non-official part-time Director.



Dr. R.K. Pachauri was holding 1850 equity shares in the company as on March 31, 2008.



Prof. Ashok Misra (61 yrs) is a Bachelor of Technology in Chemical Engineering from Indian Institute of Technology, Kanpur, a Master of Science in Chemical Engineering from Tufts University, USA, and Ph.D. in Polymer Science & Engineering from University of Massachusetts, USA. Prof. Ashok Misra also successfully completed his EDP from Kellogg School of Management, Northwestern University, USA. Currently he is the Director of Indian Institute of Technology, Mumbai. He authored one book on Polymers, published large number of papers in international journals and has been awarded six patents. He is the recipient of a number of prestigious awards. He is a member of several scientific associations and societies and currently, President, National Academy of Sciences, India (NASI).

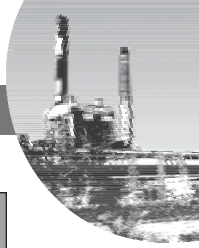
He is also on the Board of Reliance Industries Ltd. and Rashtriya Chemicals & Fertilizers Ltd. He is a member of the International Academy Advisory Panel of Ministry of Education, Singapore. He has been on the Board of the Company with effect from January 30, 2006 as a non-official part-time director.

Prof. Ashok Misra was holding 369 equity shares in the company as on March 31, 2008.

Shri Gian Prakash Gupta (67 yrs), Post Graduate in Commerce, was the Chairman and Managing Director of IDBI & Chairman of UTI. He has 40 years of experience in various financial institutions and held Directorships in various organizations like LIC, GIC, EXIM Bank, NALCO, Aditya Birla Nuvo Limited, BHEL, Idea Cellular Limited in the past. He is presently on the Board of various companies namely Hindustan Aeronautics Ltd., PTC India Ltd., Power Finance Corporation Ltd. He has been on the Board of the Company with effect from January 30, 2006 as a non-official part-time director.



Shri Gian Prakash Gupta was holding 3714 equity shares in the company as on March 31, 2008.



Shri Mirza Ishtiaq Beg (69 yrs) is former Chairman of Central Electricity Authority & Ex-Officio Secretary to the Government of India. He obtained Master degree in Economics and Bachelor of Science in Electrical Engineering. Shri M.I. Beg was with Central Electricity Authority for 34 years and represented Government on the Board of various PSUs. He is currently handling arbitration cases of various Companies. He has been pioneer in activities relating to power projects like pricing, evolving models through new studies, etc. He has been on the Board of the Company with effect from January 30, 2006 as a non-official part-time director.



Shri Mirza Ishtiaq Beg was holding 214 equity shares in the company as on March 31, 2008.

Chief Vigilance Officer



Shri G.S. Sarna (53 years), is an Indian Revenue Service Officer. Prior to the present deputation as the Chief Vigilance Officer, NTPC Limited, he was Commissioner of Central Excise. In the Customs he has held similar senior appointments at the International Airport and the Air Cargo at Delhi besides having been also on deputation in the Commerce Ministry.

SENIOR MANAGEMENT TEAM

S. No. Executive Directors

1	Agarwal, S.B.
2	Agarwal, G.K.
3	Singh, B.P.
4	Jha, J.
5	Kapoor, L.M.
6	Misra, Narendra Nath
7	Dave, Ambarish Nath
8	Kumar, Swatantra
9	Kumar, Dinesh
10	Pandey, I.B.
11	Mohapatra, J.
12	Vishwa Roop
13	Banerjee, S.N.
14	Jain, D.K.
15	Kapoor, I.J.
16	Mattoo, R.L.
17	Sharma, N.K.
18	Sharma, K.K.
19	Jha, A.K.
20	Pandey, S.C.
21	Deshpande, G.J.

General Managers

1	Nebhnani, M.
2	Choudhary, V.N.
3	Banerjee, Mukul
4	Chatterjee, T.K.
5	Chowdhury, B.
6	Prasad, L.
7	Chandra, S.
8	Chaturvedi, A.
9	Soin, M.S.
10	Agrawal, G.D.
11	Banerji, A.K.
12	Kurien, Ashoka
13	Roy, P.K.
14	Agrawal, P.K.
15	Maken, O.P.
16	Saxena, A.K.
17	Kristam, Siva Kumar
18	Sohal, T.R.
19	Dutta, S.K.
20	Dhup, Rakesh Chander
21	Mehta, J.K.
22	Chawla, M.S.
23	Kumar, A.
24	Sharma, Vinod
25	Agrawal, D.K.
26	Anand, Sharad
27	Sikri, R.K.
28	Mehrotra, R.N.
29	Gupta, V.K.
30	Bose, Suprakash Kumar
31	Chatterjee, A.
32	Gahlotw, Rajendra Kumar Singh
33	Singh, M.P.

S. No.

34	Pani, U.P.
35	Kumar, A.
36	Singh, Radhey Shyam
37	R. Venkateswaran
38	Rao, M.K.V.R.
39	Agrawal, D.
40	Goel, S.N.
41	Ganguly, S.N.
42	Chaudhuri, A.
43	Narayanan, Kannan
44	Sharma, A.K.
45	Roy, Saptarshi
46	Gupta, V.K.
47	Bisht, B.S.
48	Verma, A.K.
49	Varma, S.
50	Mohindru, A.K.
51	Nivasarkar, S.P.
52	Mandal, S.N.
53	Sharma, K.K.
54	Khanna, S.K.
55	Shyam Lal Arya
56	Oswal, M.L.
57	Soni, B.K.
58	Singh, K.I.
59	Rao, Y.V.
60	Gulati, K.
61	Rao, M.H.
62	Agrawal, A.K.
63	Sankar, S.J.
64	Goyal, A.K.
65	Chandra Mohan, V.K.
66	Joseph, Thomas
67	Gupta, Anil
68	Rao, Y.J.
69	Sarkar, M.
70	Vijayakumar, G.
71	Sadhu, G.K.
72	Sinhamahapatra, M.
73	Krishnamurthy, S.
74	Srivastava, R.K.
75	Muley, S.
76	Goyal, A.
77	Jayadeb Nanda, J.
78	Singh, S.P.
79	Goel, S.N.P.
80	Srivastava, B.K.
81	Ghosh, Pramathes
82	Jain, R.K.
83	Manchanda, Subhash
84	Basu, A.K.
85	Bandopadhyay, R.
86	Gupta, R.K.
87	Saha, D.
88	Senapati, M.D.
89	Dharmadhikari, Mohan Shrin

S. No.

90	Sandhir, H.K.
91	Gupta, S.C.
92	Singh, K.K.
93	Subramanian, C.
94	Dave, Sangeet Kumar
95	Singh, B.M.
96	Singh, S.K.
97	Rajan, Shashi
98	Puppala, R.
99	Bhatnagar, R.K.
100	Haldar, Asim Kumar
101	Gupta, A.
102	Kumar, Ajit
103	Rathe, R.S.
104	Dahake, P.R.
105	Kumar, K.S.
106	Garbyal, Karan Singh
107	Sood, Dushyant Kumar
108	Ravindra, Gopal
109	Mohapatra, P.K.
110	Singh, J.N.
111	Rastogi, Anil Kumar

Posted in Subsidiary/Joint Venture Companies and others

S. No. Executive Directors

1	Singh, Shailendra Pal
2	Chakraborty, Pradiip Kumar
3	Sen, Rabindra Nath
4	Agarwal, Kamal Kumar
5	Dutt, R.
6	Modi, P.K.
7	Chaudhuri, D.K.
8	Ahuja, Anil Kumar

General Managers

1	Krishna, G.
2	Kumbhaj, P.C.
3	Gaur, R.K.
4	Mukherjee, Biswanath
5	Khetarpal, Rakesh
6	Seth, H.C.
7	Sharma, Ashwani
8	Pathak, Swayam Prakash
9	Paranjape, V.
10	Kar, Janardan
11	Venkadeeswaran, S.
12	Gupta, C.S.
13	Ram, Tufani
14	Dixit, Rama Kant
15	Sen, S.S.
16	Suriyanarayanan, N.
17	Chakraborty, D.
18	Shanker, Janhvi
19	Acharya, S.K.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 32nd Annual Report and the audited accounts for the year ended March 31, 2008.

FINANCIAL RESULTS

Rs. Million

Income	2007-08	2006-07
Sale of Energy	369462	325344
Consultancy	1039	608
Other income (Including energy internally consumed)	29612	27814
Gross Income	400113	353766
Expenditure		
Fuel	220202	198181
Employees Remuneration & Benefits	18960	11632
Generation, Administration & other expenses	16284	15567
Interest	10312	9746
Finance charges	7669	8848
Depreciation	21385	20754
Total Expenditure	294812	264728
Profit before tax, provisions and prior period adjustments	105301	89038
Tax	28401	20427
Profit after tax but before provisions and prior period adjustments	76900	68611
Less		
Prior Period Adjustments (Net)	2745	(109)
Provisions (Net)	7	73
Net Profit after tax	74148	68647
Appropriations		
	2007-08	2006-07
Transfer to Bonds Redemption Reserve	3822	3487
Interim Dividend	22263	19789
Proposed Dividend	6596	6596
Tax on Dividend	4905	3896
Transfer to General Reserve	39000	36000
Transfer to Capital Reserve	*	4

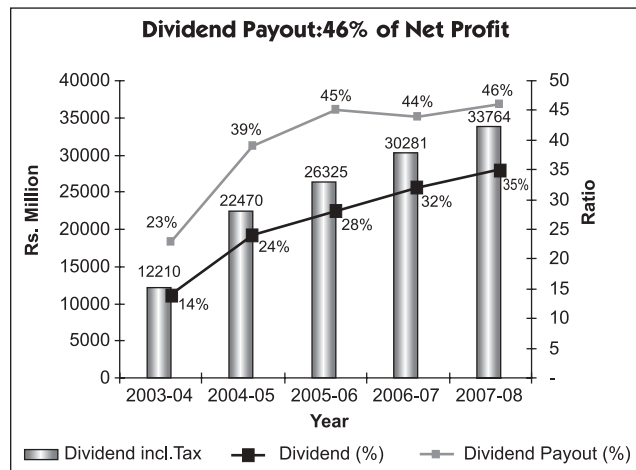
*Rs. 12,723/-

FINANCIAL PERFORMANCE

The total income of the company for the year increased by 13.10% to Rs. 400,113 million from Rs. 353,766 million during the previous year. The profit after tax but before provisions and prior period adjustments increased by 12.08% to Rs. 76,900 million from Rs. 68,611 million. Net profit after tax increased to Rs. 74,148 million from Rs. 68,647 million registering a growth of 8% over last year.

DIVIDEND

In addition to interim dividend of Rs. 2.70 per share paid in February 2008, your Directors have recommended a final dividend of Rs. 0.80 per share for the year 2007-08. The total dividend for the year is Rs 3.50 per share as against Rs. 3.20 per share paid last year. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounting to Rs. 28,859 million represents 38.92% of the profits after tax as against 38.43% in the previous year. The total dividend payout including tax accounts for 45.54% of profit after tax. The dividend has been recommended in accordance with the Company's policy of balancing dividend pay-out with the requirement of deployment of internal accruals for its growth plans. Your Directors believe that growth of the company through capacity addition, backward and forward integration and strategic diversification of its operations would lead to increase in shareholders value.



OPERATIONAL PERFORMANCE

During the year, the power stations of your Company generated 200.863 billion units of electricity which was 28.51% of the total power generated in India with a share of 19.12% in the total installed capacity of the country. The power generated by the company has registered an increase

of 6.46% over the previous year's generation of 188.674 billion units. During the year, the coal based stations of the company operated at a plant load factor of 92.24% (highest since inception) as compared to 89.43% during the previous year. However, the gas stations of the company operated at a plant load factor of 68.14% as against 71.90% last year due to non-availability of gas. The average availability for coal and gas based stations for the year was 92.12% and 85.93% respectively.

A detailed discussion on the operations and performance for the year is given in the "Management Discussion and Analysis" included as a separate section in the annual report.

COMMERCIAL PERFORMANCE

During the year, your Company realized 100% of payment of current bills raised for sale of power. For the fifth consecutive year the Company has been able to achieve 100% realization of current bills.

All the beneficiaries are paying within 30 days of billing except UP and J&K who are paying in 60 days cycle.

All the beneficiaries have opened and are maintaining LC equal to or more than 105% of average monthly billing as per One-Time Settlement Scheme except New Delhi Municipal Corporation (NDMC) and Military Engineering Services. NDMC is in the process of establishing LC shortly. NTPC Payment Rebate Scheme for the year 2007-08 resulted in realization of nearly 68% of the energy bills within a week of presentation of bill for the month.

One unit of 500MW of Vindhyachal STPP stage-III was declared commercial with effect from 15.07.2007. Due to non-availability of water at Sipat Super Thermal Project, the 500MW unit of stage-II could not be declared ready for commercial operation although the same was commissioned in May'2007. However, this unit was declared commercial with effect from 20.06.2008.

INSTALLED CAPACITY

During the year, a total capacity of 1740 MW was added to NTPC's installed capacity. Your Company commissioned one 500 MW unit at Sipat-II (Unit-IV) and one 500 MW Unit at Kahalgaon-II (Unit-VI). In addition, 740 MW (Module-III) was added through its Joint Venture, Ratnagiri Gas and Power Private Limited (RGPPL) at Dabhol. Further, one 250 MW unit at Bhilai Expansion Project was commissioned on April 20, 2008 through its Joint Venture Company, NTPC-SAIL Power Company Pvt. Ltd (NSPCL). Thus, the total installed capacity of the NTPC Group has increased from 27,904 MW to 29,394 MW. Detail of the installed capacity is given below:

Owned by NTPC	MW
Coal based projects	23,395
Gas based projects	3,955
Sub-total	27,350
Joint ventures	
NSPCL (Coal)	564
RGPPL (Gas)	1480
Sub-total	2,044
Total	29,394

CAPACITY ADDITION PROGRAM

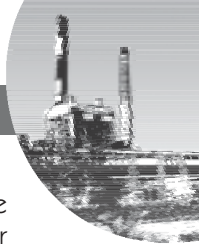
In order to actualize the vision of becoming a world class integrated power major, your company has embarked upon a substantial capacity addition program so as to become 50000 MW plus company by the year 2012 and to have installed capacity of 75000 MW plus by 2017. Your Company has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, expansion of existing stations, joint ventures and takeover of stations.

By 2017, the power generation portfolio is expected to have a diversified fuel mix with coal based capacity of around 53000 MW, 10000 MW through gas, 9000 MW through Hydro generation, about 2000 MW from nuclear sources and around 1000 MW from Renewable Energy Sources (RES).

As a step towards promotion of generation of electricity from RES, your Company had signed an MOU with Asian Development Bank for establishing a generating capacity of about 500 MW through Renewable Energy Sources. Your Company is expected to have a stake of 40% alongwith other global core investors contributing the balance 60% of equity. The global core investors are expected to be finalized shortly.

PROJECTS PLANNED

During the year, projects having aggregate capacity of 6570 MW were approved covering an investment of Rs. 359,734 million. This will help to achieve the capacity addition target of 22430 MW during XI plan. As against this target, your Company commissioned 1740 MW last year. In addition, a unit of 250 MW was commissioned at Bhilai expansion project in April'2008. Various projects having aggregate capacity of 16680 MW including 3750 MW to be added by projects undertaken by Joint Venture companies are under construction. For the balance capacity addition, Feasibility Reports have been finalized and Main Plant Bids have been received/invited. A list of the projects expected to be commissioned by your Company as well as under its joint



ventures with other companies till the year 2012 and beyond are as follows:

Name of the Project	Capacity (MW)	Capacity Addition by 2012
Projects under NTPC LTD.		
A. Coal Based-Ongoing Projects		
1. Kahalgaon-II, Phase II, Unit – VII	500	500
2. Sipat –II, Unit- V	500	500
3. Sipat-I	1980	1980
4. Barh-I	1980	1980
5. Korba-III	500	500
6. NCTPP-II, Dadri	980	980
7. Farakka-III	500	500
8. Simhadri-II	1000	1000
9. Bongaigaon	750	750
10. Mauda	1000	1000
11. Barh-II	1320	1320
Sub Total (A)	11010	11010
B. Hydro Electric Power Projects(HEPP)-Ongoing		
12. Koldam	800	800
13. Loharinag Pala	600	600
14. Tapovan Vishnugad	520	520
Sub Total (B)	1920	1920
Total ongoing projects (A)+(B)	12930	12930
C. Coal Based-New projects		
15. North Karanpura	1980	660
16. Rihand-III	1000	500
D. Gas Based-New Projects		
17. Kawas- II	1300	1300
18. Jhanor- Gandhar- II	1300	1300
Total of new projects (C) + (D)	5580	3760
Grand Total (A)+(B)+(C)+(D)	18510	16690

Korba- Stage-III, Farakka-Stage-III, Loharinag Pala HEPP and Tapovan Vishnugad HEPP are being developed as merchant power projects.

The company is also exploring/identifying new sites for setting up of power projects based on availability of infrastructure and fuel etc. These locations would be added to the plans at a future date.

Capacity addition through Subsidiaries and Joint Ventures (JVs)

Besides adding capacities on its own, your Company has also plans to add capacities through some of its subsidiaries and joint ventures.

By leveraging our project execution strength, out of the total capacity addition of 22430 MW during XI plan, your Company is setting up 4000 MW (about 18% of the capacity addition) with JV partners giving them a better dispensation in terms of allocation of power, resulting in a 'win-win' situation for both. Four projects having a total capacity of 4000 MW are under construction. The detail of JV Companies/Subsidiaries alongwith details of Joint Venture partners for addition of capacity is as under:

JV Partner	Company	Details
Steel Authority of India Limited (SAIL)	NTPC-SAIL Power Supply Co. Pvt. Ltd.	A 50:50 Joint Venture Company formed to own and operate captive power plants at Durgapur(120 MW), Rourkela (120 MW) and Bhilai Steel Plant (74 MW). The JV Company has undertaken expansion at Bhilai by adding two coal based units of 250 MW each.
Tamil Nadu Electricity Board	NTPC Tamil Nadu Energy Company Limited.	A 50:50 Joint Venture Company formed for setting up a coal based project having two units of 500 MW each at Ennore, Tamil Nadu. Main plant & offsite civil work package for Phase-I has been awarded.
Indraprastha Power Generation Co. Ltd. (IPGCL) and Haryana Power Generation Co. Ltd. (HPGCL).	Aravali Power Company Private Limited	The Joint Venture Company shall set up a coal based project named Indira Gandhi Super Thermal Power Project consisting of three units of 500 MW each. NTPC Ltd., IPGCL and HPGCL contributed equity in the ratio of 50:25:25. Most of the packages for the project have been awarded. Civil works are in full swing.

Indian Railways	Bhartiya Rail Bijlee Company Limited	A subsidiary of NTPC formed as a Joint Venture with Ministry of Railways having contribution in the ratio of 74:26 for setting up of a power project of 1000 MW capacity of four units of 250 MW each at Nabinagar. Award of main plant for SG and TG Package has been placed on BHEL.
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Details of commissioning schedules of the projects being implemented through joint ventures are given below:

Name of the Project	Capacity Addition by 2012
Projects with JV partners	
A. Coal Based-Ongoing Projects	
1. Bhilai Power expansion	250
2. Indira Gandhi STPP	1500
3. Vallur STPP	1000
4. Nabinagar STPP	1000
TOTAL	3750

In addition to the above, a unit of 250 MW was commissioned on April 20, 2008 by NSPCL at Bhilai expansion project.

Vaishali Power Generating Company Limited (VPGCL) is a subsidiary of your Company which took over Muzaffarpur Thermal Power Station having two units of 110 MW each from Bihar State Electricity Board. Your Company has contributed 51% of equity and balance equity was contributed by Bihar State Electricity Board. The equity contribution of your Company is expected to increase upto 74% depending on final transfer value of the station to VPGCL. The second Unit has been successfully resynchronized on 17.10.2007 after four years of being idle. Renovation and Modernization of first Unit is under progress. The Company was rechristened as Kanti Bijlee Utpadan Nigam Limited on 10.04.2008.

A JV Company named "Meja Urja Nigam Private Limited" was formed with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) for setting up 1320 MW coal based power project in Tehsil Meja of Allahabad District in Uttar Pradesh. Both NTPC and UPRVUNL have contributed 50% each in the equity of the JV Company. Site leveling work is in progress at this project.

Your Company has signed a Joint Venture Agreement with Bihar State Electricity Board (BSEB) for setting up 3X660 MW power project at Nabinagar in Bihar.

Set up to undertake development of small hydro projects having capacity upto 250 MW, NTPC Hydro Limited, a wholly owned subsidiary of your company, is implementing the following projects:

Project	Location	Capacity
Lata Tapovan	Uttarakhand	171 MW
Rammam-III	West Bengal	120 MW

The techno economic clearance of CEA and environmental clearance of Ministry of Environment and Forest have been obtained for both these projects. The land for Lata Tapovan HEPP has been acquired.

STRATEGIC DIVERSIFICATION-FORAY INTO MANUFACTURING

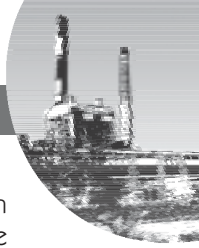
In order to strengthen its competitive advantage in power generation business, the Company also plans to diversify its portfolio to emerge as an integrated power major, with presence across entire energy value chain through backward and forward integration into areas such as coal mining, LNG Value Chain, manufacturing activities, power trading, distribution, etc.

Business opportunities are being continuously explored through environment scanning and new business plans are adopted accordingly.

Your Company has formed a Joint Venture Company with Bharat Heavy Electricals Limited named "NTPC-BHEL Power Projects Pvt. Limited" on April 28, 2008 with 50:50 equity participation for taking up activities of Erection, Procurement and Construction of Power Plants and manufacturing of equipment.

Another JV Company named "BF-NTPC Energy Systems Limited" was also formed on June 19, 2008, between your company and Bharat Forge Limited (BFL) for setting up a new facility to take up manufacturing of castings, forgings, fittings and high pressure piping required for power projects and other industries, balance of plant equipment for power sector. Your company will hold 49% equity and the balance equity will be held by BFL.

Last year, your Company had signed a Business Collaboration and Shareholders Agreement with Transformers and Electricals Kerala Ltd., TELK and the Government of Kerala for synergy in the field of manufacturing and repair of Power Transformers etc. As per the agreement, your Company had agreed to acquire 44.6% stake in TELK from Government of Kerala and its undertakings. The approval from BIFR has been obtained for restructuring package and action is being taken



for delisting of shares of the existing company. On completion of such formalities the acquisition of stake will take place.

GLOBALISATION INITIATIVES

Your Company is keenly exploring opportunities to mark its footprints in different parts of the world.

In line with its Globalization strategy, your Company is making consistent efforts to enter the overseas markets and is focusing its efforts in the Middle East, Asia-Pacific and Africa regions for business. A Representative office is functioning in Dubai. A site has been identified for setting up a 2X250 MW coal based power plant in Trincomalee region, Sri Lanka in Joint Venture with Ceylon Electricity Board. Energy Audit of 15 Units of Saudi Electric Company has been successfully completed. Pursuant to signing of MoU with Government of Nigeria, our team is working on selection of prospective site for setting up one 700 MW Gas based and one 500 MW coal based power plant in Nigeria. In lieu of this, Government of Nigeria shall provide LNG for our stations.

FINANCING OF NEW PROJECTS

All the planned capacity addition programs shall be financed with a debt to equity ratio of 70:30. Your directors believe that internal accruals of the company would be sufficient to finance the equity component for the new projects. Given its low gearing and strong credit ratings, your Directors believe that your Company is well positioned to raise the required borrowings.

Your Company is exploring domestic as well as international borrowing options including overseas development assistance provided by bilateral agencies to mobilize debt required for the planned capacity expansion program.

During the year, your Company has tied up a loan for USD 380 million under the guarantee of Japan Bank for International Co-operation and another loan of Euro 68.56 million from Nordic Investment Bank at competitive terms. The company also mobilized new term loans aggregating to Rs. 44,750 million from domestic banks and financial institutions. Bonds of Rs. 10,000 million were placed with Life Insurance Corporation of India to finance capital expenditure of projects.

FIXED DEPOSITS

The cumulative deposits received by your Company from 367 depositors as at March 31, 2008 stood at Rs 130 million. Further an amount of Rs. 19 million has not been claimed on maturity by 70 depositors as on that date.

FUEL SECURITY

Your company is the largest consumer of coal in the country. Total domestic coal received by your company during the

financial year 2007-08 was 120.20 million tonnes, which was about 9.51% more than the previous year. To overcome temporary shortages in coal supply, your company resorted to import of coal to the tune of 2.74 million tonnes being 2.21% of total coal consumed during the year 2007-08. Your Company also intends to import 5 Million Tonnes of coal during 2008-09.

During the year, your company obtained long term coal linkages for its various projects from various subsidiary companies of Coal India Limited (CIL).

In order to have long-term fuel security, your company is also exploring the possibility of acquiring acreages in the coal assets abroad for which NTPC teams visited various countries.

Coal Mining

Your Company has been allotted six coal blocks namely Pakri Barwadih, Chatti Bariatu, Kerendari, Dulanga, Talaipalli and Chatti-Bariatu (South) with estimated Geological Reserves of plus 3 billion tonnes and production potential of about 48 Million Tonnes Per Annum (MTPA).

These blocks are targeted to be developed to entail overall coal production of about 14 MTPA by 2012. Process of selection of Mine Developer cum Operator for Pakri Barwadih mine is at an advanced stage. Mining plans for Chatti Bariatu and Kerendari have been submitted to Ministry of Coal. Land acquisition for five Coal Blocks is under progress.

Your Company has formed a Joint Venture Company named 'NTPC SCCL Global Ventures Private Limited' with Singareni Collieries Company Limited for undertaking coal mining in India and abroad.

As a part of developing strategic alliances as well as deriving technical strengths, your Company has entered into Memorandum of Understanding with RINL, SAIL, NMDC and CIL for sourcing coking coal and thermal coal from abroad.

Exploration Activities

Your Company, along with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd, has been allotted a block for exploration activities in Arunachal Pradesh, for which it has signed a production sharing contract with Government of India. Your company has 40% participating interest in it. M/s Geopetrol International has been designated as the Operator of the block. Subsequent to the issuance of the Petroleum License by the State Government, the operator had initiated various exploration activities. The geological, geochemical, geo microbiological and 2D seismic survey has been completed. Environmental clearance has been granted and necessary infrastructure is being created for initiating exploratory well drilling.

Near Term Strategies

For optimum utilization of the capacity of its Gas based stations, your Company continued with the procurement of Spot Re-gasified LNG in order to mitigate gas shortages at its existing gas based stations.

RENOVATION & MODERNISATION

Your Company considers Renovation and Modernization (R&M) as quick result low investment option to extract higher generation from old power stations. R&M is being undertaken in project mode with focus on feasible and cost effective technology upgrade, with capacity and efficiency improvements to bring the old vintage units near to the latest design. It gives an opportunity to leverage the technological advancement which has taken place in the power industry so as to continue economical power generation. Introduction of advance technologies is expected to result in improvement in efficiency of the units. It may also help to reduce green house gases and avail Clean Development Mechanism benefits apart from life extension of the plant.

HUMAN RESOURCE MANAGEMENT

Your Company takes pride in its highly motivated and trained Human Resource that has contributed its best to bring NTPC to its present height. The company has continuously added to its installed capacity and the Man-MW ratio has improved consistently. The attrition rate among the executives during the year was 3.1%. The total employee strength of the company stands at 24,547 as on 31.3.2008 as against 24,375 as on 31.3.2007.

	Fiscal 2008	Fiscal 2007
NTPC		
Number of employees	23674	23602
Man / MW ratio	0.87	0.91
Generation per employee	8.48	7.99
Subsidiaries & Joint Ventures		
Employees of NTPC in Subsidiaries & Joint Ventures	873	773
Total employees	24,547	24,375

NTPC follows "People First" approach to leverage the potential of its employees to execute its business plans.

Employee Relations

Employee relations scenario in NTPC continued to be cordial marked by industrial harmony and mutual trust during the year.

The scheme for Employees Participation in Management continued to function successfully all over the Company.

The unions and associations and also the individual employees complimented the efforts of the management in developing and sustaining an enabling performance culture in the organisation.

There has been continuous interactions between the management and the apex fora of workmen and executives. Safe methods are practiced in all areas of Operations & Maintenance and Construction & Erection activities for the protection of workers against injury and diseases. Occupational safety at workplace is given utmost importance.

Training and Development

Your Company, as part of its endeavour of being a learning organization, has created training and development infrastructure both at its sites as well as at the corporate level. The employee development centers at our projects and at Power Management Institute (PMI), Noida impart training in diverse areas including managerial skill, power station operation and maintenance and project construction, erection and commissioning and information technology. Special emphasis is given to developing knowledge and skills of the employees in the new business areas of coal mining, hydro power, nuclear power, power trading and distribution etc.

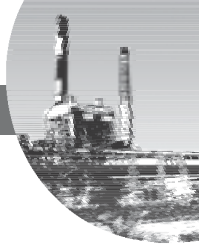
In addition to training its own employees, your Company has been providing a platform for imparting training to other constituents of the power sector – State Utilities, Independent Power Producers, Central Power Sector Undertakings. In the year 2007-08, a total of 324 programmes were conducted at PMI which were attended by a total of 8529 participants.

CORPORATE SOCIAL RESPONSIBILITY

Vitally engaged in the endeavour of nation building, your Company is not only a partner in powering India's growth, it is also a partner in making Indian society more humane and just. Corporate Social Responsibility is an article of faith for us.

Your Company is providing sponsorship to candidates from villages in the vicinity of NTPC projects for ITI training at Government/ Government recognized private ITIs in the trades of welder, fitter, instrument mechanic and electrician. Close to 750 village youth have been sponsored during the year. Your Company also proposes to set up an ITI at Chatra District in Jharkhand State at an estimated cost of Rs. 67.10 million on land to be provided by the State Government of Jharkhand.

As a health care measure, your Company is providing support to Hyderabad Eye Research Foundation for three specialized Eye Centers at Bhubaneswar Eye Hospital.



In the field of education, your Company is committed to provide support for setting up two technical polytechnics at Uttarakhand at Kaladungi District Nainital and a women's Polytechnic at Gopeshwar District Chamoli. Support has also been extended by NTPC for delivery vehicles for mid-day meal programme for the children of Government schools located in the National Capital Region through Food Relief Foundation of ISKON and for assistance in self reliance for 200 tribal girls/ women in the tribal area of Jhamar Kotra in Udaipur District of Rajasthan.

Committed to its social responsibilities, your Company became a member of Global Compact, a voluntary initiative of the UN for CSR. Your Company confirms its involvement in various CSR activities in line with the 10 Global Compact principles and share the experiences with the representatives of the world through "Communication on Progress". A report on progress made in this area is enclosed at Annex-IX to Directors' Report.

NTPC Foundation

NTPC Foundation has been established by the Company under Indian Trust Act, 1882 for addressing the identified areas of social development at national level through supportive interventions.

NTPC Foundation provides loans, training and medical treatment to physically challenged persons and economically weaker sections in a phased manner.

Rehabilitation & Resettlement

Your Company is committed to help the populace displaced for execution of its projects and has been making efforts to improve the Socio-economic Status of Project Affected Persons (PAPs) and also undertaking community development works in and around the projects. Social Impact Evaluation (SIE) for Simhadri and Sipat projects were completed during the year.

IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company has made vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Government of India. Several Hindi workshops and competitions were conducted at projects, regional offices and corporate centre during the year to encourage the employees to use maximum Hindi in official work. All office orders, formats and circulars were issued in Hindi as well. All important advertisements and house journals were released in bilingual form- in Hindi and in English. One Hindi word is being displayed over the intranet daily. Your company's website also has a facility of operating in bilingual form- in Hindi as well as in English. Hindi software "Saransh" was procured and installed on computers to facilitate working in Hindi.

CenPEEP

As a proactive measure to address issues concerning sustainable energy development, your Company had established Center for Power Efficiency and Environmental Protection (CenPEEP) more than a decade ago with the help of US DoE and USAID. CenPEEP took various initiatives for improvement in efficiency and maintenance to achieve sustainable GHG emission reduction from existing thermal power capacities. Methodology of acquisition of state-of-the-art technologies and systems, demonstration in local conditions and widespread dissemination in power sector was adopted through technical assistance of USAID and USDoE.

A customized 'Efficiency Management System' has been developed and is under implementation in NTPC plants for sustaining the efficiency improvements.

Encouraged by the success of its efforts in GHG emission reduction, the USAID extended its technical cooperation with CenPEEP for a period of two years up to 2010.

SUSTAINABLE ENERGY DEVELOPMENT

Your Company has adopted the following vision statement on sustainable energy development:

"Going Higher on Generation, lowering GHG intensity"

A multi-dimensional approach is proposed to be adopted covering reduction of CO₂ intensity through fuel portfolio management, adoption of state-of-the-art technology and special thrust on renewable energy sources; developing green building space within your Company's premises; spearheading awareness campaign nationally to orient people at large to support and contribute to measures for sustainable energy development; strengthening Government's efforts for dissemination and adoption of cleaner technologies by the stakeholders, engaging future generation into the cause of promoting clean and green energy through awareness programmes conducted in schools like tree plantation, environment quizzes etc.

Your Company would allocate up to 0.5% of distributable profit annually for undertaking/sponsoring research leading to sustainable energy development.

RESEARCH & DEVELOPMENT

Your Company's Research & Development Centre is ISO 17025 accredited and provides high end scientific services to all the company's stations as well as many outside stations resulting in improving availability and reliability of stations by providing condition assessment, failure analysis, solving and analyzing specific problems, and helping our stations in increasing the availability and reliability of their units.

R&D has filed 4 patent applications viz ANN based Expert system for health assessment of high voltage transformers; Heat treatment technique for determining constituents of wear particles in lubricating oil and hydraulic fluids; ready-to-use Fly ash based product through setting properties enhancement by using a dry plasticizer; Fly-ash Based utensil cleaning powder.

R&D along with BARC has developed and installed real time monitoring of creep fatigue life of high temperature pipings. The system continuously indicates the life of components consumed and suggests timely actions for inspection and repair.

ENERGY TECHNOLOGIES CENTRE

Your Company's Energy Technologies Centre has started its research activities in-house and through networking with established research and academic institutes in India. As a step in this direction, Energy Technologies Centre has earlier networked with 8 institutes for 12 research projects in areas like carbon capture, power plant efficiency improvement, waste heat utilization, flue gas conditioning etc. Other research projects would include development of Coal Gasification Technology for commercial use, reducing cost of harnessing Solar Energy, LED lighting etc.

Energy Technologies has entered into a MoU with BARC, Mumbai for the Development of Automated Boiler Tube Inspection System for Coal Based Thermal Power Plants. Another MoU was signed with Heavy Water Board, Mumbai for the transfer of Ammonia Based Flue Gas Conditioning technology to NTPC, on non-exclusive basis, for its use in NTPC power stations.

ENVIRONMENT MANAGEMENT

Your Company is undertaking massive afforestation programme covering vast areas of land in and around its projects and till date has planted more than 18.37 million trees at its projects throughout the country. The afforestation has not only contributed to the aesthetics but also has been serving as a "sink" for the pollutants released from the station and thereby protecting the quality of ecology and environment in and around the projects. For hydro projects, Catchment Area Treatment (CAT), Compensatory Afforestation, Rim Plantation etc. are finalised and implemented in consultation with respective State Governments.

All NTPC stations have been certified with ISO 14001 and OHSAS 18001 by reputed National and International certifying agencies.

Your Company has adopted advanced and high efficiency technologies such as super critical boilers for the up-coming Greenfield Projects. Your Company has also designed plants for use of beneficiated coal and imported low ash coal.

These measures will not only help in reducing pollution and minimizing use of precious natural resources but also lead to reduction of CO₂ emissions and thereby reducing global warming.

CLEAN DEVELOPMENT MECHANISM (CDM)

Your Company is a pioneer in the power sector in development of CDM projects in India. The methodology developed by your Company for supercritical power plants in respect of North Karanpura project has been approved by "United Nations Frame Work Convention on Climate Change (UNFCCC)" as "ACM 0013" which will be globally used for CDM projects related to supercritical power plants. It is indeed a path breaking effort in power sector.

Host country approval has already been accorded by national CDM authority for three projects viz. North Karanpura STPP, Tapovan Vishnugad HEPP & Loharinag Pala HEPP. More projects are in the pipeline for posing for host country's approval. These endeavors shall help in getting/earning "Certified Emission Reduction" and will facilitate development of advanced energy efficient technologies.

ASH UTILISATION

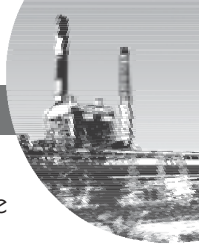
During the year 2007-2008, about 23.7 million tonne of ash was utilized accounting for 55.1% of total ash generation. Important area of ash utilization were of Manufacturing Cement, Concrete, Ash based products, Asbestos sheets etc., Construction of Road Embankment, Ash Dyke Raising, Mine filling, and Land Development.

During the year, issue of fly ash to cement and concrete industry was 8.69 million tonne, 16.6% more than last year's issue. All coal based stations are having Pilot ash brick manufacturing plants.

Construction works at all expansion projects like Dadri-II, Kahalgaon-II and Rihand-II including their townships are being done with ash bricks only. Ash Bricks have also been used in green field project at Sipat project.

MoU has been signed with Railway Design & Specification Organization (RDSO) Lucknow to explore use of ash in Railway embankments. A number of studies have been taken up to explore new areas of Ash utilization in association with various research Institutes- such as Central Road Research Institute (CRRI), New Delhi, Institute of Mineral and Materials Technology (IMMT), Bhubaneswar, National Institute for Interdisciplinary Science & Technology (NIIST), Thiruvanthapuram etc. for increased usage of ash in bricks and other building products.

Ash is also being exported to Middle East, Bangladesh & Nepal from our stations located at Simhadri, Farakka and Unchahar respectively.



MANAGEMENT OF CHANGE-IMPLEMENTATION OF ERP

Your Company believes in keeping pace with latest technology and acquiring the latest know-how, in line with its growth and diversification plans. The company is in the process of completing Enterprise Resource Planning (ERP) implementation, covering most of the processes of the organization at all its locations. The ERP package has been implemented at 28 locations of NTPC, its subsidiaries and is being implemented at the balance locations. In addition to the core business processes and Employee Self Service (ESS) functionality, ERP solution also includes e-procurement, Knowledge Management, Business Intelligence, Document Management, and Workflow etc.

The SAP Implementation in NTPC has been honored with SAP ACE award for best implementation in Utilities.

LEVERAGING COMPANY'S CAPABILITIES FOR SECTOR REFORMS AND DEVELOPMENT

The Government of India reposes a lot of confidence on your Company's abilities in implementing plans and projects. This confidence has led the Government of India to make your Company a partner in a number of its initiatives. Some of the key initiatives are:

Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGGVY)

Your Company has been entrusted by Government of India for rural electrification work under Rajeev Gandhi Grameen Vidhyutikaran Yojana in 6 States and one Union Territory (UT) covering approximately 40,000 villages. The work is in progress in 8 districts i.e. West Midnapore (West Bengal), Ashok Nagar & Guna (Madhya Pradesh), Janjgir- Champa (Chhattisgarh), Angul & Nayagrah (Orissa) and Deoghar & Jamtara (Jharkhand) during the X plan. 22 more projects have been sanctioned for XI plan period. The work is under progress in 9414 villages. Out of these, 1253 villages have been charged/ made ready for charging.

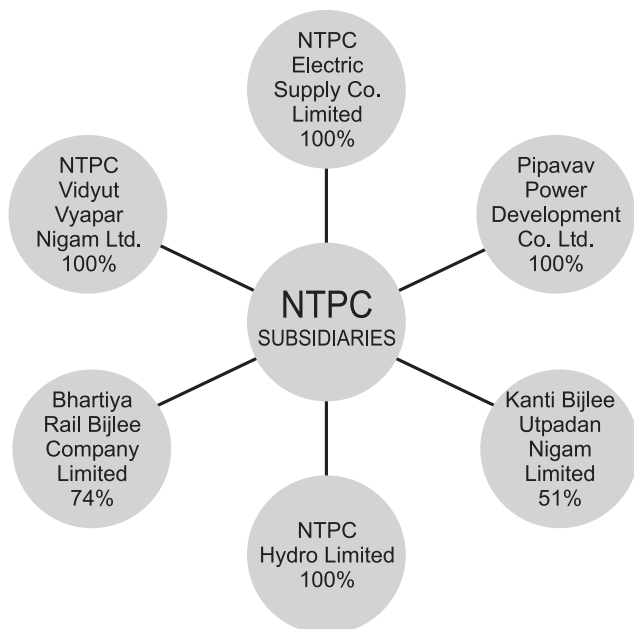
Partnership in Excellence

In a mission to increase capacity addition and meet the objective of Power for all by year 2012, Ministry of Power launched the Partnership in Excellence (PIE) Programme to improve the under performing stations in India. Under this programme, 13 stations with an operating capacity of 5050 MW were entrusted to NTPC. Performance turnaround has taken place at all the 13 power stations. The plants entrusted to NTPC recorded an additional generation of 2859 MUs in the year 2007-08 from the existing installed capacity which is equivalent to 440 MW of additional capacity.

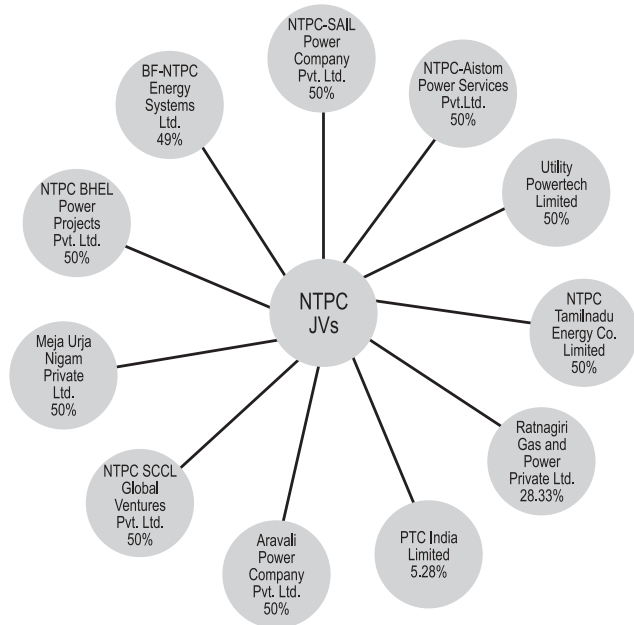
JOINT VENTURES AND SUBSIDIARIES

Your Company has formed a number of joint venture and subsidiary companies for undertaking specific business

activities. The names of these companies and the percentage of your Company's stake in these Companies is as follows.



The name of Vaishali Power Generating Company Limited has been changed to Kanti Bijlee Utpadan Nigam Limited on April 10, 2008.



The performance of these companies as well as the Consolidated Financial Statements are briefly discussed in the Management Discussion & Analysis section. The financial statements of subsidiary Companies along with the

respective Directors' report are placed elsewhere in this Annual Report.

STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock Exchanges, Government guidelines etc. is annexed to this report as below:

Particulars	Annexure
Management Discussion & Analysis	I
Report on Corporate Governance	II
Information on conservation of energy, technology absorption and foreign exchange earnings and outgo	III
Information as per Companies (Particulars of Employees) Rules, 1975	IV
Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies	V
Statistical data of the grievances	VI
Statistical information on persons belonging to Scheduled Caste / Tribe categories	VII
Information on Physically Challenged persons	VIII
UNGC Communications on progress 2007-08	IX

STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s Varma & Varma, B.C. Jain & Co., Parakh & Co., S.K. Mittal & Co., Dass Gupta & Associates and S.K. Mehta & Co. were appointed as Joint Statutory Auditors for the financial year 2007-08.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given an unqualified report on the accounts of the Company for the Financial Year 2007-2008.

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 and Management's replies thereto on the accounts for the year 2007-08 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

COST AUDIT

The Cost Audit Reports for the year 2005-06 were submitted for the first time to the Cost Audit Branch in August 2006. The cost audit for the year 2007-08 has been completed and the Cost Audit reports are scheduled to be submitted shortly.

BOARD OF DIRECTORS

Shri T. Sankaralingam ceased to be the Chairman & Managing Director of the Company with effect from April 30, 2008 on superannuation. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri T. Sankaralingam during his association with NTPC.

Shri R.S. Sharma, Director (Commercial), took over as the Chairman & Managing Director with effect from May 1, 2008.

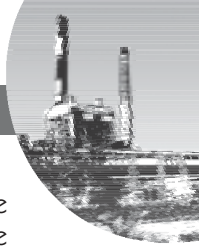
Shri V.P. Joy, Joint Secretary (Thermal), Ministry of Power joined the Board of the Company with effect from 30.08.2007 in place of Shri Harish Chandra who ceased to be a Director of the Company with effect from 31.07.2007. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Harish Chandra during his association with NTPC.

In accordance with the provisions of Article 41(iii) of the Articles of Association of the company three directors - Dr. R.K. Pachauri, Prof. Ashok Misra and Shri R.C. Shrivastav shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-08 and of the profit of the company for that period;
3. 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; and
4. the Directors had prepared the Annual Accounts on a going concern basis.



ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation the co-operation received from the Government of India, particularly the Prime Minister's Office, Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Coal, Ministry of Petroleum & Natural Gas, Planning Commission, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, State Governments, Regional Electricity Boards and State Electricity Boards.

Your directors also convey their gratitude to the shareholders, various International and Indian Banks, Financial Institutions for the confidence reposed by them in the company. The Board also appreciates the contribution

of contractors, vendors and consultants in the implementation of various projects of the Company. We also acknowledge the constructive suggestions received from Government and the Statutory Auditors.

We wish to place on record our appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

For and on behalf of Board of Directors

(R.S. Sharma)

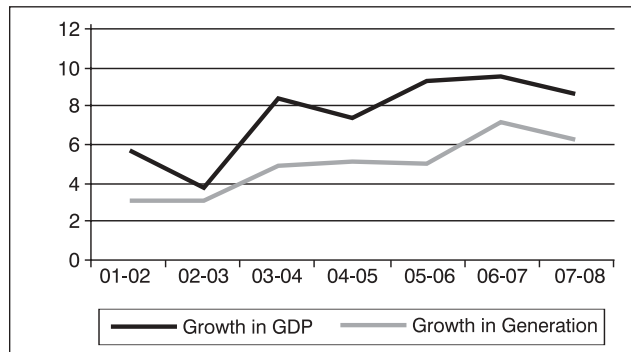
Chairman & Managing Director

Place: New Delhi
Date: 9th July, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In order to sustain a GDP growth rate of 8% plus per annum, the Power Sector also needs to grow at an appropriate pace in the medium to long term. The growth of GDP vis-à-vis-growth in gross generation of power for the last 7 years is given below:



The Government of India has drawn a capacity addition target of 78.577 GW during XI Plan, on an average adding a capacity of over 15 GW per annum in the country.

The PLF for the country was 78.61%, higher by 1.81% points over last year indicating improved efficiency. Even though there is an improvement in the power sector performance as a whole, the energy shortage at 9.8% and peaking shortage at 16.6% at the end of fiscal 2008 is a pointer for a dire need of rapid capacity addition in the country.

As per Report of Expert Committee on Integrated Energy Policy issued by Planning Commission, the energy requirement considering 8% growth in GDP over next 24 years is under:

Year	Installed Capacity Req. (GW)	Energy Req. (Billion Kwh)
2007-08	143	737
2011-12	220	1097
2016-17	306	1524
2021-22	425	2118
2026-27	575	2886
2031-32	778	3880

Source: Integrated Energy Policy, Planning Commission

Indian economy is among the fastest growing economies in the world with 8.74% growth in the last five years. Our manufacturing and service sectors are logging double digit growth rates. This is a result of the favourable climate created for investment and enterprise in the country. The power sector has made good progress over the past few years. It

has also seen significant changes. Utilities have been re-structured. A solid regulatory foundation has been laid. The tariff setting is participative. Efforts are on to improve the financial health of the state utilities. Some of the major challenges alongwith remedial actions taken are discussed below.

MAJOR CHALLENGES AND ACTION TAKEN FOR THE GROWTH OF THE SECTOR

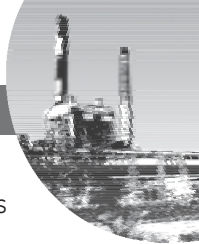
1. Transparency and Competition

Lack of transparency and competition was a major challenge which has been addressed by the promulgation of the **Electricity Act 2003 (EA 2003)**. The Act promotes a liberal, transparent and enabling legal framework for power development. It facilitates investment by creating competitive environment and reforming distribution segment of power industry. Broad measures under the Act are:

- Generation freed from licensing
- Trading recognized as a distinct activity
- Open access in transmission; and distribution
 - Regulatory oversight for fixation of tariff, Licensing, Open Access and Market Development
 - Multiple licenses in distribution allowed
 - **National Electricity Policy (NEP) 2005 issued.**
 - Competitive bidding guidelines 2005 issued
 - **Tariff Policy 2006 issued**

The Electricity (Amendment) Act, 2007, enacted on May 29, 2007 amends certain provisions of the EA, 2003. Its main features are:

- The Central Government, jointly with the State Governments will endeavour to provide access to electricity to all areas including villages and hamlets through rural electricity infrastructure and electrification of households
- No licence is required for sale from captive units
- Deletion of provision for elimination of cross subsidies. The provision for reduction of cross subsidies would continue
- Definition of theft expanded to cover the use of tampered meters and use for unauthorized purpose. Theft is made explicitly cognizable and non-bailable



2. Open Access in Transmission

- EA 2003 allows for open Access in transmission. Central Electricity Regulatory Commission (CERC) issued regulations in 2004 to facilitate open access in inter-state transmission. Open access in inter-state transmission is fully operational
- In order to facilitate open access in transmission, national grid capacity is being expanded from current 17,000 MW to 37,700 MW

3. Open Access in Distribution

Reforms in distribution system is a key area for infusing efficiency and commercial viability to the power sector. Steps taken in this regard by Government of India are:

- Open access to consumers above 1 MW within five years commencing from 27th Jan 2004 (date of enforcement of amendment to EA in 2003)
- 23 SERCs have issued regulations on open access in Distribution
- 19 SERCs have issued methodology for determining charges for transmission, wheeling and cross subsidy surcharge
- 29 applications of open access in 9 States have been approved
- 9 have already been implemented

4. Power Trading

Trading of power is recognized as a distinct license activity under the EA 2003. The Central and State Electricity Regulatory Commissions have powers to grant inter state and intra-state trading licenses. So far 26 companies have been granted license for inter-state trading. Guidelines for setting up and operation of power exchange were issued by CERC on 6.2.2007. Approval has been accorded to set up the Power Exchange.

During fiscal 2008, 20.96 BUs representing 3.15% of the total electricity generated were traded.

5. Persisting Shortages

The Indian Power sector is fraught with persisting shortages. Although the PLF of stations has increased from 72.2% to 78.61% over last 7 years, the existing generation level needs to be enhanced substantially by the end of XI plan to realize the objective of Govt. of India of providing "Power for all" by 2012. This requires gearing up not only the supply side but also demand side of power management.

6. Market determined generation price

- NEP emphasis on adopting economics of generation as a criterion for choice of fuel

- EA 2003, Sec 63 requires regulator to adopt tariff if it is determined through bidding process
- Central Government has already issued the guidelines for procurement of power through bidding process by distribution licensees
- Tariff Policy 2006 sets a time limit of 5 years for public sector projects to come on the bidding route
- Three Ultra Mega Power Projects awarded under competitive bidding route
- Govt. has issued guidelines for setting up of Merchant Power Plants for which fuel tie-up would be facilitated. These plants will not have any guarantees for minimum off -take

7. Rural Electrification

As per 2001 Census, 56% of rural households are un-electrified. The Central Govt. launched a scheme "Rajiv Gandhi Grameen Vidhutikaran Yojana" (RGGVY) in April 2005 with the goal of electrifying all un-electrified villages and hamlets and providing access to electricity to all households in next five years. The progress so far is as under:

- So far over 44,430 villages have been electrified. 1.82 million Below Poverty Line (BPL) households connected
- Franchisees are in place in over 73,422 villages
- **Rural Electricity Policy** launched on August 23, 2006

8. Financial viability of State Utilities

Due to high incidence of Aggregate Technical & Commercial (AT&C) losses, the state utilities have been left cash strapped. The Reduction in AT&C losses and improving quality of supply holds the key. Some of the steps taken by the Government are:

- EA 2003 provides creation of one or more companies from SEB
- Retail tariff determined by independent regulator
- Subsidy to be paid upfront
- Metering made mandatory
- Theft provisions made further stringent through recent amendment of EA (Theft made explicitly cognizable and non-bailable)
- Accelerated Power Development and Reforms Programme (APDRP) launched in X Plan, modified during 2007-08. The revised APDRP is linked to actual demonstrable performance in terms of AT&C loss reduction. Establishment of reliable automated systems for collection of accurate baseline data and the adoption of information technology in the areas of energy

accounting are necessary preconditions for sanctioning of projects for strengthening and up-gradation of sub-transmission and distribution network

- AT&C losses are showing declining trend- reduced from 38.86% in 2001-02 to 32.07% (provisional) in 2006-07. The AT&C losses in 169 towns have declined to less than 20%

9. Development of Renewable Sources of Energy for generation of power

Renewable energy currently contributes a small fraction and it is expected to grow rapidly especially in areas like wind and solar power. Over the longer term, its importance would be more strategic so that the country can build a certain level of self-reliance in renewable technologies of the future. The steps taken by Govt. for increasing generation from renewable energy resources are :

- Electricity Act requires SERCs to specify a percentage for purchase of electricity from cogeneration or renewable sources termed as Renewable Purchase Obligation (RPO). SERCs in 12 States have already specified the percentage -Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Kerala, Haryana, Maharashtra, Uttar Pradesh and West Bengal (Source: Ministry of New and Renewable Energy)
- Tariff Policy provides for competitive bidding for procurement of power from such sources - bidding to be done amongst suppliers offering power from same type of renewable source
- Procurement of power at preferential tariffs to be allowed by SERC
- Special scheme by MNRE for promoting solar power

10. Dispute resolution

Appellate Tribunal was operationalized in 2005 to hear appeals against orders of Electricity Regulatory Commissions. Recently, tribunal was mandated to hear appeals against orders passed by Petroleum Regulatory Board also.

DEMAND-SIDE MANAGEMENT

While initiatives for addition to capacity to meet the growing demand for power are important in their own right, environmental considerations and the need for efficient use of resources make it imperative to pay focused attention to "demand-side management" as well.

A study conducted for the Asian Development Bank estimated an immediate energy saving potential of 54,500 million Kwh and peak saving of 9,240 MW.

OUTLOOK

Generating capacity needs to grow rapidly from the current level to 778 GW by 2032 according to the estimate in the Integrated Energy Policy of the Planning Commission. Hence,

huge potential for growth of the Indian power sector is envisaged in future. The Indian energy basket is weighted towards coal accounting for 53% and hydro for 25% of installed capacity. From a long term energy security perspective, it is necessary to diversify the energy basket. Since the known coal reserves are expected to exhaust in about 45 years, assuming an annual growth in domestic production of 5%, it would be a challenge to replace 53% of the energy basket. Diversification would mean increasing the share of Natural Gas, Nuclear and Hydro energy apart from a strategic thrust towards renewable energy.

Some of the specific measures taken aimed at inducing rapid growth in the sector and at the same time diversification/augmentation of fuel mix include the following:

New Hydro Policy launched

Coal is expected to continue to be the dominant energy source. However, India would have to actively develop non-coal sources given that a growth rate of 5 percent in coal production may not be sufficient to sustain desired growth in generation. Enhanced thrust is therefore required on power generation from other energy resources. A detail of estimated reserves for various energy resources is as under:

Resource	Unit	Reserves
Coal-Extractable	Mtoe	13,489
Oil	Mtoe	786
Gas-including coal bed methane	Mtoe	1,866
Uranium-metal	Tonnes	61,000
Thorium-metal	Tonnes	225,000
Hydel	MW	150,000

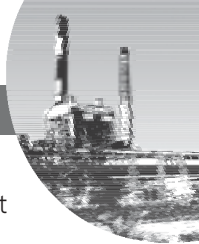
(Million tonne oil equivalent-Mtoe)

Source: Integrated Energy Policy, Planning Commission

India is endowed with an estimated hydro power potential of more than 1,50,000 MW detailed as under:

Basin/River	Potential at 60% Load Factor	Probable Installed Capacity (MW)
Indus	19988	33832
Ganga	10715	20711
Central Indian Rivers	2740	4152
West-flowing Rivers	6149	9430
East-flowing Rivers	9532	14511
Brahmaputra	34920	66065
Total	84044	Say 150000

Source: Ministry of Power



However, only 24% of the potential has been developed till date and 45 hydro projects having aggregate capacity of 15,365 MW are presently under development. The main reasons for the slow development include difficult and inaccessible potential sites, difficulties in land acquisition, rehabilitation, environmental and forest-related issues, inter-State issues, geological surprises and long gestation period.

In order to give enhanced impetus to development of Hydro sector, a Hydro Power Policy 2008 was approved by cabinet on January 3, 2008. Under this policy, the Private producers can undertake Hydro projects in difficult and remote areas based on PPA route. The developer will have a facility of merchant sale upto 40% from saleable energy from hydro plant. An additional 1% free power over and above 12% has been earmarked for Local Area Development Fund aimed at providing infrastructure creation and welfare schemes in the affected areas.

Development of Coal value chain

India is currently the third largest coal producer in the world after USA and China. The power sector is a major consumer of coal utilizing about 78 per cent of the country's coal production. Coal-fired thermal units account for around 62% of total power generation in the country. Thus, coal continues to be the mainstay for the power sector. The total domestic production of coal during 2007-08 was ~430 million MT and the consumption was ~470 million MT. Of this, about 40 million MT was imported in 2007-08. Apart from bridging the demand - supply gap, blending of imported high quality coal with high ash domestic coal helps thermal power stations to adhere to the environmental stipulations of using coal with less than 34 percent ash content.

The sector has traditionally been characterized by - state monopoly, lack of independent regulation and lack of transparency in tariff determination. The recent measures adopted by government to usher structural reforms and for introducing competition through private participation are:

- During the year, 45 coal blocks with geological reserves of 11,384.49 Million Tonnes were allocated to the Government and private sector companies
- Notification specifying coal gasification and liquefaction as end uses was published in the gazette of India on July 12, 2007
- New Coal Distribution policy was notified on October 18, 2007. Under the policy there is a provision for appointment of a Coal Regulator
- Customs duty exempted on coking coal
- 100 percent income tax exemption on port development projects

- 100 percent Foreign Direct Investment (FDI) for port development under the automatic route
- The royalty rates on coal and lignite have been revised in July 2007 on the basis of formula consisting of ad-valorem plus a fixed component

Ultra Mega Power Projects

The Government of India launched an initiative for development of coal based Ultra Mega Power Projects (UMPPs), each with a capacity of 4000 MW or above. Originally, nine sites were identified by CEA in nine States for the proposed UMPPs. These include four pithead sites, one each in Chhattisgarh, Jharkhand, Madhya Pradesh and Orissa, and five coastal sites, one each in Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu. It is proposed to set up pithead projects as integrated projects with captive coal mines. The Ministry of Coal has allocated captive coal mining block(s) for Sasan UMPP in Madhya Pradesh, for Orissa UMPP (except for Chaturdhara block), for Tilaiya UMPP in Jharkhand and for Chattisgarh UMPP. For the coastal projects usage of imported coal is envisaged. The UMPP projects would help lower the cost of power to consumers and reduce emissions.

The bidding process in respect of Sasan, Mundra and Krishnapatnam UMPPs has been completed. The bidding process in respect of Tilaiya UMPP has been initiated by the SPV i.e. Jharkhand Integrated Power Ltd. The RFQ stage is over.

Way forward

Sustaining economic growth is critically dependent on significant supply augmentation and change in the composition of energy use. Import dependence, for meeting the primary energy demand in the country, has been increasing over a long period. Reducing dependence of the country's energy requirement in the medium to long term entails a number of measures:

- tapping India's coal reserves with appropriate technology and reforms in the coal sector to increase competition
- mitigating transportation constraints on availability of coal
- accelerating exploration of oil and gas
- fully exploiting the nuclear and hydro potential for power generation, and expediting programmes for energy generation through renewable and non-conventional sources

We attempt to give some more details concerning certain aspects of the sector and the Company by way of information and analysis.

EXISTING CAPACITY

The total installed capacity in the country as on March 31, 2008 was 143.061 GW with State Sector leading with a share of 52% followed by Central Sector representing 34% share and balance 14% is contributed by Private Sector entities.

Total Capacity	GW	% share
State	74.689	52%
Centre	48.361	34%
Private	20.011	14%
Total	143.061	100%

Source: CEA's executive summary

The total thermal capacity, including gas stations and diesel generation, accounts for about 64% of installed capacity of the country followed by hydro capacity at 25%. Nuclear stations account for 3% and the balance 8% is towards Renewable Energy Sources.

With about 53% capacity based on coal in the country, coal continues to remain as mainstay of power generation.

Total Capacity	GW	% share
Thermal	91.907	64%
Hydro	35.909	25%
Nuclear	4.120	3%
R.E.S.@	11.125	8%
Total	143.061	100%

@ Renewable Energy Sources

Source: CEA's executive summary, Economic Survey 2007-08

Out of 9.263 GW added during the year in the country, the Central Sector contributed to an addition of about 34.98% by installing 3.240 GW and your company contributed to 19% by installing 1.740 GW (including 740 MW added by Ratnagiri Gas and Power Pvt. Limited, a joint venture company).

EXISTING GENERATION

The total power generation in the country during the year 2007-08 was 704.451 billion units as compared to 662.52 billion units generated during last year registering a growth of 6.33%.

The sector wise break up as well as fuel wise break-up of generation for the year 2007-08 is detailed as under:

Total Generation	Billion Units	% share
State Sector	338.052	48%
Central Sector	298.949	42%
Pvt. Sector	62.160	9%
Others	5.290	1%
Total	704.451	100%

Total Generation	Billion Units	% share
Thermal	558.815	79%
Hydro	123.570	18%
Nuclear	16.776	2%
Others	5.290	1%
Total	704.451	100%

Source: CEA's executive summary

Although the State Sector accounts for 52% of installed capacity, its contribution to national generation is only 48%. Central Sector utilities have better performing stations as compared to those of State utilities and contribute 42% of nation's generation with a share of 34% in installed capacity.

NTPC VIS-A-VIS ALL INDIA

With approximately 1/5th of capacity, NTPC contributes to over 28% of nation's generation.

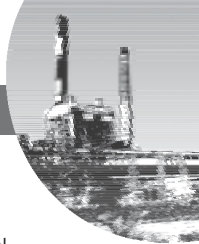
	All India	NTPC	% share
Capacity (GW)	143.061	27.350	19.12%
Generation (BU)	704.451	200.863	28.51%
Capacity incl. JVs (GW)	143.061	29.144	20.37%
Generation incl. JVs (BU)	704.451	208.301	29.57%

Source: Ministry of Power

Your Company is the fifth largest generating company in Asia after Tokyo Electric Power Company, Japan, Korea Electric Power Company, Korea, Taiwan Power, Taiwan and Huaneng Power International Inc., China (Source-Datamonitor, UK).

DEMAND AND SUPPLY POSITION

India has one of the lowest per capita energy consumption in the world. In order to sustain the GDP growth at the desired level of over 8% per annum, the growth in generation of electricity has to be commensurate. Central Electricity Authority in its 17th EPS has projected that in order to completely wipe off the energy deficit, the energy



requirement at the power station bus bar would be of the order of 968.659 Billion Units in 2011-12. Presently, the sector is characterized by acute shortages. The peaking shortage as on March 31, 2008 was 16.6% as against the deficit of 9.8% in power supply position during 2007-08. The last five year demand and supply position in the country is indicated as under:

Actual Power Supply Position

Fiscal Year	Requirement	Availability	Surplus/Deficit (+/-)	
	(MU)	(MU)	(MU)	(%)
2004	559,264	519,398	-39,866	-7.1%
2005	591,373	548,115	-43,258	-7.3%
2006	631,554	578,819	-52,735	-8.4%
2007	690,587	624,495	-66,092	-9.6%
2008	737,052	664,660	-72,392	-9.8%

MU denotes Million units, Source: Annual Report- 2007-08, Ministry of Power, Executive Summary of CEA.

Consumption

The end users of power in India are broadly classified into industrial, domestic, agricultural and commercial categories. The share of each of these categories in the consumption of electricity during the fiscal 2007 was approximately 38%, 24%, 22% and 8% respectively. The balance of sales pertained to various other consumers. The per capita consumption of electricity is quite low in comparison to the global average.

The per capita electricity consumption in India, with other developed and other major emerging nations as of 2004 is given below:

Country	Per Capita Electricity Consumption in Kwh	Country	Per Capita Electricity Consumption in Kwh
USA	14240	Brazil	2340
Australia	11849	Mexico	2130
South Korea	7710	China	1684
U.K.	6756	Egypt	1465
Russia	6425	India	618
Malaysia	3196	World Average	2701

Source: UNDP Human Development Indicators' 2007/2008

The per capita consumption of electricity has improved to 704 kwh in the year 2007-08.

CAPACITY UTILISATION

Capacity utilisation in the Indian power sector, as measured by plant load factor (PLF) has been improving over the years and the PLF for coal-fired plants has increased from 76.80% in 2006-07 to 78.61% in 2007-08. Over the last fiscal, operationally NTPC stations performed better than collective performance of any other sector.

PLF COMPARISON (%)

	2007-08	2006-07	Increase
Central sector	86.74	84.2	2.54
State sector	71.89	71.71	0.18
Pvt sector	90.77	86.35	4.42
National avg.	78.61	76.80	1.81
NTPC	92.24	89.43	2.81

TRANSMISSION AND DISTRIBUTION

In India, the power transmission and distribution (T&D) system is a three-tier structure comprising of distribution net-works, state grids and regional grids. The distribution networks are owned by the Distribution licensees and the state grids are primarily owned and operated by respective state utilities. In order to facilitate the transmission of power among neighbouring states, state grids are interconnected to form regional grids.

Most of the inter-state transmission links are owned and operated by Power Grid Corporation of India Limited. Powergrid also owns and operates many inter-regional transmission lines (forming a part of the national grid), in order to primarily facilitate the transfer of power from a surplus region to a deficit region. The regional grids are being gradually integrated to form a national grid enabling interregional transmission of power facilitating optimal utilisation of the national generating capacity. The geographical distribution of primary sources of power generation in the country is uneven. The hydro potential is in the Northern and North-Eastern States and coal is primarily located in the Eastern part of the country. Development of strong National Grid has become a necessity to ensure optimal supply of power to all. The Ministry of Power has envisaged establishment of an integrated National Power Grid in the country by the year 2012. The program envisages addition of over 60,000 ckt km of Transmission Network in a phased manner by 2012. The integrated grid shall evacuate additional 100,000 MW and carry 60% of the power generated in the country. The existing inter-regional transmission capacity of about 17,000 MW connects the northern, eastern, north-eastern and western regions in synchronous mode and the southern region asynchronously.

The inter-regional power transmission capacity of 17,000 MW at end of fiscal 2008 is expected to be further augmented to 37,700 MW by 2012. The southern region will also be connected to rest of the regions forming an all-India synchronous grid.

Government has notified Tariff Based Competitive Bidding guidelines for Transmission Service to encourage competition in development of transmission projects. 14 such transmission projects have been identified for development by Private sector by an empowered committee constituted under CEA. REC and PFC have been entrusted with the task of formulating FRs/DPRs for these projects and to invite bids.

REGULATORY FRAMEWORK

Responsibility for the development of the power industry is shared between the Central Government and the State governments. The Electricity Act 2003 provides the overall legislative framework for the sector.

The Ministry of Power (MoP) oversees the operation of all Central Sector Power utilities. The Central Electricity Authority advises the MoP on electricity policy and technical matters. The government has constituted CERC as per legislative requirement to regulate the tariffs for the central power utilities and other entities with inter-state generation or transmission operations. The EA 2003 also requires state governments to set up State Electricity Regulatory Commissions for rationalization of energy tariffs and formulation of policy within each state. As of March 31, 2008, twenty-five states have set up their regulatory commissions.

COMPETITION

Being the largest power generating company in the country with market share of 20% in terms of installed capacity and about 30% in terms of national generation, your Company is a dominant player in the field of generation. The entity with the next largest market share of 6.72% in the country is Maharashtra State Power Generation Co.Ltd. having an installed capacity of 9621 MW. With the capacity expansion plans in place, your Company is poised to retain its leadership position in future as well even though the competition may increase due to enhanced investments in the sector ushered by reforms.

RISKS AND CONCERNS

The Company has to sustain its growth, retain its leadership position in the country and at the same time improve its operational efficiency. In order to reduce dependence on conventional fuel, the Company is foraying into hydro,

nuclear and non-conventional energy sources. As a step in backward integration, the Company is entering into coal mining business and also natural gas value chain.

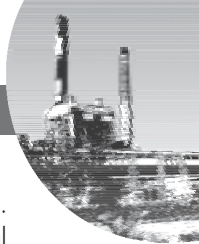
The strategies adopted to achieve above activities make us susceptible to various risks. We have taken adequate measures to address such concerns by developing adequate systems and practices. In order to institutionalize the risk management in the Company, a Risk Management Policy was formulated in fiscal 2005. As an initial step, the policy has identified various risks in the areas of fuel, operations, project implementation, regulatory environment, business, customers, assets, financial, human resource and IT. After careful analysis of business environment, corporate plan and business practices and with a view to enhance business performance, your Company has adopted a two pronged strategy - the short-term as well long-term measures to mitigate these risks and also to put in place a reporting system which would enable critical risks beyond certain tolerance levels to be reported for further action.

In order to imbibe the best practices prevalent in the industry, your Company has appointed a reputed Consultant to develop and implement a Framework for Compliance under clause 49 of the listing agreements with Bombay Stock Exchange/National Stock Exchange. After holding detailed deliberations involving all the units of the Company, an entity wide Risk Register is under development. A Risk reporting framework alongwith mitigation measures is under finalization.

INTERNAL CONTROL

Your Company has a sound system of Internal Controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations. Suitable delegation of power and also the guidelines for preparation of accounts have been issued for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with Company's own Internal Audit Department. Besides, the Company has two Committees of the Board viz. Audit Committee and Committee on Management Controls which periodically review important findings of different Audits, keeping a close watch on compliance with Internal Control Systems.

Under the Consultancy assignment for development and implementation of the Framework for Compliance under clause 49 of the listing agreements with BSE/NSE, a detailed and structured Internal Control Framework is also under development. Gaps, if any, under the existing system are being examined and the mitigation measures for the same are being devised.



FINANCIAL DISCUSSION AND ANALYSIS

A Results of Operations

1 Gross Income

	Fiscal 2008	Fiscal 2007
Units of electricity sold (million units)	187988	176530
Income	Amount in Rs. Million	
Energy Sales (Excl Electricity Duty)	369,462	325,344
Energy Internally Consumed	409	365
Consultancy & other services	1,039	608
Other income (excluding income related to OTSS*)	16,242	12,400
Income related to OTSS *	12,961	15,049
Gross Income	400,113	353,766

*OTSS-One Time Settlement Scheme

The gross income of the Company comprises of income from sale of electricity, consultancy and other services, and interest earned on investments such as term deposits and bonds issued under one-time-settlement scheme. The gross income of the Company for the fiscal 2008 was Rs. 400,113 million as against Rs. 353,766 million in the previous year registering an increase of 13%. This gross income excludes provisions written back. Each element of income is discussed below.

1.1 Sale of Electricity

Your Company sells electricity to bulk consumers comprising, mainly, electricity utilities owned by State Governments. Sale of electricity is made pursuant to long-term power purchase agreements entered into for 25 years in case of most of our coal-fired plants and for 15 years in case of most of our gas-fired plants in line with the estimated average life of the plants. The agreements are renewed or extended upon expiry of the initial term.

Income from sale of electricity for the fiscal 2008 was Rs. 369,462 million which constituted 92% of the gross income. The income from sale of electricity has increased by 14% over the previous year's income of Rs. 325,344 million because of a 6.49% increase in units sold as a result of increase in the commercial capacity by 500 MW of Vindhyachal-III and also on account of one unit each of Vindhyachal-III (500 MW), Unchahar-III (210 MW) and Badarpur (705 MW) being in commercial operation for the entire fiscal 2008 as compared to part of fiscal 2007. The generation was also higher due to

increase in PLF of existing stations by about 2.81%. Income from sale of electricity also includes the actual tax payments in respect of generation business recoverable from the customers as per tariff regulations which has increased by 36% from Rs.22,761 million for the current fiscal as against Rs.16,760 million for the last fiscal. The increase of Rs 6,001 million is primarily due to increase of 12% in profit before tax on generation income. For calculation of Income tax, Advance Against Depreciation (AAD) is also considered and grossed up tax has been computed. The impact of tax due to AAD is Rs.2,578 million. The average selling price this year has also increased to Rs. 1.97 per unit compared to Rs 1.84 per unit in the previous year. The increase is mainly due to increase in variable and partly due to increase in fixed charges and incentives. The average tariff includes adjustments pertaining to previous years. Excluding adjustment of sales pertaining to previous period, the average selling price would be Rs. 1.91 per unit in the current year as against Rs. 1.81 per unit in the previous year.

There has been 100% actual realization of the dues during the last five years. All the beneficiaries have opened and are maintaining LC equal to or more than 105% of average monthly billing as per One-Time Settlement Scheme. In order to ensure prompt and early payment of bills for supply of energy to beneficiaries, your company has formulated a Rebate Scheme which provides additional incentive for early payment of bills based on the provisional bill raised on the last working day of the month. This has resulted in realization of nearly 68% of the energy bill within a week of presentation of bill for the month.

1.2 Tariffs

Our charges for electricity are based on tariff rates determined by the CERC. The tariff rates consist of a fixed charge based on plant availability, variable charges based primarily on fuel costs and an unscheduled interchange charge which is a payment (or penalty) under Availability Based Tariff designed to bring grid discipline. The CERC sets tariff rates on a plant-by-plant basis in accordance with the tariff regulations/norms notified by them.

Since April 1, 2004, our tariffs are determined pursuant to the CERC's tariff regulations applicable for fiscal 2005 to fiscal 2009. The significant elements of the fixed charges permissible under the regulations are:

- Return on equity at 14%, on a post-tax basis based on a prescribed 70:30 debt to equity ratio for new projects

- Actual interest cost incurred on normative debt
- Interest on working capital determined on a normative basis
- Depreciation on plant and machinery calculated at 3.6% for coal based stations and 6% for gas based stations
- Operation and maintenance costs determined normatively by the CERC based on size of unit, on a per megawatt basis

Variable charges on the electricity sold are determined on the basis of landed cost of fuel applied on the quantity of fuel consumption derived on the basis of norms for heat rate, auxiliary consumption, specific oil consumption etc.

Besides the fixed capacity charges and the variable charges, the other elements of tariff are:

- Incentives payable at the rate of Rs. 0.25 per unit for operating plants at PLF of more than 80%
- Exchange rate variations as per Regulations
- The unscheduled interchange charge payable (or receivable) at rates prescribed in the Regulations
- Taxes related to income arising from the generation activities of the Company are recoverable from the customers

1.3 Provisional Tariffs

In case of stations where CERC has not yet fixed the final tariff, revenues are booked based on the assessment of the likely final tariff based on the CERC regulations. When CERC fixes the final tariff for these stations, adjustments are made to revenues on the basis of the final order to the extent of the difference between the provisionally booked revenues and the revenues based on the tariffs determined by CERC.

For the current fiscal year, CERC has issued final tariff orders in respect of all but two units/stations, namely, Vindhyachal-III and Unchahar-III. Accordingly sales of Rs.15,028 million for fiscal 2008 relating to these units/stations have been recognized on provisional basis (explained in note 2(a) of the Notes on Accounts, Schedule-27). In addition sales of Rs. 13,074 million in respect of Badarpur Thermal Power Station has been provisionally recognized based on orders issued before transfer of ownership to the Company (explained in note 2(c) of the Notes on Accounts, Schedule-27).

1.4 Consultancy and other services

The Company provides consultancy services in engineering, project management, construction

management, operation and maintenance of power plants to clients within as well as outside India.

During the year, Consultancy Division posted an income of Rs 1,039 million as against Rs 608 million achieved in the last fiscal. In the fiscal 2008, it has recorded a profit of Rs 368 million as against Rs. 230 million in the last fiscal. A total of 62 orders valued at Rs. 1,792 million were secured by the Division during the year including 4 overseas assignments of Rs. 9 million.

1.5 Other Income

'Other income' in fiscal 2008 was Rs. 29,203 million as compared to Rs.27,449 million in the fiscal 2007. Broadly the break up of other income is as under:

Rs Million

	Fiscal 2008	Fiscal 2007
Interest for the year on tax free bonds /Loan to State Govt.	12,961	15,049
Income on investment of surplus cash	14,136	9,218
Dividend/Income from JVs and Subsidiaries	110	150
Income earned on other heads such as hire charges, profit on disposal of assets, etc	2,391	1,760
Interest on income tax refunds(non-recurring)	-	1,442
Total	29,598	27,619
Less: Transfer to IEDC/development of coal mines	395	170
Net other income	29,203	27,449

Our 'other income' mainly comprises of income from bonds issued under One Time Settlement Scheme (OTSS), income from investment of surplus cash, dividend on our equity investment in joint ventures and subsidiaries and miscellaneous income.

Interest income from OTSS bonds for fiscal 2008 is Rs.12,961 million as compared to Rs.15,049 million in fiscal 2007. The reduction in interest income to the extent of Rs.2,088 million is due to redemption of OTSS bonds amounting to Rs. 16,515 million. This reduction in interest income on OTSS bonds is partly offset by income of Rs.4,918 million earned on account of investments made from surplus cash. The investment of surplus cash has



registered a 53% increase from Rs.9,218 million in fiscal 2007 to Rs.14,136 million in the current fiscal.

We have earned Rs.96 million as dividend from our investments in joint venture and subsidiary companies. Another Rs.14 million has been earned as interest from loan of Rs.200 million extended to Kanti Bijlee Utpadan Nigam Limited, one of our subsidiaries. Further, an amount of Rs.2,391 million has been earned from various other sources such as hire charges, profit on disposal of assets, interest from joint venture company etc. as compared to Rs.1,760 million earned in the last fiscal, registering an increase of 36%. This also includes interest of Rs.159 million earned during the current year from loan of Rs.1700 million extended to Ratnagiri Gas and Power Private Ltd., a joint venture company.

1.6 Adjusted Gross Income

The gross income reported for the year includes certain revenues pertaining to previous years. The revenues from sale of electricity for the fiscal 2008 includes Rs.11,336 million pertaining to previous years which have been recognized in sales based on the orders of the CERC / Appellate Tribunal (explained in note 2(d) of the Notes on Accounts, Schedule-27). Similarly, for fiscal 2007, an amount of Rs.5,424 million pertaining to previous years were included in the sales.

As per CERC Tariff Regulations, 2004 exchange rate variation on interest payments and loan repayments corresponding to the normative loans considered for tariff of stations/units is payable/ recoverable to/from the beneficiaries on repayment of the loans and interest thereon.

The company was accounting for Foreign Exchange Rate Variation (FERV) arising on foreign currency loans on accrual basis as per the provisions of AS11 (revised) and consequently the foreign currency loan is restated at the balance sheet date while the revenue for recovery/ refund of FERV which is allowed from/to the beneficiaries as per CERC Tariff Regulations, 2004 was being recognised on actual repayment of loan and payment of interest in foreign currency at a later date. Pursuant to opinion of Expert Advisory Committee of the ICAI, foreign exchange variation on restatement of foreign currency loans as at the Balance Sheet date which is payable/recoverable to/from customers later on settlement is accounted for by creating a deferred liability/asset in the accounts instead of adjusting the same in the profit & loss account. Such exchange differences for the year 2007-08 amounting to Rs. 250 million have been accounted for during the year by credit to 'Sales - Exchange Fluctuation Receivable from

Customers' (explained in note 14(b) of the Notes on Accounts, Schedule-27).

In the fiscal 2007, Commissioner of Income Tax (Appeals) had issued a favourable decision on taxability of Surcharge Income relating to Assessment Year 2003-04 resulting in interest income amounting to Rs.1,442 million on account of income tax refund.

The gross income of the company after such adjustments is as under:

Rs Million

	Fiscal 2008	Fiscal 2007
Gross Income	400,113	353,766
Less:		
Sales of previous years	11,336	5,424
Exchange Fluctuation receivable from customers	250	
Interest on income tax refunds		1,442
Adjusted Gross Income	388,527	346,900

2 Expenditures

2.1 Expenditure related to operations

Rs.Million

Expenditures	Fiscal 2008	Rs per kwh	Fiscal 2007	Rs per kwh
Commercial Generation -MU	200280		188140	
Fuel	220,202	1.10	198,181	1.06
Employees' remuneration and benefits	18,960	0.10	11,632	0.06
Generation, administration and other expenses	16,284	0.08	15,567	0.08
Total	255,446	1.28	225,380	1.20

The expenditure incurred on fuel, employees, generation, administration and other expenses for the fiscal 2008 was Rs. 255,446 million which is 13.34% more than the expenditure of Rs. 225,380 million incurred during the previous year. In terms of expenses per unit of power produced, it was Rs. 1.28 per unit in fiscal 2008 in comparison to Rs. 1.20 per unit in the previous year. This increase is partly due to commercialization of one unit of 500 MW of Vindhyachal w.e.f. 15.07.2007 and also on account of one unit each of Vidhyachal-III

(500 MW), Unchahar-III (210 MW) and Badarpur (705 MW) being in commercial operation for the entire fiscal 2008 as compared to part of fiscal 2007. The increase in commercial generation due to additional capitalization has resulted in an additional operational expenditure of Rs.10,367 million. A discussion on each of these components is given below.

2.1.1 Fuel

Expenditure on fuel constituted 86% of the total expenditure relating to operations as compared to 88% in previous year. Expenditure on fuel was Rs.220,202 million in fiscal 2008 in comparison to Rs. 198,181 million in fiscal 2007 representing an increase of 11%. The higher fuel expenses were mainly due to increase in fuel prices. Fuel cost per unit generated increased to Rs.1.10 in fiscal 2008 from Rs. 1.06 in fiscal 2007. The increase in fuel cost due to addition of commercial capacity is Rs.8,634 million.

The power plants of the company use Coal and natural gas as the primary fuels. The oil is used as a secondary fuel for our coal-fired plants and naphtha as an alternate fuel in our gas-fired plants. Under the tariff norms set by the CERC, your Company is allowed to pass on fuel charges through the tariff, provided the company meets certain operating parameters. The company purchases coal under the long term coal supply agreements with subsidiaries of Coal India Limited (CIL) and with Singareni Collieries Company Limited. A new Model Coal Supply Agreement (CSA) has been initialed on March 29, 2007 with CIL which inter-alia contains the various provisions under which coal would be sourced from the various subsidiaries of CIL by our power stations. As per the Model Coal Supply Agreement, coal price shall be determined by a formula comprising a base price which shall be increased initially by CIL by 10% and thereafter, the base price shall be updated on 1st April each year based on the movement of inflation index with escalation neutralization having a cap of 50%. CIL has revised coal prices for its subsidiary companies with effect from December 13, 2007 by about 10% in accordance with the model CSA.

During the fiscal 2008, coal based stations consumed 123.92 million tonnes of coal as against 113.45 million tonnes in the fiscal 2007. This was including 2.64 million tonnes of coal which was imported as compared to 2.43 million tonnes imported in fiscal 2007.

The company sources gas domestically under an administered price and supply regime. Our main gas supplier is GAIL. Gas prices are fixed by the Ministry of Petroleum and Natural Gas. We received a supply of 11.76 Million Metric Standard Cubic Meters per Day (MMSCMD) of gas during the fiscal 2008 as against 12.67 MMSCMD received in fiscal 2007. This includes 2.77

MMSCMD of spot gas as compared to 2.98 MMSCMD last year. In addition, last year gas supply includes gas procured from GSPC (0.14 MMSCMD) and fall back arrangement amounting to 0.16 MMSCMD. The reason for reduction in the supply of APM/PMT gas was on account of shutdown of the ONGC platforms in January and March 2008.

To meet the shortfall in supply of Natural Gas from GAIL, the Company sought supplies of RLNG on Limited tender basis from all the known gas suppliers in the country. These supplies are being contracted on best effort basis with no penalty either on the supplier or the buyer for supplies not offered / not off taken. During the fiscal 2008, supplies to the extent of 1014.16 MMSCM were received from the various suppliers.

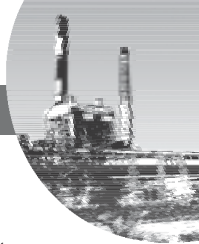
Rajiv Gandhi Combined Cycle Power Project (RGCPP), Kerala generates power on naphtha as no gas supply is available. Besides RGCPP, other gas based stations also used Naphtha depending upon the demand from customers and schedule from load dispatch centers.

During the fiscal 2008, 0.683 million MT of naphtha was consumed as against 0.580 million MT in the previous year.

2.1.2 Employees' Remuneration and Benefits

Employees' remuneration and other benefits have increased by 63% from Rs. 11,632 million in fiscal 2007 to Rs.18,960 million in fiscal 2008. Employees' remuneration and benefits expenses include salaries and wages, bonuses, allowances, benefits, contribution to provident and other funds and welfare expenses. These expenses account for approximately 7% of our operational expenditure in fiscal 2008 as compared to 5% in fiscal 2007.

The primary reason for increase in employee cost is the provision made for pay revision of the employees of the Company which is due w.e.f. 1st January 2007. Pending recommendation of the committee formed by GOI for pay revision, a provision of Rs.4,094 million has been made towards wage revision arrears on estimated basis for fiscal 2008 as compared to a provision of Rs.979 million for three months for fiscal 2007 (explained in note 6(a) of the Notes on Accounts, Schedule-27). Out of the total wage provision of Rs. 4,094 million, an amount of Rs. 3,635 million was included in employee remuneration expenses. The balance amount includes additional incentives and other related benefits to employees alongwith normal annual cost increase in employee remuneration and benefits. This resulted in an increase in the employee cost per unit of generation from Rs.0.06 in the previous fiscal to Rs.0.10 in the current fiscal. The increase in employee cost due to additional commercial capacity is Rs.1,078 million.



2.1.3 Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of buildings, plant and machinery, power and water charges, security, insurance, training and recruitment expenses and expenses for travel and communication. These expenses represent approximately 6% of our operational expenditure in fiscal 2008 as compared to 7% in fiscal 2007. In absolute terms, these expenses increased by 5% to Rs.16,284 million in fiscal 2008 from Rs.15,567 million in fiscal 2007. In term of expenses per unit of generation, it was Rs. 0.08 in fiscal 2008 same as in the previous year. The increase in Generation, administration and other expenses due to addition of commercial capacity is Rs. 655 million.

Repair & Maintenance expenses constitute 63% of total Generation, Administration and Other Expenses and have increased to Rs. 10,255 million from Rs.9,358 million resulting in an increase of 10%.The other increase in generation & administration expenses is mainly attributable to increase in security expenses.

The security expenses have increased by 29% to Rs.1,535 million from Rs. 1,190 million mainly due to provision of Rs.518 million for fiscal 2008 in comparison to Rs.276 million for fiscal 2007 towards salary of CISF and others for VI Pay commission which is pending since January 1, 2006 (explained in note 6(b) of the Notes on Accounts, Schedule-27). Out of the total wage provision of Rs. 518 million, an amount of Rs. 481 million was included in security expense.

In the last fiscal there was a one time write-off of interest of Rs.640 million towards settlement reached with GRIDCO (explained in note 9 of the Notes on Accounts, Schedule-27 to Accounts of 2006-07).

2.1.4 Adjusted Expenditure related to Operations

If the impact of wage revision and settlement with GRIDCO is adjusted, the operational expenditure for the fiscal 2008 and fiscal 2007 would be as follows:

	Rs Million	
	Fiscal 2008	Fiscal 2007
Total Expenditure related to Operations	255,446	225,380
Less:		
Wage revision provision	8,096	1,255
Waiver of interest under GRIDCO Settlement		640
Adjusted Expenditure related to Operations	247,350	223,485

2.2 Depreciation

The depreciation charged to the profit and loss account during the year was Rs. 21,385 million as compared to Rs. 20,754 million in fiscal 2007, registering an increase of 3%. This is due to increase in gross block by Rs.26,407 million i.e. from Rs. 507,273 million in the previous fiscal to Rs. 533,680 million in the current fiscal. The increase in gross block is largely on account of commencement of commercial operation of one unit of 500 MW at Vindhychal which has resulted in capitalization of Rs. 14,135 million. The impact on depreciation for additional capitalization during the fiscal 2008 is Rs. 1,747 million which is partly offset due to reduced depreciation for older stations.

As per the accounting policy of the Company, depreciation is charged on straight line method as per the rates given in the schedule set forth in the Companies Act, 1956 except for some items for which depreciation at higher rates is charged (please refer to Accounting Policy no. 12.2.1).

2.3 Provisions made (and written back)

During the fiscal 2008, the Company had made provisions amounting to Rs. 71 million in comparison to Rs. 114 million provided for in fiscal 2007. The provisions were made mainly in respect of doubtful advances and claims, obsolescence in value of surplus stores and for other items. During the fiscal 2008, the Company had also written back provisions made in earlier years amounting to Rs. 64 million in comparison to Rs. 41 million of provisions written back in fiscal 2007.

2.4 Interest and Finance Charges

The interest and finance charges for the fiscal 2008 were Rs. 17,981 million in comparison to Rs. 18,594 million in fiscal 2007. The details of interest and finance charges are tabulated below:

	Rs.Million	
	Fiscal 2008	Fiscal 2007
Interest Charges:		
Interest on borrowings	17,838	14,837
Interest on Amount payable to customers	15	2,091
Total Interest charges	17,853	16,928
Finance Charges	8,198	9,074
Total	26,051	26,002
Less: Adjustments and transfers		

Exchange differences regarded as adjustment to interest costs	1,255	1,227
Interest charges capitalised	6,286	5,955
Finance charges capitalised	529	226
Total Interest and finance charges capitalised	6,815	6,181
Net interest and finance charges	17,981	18,594

Interest amount on borrowings has increased by 20% over last fiscal due to increase in long term borrowings during the year by Rs. 27,062 million. Our borrowings are denominated in Rupees and foreign currencies. The exchange differences in respect of overseas borrowings relating to fixed assets/capital work-in-progress are added to when unfavorable (and reduced from, if favorable) to the interest cost to the extent regarded as interest charges as per the Accounting Standards applicable in India. Out of this, the exchange differences in respect of assets during the period of construction / renovation and modernisation are capitalized by transfer to IEDC. During the fiscal 2008, a favorable exchange rate variation amounting to Rs. 1,255 million reduced the interest expenses while an amount of Rs. 1,227 million was reduced from interest expenses in fiscal 2007. The amount of reduction in exchange rate variation is slightly higher in fiscal 2008 as compared to fiscal 2007 due to depreciation of US dollar as the USD denominated loan contributed about 67% of the loan basket in the fiscal 2008 as compared to 64% in previous fiscal. The Interest Charges for fiscal 2007 under amount payable to customers included an amount of Rs.1,988 million payable to customers pursuant to the order of Appellate Tribunal for Electricity.

The finance charges have decreased by 10% from Rs.9,074 million in fiscal 2007 to Rs.8,198 million in fiscal 2008. The reduction is mainly due to decrease in rebate payable to customers as per the Rebate Scheme of the company from Rs.8,377 million in previous fiscal to Rs.7,203 million in current fiscal. In order to secure 100% realization of amounts billed, the Company has continued with its revised incentive scheme. The current Rebate Scheme provides for a rebate of 2.25% on the amounts credited to the Company's account on the first day of the month which gets reduced by 0.05% for each day's delay upto the 5th day of the month. Beyond 5th day, 2% rebate is allowed for credit to Company's account which gets progressively reduced and becomes nil after 30 days. The Customer Reward which was paid during last fiscal @ 1% was reduced to 0.75% of the

outstanding Bond amount issued under One Time Settlement Scheme as on 30.9.2007 and 31.3.2008. Customer reward reduces to 0.50% if the customers make full payment of the monthly bills within 45 days of presentation of current bill. The Customer Reward is payable on half yearly basis on fulfillment of certain conditions. Besides reduction in rate of Customer Reward, the reduction in outstanding amount of tax free bonds have also led to reduction of rebate.

For the fiscal 2008, an amount of Rs. 6,815 million relating to interest and finance charges of projects under construction was capitalized while the corresponding amount for the previous year was Rs. 6,181 million. However, if the impact of exchange difference is excluded, the interest and finance charge capitalized is Rs.9,193 million as against Rs.6,713 million last year registering an increase of 37%. This is due to deployment of debt in 10 projects where construction is in progress.

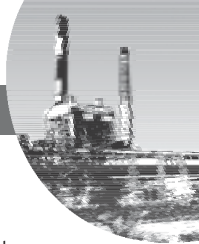
The interest and finance charges for fiscal 2008 after these adjustments and without taking into account the exchange differences considered as adjustment to interest costs is Rs.16,858 million.

Rs. Million

	Fiscal 2008	Fiscal 2007
Total Interest charges excl. Exchange diff. regarded as adjust. to interest cost & interest charges capitalised	10,312	9,746
Total Finance charges excluding finance charges capitalised	7,669	8,848
Net interest and finance charges	17,981	18,594
Add : Adjustment of exchange differences charged to revenue	(1,123)	695
Less: Amount of interest payable to customers	-	1,988
Total Adjusted Interest and Finance charges	16,858	17,301

2.5 Prior period income / expenditure

Certain elements of income and expenditure have been charged to the profit and loss account relating to previous years. For the fiscal 2008 a net amount of Rs. 2,745 million was charged as prior period expenditure whereas a net amount of Rs.109 million was booked as prior period income to the profit and loss account in the previous year.



In the current fiscal, based on the opinion of Expert Advisory Committee of the ICAI, foreign exchange variation on restatement of foreign currency loans as at the Balance Sheet date which is payable/recoverable to/from customers later on settlement is accounted for by creating a deferred liability/asset in the accounts instead of adjusting the same in profit & loss account. This change in accounting policy is with retrospective effect from 1st April 2004 (explained above under 'Adjusted Gross Income') and accordingly adjustment up to 31st March 2007 has been accounted as 'Prior Period Income/Expenditure (net)' amounting to Rs. 2,918 million by debit to prior period sales (explained in note 14(b) of the Notes on Accounts, Schedule-27).

In addition, MPGATSV tax on coal is levied by the Government of Madhya Pradesh with effect from September 2005. This tax was challenged by the coal supplier and its collection has been stayed. A legal opinion has been obtained as per which the claim of the coal supplier is not payable and so, the liability of Rs. 2,105 million provided up to 31st March 2007 in respect of MPGATSV tax has been reversed and resultant benefit was passed on to customers through 'Prior Period Income/Expenditure (net)'. (Explained in note 3(a) of the Notes on Accounts, Schedule-27).

Similarly, surface transportation charges liability of Rs. 469 million provided upto 31st March 2007 has been reversed and the resultant benefit passed on to the customers through 'Prior Period Income/Expenditure (net)' (explained in note 3(b) of the Notes on Accounts, Schedule-27). The corresponding adjustment amounting to Rs. 2,574 million on account of write back of MPGATSV tax and surface transportation charges is included in cost of fuel in prior period expenditure.

3 Profit before tax, provisions and prior period adjustments

The profit of the Company before tax and prior period adjustments for the current and the previous year, both on reported and adjusted basis, is tabulated below:

Rs. Million

	Reported		Adjusted	
	Fiscal 2008	Fiscal 2007	Fiscal 2008	Fiscal 2007
Gross Income	400,113	353,766	388,527	346,900
Expenditure related to operations	255,446	225,380	247,350	223,485
Depreciation	21,385	20,754	21,385	20,754
Interest and Finance charges	17,981	18,594	16,858	17,301
Profit before tax, prov. and prior period adjust.	105,301	89,038	102,934	85,360

4 Provision for Tax

The Company provides for current tax, deferred tax and fringe benefit tax computed in accordance with provisions of Income Tax Act, 1961. As per tariff regulations, the Company recovers actual tax payments in respect of generation business from its customers while taxes on the income from all other activities are borne by the Company. Further, from the fiscal 2007 onwards, the Company has included the taxes recovered from its customers as a part of its sales.

	Fiscal 2007		(Rs Million)	
	Current tax	Deferred tax	Fringe benefit tax	Total
Provision for fiscal 2007	16,730	1,203	154	18,087
Adjustment for earlier years	3,550	-	-	3,550
(Recoverable from) / payable to customers	-	(1,203)	-	(1,203)
Capitalised	-	-	(7)	(7)
Net provision as per P&L Account	20,280	-	147	20,427

	Fiscal 2008		(Rs Million)	
	Current tax	Deferred tax	Fringe benefit tax	Total
Provision for fiscal 2008	24,637	1,411	214	26,262
Adjustment for earlier years	3,680	-	(45)	3,635
(Recoverable from) / payable to customers	-	(1,411)	-	(1,411)
Capitalised	(70)	-	(15)	(85)
Net provision as per P&L Account	28,247	-	154	28,401

Net provision of tax for the fiscal 2008 was Rs. 28,401 million in comparison to Rs. 20,427 million in the fiscal 2007, registering an increase of Rs. 7,974 million. This is due to increase in income tax on other income of the company from Rs. 3,666 million in fiscal 2007 to Rs. 5,639 million in fiscal 2008. This amount includes Rs 607 million on account of section 14A of Income Tax Act whereby the assessing officer has enhanced our tax liability. Further, the tax payment in respect of generation business recoverable from the customers has also increased from Rs. 22,761 million for the current fiscal as against Rs. 16,760 million for the last fiscal.

5 Profit After Tax before provisions made and written back and prior period adjustments

Rs.Million

	Reported		Adjusted	
	Fiscal 2008	Fiscal 2007	Fiscal 2008	Fiscal 2007
Profit before tax, provisions and prior period adjustments	105,301	89,038	102,934	85,360
IT adjustment for previous period			607	-
Tax	(28,401)	(20,427)	(28,401)	(20,427)
Profit after tax (before prov. and prior period adjust.)	76,900	68,611	75,140	64,933

The profits before prior period adjustments and provisions on a reported basis have grown by almost 12% while on an adjusted basis have grown by 16%.

6 Net Profit After Tax

The net profit after tax after provisions (made and written back) and prior period adjustments on a reported and adjusted basis are as follows:

Rs.Million

	Reported		Adjusted	
	Fiscal 2008	Fiscal 2007	Fiscal 2008	Fiscal 2007
Profit after tax (before provisions and prior period adjustments)	76,900	68,611	75,140	64,933
Provisions (net of write back)	(7)	(73)	(7)	(73)
Tax on income tax refund pertaining to previous years		-		486
Prior period adjustments	(2,745)	109		-
Net profit after tax	74,148	68,647	75,133	65,346

On a reported basis, the net profit after tax for the fiscal 2008 has increased by about 8% while on an adjusted basis, the net profit after tax has grown by 15%.

7 Segment-wise performance

For the purpose of compiling segment-wise results, the business of the Company is segregated into 'Generation' and 'Other Business'. The Company's principal business is generation and sale of bulk power. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

The profit before tax and interest for the generation business for the fiscal 2008 was Rs. 90,808 million as against Rs. 74,944 million for fiscal 2007 mainly on account of increased generation. For the 'Other Business' it was Rs. 288 million for fiscal 2008 and Rs. 180 million for the previous fiscal.

B Financial Condition

1 Net worth

The net worth of the Company at the end of fiscal 2008 increased to Rs. 526,386 million from Rs. 485,968 million in the previous year registering an increase of 8.3% mainly due to retained earnings. Correspondingly, the book value per share also increased from Rs.58.94 to Rs.63.84.

2 Loan Funds

The loans as on March 31, 2008 were Rs. 271,906 million in comparison to Rs. 244,844 million as on March 31, 2007. A summary of the loans outstanding is given below:

Rs.Million

	As at March 31		% change
	2008	2007	
Secured Loans			
Bonds	66,000	59,500	11%
Foreign Currency terms loans	7,140	8,724	-18%
Other	7	5	40%
Sub-total	73,147	68,229	7%
Unsecured Loans			
Fixed Deposits	130	328	-60%
Foreign Currency Bonds / Notes	20,095	21,930	-8%
Foreign Currency Term loans	51,639	41,883	23%
Rupee term loans	126,859	112,394	13%
Loans from GOI	36	80	-55%
Sub-total	198,759	176,615	13%
Total	271,906	244,844	11%

GOI-Government of India

The debt has increased to Rs. 271,906 million from Rs. 244,844 million registering a growth of 11%. Borrowings of Rs. 50,229 million (excluding Rs 3 million raised through Public Deposits) were utilized to finance capital expenditure of projects under construction. This amount consisted of Rs. 38,500 million raised and utilized from



domestic markets and disbursements amounting to Rs 11,729 million received by way of foreign loans. The domestic debt funds included term loans amounting Rs 28,500 million raised from Indian Banks and the two series of bonds aggregating to Rs 10,000 million placed with LIC. These bonds carry coupon of 9.37% p.a. and 9.06% p.a. respectively. The door to door maturity of bonds is 11 years with redemption in 14 half yearly installments starting June 04, 2012.

During the year, the company tied up a loan of USD 380 million under guarantee of Japan Bank for International Co-operation (JBIC). The loan is an unsecured facility without sovereign guarantee bearing interest linked to LIBOR with a door to door maturity of 18 years including availability period of 4 years. Out of this, USD 12.5 million equivalent to Rs. 500 million was drawn to finance capital expenditure of Barh project during the year 2007-08. In addition an agreement for a term loan of Euro 68.563 million (equivalent USD 100 million) was signed with Nordic Investment Bank, an international financial Institution based in Finland. The loan is an unsecured facility with a door to door maturity of 12 years. During fiscal 2008, Euro 10 million equivalent to Rs. 641.9 million was drawn for Renovation and Modernization of certain plants.

As regards disbursement from other foreign loans, disbursement from ADB was of the order of USD 159 million equivalent to Rs.6,361 million drawn under loan of USD 300 million executed in fiscal 2007. Under other foreign currency loans, an amount of USD 68.731 million equivalent to Rs. 2,767 million was drawn from loan extended by The Export Import Bank of Korea and an amount of USD 6.357 million equivalent to Rs. 262 million was availed under Swedish credit.

The Company has redeemed bonds amounting to Rs.3,500 million during the year. Repayments amounting to Rs.14,035 million were made under various term loans extended by Indian Banks. The company also partly prepaid JBIC Loans amounting to JPY 3060 million (equivalent to Rs. 1,135 million) drawn in case of Simhadri. This prepayment was made to align the actual loan outstanding with the loan component admissible for tariff purposes by CERC so as to reduce the Foreign Exchange risk and interest cost of the company not covered by the tariff. The company would be saving Rs. 341 million on account of guarantee fee payable to Govt. of India on guarantee extended for these loans. Foreign currency loans amounting to Rs. 4,210 million were repaid during the year. In addition Fixed deposits and others accounted for Rs. 187 million discharged during fiscal 2008.

The credit rating of the Company by CRISIL and ICRA of the Company as an issuer and also the rating for rupee bonds & fixed deposits program continued to be 'AAA' and "LAAA" respectively being highest rating. During the rating exercise of our domestic borrowings from banks including the amounts committed by them, CRISIL has assigned the highest possible rating i.e. 'AAA'.

During the year, the foreign currency rating agencies upgraded your Company to "Investment Grade". Fitch Ratings revised the rating of the Company to BBB- with positive stable outlook on 20th June 2007 followed by Standard and Poor revising the ratings to BBB- with stable outlook in November 2007. The ratings accorded by International Agencies are at par with the sovereign rating of the country.

The debt to equity ratio at the end of fiscal 2008 of the Company went up to 0.52 from 0.50 at the end of the previous fiscal. The maturity profile of the borrowings by the Company is as under:

Rs million

	Rupee	Foreign Loans	Total Currency loans
Within 1 year	18,965	3,076	22,041
1 - 3 years	47,576	17,819	65,395
3 - 5 years	42,164	14,514	56,678
5 - 10 years	64,864	28,376	93,240
Beyond 10 years	19,463	15,089	34,552
Total	193,032	78,874	271,906

3 Fixed Assets

Rs.Million

	As at March 31		% change
	2008	2007	
Gross block	533,680	507,273	5%
Net Block	260,937	256,481	2%
Capital Work-in-Progress	184,389	128,567	43%
Construction stores and advances	40,394	39,825	1%
Total fixed assets	485,720	424,873	14%

During the year we added Rs. 26,407 million to our gross block mainly on account of capitalization of one unit of Vindhyachal Power Project. Due to increase in construction activities, there was an addition of Rs. 55,822 million in the capital-work-in-progress registering an

increase of 43% over the last year. In addition, there was also marginal increase in Construction Stores and Advances.

3 Investments

The Investments consist mainly of bonds issued under One Time Settlement Scheme and bonds issued against outstanding dues besides equity participation in joint ventures and subsidiaries. The investments also include the deployment of surplus cash generated out of operations in various treasury instruments issued by Government of India. The bonds issued against settlement of receivables account for 86% of total investments at the end of fiscal 2008.

Broadly the break-up of our investments is as follows:

Rs.Million

	As at March 31	
	2008	2007
Bonds issued under One time settlement scheme	131,247	147,762
Investments in Joint Ventures	15,547	9,092
Investment in subsidiaries	3,355	592
Investment of surplus cash in various instruments	1,875	2,446
Others		
Bonds against dues (issued prior to one time settlement scheme)	648	1,051
Total investments	152,672	160,943

During the fiscal 2008 investments decreased by about 5% mainly on account of redemption of bonds issued under One Time Settlement Scheme (OTSS) amounting to Rs. 16,515 million. These OTSS bonds carry a 'call option' giving right to SEBs to redeem the bonds before scheduled redemption date. However, no call option was exercised by any SEB during the year 2007-08.

During the year, company partly redeemed 10% Secured Non-Cumulative Non-Convertible Redeemable GRIDCO Bonds as per redemption plan.

During the year, company invested Rs. 1,885 million in NTPC-Tamilnadu Energy Company Ltd. and Rs. 4,570 million in Aravali Power Company Pvt. Ltd., being joint venture companies. Besides, the company also invested Rs. 1,957 million in Bhartiya Rail Bijlee Company Ltd a subsidiary with 74% equity stake promoted along with Ministry of Railways and Rs. 571 million in Kanti Bijlee Utpadan Nigam Ltd., a subsidiary promoted along with

BSEB for taking over of Muzaffarpur Thermal Power Station.

There has been decrease in investment of surplus cash in treasury bills and Govt. of India dated securities as surplus cash has been kept in term deposits with banks, and the same is included in current assets.

5 Current Assets

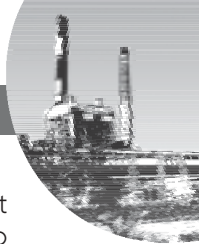
The current assets and current liabilities as on March 31, 2008 and March 31, 2007 and the changes therein are as follows:

Rs.Million

	As at March 31		Y-o-Y change	% change
	2008	2007		
Current Assets	Amt	Amt		
Inventories	26,757	25,102	1,655	7%
Sundry Debtors	29,827	12,523	17,304	138%
Cash and Bank balances	149,332	133,146	16,186	12%
Other Current Assets	9,218	10,580	-1,362	-13%
Loans and Advances	40,354	40,476	-122	0%
Total Current Assets	255,488	221,827	33,661	15%

A major portion of current asset comprised of Cash and Bank balances. As on March 31, 2008, the cash and bank balances stood at Rs. 149,332 million being 58% of the total current assets in comparison to Rs. 133,146 million as at March 31, 2007 which was 60% of the total current assets as on that date. Of this, Rs. 144,536 million was kept as term deposits with banks as on March 31, 2008 while the term deposits for the last year was Rs. 125,578 million.

The next largest component of our current assets is Loans and Advances besides advance tax is a loan of Rs. 8,137 million to the government of Delhi subsequent to the conversion of the dues of Delhi Vidyut Board under the one-time-settlement scheme. The Government of Delhi pays us 8.5% tax-free interest on these loans. The other loans and advances are mostly to suppliers and contractors and also on account of advances extended to employees for various purposes such as building of house, purchase of vehicles etc. as per the policies of the Company.



Inventories as at March 31, 2008 were Rs. 26,757 million being 10% of current assets as against Rs. 25,102 million as on March 31, 2007. Our inventories mainly comprise of components and spares and coal which we maintain for operating our plants. Components and spares were Rs. 15,609 million as against Rs. 14,293 million in the last year. Coal inventory amounted to Rs. 6,694 million as against Rs. 7,318 million in the previous year.

6 Current Liabilities

Rs.Million

	As at March 31		Y-o-Y change	% change
	2008	2007		
	Amt	Amt		
Liabilities	55,483	53,235	2,248	4%
Provisions	23,816	17,028	6,788	40%
Total Current Liabilities	79,299	70,263	9,036	13%

Our current liabilities as at March 31, 2008 were Rs. 55,483 million as against Rs. 53,235 million in the previous year. The current liabilities mainly comprise of creditors for capital expenditure, creditors for supply of goods and services, deposits and retention money from contractors. The creditors and retention money, deposits etc. at the end of the year stood at Rs. 48,263 million as against Rs. 41,635 million in the previous year. Besides these, we also owed a sum of Rs. 2,958 million to our customers as against Rs. 7,705 million in the previous year. These sums include amount payable to the customers since we are billing our customers for electricity on provisional tariffs as per directions of CERC, which are higher than the tariffs estimated by us as per CERC Regulations. These amounts would be paid or adjusted against future billings as and when the final tariff for various stations is determined by the regulator.

7 Provisions

As on March 31, 2008 we had provisions outstanding amounting Rs. 23,816 million as against Rs. 17,028 million on 31st March 2007. This mainly comprised Rs.15,293 million (previous year Rs.9,007 million) being provision for estimated employee benefits under AS 15 (Revised 2005) "Employee Benefits" and estimated benefits payable pending pay revision w.e.f. 01.01.07. The increase is mainly due to Rs.4,094 million provision for employee benefits pending pay revision and Rs. 3,097 million due to increase in estimated benefits payable to employees as per actuarial valuation. An amount of Rs. 905 million was paid during the year. (Explained in note 6(a) and 17 of the Notes on Accounts, Schedule-27).

Further, provisions include Rs 6,596 million on account of proposed dividend which we would be paying to our shareholders after they approve the same in the shareholders' meeting. The income tax payable on the proposed dividend is Rs. 1,121 million included in the Provisions of fiscal 2008.

8 Cash flows

The cash, cash equivalents and cash flows on various activities for the past five years are tabulated below:

Rs.Million

	For the year ended March 31				
	2008	2007	2006	2005	2004
Opening Cash and cash equivalents	133,146	84,714	60,783	66,351	23,894
Net cash from operating activities	101,711	80,653	59,720	50,998	58,118
Net cash used in investing activities	-62,038	-31,458	-26,992	-64,136	-24,597
Net cash flow from financing activities	-23,487	-763	-8,797	7,570	8,873
Intangibles					63
Change in Cash and cash equivalents	16,186	48,432	23,931	-5,568	42,457
Closing cash and cash equivalents	149,332	133,146	84,714	60,783	66,351

Our net cash from operating activities for the year ended March 31, 2008 increased by 26% from the previous year. The net cash from operating activities was Rs. 101,711 million as against Rs. 80,653 million for the previous year.

Our net cash used in investing activities increased to Rs 62,038 million in fiscal 2008 from Rs. 31,458 million in the previous year registering an increase of 97%. Cash flows on investing activities arise from expenditure on setting up power projects, investment of surplus cash in various securities, investments in joint ventures and subsidiaries. The cash utilized for purchase of fixed assets increased by 4% from Rs. 79,503 million in the previous year to Rs. 82,353 million during fiscal 2008. Net cash realized from sale of investments (after adjusting purchase of investments and the redemption of OTSS bonds) reduced by Rs. 16,091 million during the year.

No call option was exercised by SEBs on OTSS bonds during the fiscal 2008. The investment in Joint Venture companies and subsidiaries was higher by Rs 6,656 million during the current fiscal. Cash generated from investing activities also reduced due to reduction in interest on OTSS bonds and also due to increase in income tax on interest earned from deposits held with banks.

During the year, we used Rs. 23,487 million of cash on financing activities as against an outflow of Rs. 763 million in the previous year. During the fiscal 2008 we had inflow of Rs. 50,231 million from long term borrowings as against Rs. 60,500 million in the previous year. The cash used for repayment of long term borrowings this year was Rs. 21,987 million as against Rs. 16,140 million repaid in the previous year. The cash used for paying dividend and the tax thereon was Rs. 33,764 million as against Rs. 30,085 million in the previous year.

BUSINESS AND FINANCIAL REVIEW OF SUBSIDIARIES

NTPC has formed six subsidiary companies. The financial statements of our subsidiaries are included in this Annual Report elsewhere. Their performance is briefly discussed here:

a) NTPC Electric Supply Company Limited (NESCL)

The financial highlights of the Company are as under:

Particulars	Fiscal 2008	Fiscal 2007
Rs. Million		
NTPC's investment in equity	0.8	0.8
Gross Income	419	207
Profit After Tax	127	29
Rs Per Share		
Book Value per share	1,472.59	160.30
Earnings Per Share	1,565.34	362.49

The company was formed on August 21, 2002 as a wholly owned subsidiary company of NTPC with an objective to make a foray in the business of distribution and supply of electrical energy as a sequel to reforms initiated in the Power Sector. Presently the company is involved in the following activities:

- The company has been involved in the execution of work on turnkey basis under the government's rural electrification program namely "Rajiv Gandhi Grameen Vidyuti-Karan Yojana" in 6 states, namely, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, West Bengal and Kerala and a Union Territory of Lakshdweep covering approximately 40,000 villages

- The Company is in an advanced stage of forming a joint venture with Kerala Industrial Infrastructure Development Corporation (KINFRA) for acquiring the business of retail distribution of electricity in various industrial parks being developed by KINFRA in state of Kerala
- The company is also carrying out the work of "Advisor-cum-consultant" for Ministry of Power for implementation of schemes under the Accelerated Power Development and Reforms Program (APDRP)
- The Company is also rendering services for post award Project monitoring and supervision of quality work for the projects being executed by the state utilities in the states of Uttrakhand, Madhya Pradesh and Karnataka
- The Company is assisting the DISCOMs & utilities in enhancement & bringing the sectoral reforms process and has been participating in the distribution infrastructural development programme under consultancy assignments

b) NTPC Vidyut Vyapar Nigam Limited (NVVN)

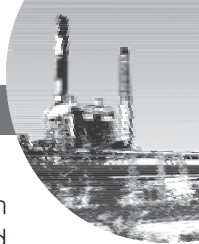
The financial highlights of the Company are as under:

Particulars	Fiscal 2008	Fiscal 2007
Rs Million		
NTPC's investment in equity	200	200
Gross Income	7,961	8,808
Profit After Tax	190	65
Rs. Per Share		
Book Value per share	20.86	13.68
Earnings per share	9.52	3.26

The company was formed on November 1, 2002 as a wholly owned subsidiary company of NTPC with an objective to undertake business of sale and purchase of electric power, to effectively utilise installed capacity and thus enabling reduction in the cost of power. The activities of the companies are briefly described below:

During the year 2007-08 the company transacted business with various state electricity boards spread all over the country and traded 3.324 billion units of electricity in comparison to 2.664 billion units traded in the previous year.

As a part of its new business initiative, company has exported fly ash at a value of Rs.14.48 million and sold Cenosphere at a value of Rs.6.76 million during 2007-08 as compared to export of fly ash of Rs. 17.83 million and sale of Cenosphere of Rs.1.67 million in the previous year.



NVVN is also engaged in facilitating development of Power exchange in India

c) NTPC Hydro Limited (NHL)

The financial highlights of the Company are as under:

Particulars	Fiscal 2008	Fiscal 2007
Rs Million		
NTPC's investment in equity	623	381
Loss	-	0.18
Rs per share		
Book Value per share	8.56	7.87
Earnings per share	-	(0.01)

The company was formed on 12th December 2002 as a wholly owned subsidiary company of NTPC with an objective to develop small and medium hydro electric power projects up to 250 MW. Presently the company is implementing the following projects:

- **Lata Tapovan hydro electric project (171 MW)** in the state of Uttarakhand. Central Electricity Authority (CEA) has accorded Techno-Economic clearance for the project and Environmental Clearance of Ministry of Environment and Forest (MOEF) has been obtained. Land acquisition has been completed
- **Rammam-III (120 MW)** in the state of West Bengal. Detailed Project Report for the project has been formulated; Central Electricity Authority (CEA) has accorded Techno-Economic Clearance in September 2006. All clearances excepting formal forest clearance have been received. Land acquisition activities are under progress

d) Pipavav Power Development Company Limited (PPDCL)

The financial highlights of the Company are given below:

Particulars	Fiscal 2008	Fiscal 2007
NTPC's investment in equity (Rs. Million)	3.7	3.7
Loss (Rs.)	26,135	25,457
Earnings per share (Rs)	(0.07)	(0.07)

As per the direction of Ministry of Power, a memorandum of understanding was signed between NTPC, Gujarat Power Corporation Limited (GPCL) and Gujarat Electricity Board (GEB) in the year 2004 for development of 1000 MW thermal power project at Pipavav in Gujarat by forming a new Joint Venture Company between NTPC and GPCL with 50:50 equity participation. Expenditure on studies and other services was incurred by NTPC on behalf of the proposed joint venture company. Pursuant to the directive, NTPC Ltd. paid a sum of Rs. 61 million for

acquisition of land and had incurred Rs. 10 million towards other direct expenditure on the proposed project.

It was, however, decided by the Gujarat Government that the project would be developed based on imported coal or any other suitable fuel, if necessary, in collaboration with a strategic partner on a fast track basis and that NTPC and GPCL should amicably settle the issues relating to the expenditure incurred so far on the project for land, studies etc. NTPC Ltd., therefore, dissociated from Pipavav Power Project on 24.5.2007 after obtaining approval of Ministry of Power. Based on the settlement reached amongst NTPC Ltd., GEB and GPCL, an amount of Rs. 109 million was received during fiscal 2008 towards cost of land inclusive of simple interest @ 10% p.a. thereon. Balance amount of Rs 4 million towards direct expenses remains recoverable from M/S GPCL.

e) Kanti Bijlee Utpadan Nigam Limited (formerly known as Vaishali Power Generating Company Limited)

As per the decision of Govt. of India to take over Muzaffarpur Thermal Power Station (2 x 110 MW), a subsidiary company named 'Vaishali Power Generating Company Ltd. (VPGCL)' was incorporated on September 6, 2006 with NTPC Ltd. contributing 51% of equity and balance equity was contributed by Bihar State Electricity Board. This Company was formed to renovate the existing units and run the plant. The second Unit has been successfully resynchronized on 17.10.2007 after four years of being idle. Renovation and Modernization of first Unit is under progress. The Company was rechristened 'Kanti Bijlee Utpadan Nigam Limited' on 10.04.2008.

The financial highlights of the Company are given below:

Particulars	Fiscal 2008	Fiscal 2007
NTPC's investment in equity (Rs. Million)	0.51	0.51
Loss (Rs.)	53,350	39,500
Book Value per share (Rs)	11,259	9,760
Earnings per share (Rs)	(0.53)	(0.74)

f) Bhartiya Rail Bijlee Company Limited (BRBCL)

A subsidiary of NTPC under the name of "Bhartiya Rail Bijlee Company Limited" was incorporated with Railways on 22.11.2007 with 74:26 equity contribution from NTPC LTD. and Ministry of Railways, Govt. of India respectively for setting up of 4 units of 250 MW each of coal based power plant at Nabinagar, Bihar. Investment approval for the project was accorded in January 2008.

The financial highlights of the Company are given below:

Particulars	Fiscal 2008
	Rs Million
NTPC's investment in equity	0.74
Loss	0.83
	Rs Per Share
Book Value per share	1.72
Earnings per share	(8.28)

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES

a) PTC India Limited

The financial highlights of the Company are as under:

Particulars	Fiscal 2008	Fiscal 2007
	Rs Million	
NTPC's investment in equity	120	120
Gross Income	39,493	37,859
Profit After Tax	487	351
	Rs per Share	
Book Value per share	65.06	17.60
Earnings per share	2.93	2.34

The main objective of the company includes trading of power, import/export of power and purchase of power from identified private power projects and sells it to identified SEBs/others. PTC has traded a total 9.889 BUs in financial year 2007-08 as compared to 9.549 BUs in the previous financial year.

b) Utility Powertech Limited (UPL)

The financial highlights of the Company are as under:

Particulars	Fiscal 2008	Fiscal 2007
	Rs Million	
NTPC's investment in equity	10	10
Gross Income	2,199	1,809
Profit After Tax	125	93
	Rs Per Share	
Book Value per share	130.93	90.93
Earnings per share	62.35	46.63

UPL is a joint venture company of NTPC and Reliance Infrastructure Limited formed to take up assignments of construction, erection and supervision in power sector and other sectors in India and abroad.

c) NTPC-SAIL Power Company Pvt. Ltd. (NSPCL)

Bhilai Electric Supply Company Pvt. Ltd.(BESCL), a joint

venture company with 50:50 equity participation by NTPC and SAIL, having generating capacity of 74 MW was merged with NTPC-SAIL Power Company Pvt. Ltd (NSPCL), another joint venture company, w.e.f 2nd August 2006 in pursuance of the order of the Hon'ble High Court of Delhi dated 2nd August 2006.

The total investment of NTPC in equity share capital of NSPCL stands at Rs.3,903 million. NSPCL owns and operates a capacity of 314 MW as captive power plants for SAIL's steel manufacturing facilities located at Durgapur, Rourkela and Bhilai. These power plants generated a total of 2.576 BUs as compared to 2.503 BU during the corresponding previous year. The captive power plants at NSPCL namely Durgapur, Rourkela and Bhilai maintained average PLF of 93% during 2007-08. One Unit of 250 MW of Bhilai Expansion Project was commissioned during April 2008. Another unit of 250 MW is expected to be commissioned shortly.

The financial highlights of this Company is as under:

Particulars	Fiscal 2008	Fiscal 2007
	Rs Million	
NTPC's investment in equity	3,903	3,903
Gross Income	2,518	2,300
Profit After Tax	322	390
	Rs Per Share	
Book Value per share	11.40	11.12
Earnings per share	0.41	1.07

NSPCL has paid an interim dividend of Rs.30 million and recommended a final dividend of Rs.60 million with NTPC's share of Rs.15 million and Rs.30 million respectively.

d) NTPC-ALSTOM Power Services Private Limited (NASL)

The financial highlights of the Company are as under:

Particulars	Fiscal 2008	Fiscal 2007
	Rs Million	
NTPC's investment in equity	30	30
Gross Income	1,008	465
Profit After Tax	38	30
	Rs Per Share	
Book Value per share	23.95	19.88
Earnings per share	6.40	4.96

NASL is a joint venture company between NTPC and ASLTOM POWER GENERATION AG, Germany. The company was formed for taking up Renovation & Modernization assignments of power plants both in India and abroad.



e) NTPC Tamil Nadu Energy Company Ltd.

NTPC Tamil Nadu Energy Company Ltd, was formed as a joint venture between NTPC and Tamil Nadu Electricity Board (TNEB) on 23.05.2003 to set up a coal-based power station of 1000MW capacity, at Vallur Thermal Power Project, using Ennore port infrastructure facilities. The project was accorded Mega Status. Long term coal linkage has been accorded to the project in December 2006 and MOEF clearance for the project has been received in April 2007. The Main Plant award was issued in August 2007. The construction work at site is under progress.

f) Ratnagiri Gas and Power Pvt. Limited

Ratnagiri Gas and Power Supply Private Ltd has been formed as joint venture between NTPC, GAIL, Maharashtra State Electricity Board and Indian Financial institutions with NTPC having a stake of 28.33% for taking over and operating gas based Dabhol Power Project alongwith LNG terminal. NTPC's shareholding is to be revised to 32.88%. The total generation from Power Block II (740 MW) and Power Block III (740 MW) during 2007-08 is 4862 MUs which includes infirm power. The commercial generation is 3665 MUs.

g) Aravali Power Company Private Limited

Aravali Power Company Private Limited (A Joint Venture Company with Indraprastha Power Generation Co. Ltd. [IPGCL] of Delhi Govt. and Haryana Power Generation Corp. Ltd. [HPGCL] of Haryana Govt.), is setting up Aravali Super Thermal Power Project of 1500 MW (3x500 MW), a coal fired power plant, in Jhajjar District of Haryana. The project is being set up by NTPC on concept-to-commissioning basis. NTPC would also operate and maintain the station on Management Contract basis for atleast 25 years. The project is being set up for meeting the power requirement of Haryana and NCT of Delhi and the Commonwealth games to be held in Delhi in the year 2010. The power will be shared on 50:50 basis between Haryana and NCT of Delhi.

Construction activities at the site have since taken off and the Unit-I is expected to be ready during 2010-2011.

(h) NTPC-SCCL Global Venture Pvt. Ltd

NTPC has formed a JV Company, "NTPC-SCCL Global Venture Pvt. Ltd.", with Singareni Collieries Company Ltd.

(SCCL), to jointly undertake the development and operation & maintenance of coal Blocks and integrated coal based power projects in India and abroad. The Company was incorporated on 31.07.2007.

Consolidated Financial Statements of NTPC Ltd, its Subsidiaries and Joint Venture Companies

The consolidated Financial statements have been prepared in accordance with Accounting Standards (AS)-21 - " Consolidated Financial Statements" and Accounting Standards(AS) 27 -"Financial reporting of Interests in Joint Ventures" and are included in this Annual report. A brief summary of the results on a consolidated basis is given below:

Rs million

	Fiscal 2008	Fiscal 2007
Gross Income	416,370	366,518
Profit before Tax	103,510	89,614
Profit after Tax	74,699	68,983
Net Cash from operating activities	104,083	83,063

CAUTIONARY STATEMENT

Statements in the Management Discussion 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", "estimate", "plan", "objective", "contemplate", "project" and similar expressions or variations of such expressions, 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 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 Board of Directors

(R.S. Sharma)

Chairman & Managing Director

Place: New Delhi
Date: 9th July, 2008

REPORT ON CORPORATE GOVERNANCE

In our Company, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence and accordingly the Corporate Governance philosophy has been scripted as under:

“As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.”

We are, therefore, 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. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. Besides adhering to provisions of Listing Agreement we are also following guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India.

2. BOARD OF DIRECTORS

2.1 Size of the Board

We are a Government Company within the meaning of section 617 of the Companies Act, 1956 as the President of India presently holds 89.5% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors vests in the President of India.

In terms of the Articles of Association of the Company strength of our Board shall not be less than four Directors or more than twenty Directors. These Directors may be either whole-time functional Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March 2008, the Board comprised thirteen Directors out of which seven were whole-time functional Directors including the Chairman & Managing Director. Two Directors are nominees of the Government of India. The Board also has four independent Directors who have been appointed by the Government of India through a search committee constituted for the purpose. The Directors bring to the Board wide range of experience and skills. Brief profile of the Directors is set out elsewhere in the Annual Report.

The listing agreements with stock exchanges stipulate

half of the Board members to be independent directors. The company has requested Government of India to initiate necessary steps for appointment of adequate number of Independent Directors so that Board composition be in compliance with the Listing Agreement.

During the year against the requirement of nine Independent Directors, there were only four Independent Directors on the Board of the Company.

2.3 Age limit and tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time functional Directors is 60 Years.

The Chairman & Managing Director and other whole time Functional Directors are appointed for a period of five years from the date of taking charge or till the date of superannuation of the incumbent, or till further instructions from the Government of India, whichever event occurs earlier.

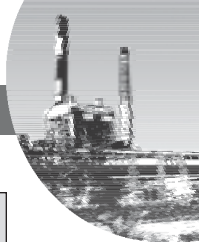
Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors are appointed by the Government of India usually for tenure of three years.

2.4 Board Meetings

The meetings of the Board of Directors are normally held at the Company's registered office in New Delhi. The Company has defined procedures for meetings of the Board of Directors and Committees thereof so as to facilitate decision-making in an informed and efficient manner.

Fourteen Board Meetings were held during the financial year 2007-08 on April 23, May 30, July 3, July 30, August 14, September 25, October 15, October 27, November 26, December 14, 2007, January 9, January 30, February 29, March 26, 2008. The maximum interval between any two meetings during this period was 41 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship/ committee membership (viz., Audit Committee and Shareholders Grievance Committee as per SEBI's Corporate Governance Code) held by them during the year 2007-08 are tabulated below:



S. No.	Directors	Meeting held during respective tenures of Directors	No. of Board Meetings Attended	Attendance at the last AGM (held on 12.09.2007)	Number of other Directorships held on 31.03.08	Number of Committee memberships in companies on 31.03.08	
						As Chairman	As Member
	Functional Directors						
1	Sh. T. Sankaralingam Chairman & Managing Director	14	14	Yes	7	1	-
2	Sh. Chandan Roy Director (Operations)	14	14	Yes	5	-	-
3	Shri R.S. Sharma Director(Commercial)	14	14	Yes	4	-	-
4	Shri R.K. Jain Director (Technical)	14	13	Yes	3	-	-
5	Shri A.K. Singhal Director (Finance)	14	14	Yes	9	-	5
6	Sh. R.C Shrivastav Director (HR)	14	12	Yes	3	-	1
7	Sh. K.B. Dubey Director (Projects)	14	11	Yes	3	-	-
	Non-executive Directors (Government Nominees)						
8	Sh. M.Sahoo JS&FA, Ministry of Power (upto 29.06.2007)	2	1	NA*	NA*	NA*	NA*
9	Shri Harish Chandra Sr. Advisor, Ministry of Power (upto 31.07.2007)	4	2	NA*	NA*	NA*	NA*
10	Shri Rajesh Verma JS&FA, Ministry of Power (from 23.07.2007)	11	9	Yes	3	1	3
11	Shri V.P. Joy JS (Th.), Ministry of Power (from 30.08.2007)	9	8	Yes	-	-	-
	Independent Directors						
12	Dr. R.K. Pachauri Director-General, TERI	14	0	No	1	-	1
13	Prof. Ashok Misra Director IIT, Mumbai	14	5	No	2	1	-
14	Shri G.P. Gupta Ex-CMD, IDBI	14	5	Yes	15	5	5
15	Shri M.I. Beg Ex-Chairman, CEA	14	13	Yes	-	-	1

*NA indicates that concerned person was not a Director on NTPC's Board on the relevant date.

2.5 Information placed before the Board of Directors, inter alia, include:

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.
- Quarterly results for the company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of senior officers to the level of Executive Director which is just below the Board level and Company Secretary.
- Fatal or serious accidents, dangerous occurrences, etc.
- Operational highlights and substantial non-payment for goods sold by the Company.
- Major investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
- Award of large contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Quarterly Report on foreign exchange exposures.
- Any significant development in Human Resources/ Industrial Relations like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer, etc.
- Short term investment of surplus funds.
- Information relating to major legal disputes.
- Other materially important information.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

- i) Audit Committee.
- ii) Shareholders / Investors Grievance Committee.
- iii) Committee on Management Controls.
- iv) Contracts Sub- Committee.

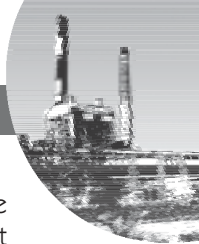
- v) Project Sub-Committee.
- vi) Investment/Contribution Sub-Committee.
- vii) Committee of the Board for allotment and post-allotment activities of NTPC's Securities.

3.1 AUDIT COMMITTEE

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Companies Act, 1956, provisions of Listing Agreement and Guidelines on Corporate Governance as issued by Department of Public Enterprises (DPE).

Scope of Audit Committee

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
3. Ensure Compliance of Internal Control Systems.
4. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
5. Noting appointment and removal of external auditors. Recommending the fixation of audit fee of external auditors and also approval for payment for any other services.
6. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
7. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.



8. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on. Review of internal audit observations outstanding for more than two years.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Review of Observations of C&AG including status of Government Audit paras.
14. To review the functioning of the Whistle Blower mechanism.
15. Investigation into any matter in relation to the items specified above or referred to it by the Board.
16. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
17. Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.
18. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
19. Consider and review the following with the independent auditor and the management:
 - a) The adequacy of internal controls including computerized information system controls and security, and
 - b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

20. Consider and review the following with the management, internal auditor and the independent auditor:
 - a) Significant findings during the year, including the status of previous audit recommendations.
 - b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

Constitution

The Audit Committee has been constituted with the membership of:

- i) Three independent Directors to be nominated by the Board from time to time.
- ii) Joint Secretary & Financial Advisor (JS & FA), Ministry of Power (MOP), Government of India nominated on the Board of NTPC.

Composition

During the year 2007-08, Audit Committee of the Company comprised four Non-Executive Directors, three of which were Independent Directors and one Director nominated by the Government of India.

As on 31st March 2008, the Audit Committee comprised the following members:-

Shri G.P. Gupta	Independent Director
Dr. R.K. Pachauri	Independent Director
Shri M.I. Beg	Independent Director
Shri Rajesh Verma	Government Nominee

Senior most independent Director on the Audit Committee shall be the Chairman of the Audit Committee. Shri G.P.Gupta, part time non-official Director chaired all the five meetings of Audit Committee during the year 2007-08.

Director (Finance) and Head of Internal Audit and the Statutory Auditors are invited in the Audit Committee Meeting for interacting with the members of the committee. Senior functional executives are also invited as and when required to provide necessary inputs to the committee.

The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

Five meetings of the Audit Committee were held during the financial year 2007-08 on April 26, May 29, July 29, October 27, 2007 and January 29, 2008.

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

Members of Audit Committee	Meetings held during his tenure	Meetings attended
Shri G.P. Gupta, Chairman of the Committee	5	5
Shri M. Sahoo (upto 29.06.2007)	2	2
Dr. R.K. Pachauri	5	-
Shri M.I. Beg	5	5
Shri Rajesh Verma (from 23.07.2007)	3	2

Director (Finance) and Head of Internal Audit were present in all Audit Committee Meetings held during the year under review as invitees as per requirement of Listing Agreement.

3.2 SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Company has constituted 'Shareholders / Investors Grievance Committee'.

Scope of the Committee

This Committee looks into redressal of Shareholders' and Investors' complaints like delay in transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc. as well as complaints/grievances of the Bondholders and also of the Depositors under the Public Deposit Scheme.

Constitution

The Committee has been constituted with the membership of:

- One Nominee Director of Ministry of Power represented on the Board of NTPC
- Director (Finance), NTPC, and
- Director (HR) or Director (Technical), NTPC.

Composition

As on 31st March 2008, this committee comprised the following Directors :

Shri Rajesh Verma	Government Nominee
Shri A.K. Singhal	Director (Finance)
Shri R.C. Shrivastav	Director (HR)

Shri Rajesh Verma is the Chairman of the Committee.

Meeting and Attendance

Two meetings of the Shareholders / Investors Grievance Committee were held during the financial year 2007-08 on October 27, 2007 and March 26, 2008.

Members of Shareholders / Investors Grievance Committee	Meetings held	Meetings attended
Shri Rajesh Verma	2	2
Shri A.K. Singhal	2	2
Shri R.C. Shrivastav	2	2

Name and designation of Compliance Officer

Shri A.K. Rastogi, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

Investor Grievances

During the financial year ending 31st March 2008, Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediments. The details of the complaints received during the year are as under:

Particulars	Opening Balance	Received	Resolved	Pending
SEBI / Stock Exchange complaints	NIL	40	40	NIL
Other IPO related complaints	NIL	111	111	NIL
Other Dividend related complaints	7	4801	4803	05
Total	7	4952	4954	05

Investor complaints shown pending as on March 31, 2008 have been attended subsequently.

Number of pending share transfers

As on March 31, 2008, no share transfer request was pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practicing Company Secretary has been furnished to Stock Exchanges.

3.3 COMMITTEE ON MANAGEMENT CONTROLS

On being conferred enhanced autonomy by the Government of India under 'Navratna Guidelines', this committee was constituted for establishing transparent and effective system of internal monitoring. This Committee, inter alia, reviews the Management Control Systems, significant deviations in project implementation and construction, operation and maintenance budgets, etc.

As on March 31, 2008, the committee comprised the following Directors:

Shri Rajesh Verma	Government nominee
Shri Chandan Roy	Director (Operations)
Shri A.K. Singhal	Director (Finance)
Prof. Ashok Misra	Independent Director

3.4 CONTRACTS SUB-COMMITTEE

This Committee has been constituted for approval of award of contracts of value exceeding Rs. 25 crore but not exceeding Rs.100 crore and consultancy assignments exceeding Rs. 2 crore each. As on March 31, 2008, the



Committee for Contracts comprised the following members:

Shri T. Sankaralingam	Chairman & Managing Director
Shri Rajesh Verma	Government Nominee
Shri R.K. Jain	Director (Technical)
Shri V.P. Joy	Government Nominee
Shri A.K. Singhal	Director (Finance)
Shri K.B. Dubey	Director (Projects)

3.5 PROJECT SUB-COMMITTEE

The Project Committee examines and makes recommendations to the Board on proposals for Investment in New/Expansion Projects and Feasibility Reports of new projects. As on 31st March 2008, the Committee comprised the following members:

Shri T. Sankaralingam	Chairman & Managing Director
Shri Chandan Roy	Director(Operations)
Shri R.S. Sharma	Director (Commercial)
Shri R.K. Jain	Director (Technical)
Shri A.K. Singhal	Director (Finance)
Shri K.B. Dubey	Director (Projects)
Shri Rajesh Verma	Government Nominee
Shri V.P. Joy	Government Nominee
Shri M.I. Beg	Independent Director

3.6 INVESTMENT/CONTRIBUTION COMMITTEE

The terms of reference of Investment/Contribution Committee of the Board is for deployment of surplus funds as per Govt. Guidelines issued from time to time, and acceptance of Bonds/Debt Instruments in lieu of settled dues with State Electricity Boards or State Transmission Companies and deciding terms and conditions thereof. This committee also approves contribution/donation for national, public, benevolent or charitable cause, purpose or object or other funds not directly related to the business of the company or welfare of its employees between Rs. 5

lakh to Rs. 20 lakh subject to maximum limit of Rs. 1 crore in a year.

As on 31st March 2008, the Committee comprised the following Members:

Shri T. Sankaralingam	Chairman & Managing Director
Shri Chandan Roy	Director(Operations)
Shri A.K. Singhal	Director (Finance)

In case of investment of funds and contribution matters Director (HR) and in case of Commercial matters Director (Commercial) are co-opted in the meeting.

3.7 COMMITTEE FOR ALLOTMENT AND POST-ALLOTMENT ACTIVITIES OF NTPC'S SECURITIES

The Committee has been constituted for Allotment and Post-allotment activities of Company's Securities. The scope of work of this committee is allotment, issue of Certificate/Letter of allotment, transfer, transmission, re-materialisation, issue of duplicate certificates, consolidation/split of NTPC's domestic and foreign Securities. As on 31st March 2008, the Committee comprised the following Members:

Shri A.K. Singhal	Director(Finance)
Shri Chandan Roy	Director(Operations)
Shri R.C. Shrivastav	Director (HR)

3.8 REMUNERATION COMMITTEE/ REMUNERATION OF DIRECTORS

Our Company, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide remuneration of the Directors. Independent Directors are paid only sitting fees at rate fixed by the Board within the ceiling fixed under the Companies Act, 1956 and approved by the Government for attending the Board Meetings as well as Committee Meetings.

Details of remuneration of functional Directors of the company:

(in Rupees)

Sl. No.	Name of the Director	Salary	Benefits	Bonus/ Commission	Performance Linked Incentives	Total
1	Shri T. Sankaralingam	683883	210288	0	498256	1392427
2	Shri Chandan Roy	649553	332597	0	481697	1463847
3	Shri R.S. Sharma	959593	489772	0	496384	1945749
4	Shri R.K. Jain	958582	303918	0	482542	1745042
5	Shri A.K. Singhal	910586	450010	0	485444	1846040
6	Shri R.C. Shrivastav	993559	212166	0	492794	1698519
7	Shri K.B. Dubey	983890	339332	0	413754	1736976

Performance linked incentives paid is based on the incentive scheme of the company.

Details of payments towards sitting fee to Independent Directors during the year 2007-08 are given below:

(in Rupees)

Name of Part-time non-official Directors	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Dr. R.K. Pachauri	0	0	0
Prof. Ashok Misra	50,000	20,000	70,000
Shri G.P. Gupta	50,000	50,000	1,00,000
Shri M.I. Beg	1,30,000	1,00,000	2,30,000

4. GENERAL BODY MEETINGS

Annual General Meeting

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

Date & Time	September 23, 2005	September 19, 2006	September 12, 2007
Time	10.00 A.M.	11.30 A.M.	11.30 A.M.
Venue	Siri Fort Auditorium Complex, August Kranti Marg, New Delhi – 110 049	NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110 001	Air Force Auditorium, Subroto Park, New Delhi – 110 010
Special Resolution	Change of name of the Company from National Thermal Power Corporation Limited to NTPC Limited	NIL	NIL

Special Resolution passed through Postal Ballot

No Resolution has been passed through Postal Ballot during the year.

No special resolution is proposed to be passed through Postal Ballot at the Annual General Meeting.

5. DISCLOSURES

The transactions with related parties contain (i) payment to companies under Joint Venture Agreement and on account of contracts for works/ services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in nature of potential conflicts with interest of the company at large. Details of related party transactions are included in the Notes to the Accounts (Schedule 27) as per Accounting Standard (AS) -18 in Companies (Accounting Standards) Rules, 2006.

The company has complied with all the requirements of the Listing Agreement with Stock Exchange as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

The Company has adopted all suggested items to be

included in the Report on Corporate Governance. Information on adoption (and compliance) / non-adoption of the non-mandatory requirements is at Annex-1.

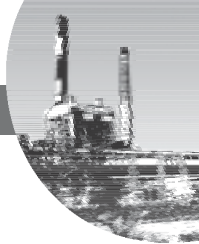
6. MEANS OF COMMUNICATION

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

The Company also communicates with its institutional shareholders through a combination of analysts briefing and individual discussions as also participation at investor conferences from time to time.

Information and latest updates and announcement regarding the company can be accessed at company's website: www.ntpc.co.in including the following:-

- Quarterly / Half-yearly / Annual Financial Results
- Shareholding Pattern
- Transcripts of conferences with analysts
- Corporate disclosures made from time to time to Stock Exchanges
- Corporate Filing & Dissemination System (CFDS)



Quarterly Results

Newspapers	Date of publication of results for the quarter ended		
	30.06.2007	30.09.2007	31.12.2007
Financial Express	31.07.2007	28.10.2007	31.01.2008
Jansatta	31.07.2007	28.10.2007	31.01.2008
Hindustan Times	31.07.2007	28.10.2007	31.01.2008

These results are also displayed at Company's website www.ntpc.co.in

Official Releases and Presentations

The Company's official news releases, other press coverage, presentations made to institutional investors or to the analysts are also hosted on the website.

In order to make the general public aware of the achievements of the company, a press conference is held after the close of the financial year where the highlights of the company for the year are briefed to the Press for information of the stakeholders with prior intimation to the Stock Exchanges.

7. CODE OF CONDUCT

The Board of Directors has laid down separate Code of Conduct - one for Board Members and the other for Senior Management Personnel in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Conduct is available at the website of the Company.

Declaration as required under clause 49 of the listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on March 31, 2008

New Delhi (R.S. Sharma)
May 21, 2008 Chairman & Managing Director

8. Code of Insider Trading

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Officers and Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of Compliance Officer is required. All Directors/ Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, wherever necessary. Company Secretary has been designated as Compliance Officer for this Code.

9. SHAREHOLDERS' INFORMATION

i) Annual General Meeting

Date : September 17, 2008
Time : 11.30 a.m.
Venue : Air Force Auditorium,
Subroto Park, New Delhi – 110 010

ii) Financial Calendar for FY 2008-09

Particulars	Date
Accounting Period	April 1, 2008 to March 31, 2009
Unaudited Financial Results for the first three quarters	Announcement within a month from the end of each quarter
Fourth Quarter Results	Announcement of Audited Accounts on or before June 30, 2009
AGM (Next year)	September 2009 (Tentative)

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from August 30, 2008 to September 17, 2008 (both days inclusive).

iv) Payment of Dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 8% (Rs. 0.8 per share) for the financial year ended March 31, 2008 in addition to the Interim Dividend of 27% (Rs. 2.7 per share) paid on February 13, 2008 (Dividend paid in Previous Year is Rs. 26385.5 million).

The record date for the payment of Dividend is August 30, 2008.

v) Dividend History

Year	Total paid-up capital (Rs. in crore)	Total amount of dividend paid (Rs. in crore)	Date of AGM in which dividend was declared	Date of payment
2002-03	7812.55	708.00	24.09.2003	24.09.2003
2003-04	7812.55	1082.30	29.07.2004	30.07.2004
2004-05	8245.46	1978.90	12.02.2005*	10.03.2005
			23.09.2005	27.09.2005
2005-06	8245.46	2308.73	30.01.2006*	27.02.2006
			19.09.2006	20.09.2006
2006-07	8245.46	2638.55	31.01.2007*	14.02.2007
			12.09.2007	17.09.2007
2007-08	8245.46	2226.28	30.01.2008*	13.02.2008

* Date of Board Meeting

vi) Listing on Stock Exchanges

NTPC equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited	Bombay Stock Exchange Limited
Scrip Code: NTPC EQ	Scrip Code: 532555

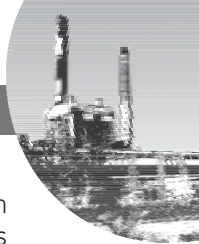
Stock Code : ISIN – INE733E01010

vii) Market Price Data – NSE

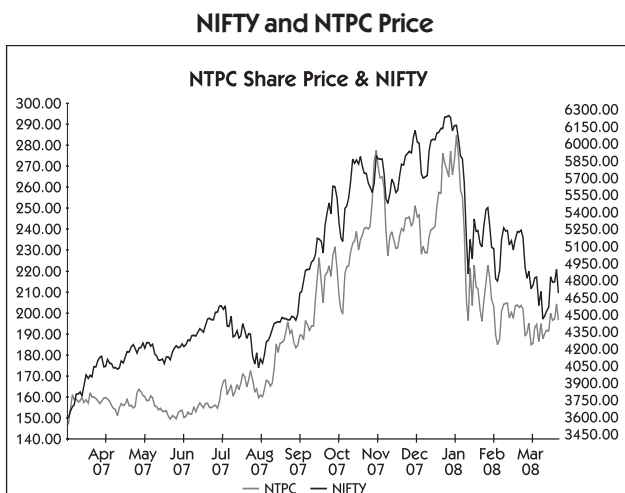
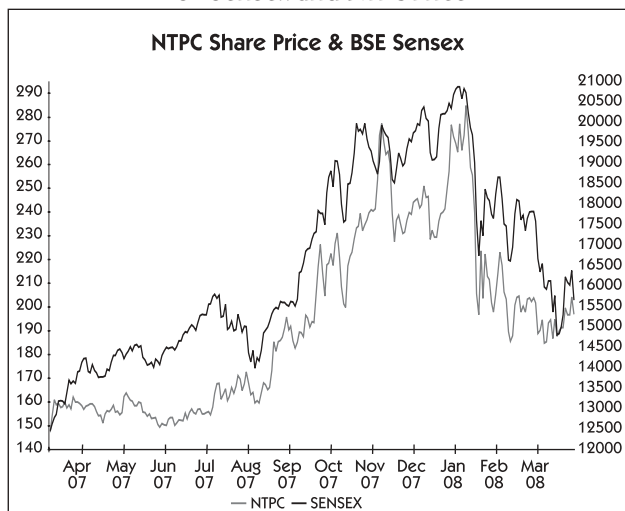
Month	High (Rs.)	Low (Rs.)	Closing(Rs.)
April' 07	163.75	142.10	159.80
May' 07	166.45	148.35	158.50
June' 07	165.00	149.25	152.80
July' 07	170.50	151.45	165.80
August' 07	176.60	156.10	173.35
Sept' 07	200.00	172.50	193.95
October' 07	243.00	192.15	238.90
Nov' 07	283.30	219.55	236.65
Dec' 07	253.85	225.00	250.90
January' 08	290.75	166.05	196.05
February' 08	227.40	182.10	202.00
March' 08	206.10	161.30	196.60

viii) Market Price Data – BSE

Month	High (Rs.)	Low (Rs.)	Closing(Rs.)
April' 07	163.55	146.00	159.20
May' 07	166.50	148.50	158.40
June' 07	165.00	149.00	152.35
July' 07	170.50	151.70	165.65
Aug' 07	176.80	156.50	173.30
Sept' 07	201.00	173.00	193.45
Oct' 07	243.00	193.00	239.40
Nov' 07	284.90	199.00	236.65
Dec' 07	253.85	225.25	250.05
Jan' 08	291.00	168.50	197.90
Feb' 08	227.20	183.00	201.75
March' 08	206.00	177.00	197.00



**ix) Performance in comparison to indices
BSE Sensex and NTPC Price**



x) Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd
Plot No.17 to 24, Vitthalrao Nagar
Madhapur
Hyderabad-500081
Tel No.: 91 40 23420818
Fax No.: 91 40 23420814
E-mail: mailmanager@karvy.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of transfers, etc. Shares transfers are approved by Sub-Committee of the Board for Allotment and Post-Allotment activities of NTPC's Securities.

Pursuant to clause 47-C of the Listing Agreement with Stock Exchanges, certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

xii) Distribution of Shareholding

Shares held by different categories of shareholders and according to the size of holdings as on 31st March 2008 are given below:

According to Size

a. Distribution of shareholding according to size, % of holding as on March 31, 2008:

Number of shares	Number of share holders	% of share holders	Total No. of shares	% of shares
1-5000	953036	99.68	184624666	2.24
5001-10000	1504	0.16	10882274	0.13
10001-20000	628	0.07	9048755	0.11
20001-30000	219	0.02	5408073	0.07
30001-40000	122	0.01	4290972	0.05
40001-50000	82	0.01	3746326	0.05
50001-100000	162	0.02	11612100	0.14
100001 and above	377	0.03	8015851234	97.92
Total	956130	100%	8245464400	100%

b. Shareholding pattern as on March 31, 2008

Category	Total no. of shares	% to Equity
GOI	7379634400	89.50
FII's	422534048	5.12
Indian Public	199460227	2.43
Banks & FI	6903570	0.08
Private Corp. Bodies	80961750	0.98
Mutual Funds	60767560	0.73
NRI / OCBs	4645413	0.06
Others	90557432	1.1
Total	8245464400	100.00

c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on March 31, 2008 are given below:

Name of Shareholder	No. of Shares	% to Paid-up Capital	Category
Government of India	7379634400	89.50	Government

xiii) Dematerialisation of Shares

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode

	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	43,842,443	0.53
Held in dematerialized form in NSDL	8,201,519,604	99.47
Physical	102,353	0.00
Total	8,24,54,64,400	100.00

The names and addresses of the Depositories are as under:

- National Securities Depository Ltd.
Trade World, 4th Floor
Kamala Mills Compound
Senapathi Bapat Marg,
Lower Parel, Mumbai-400 013
- Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street, Mumbai-400 023

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments has been issued by the Company

xv) Locations of NTPC plants

National Capital Region (NCR-HQ)

Thermal Power Stations

- Badarpur Thermal Power Station- Badarpur, New Delhi
- National Capital Thermal Power Project- Distt. Gautam Budh Nagar, Uttar Pradesh

Gas Power Stations

- Anta Gas Power Project – Distt. Baran, Rajasthan
- Auraiya Gas Power Project – Distt. Auraiya, Uttar Pradesh
- Faridabad Gas Power Project – Distt. Faridabad, Haryana
- National Capital Power Project- Distt. Gautam Budh Nagar, Uttar Pradesh

Eastern Region (ER-HQ)

Thermal Power Stations

- Barh Super Thermal Power Project- Distt. Patna, Bihar
- Farakka Super Thermal Power Station – Distt. Murshidabad, West Bengal
- Kahalgaoon Super Thermal Power Project- Distt. Bhagalpur, Bihar
- Talcher Super Thermal Power Station- Distt. Angul, Orissa
- Talcher Thermal Power Station- Distt. Angul, Orissa
- Bongaigaon Thermal Power Project, Distt. Kokrajhar, Assam.

Northern Region (NR-HQ)

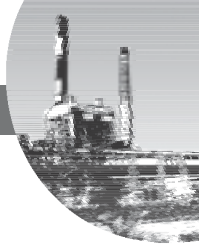
Thermal Power Stations

- Feroze Gandhi Unchahar Thermal Power Station – Distt. Raebareli, Uttar Pradesh
- Rihand Super Thermal Power Project – Distt. Sonbhadra, Uttar Pradesh
- Singrauli Super Thermal Power Station- Distt. Sonbhadra, Uttar Pradesh
- Tanda Thermal Power Station- Distt. Ambedkar Nagar, Uttar Pradesh

Southern Region (SR-HQ)

Thermal Power Stations

- Ramagundam Super Thermal Power Station- Distt. Karimnagar, Andhra Pradesh
- Simhadri Super Thermal Power Project- Vishakapatnam, Andhra Pradesh



Gas Power Stations

- i) Rajiv Gandhi Combined Cycle Power Project – Distt. Alappuzha, Kerala

Western Region (WR-HQ)

Thermal Power Stations

- i) Korba Super Thermal Power Station- Distt. Korba, Chhattisgarh
- ii) Sipat Super Thermal Power Project-Distt. Bilaspur, Chattisgarh
- iii) Vindhychal Super Thermal Power Station- Distt. Sidhi, Madhya Pradesh

Gas Power Stations

- i) Jhanor Gandhar Gas Power Project- Distt. Bharuch, Gujarat
- ii) Kawas Gas Power Project- Aditya Nagar, Surat, Gujarat

HYDRO PROJECTS

- i) Koldam Hydro Power Project – Distt. Bilaspur, Himachal Pradesh
- ii) Tapovan – Vishnugad Hydro Power Project – Distt. Chamoli, Uttarakhand
- iii) Loharinag- Pala Hydro Power Project- Distt. Uttarkashi, Uttarakhand

JOINT VENTURE POWER PROJECTS

- i) Rourkela CPP-II - Distt. Sundargarh, Orissa
- ii) Durgapur CPP-II - Distt. Burdwan, West Bengal
- iii) Bhilai CPP - Bhilai (East), Chattisgarh
- iv) Ratnagiri Power Project - Distt. Ratnagiri, Maharashtra
- v) Vallur Thermal Power Project – Chennai, Tamil Nadu
- vi) Indira Gandhi Super Thermal Power Project - Distt. Jhajjar, Haryana

POWER PROJECTS UNDER SUBSIDIARY COMPANIES

Thermal Power Projects

- i) Muzaffarpur Thermal Power Station, Muzafarpur, Bihar
- ii) Nabinagar Thermal Power Project, Nabinagar, Bihar (in JV with Railways)

Hydro Power Projects

- i) Lata Tapovan Hydro Power Projects – Distt. Chamoli, Uttarakhand
- ii) Rammam Hydro Project – III- Distt. Darjeeling, West Bengal

xvi) Address for correspondence:

NTPC Bhawan, SCOPE Complex
7, Institutional Area, Lodi Road,
New Delhi – 110003

The phone numbers and e-mail reference for communication are given below:

	Telephone No.	Fax No.
Registered Office	2436 0100	2436 1018
Investor Services Department	2436 7072	2436 1724
e- mail id	isd@ntpc.co.in	
Public Spokesperson Executive Director (Finance)	2436 9335	24365742
E-mail id	akkundu@ntpc.co.in	
Company Secretary Mr. Anil Kumar Rastogi	2436 0071	2436 0241
E-mail id	akrastogi@ntpc.co.in	

As per Circular of Securities & Exchange Board of India dated 22.01.2007, exclusive e-mail id for redressal of investor complaints is isd@ntpc.co.in.

For and on behalf of Board of Directors

R. Sharma

Place: New Delhi
Date: May 29, 2008

(R.S. Sharma)
Chairman & Managing Director

Annex-1

Non-Mandatory requirements

Besides the mandatory requirements as mentioned in preceding pages, the status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

1. **The Board:** The Company is headed by an executive Chairman. No Independent Director has been appointed for the period exceeding, in the aggregate, a period of nine years, on the Board of the Company.
2. **Remuneration Committee:** Please refer to para 3.8 of this Report.
3. **Shareholder Rights:** The quarterly financial results of the Company are published in leading newspapers as mentioned under heading 'Means of Communication' and also hosted on the website of the Company. These results are not separately circulated. Significant events have been disclosed on the company website: www.ntpc.co.in under "Announcement" in the "Company Performance" section.

4. **Audit Qualification:** It is always Company's endeavour to present unqualified financial statements. The financial statement for the year 2007-08 has no audit qualifications.
5. **Training to Board Members:** No specific training programmes were arranged for Board members. However, the Board of Directors are fully briefed on all business related matters, risk assessment and minimising procedures and new initiatives proposed by the Company through presentations made by senior executives/ professionals and consultants. Directors are also briefed on changes/developments in Indian as well as international corporate and industry scenario including those pertaining to the statutes/legislation and economic environment.
6. **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 NTPC. All reports of fraud or suspected fraud are investigated with utmost speed. The mechanism for prevention of fraud is also included in the policy.

The Members
NTPC Limited

We have examined the compliance of conditions of corporate governance by NTPC Limited, for the year ended on March 31, 2008 as stipulated in the clause 49 of the Listing Agreements in respect of Equity Shares of the said company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that, except with regard to the composition of the Board of Directors as reported in para 2.2 of Report on Corporate Governance, the Company has complied with the mandatory conditions of Corporate Governance as stipulated in the Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Varma & Varma
Chartered Accountants

(Cherian K. Baby)
Partner
M. No. 16043

For Parakh & Co.
Chartered Accountants

(V.D. Mantri)
Partner
M. No. 74678

For Dass Gupta & Associates
Chartered Accountants

(Naresh Kumar)
Partner
M. No. 82069

For B.C. Jain & Co.
Chartered Accountants

(B.C. Jain)
Partner
M. No. 5690

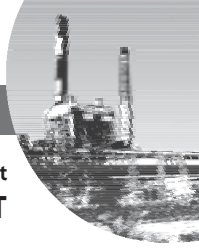
For S.K. Mittal & Co.
Chartered Accountants

(S.K. Mittal)
Partner
M.No. 8506

For S.K. Mehta & Co.
Chartered Accountants

(S.K. Mehta)
Partner
M. No. 10870

Place: New Delhi
Date: 29th May, 2008



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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

Some of the important energy conservation measures taken during the year 2007-2008 in different areas are as under:

ENERGY AUDITS

During the year 2007-08, 105 in-house energy audits in the areas of auxiliary power consumption, water balance, cooling water system, compressed air, coal handling plant, MGR, lub oil System, air conditioning, ash handling system, GT compressors, GT open cycle efficiency, WHRB performance, lighting etc. were carried out at different stations of the Company. In addition, special APC audits in Badarpur and NCPP Dadri stations were carried out. Also, a workshop on Energy Conservation Potential in Feed Water System was conducted at NTPC-NRHQ, Lucknow. During the year, the Company has successfully completed external energy audits of auxiliary power consumption at Panipat Thermal Power Station, Panipat, Haryana. The Company has also completed energy audit job of 15 units of different power plants in the Kingdom of Saudi Arabia.

Till now 110 executives of the Company have passed Energy Auditors Examination of Bureau of Energy Efficiency to become accredited energy auditors. In addition, 34 executives have also qualified to be the certified energy managers.

The details of various measures taken during the year under various heads of energy conservation are as below:-

AUXILIARY POWER CONSUMPTION

Replacement of inefficient BFP cartridges, overhauling of BFPs and attending of recirculation valves of BFPs (at Korba, Kawas, Dadri, Kahalgaon, Ramagundam etc), Installation of FRP blades in Cooling Towers at Ramagundam, Optimized running of HPBFP at Gandhar, use of vapour absorption machine for air conditioning at Kahalgaon, Optimization of operation of CW pumps, ACW pumps & Cooling Tower Fans (at Rihand, Dadri-Coal, Dadri-Gas, Auraiya, Faridabad, Kahalgaon etc.), Optimized running of HVAC and air washer system at Gandhar, Attending leakages in Compressed air system and optimization of running of compressors (at Badarpur, Rihand, Unchahar, Simhadri Gandhar, Dadri-Coal, Dadri-Gas, etc), Reduced pressure setting of Instrument air / Plant air in compressed air system (at Badarpur, Simhadri etc), Arresting flue gas leakages (at Tanda, Rihand, Unchahar, Dadri-Coal, Talcher Thermal, Talcher Kaniha, Kahalgaon, etc.), Maintaining optimum DP across Feed Regulating Station (at Vindhyachal, Korba, Talcher Thermal, Kahalgaon etc), optimizing crusher operation and running CHP conveyor with one motor in place of dual motor at Korba, External cleaning of Heat exchanger through steam jetting at Kawas are some of the measures taken to reduce APC.

LIGHTING

Installation of timer switches in plant and township lighting at Simhadri, Provision of Group switching for 'ON/OFF' control at Farakka, replacement of conventional GLS lamps and conventional FTLs with CFLs (at Unchahar, Korba, Kahalgaon Singrauli, Ramagundam etc), Lighting voltage optimization at Dadri, replacement of HPMV and HPSV lamps at Singrauli etc.

HEAT ENERGY

Repair of Thermal Insulation and cladding (at Rihand, Talcher Kaniha, Talcher Thermal, Simhadri, Singrauli, Vindhyachal, Korba, Farakka, Unchahar, Badarpur etc), Re-use of recovered coal from settling tank & yard at Dadri-Coal, Cleaning & replacement of CT nozzles, fills, drift eliminators (at Simhadri, Vindhyachal, Talcher Kaniha, Gandhar etc.), HP Turbine efficiency improvement by wet steam washing at Badarpur, Acid cleaning of condenser tubes at Badarpur, Arresting various air ingress points in flue gas ducts and condenser at Tanda, Minimizing Super heater & Re-heater attemperation and arresting high energy drain passing at Korba.

FUEL OIL

Off line compressor washing of Gas Turbine at Kayamkulam, Attending insulation hot spots in WHRB at Kayamkulam, Optimizing oil consumption during starting (at Korba, Talcher Thermal, Singrauli etc.), Using J-11 oil guns at Unchahar.

FUEL GAS

Off line compressor washing of gas turbines at Auraiya, Cleaning of condenser tubes and water box at Auraiya, GT inlet air filter cleaning and replacement at Auraiya and Gandhar.

LUBRICANTS

Attending lub oil leakages and changing/topping up oil on actual condition basis (at Badarpur, Singrauli, Kayamkulam etc), recycling of used up oils for reuse (at Unchahar, Korba, Kayamkulam, Kahalgaon, Talcher Thermal and Vindhyachal etc).

DE-MINERALISED WATER

Reuse of uncontaminated SWAS drains at Kawas, Attending DM water and steam leakages (at Tanda, Singrauli, Unchahar, Ramagundam and Talcher Thermal), diverting drip of chimney steam condenser to hot well at Talcher Thermal.

MISCELLANEOUS WATER

Substitution of makeup water in AC, AHP and CHP cooling water systems by clarified water and flow adjustment at Unchahar, Recycling of water used for dust suppression system at Korba, Recirculation of ash water at Korba, Ramagundam and Talcher Kaniha, Reducing leakages in raw water lines and ash water return line at Talcher Kaniha, reuse of rinse water & blow down water for horticulture at Gandhar.

DIESEL/MGR FUEL

Reducing MGR cycle time and reduction in specific oil consumption at Korba and Singrauli, Optimizing operation of locos, Dozers and pay loaders at Badarpur.

CHEMICALS

Optimizing consumption of Tri sodium Phosphate and NaOH at Badarpur.

b) Additional investments and proposals for reduction in consumption of energy:

Provision of Rs.825 lacs has been kept in BE 2008-09 for different energy conservation schemes like:

- Energy meters, power analyzers and other portable energy audit instruments and online energy monitoring system.
- Vapor absorption system for Air Conditioning.
- Energy efficient devices in lighting.

c) Impact of measures taken for energy conservation:

Savings achieved during 2007-2008 on account of specific efforts for energy conservation:-

S.No	Area/Activities	Energy Unit	Savings	
			Qty. of units	Rs./Million
1	Electrical	MU	172.17	203.59
2.a	Heat Energy (equivalent MT of coal)	MT	145789.85	131.80
2.b	Heat Energy (equivalent MCM of Gas)	MCM	3.29	25.53
2.c	Fuel Oil	KL	1195.33	31.69
3.a	D.M. Water	MT	312943.00	4.06
3.b	Miscellaneous Water	M.Cu M	15.66	83.45
4	Diesel/MGR Fuel	KL	140.05	4.38
5	Lubricants	KL	45.80	2.96
6	Chemical	KL	109.50	2.74
	Grand Total			490.20

Savings achieved during 2006-07 was Rs. 489.40 Million.

B. TECHNOLOGY ABSORPTION

Efforts made towards technology as per Form-B (Form-B is enclosed)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export initiative taken to increase export, development of new export markets for products and services and export plan:

Total Foreign Exchange Used/Earned		Rs./Million
1.	Foreign Exchange Outgo	
	a) Value of Imports calculated on CIF basis:	
	Capital Goods	11802
	Spare Parts	493
	b) Expenditure:	
	Professional and Consultancy Charges	44
	Interest	3189
	Others	795
2.	Foreign Exchange Earned	
	Consultancy	30
	Interest	4
	Others	1



FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

Research & Development (R&D)

1.0 Specific areas in which R&D activities have been carried out during 2007 - 08:

- 1.1 Enhancement of life of coal burner nozzle tips.
- 1.2 Development of method to chemically remove deposits in generator stator bars of 200 MW units.
- 1.3 Development of methodology for evaluation of mechanical properties of critical components of power plants through small punch technique.
- 1.4 Development of chemical formulation for online cleaning of fouled of PVC film type fills of cooling towers.
- 1.5 Post operational chemical cleaning of boilers.
- 1.6 Development of Specifications for dosing & Testing of chlorine dioxide as a biocide.
- 1.7 Studies & recommendations on problems of organic fouling, fouling of CT fills.
- 1.8 Studies on Restoration of Heat Transfer of HRSGs fouled with Acid Dew Point Corrosion products.
- 1.9 Development of chemical formulation for controlling scaling, fouling & corrosion in CW system of Kota Super Thermal Power station.
- 1.10 Corrosion Assessment of Power Plant systems such as CW systems, HRSGs, Condensers & water boxes, structural corrosion, etc.
- 1.11 Health assessment of 9 gas turbines, 6 steam turbines & boilers using advanced NDT techniques.
- 1.12 R&D is carrying out condition monitoring of around six hundred, 400 KV Class transformers for their health.
- 1.13 Over 1300 rotating equipment are being monitored regularly by R&D for their health assessment through wear debris analysis.
- 1.14 The timely and scientific failure analysis of various components such as Coal bunker hopper cracks; LP turbine blades; compressor blade failures; condenser tube leakages; drinking water pipeline; etc. helped in identifying the cause of failure and thus providing necessary input for taking corrective action in preventing re-occurrence of similar failures thereby increasing the availability of power plant equipment.
- 1.15 Environmental Appraisal of all the operating stations assessing air & water quality, condition of monitoring equipment, etc has been carried out and suggestions for necessary actions required to meet the statutory obligations have been given.
- 1.16 R&D provided Consultancy for acid cleaning of condensers of unit # 6 of Panipat Thermal Power station, Haryana.
- 1.17 R&D is extending scientific services to various other utilities such as Kota Super Thermal Power Plant, Lehra Mohabat Thermal Power Plant, Indian Airlines, PSEB, Panipat, MPPGC, RGPPL IP station, Delhi; Chandrapura, DVC; PGCIL, NHPC, Barauni Thermal Power Station, Mathura Refinery works etc for development of chemical treatment program, Coal quality and particle count of contaminants in lube oils, Quality of Cenospheres, health assessment of water wall tubes, testing of transformer oils, examination of replicas, failure investigations, etc.
- 1.18 Over 8000 samples of transformer oils, boiler tube deposits, turbine blade deposits, condenser & cooling tower deposits, effluents, waters, etc have been analysed till now and necessary recommendations have been given.
- 1.19 Three papers were published in International Journals.
- 1.20 R&D has filed 4 patent applications namely ANN based Expert system for health assessment of high voltage transformers; Heat treatment technique for determining constituents of wear particles in lubricating oil and hydraulic fluids; Ready-to-use Fly ash based product through setting properties enhancement by using a dry plasticizer; Fly-ash Based utensil cleaning powder.
- 1.21 New Facilities like - Dynamic Cooling Water Corrosion Test Rig; Total Organic Carbon Analyser; Advanced Eddy Current Inspection system, etc have been created.
- 1.22 Indian Institute of Science, Bangalore is appointed as Consultant for Restructuring & Strengthening of R&D Centre. Review of recommendations & implementation are in progress.

2.0 Benefits derived as a result of above R&D:

R&D activities as carried out have helped in increasing the availability, reliability and efficiency of the stations. Chemical treatment and corrosion control measures suggested is helping the stations in improving the efficiency,

availability and life of various heat exchangers/cooling towers. Techniques developed by R&D are implemented at stations, which are enhancing the life of boiler & turbine components.

The timely and scientific failure analysis of various components helped in identifying the cause of failure and thus providing necessary input for taking corrective action in preventing re-occurrence of similar failures thereby increasing the availability of power plant equipment.

3.0 FUTURE PLANS

1. Implementations of the recommendations of the Consultants, M/s IISc Bangalore.
2. R&D will be working on predictive techniques for reducing forced outages such as Advanced Thermal Monitoring and Steam/Water ratio monitoring for reducing boiler tube failures, carrying out comprehensive on-line monitoring of critical rotating equipment, and conducting corrosion audits of power plants, etc.
3. Technology Development & Scientific Support to Stations for:
 - i. Reducing overhaul duration and increasing time interval between overhauls
 - ii. Reducing forced outages
 - iii. Cost Reduction
4. R&D will work on development of techniques for measurement of pollutants such as Mercury, Arsenic, low levels of SO_x, NO_x, etc as a proactive approach for more stringent environmental requirements that are anticipated. R&D will also be working on developing schemes for recycling of waste waters from plants.
5. Three research projects will also be undertaken, namely –
 - Modeling of variable coal orifice for coal flow optimization
 - Lab scale development of technique to determine steam water ratio (online) in boiler tubes
 - Modeling and simulation of ID fan loading through extraction of moisture from flue gases

4.0 Expenditure of R&D

(Rs./Millions)

		2007-2008	2006-2007
a)	Capital	11	7
b)	Recurring	62	54
c)	Total	73	61
d)	Total R&D expenditure as a percentage of total turnover	0.0197%	0.0187%

5.0 Technology Absorption, Adaptation and Innovation

Particulars of some of the important technology imported during last five (5) years are as follows:

S.No.	Technology	Year	Stations
1.	Performance Analysis, Diagnostics and Optimization Software calculates the Equipment Performance and deviation and deviation from ideal conditions, together with reason for shortfall, indicating losses in Rupee terms. This package also calculates set point, which will result in optimized Heat Rate or Specific Coal consumption.	2004	Implemented in Simhadri. Will be continued in future Projects.
2	Super critical Technology with 247 Kg/cm ² Steam Pressure and 540/568 MS/RH steam temperature is adopted for its improvement in thermal efficiency and reduced emission of green house gasses.	2004	Being implemented at Sipat (3x660 MW), Barh (3x660MW) and North Karanpura STPP
3	Boiler Flame Analysis System (BFAS) observes the flame intensity and regulates the secondary air flow for achieving optimized combustion.	2005	Implemented in Simhadri.
4	765 KV Switchyard & associated equipments including 24KV/ 765KV Generator Step up (GSU) Transformer.	2005	Being implemented at Sipat
5	Switchyard Control & Data Acquisition (SCADA) System based on universal protocol IEC 61850.	2005	- do -

For and on behalf of the Board of Directors



(R.S. Sharma)

Chairman & Managing Director

Place: New Delhi

Dated: 9th July, 2008

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name	Designation and Nature of duties	Remuneration (Rs.)	Qualification	Date of Commencement of Employment	Exp. (Yrs.)	Age (Yrs.)	Last Employment held	Remarks
1	2	3	4	5	6	7	8	9
Employed for whole of the Year								
Jha Jibachh	RED (W)	4002779	B.Sc. (Elect. Engg.)	09.06.1982	26	57	SAIL, Bokaro	-
Parthiban K	AGM, Consultancy Dubai	3587971	BE (Mech Engg.)	12.12.1984	24	49	-	-
Prakash Hirani	AGM, CC	2640051	BE (E)	15.11.1979	28	52	-	-
Employed for the part of the Year								
Bakshi T K	DGM, Consultancy	1171866	B.E. (Elect.)	17.11.1981	24	49	ET	Resignation
Bali Chander	Tech. Helper, BTPS	555613	-	10.04.1978	29	60	-	Retired
Bedi R N	CDE, CC	1489344	M. Tech	19.03.1994	14	41	-	Resignation
Bhatnagar Jatinder	AMG (CMG), CC	1430149	B. Tech	15.11.1978	29	52	-	Resignation
Binopal H S	GM, CC	2487457	BA	27.08.1981	26	60	-	Death
Chakraborty J R	Sr. Supdt (O&M), BTPS	986117	Dip (Mech)	15.01.1973	34	60	-	Retired
Chatterjee M	DGM, CC	1482357	B. Tech	31.01.1979	28	54	-	Resignation
Chhojar R K	Sr. Mgr. (F&A), BTPS	1406373	BA, SAS	01.04.1981	26	60	-	Retired
Das B M	AGM, CC	2537992	M. Tech	05.09.1983	24	60	-	Retired
Dasari R	Sr. Supdt (O&M), BTPS	1796451	Dip (Elect)	12.06.1974	33	60	-	Retired
Datta Anil	SAO, NCR-HQ	892528	B.Com	27.03.1980	27	60	-	Retired
Goel R K	Supdt, BTPS	1406717	Dip (Mech)	01.04.1978	29	60	-	Retired
Gupta L D	GM, Consultancy	2618323	B.Sc., M. Tech	12.12.1980	27	60	-	Retired
Gupta S G	DGM, CC	2649386	B.Sc. (Engg.)	14.09.1983	24	60	-	Retired
Jain A K	DGM, CC	1612057	BE (Mech)	18.11.1981	26	49	-	Resignation
Joshi D P	GM (CMG), CC	1220023	BE	01.12.1977	30	51	-	Resignation
Kapai S K	DGM (CBE), CC	1952842	B. Sc, MBA	21.01.1977	33	60	Delhi Productivity Council	Retired
Kishore Nand	Tech. Gr.I (C&I), BTPS	811814	-	01.04.1978	29	60	-	Retired
Kumar Anil	AGM, CC	1210634	M. Tech	01.09.1980	27	60	-	Retired
Kumar Mukesh	Sr. Mgr. (C&M), BTPS	1034595	B. Tech (Elect)	09.09.1986	20	45	-	Resignation
Lal Kishan	Sr. Asstt. Gr-II (IT- Commn), CC	464602	Matric	22.07.1980	43	60	Indian Army	Retired
Mathew Thomas	AGM, CC	2704134	B.Sc (M. Engg.)	12.09.1984	23	58	-	Premature Retirement
Maurya P L	AGM, CC	1514037	BE (Mech)	26.03.1982	25	60	-	Retired

Mitra G P	CDE, CC	954707	BE (Civil)	05.02.1980	27	59	-	Death
Mukherjee Gautum	SM, CC	860166	M. Tech.	20.09.1988	19	43	-	Resignation
Pandey M	Tech. Gr.I, BTPS	419048	-	01.01.1979	28	60	-	Retired
Pangasa V K	Sr. Supdt (O&M), BTPS	1278282	AMIE (Elect.), Dip (Elect.)	15.11.1978	28	58	-	Death
Pant Vijay	CDE, CC	627857	BE (Mech.)	09.09.1987	20	43	-	Resignation
Perumal TA	Sr. Manager, Consultancy	988408	Diploma (Civil)	26.06.1984	22	60	BHEL	Retired
Rai A K	SM, CC	1384944	AMIE	22.06.1982	25	60	-	Retired
Ramachandra	ED, CC	2390093	B. Tech (Civil)	25.11.1978	29	60	-	Retired
Rana J S	SM, NCR-HQ	1349222	Dip. (Mech.)	01.10.1978	29	60	-	Retired
Rastogi L M	DGM, CC	1588512	B. Tech (Mech.)	01.12.1978	29	60	-	Retired
Ray M K	ED, NCR-HQ	756951	BE (Mech.), MBA	31.12.1979	39	60	CWPC	Retired
Saha N K	GM (Fin), CC	1389249	BL, S Sc, CA	31.07.1984	34	60	PDIL	Retired
Seth K K	AGM, CC	2676678	B.Sc. (Engg.), MBA	12.05.1977	31	59	-	Premature Retirement
Sharma B B	SM, CC	2475746	ICWA	01.04.1982	26	60	-	Retired
Sharma P S	AGM, NCR-HQ	2313466	BE (Elect.)	10.11.1978	28	60	ASW Ltd.	Retired
Sharma S C	Dy. Supdt., BTPS	1151733	Dip (Elect)	08.10.1974	32	60	-	Retired
Sharma V B	SM (CMG), CC	314371	BE, B. Tech	15.03.1993	14	37	-	Resignation
Singh C N	DGM, CC	1413497	BE (Mech.)	10.11.1983	24	46	-	Resignation
Singh J P	AGM, CC	1341070	B.Sc. (Civil)	16.09.1994	13	60	-	Retired
Soni J K	DGM, CC	2503995	PH.D.	18.11.1983	24	55	-	Resignation
Talpa M S	GM, CC	1269965	BE (Elec)	30.01.1981	26	60	-	Retired
Yadav S R	ED, NCR-HQ	2648094	B.Sc. Engg. (Elect.)	29.12.1980	36	60	PATRATU	Retired

Notes:

- Persons named above are/ were employees of the Company.
- Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/hospitals at Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/ group insurance in accordance with Company's Rules.
- None of the employees listed above is related to any director of the company.
- Remuneration mentioned above is inclusive of retirement /separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors



(R.S. Sharma)

Chairman & Managing Director

Place: New Delhi

Dated: 9th July, 2008

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

	NAME OF THE SUBSIDIARY	PIPAVAV POWER DEVELOPMENT COMPANY LTD.	NTPC ELECTRIC SUPPLY COMPANY LTD.	NTPC VIDYUT VYAPAR NIGAM LTD.	NTPC HYDRO LTD.	KANTI BIJLEE UTPADAN NIGAM LIMITED*	BHARTIYA RAIL BIJLEE COMPANY LIMITED
1.	Financial year of the Subsidiary ended on	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008
2.	Date from which they became Subsidiary	December 20, 2001	August 21, 2002	November 1, 2002	December 12, 2002	September 6, 2006	November 22, 2007
3.	Share of the subsidiary held by the company as on March 31, 2008 a) Number & face value b) Extent of holding	375000 equity shares of Rs. 10/- each 100%	80910 equity shares of Rs. 10/- each 100%	20000000 equity shares of Rs. 10/- each 100%	56280000 equity shares of Rs. 10/- each 100%	51000 equity shares of Rs 10/- each 51%	74000 equity shares of Rs 10/- each 74%
4.	The net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns the member of the holding company a) Not dealt with in the holding company's accounts i) For the financial year ended March 31, 2008 ii) Upto the previous financial years of the subsidiary company b) Dealt with in the holding company's accounts i) For the financial year ended March 31, 2008 ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	(26135) (3715540) Nil Nil	126651784 9227508 Nil Nil	190496719 68684809 Nil Nil	- (81315892) Nil Nil	(53350) (39500) Nil Nil	(828070) -** -** Nil

* The name of Vaishali Power Generating Company Limited has been changed to KANTI BIJLEE UTPADAN NIGAM LIMITED w.e.f. 10.04.2008.

** Bhartiya Rail Bijlee Company Limited was incorporated as a subsidiary of NTPC Limited on November 22, 2007. Therefore, the period for the first financial year of the Company is from 22.11.2007 to 31.03.2008.

For and on behalf of the Board of Directors

R. Sharma

(R.S. Sharma)

Chairman & Managing Director

Place: New Delhi
Date: 9th July, 2008

STATISTICAL DATA OF GRIEVANCE CASES
2007-08

S. No.	Particulars	Public Grievance Cases	Staff Grievances Cases
1.	Grievance cases outstanding at the beginning of the year	-	06
2.	Grievance cases received during the year	-	26
3.	Grievance cases disposed of during the year	-	22
4.	Grievance Cases outstanding at the end of the year	-	10

For and on behalf of the Board of Directors

Place : New Delhi
 Dated : 9th July, 2008


 (R.S. Sharma)
 Chairman & Managing Director

STATISTICAL INFORMATION ON RESERVATION OF SCs/STs FOR THE YEAR 2007**Representation of SCs/STs as on 01.01.2008:**

Group	Employees on Roll	SCs	%age	STs	%age
A	11242	1291	11.5	357	3.2
B	3264	436	13.4	185	5.7
C	7910	1383	17.5	565	7.1
D	2131	463	21.7	217	10.2
Total	24547	3573	14.6	1324	5.4

Recruitment of SCs/STs during the year 2007.

Group	Total Recruitment	SCs	%age	STs	%age
(1)	(2)	(3)	(4)	(5)	(6)
A	782	111	14.19	60	7.67
B	-	-	-	-	-
C	95	13	13.68	3	3.15
D	2	-	-	-	-
Total	879	124	14.10	63	7.16

Promotions of SCs/STs during the year 2007.

Group	Total	SCs	%age	STs	%age
(1)	(2)	(3)	(4)	(5)	(6)
A	2398	293	12.21	40	1.66
B	733	63	8.59	28	3.81
C	1596	261	16.35	135	8.45
D	107	30	28.03	9	8.41
Total	4834	647	13.38	212	4.38

- The guidelines on reservation were followed in letter and spirit.
- Welfare measures as under were taken by NTPC for SC/ST employees and students:
 - i) Liaison Officers for SC/ST are nominated at each Project/ Regional Headquarters of NTPC to ensure implementation of reservation policy.
 - ii) Liaison Officers for SC/ST have been assigned responsibilities of handling grievances of SC/ST employees promptly. A grievance register is also maintained by them.
 - iii) Pre- promotion training is imparted to SC/ST employees with a view to enhance their competency and better performance in interview.
 - iv) Awareness programmes for SC/ST employees are organized at each Project/ Regional Headquarters so that they may acquire/update their knowledge about the reservation matters.
 - v) Annual Conference of LOs (SC/ST) is organized every year with a view to make LOs (SC/ ST) aware of the latest development in reservation policy and to prepare them to ensure proper implementation of the policy.
 - vi) Infrastructural assistance in organizing Ambedkar Jayanti is provided on requirement and availability basis.
 - vii) Award of Annual Scholarships to SC/ST students pursuing Degree/ Diploma in Engineering and MBA/ PGDBM course is given as under:

Engg. Degree Course
Rs. 1500/- p.m.
(30 Scholarships)

Engg. Diploma Course
Rs. 1000/- p.m.
(25 Scholarships)

MBA/PGDBM(HR/Finance)
Rs. 1500/- p.m.
(10 Scholarships)

- viii) Besides above NTPC has also instituted NTPC Gold Medal Award at Xavier Institute of Social Sciences, Ranchi (2 Medals) and Xavier Institute Business Management, Bhubaneswar (2 Medals) for students topping the merit list of SC/ ST candidates.
- ix) NTPC as a responsible corporate citizen has given guidelines to all new projects/operating stations for adoption of SC/ ST dominated villages in close vicinity for Community Development support.

Steps taken to fill up all reserved vacancies for SCs/STs, backlog as well as current.

- i) Six Special Recruitment Drives were undertaken from 1989-90 to 1996. The same was discontinued from 1997 as per the Govt. instructions. Later, the same was restored from July, 2000.
- ii) NTPC has subsequently launched six special recruitment drives during the period from July, 2000 to 31st December, 2007.
- iii) Notification of backlog vacancies reserved for SCs/ STs is done every year alongwith current vacancies.
- iv) Exclusive advertisements/ notifications covering populous belts of SC/ STs.
- v) Notifications of vacancies to recognized SC/ST Associations.

For and on behalf of the Board of Directors



(R.S. Sharma)

Chairman & Managing Director

Place : New Delhi
Dated : 9th July, 2008



PHYSICALLY CHALLENGED PERSONS

With a view to focus on its role as a socially responsible and socially conscious organization, NTPC has endeavored to take responsibility for adequate representation of physically challenged persons in its workforce. With this in view, NTPC launched a massive recruitment drive to make up the shortfall of physically challenged persons. Total 433 Physically challenged persons are on rolls on NTPC as on 01.01.2008. Reservation has been provided for PH as per rules / policy. Some of the other initiatives taken for the welfare of physically challenged persons by NTPC over the years are as under:

- For individual needs of the VH employees, screen reading software and Braille shorthand machines made available by the Projects of NTPC.
- "Sign language" training for the employees in general.
- Changes in the existing building have been / are being made to provide barrier free access to physically challenged.
- Ramps have also been provided for unhampered movement of wheel chairs.
- At most of the NTPC Projects, wherever houses are located in multi-storied structures, allotments to physically challenged has been made on the ground floor.
- Special parking enclosure near the ramp at the office entrance as well as PH friendly toilet and lift at CC and Projects.
- Wheel chairs have been provided to employees with orthopedics disabilities. If required, the assistance of an attendant has also been sanctioned.
- Wherever required, gates / door of the quarter has been widened and wider covers provided on drains to facilitate movement.
- At CC procurement of stationery items like files, envelopes are mainly being done from NGOs/Agencies like ADDI, MUSKAN, Blind Relief Association who are working for physically challenged thereby creating indirect employment.
- Paintings made by disabled persons have also been procured and placed at different locations in the Company Offices.
- Medical Camps have been organized in various Projects of NTPC for treatment and distribution of aids like artificial limbs, tricycles, wheelchairs, calipers etc.
- Shops have been allotted in NTPC Townships to challenged persons so that they may earn their livelihood. Similarly, PCOs within/outside plant premises are also allotted to physically challenged persons.
- Regular Interactive meetings are being organized with physically challenged employees.
- Training needs are being fulfilled as per the individual requirement.
- 05 number of Scholarship @ Rs. 1500/- per month / per student are given to PH students pursuing MBA / PGDBM Courses.
- 13 Telephone booths have been installed in different corners of Delhi for disabled persons, to support VRC's efforts for financial assistance to disabled persons who were allotted such booths.
- In our Vindhyachal Project, a school named Asha Kiran for deaf / dumb and mentally retarded children, is running.
- Petty contracts like book binding, scribbling pad preparation from waste paper, file binding, furniture repair, screen printing, spiral binding, painting contract are also being given to disabled persons.
- Physically challenged (Orthopedically handicapped) employees have been allowed to purchase a three wheeler vehicle with a hand fitted engine against their normal entitlement (advance for scooter / motorcycle / moped) under NTPC Conveyance Advance Rules.
- At all Projects / Offices, Nodal Officers (Physically Challenged) have been nominated.
- Reimbursement towards low vision aids, dark glasses etc. subject to maximum of Rs. 1000/- every year has been introduced. Similarly hearing aid: behind the ear model for each ear restricted to Rs. 10,000/- or actual cost whichever is lower has been introduced. It may be replaced every four years subject to certificate of condemnation by ENT Specialist.
- Relaxation in qualifying marks for open recruitment : Pass marks only and also 10% relaxation in written test and interview from the year 2002 onwards.

For and on behalf of the Board of Directors



(R.S. Sharma)
Chairman & Managing Director

Place : New Delhi
Dated : 9th July, 2008

UNGC – Communications on Progress (2007-08)

NTPC expresses its continued support for the Global Compact and its commitment to take action in this regard, as was communicated by the Chairman & Managing Director, NTPC in his letter dated May 29, 2001 addressed to Secretary General, United Nations.

NTPC has posted the brief of Global Compact and its commitment to the principles of GC on its website at www.ntpc.co.in. The principles of GC were communicated to all employees through in-house magazines, internal training programmes and posters. NTPC participated in the recent Global Compact Leader Summit held at Geneva, Switzerland in 2007. NTPC, a core member of Global Compact Society (GCS), in India actively participated and organized its Annual Convention on 10th Dec'07. Director (HR) of NTPC is nominated as Vice President, NR for GCS, India.

Human Rights: Principle 1-2

Most of NTPC's operating power stations are located in remote rural areas which are socio-economically backward and deficient in the basic civic amenities. NTPC, as responsible corporate citizen has been addressing the issue of community development in the neighbourhood areas of its stations, which had been impacted due to establishment of the project.

While, this has been initially administered as part of resettlement and rehabilitation effort, NTPC recognized its social responsibility to continue community and peripheral development works where the same is closed under R&R policy. Towards this, NTPC during 2004-05 adopted "Corporate Social Responsibility–Community Development (CSR-CD) Policy", July' 04.

Under this policy, during 2007-08, NTPC allocated fund of Rs.81.137 million to 20 operating stations for carrying out comprehensive CD work in the area of health, education, drinking water and peripheral development based on needs identified through interactions with the stakeholders. Internal auditing system for the CD works has been initiated. In addition, more than 25 Quality Circles (QCs) have started functioning in neighborhood villages of 10 stations.

With a view to improve the employability of the village youth residing in the vicinity of NTPC Stations/ Projects and also to improve availability of skilled manpower around Projects, NTPC provided sponsorship to close to 750 village candidates from villages for ITI training at Government/ Government recognized private ITIs in the trades of Welder/ Fitter/ Instrument mechanic/ Electrician.

NTPC has committed support for setting up a technical polytechnic at Uattaranchal, at Kaladungi, Nainital and a Women's Polytechnic at Gopeshwar, Chamoli is also committed.

Under its CD initiatives, NTPC supports efforts of Distributed Generation (DG) in remote and far-flung places, for preparation of feasibility reports, project insurance and bridging the funding gap between cost of the projects and available funds, through NTPC Foundation.

NTPC supported various Institutions/ Bodies and undertook initiatives for major activities as detailed below:

- (i) Three Delivery Vehicles for mid-day meal programme for the children of Govt. Schools located in the National Capital Region through Food Relief Foundation of ISKCON.
- (ii) Assistance in self reliance for 200 tribal girls/ women in tribal area of Jhamar Kotra in Udaipur Dist. of Rajasthan.
- (iii) Construction of School cum Multipurpose Building for Girls in Village Shaulana, Ghaziabad, Uttar Pradesh through Nari Jagriti Abhiyan, Hardwar.
- (iv) Construction of one floor each for Girls Hostel in Distt. Ongole and Guntur, AP.
- (v) One dialysis machine to Allapuzha Medical College Hospital, Kerala. The hospital will provide free medical facilities to the economically under privileged patients.
- (vi) Infrastructure works like area lighting, water treatment plant and open car parking in and around Shri Jagannath Temple, Puri in Orissa.
- (vii) Construction of Building and Indoor Hall for Orissa Table Tennis Academy, Angul in Orissa.
- (viii) Three specialized Eye Centers at Bhubneswar Eye Hospital, Bhubneswar, Orissa. The centers were inaugurated on October 10, 2007 by Hon'ble Union Minister of Power.
- (ix) Project "Uddhav Kyari" a 54 acre grove situated in village Nandgaon in Mathura district of Uttar Pradesh, involving regeneration of the grove through Braj Foundation.

NTPC was closely associated in formulation of IS:16001:2007 on "Organisational Accountability at the Workplace-Requirements" prepared by Bureau of Indian Standard (BIS).



NTPC members were actively involved in reviews of draft preparation of ISO 26000- “Guidance on Social Responsibility and the implications for Developing Countries” by Bureau of Indian Standard (BIS) and also participated in the workshop arranged by the BIS on 16th & 17th April 2007.

NTPC representatives associated with Confederation of Indian Industry (CII) as Certified Assessors for the assessment of CII-ITC Sustainability Award constituted by the CII.

Labour Standard: Principle 3-6

For addressing the issue of labour standard in comprehensive manner, NTPC has decided to adopt international standards like SA-8000 and OHSAS-18001 and get the stations accredited from external approved agencies.

During the year 2007-08, two of the NTPC stations viz Farakka and Rihand received SA-8000 accreditation bringing the total number of SA-8000 accredited stations to 14. Anta station got re-accredited for SA-8000 while Auraiya, Badarpur, Faridabad, Kayamkulam, NCPP–Dadri, Ramagundam, Simhadri, Talcher-Thermal, Tanda, Unchahar and Vindhyachal are already accredited in the previous years.

All the 20 operating Stations of NTPC have already obtained accreditation under OHSAS 18001. During 2007-08 Rihand station has been re- accredited under OHSAS 18001.

Environment: Principle 7-9

Towards its commitment to environment NTPC has decided to adopt ISO-14001 and all its 20 operating stations have obtained accreditation for ISO-14001.

During the year 2007-08, 6 stations viz. Anta, Badarpur, Farakka, Rihand, Talcher-Kaniha and Vindhyachal stations have been re- accredited under ISO 14001.

For and on behalf of the Board of Directors

(R.S. Sharma)
Chairman & Managing Director

Place : New Delhi
Dated : 9th July, 2008

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

4. FIXED ASSETS

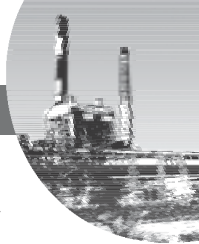
- 4.1 Fixed Assets are carried at historical cost.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are recorded at their cost of acquisition.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Incidental Expenditure During Construction (net) including corporate office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto.
- 5.3 Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 5.4 Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
- 6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.



6.3 All acquisition costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.

7. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

8. FOREIGN CURRENCY TRANSACTIONS

8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

8.2 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.

8.3 Exchange differences arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.

8.4 Exchange differences arising from translation of foreign currency loans (other than regarded as borrowing cost)/deposits/liabilities relating to fixed assets/capital work-in-progress, arising out of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences in respect of transactions entered after 01.04.2004 are treated as Incidental Expenditure During Construction till the assets are ready for their intended use.

8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

9. BORROWING COSTS

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

10. INVESTMENTS

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

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

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

11. INVENTORIES

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

11.2 Diminution in value of obsolete and unserviceable stores and spares is ascertained on review and provided for.

12. PROFIT AND LOSS ACCOUNT

12.1 INCOME RECOGNITION

12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission. In case of power stations where the tariff rates are yet to be approved/agreed with beneficiaries, provisional rates are adopted.

12.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the Central Electricity Regulatory Commission or agreements with the beneficiaries. In cases of power stations where the same have not been notified/approved/agreed with beneficiaries, incentives/disincentives are accounted for on provisional basis.

12.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.

12.1.4 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.

- 12.1.5 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.6 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptance.
- 12.1.7.1 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 12.1.7.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.8 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.9 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

12.2 EXPENDITURE

- 12.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a) Kutcha Roads	47.50 %
b) Enabling works	
- residential buildings including their internal electrification.	06.33 %
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	19.00 %
c) Personal computers and Laptops including peripherals	19.00 %
d) Photocopiers and Fax Machines	19.00 %
e) Air conditioners, Water coolers and Refrigerators	08.00 %

- 12.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 12.2.5 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 unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 12.2.6 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 prospectively over the revised useful life determined by technical assessment.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and it's use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the



year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.

- 12.2.9 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of profit & loss account.
- 12.2.13 Expenses common to operation and construction activities are allocated to Profit and Loss Account and Incidental Expenditure During Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to Capital Work-in-Progress in the case of projects.
- 12.2.14 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.15 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 12.2.16 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

13. FINANCE LEASES

- 13.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 13.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1. 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 shorter.
- 13.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

14. PROVISIONS AND CONTINGENT LIABILITIES

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

15. CASH FLOW STATEMENT

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

BALANCE SHEET AS AT 31st MARCH 2008

	SCHEDULE NO.	31.03.2008	Rs. million 31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	82,455	82,455
Reserves and surplus	2	443,931	403,513
		526,386	485,968
Deferred Revenue on Account of Advance against Depreciation	3	13,734	6,567
LOAN FUNDS			
Secured loans	4	73,147	68,229
Unsecured loans	5	198,759	176,615
		271,906	244,844
Deferred Foreign Currency Fluctuation Liability		2,554	-
Deferred Tax Liability (Net)		55,838	54,427
Less: Recoverable		55,837	54,426
		1	1
TOTAL		814,581	737,380
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	533,680	507,273
Less: Depreciation		272,743	250,792
Net Block		260,937	256,481
Capital Work-in-Progress	7	184,389	128,567
Construction stores and advances	8	40,394	39,825
		485,720	424,873
INVESTMENTS	9	152,672	160,943
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	10	26,757	25,102
Sundry debtors	11	29,827	12,523
Cash and bank balances	12	149,332	133,146
Other current assets	13	9,218	10,580
Loans and advances	14	40,354	40,476
		255,488	221,827
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	15	55,483	53,235
Provisions	16	23,816	17,028
		79,299	70,263
Net current assets		176,189	151,564
TOTAL		814,581	737,380
Contingent liabilities	17		
Notes on accounts	27		

Schedules 1 to 27 and accounting policies form an integral part of accounts.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

For Varma and Varma
Chartered Accountants

(Cherian K. Baby)
Partner
M No. 16043

For S.K. Mittal & Co.
Chartered Accountants

(S.K. Mittal)
Partner
M No 8506

(A.K.SINGHAL)
Director (Finance)

As per our report of even date

For B.C. Jain & Co.
Chartered Accountants

(B.C. Jain)
Partner
M No 5690

For Dass Gupta & Associates
Chartered Accountants

(Naresh Kumar)
Partner
M No 82069

(R.S. SHARMA)
Chairman & Managing Director

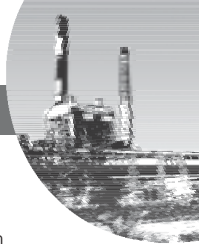
For Parakh & Co.
Chartered Accountants

(V.D. Mantri)
Partner
M No. 74678

For S.K. Mehta & Co.
Chartered Accountants

(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

	SCHEDULE NO.	Current Year	Previous Year
		Rs. million	Rs. million
INCOME			
Sales (Gross)	18	372,615	327,808
Less: Electricity duty		2,114	1,856
Sales (Net)		370,501	325,952
Energy internally consumed		409	365
Provisions written back	19	64	41
Other income	20	29,203	27,449
Total		400,177	353,807
EXPENDITURE			
Fuel		220,202	198,181
Employees' remuneration and benefits	21	18,960	11,632
Generation, administration & other expenses	22	16,284	15,567
Depreciation		21,385	20,754
Provisions	23	71	114
Interest and finance charges	24	17,981	18,594
Total		294,883	264,842
Profit before Tax and Prior Period Adjustments		105,294	88,965
Prior period income/ expenditure (net)	25	2,745	(109)
Profit before tax		102,549	89,074
Provision for :			
Current tax			
Current year		24,637	16,730
Earlier years		3,680	3,550
Fringe Benefit tax			
Current year		214	154
Earlier years		(45)	-
Deferred tax		1,411	1,203
Less:			
Deferred tax recoverable		1,411	1,203
Current/Fringe Benefit Tax transferred to Incidental expenditure during construction /Development of coal mines		85	7
		28,401	20,427
Profit after tax		74,148	68,647
Balance brought forward		899	752
Write back from Bond Redemption Reserve		1,750	1,272
Balance available for appropriation		76,797	70,671
Transfer to Bonds Redemption Reserve		3,822	3,487
Transfer to Capital Reserve		*	4
(*Rs. 12,723/-)			
Transfer to General Reserve		39,000	36,000
Dividend			
Interim		22,263	19,789
Final - proposed		6,596	6,596
Tax on Dividend			
Interim		3,784	2,775
Final		1,121	1,121
Balance carried to Balance Sheet		211	899
Incidental expenditure during construction	26		
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted (Rs.)		8.99	8.33
Notes on Accounts	27		

Schedules 1 to 27 and accounting policies form an integral part of accounts.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(R.S. SHARMA)
Chairman & Managing Director

As per our report of even date

For Varma and Varma
Chartered Accountants
(Cherian K. Baby)
Partner
M No. 16043

For B.C. Jain & Co.
Chartered Accountants
(B.C. Jain)
Partner
M No 5690

For Parakh & Co.
Chartered Accountants
(V.D. Mantri)
Partner
M No. 74678

For S.K. Mittal & Co.
Chartered Accountants
(S.K. Mittal)
Partner
M No 8506

For Dass Gupta & Associates
Chartered Accountants
(Naresh Kumar)
Partner
M No 82069

For S.K. Mehta & Co.
Chartered Accountants
(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Current Year	Rs. million Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Prior Period Adjustments	105,294	88,965
Adjustment for:		
Depreciation	21,385	20,754
Provisions	71	114
Deferred revenue on account of advance against depreciation	7,167	2,159
Deferred foreign currency fluctuation liability	2,554	-
Interest charges	17,864	14,837
Guarantee fee & other finance charges	375	528
Interest/income on bonds/investments	(12,573)	(15,070)
Prior period adjustments (Net)	(2,745)	109
Dividend income	(96)	(150)
Provisions written back	(64)	(41)
Bonds issue and servicing expenses	12	21
Profit on disposal of fixed assets	(21)	(10)
Loss on disposal of fixed assets	136	104
Exchange differences on long term borrowings	1,123	(695)
Waiver of interest	-	640
	35,188	23,300
Operating Profit before Working Capital Changes	140,482	112,265
Adjustment for:		
Trade and other receivables	(17,305)	(3,843)
Inventories	(555)	(682)
Trade payables and other liabilities	5,297	5,598
Loans and advances	(5,026)	(5,029)
Other current assets	316	(2,144)
	(17,273)	(6,100)
Cash generated from operations	123,209	106,165
Direct taxes paid	(21,498)	(25,512)
Net Cash from Operating Activities - A	101,711	80,653
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(82,353)	(79,503)
Disposal of fixed assets	89	57
Purchase of investments	(3,854)	(23,598)
Sale of investment	21,322	57,157
Investment in subsidiaries/joint ventures	(9,218)	(2,562)
Loans & advances to subsidiaries	(167)	(25)
Interest/income on bonds/investment received	13,640	16,913
Income tax on interest/income on bonds/investment	(1,593)	(47)
Dividend received	96	150
Net cash used in Investing activities - B	(62,038)	(31,458)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	50,231	60,500
Repayment of long term borrowings	(21,987)	(16,140)
Interest paid	(17,580)	(14,489)
Guarantee Fee & other Finance charges Paid	(375)	(528)
Dividend paid	(28,859)	(26,385)
Tax on dividend	(4,905)	(3,700)
Bonds issue and servicing expenses	(12)	(21)
Net cash flow from financing activities - C	(23,487)	(763)
Net increase/decrease in cash and cash equivalents (A+B+C)	16,186	48,432
Cash and cash equivalents(Opening balance) *	133,146	84,714
Cash and cash equivalents(Closing balance) *	149,332	133,146

NOTES : Cash and Cash Equivalents consists of Cash in Hand and balance with Banks
Previous year 's figures have been regrouped/rearranged wherever necessary.

* Includes Rs.22 million (Previous Year Rs.16 million) deposited as security with Government Authorities as per court orders.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(R.S. SHARMA)
Chairman & Managing Director

As per our report of even date

For Varma and Varma
Chartered Accountants

For B.C. Jain & Co.
Chartered Accountants

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M No. 74678

For S.K. Mittal & Co.
Chartered Accountants

For Dass Gupta & Associates
Chartered Accountants

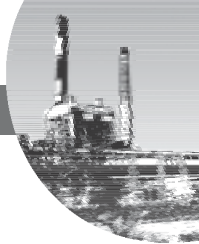
For S.K. Mehta & Co.
Chartered Accountants

(S.K. Mittal)
Partner
M No 8506

(Naresh Kumar)
Partner
M No 82069

(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008



**Schedule 1
CAPITAL**

	<u>31.03.2008</u>	Rs. million <u>31.03.2007</u>
AUTHORISED		
10,000,000,000 equity shares of Rs.10/- each (Previous year 10,000,000,000 equity shares of Rs.10/- each)	<u>100,000</u>	<u>100,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
8,245,464,400 equity shares of Rs.10/- each fully paid-up (Previous year 8,245,464,400 equity shares of Rs.10/- each fully paid-up)	<u>82,455</u>	<u>82,455</u>

**Schedule 2
RESERVES AND SURPLUS**

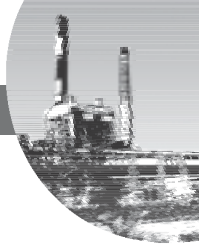
Capital Reserve		
As per last Balance Sheet	1,312	1,308
Add : Additions during the year (Rs.12,723)	*	4
	<u>1,312</u>	<u>1,312</u>
Security Premium Account	22,281	22,281
Bonds Redemption Reserve		
As per last Balance Sheet	11,530	9,315
Add : Transfer from Profit & Loss Account	3,822	3,487
Less : Write back during the year	1,750	1,272
	<u>13,602</u>	<u>11,530</u>
Foreign Project Reserve	*	*
* Rs. 81,229/-		
General Reserve		
As per last Balance Sheet	367,491	333,476
Add : Transfer from Profit & Loss Account	39,000	36,000
Less : Adjustments during the year	(34)	1,985
	<u>406,525</u>	<u>367,491</u>
Surplus in Profit & Loss Account	211	899
Total	<u>443,931</u>	<u>403,513</u>

**Schedule 3
DEFERRED REVENUE - ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION**

As per last Balance Sheet	6,567	4,408
Add : Revenue deferred during the year	7,167	2,176
Less : Revenue recognised during the year	-	17
	<u>13,734</u>	<u>6,567</u>

Schedule 4 SECURED LOANS

	31.03.2008	Rs. million 31.03.2007
Bonds		
10.00% Secured Non-Convertible Taxable Bonds of Rs. 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6 th year and in annual instalments thereafter upto the end of 10 th year respectively from 5 th September 2001 (Twelfth Issue - Private Placement) ¹	4,000	5,000
9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6 th year and upto the end of 15 th year respectively from 18 th April 2002 (Thirteenth Issue -Part A - Private Placement) ²	7,500	7,500
9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6 th year and in annual instalments thereafter upto the end of 15 th year respectively from 30 th April 2002 (Thirteenth Issue - Part B - Private Placement) ²	7,500	7,500
8.05% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with two equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 4 th and 5 th year respectively from 1 st August 2002 (Fourteenth Issue - Private Placement) ²	-	2,500
8.00% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10 th April 2018 (Sixteenth Issue -Private Placement) ³	1,000	1,000
8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 1 st May 2023 (Seventeenth Issue - Private Placement) ³	500	500
5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6 th year and in annual instalments thereafter upto the end of 10 th year respectively from 15 th September 2003 (Eighteenth Issue - Private Placement) ⁴	5,000	5,000
7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 12 th January 2019 (Nineteenth Issue - Private Placement) ⁵	500	500
7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23 rd September 2009 and ending on 23 rd March 2019 (Twentieth Issue - Private Placement) ⁶	5,000	5,000
7.7125% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2 nd August 2010 and ending on 2 nd February 2020 (Twenty first issue - Private Placement) ⁷	10,000	10,000
8.1771% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2 nd July 2011 and ending on 2 nd January 2021 (Twenty second issue - Private Placement) ⁸	5,000	5,000
8.3796% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 5 th August 2011 and ending on 5 th February 2021 (Twenty third issue - Private Placement) ⁸	5,000	5,000
8.6077% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 9 th September 2011 and ending on 9 th March 2021 (Twenty fourth issue - Private Placement) ⁸	5,000	5,000
9.37% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty fifth issue - Private Placement) ⁹	5,000	-
9.06% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4 th June 2012 and ending on 4 th December 2018 (Twenty sixth issue - Private Placement) ⁹	5,000	-
Loans and Advances from Banks		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.1,105 million , Previous year Rs.1,826 million) ¹⁰	7,140	8,724
Other Loans and Advances		
Obligations under finance lease (Due for repayment within one year Rs.3 million , Previous year Rs.3 million) ¹¹	7	5
Total	73,147	68,229



Schedule 4 SECURED LOANS

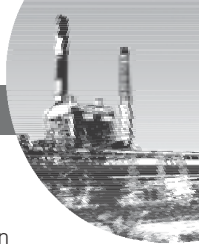
Note:

- 1 Secured by (I) English mortgage, on first charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable Mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station.
- 2 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- 3 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- 4 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- 5 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- 6 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
- 7 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Barh Super Thermal Power Project as first charge, ranking pari passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
- 8 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of the title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
- 9 Secured by (I) English mortgage, on first pari passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Thermal Power Project by extension of charge already created.
- 10 Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Banker's first charge on certain movable assets hypothecated to them for working capital requirement.
- 11 Secured against fixed assets obtained under finance lease.

Schedule 5

UNSECURED LOANS

	31.03.2008	Rs. million 31.03.2007
Fixed Deposits	130	328
(Due for repayment within one year Rs.121 million , Previous year Rs.192 million)		
Foreign Currency Bonds / Notes		
5.50 % Eurobonds due for repayment on 10 th March 2011	8,038	8,772
5.875 % Fixed Rate Notes due for repayment on 2 nd March 2016	12,057	13,158
Loans and Advances		
From Banks and Financial Institutions		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.381 million , Previous year Rs.352 million)	22,455	22,246
Other Foreign Currency Term Loans (Due for repayment within one year Rs.1,589 million , Previous year Rs.1,115 million)	29,184	19,637
Rupee Term Loans (Due for repayment within one year Rs.16,305 million , Previous year Rs.14,321 million)	126,859	112,394
From Others		
Loans from Government of India (Due for repayment within one year Rs.36 million , Previous year Rs.44 million)	36	80
TOTAL	198,759	176,615



Schedule 6
FIXED ASSETS

Rs. million

	Gross Block			As at 31.03.2008	Depreciation			Net Block		
	As at 1.04.2007	Additions	Deductions/ Adjustments		As at 1.04.2007	For the Year	Deductions/ Adjustments	Upto 31.03.2008	As at 31.03.2008	As at 31.3.2007
TANGIBLE ASSETS										
Land :										
(including development expenses)										
Freehold	11,363	1,422	(562)	13,347	-	-	-	-	13,347	11,363
Leasehold	2,604	118	(89)	2,811	377	45	(10)	432	2,379	2,227
Roads, bridges, culverts & helipads	3,847	269	(15)	4,131	736	69	-	805	3,326	3,111
Building :										
Freehold										
Main plant	18,460	1,124	(77)	19,661	9,070	586	-	9,656	10,005	9,390
Others	16,899	585	(190)	17,674	4,437	424	15	4,846	12,828	12,462
Leasehold	473	25	-	498	167	16	(2)	185	313	306
Temporary erection	229	6	(1)	236	226	8	1	233	3	3
Water Supply, drainage & sewerage system										
MGR track and signalling system	5,182	101	-	5,283	1,738	265	-	2,003	3,280	3,444
Railway Siding	6,401	46	4	6,443	4,768	241	-	5,009	1,434	1,633
Earth Dam Reservoir	2,373	478	(9)	2,860	781	129	-	910	1,950	1,592
Plant and machinery	1,470	-	-	1,470	408	70	1	477	993	1,062
Furniture, fixtures & other office equipment	426,260	17,224	(2,903)	446,387	220,519	20,160	514	240,165	206,222	205,741
EDP, WP machines and SATCOM equipment	3,559	260	23	3,796	2,325	148	18	2,455	1,341	1,234
Vehicles including speedboats	2,478	419	122	2,775	1,769	209	120	1,858	917	709
Construction equipment	91	2	7	86	72	3	6	69	17	19
Electrical Installations	1,100	75	47	1,128	658	63	30	691	437	442
Communication Equipments	2,021	49	(1)	2,071	1,057	80	4	1,133	938	964
Hospital Equipments	660	83	-	743	352	23	-	375	368	308
Laboratory and workshop equipments	215	13	1	227	131	8	-	139	88	84
Leased assets - Vehicles	133	10	(1)	144	97	3	-	100	44	36
Capital expenditure on assets not owned by the Company	15	6	4	17	11	3	4	10	7	4
Assets of Government	1,231	119	-	1,350	963	10	-	973	377	268
Less: Grants from Government	28	-	-	28	-	-	-	-	28	28
Assets held for disposal valued at net book value or net realisable value whichever is less	28	-	-	28	-	-	-	-	28	28
Software	16	-	(4)	20	-	-	-	-	20	16
INTANGIBLE ASSETS										
Land - Right of Use	13	-	-	13	-	-	-	-	13	13
Software	180	326	(3)	509	130	88	(1)	219	290	50
Total	507,273	22,760	(3,647)	533,680	250,792	22,651	700	272,743	260,937	256,481
Previous year	460,396	44,299	(2,578)	507,273	229,501	22,007	716	250,792	256,481	230,895

Deduction/Adjustments from Gross Block includes

Disposal/Retirement of assets	864
Cost adjustments	(3,576)
Assets capitalised with retrospective effect / Write back of excess capitalisation	(73)
Depreciation on construction equipment capitalised as IEDC	(44)
Others	(818)
	(3,647)

Current Year	Previous Year
864	831
(3,576)	(2,931)
(73)	(171)
(44)	4
(818)	(311)
(3,647)	(2,578)

Deduction/Adjustments from Depreciation includes

Disposal/Retirement of assets	
Assets capitalised with retrospective effect / Write back of excess capitalisation	
Depreciation on construction equipment capitalised as IEDC	
Others	

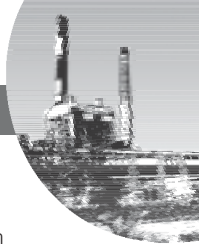
	Rs. million
	Previous Year
Current Year	
660	680
54	2
5	4
(19)	30
700	716
21,385	20,754
1,093	1,097
172	155
1	1
22,651	22,007

Depreciation for the the year is allocated as given below:

Charged to Profit & Loss account	
Allocated to the fuel cost	
Transferred to Incidental Expenditure during Construction (Schedule 26)	
Transferred to development of coal mines	

Schedule 7
CAPITAL WORK-IN-PROGRESS

	As at		Deductions &		As at
	1.04.2007	Additions	Adjustments	Capitalised	
Development of land	2,042	553	161	-	2,434
Roads, bridges, culverts & helipads	717	326	3	269	771
Piling and foundation	3,407	4,159	-	-	7,566
Buildings :					
Main plant	5,661	4,289	1,422	1,124	7,404
Others	2,687	2,374	209	585	4,267
Temporary erection	6	21	-	5	22
Water supply, drainage and sewerage system	528	315	29	98	716
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	9,748	3,857	-	-	13,605
MGR track and signalling system	3,259	1,172	402	46	3,983
Railway siding	254	371	(371)	478	518
Earth dam reservoir	934	98	-	-	1,032
Plant and machinery	94,386	58,878	677	15,892	136,695
Furniture, fixtures and other office equipment	69	101	1	79	90
EDP/WP Machines & SATCOM equipment	37	266	3	277	23
Construction Equipments	3	2	-	3	2
Electrical installations	394	245	83	38	518
Communication equipment	15	58	5	46	22
Intangible assets - software	182	300	207	87	188
Capital expenditure on assets not owned by the company	443	145	(77)	119	546
Exploratory Wells-in-Progress	-	11	-	-	11
Development of Coal Mines	443	196	(83)	-	722
	125,215	77,737	2,671	19,146	181,135
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	512	116	10	-	618
Difference in exchange on foreign currency loans	(220)	60	60	-	(220)
Expenditure towards diversion of forest land	1,114	-	-	-	1,114
Pre-commissioning expenses (net)	397	978	576	-	799
Incidental expenditure during construction	1,681	10,168	(49)	-	11,898
Less: Allocated to Capital Work-in-Progress	-	10,823	-	-	10,823
	128,699	78,236	3,268	19,146	184,521
Less: Provision for unserviceable works	132	2	2	-	132
Total	128,567	78,234	3,266	19,146	184,389
Previous Year	103,999	67,161	2,050	40,543	128,567



Schedule 8

CONSTRUCTION STORES AND ADVANCES

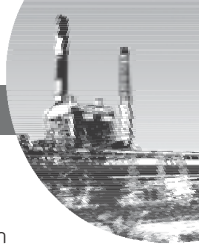
	31.03.2008	Rs. million <u>31.03.2007</u>
CONSTRUCTION STORES *		
(At cost)		
Steel	5,997	3,703
Cement	155	119
Others	10,949	12,886
	17,101	16,708
Less: Provision for shortages	7	6
	17,094	16,702
ADVANCES FOR CAPITAL EXPENDITURE		
Secured	342	183
Unsecured, considered good		
Covered by bank guarantees	20,011	18,350
Others	2,947	4,590
Considered doubtful	67	67
	23,367	23,190
Less: Provision for bad & doubtful advances	67	67
	23,300	23,123
Total	40,394	39,825
	12,185	13,741

* Includes material in transit, under inspection and with contractors

Schedule 9

INVESTMENTS

	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	31.03.2008	Rs. million 31.03.2007
LONG TERM (Trade - unless otherwise specified)				
A) Quoted				
a) Government of India Dated Securities (Non-Trade)	19139000 (24639000)	100 (100)	1,896	2,564
Less: Amortisation of Premium			21	118
			1,875	2,446
b) Equity Shares in Joint Venture Company				
PTC India Ltd.	12000000 (12000000)	10 (10)	120	120
Sub Total (A)			1,995	2,566
B) Unquoted				
a) Bonds				
i) 8.50 % Tax-Free State Government Special Bonds of the Government of^(#)				
Andhra Pradesh	10085200 (11345850)	1000 (1000)	10,085	11,346
Assam	411712 (463176)	1000 (1000)	412	463
Bihar	15155200 (17049600)	1000 (1000)	15,155	17,050
Chattisgarh	3865760 (4348980)	1000 (1000)	3,866	4,349
Gujarat	6697920 (7535160)	1000 (1000)	6,698	7,535
Haryana	8600000 (9675000)	1000 (1000)	8,600	9,675
Himachal Pradesh	267104 (300492)	1000 (1000)	267	300
Jammu and Kashmir	2938880 (3306240)	1000 (1000)	2,939	3,306
Jharkhand	7680976 (8641096)	1000 (1000)	7,681	8,641
Kerala	8019200 (9021600)	1000 (1000)	8,019	9,022
Madhya Pradesh	6646720 (7477560)	1000 (1000)	6,647	7,478
Maharashtra	3051200 (3432600)	1000 (1000)	3,051	3,433
Orissa	8822992 (9925866)	1000 (1000)	8,823	9,926
Punjab	2769840 (3116070)	1000 (1000)	2,770	3,116
Rajasthan	1450000 (1740000)	1000 (1000)	1,450	1,740
Sikkim	273568 (307764)	1000 (1000)	274	308
Uttar Pradesh	31919200 (35909100)	1000 (1000)	31,919	35,909



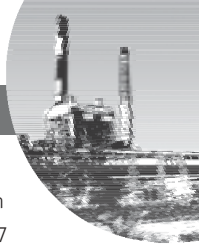
Schedule 9
INVESTMENTS

	Number of shares/bonds/ securities	Face value per share/bond/ security	31.03.2008	Rs. million 31.03.2007
	Current Year/ (Previous Year)	Current Year/ (Previous Year) (Rs.)		
Uttaranchal	3197200 (3596850)	1000 (1000)	3,197	3,597
West Bengal	9393984 (10568232)	1000 (1000)	9,394	10,568
ii) Other Bonds				
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 03/02, 2009	2660 (2660)	25000 (50000)	67	133
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 06 & 9/02, 2009	7524 (7524)	37500 (62500)	282	470
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 - 10/02, 2009	5970 (5970)	50000 (75000)	299	448
b) Equity Shares in Joint Venture Companies				
Utility Powertech Ltd.	1000000 (1000000)	10 (10)	10	10
NTPC-Alstom Power Services Private Ltd.	3000000 (3000000)	10 (10)	30	30
NTPC-SAIL Power Company Private Ltd.	390250050 (390250050)	10 (10)	3,902	3,902
NTPC-Tamil Nadu Energy Company Ltd.	190000000 (15000000)	10 (10)	1,900	15
Ratnagiri Gas & Power Private Ltd.	500000000 (500000000)	10	5,000	5,000
Aravali Power Company Private Ltd. (*previous year Rs.5,00,000/-)	428524200 (50000)	10	4,285	*
NTPC-SCCL Global Ventures Private Ltd. (*current year Rs.5,00,000/-)	50000 (50000)	10	*	-
c) Equity Shares in Subsidiary Companies				
Pipavav Power Development Company Ltd.	375000 (370000)	10 (10)	4	4
NTPC Electric Supply Company Ltd. *(current year Rs. 8,09,100/- , previous year Rs.8,09,100/-)	80910 (80910)	10 (10)	*	*
NTPC Vidyut Vyapar Nigam Ltd.	20000000 (20000000)	10 (10)	200	200
NTPC Hydro Ltd.	56280000 (38161290)	10 (10)	563	382
Kanti Bijlee Utpadan Nigam Ltd. (Formerly Vaishali Power Generating Company Ltd.) (*current year Rs.5,10,000/- previous year Rs.5,10,000/-)	51000 (51000)	10	*	*
Bhartiya Rail Bijlee Company Ltd.	74000 (-)	10	1	-
d) Share application money pending allotment in :				
NTPC Hydro Ltd.			60	6
Kanti Bijlee Utpadan Nigam Ltd. (Formerly Vaishali Power Generating Company Ltd.)			571	-
Bhartiya Rail Bijlee Company Ltd.			1,956	-
Aravali Power Company Private Ltd.			300	15

Schedule 9

INVESTMENTS

	Number of shares/bonds/securities	Face value per share/bond/security	31.03.2008	Rs. million 31.03.2007
	Current Year/ (Previous Year)	Current Year/ (Previous Year)		
			(Rs.)	
e) Shares in Cooperative Societies			₹	₹
Sub Total (B)			150,677	158,377
Total			152,672	160,943
Quoted Investments				
Book Value			1,995	2,566
Market Value			3,043	3,164
Unquoted Investments				
Book Value			150,677	158,377
During the year the following current investments were purchased and realised on maturity (at cost)				
Government of India				
Treasury bills			3,854	21,705
(#) Includes bonds of Rs.65,913 million (previous year Rs.49,544 million) permitted for transfer/trading by Reserve Bank of India. Balance can be transferred/ traded subject to prior approval of Reserve Bank of India.				
₹ Shares in Co-operative societies (unquoted)			Rs.	Rs.
NTPC Employees Consumers and Thrift Co-operative Society Ltd. Korba	500 (500)	10 (10)	5,000	5,000
NTPC Employees Consumers and Thrift Cooperative Society Ltd. Ramagundam	250 (250)	10 (10)	2,500	2,500
NTPC Employees Consumers Cooperative Society Ltd. Farakka	500 (500)	10 (10)	5,000	5,000
NTPC Employees Consumers Cooperative Society Ltd. Vindhyachal	108 (108)	25 (25)	2,700	2,700
NTPC Employees Consumers Cooperative Society Ltd. Anta	500 (500)	10 (10)	5,000	5,000
NTPC Employees Consumers Cooperative Society Ltd. Kawas	500 (500)	10 (10)	5,000	5,000
NTPC Employees Consumers Cooperative Society Ltd. Kaniha	250 (250)	20 (20)	5,000	5,000
			30,200	30,200



Schedule 10

INVENTORIES

(Valuation as per Accounting Policy No.11)

	31.03.2008	Rs. million 31.03.2007
Components and spares	15,609	14,293
Loose tools	44	51
Coal	6,694	7,318
Fuel oil	1,470	1,111
Naphtha	1,599	793
Chemicals & consumables	731	785
Steel Scrap	93	82
Others	815	1,002
	27,055	25,435
Less: Provision for shortages	23	26
Provision for obsolete/ unserviceable items/ diminution in value of surplus inventory	275	307
Total	26,757	25,102
Inventories include material in transit, under inspection and with contractors	1,772	1,546

Schedule 11

SUNDRY DEBTORS

(Considered good, unless otherwise stated)

Debts outstanding over six months		
Unsecured	676	7
Considered doubtful	8,362	8,361
	9,038	8,368
Other debts		
Unsecured	29,151	12,516
	38,189	20,884
Less: Provision for bad & doubtful debts	8,362	8,361
Total	29,827	12,523

Schedule 12

CASH & BANK BALANCES

Cash on hand	96	35
(includes cheques, drafts, stamps on hand Rs.94 million , previous year Rs.32 million)		
Balance with Reserve Bank of India earmarked for fixed deposits from public	308	308
Balances with scheduled banks		
Current Accounts (a)	4,326	7,158
Term Deposit Accounts (b)	144,536	125,578
Balance with other banks		
Call Deposit Account		
West LB AG, London (c)	66	67
Total	149,332	133,146

(a) Includes **Rs.55 million** of Unclaimed Dividend (Previous year Rs.43 million)

(b) **Rs.22 million** (Previous year Rs.16 million) deposited as security with Government authorities as per court orders.

(c) Maximum amount outstanding at any time during the year **Rs.67 million** (Previous year Rs.68 million)

Schedule 13
OTHER CURRENT ASSETS

Interest accrued :

 Government of India dated securities
 Bonds
 Term deposits
 Others

Other recoverables

Others

Total
31.03.2008

 47
 5,950
 2,895
 221
 97
 8
9,218

Rs. million

31.03.2007

 75
 6,968
 3,340
 132
 49
 16
10,580
Schedule 14
LOANS AND ADVANCES

(Considered good, unless otherwise stated)

LOANS

Employees (including accrued interest)

Secured

Unsecured

Considered doubtful

Government of India (for transfer of transmission systems)

Unsecured

Loan to State Government in settlement of dues from customers

Unsecured

Loan to a Subsidiary Company (including accrued interest)

Unsecured

Others

Secured

Unsecured

ADVANCES

(recoverable in cash or in kind or for value to be received)

Subsidiary Companies

Unsecured

Contractors & suppliers, including material issued on loan

Secured

Unsecured

Considered doubtful

Employees (including imprest)

Unsecured

Considered doubtful

Advance tax & tax deducted at source

Less: Provision for taxation

Others

Unsecured

Considered doubtful

Claims recoverable

Unsecured

Considered doubtful

 Less: Provision for bad and doubtful loans, advances
 and claims

DEPOSITS

 Deposits with customs, port trust and others ^(#)
Total

(#) Sales Tax deposited under protest with sales tax authorities

Due from Directors & Officers of the Company

Directors

Officers

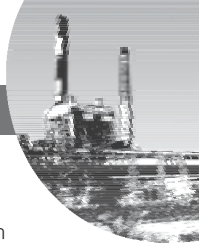
Maximum amount outstanding during the year

Directors

Officers

 4,420
 788
 2
 -
 8,137
 202
 500
 1,701
 228
 48
 1,467
 1
 1,587
 1
 67,862
 49,790
 18,072
 532
 294
 37,980
 1,555
 33
 331
 39,237
 1,117
 40,354
 194
 1
 654
 1
 790

 4,524
 936
 2
 128
 9,094
 22
 500
 3
 241
 51
 1,453
 3
 75
 1
 57,321
 37,104
 20,217
 566
 286
 38,102
 1,536
 38
 330
 39,346
 1,130
 40,476
 342
 1
 619
 1
 634



Schedule 15 CURRENT LIABILITIES

	31.03.2008	Rs. million 31.03.2007
Sundry Creditors		
For capital expenditure		
Micro & Small Enterprises	2	-
Others	16,106	12,619
For goods and services		
Micro & Small Enterprises	10	-
Others	16,328	15,639
Book overdraft	122	230
Deposits, retention money from contractors and others	15,840	13,287
Less: Bank deposits/Investments held as security	145	140
	<u>48,263</u>	<u>41,635</u>
Advances from customers and others	2,958	7,705
Interest accrued on unpaid matured deposits/bonds	-	1
Other liabilities	1,437	1,365
Unclaimed dividend (#)	55	43
Interest accrued but not due :		
Loans from Government of India	1	3
Foreign currency loans/bonds	372	431
Rupee term loans	854	706
Bonds	1,537	1,338
Fixed deposits from public	6	8
Total	<u><u>55,483</u></u>	<u><u>53,235</u></u>

(#) No amount is due for payment to Investor Education and Protection Fund

Schedule 16 PROVISIONS

Income/Fringe Benefit Tax		
As per last balance sheet	20	-
Additions during the year	28,486	20,434
Amount adjusted during the year	21,284	16,690
Less: Set off against taxes paid	49,790	37,104
	<u>-</u>	<u>20</u>
Proposed dividend		
As per last balance sheet	6,596	6,596
Additions during the year	6,596	6,596
Amounts used during the year	6,596	6,596
	<u>6,596</u>	<u>6,596</u>
Tax on proposed dividend		
As per last balance sheet	1,121	925
Additions during the year	1,121	1,121
Amounts paid during the year	1,121	925
	<u>1,121</u>	<u>1,121</u>
Employee benefits		
As per last balance sheet	9,007	4,770
Additions during the year	7,191	4,930*
Amounts paid during the year	905	693
	<u>15,293</u>	<u>9,007</u>
Others		
As per last balance sheet	284	9
Additions during the year	524	278
Amounts adjusted during the year	1	1
Amounts reversed during the year	1	2
	<u>806</u>	<u>284</u>
Total	<u><u>23,816</u></u>	<u><u>17,028</u></u>

* Includes Rs.335 million transferred on acquisition of Badarpur Thermal Power Station

Schedule 17
CONTINGENT LIABILITIES

	31.03.2008	Rs. million 31.03.2007
Claims against the Company not acknowledged as debt in respect of:		
Capital works	11,255	6,560
Land compensation cases	10,465	10,492
Others *	12,878	8,345
Disputed Income Tax demand **	14,909	14,838
Disputed Excise demand	3	3
Disputed Sales Tax demand	629	343
Letters of credit other than for capital expenditure	2,159	1,961
Others #	169	123
Total	52,467	42,665

* Possible reimbursement **Rs.3,443 million** (previous year Nil)

** Possible reimbursement **Rs.10,063 million** (previous year Rs.10,063 million)

Possible reimbursement **Rs.17 million** (previous year Nil)

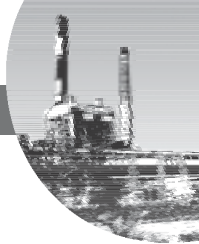
Schedule 18
SALES

	Current Year	Previous Year
Energy Sales (including Electricity Duty) *	378,493	329,359
Less : Advance against Depreciation deferred	7,167	2,176
Add : Revenue recognised out of advance against depreciation	-	17
Exchange fluctuation receivable from customers	250	-
	371,576	327,200
Consultancy, project management and supervision fees (including turnkey construction projects)	1,039	608
Total	372,615	327,808

* Includes **Rs.22,761 million** (previous year Rs.16,760 million) on account of income tax recoverable from beneficiaries as per CERC Regulations.

Schedule 19
PROVISIONS WRITTEN BACK

Doubtful debts	-	3
Doubtful loans, advances and claims	8	7
Doubtful construction advances	1	8
Shortage in construction stores	1	2
Shortage in stores	15	14
Obsolescence in stores	36	5
Unserviceable Capital work-in-progress	2	-
Others	1	2
	64	41



Schedule 20

OTHER INCOME

	<u>Current Year</u>	Rs. million <u>Previous Year</u>
Income from Long Term Investments		
Trade		
Dividend from Subsidiaries	23	46
Dividend from Joint Ventures	73	104
Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	12,209	14,235
Other Bonds (Gross) (Tax deducted at source Rs.21 million , Previous year Rs.35 million)	83	146
Non -Trade		
Interest from Government of India Securities (Gross)	156	297
Less: Amortisation of premium	21	118
	<u>135</u>	<u>179</u>
Income from Current Investments (Non-Trade)		
Income on redemption of Government of India Treasury Bills	146	510
Income from Others		
Interest (Gross) (Tax deducted at source Rs.3,237 million , previous year Rs.1,768 million)		
Loan to State Government in settlement of dues from customers	752	814
Indian banks	13,850	8,526
Foreign banks	5	3
Employees' loans	194	214
Others	384	119
Subsidiary Company (*Previous year Rs.227,790/-)	14	*
Interest on Income Tax refunds	-	3,340
Less: Refundable to customers	-	1,898
	<u>-</u>	<u>1,442</u>
Interest/surcharge received from customers	167	207
Hire charges for equipment	26	18
Profit on disposal of fixed assets	21	10
Miscellaneous income	1,516	1,046
	<u>29,598</u>	<u>27,619</u>
Less: Transferred to Incidental expenditure during construction - Schedule 26	394	170
Transferred to Development of coal mines	1	-
Total	<u><u>29,203</u></u>	<u><u>27,449</u></u>

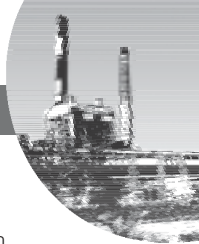
Schedule 21

EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, wages, bonus, allowances & benefits	16,941	10,768
Contribution to provident and other funds	2,152	935
Welfare expenses	3,200	1,975
	<u>22,293</u>	<u>13,678</u>
Less: Allocated to fuel cost	975	622
Transferred to development of coal mines	90	43
Transferred to incidental expenditure during construction - Schedule 26	2,268	1,381
Total	<u><u>18,960</u></u>	<u><u>11,632</u></u>

Schedule 22
GENERATION, ADMINISTRATION & OTHER EXPENSES

	Current Year	Previous Year
Power charges	771	685
Less: Recovered from contractors & employees	120	93
	651	592
Water charges	754	703
Stores consumed	268	237
Rent	162	123
Less: Recoveries	76	50
	86	73
Repairs & Maintenance		
Buildings	760	714
Plant & Machinery		
Power stations	9,190	8,421
Construction equipment	10	8
	9,200	8,429
Others	402	311
Insurance	442	562
Rates and taxes	184	146
Water Cess & Environment Protection Cess	228	268
Training & Recruitment expenses	346	292
Less: Fees for application and training	17	16
	329	276
Communication expenses	272	209
Travelling expenses	1,125	1,023
Tender expenses	136	117
Less: Receipt from sale of tenders	14	13
	122	104
Payment to Auditors	21	19
Advertisement and publicity	87	96
Security expenses	1,688	1,301
Entertainment expenses	114	100
Expenses for guest house	77	65
Less: Recoveries	11	10
	66	55
Education expenses	181	171
Brokerage & commission	13	12
Donations	6	3
Community development and welfare expenses	155	94
Less: Grants-in-aid	22	7
	133	87
Ash utilisation & marketing expenses	66	98
Less: Sale of ash products (* Rs.251,280/-)	*	1
	66	97
Books and periodicals	28	29
Professional charges and consultancy fees	292	464
Legal Expenses	50	36
EDP hire and other charges	103	81
Printing and stationery	85	83
Oil & gas exploration expenses	107	77
Waiver of Interest	-	640
Miscellaneous expenses	760	673
Stores written off	2	1
Survey & Investigation expenses written off	31	99
Loss on disposal/write-off of fixed assets	136	104
	18,792	17,875
Less: Allocated to fuel cost	1,134	911
Transferred to development of coal mines	173	361
Transferred to incidental expenditure during construction - Schedule 26	1,201	1,036
Total	16,284	15,567
Spares consumption included in repairs and maintenance	5,851	5,427



Schedule 23
PROVISIONS

	Current Year	Rs. million Previous Year
Doubtful debts	1	1
Doubtful advances and claims	13	4
Doubtful advances for construction	1	1
Shortage in stores	13	16
Obsolete/Diminution in the value of surplus stores	31	85
Shortage in construction stores	5	3
Unserviceable capital work-in-progress	2	3
Others	5	1
Total	71	114

Schedule 24
INTEREST AND FINANCE CHARGES

Interest on :

Bonds	5,002	4,000
Loans from Government of India	11	25
Foreign Currency Term Loans	1,728	1,473
Rupee Term loans	9,449	7,516
Public deposits	13	29
Foreign currency Bonds/Notes	1,461	1,636
Amounts payable to customers	15	2,091
Others	174	158
Exchange differences regarded as adjustment to interest costs	(1,255)	(1,227)
	16,598	15,701

Finance Charges :

Bonds servicing & public deposit expenses	10	17
Guarantee Fee	334	367
Management Fee	26	154
Commitment charges/ Exposure premium	15	7
Rebate to customers	7,203	8,377
Reimbursement of L.C.charges on Sales Realisation	85	63
Bank Charges	15	12
Bond Issue Expenses	1	1
Legal expenses on foreign currency loans	1	3
Exchange differences	483	15
Foreign currency Bonds/ Notes expenses	1	3
Others	24	55
	8,198	9,074

Sub-Total

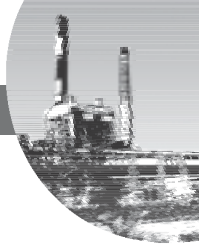
Less: Transferred to Incidental expenditure during construction Schedule 26

	24,796	24,775
	6,815	6,181
Total	17,981	18,594

Schedule 25

PRIOR PERIOD INCOME/EXPENDITURE (NET)

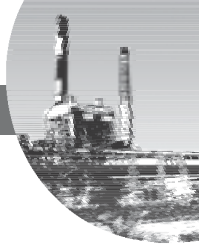
	Current Year	Rs. million <u>Previous Year</u>
INCOME		
Sales	(5,561)	(19)
Others	1	3
	<u>(5,560)</u>	<u>(16)</u>
EXPENDITURE		
Salary, wages, bonus, allowances & benefits	17	(8)
Repairs and Maintenance	6	(178)
Depreciation	54	(2)
Interest	7	1
Rebate to customers	(399)	-
Advertisement and publicity	(1)	5
Professional consultancy charges	5	7
Rates & Taxes	6	-
Fuel	(2,502)	-
Rent	-	1
Power charges	12	(14)
Others	2	44
	<u>(2,793)</u>	<u>(144)</u>
Net Expenditure/Income	2,767	(128)
Less: Transferred to Incidental expenditure during construction Schedule 26	22	(19)
Total	<u>2,745</u>	<u>(109)</u>



Schedule 26
INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	<u>Current Year</u>	Rs. million <u>Previous Year</u>
A. Employees remuneration and other benefits		
Salaries, wages, allowances and benefits	1,687	1,089
Contribution to provident and other funds	251	83
Welfare expenses	330	209
Total (A)	<u>2,268</u>	<u>1,381</u>
B. Other Expenses		
Power charges	350	283
Less: Recovered from contractors & employees	<u>7</u>	<u>5</u>
	343	278
Water charges	3	4
Rent	25	29
Repairs & maintenance		
Buildings	37	40
Construction equipment	2	-
Others	<u>68</u>	<u>56</u>
	107	96
Insurance	8	6
Rates and taxes	19	19
Communication expenses	41	30
Travelling expenses	170	162
Tender expenses	22	34
Less: Income from sale of tenders	<u>2</u>	<u>2</u>
	20	32
Payment to Auditors	2	2
Advertisement and publicity	20	21
Security expenses	153	111
Entertainment expenses	18	16
Guest house expenses	9	4
Education expenses	2	7
Books and periodicals	3	3
Community development expenses	18	8
Professional charges and consultancy fee	23	25
Legal expenses	5	5
EDP Hire and other charges	14	10
Printing and stationery	11	12
Miscellaneous expenses	<u>187</u>	<u>156</u>
Total (B)	<u>1,201</u>	<u>1,036</u>
C. Depreciation	<u>172</u>	<u>155</u>
Total (A+B+C)	<u>3,641</u>	<u>2,572</u>

	<u>Current Year</u>	Rs. million <u>Previous Year</u>
D. Interest and Finance Charges		
Interest on		
Bonds	2,100	1,181
Foreign Currency Term Loans	899	435
Rupee Term loans	4,849	3,758
Foreign currency Bonds/Notes	816	1,106
Others	-	7
Exchange Differences regarded as adjustment to Interest Cost	(2,378)	(532)
Finance Charges		
Commitment charges	15	1
Exposure premium	-	6
Management fee / arrangers fees	25	154
Legal expenses on Foreign Currency Loans	1	3
Exchange differences	459	8
Foreign currency Bonds/Notes expenses	2	2
Others	27	52
Total (D)	6,815	6,181
E. Less Other Income		
Interest from		
Foreign Banks	2	-
Employees	16	20
Others	117	37
Hire Charges	21	11
Sale of scrap	23	39
Miscellaneous income	215	63
TOTAL (E)	394	170
F. Prior Period Adjustments	22	(19)
G. Income/Fringe Benefit Tax	84	7
GRAND TOTAL (A+B+C+D-E+F+G)	10,168	8,571

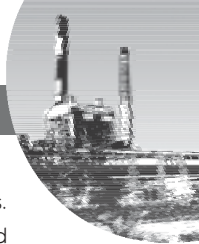


Schedule 27

NOTES ON ACCOUNTS

1. a) The conveyancing of the title to **10,988 acres** of freehold land of value **Rs. 3,563 million** (previous year 9,425 acres of value Rs.2,305 million) and buildings & structures valued at **Rs.782 million** (previous year Nil), as also execution of lease agreements for **7,403 acres** of value **Rs.820 million** (previous year 7,776 acres of value Rs.822 million) in favour of the Company are awaiting completion of legal formalities.
b) Land does not include cost of **1,181 acres** (previous year 1,148 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
c) Land includes **1,334 acres** of value **Rs. 113 million** (previous year 200 acres of value Rs.5 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
d) Land includes an amount of **Rs.1,590 million** (previous year Rs.1,600 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
e) The cost of right of use of land for laying pipelines amounting to **Rs. 13 million** (previous year Rs.13 million) is included under intangible assets. The right of use is perpetual in nature and accordingly amortisation has not been done.
f) Cost of land includes 400 acres of freehold land handed over to the Company by the Government of Andhra Pradesh during the year in exchange for 276 acres of land (freehold 108 acres and leasehold 168 acres) which is yet to be handed over to the Government of Andhra Pradesh without any financial implication.
2. a) The Central Electricity Regulatory Commission (CERC) has notified by Regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1st April 2004 for a period of five years. CERC has issued final tariff orders for all the stations/units except for two stations/units, where sales of **Rs.15,028 million**, for the current year (previous year Rs.40,120 million for five stations/units) have been recognised based on provisional tariff orders issued by CERC.
b) In respect of stations/units where the CERC had issued final tariff orders applicable from 1st April 2004, the Company aggrieved over many of the issues as considered by CERC in the tariff orders, filed an appeal with Appellate Tribunal for Electricity (ATE). The ATE has disposed off the appeal favourably directing CERC to revise the tariff orders as per the directions and methodology given. The CERC has filed an appeal with the Hon'ble Supreme Court on some of the issues decided by the ATE and is yet to issue the revised tariff orders for the balance issues as per directions of ATE. Pending disposal of the appeal, sales for the year in respect of these stations amounting to **Rs.307,013 million** have been accounted for based on provisional tariff worked out by the Company as per the methodology and directions as decided by ATE.
c) Sales in respect of one of the stations has been provisionally recognised at **Rs. 13,074 million** (previous year Rs.10,449 million for ten months) on the basis of principles enunciated under the Regulations, 2004 of CERC as against billing of **Rs. 13,258 million** (previous year Rs.10,615 million for the ten months) as per tariff order issued by CERC, prior to the takeover of the station by the Company.
d) Sales of **Rs. 11,336 million** (previous year Rs.5,424 million) pertaining to previous years has been recognised based on the orders issued by CERC/ATE.
3. a) MPGATSV tax on coal levied by the Government of Madhya Pradesh by notification of MP Grameen Avsanrachana Tatha Sadak Vikas Adhiniyam, 2005 (MPGATSV) with effect from September 2005. This tax was challenged by the coal supplier before the Hon'ble Jabalpur High Court and its collection was stayed. Subsequently, the challenge was repealed by the Hon'ble High Court but Special Leave Petitions were filed in the Hon'ble Supreme Court against the decision. The Hon'ble Supreme Court has passed an interim order staying the coercive collection of the tax. The Company had provided the liability in respect of the MPGATSV tax upto 31st March 2007 as the same was being billed to the three stations/units by the coal supplier despite its stay and had in turn passed on the burden of the tax to its customers.
During the year, the Ministry of Coal, Government of India (GOI) notified the rates of royalty effective from 1st August 2007 on various grades of coal as per a formula based yield. As per the notification, the royalty is to be adjusted for the local taxes or cess so as to limit the overall revenue to the formula based yield. However, the coal supplier continues to bill the MPGATSV tax in addition to the royalty even after the issue of the notification.
The Company has made a detailed review of the issues having regard to the GOI notification and also obtained a legal opinion on the applicability of the MPGATSV tax before and after the effective date of the GOI notification.
Based on such review and legal opinion, the Company is of the view that the claim of the coal supplier is not payable and has reversed the liability of Rs. 2,105 million provided up to 31st March 2007 in respect of MPGATSV tax and passed on the resultant benefit to its customers through 'Prior Period Income/Expenditure (net)'. Further, the amount billed by the coal supplier on account of MPGATSV tax up to 31st July 2007 amounting to Rs.2,558 million has been disclosed as contingent liability.
b) During the year, the Company has reviewed the liability provided for surface transportation charges billed by a coal supplier with effect from November 2005 and disputed by the Company. Based on such review, the Company is of the view that the claim of the coal supplier is not payable and has reversed the liability of Rs.469 million provided up to 31st March 2007 in respect of the same and passed on the resultant benefit to its customers through 'Prior Period Income/Expenditure (net)'. Further, the disputed amount billed by the coal supplier up to 31st March 2008 amounting to Rs.823 million has been disclosed as contingent liability.
4. Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.12.2.1. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, CERC has not notified the rates of depreciation. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Section 616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating Company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supercession of the provisions of the Companies Act, 1956.

5. Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1st April 1986 to 31st May 2006 amounting to **Rs. 1,155 million** (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
6. a) The pay revision of the employees of the Company is due w.e.f 1st January 2007. Pending recommendation of the committee formed by the GOI for pay revision, a provision of **Rs. 4,094 million** (previous year Rs.979 million for three months period up to 31st March 2007) has been made towards wage revision arrears on an estimated basis during the year.
b) The pay revision of the Central Government employees is due w.e.f 1st January 2006. Pending acceptance of the recommendations of the VI Pay Commission constituted by the Central Government, a provision of **Rs.518 million** (previous year Rs.276 million for fifteen months period up to 31st March 2007) has been made towards payments to Central Industrial Security Force (CISF) and Kendriya Vidyalaya Sangathan (KVS) on an estimated basis during the year.
7. In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **Rs. 6,070 million** (previous year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the mortgage created by UPSEB on fixed assets in favour of Life Insurance Corporation of India (LIC) before the assets were taken over was not vacated. During the year, Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd (erstwhile UPSEB) has confirmed the repayment of loan to LIC and that the process of de-mortgage of fixed assets of Tanda Power Station is in progress.
8. The amount reimbursable to GOI in terms of Public Notice No.38 dated 5th November, 1999 and Public Notice No.42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to **Rs.2,768 millions** (previous year Rs.2,768 million) out of which **Rs.2,696 million** (previous year Rs.2,678 million) has been deposited with the GOI and liability for the balance **Rs.72 million** (previous year Rs. 90 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
9. As per the direction of the Ministry of Power (MOP), a memorandum of understanding was signed between the Company, Gujarat Power Corporation Ltd. (GPCL) and Gujarat Electricity Board (GEB) on 20th February 2004 to set up Pipavav Power Project. Pursuant to the directive, the Company paid a sum of Rs.61 million for acquisition of land and had incurred Rs.10 million towards other direct expenditure on the proposed project.
The Company disassociated from the Pipavav Power Project on 24th May 2007 after obtaining approval from the MOP. Based on the settlement between the Company, GPCL and GEB, an amount of Rs.109 million received by the Company towards final settlement in respect of cost of land inclusive of simple interest @ 10% p.a. thereon has been accounted for. Balance claim of Rs.4 million towards direct expenditure has been accounted as 'Claims recoverable from GPCL' (Schedule 14).
10. The Company acquires land from private land owners and from the State Government for construction/expansion of its projects. The resettlement & rehabilitation (R&R) policy of the Company stipulates the terms and conditions to be fulfilled by the land oustees for receiving various R&R benefits over and above the compensation payable as per the Land Acquisition Act, 1894. The cost of land include compensation paid to the land oustees and the R&R benefits agreed to be paid by the Company for acquisition of land to the land oustees to the extent they fulfil the terms and conditions stipulated in the R&R policy of the Company. The issue regarding provision or disclosure of contingent liability in this regard pending fulfilment of the conditions of the R&R Scheme has been referred to the Expert Advisory Committee of the ICAI during the year for opinion and pending receipt of the opinion, no provision or disclosure in this regard has been made.
11. The Company and Coal India Ltd (CIL) had initialled a Model Coal Supply Agreement (CSA) in March 2007 which inter-alia contains various provisions under which coal would be sourced by the existing and new power stations of the Company from various subsidiary companies of CIL. The Model CSA provides for the agreement to be in force for a continuous period of 20 years with a provision for review after 5 years of operation of the agreement.
Separate agreements, on the lines of the Model CSA are required to be signed by each existing/ operating power station with the concerned subsidiary Company of CIL and would be effective prospectively on signing.
Ministry of Coal issued the new Coal Distribution Policy in October 2007, which necessitates revisiting some of the provisions of the model CSA. Discussions are on with CIL for early settlement of the issues and finalization of CSA for individual stations with the subsidiary companies of CIL.
12. In line with the agreement with GAIL, the Company has paid along with the cost of gas, entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act. In case Company gets refund from GAIL on judgement of the High Court, same will be passed on to beneficiaries.
13. a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realised/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, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
14. Effect of changes in Accounting Policies:
 - a) In compliance to the Accounting Standard (AS) 11 notified in Companies (Accounting Standards) Rules, 2006 issued by Ministry of Company Affairs, GOI, exchange differences in respect of loans (other than regarded as borrowing cost)/deposits/liabilities relating to fixed assets/capital work-in-progress acquired from a country outside India, arising out of transactions entered after 1st April 2004, which were hitherto adjusted in the carrying cost of related assets have been recognised as income/expense in the Profit & Loss Account. Consequently, profit for the year and fixed assets are lower by Rs.2 million.
 - b) As per CERC Tariff Regulations, 2004 exchange rate variation on interest payments and loan repayments corresponding to the normative loans considered for tariff of stations/units is payable/ recoverable to/from the beneficiaries on repayment of the loans and interest thereon. During the year, based on an opinion issued by the Expert Advisory Committee of the Institute of Chartered Accountants of India, foreign exchange variation on restatement of foreign currency loans as at the Balance Sheet date which is payable/recoverable to/from customers later on settlement is accounted for by creating a deferred liability/asset in the accounts instead of adjusting the same in profit & loss account. Accordingly, adjustments arising as a result of retrospective implementation of the opinion w.e.f. 1st April 2004 being the date from which such variations are to be passed on/recovered from customers by virtue of CERC Tariff Regulations, 2004 up to 31st March 2007 is accounted as 'Prior Period Income/Expenditure (net)' amounting to **Rs. 2,918 million** by debit prior period sales (Schedule 25).



Out of the above, an amount of **Rs. 114 million** has been adjusted during the year on becoming due to customers on repayment of loans. Such exchange differences for the year 2007-08 amounting to **Rs. 250 million** have been accounted for during the year by debit to 'Deferred Foreign Currency Fluctuation Liability' and corresponding credit to 'Sales - Exchange Fluctuation Receivable from Customers (Schedule - 18)'.

Due to the above, profit for the year is lower and 'Deferred Foreign Currency Fluctuation Liability' is higher by **Rs. 2,554 million**.

15. Railway wagons for transportation of coal dispatched by a vendor to one of the stations against a purchase order placed by the Company were diverted by Railways for its own use in the year 2006-07 and the same have been returned to the station in defective condition during the year. Pending rectification of defects by the vendor at his cost, the cost of such wagons amounting to Rs.241 million has been disclosed as Material-under-inspection (Schedule-8).

16. During the year, the Company has implemented SAP-ERP System at some of the units of the Company. However, fixed asset module has been implemented at all the locations of the Company. As a result:

- i) For computation of depreciation, life of the assets has been rounded down to nearest month as against fractional year. Due to the above change, profit for the year and fixed assets are higher by Rs.37 million.
- ii) The valuation of inventory items issued has undergone a change from monthly weighted average to moving weighted average at these units. Due to the above change, impact on profit for the year if any is not ascertainable.

17. Disclosure as required by Accounting Standard (AS) 15:

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognised as expense and is charged to the profit & loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

B. Gratuity & Pension

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs.0.35 million, on superannuation, resignation, termination, disablement or on death.

The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility. These schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised 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 Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

D. Terminal Benefits

Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of taken over employees from erstwhile State Government Power Utility at another station.

E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75 % of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

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

The summarised position of various defined benefits recognised in the profit and loss account, balance sheet are as under: (Figures given in { } represents previous year)

i) **Expenses recognised in Profit & Loss Account**

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current Service Cost	407 {208}	68 {65}	313 {216}	423 {28}
Interest cost on benefit obligation	368 {373}	116 {90}	313 {271}	72 {43}
Expected return on plan assets	(353) {(334)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	150 {(194)}	143 {189}	1,071 {370}	(372) {20}
Expenses recognised in the Profit & Loss A/c	572 {53}	327 {344}	1,697 {857}	123 {91}

ii) The amount recognised in the Balance Sheet

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.3.2008 (i)	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}
Fair value of plan assets as at 31.3.2008 (ii)	4,623 {4,415}	- {-}	- {-}	- {-}
Difference (ii) – (i)	(738) {(184)}	(1,750) {(1,452)}	(5,160) {(3,916)}	(1,017) {(896)}
Net asset /(liability) recognised in the Balance Sheet	(738) {(184)}	(1,750) {(1,452)}	(5,160) {(3,916)}	(1,017) {(896)}

iii) Changes in the present value of the defined benefit obligations:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 1.4.2007	4,599 {4,367}	1,452 {1,128}	3,916 {3,390}	896 {807}
Interest cost	368 {373}	116 {90}	313 {271}	72 {43}
Current Service Cost	407 {208}	68 {65}	314 {216}	423 {28}
Benefits paid	(167) {(145)}	(29) {(20)}	(454) {(331)}	(2) {(2)}
Net actuarial (gain)/ loss on obligation	154 {(204)}	143 {189}	1,071 {370}	(372) {20}
Present value of the defined benefit obligation as at 31.3.2008	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}

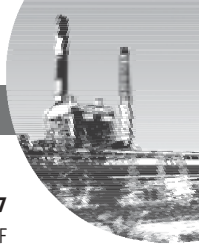
iv) Changes in the fair value of plan assets:

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 1.4.2007	4,415 {4,236}	- {-}	- {-}	- {-}
Expected return on plan assets	353 {334}	- {-}	- {-}	- {-}
Contributions by employer	6 {-}	- {-}	- {-}	- {-}
Benefit paid	(155) {(145)}	- {-}	- {-}	- {-}
Actuarial gain / (loss)	4 {(10)}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.3.2008	4,623 {4,415}	- {-}	- {-}	- {-}

v) The effect of one percentage in the medical cost of PRMF will impact the liability as under:

- Cost increase by 1% Rs.1,935 Million
- Cost decrease by 1% Rs.1,590 Million



vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust/pension of **Rs.572 million**, to PRMF of **Rs.327 million**, leave **Rs.1,697 million** and to terminal benefits of **Rs.123 million** (previous year towards gratuity trust/pension Rs.53 million, PRMF Rs.344 million, leave Rs.857 million and terminal benefits Rs.91 million).

E. Other Employee Benefits

Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to **Rs. 34 million** (previous year Rs.53 million) for the year have been made on the basis of actuarial valuation at the year end and charged to the profit & loss account.

F. Details of the Plan Asset

The details of the plan assets at cost as on 31st March are as follows:

(Rs. in million)

	2008	2007
i) State Government securities	903	859
ii) Central Government securities	1,643	1,570
iii) Corporate Bonds/ debentures	1,825	1,708
iv) RBI Special Deposit	240	240
Total	4,611	4,377

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i) Method used	Projected Unit Credit Method
ii) Discount rate	8.00 %
iii) Expected rate of return on assets - Gratuity	8.00 %
- Pension	8.11 %
iv) Future salary increase	5.50 %

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

18. The effect of foreign exchange fluctuation during the year is as under:

- i) The amount of exchange differences (net) credited to the Profit & Loss Account is **Rs.98 million** (previous year Rs.3 million).
- ii) The amount of exchange differences credited to the carrying amount of fixed assets and Capital Work-in-Progress is **Rs. 194 million** (previous year Rs.427 million).

19. Revenue Grants recognised during the year in respect of expenditure incurred in the earlier years amount to **Rs. 11 million** (previous year Rs. Nil).

20. Borrowing costs capitalised during the year is **Rs. 6,383 million** (previous year Rs.6,156 million).

21. Segment information

a) Business Segments:

The Company's principal business is generation and sale of bulk power to SEBs/State utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

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.

	Business Segments				Total	
	Generation		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees *	369,462	325,344	1,039	608	370,501	325,952
Internal consumption of electricity	409	365	-	-	409	365
Total	369,871	325,709	-	-	370,910	326,317
Segment Result #	90,808	74,944	288	180	91,096	75,124
Unallocated Corporate Interest and Other Income					27,696	25,515
Unallocated Corporate expenses, interest and finance charges					16,243	11,565
Income Taxes (Net)					28,401	20,427
Profit after Tax					74,148	68,647
Other information						
Segment assets	323,109	299,280	922	646	324,031	299,926
Unallocated Corporate and other assets					569,849	507,717
Total assets	323,109	299,280	922	646	893,880	807,643
Segment liabilities	63,148	50,400	546	417	63,694	50,817
Unallocated Corporate and other liabilities					303,800	270,858
Total liabilities	63,148	50,400	546	417	367,494	321,675
Depreciation	21,214	20,563	2	2	21,216	20,565
Non-cash expenses other than Depreciation	63	96	1	-	64	96
Capital Expenditure	80,568	77,060	140	472	80,708	77,532

* Includes **Rs. 11,336 million** (previous year Rs.5,424 million) for sales related to earlier years

Generation segment result would have been **Rs. 79,472 million** (previous year Rs.69,520 million) without including the sales related to earlier years.

d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

22. Related party disclosures

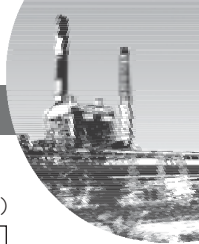
a) Related parties:

i) Joint ventures:

Utility Powertech Limited, NTPC-Alstom Power Services Private Ltd., PTC India Ltd.

ii) Key Management Personnel:

Shri T. Sankaralingam	Chairman and Managing Director
Shri R.S. Sharma	Director (Commercial)
Shri Chandan Roy	Director (Operations)
Shri R.K. Jain	Director (Technical)
Shri A.K. Singhal	Director (Finance)
Shri R.C. Shrivastav	Director (Human Resources)
Shri K.B. Dubey	Director (Projects)



b) Transactions with the related parties at a (i) above are as follows :

(Rs. million)

Particulars	Current Year	Previous Year
Contracts for Works/ Services for services received by the Company		
• Transactions during the year	4,095	1,622
• Amount recoverable from related parties	29	153
• Amount payable to related parties	536	234
Contracts for Works/ Services for services provided by the Company		
• Transactions during the year	4	21
• Amount recoverable from related parties * (Rs.11,634/-)	*	5
Dividend Received	28	44
Deputation of Employees		
• Transactions during the year	20	14
• Amount recoverable from the related parties	11	3

The Company has received guarantees from Utility Powertech Ltd. for an amount of **Rs.3 million** (previous year Rs.3 million).

c) Remuneration to key management personnel is **Rs. 12 million** (previous year Rs.7 million) and amount of dues outstanding to the Company as on 31st March 2008 are **Rs.1 million** (previous year Rs.1 million).

23. Disclosure regarding leases

a) Finance leases

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

		Rs. million	
		31.03.2008	31.03.2007
a)	Outstanding balance of minimum lease payments		
	• Not later than one year	4	4
	• Later than one year and not later than five years	5	2
	Total	9	6
b)	Present value of (a) above		
	• Not later than one year	3	3
	• Later than one year and not later than five years	4	2
	Total	7	5
c)	Finance Charges	2	1

b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of:

- Premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include **Rs.229 million** (previous year Rs.226 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 22 – Generation, Administration and Other expenses.
- Land at one of the stations given by the GOI for a period of 50 years on lease rent of 10% p.a. on the notional value of the land on the Balance Sheet date. During the year, the Company has paid **Rs.58 million** (previous year Rs.45 million) as lease rent.

24. Earning per share:

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

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs.million)	74,148	68,647
Weighted average number of equity shares used as denominator	8245,464,400	8245,464,400
Earning per share (Basic and Diluted) Rupees	8.99	8.33
Face value per share (Rupees)	10/-	10/-

25. The item-wise details of deferred tax liability (net) are as under:

(Rs. million)

	31.03.2008	31.03.2007
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	70,860	65,009
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	12,237	8,168
ii) Disallowed u/s 43B of the Income Tax Act,1961	2,785	2,414
	15,022	10,582
Deferred tax liability (net)	55,838	54,427

The net increase in the deferred tax liability is **Rs.1,411 million** (previous year increase Rs.1,203 million) and the same is recoverable from the customers, on becoming part of the current tax .

26. Research and Development expenditure charged to revenue during the year is **Rs. 62 million** (previous year Rs.54 million).

27. Interest in joint ventures

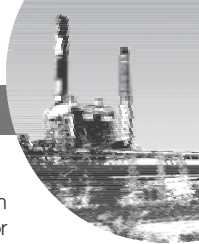
a) Joint venture entities:

Company	Proportion of ownership interest as on	
	31.03.2008 %age	31.03.2007 %age
Utility Powertech Ltd.	50	50
NTPC -Alstom Power Services Private Ltd.	50	50
PTC India Ltd.	5.28	8
NTPC-SAIL Power Company Private Ltd.	50	50
NTPC-Tamilnadu Energy Company Ltd.	50	50
Ratnagiri Gas and Power Private Ltd.	28.33	28.33
Aravali Power Company Private Ltd.	50	50
NTPC-SCCL Global Ventures Private Ltd.	50	-

The above joint venture entities are incorporated in India. The Company's share of the assets and liabilities as on 31st March 2008 and income and expenses for the year in respect of joint venture entities based on audited accounts, except for Ratnagiri Gas & Power Private Ltd. which is un-audited, are given below:

(Rs.million)

	31.03.2008	31.03.2007
A. Assets		
• Long Term Assets	47,007	34,592
• Current Assets	4,248	4,106
Total	51,255	38,698
B. Liabilities		
• Long Term Liabilities	31,240	25,301
• Current Liabilities and Provisions	3,816	3,848
Total	35,056	29,149
C. Contingent Liabilities	712	1,319
D. Capital Commitments	31,243	6,644
	Current Year	Previous Year
E. Income	8,026	5,172
F. Expenses	7,517	4,871



b) **Joint Venture Operations:** The Company along-with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., (the consortium) has been allotted an oil and gas block in the State of Arunachal Pradesh. The consortium has entered into a Production Sharing Contract with GOI for exploration and production of oil and gas. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs.563 million** (previous year Rs.606 million) as per the Production Sharing Contract.

The other two consortium partners viz. M/s Geopetrol International Inc. and M/s Canoro Resources Ltd. each initially had 30% participating interest in the Block. M/s Canoro Resources have since off-loaded 50% of their participating interest to M/s Brownstone Ventures Inc. The consequent amendment to the Production Sharing Contract is in process.

Based on audited statement of accounts of the consortium, the Company's share of assets and liabilities as at 31st March 2008 and expenditure for the year ended on that date in respect of above joint venture operation has been accounted for as under:

(Rs. million)

Item	2007-08 (Audited)	2006-07 (Audited)
Expenses	107	77
Fixed Assets including Capital work-in-progress	14	3
Other Assets	58	5
Current Liabilities	13	12

28. As required by Accounting Standard (AS) 28 'Impairment of Assets' notified by the Institute of Chartered Accountants of India, the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

29. Foreign currency exposure not hedged by a derivative instrument or otherwise:

Sl.No	Particulars	Currencies	Amount Rs. million	
			31.03.2008	31.03.2007
a)	Borrowings, including interest accrued but not due thereon.	USD	53,076	46,424
		JPY	25,519	26,059
		Others	649	485
b)	Sundry creditors/deposits and retention monies	USD	6,425	6,261
		EURO	1,698	1,522
		Others	914	647
c)	Sundry debtor and Bank balances	GBP	101	67
		USD	51	4
		EURO	305	-
d)	Unexecuted amount of contracts remaining to be executed	USD	31,842	43,117
		EURO	15,994	7,266
		Others	2,147	1,572

30. The pre-commissioning expenses during the year amounting to **Rs. 1,699 million** (previous year Rs 1,366 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.721 million** (previous year Rs.488 million) resulting in a net pre-commissioning expenditure of **Rs. 978 million** (previous year Rs.878 million).

31. Payment to the Statutory Auditors (Schedule 22)

Rs. million

	Current Year	Previous Year
Audit Fees	6	5
Tax audit Fees	2	2
Certification Fees	6	6
Reimbursements		
- Travelling Expenses	5	5
- Service Tax	2	1
	21	19

32. a) Information in respect of Micro, Small and Medium Enterprises as at 31st March, 2008:

Rs. million

Sl. Particulars	Amount
a) Amount remaining unpaid to any supplier:	
• Principal amount	12
• Interest due thereon (*Rs.76,098/-)	*
b) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along-with the amount paid to the suppliers beyond the appointed day.	-
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. (*Rs.68,800/-)	*
d) Amount of interest accrued and remaining unpaid (*Rs.1,44,898/-)	*
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006	-

33. Loans and Advances due from subsidiaries:

(Rs. million)

Name of Subsidiary	Outstanding balance		Maximum amount	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
NTPC Electric Supply Company Ltd.	120	134	178	193
NTPC Vidyut Vyapar Nigam Ltd	15	12	49	29
Pipavav Power Development Company Ltd. (*Rs.11,096/-)	*	61	61	61
NTPC Hydro Ltd.	25	10	37	56
Kanti Bijlee Utpadan Nigam Ltd. (formerly Vaishali Power Generation Co. Ltd.)	269	46	269	46
Bharatiya Rail Bijlee Company Limited	1	-	1	-
Total	430	263	595	385

34. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs. 243,310 million** (previous year Rs.211,484 million).

35. Managerial remuneration paid/ payable to directors

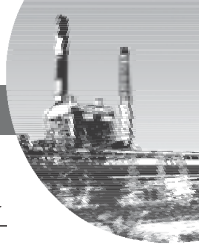
Rs. million

	Current year	Previous year
Salaries and allowances	9	6
Contribution to provident fund & other funds including gratuity & group insurance	1	1
Other benefits (# Rs.496,756/-)	2	#
Directors' fees	*	*

* **Rs. 4,20,000/-**(previous year Rs.600,000/-)

In addition to the above remuneration the whole time Directors have been allowed the use of staff car including for private journeys, on payment of Rs.780/- per month, as contained in the Ministry of Finance (BPE) Circular No.2 (18)/pc/64 dt.29.11.64, as amended.

The provisions for/contribution to gratuity, leave encashment and post-retirement medical facilities which are based on actuarial valuation done on an overall Company basis.



36. Licensed and Installed Capacities as at 31 st March:(As certified by Management)	<u>Current Year</u>	<u>Previous Year</u>		
Licensed Capacity - Not applicable				
Installed Capacity (MW Commercial units)	25,912	25,412		
Quantitative information in respect of Generation and Sale of Electricity (in MUs) :				
a) Pre-commissioning period :				
Generation	583	533		
Sales	557	505		
b) Commercial period :				
Generation	200,280	188,140		
Sales	187,988	176,530		
c) Value of imports calculated on CIF basis (Rs. million):				
Capital goods	11,802	7,358		
Spare parts	493	694		
d) Expenditure in foreign currency (Rs. million):				
Professional and Consultancy fee	44	30		
Interest	3,189	2,762		
Others	795	623		
e) Value of Components, Stores and Spare parts consumed (including fuel) (Rs. million):	%age	Amount	%age	Amount
Imported	3.66	8,282	4.29	8,750
Indigenous	96.34	218,039	95.71	195,095
f) Earnings in foreign exchange (Rs. million):				
Professional & Consultancy fee	30	6		
Interest	4	3		
Others	1	1		

37. Figures have been rounded off to nearest rupees in millions.

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

39. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

7	9	6	6	1	9	7	5	-	7	6
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 State Code:

5	5
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 Balance-sheet date

3	1	0	3	0	8
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II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

N	I	L
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 Rights Issue

N	I	L
---	---	---

 Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
9 4 9 7 1 6 4 2 9	9 4 9 7 1 6 4 2 9

Sources of Funds

Paid-up Capital
8 2 4 5 4 6 4 4
Secured Loans
7 3 1 4 7 4 7 0
Deferred Tax Liability
5 5 8 3 8 0 0 0

Application of Funds

Net Fixed Assets
2 6 0 9 3 6 6 7 5
Net Current Assets
1 7 6 1 8 8 5 0 0
Accumulated Losses
N I L

Reserves & Surplus
4 4 3 9 3 1 4 6 4
Unsecured Loans
1 9 8 7 5 8 5 0 7

Investments
1 5 2 6 7 2 1 8 6
Misc. Expenditure
N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
3 7 0 5 0 1 2 2 7	2 9 4 8 8 2 3 2 7
Profit/Loss before tax	Profit/Loss after tax
+ 1 0 2 5 4 9 4 3 8	+ 7 4 1 4 8 1 9 2
Earning per share in Rs	Dividend Rate %
8 . 9 9	3 5 . 0 0

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Product Description:	Item Code No.
G E N E R A T I O N O F E L E C T R I C I T Y	N A
C O N S U L T A N C Y S E R V I C E S	N A
M A N A G E M E N T O F P O W E R S T A T I O N S	N A

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(R.S. SHARMA)
Chairman & Managing Director

For Varma and Varma
Chartered Accountants
(Cherian K. Baby)
Partner
M No. 16043

As per our report of even date

For B.C. Jain & Co.
Chartered Accountants
(B.C. Jain)
Partner
M No 5690

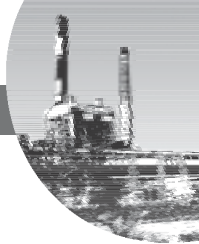
For Parakh & Co.
Chartered Accountants
(V.D. Mantri)
Partner
M No. 74678

For S.K. Mittal & Co.
Chartered Accountants
(S.K. Mittal)
Partner
M No 8506

For Dass Gupta & Associates
Chartered Accountants
(Naresh Kumar)
Partner
M No 82069

For S.K. Mehta & Co.
Chartered Accountants
(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008



AUDITORS' REPORT

To the Members of

NTPC LIMITED

1. We have audited the attached Balance Sheet of **NTPC LIMITED** as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in annexure referred to in para 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) Being a Government company, pursuant to the Notification no. GSR 829(E) dated 21.10.2000 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 27, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2008,
 - b. in the case of Profit and Loss Account, of the profit for the year ended on that date, and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Varma and Varma
Chartered Accountants

(Cherian K. Baby)
Partner
M No. 16043

For B.C. Jain & Co.
Chartered Accountants

(B.C. Jain)
Partner
M No 5690

For Parakh & Co.
Chartered Accountants

(V.D. Mantri)
Partner
M No. 74678

For S.K. Mittal & Co.
Chartered Accountants

(S.K. Mittal)
Partner
M No 8506

For Dass Gupta & Associates
Chartered Accountants

(Naresh Kumar)
Partner
M No 82069

For S.K. Mehta & Co.
Chartered Accountants

(S.K. Mehta)
Partner
M No 10870

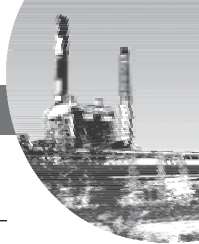
Place : New Delhi
Dated : 29th May 2008

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of NTPC LIMITED on the accounts for the year ended 31st March 2008

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Substantial part of the fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories, wherever material, have been properly dealt with in the books of account.
- (iii) (a) The company has not granted any loans secured or unsecured to any company, firm or other party covered in the register maintained under section 301 of the Companies Act, 1956.
- In view of clause (iii)(a) above, the clauses (iii)(b), (iii)(c) and (iii)(d) are not applicable.
- (e) The company has not taken any loans secured or unsecured from any company, firm, or other parties covered in register maintained under section 301 of the Companies Act, 1956.
- In view of (iii) (e) above, the clauses (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for 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 systems.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and the 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 the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine 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 within a period of six months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales-tax, wealth tax, service tax, custom duty, excise duty were in arrears as at 31st March 2008 for a period of more than six months from the date they became payable.
- (c) The disputed statutory dues aggregating to **Rs.523 million** that have not been deposited on account of matters pending before appropriate authorities are detailed below:

Sl.No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Rs./million
1	Central Sales Tax and Sales Tax Acts of Various States	Sales Tax	Additional Commissioner of Sales Taxes	66
			Commissioner of Sales Tax	214
			Dy. commissioner of Sales/ Commercial Taxes	134



Sl.No.	Name of Statute	Nature of dues	Forum where the dispute is pending	Rs./million
			High Court	19
			Sales Tax Tribunal	43
			Joint Commissioner (Appeal) Trade tax	9
2	Water (Prevention & Control of Pollution) Cess Act 1977	Water/Pollution Cess	Appellate Authority, Pollution Control Board	24
3.	Dy.Inspector General of Registration & Stamp	Land tax	Appellate authority –Revenue Board	7
4.	Central Excise duty	Central Excise duty	CESTAT	3
5.	Income Tax Department	Income tax	Income tax tribunal	4
	Total			523

- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) 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 the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company has created security in respect of the Bonds issued by the company.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year covered by the audit.
- (xxi) According to the information and explanations given to us, no fraud has been committed to or by the Company during the year. In respect of three suspected frauds of earlier years, suitable action has been taken in two cases and in one case claim for Rs.1 million has been lodged and suitable disciplinary action against the concerned employee is in process.

For Varma and Varma
Chartered Accountants
(Cherian K. Baby)
Partner
M No. 16043

For B.C. Jain & Co.
Chartered Accountants
(B.C. Jain)
Partner
M No 5690

For Parakh & Co.
Chartered Accountants
(V.D. Mantri)
Partner
M No. 74678

For S.K. Mittal & Co.
Chartered Accountants
(S.K. Mittal)
Partner
M No 8506

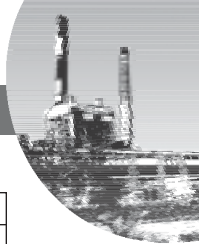
For Dass Gupta & Associates
Chartered Accountants
(Naresh Kumar)
Partner
M No 82069

For S.K. Mehta & Co.
Chartered Accountants
(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NTPC LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2008 AND MANAGEMENT REPLIES THEREON

Comment	Management Reply
<p>The preparation of financial statements of NTPC Limited, New Delhi for the year ended 31 March 2008 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 29 May 2008.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of NTPC Limited, New Delhi for the year ended 31 March 2008. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:</p> <p>A. Comment on Profitability Profit & Loss Account Sales (Schedule 18): Rs.37050.10 crore</p> <p>A reference is invited to note no. 2 (b) of Notes on Accounts (Schedule 27). Pending disposal of the appeal filed by the Central Electricity Regulatory Commission (CERC) before the Supreme Court of India, the Company accounted sales for the year amounting to Rs.30701.30 crore based on the provisional tariff as per the methodology and directions given by the Appellate Tribunal for Electricity.</p> <p>These sales include a sum of Rs.938.30 crore (including Rs.621.80 crore pertaining to previous years 2004-05 to 2006-07) on account of certain parameters which have been disputed by CERC. As the case was sub-judice, the income recognition should have been postponed to the extent of Rs.938.30 crore as required by the Accounting Standard -9 prescribed under section 211 (3C) of the Companies Act, 1956.</p>	<p>The Company appealed before the Appellate Tribunal for Electricity (ATE) against the tariff orders issued by the Central Electricity Regulatory Commission (CERC) for determination of tariff for its power stations. The ATE upheld the appeals of the Company and directed the CERC to revise the tariffs as provided in its order. CERC has filed an appeal before the Hon'ble Supreme Court on some of the issues decided by the ATE, mainly on the grounds that ATE's order is contrary to the provisions of Tariff Regulations, 2004 notified by the CERC.</p> <p>In the opinion of the management, duly supported by independent legal advice, the ATE's order is entirely in conformity with the Tariff Regulations, 2004 and it is reasonable to expect ultimate collection. Pending disposal of the appeal, sales have been correctly accounted for based on ATE's order, in accordance with Accounting Standard (AS) 9 'Revenue Recognition' prescribed under section 211 (3C) of the Companies Act, 1956 and accounting policies of the Company.</p>



Comment	Management Reply
<p>B. Comment on financial position Current Liabilities and Provisions: Rs.7929.90 crore</p> <p>The above did not include Rs.25.81 crore towards the net present value of the forest land diverted for Rihand thermal power station, payable as per directions issued by the Compensatory Afforestation Fund Management and Planning Authority in compliance with the orders dated 15 September 2006 of the Supreme Court of India. Disclosing this amount under Contingent Liabilities (Schedule 17) has resulted in overstatement of the Contingent Liabilities and understatement of the Current Liabilities as well as gross block of Fixed Assets (Schedule 6) by Rs.25.81 crore.</p>	<p>The Company has complied with the conditions stipulated in the 'In-principle approval' granted by the Ministry of Environment and Forests for diversion of the subject forest land in the year 1997. The management is of the view that the directions issued by the Compensatory Afforestation Fund Management and Planning Authority referred by audit are applicable only in cases where approval for change of user agency is given after 29/30 October 2002 and are not applicable in the instant case. The Company has also contested the additional demand made by the Forest Officer as not being payable. Disclosure of the amount demanded by the Forest Officer as contingent liability is thus in accordance with Accounting Standard (AS) 29 'Provisions, Contingent Liabilities and Contingent Assets' prescribed under section 211 (3C) of the Companies Act, 1956 and the accounting policies of the Company.</p>

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

(Ghazala Meenai)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi

Place: New Delhi
Dated: 17 July 2008

For and on behalf of the
Board of Directors

(R.S. Sharma)
Chairman and Managing Director

Place: New Delhi
Dated: 29 July, 2008

EMPLOYEE COST SUMMARY

(Rs. million)

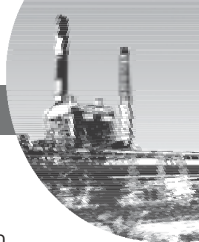
Description	1998-1999	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
A. Salaries, wages & benefits* (incl.Provident Fund and other contributions)	4,363	5,789	7,082	7,494	7,590	8,180	8,248	9,568	11,703	19,093
B. Other Benefits										
1. Welfare expenses	733	772	1,044	1,359	1,352	1,430	1,723	1,807	1,975	3,200
2. Township	461	565	520	469	460	575	629	567	610	656
3. Educational & school facilities	116	125	140	121	119	158	160	160	183	221
4. Medical facilities	262	284	298	359	383	427	424	444	571	650
5. Subsidised transport	28	39	28	39	35	45	47	46	36	48
6. Social & cultural activities	87	67	133	79	79	109	108	100	102	120
7. Subsidised canteen	112	130	142	114	139	159	160	174	223	262
Total (B)	1,799	1,982	2,305	2,540	2,567	2,903	3,251	3,298	3,700	5,157
Total (A+B)	6,162	7,771	9,387	10,034	10,157	11,083	11,499	12,866	15,403	24,250
8. Year end number of employees	20,798	21,265	21,289	21,383	21,408	20,971	21,420	21,870	23,602	23,677
9. Average number of employees	20,754	21,032	21,277	21,336	21,396	21,190	21,196	21,645	22,736	23,640
10. Average Salary, wages & benefits per employee per annum (Rs.)	210,225	275,247	332,848	351,237	354,747	386,040	389,139	442,042	514,734	807,657
11. Average cost of other benefits per employee per annum (Rs.)	86,682	94,237	108,333	119,048	119,979	137,002	153,382	152,368	162,738	218,147
12. Average cost of employees remuneration & benefits per annum (Rs.)	296,907	369,484	441,181	470,285	474,726	523,042	542,521	594,410	677,472	1,025,804

* Excluding payment to personnel employed for social amenities

REVENUE EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR ENDED 31st MARCH 2008

(Rs. million)

Particulars	Township	Educational and School Facilities	Medical facilities	Subsidised Transport	Social and Cultural Activities	Subsidised Canteen	Total	Land Scaping and Wasteland development	Previous Year
1 Payment to employees	189	32	484	7	50	30	792	-	688
2 Material consumed	79	-	79	-	-	-	158	-	148
3 Rates and taxes	29	-	-	-	-	-	29	-	25
4 Welfare expenses	47	140	551	48	99	259	1,144	1	987
5 Others including repairs & maintenance	451	73	44	3	19	-	590	9	511
6 Depreciation	209	8	10	-	5	3	235	-	249
7 Sub-total (1 to 6)	1,004	253	1,168	58	173	292	2,948	10	2,608
8 Less : Recoveries	159	-	34	3	3	-	199	-	196
9 Net expenditure (7-8)	845	253	1,134	55	170	292	2,749	10	2,412
10 Previous Year	767	246	949	55	146	249	2,412	16	-



FUND FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

		Rs. million
	Current Year	Previous Year
STATEMENT OF SOURCES AND APPLICATION OF FUNDS		
SOURCES		
Fund Generated from Operating Activities	I 101089	92039
Deferred revenue on account of Advance Against Depreciation	7167	2159
Deffered Foreign Currency Fluctuation Liability	2554	
Interest/ Income on Bonds/Investments received	12427	14560
Sale of Investment	4829	33157
Bonds under One Time Settlement Scheme	16514	24000
Dividend received on Investments	96	150
Proceeds from Long Term Borrowings	50234	60508
	194910	226573
APPLICATION		
Expenditure on Fixed Assets	83326	79490
Purchase of Investment	3854	22647
Investment in Subsidiaries/Joint Ventures	9218	2562
Repayment of Long Term Borrowings	23172	17637
Interest	16598	15701
Guarantee Commission and other finance charges	387	549
Dividend	28859	26385
Dividend Tax	4905	3896
	170319	168867
Net Increase / Decrease in Working Capital	II 24591	57706
	194910	226573
I FUND FROM OPERATIONS		
Net Profit before tax, Prior Period Adjustments and Extra Ordinary Items	105294	88965
Adjustment for:		
Depreciation	22479	21852
Interest	16598	15701
Guarantee Commission and other finance charges	387	549
Interest / Income on Bonds / Investment received	(12427)	(14560)
Prior Period Adjustment (Net)	(2745)	109
Dividend Income	(96)	(150)
	24196	23501
Operating Profit	129490	112466
Direct Taxes (Net of income tax recoverable)	(28401)	(20427)
Fund Generated from Operating Activities	101089	92039
II STATEMENT OF CHANGES IN WORKING CAPITAL		
Cash and Bank Balances	16186	48432
Inventories	1655	1697
Trade and Other Receivables	17304	3845
Trade Payables & Other Liabilities	(9070)	(6876)
Loans and Advances	(122)	10189
Other Current Assets	(1362)	419
Net Increase / Decrease in Working Capital	24591	57706

SUBSIDIARY COMPANIES

NTPC ELECTRIC SUPPLY COMPANY LIMITED
(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their Sixth Annual Report on the working of the Company for the financial year ended on 31st March 2008 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

	Rs. million	
	2007-08	2006-07
Total Income/Revenue	418.92	206.84
Total Expenditure	226.44	159.55
Profit before Tax	192.48	47.29
Less: Tax	65.83	17.96
Profit after tax	126.65	29.33
Balance brought forward	9.23	2.86
Balance available for appropriation	135.88	32.19
Transfer to general reserve	12.67	2.93
Interim Dividend	-	15.00
Proposed Dividend	17.50	2.50
Tax on Interim Dividend	-	2.10
Tax on proposed Dividend	2.97	0.43
Surplus carried forward	102.74	9.23

DIVIDEND

Your Directors have recommended a dividend of Rs. 17.50 million for the financial year 2007-08. The dividend shall be paid after your approval at this Annual General Meeting.

OPERATIONAL REVIEW

The activities as Advisor cum Consultant (AcC) under the Accelerated Power Development Reforms Programme (APDRP), an initiative taken by the Ministry of Power (MoP) for power development reforms, have continued to be undertaken by your Company.

Your company has received "Excellent" rating against the achievement of MOU target for the year 2005-06 & 2006-07 in succession. Your company has also been conferred the "Trophy for Excellence in maintaining the Financial Accounts" amongst the subsidiaries of NTPC Limited for the year 2006-07 in the inaugural year of instituting the system of this award.

Under Rajeev Gandhi Grameen Viduyutikaran Yojana (RGGVY), a Govt. of India's Programme introduced in April 2005 for achieving the National Common Minimum Programme objective of providing access to electricity to all Rural Households over a period of four years, your company has been assigned the work of implementation of Rural electrification on turnkey basis in six states i.e. Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Kerala, West Bengal and the Union Territory of Lakshadweep covering approximately 40,000 villages in 40 districts. Rural Electrification Corporation Limited (REC) is the nodal agency for the programme. The work is in progress as per sanction received and fund released by REC.

In West Midnapore district of West Bengal, infrastructure for village electrification of assigned un-electrified villages has been completed. Village electrification has also been started in Ashok Nagar and Guna districts of Madhya Pradesh, Champa district of Chhattisgarh, Angul and Nayagarh districts of Orissa, Jamtara and Deogarh districts of Jharkhand.

In addition to above, 22 more projects under RGGVY (3 in Chhattisgarh, 3 in West Bengal, 6 in Jharkhand and 10 in Orissa) have been sanctioned by REC to be taken up by your company for XI plan period. The process of executing these new projects has been started.

Besides implementation of rural electrification works, services for post award project monitoring and supervision of quality work for the projects under execution by the state utility under the RGGVY scheme are being provided by your Company in the states of Uttarakhand, Madhya Pradesh and Karnataka as per quadripartite agreement signed earlier for the X plan projects.

Your Company is also assisting the Discoms & Utilities in enhancement and bringing the sectoral reform process and has been participating in various projects of distribution infrastructural development programme under consultancy assignments. During the year, your Company has completed turnkey assignments of conversion and rerouting of three existing 66 kV overhead lines by underground cable for phase-I & II of Rajiv Gandhi Technology Park at Kishangarh in Union Territory of Chandigarh.

Your Company is also executing turnkey assignment of 3x10 MVA, 33/11kV substation and associated 33kV Line with allied equipment at Mega Sports Complex, Hotwar, Ranchi. Your Company has also been assigned APDRP work in 5 towns of Shivpuri districts in the state of Madhya Pradesh on turnkey basis.

Uttarakhand Power Corporation Limited and MP Poorv Kshetra Viduyut Vitaran Corporation Limited, in their effort to improve the quality of the electrical equipments, have chosen your Company for providing third party inspection services for their stock material procurements.

Your Company is also in the process of formation of a Joint Venture with Kerala Industrial Infrastructure Development Corporation (KINFRA) for acquiring the business of the retail distribution of electricity in various industrial parks being developed by KINFRA in the state of Kerala.

Your Company is also discussing with prospective developers of SEZ and integrated mega township for captive power generation and retail distribution.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2008.

AUDITORS' REPORT AND MANAGEMENT COMMENTS THEREON

The Comptroller & Auditor General of India (C&AG) has appointed M/s Satish K. Aggarwal & Co., Chartered Accountants as the Statutory Auditor of the Company for the financial year ending 2007-08.

In their report, the Statutory Auditors of the Company have drawn the attention of the members to Note no.10 of schedule 16 to the financial statements. The note explains the basis for recognition of income from consultancy contracts. Technical estimates of the percentage of completion and project costs are considered by the company for works where percentage completion basis is adopted for determining income, in line with the terms of respective consultancy contracts.

C&AG REVIEW

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3)(b). C&AG vide its letter dated June 30, 2008 communicated that on the basis of audit, nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A letter from C&AG on the accounts of the Company for the financial year 2007-08 is enclosed at Annexure I.

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

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as your Company does not own any manufacturing facility. During the period under review there are no foreign exchange earnings and outgo.

PARTICULARS OF EMPLOYEES

During the period under review, the Company had no employees of the category falling under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-08 and of the profit of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Shri T. Sankaralingam has, consequent upon his superannuation from the services of NTPC Limited, ceased to be the Chairman of the Company w.e.f. April 30, 2008. Pursuant to the Articles of Association of the Company, the Chairman & Managing Director of NTPC Limited shall be the ex-officio part-time Chairman on the Board of the Company. Accordingly, Shri R.S. Sharma on taking over as the Chairman & Managing Director of NTPC Limited was appointed as Chairman of the Company w.e.f. May 1, 2008. Your Board places on record its deep appreciation for the valuable contribution made by Shri T. Sankaralingam during his tenure.

In accordance with the provisions of Companies Act, 1956, Shri R.K. Jain, Director shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offers himself for re-election.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by the Ministry of Power, various state governments, various state utilities, various customers, NTPC Limited, the Auditors, the Bankers and the employees of the Company.

For and on behalf of the Board of Directors

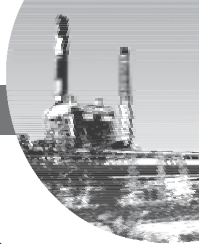
(R.S. SHARMA)
CHAIRMAN

Place: New Delhi
Date: July 4, 2008

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2008 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 12 May 2008.



I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

(Ghazala Meenai)
Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III,
New Delhi

Place: New Delhi
Dated: 30 June, 2008

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. FIXED ASSETS

- 2.1 Fixed Assets are shown at historical cost.
- 2.2 Intangible assets are recorded at their cost of acquisition.

3. PROFIT AND LOSS ACCOUNT

3.1 INCOME RECOGNITION

- 3.1.1 Income from consultancy service is accounted for on the basis of actual progress/ technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 3.1.2 Claims for reimbursement of expenditure are recognised as other income, as per the terms of consultancy service contracts.
- 3.1.3 Liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptances.

3.2 EXPENDITURE

- 3.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:
 - a Personal Computers and Laptops including peripherals 19%
 - b Photocopiers and Fax Machines 19%
 - c Air-conditioners, Water Coolers and Refrigerators 8%
- 3.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 3.2.3 Assets costing up to Rs. 5,000/- are fully depreciated in the year of acquisition.
- 3.2.4 Cost of software recognized as intangible assets is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 3.2.5 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 unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 3.2.6 Expenses on ex-gratia payments under voluntary retirement scheme and training and recruitment are charged to revenue in the year of incurrence.
- 3.2.7 The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. NTPC Limited on actuarial valuation at the year-end. The company provides for such employee benefits as apportioned by the Holding Company.
- 3.2.8 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue in the year of incurrence.
- 3.2.9 Pre-paid expenses and prior period expenses/income of items of Rs. 1,00,000/- and below are charged to natural heads of accounts.

4. PROVISIONS AND CONTINGENT LIABILITIES

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

NTPC ELECTRIC SUPPLY COMPANY LIMITED BALANCE SHEET AS AT 31st MARCH 2008

		Rs.	
		31.03.2008	31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	809100	809100
Reserves & surplus	2	118338167	12160508
Deferred tax liability		178058	433277
TOTAL		119325325	13402885
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	8650782	2127492
Less: Depreciation		2348668	658992
Net Block		6302114	1468500
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	4	81101209	216812958
Cash and bank balances	5	1946090513	1239305714
Other current assets	6	1005330	981048
Loans and advances	7	193502346	4580685
		2221699398	1461679705
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	8	2072241876	1437023733
Provisions	9	36434311	12721587
		2108676187	1449745320
Net current assets		113023211	11934385
TOTAL		119325325	13402885

Schedules 1 to 16 and accounting policies form integral part of accounts.

As per our attached report of even date

For Satish K. Aggarwal & Co.

Chartered Accountants

(Piyush Aggarwal)
Partner

Place: New Delhi
Dated: 22nd May, 2008

For & on behalf of the Board of Directors

(A. K. Singhal) (R.S. Sharma)
Director Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

		Rs.	
		Current Year	Previous Year
INCOME			
Sales	11	311037590	179543780
Other income	12	107885098	272945226
Total		418922688	206838306
EXPENDITURE			
Employees' remuneration and benefits	13	182557646	110486456
Administration and other expenses	14	42182915	48590853
Depreciation		1689676	462903
Interest & finance charges	15	11728	7342
Total		226441965	159547554
Profit before tax		192480723	47290752
Provision for			
– Current tax		64078971	16164650
– Fringe Benefit tax		2005187	1357275
– Deferred tax		(255219)	439530
		65828939	17961455
Profit after tax		126651784	29329297
Balance brought forward		9227508	2859836
Balance available for appropriation		135879292	32189133
Transfer to General Reserve		12667000	2933000
Dividend			
– Interim		-	15000000
– Proposed		17500000	2500000
Tax on Dividend			
– Interim		-	2103750
– Proposed		2974125	424875
Balance carried to Balance Sheet		102738167	9227508
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted		1565.34	362.49

For Satish K. Aggarwal & Co.
Chartered Accountants

(Piyush Aggarwal)
Partner

Place: New Delhi
Dated: 22nd May, 2008

For & on behalf of the Board of Directors

(A. K. Singhal) (R.S. Sharma)
Director Chairman

NTPC ELECTRIC SUPPLY COMPANY LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1
CAPITAL

	31.03.2008	Rs. 31.03.2007
Authorised		
10,000,000 equity shares of Rs. 10/- each (Previous year 10,000,000 equity shares of Rs. 10/- each)	100000000	100000000
Issued, Subscribed and Paid-Up		
80,910 equity shares of Rs. 10/- each (Previous year 80,910 equity shares of Rs. 10/- each) are held by the holding company, NTPC Ltd. and its nominees.	809100	809100

SCHEDULE 2
RESERVES AND SURPLUS

	31.03.2008	Rs. 31.03.2007
General Reserve		
As per last Balance Sheet	2933000	452000
Less: Adjustment during the year	-	452000
	2933000	-
Add: Transfer from Profit & Loss Account	12667000	2933000
	15600000	2933000
Surplus, balance in Profit & Loss Account	102738167	9227508
Total	118338167	12160508

SCHEDULE 3
FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK		Rs.	
	As at 01.04.2007	Additions	Deductions / Adjustments	As at 31.03.2008	As at 01.04.2007	For the year	Deductions / Adjustments	Up to 31.03.2008		As at 31.03.2008
TANGIBLE ASSETS										
Furniture, fixtures & other office equipment	968403	3959494	-	4927897	231353	1048280	-	1279633	3648264	737050
EDP & WP machines	627402	2158588	-	2785990	82184	447901	-	530085	2255905	545218
INTANGIBLE ASSETS										
Software	531687	405208	-	936895	345455	193495	-	538950	397945	186232
Total	2127492	6523290	-	8650782	658992	1689676	-	2348668	6302114	1468500
Previous year	733842	1393650	-	2127492	196089	462903	-	658992	1468500	537753

SCHEDULE 4
SUNDRY DEBTORS

	31.03.2008	Rs. 31.03.2007
Debts outstanding over six months		
- Unsecured, considered good	38538568	75470047
Other debts		
- Unsecured, considered good	42562641	141342211
Total	81101209	216812258

SCHEDULE 5
CASH AND BANK BALANCES

	31.03.2008	Rs. 31.03.2007
Balances with scheduled banks		
- Current Account	-	10760009
- Term Deposit Account	1946090513	1228545705
Total	1946090513	1239305714

SCHEDULE 6
OTHER CURRENT ASSETS

	31.03.2008	Rs. 31.03.2007
Interest accrued on short term deposits with Indian banks	203628	949667
Other recoverables	801702	31381
Total	1005330	981048

SCHEDULE 7
LOANS & ADVANCES

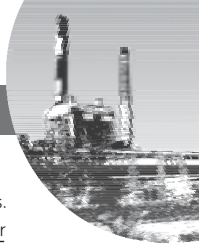
	31.03.2008	Rs. 31.03.2007
ADVANCES		
Others		
- Unsecured, considered good	102000	439920
Claims recoverable		
- Unsecured, considered good	187361000	-
DEPOSITS		
Advance tax deposit & tax deducted at source	90904891	24927339
Less: Provision	84865545	20786574
	6039346	4140765
Total	193502346	4580685

SCHEDULE 8
CURRENT LIABILITIES

	31.03.2008	Rs. 31.03.2007
Sundry Creditors		
For goods and services		
- Other than Micro & Small Enterprises	192153594	119719395
Book overdraft	130617999	-
Deposits, retention money from contractors and others	663643	158971
	323435236	119878366
Advances from customers and others	121011044	104299971
Other liabilities	24030727	20404927
Amount received against deposit works	1483288115	1058061386
Amount payable to NTPC Ltd.	120476754	134379083
Total	2072241876	1437023733

SCHEDULE 9
PROVISIONS

	31.03.2008	Rs. 31.03.2007
Fringe Benefit tax		
As per last Balance Sheet	174477	(32798)
Additions during the year	2005187	1357275
Less: Advance tax deposited	2108782	1150000
	70882	174477
Proposed Dividend		
As per last Balance Sheet	2500000	1356000
Additions during the year	17500000	2500000
Amounts used during the year	2500000	1356000
	17500000	2500000
Tax on Proposed Dividend		
As per last Balance Sheet	424875	190179
Additions during the year	2974125	424875
Amounts used during the year	424875	190179
	2974125	424875
Employee benefits		
As per last Balance Sheet	9622235	-
Additions during the year	11584352	11524191
Amounts used during the year	5317283	1901956
	15889304	9622235
Total	36434311	12721587



	31.03.2008	Rs. 31.03.2007
SCHEDULE 10		
CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debt in respect of:		
Others	4902907	-
Total	<u>4902907</u>	<u>-</u>
Possible reimbursement Rs. 49,02,907 (Previous year Nil)		

	Current Year	Previous Year
SCHEDULE 11		
SALES		
Consultancy, project management and supervision fees	311037590	179543780
Total	<u>311037590</u>	<u>179543780</u>

	Current Year	Previous Year
SCHEDULE 12		
OTHER INCOME		
Reimbursibles billed to clients	4325616	8335201
Interest from Indian Banks (Gross) (Tax deducted at source Rs. 23240511, Previous year Rs. 4209613)	102713596	18862242
Interest on Income Tax refunds	-	63470
Others	845886	33613
Total	<u>107885098</u>	<u>27294526</u>

	Current Year	Previous Year
SCHEDULE 13		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus, allowances & benefits	146118835	82708210
Contribution to provident and other funds	11783897	6105420
Welfare expenses	24654914	21672826
Total	<u>182557646</u>	<u>110486456</u>

	Current Year	Previous Year
SCHEDULE 14		
ADMINISTRATION AND OTHER EXPENSES		
Power charges	281524	199577
Rent	2604032	1476055
Repairs and maintenance		
Building	-	-
Others	4021996	1456568
	4021996	1456568
Insurance	10793	22468
Training and recruitment expenses	8375	15400
Communication expenses	2805296	1632358
Traveling expenses	15378223	12064479
Tender expenses	360961	1827831
Less: Receipt from sale of tenders	-	3093758
	360961	(1265927)
Payment to Auditors		
Audit fee	44944	33672
Tax audit fee	15730	11785
In other capacity	11236	8418
Out of pocket expenses	12001	-
	83911	53875
Advertisement & publicity	138192	42235
Entertainment expenses	585879	648030
Expenses for transit camp	754839	179388
Brokerage & commission	29450	-
Books and periodicals	35848	41871
Professional charges & consultancy fees	6136345	28295703
Legal expenses	34250	-
EDP hire and other charges	337628	334223
Printing and stationary	542243	292060
Miscellaneous expenses	8033130	3102490
Total	<u>42182915</u>	<u>48590853</u>

	Current Year	Previous Year
SCHEDULE 15		
INTEREST AND FINANCE CHARGES		
Interest on:		
Others	9929	-
Finance Charges:		
Bank charges	1799	7342
Total	<u>11728</u>	<u>7342</u>

- SCHEDULE 16**
Notes on Accounts
- The Company is operating in a single segment, that is providing consultancy, project management and supervision services.
 - Earning per share:
The elements considered for calculation of Earnings per share (Basic & Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rupees)	12,66,51,784	2,93,29,297
Weighted average number of equity shares used as denominator	80,910	80,910
Earning per share (Rupees) – Basic & Diluted	1,565.34	362.49
Face value per share (Rupees)	10.00	10.00

- Disclosure regarding Operating Leases:
The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs. 69,02,915 (Previous year Rs. 56,67,879) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and transit camps are shown as Rent in Schedule 14 - Administration and other expenses.
- The item-wise details of deferred tax liability (net) are as under: Rs.

	31.03.2008	31.03.2007
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	1,78,058	15,510
ii) Allowed u/s 43B of the Income Tax Act, 1961	-	4,20,490
Less: Deferred tax assets	-	2,723
i) Provisions disallowed for tax purposes		
Deferred Tax Liability (Net)	1,78,058	4,33,277

- The net decrease in the deferred tax liability of Rs. 2,55,219 (Previous year increase Rs. 4,39,530) has been debited to Profit and Loss Account.
- All the employees of the Company are on secondment from the Holding Company, i.e. NTPC Ltd.
 - Employees' remuneration and benefits include Rs. 1,89,76,143 (Previous year Rs. 80,32,100) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme as apportioned by Holding Company i.e. NTPC Limited on actuarial valuation at the year end.
 - The pay revision of the employees of the company is due w.e.f. 1st January 2007. Pending decision of the committee formed by the GOI, a provision of Rs. 3,42,12,605 (Previous year Rs. 75,05,672) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided up to 31st March 2008 is Rs. 4,17,18,277 (Previous year Rs. 75,05,672).
 - Employees' remuneration and benefits include Rs. 10,59,048 towards tax liability on housing perquisites of employees borne by the company as per the decision of the Holding Company i.e. NTPC Limited.
 - The common services being utilized by the Company for its office at NOIDA are provided without any charges by the Holding Company.

- 10) Wherever percentage completion basis is adopted for determining income from consultancy contracts, technical estimates of the percentage of completion and project costs have been considered.
- 11) Based on the information available with the company, there are no suppliers/contractors/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March 2008.
- 12) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 6,86,407 (Previous year Nil).
- 13) Previous year's figures have been regrouped/rearranged wherever necessary.
- 14) Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

1. Registration Detail

State Code: 055
 Registration No. U40108DL2002GO1116635
 Date 31 Month 03 Year 2008
 Balance Sheet Date

2. Capital Raised during the year

(Rs. in Thousands)

Public Issue	Right issue
<u>Nil</u>	<u>Nil</u>
Bonus Issue	Private Placement
<u>Nil</u>	<u>Nil</u>

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<u>2228001</u>	<u>2228001</u>

Source of Funds

Paid up Capital	Reserve & Surplus
<u>809</u>	<u>118338</u>
Secured Loans	Unsecured Loans
<u>Nil</u>	<u>Nil</u>
Deferred Tax Liability	
<u>178</u>	

Application of Funds

Net Fixed Assets	Investments
<u>6302</u>	<u>Nil</u>
Net Current assets	Deferred Tax Asset
<u>113023</u>	<u>Nil</u>
Misc. Expenditure	Accumulated Losses
<u>Nil</u>	<u>Nil</u>

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<u>311038</u>	<u>226442</u>
Profit Before Tax	Profit After Tax
<u>192481</u>	<u>126652</u>
Earning Per Share in Rs.	Dividend Rate (%)
<u>1565.34</u>	<u>2162.90</u>

5. Generic name of three principal products/services of Company

Item Code No. (ITC Code)	(As per monetary terms)
Product Description	N.A.
	Consultancy Services

For Satish K. Aggarwal & Co.
Chartered Accountants

For & on behalf of the Board of Directors

(Piyush Aggarwal)
Partner

(A. K. Singhal)
Director

(R.S. Sharma)
Chairman

Place: New Delhi
Date : 22nd May, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

Rs.

A. CASH FLOW FROM OPERATING ACTIVITIES

	Current Year	Previous Year
Net Profit/(Loss) before tax and Prior Period Adjustments	192480723	47290752
Adjustment for:		
Depreciation	1689676	462903
Interest Received	(102713596)	(18862242)
Operating Profit before Working Capital Changes	91456803	28891413
Adjustment for:		
Trade & Other Receivables	135711049	(66862166)
Trade Payables & Other Liabilities	641485212	1127098802
Other Current Assets	(770321)	(31381)
Loans & Advances	(187023080)	(420190)
Cash generated from operations	680859663	1088676478
Direct Taxes Paid	68086334	20634892
Net Cash from Operating Activities - A	612773329	1068041586

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(6523290)	(1393650)
Interest Received	103459635	19782851
Net cash flow from Investing Activities - B	96936345	18389201

C. CASH FLOW FROM FINANCING ACTIVITIES

Dividend Paid	(2500000)	(16356000)
Tax on Dividend	(424875)	(2293929)
Net Cash flow from Financing Activities - C	(2924875)	(18649929)

D. OTHERS

Net Increase/Decrease in Cash & Cash equivalents (A + B + C + D)	706784799	1067780858
Cash & cash equivalents (Opening balance)	1239305714	171524856
Cash & cash equivalents (Closing balance)	1946090513	1239305714

Notes: Cash & Cash equivalents consist of Cash in Hand and Balance with Banks.

Previous year's figures have been regrouped/rearranged wherever necessary

As per our attached report of even date

For Satish K. Aggarwal & Co.

Chartered Accountants

(Piyush Aggarwal)

Partner

Place: New Delhi

Dated: 22nd May, 2008

For & on behalf of the Board of Directors

(A. K. Singhal) (R.S. Sharma)

Director

Chairman

AUDITORS' REPORT

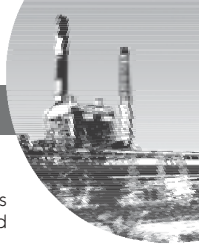
To the Members of

NTPC ELECTRIC SUPPLY COMPANY LTD.

1. We have audited the attached Balance Sheet of NTPC Electric Supply Company Ltd. (a wholly owned subsidiary of NTPC Ltd.) as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



4. We would draw attention to:

Note no. 10 of schedule 16 to financial statements in respect of income recognition, technical estimates of percentage of completion and project costs have been certified by the management and hence relied upon by us.

5. Further to our comments in annexure referred to in para 3 & 4 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) Being a Government company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company;
- (f) In our opinion, and according to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 15, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2008,
 - b. in the case of Profit and Loss Account, of the profit for the year ended on that date, and
 - c. in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For Satish K. Aggarwal & Co.
Chartered Accountants

(Piyush Aggarwal)
Partner

Membership No.: 504025

Place: New Delhi

Date : 22nd May, 2008

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) *All the assets have been physically verified by the management during the year. However the system needs to be strengthened.*
 - (c) No fixed assets have been disposed off during the year.
- (ii) (a) The company does not have inventory.
Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (iii) (a) The Company has not granted any loans secured or unsecured to any company, firm or other party covered in the register maintained under section 301 of the Companies Act 1956.
In view of (iii) (a) above, the clauses (iii) (b), (iii) (c) and (iii) (d) are not applicable.
- (e) The Company has not taken any loans secured or unsecured from any company, firm or other party covered in the register maintained under section 301 of the Companies Act 1956.
In view of (iii) (e) above, the clauses (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) The company has not carried out any transactions required to be entered in the register maintained under section 301 of the Companies Act 1956.
 - (b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) The Company has not accepted deposits from the public.
- (vii) The provisions of the Order related to internal audit are not applicable to the company as the paid up capital plus reserves of the company are less than Rs. 50 lac at the commencement of the year under audit and the average annual turnover for the three consecutive financial years immediately preceding the year under audit being less than Rs. 5 crore. However, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to the company, as the company has not commenced any activities related to distribution of electricity.

(ix) (a) Undisputed statutory dues including income tax, sales tax, wealth tax, service tax, excise duty, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

The provisions related to provident fund, investor education and protection fund and employees' state insurance etc. along with the related provisions of clause (ix) (b) are not applicable to the company.

(b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.

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

(xi) Not applicable as the company has not taken any loans from any financial institution, bank or by way of issue of debentures.

(xii) The company has not granted any loans or advances.

(xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) The company has not raised any term loans.

(xvii) The company has not raised any short term or long-term funds.

(xviii) The company has not made preferential allotment of shares to companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956.

(xix) The company has not issued any debentures.

(xx) The company has not raised money through a public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Satish K. Aggarwal & Co.
Chartered Accountants

(Piyush Aggarwal)
Partner

Membership No.: 504025

Place: New Delhi

Date : 22nd May, 2008

NTPC HYDRO LIMITED

(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their sixth Annual Report on the performance of the Company for the financial year ended 31st March 2008 together with the Audited Accounts and Auditors' Report thereon.

OPERATIONAL REVIEW

Your company was set up as a wholly owned subsidiary of NTPC Limited, in the year 2002 to undertake development of small Hydro Electric Projects i.e. upto 250 MW capacities.

Your company's maiden project namely Lata-Tapovan Hydro Electric Project (171 MW Capacity), located in Chamoli District of Uttarakhand State, is making steady progress. The statutory clearances including Techno-Economic clearance of Central Electricity Authority and Environment clearance of Ministry of Environment and Forests for this project have been obtained. The land for the project has been acquired and various project works are under tendering stages.

The other project undertaken is Rammam Stage-III Hydro Electric Power Project (120 MW Capacity) located in Darjeeling District of West Bengal State. All the major clearances including Techno Economic clearance of Central Electricity Authority, Environment clearance of Ministry of Environment and Forests have been obtained and formal forest clearance is under progress. Land acquisition activities and infrastructural development works for the project are being carried out.

FINANCIAL REVIEW

The financial highlights of the Company are as under:

Rs. Million

	F/Y 2007-08	F/Y 2006-07
Paid-up Share Capital	562.80	381.61
Share Capital Deposit - Pending Allotment	60.00	6.00
Net Block	34.62	5.51
Capital work in progress	343.59	142.24
Construction Stores & Advances	195.92	175.96
Expenditures transferred to IEDC	89.94	82.07

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2008.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) vide letter dated 7th August 2007 has appointed M/s K. Prasad & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2007-08.

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

COMPTROLLERS & AUDITOR GENERAL REVIEW

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3) & 619(4). C&AG vide its letter dated June 27, 2008 communicated that on the basis of audit nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. Letter from C&AG on the accounts of the Company for the financial year 2007-08 is at Annexure I.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act 1956, your Company has constituted an Audit Committee of the Board of Directors. The following directors are the current members of the Committee:

1. Shri A.K. Singhal
2. Shri R.C. Shrivastav
3. Shri K.B. Dubey

Shri T.Sankaralingam ceased to be member of the Committee w.e.f. 30th April 2008.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over the specified amount, the particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be given.

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

Since the projects undertaken by the Company are in implementation stages, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

During the period under review, there were no earning or expenditure in foreign currency.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm that:

1. in the preparation of the Annual Accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008 and of the loss of the company for the said period;
3. 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; and
4. the Directors had prepared the annual accounts for the financial year ended 31st March 2008, on going concern basis.

DIRECTORS

Consequent upon superannuation from the services of NTPC Limited, Shri T.Sankaralingam ceased to be chairman of the Company w.e.f. 30th April, 2008. Your Board places on record its deep appreciation for the invaluable contribution made by Shri T.Sankaralingam during his tenure. Further, as per the provisions of the Articles of Association of the Company Shri R.S.Sharma, Chairman & Managing Director, NTPC Limited has been appointed as the Chairman of the Company.

As per the provisions of the Companies Act, 1956, Shri R.C.Shrivastav, Director shall retire by rotation and being eligible offers himself for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by the NTPC Limited, the holding Company, Central Electricity Authority and other agencies of Govt. of India, Govt. of Uttaranchal, Govt. of West Bengal, Govt. of Sikkim, Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place: New Delhi

(R.S.Sharma)

Dated: 03.07.2008

Chairman

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC HYDRO LIMITED, NEW DELHI FOR THE YEAR ENDED, 31 MARCH, 2008

The preparation of financial statements of NTPC Hydro Limited, New Delhi, for the year ended 31st March, 2008 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 21 May, 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of NTPC Hydro Limited, New Delhi, for the year ended 31 March, 2008. This supplementary audit has been carried out independently without access of the working papers of the statutory auditors and is limited primarily to inquires 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

(Ghazala Meenai)

Place: New Delhi

Principal Director of Commercial Audit and

Dated: 27th June, 2008

Ex-officio Member, Audit Board-III,
New Delhi

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. FIXED ASSETS

- 2.1 Fixed Assets are shown at historical cost.
- 2.2 Intangible assets are recorded at their cost of acquisition.
- 2.3 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 2.4 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.

3. CAPITAL WORK-IN-PROGRESS

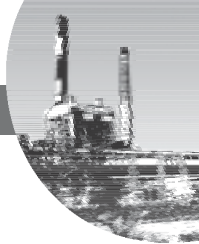
- 3.1 Incidental Expenditure during Construction (net) including corporate office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto.
- 3.2 Deposit work/ cost plus contracts are accounted for on the basis of statements of account received from the contractors.

4. PROFIT AND LOSS ACCOUNT EXPENDITURE

- 4.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets in respect of which depreciation is charged at the rates mentioned below:

Rate of depreciation (p.a.)		
1	Personal Computers/Laptops including peripherals	19%
2	Photocopiers & Fax Machines	19%
3	Air-conditioners, Water coolers and Refrigerators	8%

- 4.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 4.3 Assets costing up to Rs. 5000/- are fully depreciated in the year of acquisition.
- 4.4 Capital expenditure on assets not owned by the Company is amortised over a period of 4 years, from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 4.5 Leasehold building are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 4.6 Prepaid expenses and prior period expenses / income of items of Rs. 100,000/- and below are charged to natural heads of accounts.
- 4.7 The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. NTPC Ltd. on actuarial valuation at the year end. The company provides for such employee benefits as apportioned by the Holding Company.



NTPC HYDRO LIMITED
BALANCE SHEET AS AT 31ST MARCH 2008

		Rs.	
		31.03.2008	31.03.2007
SOURCES OF FUNDS	SCHEDULE NO.		
Share Capital	1	562,800,000	381,612,900
Share Capital Deposit-Pending Allotment		60,000,000	6,000,000
Total		622,800,000	387,612,900
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	2	37,638,671	7,240,177
Less: Depreciation		3,012,283	1,726,560
Net Block		34,626,388	5,513,617
Capital Work In Progress	3	343,591,850	142,244,530
Construction Stores and Advances	4	195,918,463	175,961,288
		574,136,701	323,719,435
Current Assets, Loans and Advances			
Cash and Bank Balances	5	2,213,160	3,298,410
Loans and Advances	6(a)	169,153	67,318
Other Current Assets	6(b)	4,872	-
		2,387,185	3,365,728
Less: Current Liabilities & Provisions			
Liabilities	7(a)	31,910,597	18,295,389
Provisions	7(b)	3,129,181	2,492,766
		35,039,778	20,788,155
Net Current Assets		(32,652,593)	(17,422,427)
Profit & Loss Account		81,315,892	81,315,892
Total		622,800,000	387,612,900
Notes on Accounts	14	-	-

Schedules 1 to 14, significant accounting policies form integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date

For K. Prasad & Company
Chartered Accountants

(K.M. Agarwal)	(Manish Kumar)	(A.K.Singhal)	(R.S. Sharma)
Partner	Company Secretary	Director	Chairman

Place : New Delhi
Dated: 21.05.2008

NTPC HYDRO LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

		Rs.	
		Current Year	Previous Year
INCOME	SCHEDULE NO.		
Other Income	8	-	-
EXPENDITURE			
Employees' remuneration and benefits	9	-	-
Administration & other expenses	10	-	168,630
Depreciation	2	-	-
Finance charges	11	-	-
Total Expenditure		-	168,630
Loss before Tax and Prior Period Adjustment		-	-
Prior Period Expenditure	12	-	-
Loss before Tax		-	168,630
Fringe Benefit Tax		820,046	685,039
Less: Allocated to IEDC		820,046	677,813
Provision for Fringe Benefit Tax(Net)		-	7,226
Loss after Tax		-	175,856
Balance brought forward		(81,315,892)	81,140,036
Balance carried to Balance Sheet		(81,315,892)	81,315,892
Incidental Expenditure		-	-
During Construction	13	-	-
Earning per share(Basic/Diluted)		-	(0.01)
Notes on Accounts	14	-	-

Schedules 1 to 14, significant accounting policies form integral part of accounts.

For and on behalf of Board of Directors

As per our report of even date

For K. Prasad & Company
Chartered Accountants

(K.M. Agarwal)	(Manish Kumar)	(A.K.Singhal)	(R.S. Sharma)
Partner	Company Secretary	Director	Chairman

Place : New Delhi
Dated: 21.05.2008

NTPC HYDRO LIMITED
SCHEDULES - FORMING PART OF ACCOUNTS

		Rs.	
		31.03.2008	31.03.2007
SCHEDULE 1			
CAPITAL			
AUTHORISED			
500,000,000 Equity shares of Rs. 10/- each (Previous year 500,000,000 Equity shares of Rs.10/- each)		5,000,000,000	5,000,000,000

SCHEDULE 1 (Contd.)

		Rs.	
		31.03.2008	31.03.2007
ISSUED,SUBSCRIBED AND PAID-UP			
5,62,80,000 Equity shares of Rs. 10/- each fully paid up (Previous year 38,161,290 Equity shares of 10/- each fully paid up) held by the holding company, NTPC Limited and its nominees		562,800,000	381,612,900
Total		562,800,000	381,612,900

SCHEDULE 2
FIXED ASSETS

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Deductions/ Adjustments	As on 31.03.2008	As at 01.04.2007	For the Year	Deductions/ Adjustments	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land										
Freehold	-	19,018,725	-	19,018,725	-	273,262	-	273,262	18,745,463	-
Leasehold	-	9,837,418	-	9,837,418	-	-	-	-	9,837,418	-
Plant & Machinery	49,445	29,380	-	78,825	12,681	2,269	-	14,950	63,875	36,764
Furniture,Fixtures & Other Office Equipments	3,722,059	1,023,782	(17,044)	4,762,885	939,073	637,438	25,230	1,551,281	3,211,604	2,782,986
EDP WP & SATCOM Equipments	2,183,298	697,118	224,973	2,655,443	774,806	475,626	77,642	1,172,790	1,482,653	1,408,492
Capital expenditure on assets not owned by the company	1,285,375	-	-	1,285,375	-	-	-	-	1,285,375	1,285,375
Total	7,240,177	30,606,423	207,999	37,638,671	1,726,560	1,388,595	102,872	3,012,283	34,626,388	5,513,617
Previous Year	5,309,935	2,222,340	(292,098)	7,240,177	802,920	1,005,655	(82,015)	1,726,560	5,513,617	4,507,015

Depreciation for the year is allocated as given below:

Charged to Profit & Loss Account	Current Year	Previous Year
Transferred to IEDC	1,388,595	1,005,655
	1,388,595	1,005,655

**SCHEDULE 3
CAPITAL WORK-IN-PROGRESS**

Rs.

Fixed Assets	As at 01.04.2007	Additions	Deduction & Adjustments	Capitalised	As at 31.03.2008
Survey, Investigation, Consultancy and Supervision Charges	28,165,547	21,387,539	-	-	49,553,086
Capital Expenditure on Assets not Owned by the Company	-	1,258,171	-	-	1,258,171
Incidental Expenditure during construction	114,078,983	89,939,092	-	-	204,018,075
Catchment Area Treatment Plan	-	10,300,000	-	-	10,300,000
Expenditure towards diversion of forest land	-	78,462,518	-	-	78,462,518
Total	142,244,530	201,347,320	-	-	343,591,850
Previous Year	35,705,819	103,558,573	(2980138)	-	142,244,530

SCHEDULE 4
CONSTRUCTION STORES AND ADVANCES

	Rs. 31.03.2008	Rs. 31.03.2007
Advances for Capital Expenditure		
Unsecured, considered good	17,118,551	18,165,500
Covered by bank guarantees	178,799,912	157,795,788
Others		
Total	195,918,463	175,961,288

SCHEDULE 5
CASH & BANK BALANCES

	Rs. 31.03.2008	Rs. 31.03.2007
Balances with scheduled banks		
Current Accounts	2,213,160	3,298,410
Total	2,213,160	3,298,410

SCHEDULE 6 (a)
LOANS AND ADVANCES
ADVANCES

(Recoverable in cash in kind or for value to be received)

	Rs. 31.03.2008	Rs. 31.03.2007
Employees (including imprest)		
Unsecured, considered good	25989	42,318
DEPOSITS		
Deposits with sales tax authorities	50000	25,000
Fringe Benefit Tax		
Opening Balance		
Advance Tax Deposited	1566457	734,344
Less: Provision for fringe benefit tax	1473293	734,344
Total	169153	67,318

SCHEDULE 6 (b)
OTHER CURRENT ASSETS

	Rs. 31.03.2008	Rs. 31.03.2007
Interest Accrued others		
(on Term Deposits)	4,872	-
Total	4,872	-

SCHEDULE 7 (a)
CURRENT LIABILITIES

	Rs. 31.03.2008	Rs. 31.03.2007
Sundry Creditors		
For capital expenditure		
Other than micro & small enterprises	3,579,186	6,038,798
For goods and services		
Other than micro & small enterprises	1,222,946	412,545
Deposits, Retention Money from Contractors and Others	1,564,995	896,119
Less: Investments held as security	15,500	27,700
	6,351,627	7,319,762
Amount payable to NTPC Ltd.	25,213,083	9,789,960
	31,564,710	17,109,722
Other Liabilities	345,887	1,185,667
Total	31,910,597	18,295,389

SCHEDULE 7 (b)
PROVISIONS

	Rs. 31.03.2008	Rs. 31.03.2007
Provision for Employee Benefits		
Opening Balance	2,492,766	-
Additions during the year	2,778,223	2,492,766
Less: Used during the year	2,141,808	-
Total	3,129,181	2,492,766

SCHEDULE 8
OTHER INCOME

	Rs. Current Year	Rs. Previous Year
Income from other source		
Interest Accrued on Deposit (Gross)	4,872	-
(Tax deducted at source nil)		
Less: Transferred to Incidental Expenditure		
During Construction-Sch.No.13	4,872	-
Total	-	-

SCHEDULE 9
EMPLOYEES' REMUNERATION AND BENEFITS

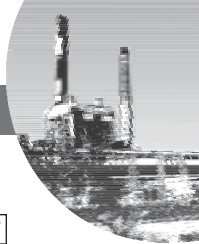
	Rs. Current Year	Rs. Previous Year
Employees; remuneration and benefits		
Salaries, Wages, Bonus, Allowances & Benefits	53,709,995	35,201,103
Contribution to Provident and Other Funds	4,301,211	2,617,581
Welfare Expenses	9,209,058	4,006,378
Total	67,220,264	41,825,062
Less: Transferred to Incidental Expenditure		
During Construction-Sch.No.13	67,220,264	41,825,062
Total	-	-

SCHEDULE 10
ADMINISTRATION & OTHER EXPENSES

	Rs. Current Year	Rs. Previous Year
Power Charges	286,997	312,184
Water Charges	7,331	10,159
Rent	5,234,756	4,205,851
Repairs & Maintenance		
Buildings	832,699	893,476
Others	1,667,512	1,987,580
Insurance	9,768	470
Training & Recruitment Expenses	-	168,630
Communication Expenses	797,190	683,197
Payment to Auditors		
Audit Fee	50,592	28,060
In Other Capacity	-	-
Advertisement & Publicity	2,478,218	63,000
Tender Expenses	1,492,825	-
Entertainment Expenses	382,640	340,215
Inland Travelling Expenses	2,436,735	5,092,585
Expenses for guest house	942,256	694,852
Books and Periodicals	30,256	34,442
Professional charges and consultancy fees	534,235	475,393
Legal Expenses	12,030	20,783,078
EDP hire and other charges	136,501	134,611
Printing and Stationery	321,632	224,310
Miscellaneous Expenses	137,080	553,958
Rates & Taxes	98,218	-
Loss on Write Off of Fixed Assets	26,003	-
Expenses on Hiring of vehicle	2,288,875	2,029,524
Total	20,204,349	38,715,575
Less: Transferred to Incidental Expenditure		
During Construction-Sch.No.13	20,204,349	38,546,945
Total	-	168,630

SCHEDULE 11
FINANCE CHARGES

	Rs. Current Year	Rs. Previous Year
Bank Charges	22,433	12,773
Less: Transferred to Incidental Expenditure		
During Construction-Sch.No.13	22,433	12,773
Total	-	-



SCHEDULE 12 PRIOR PERIOD EXPENDITURE	
Expenditure	
Others	288,277
Less: Transferred to Incidental Expenditure During Construction-Sch.No.13	288,277
Total	-

Current Year	Rs. Previous Year

**SCHEDULE 13
INCIDENTAL EXPENDITURE DURING
CONSTRUCTION**

A. Employees remuneration and other benefits

Salaries, wages, allowances and benefits	53,709,995	35,201,103
Contribution to provident and other funds	4,301,211	2,617,581
Welfare expenses	9,209,058	4,006,378
Total (A)	67,220,264	41,825,062

B. Other Expenses

Power	286,997	312,184
Water Charges	7,331	10,159
Rent	5,234,756	4,205,851
Repair & maintenance		
Buildings	832,699	-
Others	1,667,512	2,881,056
Insurance	9,768	470
Communication Expenses	797,190	683,197
Remuneration to Auditors	50,592	28,060
Advertisement	2,478,218	63,000
Publicity	1,492,825	-
Entertainment Expenses	382,640	340,215
Inland Travelling Expenses	2,436,735	5,092,585
Guest House Expenses	942,256	694,852
Books & Periodicals	30,256	34,442
Professional Charges and consultancy fee	534,235	475,393
Legal Expenses	12,030	20,783,078
EDP Hire and other charges	136,501	134,611
Printing and Stationary	321,632	224,310
Miscellaneous Expenses	137,080	553,958
License Fee	98,218	-
Expenses on Hiring of vehicle	2,288,875	2,029,524
Loss on write off of Assets	26,003	-
Total (B)	20,204,349	38,546,945

C. Depreciation

Total (C)	1,388,595	1,005,655
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D. Interest & Finance Charges Capitalised

Bank Charges	22,433	12,773
Total (D)	22,433	12,773

E. Fringe Benefit Tax

Total (E)	820,046	677,813
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F. Prior Period Expenditure

Total (F)	288,277	-
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G. Other Income

Total (A+B+C+D+E+F-G)	89,939,092	82,068,248
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SCHEDULE 14

NOTES ON ACCOUNT

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1943.12 lacs (Previous year Rs.2335.93 lacs.)
- The conveyancing of the title of 3.804 hectare of freehold land of value Rs.190.19 lacs has been executed for Lata Tapovan Hydro Power Project. Execution of lease agreement of 70.83 hectare lease hold land of value Rs.98.73 lacs in favour of the company are awaiting completion of legal formalities.
- Earning Per Share
The elements considered for calculation for Earning per share (Basic and Diluted) are as under:

	Current Year as on 31.03.08	Previous Year as on 31.03.07
Net Loss used as numerator	-	1,75,856
Weighted Average number of equity shares used as denominator	420362275	13,37,8746
Earning Per Share (Rupees) - Basic And Diluted	-	(0.01)
Face Value per share (Rupees)	10	10

- Corporate expenses has been allocated to Lata Tapovan Project and Rammam Project in the ratio of capital expenditure of the projects during the year.

Projects	2007-08	2006-07
Lata Tapovan Project	6296328	50596317
Rammam Project	24447448	31471931

- Few balances shown under advances and creditors are subject to confirmation/reconciliation and consequent adjustment, if any.
- Contingent Liability: Claims against the company not acknowledged as Debts is Rs. Nil (Previous year Nil).
- All the employees of the company are on secondment from the Holding Company.
- The employee remuneration and benefits includes Rs.23,151,425/-(previous year Rs.6,810,875/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme as apportioned by Holding Company i.e. NTPC Limited on actuarial valuation at the year end.
- The pay revision of the employees of the company is due w.e.f. 1st January 2007. Pending decision of the committee formed by the GOI, a provision of Rs.12,387,535 /- (Previous year Rs.2,692,875/-) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided upto 31st March, 2008 is Rs.15,080,412/- (Previous year Rs.2,692,875/-)
- Previous year figures have been regrouped / rearranged wherever necessary.
- Information pursuant to part IV of schedule VI of the companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details State Code : 055

Registration No. U40101DL2002G01118013

Balance-sheet date 31/03/08

II Capital Raised during the year (Rs. In Thousands).

Public Issue NIL

Rights Issue NIL

Bonus Issue NIL

Private Placement 181187

III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities 657840

Total Assets 657840

Paid up Capital 562800

Capital Deposit Account 60000

Secured Loans NIL

Reserve & Surplus NIL

Deferred Tax Liability NIL

Unsecured Loans NIL

Application of Funds

Net Fixed Assets 574136

Investments NIL

Net Current Assets -32653

Misc. Expenditure NIL

Accumulated Losses 81316

IV. Performance of Company (Rs. in Thousands)

Turnover (Including Other Income) - - - - - Total Expenditure - - - - -

Loss before tax - - - - - Loss after tax - - - - -

Earning per share in Rs. 0.00 Dividend Rate % NIL

V. Generic Names of Three principal Products/Services of Company (As per monetary terms)

Product Description: GENERATION OF ELECTRICITY Item Code NA

For and on behalf of Board of Directors

In terms of our report of even date

For K. Prasad & Company

Chartered Accountants (K.M. Agarwal) (Manish Kumar)

(A.K.Singhal)

(R.S. Sharma)

Partner Company Secretary

Director

Chairman

Place : New Delhi
Dated: 21.05.2008

NTPC HYDRO LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Rs. Current Year	Previous Year
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Prior Period Adjustment	-	(168,630)
Adjustment for:		
Depreciation	-	-
Operating Profit before Working Capital Changes	-	-
Adjustment for:		
Trade Payables and Other Liabilities	16,711,236	(7,708,114)
Loans and Advances	(8,671)	962,893
Other Current Assets	(4,872)	-
	16,697,693	(7,445,221)
Cash generated from operations	16,697,693	(7,613,851)
Direct Taxes paid	(913,210)	(734,344)
Net Cash from Operating Activities-A	15,784,483	(8,348,195)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & CWIP & Const Advance	(252,056,833)	(278,846,172)
Net cash used in Investing Activities-B	(252,056,833)	(278,846,172)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital Deposits	235,187,100	287,612,900
Net cash flow from Financing Activities-C	235,187,100	287,612,900
Net Increase/Decrease in Cash and Cash equivalents(A+B+C)	-1,085,250	418,533
Cash and cash equivalents (Opening Balance)	3,298,410	2,879,877
Cash and cash equivalents (Closing Balance)	2,213,160	3,298,410

As per our report of even date

For K. Prasad & Company
Chartered Accountants

(K.M. Agarwal) (Manish Kumar)
Partner Company Secretary

Place : New Delhi
Dated: 21.05.2008

For and on behalf of Board of Directors

(A.K.Singhal) (R.S. Sharma)
Director Chairman

AUDITORS' REPORT

To the Members of NTPC Hydro Limited New Delhi

1. We have audited the attached Balance Sheet of **NTPC Hydro Limited** (a wholly owned subsidiary of NTPC Ltd.), as at 31st March, 2008, the Profit and Loss Accounts and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that-
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been

kept by the company so far as appears from our examination of those books.

- iii. The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. Being a Government company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company.
- vi. In our opinion to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow statement, of the cash flow for the year ended on that date.

for K. Prasad & Company
Chartered Accountants

Place : New Delhi
Dated: 21.05.2008

(K.M. Agarwal)
Partner

Membership No. 16205

Annexure referred in paragraph 3 of Auditors' Report to the Members of NTPC HYDRO LIMITED on the accounts for the year ended on 31st March, 2008

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All fixed assets have been physically verified by the management during the year which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us no substantial part of fixed assets of the company have been disposed off during the year.
- ii) The company does not have inventory. Accordingly, the provisions of clause 4(ii) (b) & (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- iii) The company has neither taken nor granted loans, secured or unsecured from/to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs of clauses 4(iii)(b), (c) & (d) of the Companies Auditors' Report Order, 2003 are not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. The company has not made any purchase/sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- v) a) The company has not carried out any transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- vi) According to the information and explanations given to us, the company has not accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 is not applicable to the company, as the company has not commenced any activities related to distribution of electricity.
- ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues of Income Tax and Sales Tax.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.
- (c) The provisions related to Provident fund, Investor education and Protection fund, Employees state insurance, Wealth tax, Custom duty, Excise duty, Service tax and other Statutory dues are not applicable to the company.
- (d) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x) The company has accumulated losses and has not incurred cash losses during the financial year covered by our audit.
- xi) According to the information and explanation given to us, the company has not taken loans from financial institution, banks or debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities.



- xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The company has not taken term loans during the year.
- xvii) The Company has not raised short term or long term funds during the year.
- xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to NTPC Limited, Holding Company, covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xix) The company has not issued any debentures.
- xx) The company has not raised money by public issue.
- xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for K. Prasad & Company
Chartered Accountants

(K.M. Agarwal)
Partner
Membership No. 16205

Place : New Delhi
Dated: 21.05.2008

NTPC VIDYUT VYAPAR NIGAM LIMITED
(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the working of the Company for the financial year ended on 31st March 2008 together with Audited Statement of Accounts, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

FINANCIAL RESULTS

	(Rs. million)	
	2007-08	2006-07
Total Income/Revenue	7960.85	8808.44
Total Expenditure	7671.02	8711.83
Profit before Tax	289.83	96.61
Less: Tax	99.34	31.49
Profit after tax	190.49	65.12
Balance brought forward	68.68	54.65
Profit available for appropriation	259.18	119.77
Transfer to general reserve	200.00	4.88
Interim Dividend	-	20.00
Proposed Dividend	40.00	20.00
Tax on Interim Dividend	-	2.81
Tax on proposed Dividend	6.80	3.40
Surplus carried forward	12.38	68.68

DIVIDEND

Your Directors have recommended a dividend of Rs.40 million, i.e. @ 20% on the paid-up equity capital for the financial year 2007-08. The dividend shall be paid after your approval at this Annual General meeting.

POWER TRADING-BUSINESS

In accordance to Central Electricity Regulation Commission (CERC) notification your Company was granted a trading license that was upgraded to 'F' category (highest category) in the year 2004-05 and the Company has retained the same category during the current year 2007-08.

During the year under review your company had traded 3324 MUs amounting to Rs. 7598 million as compared to 2664 MUs of electricity amounting to Rs.8594 million in the year 2006-07. Your Company had traded more power during the financial year 2007-08 under SWAP arrangement resulting in less revenue compared to financial year 2006-07, as the power under this arrangement is being billed at trading margin only.

NEW BUSINESS INITIATIVES

The new business initiative for sale of Fly ash and Cenosphere were started during the year 2005-06. Your Company during the period under review had successfully sold 16783 MT of fly ash for export and 9061 MT of fly ash to domestic industries at a total price of Rs. 14 million.

The domestic sale of Cenosphere is being conducted through E-auction portal of MSTC Limited, a public sector company. During the year under review the Company has successfully sold 480 MT of Cenosphere for the sale value of Rs. 7 million as compared to 95 MT of Cenosphere for the sale value of Rs.2 million in the year 2006-07.

POWER EXCHANGE AT NATIONAL LEVEL

On behalf of the holding company, your Company had appointed a Consortium of Consultants viz. M/s CRISIL Limited and M/s Nordpool Consulting, Norway to prepare a Detailed Project Report (DPR) for establishment of a wholesale Power Exchange at National Level in India. The DPR has been submitted and finalized. Formation of a company for setting up of Power Exchange as per CERC guidelines is in progress.

FIXED DEPOSITS

The company has not accepted any fixed deposit during the period ending 31st March 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is enclosed at annexure-I

AUDITORS' REPORT

The Comptroller and Auditor General of India (C& AG) has appointed M/s Rohtas & Hans, Chartered Accountants as Statutory Auditor of the Company for the financial year 2007-08.

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

COMPTROLLER & AUDITOR GENERAL REVIEW

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3)(b). C&AG vide its letter dated July 04, 2008 communicated that on the basis of audit, nothing significant was noticed giving rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956. A letter from C&AG on the accounts of the Company for the financial year 2007-08 is enclosed as Annexure II.

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

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as your Company does not own any manufacturing facility. During the period under review the Company did not have any foreign currency earnings and an amount of Rs.0.07 million was spent in equivalent foreign currency on traveling expenses.

PARTICULARS OF EMPLOYEES

During the period under review the Company had no employees of the category, which falls, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars) of Employees Rules, 1975.

AUDIT COMMITTEE

As per the provisions of section 292A of the Companies Act, 1956, your Company has constituted an Audit Committee of the Board of Directors. The following directors are the current members of the Committee:

1. Shri Shyam Wadhwa
2. Shri Chandan Roy
3. Shri A.K.Singhal

Shri R.S. Sharma was the member of the Audit Committee during the financial year 2007-08. Consequent upon the elevation of Shri R.S. Sharma as the Chairman of the Company, the Board of Directors, in its meeting held on May 12, 2008, has re-constituted Audit Committee of the Company with Shri Chandan Roy inducted as member in place of Shri R.S. Sharma. Three meetings of the Audit Committee were held during the financial year 2007-08. The senior-most Director on the Audit Committee shall be the Chairman and quorum shall be of two Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-08 and of the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

Shri T. Sankaralingam, consequent upon his superannuation from the services of NTPC Limited has ceased to be the Chairman of the Company w.e.f. April 30, 2008 (A/N).

Pursuant to the Articles of Association of the Company, the Chairman & Managing Director of NTPC Limited shall be the ex-officio part-time Chairman on the Board of the Company. Accordingly, Shri R.S. Sharma on taking over as the Chairman & Managing Director of NTPC Limited was appointed as Chairman of the Company w.e.f. May 1, 2008. The other members of the Board are Shri Chandan Roy, Shri Shyam Wadhwa, Shri A.K. Singhal and Shri G.K. Agarwal.

In accordance with the provisions of Companies Act, 1956, Shri Chandan Roy, Director shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offer himself for re-election.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 7, 2008

(R.S. SHARMA)
CHAIRMAN

ANNEXURE-I

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The installed capacity of the nation has grown from 1362 MW in 1947 to 143061 MW in 2008. Although the growth has been spectacular, the inadequacy of generation has characterized the Power Sector operation in India. There is an inherent diversity in demand from various States and Regions resulting in periods of seasonal surplus in one area and period of deficit in another.

Diversities between availability and consumption of power leads to significant potential for trading and providing cheap and reliable power to consumers in deficit area. Trading is essential for resource optimization and meeting short-term demand by utilizing surpluses available. The need to meet the challenges posed by growing demands for power by buying power from surplus regions and supplying to deficit regions was felt in late nineties. Recently, the Electricity Act 2003 enacted on June 10, 2003 envisaged a multi-buyer and multi-seller market model, wherein, the electricity trading is a critical element in the value chain to develop a competitive market for electricity. The Act recognizes trading in power as a distinct business activity.

Trading can be inter-state or intra-state and the appropriate regulatory commission is to fix the eligibility criteria for a trader. Central Electricity Regulatory Commission (CERC) issued its order and regulations regarding the grant of license for inter state trading in January 2004.

CERC had fixed trading margin of 4 paisa per kWh w.e.f. January 27, 2006 for electricity traders.

During the last four years, 28 traders have obtained licenses for serving the needs of the various clients. The traders are issued license under various categories starting from A, B, C, D, E and F depending on the volume of units traded. During 2007-08 out of the total electricity generation of approximately 704 billion units approximately 21 billion units were traded, representing 2.98% of trading to total generation. The annual growth of 40% was recorded from a level of 15 billion units traded during 2006-07.

The list of major companies who traded power during the last 3 years is as under:

Name of the Trading Company	2005-06		2006-07		2007-08	
	Volume of trade	% to total vol.	Volume of trade	% to total vol.	Volume of trade	% to total vol.
	(MUs)		(MUs)		(MUs)	
PTC India	8358	58.90	6575	43.77	9553	45.57
NTPC VVN	1642	11.58	2663	17.73	3324	15.86
Lanco Electric	11	0.08	744	4.95	2600	12.40
Tata Power Trading	673	4.75	1206	8.03	1682	8.02
JSW Power Trading Co.			968	6.44	1479	7.05
Adani Enterprises	2980	21.00	1845	12.28	1322	6.31
Others	524	3.69	1092	6.80	1005	4.79
Total	14188	100.00	15023	100.00	20965	100.00

Source: Central Electricity Regulatory Commission

With the acceleration in the trading activities, the surplus power of the order of 1000-1200 MW in the Eastern Region and North Eastern Region has been fruitfully utilized in the other deficit regions, through the inter-regional transmission links.

The National Electricity Policy notified in January 2006, mandates the creation of power exchange to facilitate the development of a better price discovery mechanism for buyers as well as sellers of electricity. The power exchange shall provide a transparent and neutral platform for promoting competition in supply of electricity at wholesale level. It will provide an open market place for all stakeholders in the Power Sector including generators, distribution companies, Independent Power Producers (IPPs), Captive Power Producers (CPPs), traders etc who can participate either by becoming members of power exchange or becoming constituents of the members.

RISKS AND CONCERNS

The fixed trading margin of 4 paisa per kWh for electricity traders limits revenues of trading companies. As per CERC records there were 28 licenses out of which 6 licenses were issued during 2007-08. During the financial year 2007-08 only 13 licensees have traded power, out of whom only 4 licensees have traded more than 75% of power.

Although CERC has issued the open access regulations at the inter-state transmission level, open access at the state-level is still a problem as state regulators have yet to effectively open up state grids for competition. In addition, they have introduced steep wheeling charges and cross-subsidy surcharges. So any bulk consumer who could have got cheap power from other sources still has to pay high open access charges.

OPPORTUNITIES

Ministry of Power, Government of India plans to enhance the existing inter-regional power transfer capacity of 17,000 MW to 37,700 MW by 2012. This would provide considerable opportunities for enhancement of trading volumes. Also setting up of the Power Exchange at National Level would provide a transparent and neutral platform for trading of power at Inter-State level and would enable enhancement of trading volumes by providing opportunities to capture day to day surpluses.

PERFORMANCE DURING THE YEAR

Operations

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

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

	Million units	
	Fiscal 2008	Fiscal 2007
Purchase & sale of power	1358	2303
Sale of power under Power Swap Arrangement	1966	361
Total	3324	2664

During the financial year 2007-08, your company traded 3.324 billion units of power representing about 16% of nation's total power trading volume. The overall volume of the power traded has increased by about 25% over last year.

In the past three years, your company has developed a good customer base and has served over 28 state power utilities as its customers in all the five regions in the country. Besides trading of short-term surpluses of the various state power utilities, your company has worked out new strategies for trading of power and enhancing utilization of existing capacity. One of them is utilization of un-requisitioned surplus capacity from NTPC stations and other is utilization of Power through Power Swap Arrangements (PSA). In case of former, your company utilizes day-to-day un-requisitioned surplus of NTPC's power stations in one region in order to meet the deficit of beneficiaries in other regions. Your Company has traded about 185 MUs of URS (Liquid fuel), RLNG and coal stations of NTPC Limited.

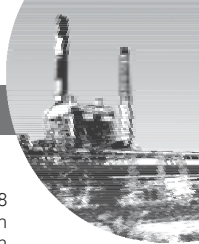
Your Company has worked another innovative arrangement called Power Swap Arrangement. During the financial year 2007-08, the Company had traded 1966 million units as compared to 361 million units in financial year 2006-07 under the power-swap arrangement.

Financial Performance

The main revenue of your Company has been realized by trading of power of 3.324 billion units contributing to 95% of total revenue.

	Rs. Million	
	2007-08	2006-07
Sale of Power	7598	8594
Sale of Ash/ash products	21	19
Rebate on power purchase	145	171
other Income	197	24
Total	7961	8808

During the financial year 2007-08, the Company had traded more power under SWAP arrangement, resulting in less revenue as the power under this arrangement is being billed at trading margin only. The Company had traded 3.324 billion units in financial year 2007-08 as compared to 2.664 billion units in financial year 2006-07. In addition to power trading, your Company is also responsible for trading of fly ash. During the financial year 2007-08 the Company had sold 16783 MTs of fly ash for



export as compared to 14798 MTs of export during financial year 2006-07. The Company had traded 9061 MTs of fly ash during the financial year 2007-08 in domestic industry. The Company had also traded 480 MTs of Cenosphere as compared to 95 MTs during the financial year 2006-07.

The expenditure incurred on the purchase of power and open access charges for the current year was Rs. 7462 million as compared to Rs. 8494 million incurred during last year.

	Rs. Million	
	2007-08	2006-07
Power purchase & Open access charges	7462	8494
Cost of Ash/Ash products	5	9
Rebate on power sale	138	157
Other operating expenses	64	51
Total operating expenses	7669	8711

The decrease in power purchase expenses corresponds to more trading of power under SWAP arrangement. During the current year, the cost of Ash and ash products has been of the order of Rs. 5 million. The rebate on power of sale is Rs. 138 million as compared to Rs. 157 million in the previous year.

The depreciation cost as compared to total expense is negligible since the fixed assets in the company are represented by furniture and fixtures, EDP machines etc. and the Gross Block was of the order of Rs. 3.393 million as on 31.3.2008.

	Rs. Million	
	2007-08	2006-07
Depreciation	0.602	0.753
Interest & Finance Charges	1.163	0.434
Total Expenses including operating expenses	7671	8712

The net profit after tax soared from Rs.65.12 million to Rs.190.49 million registering an increase of 192.52%.

Dividend

Your Directors have recommended a dividend of Rs.40 million @ 20% on the paid-up equity share capital of the Company and the same shall be paid to NTPC.

Reserves & Surplus

A sum of Rs.143.699 million have been added to Reserves and Surplus after appropriating dividend including dividend tax.

Current Assets, Loans and Advances

The current assets, loans and advances at the end of the year were Rs. 1235 million as compared to Rs.942 million last year registering an increase of 31%.

	Rs. Million	
	31.3.2008	31.3.2007
Inventories	2	5
Sundry Debtors	267	279
Cash and Bank balances	943	656
Other Current assets	19	2
Loans and Advances	4	-
Total Current Assets, Loans and Advances	1235	942

The increase was mainly on account of increase in cash and bank balances which have gone up by 44%, mainly due to security deposits received on account of power-swap arrangements from beneficiaries and internal accruals which have been invested as term-deposits with the banks.

Current Liabilities and Provisions

During the financial year 2007-08 Current Liabilities have increased to Rs. 767 million as compared to Rs. 590 million in the financial year 2006-07, mainly on account of increase in sundry creditors for power purchase.

	Rs. Million	
	31.3.2008	31.3.2007
Liabilities	767	590
Provisions	52	29
Total Liabilities and Provisions	819	619

The provisions have doubled due to increase in provision of proposed dividend by 100% and tax thereon.

Cash Flow Statement

	Rs. Million	
	2007-08	2006-07
Opening Cash and cash equivalents	656	322
Net cash from operating activities	232	299
Net cash used in investing activities	129	18
Net cash flow from financing activities	(74)	17
Net Change in Cash and cash equivalents	287	334
Closing cash and cash equivalents	943	656

The closing cash and cash equivalent for the financial year ended March 31, 2008 has increased 1.44 times from Rs. 656 million in the previous year to Rs. 943 million in the current year. This is because net cash used in investing activities has grown by 7.16 times, from Rs.129 million as on 31.03.2008 as against Rs.18 million as on 31.03.2007. The cash flow from operating and financing activities has decreased marginally.

Financial Indicators

The various performance indicators for the current year as compared to previous year are as under: -

Description	Rs. Million	
	2007-08	2006-07
A i) Capital employed	417.27	273.57
ii) Net worth	417.27	273.57
B i) Return on Capital Employed (PBT/CE)	69.46%	35.31%
ii) Return on net worth (PAT/NW)	45.65%	23.80%
C Dividend as % of Equity Capital (basic/average)	20	20
D Earning per share in Rs.(EPS)	9.52	3.26

The capital employed as well as net worth has increased due to higher profits earned during the year 2007-08.

Human Resources

There are 35 employees on the rolls of the company as on 31st March 2008. To achieve the ambitious growth targets, the company has drawn professional manpower from NTPC who have rich experience in dealing in various technical and commercial issues. Continual training and up-gradation of skills of employees is ensured through mandatory 7 mandays of training every year.

For and on behalf of the Board of Directors

Place: New Delhi
Date: July 7, 2008

(R.S. SHARMA)
CHAIRMAN

ANNEXURE-II

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2008

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2008 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 independence 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 12 May 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India
(Ghazala Meenai)

Place: New Delhi
Dated: 4 July 2008

Principal Director of Commercial Audit and
Ex-officio Member, Audit Board-III,
New Delhi

NTPC VIDYUT VYAPAR NIGAM LTD.

ACCOUNTING POLICIES

1 BASIS OF PREPARATION

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

2 FIXED ASSETS

- 2.1 Fixed Assets are shown at historical cost.
- 2.2 Intangible assets are recorded at their cost of acquisition.

3 FOREIGN CURRENCY TRANSACTIONS

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

4 INVENTORIES

- 4.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
4.2 Diminution in value of obsolete/unserviceable items is ascertained on review & provided for.

5 PROFIT AND LOSS ACCOUNT

5.1 INCOME RECOGNITION

- 5.1.1 Sale of energy is accounted for based on rates agreed with the customers.
5.1.2 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

5.2 EXPENDITURE

- 5.2.1 Depreciation is charged on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets in respect to which depreciation is charged at the rates mentioned below:

a) Personal Computers & Laptops including peripherals	19.00%
b) Photocopiers and Fax Machines	19.00%
c) Air-conditioners, Water coolers and Refrigerators	8.00%

- 5.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rate basis from/up to month in which the asset is available for use/disposal.
5.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of capitalization.
5.2.4 Cost of computer software recognized as intangible assets is amortized on straight-line method over a period of legal right to use or 3 years, whichever is earlier.
5.2.5 Expenses on training, recruitment and ex-gratia payments under Voluntary Retirement scheme are charged to revenue in the year of incurrence.
5.2.6 Prepaid expenses and prior period expenses/income of items of Rs.1,00,000/- and below are charged to natural heads of accounts.
5.2.7 The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e., NTPC Ltd. on actuarial valuation at the year end. The company provides for such employees benefits as apportioned by the Holding Company.

NTPC VIDYUT VYPAR NIGAM LTD.
BALANCE SHEET AS AT 31st MARCH 2008

Schedule No.	31.03.2008	(Rs.) 31.03.2007
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Capital	200000000	200000000
Reserves & Surplus	217267484	73568765
	417267484	273568765
LOAN FUNDS		
Secured loans	-	50806664
Deffered Tax Liability (Net)	48620	142749
TOTAL	417316104	324518178
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	3393165	3127021
Less: Depreciation	1872870	1423221
Net Block	1520295	1703800
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	1583343	4588760
Sundry Debtors	266672684	279044822
Cash and Bank balances	943297906	655900707
Other Current Assets	19216607	2095956
Loans and Advances	4127377	35000
	1234897917	941665245
LESS: CURRENT LIABILITIES AND PROVISIONS		
Liabilities	766611572	590006474
Provisions	52490536	28844393
	819102108	618850867
	415795809	322814378
TOTAL	417316104	324518178
Contingent liabilities	12	
Notes on accounts	18	

Schedules 1 to 18 and accounting policies form integral part of accounts.

For and on behalf of the Board of Directors

As per our Report of even date

For Rohtas & Hans.

Chartered Accountants

(Hans Kumar Jain) (Nitn Mehra) (A.K.Singhal) (R.S. Sharma)

Partner Company Secretary Director Chairman

M.No. 82912

Place : New Delhi

Dated: 12.05.2008

NTPC VIDYUT VYPAR NIGAM LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

Schedule No.	Current Year	(Rs.) Previous Year
INCOME		
Sales	7619207071	8613467448
Rebate on power purchase	144492741	171105478
Other income	197150938	23862455
Total	7960850750	8808435381
EXPENDITURE		
Power purchase	7462167724	8491526277
Open Access Charges	29908	2453111
Cost of Ash/Ash products	4802650	9271818
Employees' remuneration and benefits	54551403	39945114
Administration & Other Expenses	9665841	9739068
Rebate on power sale	138034871	156993763
Depreciation	602073	753052
Provision for obsolete Inventory	-	710022
Interest and finance charges	1163017	433956
Total	7671017487	8711826181
Profit/(Loss) before Tax	289833263	96609200
Provision for Tax:		
a) Current Tax	98926550	31253659
b) Deferred Tax	(94129)	(300815)
c) Fringe Benefit Tax	504123	536938
Total (a+b+c)	99336544	31489782
Profit/(Loss) after Tax	190496719	65119418
Balance brought forward	68684809	54653347
Balance available for appropriation	259181528	119772765
Transfer to General Reserve	200000000	4883956
Dividend	-	20000000
- Interim	-	20000000
- Proposed	40000000	20000000
Tax on Dividend	-	2805000
- Interim	-	3399000
- Proposed	6798000	68684809
Balance carried to Balance Sheet	12383528	68684809
Earning per share (Equity share, face value Rs.10/- each)-Basic and diluted	9.52	3.26

For and on behalf of the Board of Directors

As per our Report of even date

For Rohtas & Hans.

Chartered Accountants

(Hans Kumar Jain) (Nitn Mehra) (A.K.Singhal) (R.S. Sharma)

Partner Company Secretary Director Chairman

M.No. 82912

Place : New Delhi

Dated: 12.05.2008

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1

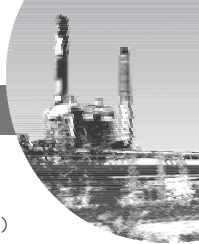
SCHEDULE 1	(Rs.) 31.03.2008	31.03.2007
CAPITAL		
AUTHORISED		
2,00,00,000 equity shares of Rs. 10/-each		
(Previous Year 2,00,00,000 equity shares of Rs. 10/-each)	200000000	200000000
ISSUED, SUBSCRIBED & PAID UP		
2,00,00,000 equity shares of Rs. 10/-each		
fully paid-up (Previous Year 2,00,00,000 equity shares of Rs. 10/- each fully paid up)	200000000	200000000
All shares are held by the holding company, NTPC Limited and its' nominees.	200000000	200000000

**SCHEDULE 2
RESERVES & SURPLUS**

General Reserve	4883956	4384040
As per last Balance Sheet	-	4384040
Less: Provision for L.T.C expenses	4883956	-
Add: Transfer from Profit and Loss Account	200000000	4883956
Surplus, balance in Profit and Loss Account	204883956	4883956
Total	12383528	68684809
	217267484	73568765

**Schedule 3
SECURED LOANS**

Cash Credit from scheduled bank (Secured by hypothecation of book debts and other current assets).	-	50806664
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**SCHEDULE 4
FIXED ASSETS**

(Rs.)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2007	Additions	Deductions/ Adjustments	As at 31.03.2008	As at 1.04.2007	For the Year	Deductions/ Adjustments	upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Furniture, fixtures & other office equipment	268375	498004	95097	671282	122338	83264	51540	154062	517220	146037
EDP & WP machines	2823141	-	136763	2686378	1272376	511811	100884	1683303	1003075	1550765
Intangible assets-software	35505	-	-	35505	28507	6998	-	35505	-	6998
Total	3127021	498004	231860	3393165	1423221	602073	152424	1872870	1520295	1703800
Previous Year	3270886	108108	251973	3127021	751402	753052	81233	1423221	1703800	2519484
Deduction / Adjustments from Gross Block includes			Current Year	Previous Year						
Disposal / Retirement of assets			189708	34001						
Others			42152	217972						
Deduction/Adjustments from Depreciation includes										
Disposal / Retirement of assets			146151	34001						
Others			6273	47232						
Depreciation for the year is allocated as given below										
Charged to Profit & Loss account			602073	753052						

**SCHEDULE 5
INVENTORIES**

(Valuation as per Accounting Policy No.4)

	31.03.2008	31.03.2007
Fly Ash (packed bags)	653972	697494
Packing material #	552690	3728100
Cenosphere	1030653	873188
	2237315	5298782
Less: Provision for obsolescence	653972	710022
Total	1583343	4588760

Inventory includes material with contractor

**SCHEDULE 6
SUNDRY DEBTORS**

	31.03.2008	31.03.2007
Debts outstanding over six months		
-Unsecured, considered good	-	417788
Other debts		
-Unsecured, considered good	266672684	297599407
	266672684	298017195
Less: Provision for rebate on power sale	-	18972373
Total	266672684	279044822

**SCHEDULE 7
CASH & BANK BALANCES**

	31.03.2008	31.03.2007
Cash in hand	-	930
Balances with scheduled banks		
-Current Account	3092906	2184155
-Term Deposit Account*	940205000	653715622
Total	943297906	655900707

* Rs. 45000/- (Previous year Rs.45000/-) deposited as security with Sales Tax Authority

**SCHEDULE 8
OTHER CURRENT ASSETS**

	31.03.2008	31.03.2007
Interest accrued on Term Deposits	19216607	2095956

**SCHEDULE 9
LOANS AND ADVANCES**

	31.03.2008	31.03.2007
ADVANCES (recoverable in cash or kind for value to be received)		
RLDCs		
- Unsecured, considered good	-	20000
	-	20000
DEPOSITS		
With suppliers	4001500	15000
Advance Fringe Benefit Tax deposited	630000	-
Less: Provision	504123	-
Total	4127377	35000

**SCHEDULE 10
CURRENT LIABILITIES**

	31.03.2008	31.03.2007
Sundry Creditors		
For goods and services		
Other than Micro and Small Enterprise	317265108	93509391
Holding Company -NTPC Limited	15093955	11795642
Book overdraft	-	98244
Deposits, retention money from buyers	429763992	451654292
	762123055	557057569
Advances from customers and others	4284564	32940954
Other liabilities	203953	7951
Total	766611572	590006474

**SCHEDULE 11
PROVISIONS**

	31.03.2008	31.03.2007
Income Tax		
As per last balance sheet	71777	-
Additions during the year	99446605	31271718
Less: Tax deposited & tax deducted at source	99385683	31199941
	132699	71777
Fringe Benefit Tax		
As per last balance sheet	130746	18680
Additions during the year	-	540746
Less: Tax deposited	130746	428680
	-	130746
Proposed dividend		
As per last balance sheet	20000000	10000000
Additions during the year	40000000	20000000
Amounts used during the year	20000000	10000000
	40000000	20000000
Tax on proposed dividend		
As per last balance sheet	3399000	1402500
Additions during the year	6798000	3399000
Amounts used during the year	3399000	1402500
	6798000	3399000
Employee benefits		
As per last balance sheet	5242870	-
Additions during the year	3703474	6676198
Amounts used during the year	3386507	1433328
	5559837	5242870
Total	52490536	28844393

**SCHEDULE 12
CONTINGENT LIABILITIES**

	31.03.2008	31.03.2007
Claims against the company not acknowledged as debts in respect of:		
Letters of Credit other than for capital expenditure	322200000	52200000
Claims by buyers for deducted open access charges	15600385	43830083
Claims by supplier for energy charges	127076	-
Others	200000	-
Total	338127461	96030083

**SCHEDULE 13
SALES**

	Current Year	Previous Year
Power #	7524594341	8579509969
Power under swap arrangements	73371189	14451345
Fly Ash	14483811	17834134
Cenosphere	6757730	1672000
Total	7619207071	8613467448

Sale of power includes compensation received of Rs. 15701804/- (previous year Rs. Nil) due to lesser drawl of power.

SCHEDULE 14
OTHER INCOME

Interest (Gross) (Tax deducted at source Rs. 42813906/-, Previous year Rs.3246717/-)
Surcharge on late payment from customers
Miscellaneous income
Total

	(Rs.)
Current Year	Previous Year
189317510	23508930
4297072	328007
3536356	25518
197150938	23862455

SCHEDULE 15
EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, wages, bonus, allowances & benefits
Contribution to provident and other funds
Welfare expenses
Total

42606754	30112251
3639042	2205993
8305607	7626870
54551403	39945114

SCHEDULE 16
ADMINISTRATION & OTHER EXPENSES

Power Charges
Rent
Repair & Maintenance
- Office
- Others
Rates & Taxes
Training & recruitment expenses
Communication expenses
Travelling expenses
Tender expenses
Less: Receipt from sale of tenders
Payment to Auditors
Business Promotion and advertisement
Entertainment expenses
Brokerage & commission
Ash utilisation & marketing expenses
Books and periodicals
Professional charges and consultancy fee
Legal Expenses
EDP hire and other charges
Printing & stationery
Miscellaneous expenses
Loss on disposal of fixed assets
Total

31200	33800
3021	82140
-	5117
10618	370556
1500000	1500500
10500	72500
760285	950830
3770020	4130703
788395	1112216
-	395000
80348	81048
168540	25000
557725	388004
227670	56299
186907	315687
19707	37801
345054	358522
104596	15810
28570	48812
361714	140581
677814	408142
33157	-
9665841	9739068

SCHEDULE 17
INTEREST AND FINANCE CHARGES

Interest on:
Cash credit
Others

344687	66664
521834	21867
866521	88531

Finance Charges:
Bank charges

296496	345425
1163017	433956

SCHEDULE 18
NOTES ON ACCOUNTS

- Balances shown under debtors, advances and creditors in so far as these have not been since realized/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
- Sales and Purchases of energy are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).
- Sale of power under SWAP arrangements is billed by margin only to buyers. During the year, revenue on account of above has been recognized for Rs. 73371189/- (previous year Rs.14451345/-) in schedule 13.
- During the year, the company has implemented SAP-ERP system. As a result, for computation of depreciation, life of the assets has been rounded down to nearest months as against fractional years. Due to above change, impact on depreciation for the year is immaterial.
- The effect of foreign exchange fluctuation during the period is as under:
The amount of exchange difference credited to the Profit and Loss Account is **Rs. 114112/-** (Previous year Credit of Rs. 25518/-).
- Segment information
Accounting standard (AS-17) 'Segment Reporting' is applicable to the company but there is no reportable segment at the close of the year ending as at 31.03.2008.

- Power purchase includes compensation payment of Rs. 6453025/- (previous year Rs. Nil) due to lesser drawl of power.
- Employees' remuneration and benefits include Rs. 6299928/- (previous year Rs. 3127002/-) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement / death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme as apportioned by Holding Company i.e. NTPC Limited on actuarial valuation at the year end.
- The pay revision of the employees of the company is due w.e.f. 1st January 2007. Pending decision of the committee formed by the GOI, a provision of Rs. 11358312/- (previous year Rs. 2922055/-) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided upto 31st March 2008 is Rs. 14280367/- (Previous year Rs. 2922055/-).
- All the employees of the company are on secondment from Holding Company i.e. NTPC Limited.
- Earnings per share

The elements considered for calculation of Earning per share (Basic) are as under:

	Current year	Previous Year
Net Profit/(Loss) after Tax used as numerator (Rupees)	190496719	65119418
Weighted average number of equity shares used as denominator	20000000	20000000
Earning/(Loss) per share (Rupees)	9.52	3.26
Face value per share (Rupees)	10	10

- In compliance of Accounting Standard -22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the item wise details of Deferred tax liability (net) are as under.

(Rs.)

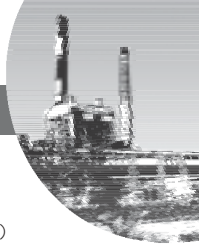
	31.03.2008	31.03.2007
Deferred Tax Liability		
i) Difference of book Depreciation and tax Depreciation	270905	384085
Less: Deferred Tax Assets		
i) Provisions Disallowed for Tax Purposes	222285	241336
Deferred tax Liability (Net)	48620	142749

The net decrease in deferred tax liability of Rs.94129/- (Previous Year decrease Rs. 300815/-) has been Credited to Profit & Loss Account.

- Licensed and Installed Capacities:
 - Licensed Capacity - Not Applicable
 - Installed Capacity - Not Applicable.
- Quantitative information:
 - Purchase and sale of power (in MUs)

	Current Year	Previous Year
Purchase	1358	2303
Sale	1358	2303
 - Sale of power under Power Swap Arrangement (in MUs):

	1966	361
--	-------------	-----
 - Trading of Fly Ash and ash based products (MT)
 - Fly Ash (export) **16783** 14798
 - Fly Ash (domestic) **9061** NIL
 - Cenosphere **480** 95
- Expenditure in foreign currency (Rs.)
 - Training & recruitment expenses **NIL** 72245
 - Travelling Expenses **70098** 107732
- Earnings in Foreign Exchange (Rs.)
 - FOB value of Fly Ash Export **NIL** 17834134
- Previous year figures have been regrouped/ rearranged wherever necessary.
- Information pursuant to Part IV of Schedule of the Companies Act, 1956.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Detail

State Code: 055

Registration No. U40108DL2002GO1117584

	Date	Month	Year
Balance Sheet Date	31	03	2008

II. Capital Raised during the year

(Amount in Rs. Thousands)

Public Issue

NIL

Right issue

NIL

Bonus Issue

NIL

Private Placement

NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liability

1236418

Total Assets

1236418

Source of Funds

Paid up Capital

200000

Reserves & Surplus

217267

Secured Loans

NIL

Unsecured Loans

NIL

Deferred Tax Liabilities

49

Application of Funds

Net Fixed Assets

1520

Investment

NIL

Net Current assets

415796

Misc. Expenditure

NIL

Accumulated Losses

NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

7619207

Total Expenditure

7671017

Profit/Loss before Tax

289833

Profit After Tax

190497

Earning Per Share in Rs.

9.52

Dividend Rate (%)

20

V. Generic name of three Principal Products/Services of Company

(As per monetary terms)

Product Description:

Item Code No.

1. TRADING OF ELECTRIC POWER

NA

2. TRADING OF FLY ASH AND ASH BASED PRODUCTS

NA

For and on behalf of the Board of Directors

As per our Report of even date

 For Rohtas & Hans.
Chartered Accountants

(Hans Kumar Jain) Partner M.No. 82912	(Nitin Mehra) Company Secretary	(A.K.Singhal) Director	(R.S. Sharma) Chairman
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 Place : New Delhi
Dated: 12.05.2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

(Rs.)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	289833263	96609200
Adjustment for:		
Depreciation	602073	753052
Interest income	(189317510)	(23508930)
Interest Expenses	521834	21867
Loss on sale of Assets	33157	-
	(188160446)	
Operating profit before Working Capital Changes	101672817	(22734011)
Adjustment for:		
Inventories	3005417	2848308
Trade and Other Receivables	12372138	(36395623)
Trade Payable and Other Liabilities	176922065	279903683
Loans and Advances	(3966500)	4373865
	188333120	250730233
Cash generated from operations	290005937	324605422
Direct Taxes Paid	(57880782)	(27833645)
Refund of earlier years from I.Tax Department	546480	2130266
Net Cash from Operating Activities-A	232671635	298902043
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(498004)	(108108)
Disposal of Fixed Assets	46279	170740
Interest on Investments Received	172196859	21277040
Income Tax on Interest on Investments	(42813906)	(3246717)
Net Cash used in Investing Activities -B	128931228	18092955
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	(50806664)	50806664
Dividend	(20000000)	(30000000)
Tax on Dividend	(3399000)	(4207500)
Net Cash flow from Financing Activities-C	(74205664)	16599164
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	287397199	333594162
Cash and Cash equivalents (Opening balance) *	655900707	322306545
Cash and Cash equivalents (Closing balance)*	943297906	655900707

*NOTE: Cash and Cash Equivalents consist of Cash in Hand & Balance with Banks.

For and on behalf of the Board of Directors

As per our Report of even date

 For Rohtas & Hans.
Chartered Accountants

(Hans Kumar Jain) Partner M.No. 82912	(Nitin Mehra) Company Secretary	(A.K.Singhal) Director	(R.S. Sharma) Chairman
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 Place : New Delhi
Dated: 12.05.2008

AUDITORS' REPORT

To the Members of

NTPC VIDYUT VYAPAR NIGAM LIMITED

1. We have audited the attached Balance Sheet of **NTPC VIDYUT VYAPAR NIGAM LIMITED** as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. Being a Government Company, pursuant to the Notification no. GSR 829 (E) dated 21.10.2003 issued by Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company;
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule 18, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2008,
 - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date, and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Rohtas & Hans
Chartered Accountants
(Hans Kumar Jain)
Partner
M.No. 82912

Place : New Delhi
Dated : 12.05.2008

ANNEXURE TO THE AUDITOR'S REPORT

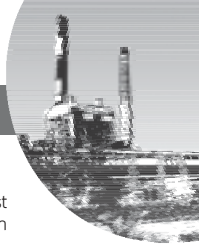
Statement referred to in paragraph (3) of our report of even date to the members of NTPC VIDYUT VYAPAR NIGAM LIMITED on the accounts for the year ended 31st March 2008.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification of fixed assets has been carried out by an internal committee, appointed for the purpose, which in our opinion is considered reasonable having regard to the size and nature of its assets & no material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year.
- (ii) (a) The inventory has been physically verified by the management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories.

- (iii) (a) The Company has not granted any loans to, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
In view of clause (iii) (a) above, the clause (iii) (b), (iii) (c) and (iii) (d) are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of the clause (iii) (e) above, the clause (iii) (f) and (iii) (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to fixed assets and sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- (v) (a) According to the information and explanation given to us, during the year under audit there have been no transaction which need to be entered into the register maintained under section 301 of the companies Act, 1956.
(b) In view of clause (v) (a) above, the clause (v) (b) is not applicable.
- (vi) The Company has not accepted deposits from the public.
- (vii) In our opinion the Company has an Internal Audit system, which is commensurate with the size of the company and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the companies Act, 1956.
- (ix) (a) The employees of NVVN are on secondment basis from its holding company i.e. NTPC Ltd. The holding company is regular in depositing undisputed statutory dues including dues like Provident Fund, Income Tax, Sales Tax and Service Tax etc. with appropriate authorities. According to the information and explanations given to us, there are no undisputed Provident Fund, Income Tax, Sales Tax and Service Tax etc. in arrear as at 31.03.2008 for a period of more than six month from the date they became payable.
(b) In view of clause (ix) (a) above, the clause (ix) (b) is not applicable.
- (x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debentures holders.
- (xii) According to the information and explanations given to us, company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) 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 the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short- term basis have been used for long -term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, during the year covered by our audit report the company has not raised any money through issuance of Bonds so, their is no requirement of creation of security.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the year covered by the audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Rohtas & Hans
Chartered Accountants
(Hans Kumar Jain)
Partner
M.No. 82912

Place : New Delhi
Dated : 12.05.2008



PIPAVAV POWER DEVELOPMENT COMPANY LIMITED
(A wholly owned subsidiary of NTPC Limited)

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 7th Annual Report and Audited statement of Accounts for the financial year ended 31st March 2008 of the Company together with the Auditors' Report thereon.

OPERATIONAL REVIEW

Pipavav Power Development Company Limited (PPDCL) was incorporated on 20th December, 2001 as a wholly owned subsidiary of NTPC Limited (NTPC) under the Presidential Directive with a view to develop infrastructure of Pipavav Power Project in the State of Gujarat. NTPC also paid a sum of Rs. 6.05 crore to Gujarat Power Corporation Limited (GPCL) for acquisition of required land for the project. Subsequently, with a view to develop Pipavav Power Project through a 50:50 equity participation by NTPC and GPCL under Joint Venture, a Memorandum of Understanding (MOU) was signed by NTPC with GPCL and Gujarat Electricity Board on 20th February 2004.

As agreed in the MOU, while NTPC was engaged in fulfilling the responsibility for selection of suitable fuel for the project based on techno-economic considerations, Principal Secretary (Energy and Petrochemicals) Government of Gujarat communicated that the Government of Gujarat has decided to develop the Pipavav Project with a strategic partner on fast track basis using imported coal and/or other suitable fuel.

Considering the letter from Government of Gujarat, Ministry of Power, Govt. of India had conveyed the approval of competent authority to allow NTPC Limited to dissociate from Pipavav Power Project (1000MW) in view of Government of Gujarat's decision to develop the project with another strategic partner.

Accordingly, process has been started for settlement of dues of NTPC/PPDCL with GPCL/Government of Gujarat and thereafter steps for winding up of PPDCL shall be taken up.

FINANCIAL REVIEW

During the year Company has incurred loss of Rs. 26,135/- as against loss of Rs. 25,457/- incurred last year. The loss was incurred on account of various charges like filing fees, professional fees, secretarial audit fees and other petty expenses.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the financial year ending 31st March 2008.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) has appointed M/s .K.K. Jain & Company, Chartered Accountants as Statutory Auditor of the Company for the financial year 2007-08. There are no adverse comments, observation or reservation in the auditor's report on the accounts of the Company.

COMPTROLLER & AUDITOR GENERAL REVIEW

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3)(b). The comments of C&AG under section 619 (4) on the accounts of the Company for the period ending March 31, 2008 and management replies thereto are placed at Annex-I.

SECRETARIAL COMPLIANCE REPORT

The Company appointed M/s. A. Kaushal & Associates, Company Secretaries for Secretarial Audit and for obtaining the Certificate of compliance under Section 383A(1) of the Companies Act, 1956 for the financial year 2007-08. The Compliance Certificate is attached with the Directors' Report as Annex-II.

PARTICULARS OF EMPLOYEES

Since, the Company has no employee, the particulars prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

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

Since no commercial activity was carried out by the Company during the year there is no significant particular with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo which require disclosure under clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts for the financial year ended 31st March 2008, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) The Directors had selected such accounting policies 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 on 31st March 2008 and of the loss of the company for that period;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors had prepared the annual accounts on going concern basis.

BOARD OF DIRECTORS

NTPC Limited has nominated and appointed Shri R. S. Sharma as Chairman of the Company w.e.f. 1st May 2008 in place of Shri T. Sankaralingam, who has resigned consequent upon attaining his age of superannuation and ceasing to be Chairman and Managing Director in NTPC Limited. During the year Shri J. Jha has been appointed as Director of the Company and Shri S. Trivedi has been ceased to be Director of the Company w.e.f. 17th December 2007.

The Board of Directors place on record deep appreciation for valuable contribution made by Shri T. Sankaralingam and Shri S. Trivedi.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri D. K. Jain shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record its appreciation for the support and co-operation extended by the Union Ministry of Power, NTPC Ltd., Gujarat Power Corporation Ltd., Gujarat State Electricity Corporation and other agencies of Govt. of India/Govt. of Gujarat, Auditors and the Bankers of the company.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 10th July, 2008

(R.S. Sharma)
Chairman
Annex-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF PIPAVAV POWER DEVELOPMENT COMPANY LIMITED FOR THE FINANCIAL YEAR 2007-08 AND MANAGEMENT REPLIES THEREON

Comment	Management Reply
The preparation of financial statements of Pipavav Power Development Company Limited, New Delhi for the year ended 31 March 2008 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 23 May 2008.	
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Pipavav Power Development Company Limited, New Delhi for the year ended 31 March 2008. 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. Based on my supplementary audit, I would like to highlight the	

Comment	Management Reply
<p>following significant matter under section 619 (4) of the Companies Act, 1956, which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:</p> <p>Comment on Disclosure</p> <p>A reference is invited to Note No. 1 of Notes on Accounts (Schedule-5) which states that the Gujarat Power Corporation Limited (GPCL) has refunded a sum of Rs.6.05 crore to NTPC Limited (Holding company). However, the fact that the GPCL has also paid interest of Rs.4.85 crore on the said sum, has not been disclosed.</p>	<p>The advance of Rs.6.05 crore given to GPCL was adjusted against corresponding amount payable by the Company to NTPC Ltd. and this fact was disclosed in Note No. 1 of Notes on Accounts (Schedule - 5). Since the interest referred to by audit was not received by the Company, no disclosure was considered necessary.</p>

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

(Ghazala Meenai)
Principal Director of
Commercial Audit and
Ex-officio Member

Place: New Delhi
Dated: 09 July 2008

Audit Board-III,
New Delhi

(R.S. Sharma)
Chairman

Place: New Delhi
Dated: 10 July 2008

Annex-II

COMPLIANCE CERTIFICATE
CIN: U40105DL2001GOI113508
Authorise Capital: Rs. 10,00,00,000/-

To
The Members

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED
NTPC Bhawan, Core-7, SCOPE Complex
7, Institutional Area, Lodhi Road, New Delhi-110003

I have examined the registers, records, books and papers of **PIPAVAV POWER DEVELOPMENT COMPANY LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended 31st March, 2008 (the financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I hereby certify that:

- The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns on the dates as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities generally within the time limit prescribed under the Act and the rules made thereunder.
- The Company being a public limited Company has the minimum prescribed paid-up capital.
- The Board of Directors duly met 4 (Four) times on 15th May, 2007, 05th July, 2007, 29th December, 2007 & 18th March, 2008 in respect of which meetings proper notices were given and the proceedings were duly recorded and signed in minutes books maintained for the purpose.
- The Company was not required to close its Register of Member during the financial year.
- The Annual General Meeting for the financial year ended 31st March, 2007 was held on 05th July, 2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No Extra Ordinary General Meetings was held during the financial year.
- As explained to me, the Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
- The Company has not entered into any contract falling within the purview of Section 297 of the Act.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- As explained to me, there were no instances falling within the purview of Section 314 of the Act and as such the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government, as the case may be.
- The Company has not issued any duplicate share certificate during the financial year.
- The Company:

- has made allotment of 5,000 equity shares on 18th March, 2008. Transfer of equity shares was duly made during the financial year. However, there was no transmission of securities during the financial year.
- was not required to deposit any amount in a separate bank account, as no dividend was declared during the financial year.
- was not required to post warrant to any member of the Company, as no dividend was declared during the financial year.
- was not required to transfer any amount in Investor Education & Protection Fund, as there is no unpaid dividend, application money due for the refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.
- has duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the Company is duly constituted. There was no appointment of Additional Director or Alternate Director or Director to fill Casual Vacancy during the financial year. However, Company has appointed Mr. Jibachh Jha as Nominee Director w.e.f. 17th December, 2007.
- The Company has not appointed Managing Director / Whole time director during the financial year.
- The Company has not appointed any sole-selling agents during the financial year.
- The Company was not required to obtain necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act
- The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The Company has issued 5,000 equity shares on 18th March, 2008.
- The Company has not bought back any shares during the financial year.
- As the Company has not issued any preference shares, there was no redemption of preference shares or debentures during the financial year.
- There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- The Company has not invited any public deposits including unsecured loans falling within the purview of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- The Company has not made any borrowing during the financial year.
- The Company has not made investments in other body corporate and has not given any guarantees or provided securities to other body corporate during the financial year.
- The Company has not altered the provisions of the Memorandum of Association with respect to Situation of the Registered Office of the Company from one state to another during the financial year.
- The Company has not altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
- The Company has not altered the provisions of the Memorandum of Association with respect to Name of the Company during the financial year.
- The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the Company during the financial year.
- As explained to me, there was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
- The Company has not received any money as security from its employees during the financial year.
- The Company has not constituted any Provident Fund Trust for its employees and as such the provisions of section 418 of the Act are not applicable.

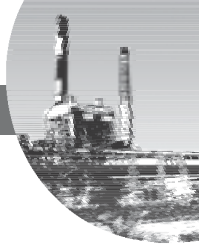
For A. Kaushal & Associates
Company Secretaries
Amit Kaushal
Proprietor
C.P. No. 6663

Place : New Delhi
Date : 23.05.2008

ANNEXURE 'A'

Registers as maintained by the Company:

S.No.	Name of Register(s)	Under Section
1.	Register of Members	150
2.	Register & Returns	163
3.	Minutes Books of General Meetings, Board Meetings	193
4.	Books of Accounts	209
5.	Register of particulars of contracts in which directors are interested	301
6.	Register of Directors, Managing Director, Manager, Secretary	303
7.	Register of Director's Shareholdings	307



ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or any other Authorities during the financial year ended 31st March, 2008.

S. No.	Forms & Returns	U/s	For	Filed on
1.	Notice of General Meeting, Balance Sheet, Profit & Loss Account together with Auditors' Report thereon.	220	the financial year ended on 31st March, 2007.	02.08.2007
2.	Annual Return	159	the Annual General meeting held on 05th July, 2007.	22.08.2007
3.	Compliance Certificate	383A	the financial year ended on 31st March, 2007.	03.08.2007
4.	Form No. 32	303 (2)	the appointment of Mr. Dinesh Kumar Jain as Nominee Director and resignation given by Mr. Karnam Prakash Rao, Director w.e.f. 20.03.2007.	17.04.2007
5.	Form No. 32	303 (2)	the resignation given by Vijaylaxmi Joshi, Director w.e.f. 07.04.2007.	25.04.2007
6.	Form No. 32	303 (2)	the appointment of Mr. Jibachh Jha as Nominee Director and resignation given by Mr. Subrato Trivedi, Director w.e.f. 17.12.2007.	16.01.2007
7.	Form DIN 3	266E	Mr. Dinesh Kumar Jain, Nominee Director of the Company.	18.04.2007

**PIPAVAY POWER DEVELOPMENT COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2008**

	Schedule No.	31.03.2008	(Rs.) 31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	37,50,000	37,00,000
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and bank balances	2	35,151	9,314
Loans and advances	3	-	6,05,00,000
		35,151	6,05,09,314
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	4	26,826	6,05,24,854
Net Current Assets		8,325	(15,540)
Profit and Loss Account		37,41,675	37,15,540
TOTAL		37,50,000	37,00,000
Notes on Accounts	5		

Schedules 1 to 5 form integral part of Annual Accounts

For and on behalf of Board of Directors
(D.K. Jain) (R.S. Sharma)
Director Chairman

In terms of our report of even date
For K.K. Jain & Co.
Chartered Accountants
(Simmi Jain)
M.No. 86496
Partner
Place : New Delhi
Dated : 23.05.2008

**PIPAVAY POWER DEVELOPMENT COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

	Current Year	Previous Year
Expenditure :		
Filing fees	3,142	2,500
Professional Fees	6,030	1,431
Secretarial Audit Fees	4,494	4,490
Audit fees	11,236	11,224
Miscellaneous Expenses	1,233	5,812
Total	26,135	25,457
Profit (Loss) before Tax	(26,135)	(25,457)
Balance brought forward	(37,15,540)	(36,90,083)
Balance Carried to Balance Sheet	(37,41,675)	(37,15,540)
Earning Per share(Equity Shares of Face Value of Rs.10/-each)- Basic and Diluted	(0.07)	(0.07)

For and on behalf of Board of Directors
(D.K. Jain) (R.S. Sharma)
Director Chairman

In terms of our report of even date
For K.K. Jain & Co.
Chartered Accountants
(Simmi Jain)
M.No. 86496
Partner
Place : New Delhi
Dated : 23.05.2008

SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2008	31.03.2007
SCHEDULE 1		
CAPITAL		
Authorised	10,00,00,000	10,00,00,000
Issued Subscribed and Paid-up	37,50,000	37,00,000

**SCHEDULE 2
CASH & BANK BALANCES**

Cash in hand	1,236	1,248
Balance with Scheduled Bank in Current Account	33,915	8,066
TOTAL	35,151	9,314

**SCHEDULE 3
LOANS AND ADVANCES**

(Advances recoverable in cash or in kind or for value to be received)		
Unsecured, considered good		
Advance to Gujarat Power Corporation Limited	-	6,05,00,000

**SCHEDULE 4
CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors - For Goods & Services	26,826	24,854
Other Liabilities - Advance from NTPC Limited	-	6,05,00,000
TOTAL	26,826	6,05,24,854

**SCHEDULE 5
Significant Accounting Policies**

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

Notes on Accounts :

1. Pursuant to Presidential Directive received under Articles of Association of NTPC Limited, NTPC had paid a sum of Rs.6,05,00,000 for acquisition of 212 hectares of land in Amreli District of Gujarat to M/s Gujarat Power Corporation Ltd. (GPCL). The payment was made by NTPC on behalf of Pipavay Power Development Company Limited and accordingly it was shown as advance to GPCL.

During the year, GPCL has paid the aforesaid sum of Rs.6,05,00,000/- to NTPC Limited. Consequently, an amount of Rs.6,05,00,000/- has been debited to the amount payable to NTPC Limited and credited to Advance to GPCL.

2. Earning per Share :

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

	Current Year	Previous Year
Net Profit before Tax used as numerator	(26,135)	(25,457)
Weighted Average number of Equity Shares used as denominator	3,70,191	3,70,000
Earning per Share – Basic and Diluted	(0.07)	(0.07)
Face value per share	10	10

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

1. Registration Detail

State Code : 055
Registration No. U40105DL2001G01113508

Date Month Year
31 03 2008

2. Capital Raised during the year (Amounts in Rs. Thousand)

Public Issue Right issue
NIL NIL
Bonus Issue Private Placement
NIL 50

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities Total Assets
3777 3777

Source of Funds

Paid up Capital Reserve & Surplus
3750 NIL
Secured Loans Unsecured Loans
NIL NIL

Application of Funds

Net Fixed Assets Investments
NIL NIL
Net Current assets Misc. Expenditure
08 NIL
Accumulated Losses
3742

4. Performance of Company (Amount in Rs. Thousand)

Turnover Total Expenditure
NIL 26
Loss Before Tax Loss After Tax
26 26
Earning Per Share in Rs. Dividend
(-) 0.07 NIL

5. Generic name of three principal products/services of Company

(As per monetary terms)

Item Code No. -

(ITC Code)

Product Description -

For and on behalf of Board of Directors

(D.K. Jain) (R.S. Sharma)
Director Chairman

In terms of our report of even date

For K.K. Jain & Co.

Chartered Accountants

(Simmi Jain)

M.No. 86496

Partner

Place : New Delhi

Dated : 23.05.08

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Operating Profit (Loss) before working capital changes	(26,135)	(25,457)
Adjustment for Sundry creditors	(6,04,98,028)	4,392
Loans & Advances	6,05,00,000	-
Net Cash flow (outgo) from Operating Activities – A	(24,163)	(21,065)
B. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	50,000	-
Net Cash flow (outgo) from financing Activities – B	50,000	-
Net Increase (Decrease) in cash and cash equivalents (A+B)	25,837	(21,065)
Cash & Cash equivalent (Opening Balance)	9,314	30,379
Cash & Cash equivalent (Closing Balance)	35,151	9,314

Note: Cash & Cash equivalents includes cash in hand and balance with banks.

For and on behalf of Board of Directors
(D.K. Jain) (R.S. Sharma)
Director Chairman

In terms of our report of even date

For K.K. Jain & Co.

Chartered Accountants

(Simmi Jain)

M.No. 86496

Partner

Place : New Delhi

Dated : 23.05.08

Auditor's Report

To the Members of

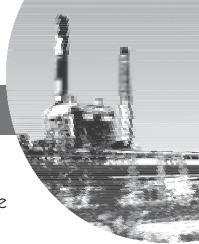
Pipavav Power Development Company Limited

We have audited the attached balance sheet of **Pipavav Power Development Company Limited, New Delhi** as at 31st March, 2008, the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with books of account;
- In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- Being a Government Company, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the company (Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs);
- Ministry of Power has directed National Thermal Power Corporation Ltd. to discontinue its involvement in the company in view of Government of Gujarat's decision to develop the project with another strategic partner. Hence the company is not a going concern;



- vii) In our opinion and to the best of our information and according to the explanations given to us and subject to our comment in para (vi) above, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of balance sheet, of the state of affairs of the company as at 31st March, 2008;
 - in the case of profit & loss account, of the loss for the year ended on that date; and
 - in the case of cash flow statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditors' Report) Order, 2003 (the Order) issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956, we further report in terms of matters specified in paragraphs 4 and 5 of the said Order that:

- Since the company has not commenced any business operations and is not having any fixed assets/stocks, clauses (i) & (ii) of the paragraph 4 of the Order are not applicable to the company;
- Since the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of Act, clause (iii) of the paragraph 4 of the Order is not applicable to the company;
- Since there is no inventory, fixed assets and sale of goods, clause (iv) of the paragraph 4 of the Order is not applicable to the company;
- According to the information given to us, there are no transactions that need to be entered in the register maintained u/s 301 of the Act, therefore, clause (v) of the paragraph 4 of the Order is not applicable to the company;
- According to the information and explanations given to us, the company has not accepted any deposits from public during the year, therefore, clause (vi) of the paragraph 4 of the Order is not applicable to the company;
- Since the company is neither a listed company and/not having a paid up capital exceeding Rs.50 Lakhs as at the commencement of the financial year concerned nor having an average annual turnover exceeding five crore rupees for a period of three consecutive financial year immediately preceding the financial year concerned, clause (vii) of the paragraph 4 of the Order is not applicable to the company;
- The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the company, therefore, clause (viii) of the paragraph 4 of the Order is not applicable to the company;
- According to the information and explanations given to us, since the company has not commenced any business operations, various provisions with regard to payments of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues are not applicable to company for the time being, therefore, clause (ix) of the paragraph 4 of the Order is not applicable to the company;
- The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during financial year covered by our audit and in the immediately preceding financial year;
- As per the information and explanations given to us, clause (xi) of the paragraph 4 of the Order is not applicable to the company, since there is no dues payable by the company to a financial institutions or bank or debenture holders;
- The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, therefore, clause (xii) of the paragraph 4 of the order is not applicable to the company;
- Since the company is not a chit fund/nidhi/mutual benefit fund/society, clause (xiii) of the paragraph 4 of the order is not applicable to the company;
- Since the company is not dealing or trading in shares, securities, debentures and other investments, clause (xiv) of the paragraph 4 of the order is not applicable to the company;
- As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, therefore, clause (xv) of the paragraph 4 of the order is not applicable to the company;

- Since the company has not taken/raised any loans, clause (xvi) & (xvii) of the paragraph 4 of the order are not applicable to the company;
- As per the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act;
- Since the company has not issued any debentures, clause (xix) of the paragraph 4 of the order is not applicable to the company;
- Since the company has not raised money by public issue, clause (xx) of the paragraph 4 of the order is not applicable to the company;
- As per information and explanations given to us, no frauds on or by the company has been noticed or reported during the course of our audit.

For K.K. Jain & Co.
Chartered Accountants

(Simmi Jain)

Partner

(M.No. 86496)

Place : New Delhi

Date : 23.05.08

KANTI BIJLEE UTPADAN NIGAM LIMITED
(Formerly Vaishali Power Generating Company Limited)
DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Second Annual Report on the Working of the Company together with Audited Accounts and Auditors' Report thereon for year 2007-2008.

Your Company has changed the name of the Company from Vaishali Power Generating Company Limited to Kanti Bijlee Utpadan Nigam Limited w.e.f. 10.04.2008. The name Vaishali gave an impression that the plant was located in the district Vaishali which was adjacent to Muzaffarpur, while the plant is actually located at Kanti. Therefore, in order to give the correct impression of location of the plant, the name of the Company has been changed to Kanti Bijlee Utpadan Nigam Limited.

OPERATIONAL REVIEW

Your Company has test synchronized unit#2 of 2X110 MW of Muzaffarpur Thermal Power Station on 17.10.2007. The coal firing for Unit # 2 had started from 29.01.2008. Since then the unit is under stabilization and the infirm power generated from the unit is being supplied to Bihar State Electricity Board. R&M of Unit #1 has been taken up by Bharat Heavy Electricals Limited.

Your Company has also taken up expansion of Muzaffarpur Thermal Power Station with installation of 2X250 MW additional units for which Feasibility Report has been approved by the Board.

FINANCIAL REVIEW

During the Financial Year 2007-2008, your Company has incurred an expenditure of Rs. 53,350 which has been charged to the Profit and Loss Account. Under the "Rashtriya Sam Vikas Yojana" of Government of India, the Company has received grant of Rs. 150 million from the Government of India during the year. The Company has also taken loan of Rs. 200 million from the holding Company i.e. NTPC Limited.

The Company has a net block comprising tangible and intangible assets of Rs. 299 million as at 31.03.2008. The Holding Company, NTPC Limited had paid an amount of Rs. 571 million to LIC on behalf of your Company and LIC had vacated the charge on the assets transferred to the Company by Government of Bihar. Shares at par value equivalent to amount paid shall be issued to NTPC Limited by your Company.

The financial highlights of the Company for the year ended on 31st March 2008 are as under:-

(Rs. Million)

Particulars	Fiscal 2008	Fiscal 2007
Paid-up Share Capital	1.00	1.00
Share Capital Deposit Pending Allotment	571.00	-
Reserve & Surplus	1124.91	974.96
Unsecured Loans	200.00	22.02
Net Block	299.32	306.24
Capital Work in Progress	1023.05	540.59
Construction Stores & Advances	628.35	1003.03
Loss after Tax	0.05	0.04

AUDITORS' REPORT

Comptroller & Auditor General of India vide letter dated 7th August 2007 has appointed M/s GRA & Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2007-08. The Statutory Auditors has submitted their report and there is no adverse comment in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

Comptroller & Auditor General of India (C&AG) vide letter dated June 20, 2008 has decided not to review the report of the Auditors on the accounts of the company for the year ended 31st March 2008 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. Letter of C&AG in this regard is at Annexure I.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the Financial Year ending 31st March 2008.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over the specified amount, the particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

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

Your Company has taken the following steps for energy conservation:

- (i) Oil Gun Tips were replaced from J11 to J9 Tip having smaller diameter. This has reduced the Oil Consumption
- (ii) Street Lights are switched on & off timely
- (iii) CFL's & 36 watts lamps are used in public buildings
- (iv) LEDs have been used in HT Switch gear panels.

During the period under review, the Company had no earning or outgo in foreign exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts for the Financial Year ending on 31st March 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the Financial Year 2007- 2008 and of the loss of the company for the said period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors had prepared the annual accounts for the Financial Year ending on 31st March 2008, on a going concern basis.

BOARD OF DIRECTORS

Shri R.S. Sharma has taken over as Chairman of the Company vice Shri T. Sankaralingam who has consequent upon attaining the age of superannuation ceased to be the Chairman & Managing Director of NTPC Limited w.e.f. April 30, 2008. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri T. Sankaralingam during his association with the Company.

Shri R.K. Jain, Director (Technical), NTPC Limited has been nominated by NTPC Limited and appointed by the Board as additional Director on the Board of the Company w.e.f. 22.05.2008. His appointment shall be regularized in the ensuing Annual General Meeting.

As per the provisions of the Companies Act, 1956, Shri R.C. Shrivastav and Shri Swapan Mukherjee, Directors retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by Union Ministry of Power, Government of Bihar, holding Company i.e. NTPC Ltd., Bihar State Electricity Board, Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 10.07.2008

(R.S. Sharma)
Chairman

ANNEXURE-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF KANTI BIJLEE UTPADAN NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH, 2008

The preparation of financial statements of Kanti Bijlee Utpadan Nigam Limited, New Delhi, for the year ended 31 March, 2008 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, is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26.5.2008.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors' on the accounts of Kanti Bijlee Utpadan Nigam Limited, New Delhi, for the year ended 31 March, 2008 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

(Nand Kishore)

Place: New Delhi
Dated: 20 June, 2008

Principal Director of Commercial Audit and
Ex-officio Member Audit Board-III
New Delhi

KANTI BIJLEE UTPADAN NIGAM LIMITED

(formerly Vaishali Power Generating Company Limited)

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

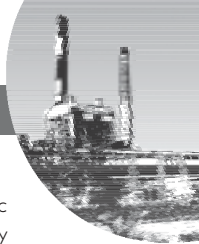
The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. GRANTS-IN-AID

Grants-in-aid received from the Central Government or other authorities toward capital expenditure are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciations written off on the assets acquired out of the grants.

3. FIXED ASSETS

- 3.1 Fixed Assets are shown at historical costs.
- 3.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and / or efficiency of an existing asset is adjusted in the cost of related assets.
- 3.3 Intangible assets are recorded at their cost of acquisition.
- 3.4 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.



4. CAPITAL WORK-IN-PROGRESS

- 4.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 4.2 Incidental Expenditure During Construction (net) is apportioned to Capital Work-in-Progress on the basis of accretions thereto.

5. BORROWING COSTS

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

6. INVENTORIES

- 6.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
- 6.2 Diminution in value of obsolete and unserviceable stores and spares is ascertained on review and provided for.

7. EXPENDITURE

- 7.1.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act 1956 except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Computers, laptops and peripherals	19.00 %
b) Photocopiers and Fax Machines	19.00 %
c) Air conditioners, Water coolers and Refrigerators	08.00 %

- 7.1.2 Depreciation on additions to / deductions from fixed assets during the year is charged on pro-rata basis from / up to the month in which the asset is available for use / disposal.
- 7.1.3 Assets costing upto Rs.5000/- are fully depreciated in the year of acquisition.
- 7.1.4 Where the cost of an asset has undergone change due to renovation & modernization, the residual useful life ascertained by technical assessment and unamortized depreciable amount is depreciated prospectively.
- 7.1.5 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 earlier.
- 7.1.6 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 prospectively over the residual life determined on the basis of the rate of depreciation.
- 7.1.7 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its amortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
- 7.1.8 Expenses on ex-gratia payments under voluntary retirement scheme, training and recruitment and research and development are charged to revenue in the year of incurrence.
- 7.1.9 Prepaid expenses and prior period expenses / income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 7.1.10 The liabilities towards employee benefits (except for BSEB and 9 specified employees) in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long

service awards to employee, farewell gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. NTPC Ltd on actuarial valuation at the year end. The company provides for such employee benefits as apportioned by the Holding Company.

8. PROVISIONS AND CONTINGENT LIABILITIES

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

KANTI BIJLEE UTPADAN NIGAM LIMITED
(formerly Vaishali Power Generating Company Limited)
BALANCE SHEET AS AT 31ST MARCH 2008

	Schedule No.	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	1,000,000	1,000,000
Share Capital Deposit pending Allotment		571,000,000	-
Reserve & Surplus	2	1,124,907,150	974,960,500
		<u>1,696,907,150</u>	<u>975,960,500</u>
LOAN FUNDS			
Unsecured Loan	3	200,000,000	22,020,322
TOTAL		<u>1,896,907,150</u>	<u>997,980,822</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		317,206,210	312,478,221
Less: Depreciation		17,883,361	6,239,990
Net Block		<u>299,322,849</u>	<u>306,238,231</u>
Capital Work-in-Progress	5	1,023,046,674	540,592,148
Construction Stores and Advances	6	628,354,907	1,003,026,505
		<u>1,950,724,430</u>	<u>1,849,856,884</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	140,597,494	135,264,123
Sundry debtors	8	153,262,419	-
Cash & Bank Balances	9	1,331,083	1,102,715
Loans and Advances	10	56,535,345	416,902
		<u>351,726,341</u>	<u>136,783,740</u>
LESS: CURRENT LIABILITIES			
Liabilities	11	398,037,714	988,324,321
Provisions	12	7,505,907	335,481
		<u>405,543,621</u>	<u>988,659,802</u>
Net Current Assets		<u>(53,817,280)</u>	<u>(851,876,062)</u>
TOTAL		<u>1,896,907,150</u>	<u>997,980,822</u>
Notes on Accounts	18		

As per our report of even date

For and on behalf of Board of Directors

For GRA & Associates

Chartered Accountants

(Rohit Gupta)

Partner

M.No. 91710

Place : New Delhi

Dated: 26th MAY 2008

(Ruchi Aggarwal)

Company Secretary

(A.K.Singhal)

Director

(R.S. Sharma)

Chairman

KANTI BIJLEE UTPADAN NIGAM LIMITED
(formerly Vaishali Power Generating Company Limited)
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule No.	For the period 01.04.2007 to 31.03.2008	Amount (Rs.) For the period 06.09.2006 to 31.03.2007
INCOME			
Other Income	13	-	-
Total		-	-
EXPENDITURE			
Employees' Remuneration and Benefits	14	-	-
Administrative & Other Expenses	15	53,350	39,500
Depreciation		-	-
Interest and Finance Charges	16	-	-
Total		53,350	39,500
Profit/(Loss) before Tax		(53,350)	(39,500)
Provisions:			
Fringe Benefit Tax		804,511	204,264
Less: Transferred to IEDC		804,511	204,264
Provisions for Tax (Net)		-	-
Profit/(Loss) after Tax		(53,350)	(39,500)
Balance Carried to Balance Sheet		(53,350)	(39,500)
Incidental Expenditure During Construction	17	(0.53)	(0.74)
Earning Per Share (Equity Shares, Face Value Rs 10/- each)			
- Basic and Diluted			
Notes on Accounts	18		

Schedule 1 to 17 and accounting policies form part of accounts.
As per our report of even date For and on behalf of Board of Directors

For GRA & Associates

Chartered Accountants

(Rohit Gupta) (Ruchi Aggarwal) (A.K.Singhal) (R.S. Sharma)
Partner Company Secretary Director Chairman

M.No. 91710

Place : New Delhi

Dated: 26th MAY 2008

SCHEDULE 1

CAPITAL

AUTHORISED

100,000,000 equity shares of Rs 10/- each
(Previous year 100,000,000 equity shares of Rs 10/- each)

ISSUED, SUBSCRIBED AND PAID UP

1,00,000 equity shares of
Rs 10/- each fully paid up
(Previous year 100,000 equity shares of
Rs 10/- each fully paid up)

Total

SCHEDULE 2

RESERVES AND SURPLUSES

Capital Reserve

Opening Balance

(Grants-in-aid from Govt of India)

Add: Received during the year

Closing Balance

Profit/(Loss) from Profit & Loss Account

Total

SCHEDULE 3

UNSECURED LOANS

Loan from Holding Company NTPC Ltd

Total

	As At 31.03.2008	As At 31.03.2007
AUTHORISED		
100,000,000 equity shares of Rs 10/- each (Previous year 100,000,000 equity shares of Rs 10/- each)	1,000,000,000	1,000,000,000
ISSUED, SUBSCRIBED AND PAID UP		
1,00,000 equity shares of Rs 10/- each fully paid up (Previous year 100,000 equity shares of Rs 10/- each fully paid up)	1,000,000	1,000,000
Total	1,000,000	1,000,000
SCHEDULE 2		
RESERVES AND SURPLUSES		
Capital Reserve		
Opening Balance		
(Grants-in-aid from Govt of India)	974,960,500	975,000,000
Add: Received during the year	150,000,000	-
Closing Balance	1,124,960,500	975,000,000
Profit/(Loss) from Profit & Loss Account	(53,350)	(39,500)
Total	1,124,907,150	974,960,500
SCHEDULE 3		
UNSECURED LOANS		
Loan from Holding Company NTPC Ltd	200,000,000	22,020,322
Total	200,000,000	22,020,322

SCHEDULE 4

FIXED ASSETS

(Rs.)

A/C Code Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1.04.2007	Additions	Adjustments	As at 31.03.2008	As at 1.04.2007	During the Period	Adjustments	As at 31.03.2008	As at 31.03.2007
TANGIBLE ASSETS									
Buildings	308189733	-	-	308189733	6004563	10293537	-	16298100	291891633
Plant & Machinery	-	412907	-	412907	0	34783	-	34783	378124
Furniture Fixture & Other Office equipment	3959143	1606838	-	5565981	205556	802721	-	1008277	4557704
EDP and WP Machine	48800	2191043	-	2239843	11363	370747	-	382110	1857733
Vehicles	280545	-	-	280545	18508	26652	-	45160	235385
INTANGIBLE ASSETS									
Software	-	517201	-	517201	-	114931	-	114931	402270
Total	312478221	4727989	-	317206210	6239990	11643371	-	17883361	299322849
Previous Year	-	312478221	-	312478221	-	6239990	-	6239990	306238231

Depreciation for the year is allocated as given below:-

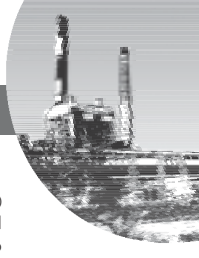
	Current Year	Previous Year
Charged to Profit and Loss Account	-	-
Less: Depreciation transferred to IEDC-sch 17	11,643,371	6,239,990

SCHEDULE 5

CAPITAL WORK-IN-PROGRESS

Rs.

Description	Opening Balance	Additions	Adjustments	Capitalised during the year	As at 31.03.2008
Buildings	726214	-	726214	-	-
Plant & Machinery	501138523	282596508	1661337	-	782073694
Expenditure pending allocation					
Pre-commissioning expenses (net)	-	(90893713)	-	-	(90893713)
Incidental Expenditure During Construction	38727411	293139282	-	-	331866693
Total	540592148	484842077	2387551	-	1023046674
Previous Year	-	537619976	(2972172)	-	540592148



**SCHEDULE 6
CONSTRUCTION STORES AND ADVANCES**

AUTHORISED

CONSTRUCTION STORES* (At Cost)
Others
ADVANCE FOR CAPITAL EXPENDITURE
Unsecured, considered good
Covered by Bank Guarantee
Others

As At 31.03.2008	Amount (Rs.) As At 31.03.2007
-	28,026,505
375,000,000	375,000,000
253,354,907	600,000,000
628,354,907	1,003,026,505
-	5,646,810

*Includes material with contractors

**SCHEDULE 7
INVENTORIES**

(Valued as per provisional transfer value)

Fuel	25,694,543	-
Components and Spares	112,261,223	135,264,123
Chemical & Consumables	2,641,728	-
Total	140,597,494	135,264,123

SCHEDULE 8

SUNDRY DEBTORS

Debtors for sale of energy due for less than six months

153,262,419	-
153,262,419	-

SCHEDULE 9

CASH & BANK BALANCES

Balances with Scheduled Banks
Current Account

1,331,083	1,102,715
1,331,083	1,102,715

SCHEDULE 10

LOANS AND ADVANCES

Loans

Employee	-	-
Secured	20,320,708	-
Unsecured	662,992	-

Advances

Employees (Including Imprest)	-	-
Unsecured, considered good	8,911,999	304,013
Contractors & Suppliers including material issued on loan	-	-
Unsecured considered good	26,614,246	92,189

Deposits

Deposits with others	25,400	20,700
Total	56,535,345	416,902

SCHEDULE 11

CURRENT LIABILITIES

Sundry Creditors

For Capital expenditure

294,863,974	849,627,531
-------------	-------------

Other than Micro & Small Enterprises
For goods and services

24,912,116	110,973,924
------------	-------------

Other than Micro & Small Enterprises
Deposits, Retention money from

4,244,599	250,000
-----------	---------

contractors and others

100,000	100,000
---------	---------

Less: Investments held as security

323,920,689	960,751,455
--------------------	--------------------

Other liabilities

5,477,511	168,239
-----------	---------

Amount payable to Holding Company

68,639,515	24,609,287
398,037,714	985,528,981

SCHEDULE 12

PROVISIONS

Fringe Benefit Tax

204,264	-
---------	---

Opening Balance

804,511	204,264
---------	---------

Additions during the year

927,103	-
---------	---

Less: advance tax deposited

81,672	204,264
--------	---------

Closing Balance (Fringe Benefit Tax)

2,926,557	131,217
-----------	---------

Employee Benefits

7,721,926	2795340
-----------	---------

Opening Balance

3,224,248	-
-----------	---

Additions during the year

7,424,235	2,926,557
-----------	-----------

Amount used during the year

7,505,907	3,130,821
------------------	------------------

**SCHEDULE 13
OTHER INCOME**

Township Recoveries

221,101	-
---------	---

Misc Receipts

3,430	-
-------	---

Transferred to Incidental Expenditure

224,531	-
---------	---

During Construction - Schedule 17

224,531	-
----------------	----------

Total

-	-
---	---

SCHEDULE 14

EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, wages, bonus, allowances & benefits

81,865,692	9,740,532
------------	-----------

Contribution to provident fund and other funds

7,762,970	794,425
-----------	---------

Welfare expenses

11,182,445	749,543
------------	---------

100,811,106	11,284,500
--------------------	-------------------

Transferred to Incidental Expenditure

100,811,106	11,284,500
-------------	------------

During Construction - Schedule 17

100,811,106	11,284,500
--------------------	-------------------

Total

-	-
---	---

SCHEDULE 15

ADMINISTRATION & OTHER EXPENSES

Power Charges

-	30,000
---	--------

Repair & Maintenance

19,893,758	859,922
------------	---------

Buildings

110,072,201	-
-------------	---

P&M-power station

4,121,628	874,257
-----------	---------

Others

53,350	-
--------	---

Training & Recruitment

4,108,849	5,083,380
-----------	-----------

Legal Expenses

2,128,680	48,874
-----------	--------

Profession Charges and Consultancy Fees

1,307,946	334,089
-----------	---------

Communication Expenses

6,045,713	2,120,378
-----------	-----------

Travelling Expenses

2,200	-
-------	---

Tender Expenses

11236	-
-------	---

Auditors Remuneration Fees

45686	56,922
-------	--------

Out of Pocket Expenses

71,499	11,236
--------	--------

Advertisement Exp

312,292	-
---------	---

Printing and Stationery

90,925	36,327
--------	--------

EDP Hire and Other Charges

9,413,979	80,305
-----------	--------

Security Expenses

218,579	5,563,509
---------	-----------

Entertainment Expenses

2,445,118	78,290
-----------	--------

Expenses for Guest House

22,652	1,458,955
--------	-----------

Books and Periodicals

1,052	4,233
-------	-------

Education Expenses

462,276	3,500
---------	-------

Lease Rent

118,053	1
---------	---

Insurance

174,718	31,977
---------	--------

Rates & Taxes

4,675,479	29,251
-----------	--------

Miscellaneous expenses

-	1,146,517
---	-----------

Preliminary Expenses written off

165,797,869	39,500
-------------	--------

165,797,869	17,834,501
--------------------	-------------------

Transferred to Incidental Expenditure

165,744,519	17,795,001
-------------	------------

During Construction - Schedule 17

53,350	39,500
---------------	---------------

Total

-	-
---	---

SCHEDULE 16

INTEREST AND FINANCE CHARGES

Interest on loan from Holding Company

14,353,941	227,790
------------	---------

Bank Charges

6,365	3,694
-------	-------

14,360,306	231,484
-------------------	----------------

Less: Interest and Finance charges transferred to IEDC - Schedule 17

14,360,306	231,484
------------	---------

Total

-	-
---	---

SCHEDULE 17
INCIDENTAL EXPENDITURE DURING
CONSTRUCTION

A. Employees Remuneration and
Other Benefits

Salaries, Wages, Allowances and Benefits	81,865,692	9,740,532
Contribution to provident and other funds	7,762,970	794,425
Welfare Expenses	11,182,445	749,543
Total (A)	100,811,106	11,284,500

B. Admn & Other Expenses

Power Charges	-	30,000
Repair & Maintenance		
Buildings	19,893,758	859,922
P&M-station	110,072,201	-
Others	4,121,628	874,257
Legal Expenses	4,108,849	5,083,380
Profession Charges and Consultancy Fees	2,128,680	48,874
Communication Expenses	1,307,946	334,089
Travelling Expenses	6,045,713	2,120,378
Tender Expenses	2,200	-
Audit Fee	56,922	11,236
Advertisement Exp	71,499	-
Printing and Stationery	312,292	36,327
EDP Hire and Other Charges	90,925	80,305
Security Expenses	9,413,979	5,563,509
Entertainment Expenses	218,579	78,290
Expenses for Guest House	2,445,118	1,458,955
Books and Periodicals	22,652	4,233
Education Expenses	1,052	3,500
Lease Rent	462,276	1
Insurance	118,053	31,977
Rates & Taxes	174,718	29,251
Miscellaneous expenses	4,675,479	1,146,517
Total (B)	165,744,519	17,795,001

C. Depreciation

Total (A+B+C)	278,198,996	35,319,491
----------------------	--------------------	-------------------

D. Interest and Finance Charges

Interest on loan from Holding Company	14,353,941	227,790
Finance Charges	6,365	3,694
Total (D)	14,360,306	231,484

E. Fringe Benefit Tax

	804,511	204,264
--	---------	---------

F. Other receipts

	224,531	-
--	---------	---

GRAND TOTAL (A+B+C+D+E-F)

	293,139,282	35,755,239
--	--------------------	-------------------

Amount (Rs.)
For the period
06.09.2006 to
31.03.2007

- Both units of the transferred station were under renovation & modernization since the date of transfer (and not in operation). The plant & machinery comprised in the assets therefore has been accounted as CWIP. From 29-01-08 unit no. 02 (1 x 110 MW) after restoration & refurbishment is on trial operation for attaining stability in operation. The infirm power generated from the unit-02 (1 x 110 MW) of plant during the stability period has been accounted at UI rate notified by Central Electricity Regulatory Commission (CERC) vide order dt. 21-08-07. Revenue earned and fuel consumed during stabilization period has been accounted as pre-commissioning income/expenditure.
- a) 115 employees are on secondment basis from holding company (NTPC Ltd). LTC expenses/and other retirement benefits due on 31.03.2008 have been debited to Profit & Loss Account for the year 2007-08, as apportioned by the holding company based on actuarial valuation.
- b) The pay revision of the employees of the company is due w.e.f. 1st January 2007. Pending decision of the committee formed by the GOI, a provision of Rs.1,72,01,927/- (Previous year Rs. 9,56,306/-) has been made on estimated basis as apportioned by the Holding Company i.e. NTPC Limited. Cumulative amount provided upto 31st March 2008 is Rs. 1,81,58,233 /- (Previous year Rs. 9,56,306/-)
- c) In respect of 9 workmen taken from BSEB the employee benefits have been provided in the books of accounts as per terms of appointment with BSEB pending finalization of their employment terms in KBUNL.
- d) In respect of 45 employees on deputation from BSEB the employee benefits (pension contribution/leave salary) have been provided based on their service terms in BSEB, for the period of deputation in KBUNL.
- As per the MOU dt.9th May 2006, Govt. of India sanctioned a grant of Rs.350.00 crore through Govt of Bihar for renovation & modernization of the taken over station. M/s BHEL has been paid an advance of Rs.97.50 crores till 31.03.2008 and KBUNL has been paid Rs. 15 crores out of the sanctioned amount and the same have been accounted as 'Grants-in-Aid' in Schedule 2 as Capital Reserve.
- Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs155.83crores.
- Earning per share disclosures:-

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

	Current year	Previous year
Net Profit after tax used as numerator (Rs)	(53350)	(39500)
Weighted average number of equity shares used as denominator	100000	53425
Earning per share (Basic and Diluted) Rupees	(0.53)	(0.74)
Face value per share (Rupees)	10/-	10/-

- a) Licensed capacity – Not applicable.
- b) Installed capacity – 2x110 MW(Since 29-01-08 one unit no. 02 is in trial operation).
- Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

State Code : 055

Registration No. U40102DL2006G01153167

Balance-sheet date 31/03/08

II Capital Raised during the year (Rs. In Thousands).

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities	2302451	Total Assets	2302451
-------------------	---------	--------------	---------

Source of Funds

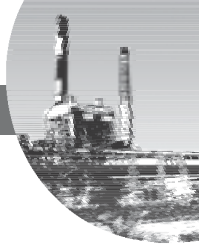
Paid up Capital	1000	Reserves & Surplus	1124907
Secured Loans	Nil	Unsecured Loans	200000

SCHEDULE-18

NOTES ON ACCOUNTS:

- The Company was incorporated on 6th September 2006, therefore previous year figures are only for part of the year.
- The name of the Company has been changed to "Kanti Bijlee Utpadan Nigam Limited" (KBUNL) (formerly known as Vaishali Power Generating Company Limited) vide Registrar of Companies, National Capital Territory of Delhi & Haryana's certificate dated 10th April 2008.
- In terms of transfer notification dated 08.09.2006 issued by Government of Bihar, Muzaffarpur Thermal Power Station (Station) of Bihar State Electricity Board (BSEB) was vested in Vaishali Power Generating Company Limited (VPGCL) w.e.f. 8th September 2006. As per terms of notification, all assets of the Station (excluding Land which has been transferred on 33 years Lease) have been vested in VPGCL in lieu of purchase consideration, to be determined (as on the date of transfer), based on audited depreciated book value. The audit of depreciated book value on the date of transfer is yet to be got done by BSEB. Pending final determination of the value of assets, opening book value of assets (excluding Land) has been taken as Rs.84.53 crore as given in Schedule C of the aforesaid transfer notification and shown under sundry creditors for capital expenditure. Life Insurance Corporation of India had a charge of Rs.57.10 crore on these transferred assets, which has been vacated on 29-03-2008 on payment of Rs. 57.10 crores to LIC by the Holding Company NTPC Ltd as per the transfer notification. The amount paid by the holding Company NTPC Ltd has been booked to share deposit a/c. pending allotment of share to NTPC by debit to Sundry Creditors for Capital Expenditure (Amount payable to BSEB for taken over assets).

On final determination of the depreciated book value, shares will be allotted to NTPC and BSEB.



Application of Funds

Net Fixed Assets

1 9 5 0 7 2 4

Net Current Assets

- 5 3 8 1 7

Investments

N I L

Misc. Expenditure

N I L

IV. Performance of Company (Rs. in Thousands)

Turnover

N I L

Profit/Loss before tax

- 5 3

Earning per share in Rs.

- 0 . 5 3

Total Expenditure

5 3

Profit/Loss after tax

- 5 3

Dividend Rate %

N I L

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Product Description:

Item Code

G E N E R A T I O N O F E L E C T R I C I T Y N A

As per our report of even date

For and on behalf of Board of Directors

For GRA & Associates

Chartered Accountants

(Rohit Gupta)

(Ruchi Aggarwal)

(A.K.Singhal)

(R.S. Sharma)

Partner

Company Secretary

Director

Chairman

M.No. 91710

Place : New Delhi

Dated: 26th MAY 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Amount (Rs.)	
	For the period 01.04.2007 to 31/03/2008	For the period 06.09.2006 to 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax and Prior		
Period Adjustments	(53350)	(39500)
Adjustment for:		
Preliminary Expenses written off	-	39500
Operating Profit before Working		
Capital Changes	(53350)	-
Adjustment for:		
Trade Payables & Other Liabilities	(28352624)	139408653
Debtors	(153262419)	
Inventories	(5333371)	(135264123)
Loans & advances	(56118443)	(416902)
Cash generated from operations	(243066857)	3727628
Net Cash from Operating Activities - A	(243120207)	3727628
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(655631103)	(1000605735)
Preliminary Expenses		(39500)
Net Cash Flow from Investing Activities - B	(655631103)	(1000645235)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Working Capital Loan	177979678	22020322
Grants-in-aid received	150000000	975000000
Proceeds from Issue of Share Capital/Share		
Capital Deposit	571000000	1000000
Net Cash Flow from Financing Activities - C	898979678	998020322
Net increase/Decrease in		
Bank balances (A+B+C)	228368	1102715
Opening Bank balance	1102715	-
Closing Bank balance	1331083	1102715

As per our report of even date

For and on behalf of the Board of Directors

For GRA & Associates

Chartered Accountants

(Rohit Gupta)

(Ruchi Aggarwal)

(A.K.Singhal)

(R.S. Sharma)

Partner

Company Secretary

Director

Chairman

M.No. 91710

Place : New Delhi

Dated: 26th MAY 2008

AUDITORS' REPORT

To the Members of

KANTI BIJLEE UTPADAN NIGAM LIMITED

(Formerly Vaishali Power Generating Company Ltd.)

- We have audited the attached Balance Sheet of **KANTI BIJLEE UTPADAN NIGAM LTD.** (formerly Vaishali Power Generating Company Ltd.) (a Subsidiary of NTPC Ltd.) as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of the section 227 of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- Further to our comments in the Annexure referred to above, we report that:-
 - 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.
 - In our opinion proper books of account, as required by law, have been kept by the company so far as it appears from our examination of such books.
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of accounts.
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, subject to notes to accounts annexed thereto, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 17.07.2003 issued by Government of India, provision of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
 - In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - in the case of the Profit & Loss Account, of the loss of the company for the period ended on that date; and
 - in the case of the Cash Flow statement, of the cash flow for the period ended on that date.

for GRA & Associates
Chartered Accountants

(Rohit Gupta)

Partner

Membership No. 091710

Place : New Delhi

Dated: 26th May, 2008

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date:

- The company has been formed to take over the assets of Muzzaffarpur Power Station from BSEB, the verification of fixed assets records maintained and Physical Verification of the same is under process. However in case of purchases made by the company the records regarding the same are being maintained. In view of the above the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - There is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets and according to the information and explanations given to us no material discrepancies were noticed on such verification.
 - During the year under reference there has been no substantial disposal of fixed assets of the company.

- ii) a) The company has been formed to take over the assets of Muzaffarpur Power Station from BSEB, the verification of fixed assets records maintained and Physical Verification of the same is under process. However, in case of purchases made by the company the records regarding the same are being maintained in view of this inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b) Not Applicable.
- c) Not Applicable.
- d) Not Applicable.
- e) The company has not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- f) Not Applicable.
- g) Not Applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that there are no transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b) Not Applicable.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits, from the public, covered by the directives issued by the Reserve Bank of India, the provisions of section 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanation given to us and on the basis of records produced for our verification, we are of the opinion that the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, are not applicable on the company.
- ix) a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund and employees state insurance, income tax, sales tax, Wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at the last day of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, there are no dues of income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- x) Not applicable as the company has been formed only on 6th September, 2006 and a period of more than five years has not elapsed since its registration.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given guaranties for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under reference.
- xix) According to the information and explanations given to us the company has not issued any debentures.
- xx) According to the information and explanation given to us the company has not raised any money by way of public issues.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For GRA & Associates
Chartered Accountants

(Rohit Gupta)

Partner

Membership No. 091710

Place : New Delhi
Dated: 26th May, 2008

BHARTIYA RAIL BIJLEE COMPANY LIMITED
(A Subsidiary of NTPC Ltd.)

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their First Annual Report on the Working of the Company together with Audited Accounts and Auditors' Report thereon for the period from 22nd November 2007 to 31st March 2008.

FORMATION OF THE COMPANY

The Company was incorporated on 22nd November 2007 as a subsidiary Company of NTPC Limited in Joint Venture with Ministry of Railways to undertake various activities related to setting up of a 1000 MW Coal Based Thermal Power Project (4X250 MW) and thereafter Operation & Maintenance for meeting traction and non-traction requirement of electricity of Railways and others. The project is to be located at Nabinagar, Bihar. The Company was registered with an initial authorized share capital of Rs. 100 million. Presently, NTPC Limited is holding 74% and Ministry of Railways is holding 26% equity stake in the Company.

OPERATIONAL REVIEW

The project of your Company is located at Aurangabad district of Bihar. All requisite studies, investigations, clearances and commitments including environmental clearances pertaining to the project are available to the Company. Substantial land for the project has been acquired. Main award packages for the steam generator and steam turbine generator have been awarded on BHEL.

FINANCIAL REVIEW

During the period under review i.e. from the date of incorporation viz. 22nd November 2007 to 31st March 2008, Company has incurred loss of Rs. 828,070. As per Accounting Standards, expenses incurred prior to approval of Feasibility Report had been charged to Profit & Loss Account and the expenditure incurred after the approval of the Feasibility Report had been capitalized as Incidental Expenditure during Construction.

The financial highlights of the Company for the year ended on 31st March 2008 are as under:-

(Rs. Million)

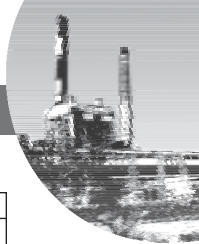
Particulars	Fiscal 2008
Paid-up Share Capital	1.00
Share Capital Deposit Pending Allotment	2645.65
Reserve & Surplus	-
Net Block	3.38
Capital Work in Progress	1.60
Construction Stores & Advances	2631.43
Loss after Tax	0.83

AUDITORS' REPORT

Comptroller & Auditor General of India vide letter dated 19th February 2008 has appointed M/s H.S. Madan & Co., Chartered Accountants as Statutory Auditors of the Company for the period from 22nd November 2007 to 31st March 2008. The Statutory Auditors has submitted their report and there is no adverse comment or remark in their report.

COMPTROLLER & AUDITOR GENERAL REVIEW

Supplementary Audit was conducted by Comptroller & Auditor General of India under Section 619(3) (b). The comments of C&AG under Section 619 (4) on the accounts of the Company for the period ending March 31, 2008 and management replies thereto are placed at Appendix-I.



SECRETARIAL COMPLIANCE REPORT

The Company appointed M/s. Agarwal S. Associates, Company Secretaries for Secretarial Audit and for obtaining the Certificate of Compliance under Section 383A(1) of the Companies Act, 1956 for the Financial Year 2007-08. The Certificate is attached with the Director's Report as Appendix-II.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2008.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over the specified amount, the particulars of employees as prescribed under Sec. 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be given.

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

Since the project undertaken by the Company is in implementation stage, there are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988. During the period under review the Company had no earning or outgo in foreign exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the annual accounts for the period ended 31st March 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of 31st March 2008 and of the loss of the company for the said period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts for the period ended 31st March 2008, on going concern basis.

DIRECTORS

As per the Memorandum & Articles of Association of the Company as registered with the Registrar of Companies, S/Shri R. K. Jain, A. K. Singhal, K.B. Dubey and Sudheer Kumar have been appointed as the first Directors of the Company.

NTPC Limited had nominated Shri T. Sankaralingam as the Director of the Company in place of Shri R.K. Jain w.e.f. 14th December 2007.

Shri Chandan Roy has taken over as Chairman of the Company vice Shri T. Sankaralingam who consequent upon attaining the age of superannuation has ceased to be the Chairman & Managing Director of NTPC Limited w.e.f. April 30, 2008.

Ministry of Railways has nominated Ms. Manju Gupta on the Board of the Company vice Shri Sudheer Kumar w.e.f. 23.05.2008.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.K. Jain, Shri T. Sankaralingam and Shri Sudheer Kumar during their association with the Company.

As per the provisions of the Companies Act, 1956 Shri K.B. Dubey, Director retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

ACKNOWLEDGEMENT:

The Board of Directors wishes to place on record its appreciation for the support and co-operation extended by Ministry of Power, Ministry of Railways, NTPC Ltd., Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 14.07.2008

(Chandan Roy)
Chairman

Appendix-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED, NEW DELHI FOR THE PERIOD FROM 22 NOVEMBER, 2007 TO 31 MARCH, 2008

Comment	Management Reply
The preparation of financial statements of Bhartiya Rail Bijlee Company Limited, New Delhi for the period from 22 November, 2007 to 31 March, 2008 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	

Comment	Management Reply
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 27 May, 2008. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Bhartiya Rail Bijlee Company Limited, New Delhi for the period from 22 November, 2007 to 31 March, 2008. 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. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956, which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report. Comment on Disclosure The Fixed assets (Schedule 2) included Rs. 23.85 lakh being the cost of land purchased and possessed by the Company. The fact that this land was yet to be registered in the name of the Company has not been disclosed in the accounts.	Noted

Sd/-
(Ghazala Meenai)
Principal Director of
Commercial Audit and
Ex-officio Member,
Audit Board-III
New Delhi

Place: New Delhi
Dated: 01.07.2008

Sd/-
(Chandan Roy)
Chairman

Place: New Delhi
Dated: 14.07.2008

Appendix-II

Compliance Certificate

Registration No. of the Company: 55-170661

Nominal Capital: Rs. 10,00,00,000/-

To,

The Members,

BHARTIYA RAIL BIJLEE COMPANY LIMITED,

New Delhi.

I/We have examined the registers, records, books and papers of "BHARTIYA RAIL BIJLEE COMPANY LIMITED" (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period from **22nd November 2007 to 31st March, 2008** (First Financial Year). In my/our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the company, its officers and agents, I/We certify that in respect of the aforesaid period:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
- The company being a Public Limited Company has the minimum prescribed paid-up capital and clause relating to number of members does not apply to the Company.
- The Board of Directors duly met four times on 14.12.2007, 14.12.2007, 10.01.2008 & 19.03.2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.

5. The company is not required to close its Register of Members, and/or Debenture holders during the financial year under review.
6. The period under review is the first year of operations and therefore, the clause relating to holding of annual general meeting is not applicable.
7. No extra ordinary meeting was held during the financial year.
8. The company has not advanced loan to its Directors and or persons or firms or companies referred in the section 295 of the act after complying with the provisions of the Act.
9. The company has not entered into any contract falling within the purview of section 297 of the Act.
10. Since no contract has been entered into pursuant to Section 297 of the Companies Act, 1956, hence no entry was made in the Register maintained under section 301 of the Act.
11. During the period under review, no approval was required to take from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act.
12. No duplicate share certificates were issued during the period under review.
13. The Company has:
 - i) Not transferred its securities during the period under review.
 - ii) Not declared any dividend during the period under review.
 - iii) Since no dividend was declared, hence no cheques/warrants were issued.
 - iv) The Company does not have any amount in the Unpaid Dividend Account, Matured Deposits, Matured Debentures and the interest accrued thereon, which remained unclaimed/ unpaid.
 - v) Duly complied with the requirements of section 217 of the Act.
14. During the period under review, there has been change in the Directors of the Company. The Board of the Company is duly constituted.
15. As the paid up Capital of the Company is less than 5 Crores, the provisions of section 269 read with Schedule XIII to the Act in respect of appointment of Managing Director/ Whole-time Director/ Manager are not applicable to it.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The company was not required to obtain any necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as detailed below.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. During the period under review, the company has not made further allotment of Shares.
20. The company has not bought back any shares during the period ending under review.
21. Since no Preference Shares or Debentures has been issued by the Company, hence this clause is not applicable.
22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. The company has not invited or accepted any deposits with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975.
24. The company has not made borrowing during the period from 22.11.2007 to 31.03.2008.
25. The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
30. The company has not altered its articles of association.
31. As per the information provided by the Company, there was no prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company in such cases is attached.
32. The company has not received any amount as security from its employees during the year under certification.
33. The company is not covered under the employee's Provident and miscellaneous Provisions act or Employee's State Insurance Act and hence comments are not required.

Note: The above report is based on the Information/ Records and Registers made available to the undersigned, or as were found, or to the best of my knowledge to be necessary for this certification. Qualification, reservation or adverse remarks, if any, are stated at the relevant places.

For M/s Agarwal S. & Associates
Company Secretaries

(Sachin Agarwal)

Proprietor

(CP.No. 5910)

Place : New Delhi

Date : 14.07.2008

ANNEXURE A

LIST OF REGISTERS MAINTAINED BY THE COMPANY DURING THE PERIOD FROM 22.11.2007 TO 31.03.2008:

1. REGISTER OF MEMBERS U/S 150 OF THE ACT.
2. REGISTER OF CONTRACTS, COMPANIES AND FIRMS IN WHICH DIRECTORS ARE INTERESTED U/S 301 OF THE ACT.
3. REGISTER OF DIRECTORS, MANAGING DIRECTORS, MANAGER AND SECRETARY U/S 303 OF THE ACT.
4. REGISTER OF DIRECTORS SHAREHOLDING U/S 307 OF THE ACT.
5. MINUTES BOOK U/S 193 OF THE ACT.
6. BOOKS OF ACCOUNTS U/S 209 OF THE ACT.

For M/s Agarwal S. & Associates
Company Secretaries

(Sachin Agarwal)

Proprietor

(CP.No. 5910)

Place : New Delhi

Date : 14.07.2008

ANNEXURE B

FORMS AND RETURNS AS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES DURING THE FINANCIAL YEAR ENDING 31.03.2008

1. FORM 32 FOR CHANGE IN DIRECTORS W.E.F. 14.12.2007 WAS FILED ON 19.12.2007.
2. FORM 20 & S.L.P. FOR OBTAINING CERTIFICATE OF COMMENCEMENT OF BUSINESS WAS FILED ON 20.12.2007.

For M/s Agarwal S. & Associates
Company Secretaries

(Sachin Agarwal)

Proprietor

(CP.No. 5910)

Place : New Delhi

Date : 14.07.2008

BHARTIYA RAIL BIJLEE COMPANY LIMITED

(A Subsidiary of NTPC Ltd.)

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

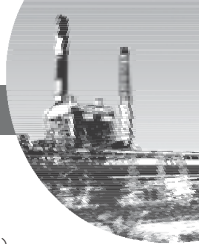
2. FIXED ASSETS

- 2.1 Fixed assets are shown at historical cost.
- 2.2 Deposits, Payments/Liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.

3. PROFIT AND LOSS ACCOUNT

3.1 EXPENDITURE

- 3.1.1 Depreciation on Fixed Assets is charged on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956
- 3.1.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/upto the month in which asset is available for use/disposal.
- 3.1.3 Assets costing up to Rs.5,000/- are fully depreciated in the year of acquisition.
- 3.1.4 Preliminary Expenses on account of new projects incurred prior to approval of Feasibility Report are charged to revenue in the year of incurrence.


BALANCE SHEET AS AT 31ST MARCH 2008

(Rs.)

	Schedule No.	As at <u>31.03.2008</u>
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Capital	1	1,000,000
Share Capital Deposit		<u>2,645,650,000</u>
TOTAL		<u>2,646,650,000</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	2	3,473,885
Less: Depreciation		<u>90,698</u>
Net Block		<u>3,383,187</u>
Capital Work-in-Progress	3	1,604,870
Construction Stores And Advances	4	<u>2,631,427,395</u>
		<u>2,636,415,452</u>
CURRENT ASSETS, LOANS AND ADVANCES		
Cash and Bank Balances	5	<u>12,094,190</u>
LESS: CURRENT LIABILITIES AND PROVISIONS		
Liabilities	6	2,665,302
Provisions	7	<u>22,410</u>
		<u>2,687,712</u>
Net Current Assets		<u>9,406,478</u>
Profit and Loss Account		<u>828,070</u>
TOTAL		<u>2,646,650,000</u>
Notes on Accounts	12	

Schedules 1 to 12 and accounting policies form integral part of accounts

 As per our report of even date For and on behalf of Board of Directors
For H.S. Madan & Co.
Chartered Accountants

(H.S. Madan)	(Manju Gupta)	(Chandan Roy)
Partner	Director	Chairman
M.No. 09036		
Place : New Delhi		
Dated: 27 th MAY 2008		

PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 22ND NOVEMBER, 2007 TO 31ST MARCH, 2008

(Rs.)

	Schedule No.	For the period <u>22.11.2007 to 31.03.2008</u>
EXPENDITURE		
Employees Remuneration and Benefits	8	NIL
Administration and other expenses	9	828,070
Depreciation		-
Interest and Finance Charges	10	NIL
PROFIT (LOSS) BEFORE TAX		<u>(828,070)</u>
Provision for :		
Fringe Benefit Tax	22,410	
Less:		
Transferred to Incidental Expenditure during Construction	<u>22,410</u>	
Loss After Tax		<u>(828,070)</u>
Balance (Loss) carried forward to Balance Sheet		<u>(828,070)</u>
Incidental Expenditure During Construction		
Earnings Per Share (Equity Shares, face value Rs.10/-each)- Basic and Diluted		(8.28)
As per our report of even date For and on behalf of Board of Directors		
For H.S. Madan & Co.		
Chartered Accountants		
(H.S. Madan)	(Manju Gupta)	(Chandan Roy)
Partner	Director	Chairman
M.No. 09036		
Place : New Delhi		
Dated: 27 th MAY 2008		

SCHEDULE 1		Rs.
CAPITAL AUTHORISED		31/03/2008
1,00,00,000 equity shares of Rs.10/- each		100,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
1,00,000 equity shares of Rs.10 each fully paid-up (74,000 shares fully paid-up held by NTPC Ltd and their nominees and 26000 shares fully paid-up held by Ministry of Railways, Govt of India and their nominees)		<u>1,000,000</u>
Total		<u>1,000,000</u>

**SCHEDULE 2
FIXED ASSETS**

	Gross Block				Depreciation				Net Block	
	As at 01/04/2007	Additions	Deductions/ Adjustments	As at 31/03/2008	As at 01/04/2007	Rate	For the year	Deductions/ Adjustments	Upto 31/03/2008	As at 31/03/2008
TANGIBLE ASSETS										
LAND										
Freehold	-	2,385,515	-	2,385,515	-		-	-	-	2,385,515
Temporary Erections	-	1,088,370	-	1,088,370	-	100%	90,698	-	90,698	997,672
TOTAL	-	3,473,885	-	3,473,885	-		90,698	-	90,698	3,383,187

Note : Depreciation for the year is transferred to incidental expenditure during Construction

**SCHEDULE 3
CAPITAL WORK-IN- PROGRESS**

Rs.

	As at 01/04/2007	Additions	Deductions/ Adjustments	Capitalised	As at 31/03/2008
Incidental expenditure during construction	-	1,604,870	-	-	<u>1,604,870</u>
TOTAL	-	<u>1,604,870</u>	-	-	<u>1,604,870</u>

**SCHEDULE 4
CONSTRUCTION STORES AND ADVANCES**

Rs.

	31/03/2008
Advance for Capital Expenditure	
Unsecured but Covered by Bank Guarantee	2,559,421,597
Others	<u>72,005,798</u>
Total	<u>2,631,427,395</u>

**SCHEDULE 5
CASH & BANK BALANCES**

Balances with Scheduled Banks	
On Current Account	<u>12,094,190</u>
Total	<u>12,094,190</u>

**SCHEDULE 6
CURRENT LIABILITIES**

Sundry Creditors	
For Capital Expenditure	
Other than Micro & Small Enterprises	1,063,708
For Goods & Services	
Other than Micro & Small Enterprises	865,436
Book Overdraft (Bank)	100
Payable to NTPC Ltd.	703,974
Other Liabilities	<u>32,084</u>
Total	<u>2,665,302</u>

SCHEDULE 7

PROVISIONS

Fringe Benefit Tax	
Opening Balance	-
Additions during the year	22,410
Closing Balance (Fringe Benefit Tax)	22,410

SCHEDULE 8

EMPLOYEES REMUNERATION AND BENEFITS

Salaries, Wages, Bonus, Allowances and Benefits	318468
Contribution to Provident and Other Funds	38390
Welfare Expenses	728095
	1084953
Less: Transferred to Incidental Expenditure during Construction (Schedule-11)	1084953
Total	NIL

SCHEDULE 9

ADMINISTRATION AND OTHER EXPENSES

Rent	28000
Communication Expenses	3238
Travelling Expenses	203758
Remuneration to Auditors	11236
Advertisement and Publicity	5000
Security Expenses	45000
Entertainment Expenses	6254
Expenses for Guest House	7500
Printing & Stationery	2946
Expenses on Hiring of Vehicles	139372
Preliminary Expenses W/Off	776075
Miscellaneous Expenses	3500
	1231879

Less: Transferred to Incidental Expenditure during Construction (Schedule-11)

Total **403809**

Total **828070**

SCHEDULE 10

INTEREST AND FINANCE CHARGES

FINANCE CHARGES

Bank Charges	3000
Less: Transferred to Incidental Expenditure during Construction (Schedule-11)	3000
Total	NIL

SCHEDULE 11

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

A EMPLOYEES REMUNERATION AND BENEFITS

Salaries, Wages, Bonus, Allowances and Benefits	318468
Contribution to Provident and Other Funds	38390
Welfare Expenses	728095
TOTAL (A)	1084953

B ADMINISTRATION AND OTHER EXPENSES

Rent	28000
Communication Expenses	3238
Travelling Expenses	203758
Remuneration to Auditors	11236
Advertisement and Publicity	5000
Security Expenses	45000
Entertainment Expenses	6254
Expenses for Guest House	7500
Printing & Stationery	2946
Expenses on Hiring of Vehicles	87377
Miscellaneous Expenses	3500
TOTAL (B)	403809

C DEPRECIATION

Temporary Erections	90698
TOTAL (C)	90698

D INTEREST AND FINANCE CHARGES

FINANCE CHARGES	
Bank Charges	3000
TOTAL (D)	3000

E FRINGE BENEFIT TAX

Fringe Benefit Tax	22410
TOTAL (E)	22410

GRAND TOTAL (A+B+C+D+E) **1604870**

Rs.
31/03/2008

SCHEDULE - 12

NOTES ON ACCOUNTS

- The Company was incorporated on 22/11/2007, therefore previous year figures are not applicable.
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1844.56 Crores.
- The Company has capitalized incidental expenditure during construction w.e.f. 10/01/2008 as the Feasibility Report/Investment for the project was approved by the Board of Directors in their meeting held on 10th January, 2008. The expenses prior to the approval have been charged to Revenue as preliminary expenses written off.
- Based on the information available with the company, there are no suppliers/contractors/service providers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2008.
- Earnings per Share has been calculated in accordance with the AS-20.
- Information pursuant to Part-IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

State Code : 055

Registration No. U40102DL2007PLC170661

Balance-sheet date 31 03 08

II Capital Raised during the year (Rs. In Thousands).

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	1000

III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities	Total Assets
2649338	2649338
Paid up Capital	Capital Deposit Account
1000	2645650
Secured Loans	Reserves & Surplus
NIL	NIL
Defered Tax Liability	Unsecured Loans
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
2636415	NIL
Net Current Assets	Misc. Expenditure
9407	NIL
Accumulated Losses	
828	

IV. Performance of Company (Rs. in Thousands)

Turnover (including other income)	Total Expenditure
NIL	828
Loss before tax	Loss after tax
828	828
Earning per share in Rs.	Dividend Rate %
-8.28	NIL

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Product Description: GENERATION OF ELECTRICITY Item Code: NA

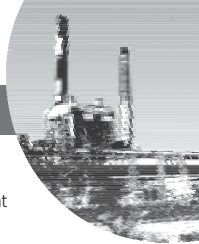
As per our report of even date

For and on behalf of Board of Directors

For H.S. Madan & Co.
Chartered Accountants

(H.S. Madan)
Partner
M.No. 09036
Place : New Delhi
Dated: 27th MAY 2008

(Manju Gupta) (Chandan Roy)
Director Chairman



**CASH FLOW STATEMENT FOR PERIOD FROM 22ND, NOVEMBER 2007
TO 31ST MARCH, 2008**

	Rs.
	For the period
	22.11.2007 to
	31.03.2008
A CASH FLOW FROM OPERATING ACTIVITIES	
Net Loss as per Profit and Loss Account	(828070)
Adjustment for:	
Depreciation	90698.00
Operating Loss before Working Capital Changes	(737372)
Adjustment for	
Sundry Creditors for goods and services	1601594.00
Net Cash from Operating Activities-A	864222
B CASH FLOW FROM INVESTMENT ACTIVITIES	
Purchase of Fixed Assets and CWIP	(2635420032)
Net Cash used in Investing Activities -B	(2635420032)
C CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of Share Capital	1000000
Proceeds from Share Capital Deposit	2645650000
Net Cash flow from Financing Activities -C	2646650000
Net Increase/Decrease in Cash and Cash equivalents(A+B+C)	12094190
Cash and Cash equivalents (Opening Balance)	-
Cash and Cash equivalents (Closing Balance)	12094190

Note : Cash and Cash equivalents include Balances with Bank

As per our report of even date For and on behalf of Board of Directors

For H.S. Madan & Co.
Chartered Accountants

(H.S. Madan)

Partner

M.No. 09036

Place : New Delhi

Dated: 27th MAY 2008

(Manju Gupta)

Director

(Chandan Roy)

Chairman

AUDITORS' REPORT

To the Members of
BHARTIYA RAIL BIJLEE COMPANY LIMITED

- We have audited the attached Balance Sheet of **Bhartiya Rail Bijlee Company Limited** (a Subsidiary Company of NTPC Ltd.) as at 31st March, 2008, and the related Profit & Loss Account and Cash Flow Statement for the period ended on that date (22/11/2007 to 31/03/2008) annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further we report that :
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;

- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- Being a Government Company, pursuant to Notification No. GSR 829(E) dated 17/07/2003 issued by the Government of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the company;
- In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2008;
 - in the case of the Profit and Loss Account of the loss for the period ended on that date, and
 - in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

for H.S. Madan & Co.
Chartered Accountants

(H.S. Madan)

Partner

Membership No. 09036

Place : New Delhi
Dated: 27th May, 2008

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditor's Report of even date to the members of **Bhartiya Rail Bijlee Company Limited** on the financial statements for the year ended 31st March, 2008:

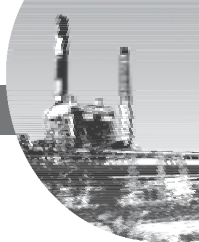
- The company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets.
 - The fixed assets of the company have been physically verified by the management during the year and no material discrepancies have been noticed.
 - In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.
- The Company does not have inventory. Accordingly, the provisions of clause 4(ii)(b) & (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), (c) & (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
However, company has accepted Share Capital Deposits of Rs. 264.56 Crores, which is more than the Authorized Share Capital of Company. Necessary legal formalities are required for this purpose.
- In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with the regard to purchase of fixed assets. The company has not made any purchase/sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- According to the information given to us, there are no transactions that need to be entered in the register maintained u/s 301 of the Act, therefore clause (v) of the paragraph 4 of the Order is not applicable to the company.
- According to the information given to us, Company has no accepted deposits under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- The provisions of the Order related to internal audit are not applicable to the company as this being the first year of the company.
- The maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable to the company since it has not commenced any activity related to generation of electricity.
- The company is depositing with appropriate authorities undisputed statutory dues of Income Tax.
 - According to the information and explanation given to us, no undisputed amount payable in respect of income tax, sales tax were in arrears as at 31st March, 2008 for a period of more than six months from the date they became payable.

- c) The employees of the company are on secondment basis from its holding company, i.e. NTPC Ltd. The holding company is regular in depositing undisputed statutory dues like provident fund, Employees T.D.S. etc. with appropriate authorities.
- d) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31.03.2008 which have not been deposited on account of any dispute.
- x) This clause is not applicable as the company is not in existence for 5 years or more from the date of registration till 31st March, 2008.
- xi) This clause is not applicable as the company has not taken any loan from financial institution, bank or by way of issue of debentures.
- xii) 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 to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence, requirements of paragraph 4(xiv) are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) The company has not taken any term loan during the year.
- xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds, raised on a short-term basis which have been used for long-term investment, and vice-versa.
- xviii) The company has made preferential allotment of 1,00,000 shares to NTPC Ltd. and Ministry of Railways, parties and companies covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.
- xix) The company has not issued any debentures.
- xx) The company has not raised money by public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for H.S. Madan & Co.
Chartered Accountants

(H.S. Madan)
Partner
Membership No. 09036

Place : New Delhi
Dated: 27th May, 2008



ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. USE OF ESTIMATES

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

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

4. FIXED ASSETS

- 4.1 Fixed Assets are carried at historical cost.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are recorded at their cost of acquisition.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Incidental Expenditure During Construction (net) including corporate office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto.
- 5.3 Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 5.4 Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
- 6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.
- 6.3 All acquisition costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.

7. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 8.2 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.
- 8.3 Exchange differences arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- 8.4 Exchange differences arising from translation of foreign currency loans (other than regarded as borrowing cost)/deposits/liabilities relating to fixed assets/capital work-in-progress, arising out of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences in respect of transactions entered after 01.04.2004 are treated as Incidental Expenditure During Construction till the assets are ready for their intended use.
- 8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

9. BORROWING COSTS

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

10. INVESTMENTS

- 10.1 Current Investments are valued at lower of cost and fair value determined on an individual investment basis.
- 10.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.
- 10.3 Premium paid on long term investments is amortised over the period remaining to maturity.

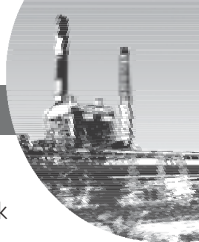
11. INVENTORIES

- 11.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
- 11.2 Diminution in value of obsolete and unserviceable stores and spares is ascertained on review and provided for.

12. PROFIT AND LOSS ACCOUNT

12.1 INCOME RECOGNITION

- 12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission. In case of power stations where the tariff rates are yet to be approved /agreed with beneficiaries, provisional rates are adopted.
- 12.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the Central Electricity Regulatory Commission or agreements with the beneficiaries. In cases of power stations where the same have not been notified/ approved/agreed with beneficiaries, incentives/ disincentives are accounted for on provisional basis.
- 12.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.
- 12.1.4 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.
- 12.1.5 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.6 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptance.



- 12.1.7.1 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 12.1.7.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.8 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.9 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

12.2 EXPENDITURE

- 12.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a) Kutcha Roads	47.50 %
b) Enabling works	
- residential buildings including their internal electrification.	06.33 %
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	19.00 %
c) Personal computers and Laptops including peripherals	19.00 %
d) Photocopiers and Fax Machines	19.00 %
e) Air conditioners, Water coolers and Refrigerators	08.00 %

- 12.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 12.2.5 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 unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 12.2.6 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 prospectively over the revised useful life determined by technical assessment.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and it's use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 12.2.9 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of profit & loss account.
- 12.2.13 Expenses common to operation and construction activities are allocated to Profit and Loss Account and Incidental Expenditure During Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to Capital Work-in-Progress in the case of projects.

NTPC Limited Consolidated Financial Statements

- 12.2.14 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.15 Prepaid expenses and prior period expenses/income of items of Rs. 100,000/- and below are charged to natural heads of accounts.
- 12.2.16 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

13. FINANCE LEASES

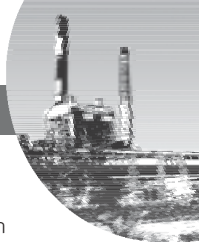
- 13.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 13.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- 13.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

14. PROVISIONS AND CONTINGENT LIABILITIES

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

15. CASH FLOW STATEMENT

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



BALANCE SHEET AS AT 31st MARCH 2008

	SCHEDULE NO.	31.03.2008	Rs. million 31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	82,455	82,455
Reserves and surplus	2	446,174	404,670
		<u>528,629</u>	<u>487,125</u>
Deferred Revenue on account of Advance Against Depreciation	3	13,734	6,567
LOAN FUNDS			
Secured loans	4	104,388	93,580
Unsecured loans	5	198,759	176,615
		<u>303,147</u>	<u>270,195</u>
Deferred Foreign Currency Fluctuation Liability		2,554	
Deferred Tax Liability (NET)		56,043	54,527
Less: Recoverable		<u>56,041</u>	<u>54,526</u>
		2	1
MINORITY INTEREST		1,242	478
TOTAL		<u>849,308</u>	<u>764,366</u>
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION			
		6	6
FIXED ASSETS			
Gross Block	6	556,472	510,944
Less: Depreciation		274,868	252,166
Net Block		<u>281,604</u>	<u>258,778</u>
Capital Work-in-Progress	7	206,991	160,228
Construction stores and advances	8	49,305	42,636
		<u>537,900</u>	<u>461,642</u>
INVESTMENTS	9	134,470	151,428
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	10	27,512	25,899
Sundry debtors	11	31,727	13,806
Cash and bank balances	12	153,605	136,981
Other current assets	13	9,272	10,635
Loans and advances	14	41,041	40,903
		<u>263,157</u>	<u>228,224</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	15	62,155	59,776
Provisions	16	24,070	17,158
		<u>86,225</u>	<u>76,934</u>
Net current assets		<u>176,932</u>	<u>151,290</u>
TOTAL		<u>849,308</u>	<u>764,366</u>
Contingent liabilities	17		
Notes on accounts	27		

Schedules 1 to 27 and accounting policies form an integral part of accounts.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company SecretaryFor Varma and Varma
Chartered Accountants(Cherian K. Baby)
Partner
M No. 16043For S.K. Mittal & Co.
Chartered Accountants(Gaurav Mittal)
Partner
M No 99387(A.K.SINGHAL)
Director (Finance)

As per our report of even date

For B.C. Jain & Co.
Chartered Accountants(B.C. Jain)
Partner
M No 5690For Dass Gupta & Associates
Chartered Accountants(Naresh Kumar)
Partner
M No 82069(R.S. SHARMA)
Chairman & Managing DirectorFor Parakh & Co.
Chartered Accountants(V.D. Mantri)
Partner
M No. 74678For S.K. Mehta & Co.
Chartered Accountants(S.K. Mehta)
Partner
M No 10870Place : New Delhi
Dated : 29th May 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

	SCHEDULE NO.	Current Year	Rs. million Previous Year
INCOME			
Sales (Gross)	18	388,630	340,429
Less:Electricity duty		2,280	2,037
Sales (Net)		386,350	338,392
Energy internally consumed		409	365
Provisions written back	19	64	41
Other income	20	29,547	27,720
Total		416,370	366,518
EXPENDITURE			
Fuel		222,187	198,201
Electricity purchased		9,471	9,860
Cost of material and services		1,364	952
Employees' remuneration and benefits	21	19,533	12,007
Generation, Administration & other expenses	22	16,842	16,006
Depreciation		22,060	20,998
Provisions	23	74	116
Interest and finance charges	24	18,581	18,873
Total		310,112	277,013
Profit before Tax and Prior Period Adjustments		106,258	89,505
Prior Period income/ expenditure (net)	25	2,748	(109)
Profit before tax		103,510	89,614
Provision for:			
Current tax			
Current year		25,042	16,972
Earlier years		3,680	3,550
Fringe Benefit tax			
Current year		226	163
Earlier years		(45)	-
Deferred tax		1	(39)
Less :Current/Fringe Benefit Tax Transferred to Incidental expenditure during construction/Development of coal mines		93	15
Profit of the Group after tax		74,699	68,983
Balance brought forward		1,367	1,025
Write back from Bond Redemption Reserve		1,750	1,272
Balance available for appropriation		77,816	71,280
Transfer to Bonds Redemption Reserve		3,822	3,487
Transfer to Capital Reserve (* Rs. 12,723/-)		*	4
Transfer to General Reserve		39,267	36,039
Dividend			
Interim		22,283	19,817
Final- Proposed		6,656	6,649
Tax on Dividend			
Interim		3,788	2,784
Final		1,141	1,133
Balance carried to Balance Sheet		859	1,367
Incidental expenditure during construction	26		
Earning Per Share (Equity shares, face value Rs10/- each) - Basic and Diluted (Rs)		9.06	8.37
Notes on accounts	27		

Schedules 1 to 27 and accounting policies form an integral part of accounts.

Total Income includes **Rs.7,996 million** (Previous Year Rs.5,172 million) share of jointly controlled entities.

Total Expenditure includes **Rs.7,489 million** (Previous Year Rs.4,872) share of jointly controlled entities

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)
As per our report of even date

(R.S. SHARMA)
Chairman & Managing Director

For Varma and Varma
Chartered Accountants
(Cherian K. Baby)
Partner
M No. 16043
For S.K. Mittal & Co.
Chartered Accountants
(Gaurav Mittal)
Partner
M No 99387

For B.C. Jain & Co.
Chartered Accountants
(B.C. Jain)
Partner
M No 5690
For Dass Gupta & Associates
Chartered Accountants
(Naresh Kumar)
Partner
M No 82069

For Parakh & Co.
Chartered Accountants
(V.D. Mantri)
Partner
M No. 74678
For S.K. Mehta & Co.
Chartered Accountants
(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Current Year	Previous Year
Rs. million		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Prior Period Adjustments	106,258	89,505
Adjustment for:		
Depreciation	22,060	20,998
Provisions	74	116
Deferred revenue on account of Advance Against Depreciation	7,167	2,159
Deferred Liability for Foreign Currency Fluctuation	2,554	-
Interest charges	18,792	15,406
Guarantee Fee & other Finance charges	390	528
Interest/Income on Bonds/Investment	(12,578)	(15,070)
Prior Period Adjustments (Net)	(2,748)	109
Dividend Income	(73)	(109)
Provisions Written Back	(64)	(41)
Deferred Revenue Expenditure Written off	-	3
Others (Bonds issue and Servicing Expenses)	12	21
Exchange Rate Variation on Long Term Borrowings	1,123	(695)
Waiver of Interest	-	640
Operating Profit before Working Capital Changes	36,709	24,065
Adjustment for:	142,967	113,570
Trade and Other Receivables	(17,924)	(4,079)
Inventories	(510)	(1,206)
Trade Payables and Other Liabilities	6,593	7,835
Loans and Advances	(5,398)	(4,998)
Other Current Assets	317	(2,131)
Cash generated from operations	126,045	108,991
Direct Taxes Paid	(21,962)	(25,928)
Net Cash from Operating Activities - A	104,083	83,063
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(99,442)	(84,686)
Purchase of Investments	(4,385)	(23,598)
Sale of Investment	21,322	57,142
Interest/Income on Bonds/Investment Received	13,645	16,912
Income Tax on Interest/Income on Bonds/Investment	(1,593)	(47)
Dividend Received	73	109
Net cash used in Investing Activities - B	(70,380)	(34,168)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	56,531	63,027
Repayment of Long Term Borrowings	(22,397)	(16,140)
Securities Premium on issue of Share Capital	588	
Grant Received	840	975
Interest Paid	(18,386)	(15,081)
Guarantee Fee & other Finance charges Paid	(390)	(528)
Dividend Paid	(28,932)	(26,500)
Tax on Dividend	(4,921)	(3,721)
Others (Equity /Bonds issue& Servicing Expenses)	(12)	(21)
Net Cash flow from Financing Activities - C	(17,079)	2,011
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	16,624	50,906
Cash and cash equivalents(Opening balance) *	136,981	86,075
Cash and cash equivalents(Closing balance) *	153,605	136,981

Notes : Cash and Cash Equivalents consists of Cash in Hand and balance with Banks.

* Includes Rs.22 million (previous Year Rs.16 million) deposited as security with Government Authorities as per court orders.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(R.S. SHARMA)
Chairman & Managing Director

As per our report of even date

For Varma and Varma
Chartered Accountants
(Cherian K. Baby)
Partner
M No. 16043

For B.C. Jain & Co.
Chartered Accountants
(B.C. Jain)
Partner
M No 5690

For Parakh & Co.
Chartered Accountants
(V.D. Mantri)
Partner
M No. 74678

For S.K. Mittal & Co.
Chartered Accountants
(Gaurav Mittal)
Partner
M No 99387

For Dass Gupta & Associates
Chartered Accountants
(Naresh Kumar)
Partner
M No 82069

For S.K. Mehta & Co.
Chartered Accountants
(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008

Schedule 1

CAPITAL

AUTHORISED

10,000,000,000 equity shares of Rs. 10/- each (Previous year 10,000,000,000 equity shares of Rs. 10/- each)

ISSUED, SUBSCRIBED AND PAID-UP

8,245,464,400 equity shares of Rs. 10/- each fully paid up (Previous year 8,245,464,400 equity shares of Rs. 10/- each fully paid up)

31.03.2008

Rs. million

31.03.2007

100,000

100,000

82,455

82,455

Schedule 2

RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet

1,809

1,308

Add : Additions during the year (* Rs. 12,723/-)

*

4

Add : Grants-in-aid received during the year

76

497

1,885

1,809

Security Premium Account

22,895

22,307

Bonds Redemption Reserve

As per last Balance Sheet

11,530

9,315

Add : Transfer from Profit and Loss Account

3,822

3,487

Less : Write back during the year

1,750

1,272

13,602

11,530

Foreign Project Reserve

*

*

*Rs. 81,229/-

General Reserve

As per last Balance Sheet

367,657

333,596

Add : Transfer from Profit and Loss Account

39,267

36,039

Add : Adjustment towards dividend

(23)

11

Less : Adjustments during the year

(32)

1,989

406,933

367,657

Surplus in Profit & Loss Account

859

1,367

Total

446,174

404,670

Includes **Rs.1,357 million** (Previous Year Rs.634 million) share of jointly controlled entities.

Schedule 3

DEFERRED REVENUE - on account of

Advance Against Depreciation

As per last Balance Sheet

6,567

4,408

Add : Revenue deferred during the year

7,167

2,176

Less : Revenue recognised during the year

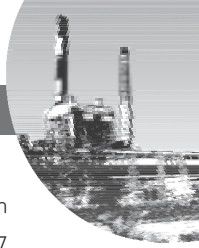
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17

Total

13,734

6,567



Schedule 4

SECURED LOANS

Cash credit from scheduled banks (secured by the hypothecation of Stock & Book Debts of NTPC-SAIL Power Co. Pvt. Limited)

Bonds

10.00% Secured Non-Convertible Taxable Bonds of Rs.10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6th year in annual instalments thereafter upto the end of 10th year respectively from 5th September, 2001 (Twelfth Issue - Private Placement) ¹

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6th year and upto the end of 15th year respectively from 18th April 2002 (Thirteenth Issue -Part A - Private Placement) ²

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6th year and in annual instalments thereafter upto the end of 15th year respectively from 30th April, 2002 - (Thirteenth Issue - Part B - Private Placement) ²

8.05% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with two equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 4th and 5th year respectively from 1st August, 2002 (Fourteenth issue - Private Placement) ²

8.00% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10th April 2018 (Sixteenth Issue -Private Placement) ³

8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs10,00,000/- each redeemable at par on 1st May 2023 (Seventeenth Issue - Private Placement) ³

5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6th year and in annual instalments thereafter upto the end of 10th year respectively from 15th September 2003 (Eighteenth Issue - Private Placement) ⁴

7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 12th January, 2019 (Nineteenth Issue - Private Placement) ⁵

7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23rd September 2009 and ending on 23rd March 2019 (Twentieth Issue - Private Placement) ⁶

7.7125% Secured Non-cumulative Non-convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2nd August 2010 and ending on 2nd February 2020 (Twenty first issue - Private Placement) ⁷

8.1771% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2nd July 2011 and ending on 2nd January 2021 (Twenty second issue - Private Placement) ⁸

8.3796% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 5th August 2011 and ending on 5th February 2021 (Twenty third issue - Private Placement) ⁸

8.6077% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 9th September 2011 and ending on 9th March 2021 (Twenty fourth issue - Private Placement) ⁸

9.37% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4th June 2012 and ending on 4th December 2018 (Twenty fifth issue - Private Placement) ⁹

	31.03.2008	31.03.2007
	29	50
	4,000	5,000
	7,500	7,500
	7,500	7,500
	-	2,500
	1,000	1,000
	500	500
	5,000	5,000
	500	500
	5,000	5,000
	10,000	10,000
	5,000	5,000
	5,000	5,000
	5,000	5,000
	5,000	-

Schedule 4

SECURED LOANS

Rs. million

9.06% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds with fourteen Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 4th June 2012 and ending on 4th December 2018 (Twenty sixth issue - Private Placement) ⁹

31.03.2008	31.03.2007
5,000	-
7,140	8,724
19,875	15,663
11,337	9,638
7	5
104,388	93,580

Loans and Advances from Banks

Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year **Rs.1,105 million**, Previous year 1,826 million) ¹⁰

Rupee Term Loans (Due for repayment within one year **Rs.396 million**, Previous year Rs. 349 million) ¹¹

Other Loans and Advances

Rupee Term loans (Due for repayment within one year **Rs.680 million**, Previous year Rs.992 million) ¹²

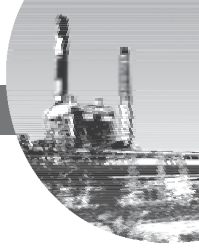
Obligation under finance lease (Due for repayment within one year **Rs.3 million**, Previous year Rs.3 million) ¹³

TOTAL

Includes **Rs.31,241 million** (Previous Year Rs.25,301 million) share of jointly controlled entities

Note:

- Secured by (I) English mortgage, on first charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydrel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable Mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydrel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydrel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to National Capital Power Station by extension of charge already created.
- Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydrel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro



Schedule 4

SECURED LOANS

- Power Project as first charge, ranking pari-passu with charge, if any, already created in favour of the Company's Bankers on such movable assets hypothecated to them for working capital requirement.
- 6 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
 - 7 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Bath Super Thermal Power Project as first charge, ranking pari-passu with charge already created in favour of the Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
 - 8 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage, by way of first charge, by deposit of title deeds of the immovable properties pertaining to Sipat Super Thermal Power Project.
 - 9 Secured by (I) English mortgage, on first pari-passu charge basis, of the office premises of the Company at Mumbai and (II) Equitable mortgage of the immovable properties, on first pari-passu charge basis, pertaining to Sipat Super Power Thermal Project by extension of charge already created.
 - 10 Secured by (I) English mortgage/hypothecation of all present and future fixed and movable assets of Rihand Super Thermal power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Banker first charge on certain movable assets hypothecation to them for working capital requirement.
 - 11 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Captive Power Plants-II, Bhilai Expansion Project and Registered Office at New Delhi.
 - 11 Secured by first charge by way of hypothecation in favour of PFC Ltd of all movable assets of Indira Gandhi Super Thermal Power Project (3X 500 MW) Coal Based Thermal Power Project at Jhajjar Distt in state of Haryana, comprising its movable plant and machinery, machinery spares, tools and accessories, furniture fixture, vehicles and all other movable assets, present and future, including intangible assets, goodwill, uncalled capital receivable of the project expect for specified receivables on which first charges would be working capital lenders present and future.
 - 11 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at Village Anjanwel Guhagar, District Ratnagiri subject to first charge of Government of India to the extent of Rs.1300 crore.
 - 12 Secured by equitable mortgage/hypothecation of all the present and future Fixed Assets and Moveable Assets of Power Plant and associated LNG facilities at Village Anjanwel Guhagar, District Ratnagiri subject to first charge of Government of India to the extent of Rs.1300 crore.
 - 13 Secured against fixed assets obtained under finance lease.

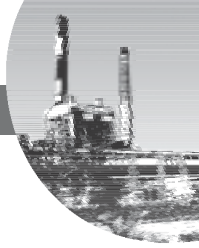
Schedule 5

UNSECURED LOANS

Rs. million

	<u>31.03.2008</u>	<u>31.03.2007</u>
Fixed Deposits		
(Due for repayment within one year Rs.121 million , Previous year Rs.192 million)	130	328
Foreign Currency Bonds/ Notes		
5.5% Eurobonds due for repayment on 10 th March 2011	8,038	8,772
5.875% Fixed Rate Notes due for repayment on 2 nd March 2016	12,057	13,158
Other Loans and Advances		
From Banks and Financial Institutions		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.381 million , Previous year Rs.352 Million)	22,455	22,246
Other Foreign Currency Term Loans (Due for repayment within one year Rs.1,589 million , Previous year Rs.1,115 million)	29,184	19,637
Rupee Term Loans (Due for repayment within one year Rs.16,305 million , Previous year Rs.14,321 million)	126,859	112,394
From Others		
Loan from Government of India (Due for repayment within one year Rs.36 million , Previous year Rs.44 million)	36	80
TOTAL	<u>198,759</u>	<u>176,615</u>

NTPC Limited Consolidated Financial Statements



Schedule 6
FIXED ASSETS

Rs. million

	Gross Block			As at 31.03.2008	Depreciation				Net Block	
	As at 1.04.2007	Additions	Deductions/ Adjustments		As at 1.04.2007	For the Year	Deductions/ Adjustments	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
TANGIBLE ASSETS										
Land:										
(including development)										
Freehold	11,465	4,128	(461)	16,054	-	-	-	-	16,054	11,465
Leasehold	2,948	171	(283)	3,402	390	60	(14)	464	2,938	2,558
Roads, bridges, culverts & helipads	3,856	290	(15)	4,161	738	70	-	808	3,353	3,118
Building :										
Freehold										
Main plant	18,662	16,841	(385)	35,888	9,138	1,033	(8)	10,179	25,709	9,524
Others	17,462	705	121	18,046	4,493	437	6	4,924	13,122	12,969
Leasehold	473	25	-	498	167	16	(2)	185	313	306
Temporary erection	231	10	-	241	227	12	1	238	3	4
Water Supply, drainage & sewerage	5,185	104	(1)	5,290	1,739	266	-	2,005	3,285	3,446
MGR track and signalling system	6,401	46	4	6,443	4,768	241	-	5,009	1,434	1,633
Railway Siding	2,379	478	(9)	2,866	786	130	-	916	1,950	1,593
Earth Dam Reservoir	1,470	-	-	1,470	409	70	2	477	993	1,061
Plant and machinery	428,562	17,562	(2,914)	449,038	221,700	20,375	506	241,569	207,469	206,862
Furniture, fixtures & other office equipment	3,612	280	21	3,871	2,343	156	18	2,481	1,390	1,269
EDP, WP machines and SATCOM equipment	2,503	428	119	2,812	1,780	215	118	1,877	935	723
Vehicles including speedboats	92	4	7	89	72	3	5	70	19	20
Construction equipment	1,114	79	32	1,161	663	66	30	699	462	451
Electrical Installations	2,045	49	2	2,092	1,059	81	3	1,137	955	986
Communication Equipments	663	84	-	747	353	23	-	376	371	310
Hospital Equipments	215	13	1	227	130	8	(1)	139	88	85
Laboratory and workshop equipments	139	11	(1)	151	101	3	1	103	48	38
Leased assets - Vehicles	15	6	4	17	11	4	4	11	6	4
Capital expenditure on assets not owned by the Company	1,238	119	-	1,357	966	11	-	977	380	272
Assets held for disposal valued at net book value or net realisable value whichever is less	16	1	(4)	21	-	-	-	-	21	16
Assets of Government	28	-	-	28	-	-	-	-	28	28
Less: Grants from Government	28	-	-	28	-	-	-	-	28	28
INTANGIBLE ASSETS										
Land- Right of Use	13	-	-	13	-	-	-	-	13	13
Software	185	329	(3)	517	133	90	(1)	224	293	52
Total	510,944	41,763	(3,765)	556,472	252,166	23,370	668	274,868	281,604	258,778
Previous year	463,648	44,716	(2,580)	510,944	230,607	22,281	792	252,166	258,778	233,041

Net Fixed Assets includes Rs.20,324 million (Previous Year Rs.1,987 million) share of jointly controlled entities

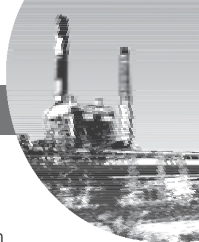
Schedule 7

CAPITAL WORK-IN-PROGRESS

Rs. million

	As at		Deductions &		As at
	1.04.2007	Additions	Adjustments	Capitalised	
Development of land	2,127	767	246	-	2,648
Roads, bridges, culverts & helipads	730	349	(2)	286	795
Piling and foundation	3,407	4,280	-	-	7,687
Buildings :					
Main plant	6,414	4,836	1,427	1,391	8,432
Others	2,760	2,429	209	616	4,364
Temporary erection	6	36	-	5	37
Water supply, drainage and sewerage system	534	452	29	99	858
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	9,748	3,867	-	-	13,615
MGR track and signalling system	3,259	1,262	345	46	4,130
Railway siding	311	375	(314)	478	522
Earth dam reservoir	934	98	-	-	1,032
Plant and machinery	124,079	64,273	39	31,861	156,452
Furniture, fixtures and other office equipment	69	102	1	80	90
EDP/WP Machines & SATCOM equipment	37	266	3	277	23
Construction Equipments	3	2	-	3	2
Electrical installations	398	245	82	38	523
Communication equipment	15	58	4	47	22
Intangible assets - software	182	300	207	87	188
Capital expenditure on assets not owned by the company	444	148	(76)	119	549
Exploratory Wells-In-Progress	-	11	-	-	11
Development of Coal Mines	443	196	(83)	-	722
	<u>155,900</u>	<u>84,352</u>	<u>2,117</u>	<u>35,433</u>	202,702
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	657	385	14	-	1,028
Difference in exchange on foreign loans	(220)	60	60	-	(220)
Expenditure towards diversion of forest land	1,114	79	-	-	1,193
Pre-commissioning expenses (net)	243	938	422	-	759
Incidental expenditure during construction	2,666	11,186	764	-	13,088
Less: Allocated to Capital Work-in-Progress	-	11,427	-	-	11,427
	<u>160,360</u>	<u>85,573</u>	<u>3,377</u>	<u>35,433</u>	207,123
Less: Provision for unserviceable works	132	2	2	-	132
Total	<u>160,228</u>	<u>85,571</u>	<u>3,375</u>	<u>35,433</u>	206,991
Previous Year	129,297	73,556	2,043	40,582	160,228

Includes **Rs.21,230 million** (Previous Year Rs.30,974 Million) share of jointly controlled entities



Schedule 8

CONSTRUCTION STORES AND ADVANCES

Rs. million

	<u>31.3.2008</u>	<u>31.03.2007</u>
CONSTRUCTION STORES *		
(At cost)		
Steel	6,377	3,703
Cement	157	119
Others	<u>11,577</u>	<u>13,798</u>
	18,111	17,620
Less: Provision for shortages	<u>7</u>	<u>6</u>
	<u>18,104</u>	<u>17,614</u>
ADVANCES FOR CAPITAL EXPENDITURE		
Secured	360	202
Unsecured, considered good		
Covered by bank guarantees	25,417	19,381
Others	5,424	5,439
Considered doubtful	<u>67</u>	<u>67</u>
	31,268	25,089
Less: Provision for bad & doubtful advances	<u>67</u>	<u>67</u>
	<u>31,201</u>	<u>25,022</u>
Total	<u>49,305</u>	<u>42,636</u>
	<u>13,061</u>	<u>14,621</u>

* Includes material in transit, under inspection and with contractors

Includes **Rs.5453 million** (Previous Year Rs.1,631 million) share of jointly controlled entities

Schedule 9
INVESTMENTS

			Rs. million
	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	<u>31.03.2008</u> <u>31.03.2007</u>
I. LONG TERM (Trade - unless otherwise specified)			
A) Quoted			
a) Government of India Dated Securities (Non-Trade)	19139000 (24639000)	100 (100)	1,896 2,564
Less:- Amortisation of Premium			21 118
Sub Total (A)			1,875 <u>2,446</u>
B) Unquoted			
a) Bonds			
i) 8.50 % Tax-Free State Government Special Bonds of the Government of^(#)			
Andhra Pradesh	10085200 (11345850)	1000 (1000)	10,085 11,346
Assam	411712 (463176)	1000 (1000)	412 463
Bihar	15155200 (17049600)	1000 (1000)	15,155 17,050
Chattisgarh	3865760 (4348980)	1000 (1000)	3,866 4,349
Gujarat	6697920 (7535160)	1000 (1000)	6,698 7,535
Haryana	8600000 (9675000)	1000 (1000)	8,600 9,675
Himachal Pradesh	267104 (300492)	1000 (1000)	267 300
Jammu and Kashmir	2938880 (3306240)	1000 (1000)	2,939 3,306
Jharkhand	7680976 (8641096)	1000 (1000)	7,681 8,641
Kerala	8019200 (9021600)	1000 (1000)	8,019 9,022
Madhya Pradesh	6646720 (7477560)	1000 (1000)	6,647 7,478
Maharashtra	3051200 (3432600)	1000 (1000)	3,051 3,433
Orissa	8822992 (9925866)	1000 (1000)	8,823 9,926
Punjab	2769840 (3116070)	1000 (1000)	2,770 3,116
Rajasthan	1450000 (1740000)	1000 (1000)	1,450 1,740
Sikkim	273568 (307764)	1000 (1000)	274 308
Uttar Pradesh	31919200 (35909100)	1000 (1000)	31,919 35,909
Uttaranchal	3197200 (3596850)	1000 (1000)	3,197 3,597
West Bengal	9393984 (10568232)	1000 (1000)	9,394 10,568

NTPC Limited Consolidated Financial Statements



			Rs. million	
	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	31.03.2008	31.03.2007
ii) Other Bonds				
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa(GRIDCO) Power Bonds, Series-1/2003 , 03/02,2009	2660 (2660)	25000 (50000)	67	133
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa(GRIDCO) Power Bonds, Series-1/2003, 06 & 09/02,2009	7524 (7524)	37500 (62500)	282	470
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa(GRIDCO) Power Bonds, Series-1/2003 - 10/02,2009	5970 (5970)	50000 (75000)	299	448
b) Others			159	44
Sub Total (B)			132,054	148,857
Sub Total (I)			133,929	151,303
II. CURRENT (Non - Trade - Quoted)				
Others			541	125
Sub Total (II)			541	125
Total (I + II)			134,470	151,428

Includes **Rs.700 million** (Previous Year Rs.169 million) share of jointly controlled entities

Includes bonds of **Rs.65,913 million** (previous year Rs. 49,544 million) permitted for transfer/ trading by Reserve Bank of India. Balance can be transferred/ traded subject to prior approval of Reserve Bank of India.

Schedule 10

INVENTORIES

(Valuation as per Accounting Policy No. 11)

	31.03.2008	Rs. million 31.03.2007
Components and spares	15,943	14,644
Loose tools	44	52
Coal	6,694	7,318
Fuel Oil	1,861	1,484
Naphtha	1,599	793
Chemicals & consumables	742	799
Steel Scrap	93	82
Others	835	1,062
	27,811	26,234
Less: Provision for shortages	23	27
Provision for obsolete/ unserviceable items / dimunition in value of surplus stores	276	308
	27,512	25,899
Inventories include material in transit, under inspection and with contractors	1,782	1,552
Includes Rs.612 million (Previous Year Rs.657 million) share of jointly controlled entities		

Schedule 11

SUNDRY DEBTORS

(Considered good, unless otherwise stated)

Debts outstanding over six months		
Unsecured	1,397	197
Considered doubtful	8,364	8,361
	9,761	8,558
Other debts		
Unsecured	30,330	13,609
Less: Provision for bad & doubtful debts	8,364	8,361
Total	31,727	13,806
Includes Rs.1,398 million (Previous Year Rs.787 million) share of jointly controlled entities		



Schedule 12

CASH & BANK BALANCES

	31.03.2008	Rs. million 31.03.2007
Cash on hand (includes cheques, drafts, stamps on hand of Rs.95 million , previous year Rs.52 million)	97	56
Balance with Reserve Bank of India earmarked for fixed deposits from public	308	308
Balances with scheduled banks		
Current Account (a)	4,419	7,238
Term Deposit Account (b)	148,715	129,312
Balance with other banks		
Call Deposit Account		
West LB AG, London (c)	66	67
Total	153,605	136,981

Includes **Rs.1,369 million** (Previous Year Rs.1936 million) share of jointly controlled entities

(a) Includes **Rs.55 million** of Unclaimed Dividend (previous year Rs.43 million).

(b) **Rs.22 million** (previous year Rs.16 million) deposited as security with Government authorities/as per court orders.

(c) Maximum amount outstanding at any time during the year **Rs.67 million**, (Previous year Rs.68 million)

Schedule 13

OTHER CURRENT ASSETS

Interest accrued :

Bonds	5,950	6,968
Government of India Dated Securities	47	75
Term Deposits	2,917	3,349
Others	225	132
Other Recoverables	125	93
Others	8	18
Total	9,272	10,635

Includes **Rs.34 million** (Previous Year Rs. 52 million) share of jointly controlled entities

Schedule 14

LOANS AND ADVANCES

(Considered good, unless otherwise stated)

LOANS

Employees (including accrued interest)

Secured	4,457	4,540
Unsecured	809	952
Considered doubtful	2	2

Government of India (for transfer of transmission systems)

Unsecured	-	128
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Loan to State Government in settlement of dues from customers

Unsecured	8,137	9,094
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Others

Secured	500	500
Unsecured	1,704	4

ADVANCES

(recoverable in cash or kind for value to be received)

Contractors & suppliers, including material issued on loan

Secured	48	51
Unsecured	1,610	1,467
Considered doubtful	1	3

Advance tax & tax deducted at sources

69,065	57,772
---------------	--------

Less : Provision for taxation

50,469	37,132
---------------	--------

18,596	20,640
---------------	--------

Employees (including imprest)

Unsecured	1,624	76
Considered doubtful	1	1

Others

Unsecured	622	753
Considered doubtful	294	286

38,405	38,497
---------------	--------

Claims recoverable

Unsecured	1,744	1,537
Considered doubtful	33	38

Less: Provision for bad and doubtful loans, advances and claims

331	330
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39,851	39,742
---------------	--------

DEPOSITS

Deposits with customs, port trust and others ^(#)

1,190	1,161
--------------	-------

Total

41,041	40,903
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^(#) Sales Tax deposited under protest with sales tax authorities

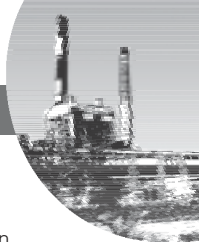
194	342
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Includes **Rs.861 million** (Previous Year Rs.624 million) share of jointly controlled entities

Rs. million

31.03.2007

31.03.2008



Schedule 15

CURRENT LIABILITIES

	31.03.2008	31.03.2007
Sundry Creditors		
For capital expenditure		
Micro & Small Enterprises	2	1
Others	17,547	15,262
For goods and services		
Micro & Small Enterprises	14	23
Others	17,992	16,586
Book Overdraft	304	232
Deposits, retention money from contractors and others	16,639	15,033
Less: Bank Deposits/Investments held as security	150	140
	52,348	46,997
Advances from customers and others	3,156	7,962
Interest accrued on unpaid matured deposits/bonds	-	1
Other liabilities	3,679	2,262
Unclaimed dividend ^(#)	55	43
Interest accrued but not due :		
Loans from Government of India	1	3
Foreign currency loans/bonds	372	431
Term loans in Indian currency	1,001	731
Bonds	1,537	1,338
Fixed deposits from public	6	8
Total	62,155	59,776

(#)No amount is due for payment to Investor Education and Protection Fund

Includes **Rs.3,631 million** (Previous Year Rs.3696 million) share of jointly controlled entities

Schedule 16

PROVISIONS

Income/Fringe Benefit Tax

As per last balance sheet

Additions during the year

Amount adjusted during the year

Less: Set off against Advance tax

Proposed dividend

As per last balance sheet

Additions during the year

Amounts used during the year

Tax on proposed dividend

As per last balance sheet

Additions during the year

Amounts paid during the year

Employee Benefits

As per last balance sheet

Additions during the year

Amounts paid during the year

Others

As per last balance sheet

Additions during the year

Amounts adjusted during the year

Amounts reversed during the year

Total

Rs. million

	31.03.2008	<u>31.03.2007</u>
	20	1
	28,903	20,685
	21,555	16,466
	50,469	37,132
	9	20
	6,649	6,683
	6,656	6,649
	6,649	6,683
	6,656	6,649
	1,133	937
	1,141	1,133
	1,133	937
	1,141	1,133
	9,065	4,777
	7,302	4,731*
	923	443
	15,444	9,065
	291	24
	533	270
	3	1
	1	2
	820	291
	24,070	17,158

* Includes Rs.335 million transferred on acquisition of Badarpur Thermal Power Station

Includes **Rs.211 million** (Previous Year Rs.99 million) share of jointly controlled entities



Schedule 17

CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts in respect of:

	31.03.2008	Rs. million 31.03.2007
Capital Works	11,255	6,564
Land compensation cases	10,465	10,492
Others*	12,923	8,353
Disputed Income Tax demand **	14,909	14,839
Disputed Excise demand	3	3
Disputed Sales Tax demand	630	377
Letters of Credit other than for capital expenditure	2,481	2,013
Others #	315	816
Total	52,981	43,457

* Possible reimbursement **Rs.3,443 million** (Previous year Rs. Nil)

** Possible reimbursement **Rs.10,063 million** (Previous year Rs.10,063 million)

Possible reimbursement **Rs.17 million** (Previous year Rs.Nil)

Includes **Rs.736 million** (Previous Year Rs.659 million) share of jointly controlled entities

Schedule 18

SALES

	Current Year	Previous Year
Energy Sales (including Electricity Duty) *	392,610	340,676
Less : Advance against Depreciation deferred	7,167	2,176
Add: Revenue recognised out of Advance against Depreciation	-	17
Exchange fluctuation receivable from customers	250	-
	385,693	338,517
Consultancy, project management and supervision fees (including turnkey construction projects)	2,937	1,912
Total	388,630	340,429

* Includes Rs.22,761 million (previous year Rs.16,760 million) on account of income tax recoverable from beneficiaries as per CERC Regulations

Includes **Rs.8,106 million** (Previous Year Rs.5,259 million) share of jointly controlled entities

Schedule 19

PROVISIONS WRITTEN BACK

Doubtful debts	-	3
Doubtful loans, advances and claims	8	7
Doubtful construction advances	1	8
Shortages in construction stores	1	2
Shortages in stores	15	14
Obsolescence in stores	36	5
Others	3	2
Total	64	41

Includes **Rs. Nil** (Previous Year Rs. Nil) share of jointly controlled entities

Schedule 20

OTHER INCOME

Rs. million

	<u>Current Year</u>	<u>Previous Year</u>
Income from Long Term Investments		
Trade		
Dividend from Joint Ventures	73	109
Interest (Gross)		
Government Securities (8.5% tax free bonds issued by the State Government)	12,209	14,235
Other Bonds (Tax deducted at source Rs.21 million , previous year Rs.35 million)	83	146
Non -Trade		
Interest from Government of India Securities (Gross)	156	297
Less:- Amortisation of premium	21	118
	<u>135</u>	<u>179</u>
Income from Current Investments (Non-Trade)		
Income on redemption of Investments	151	510
Income from Others		
Interest (Gross) (Tax deducted at source Rs.3,308 million , previous year Rs.1,788 million)		
Loan to State Government in settlement of dues from customers	752	814
Indian banks	14,253	8,616
Foreign banks	5	3
Employees' loans	196	216
Others	399	121
Interest on Income Tax refunds	1	3,340
Less: Refundable to customers	-	1,898
	<u>1</u>	<u>1,442</u>
Interest /surcharge received from customers	171	207
Hire charges for equipment	26	18
Profit on sale of fixed assets	21	10
Miscellaneous income	1,609	1,288
	<u>30,084</u>	<u>27,914</u>
Less: Transferred to Incidental expenditure during construction-Schedule 26	536	194
Transferred to development of coal mines	1	-
Total	<u><u>29,547</u></u>	<u><u>27,720</u></u>
Includes Rs.56 million (Previous Year Rs.94 million) share of jointly controlled entities		

Schedule 21

EMPLOYEES' REMUNERATION AND BENEFITS

Salaries, wages, bonus, allowances & benefits	17,623	11,143
Contribution to provident and other funds	2,214	966
Welfare expenses	3,326	2,057
	<u>23,163</u>	<u>14,166</u>
Less: Allocated to fuel cost	975	622
Transferred to Development of Coal Mines	90	43
Transferred to incidental expenditure during construction - Schedule 26	2,565	1,494
Total	<u><u>19,533</u></u>	<u><u>12,007</u></u>
Includes Rs.335 million (Previous Year Rs.225 million) share of jointly controlled entities		



Schedule 22

GENERATION, ADMINISTRATION & OTHER EXPENSES

Rs. million

	Current Year	Previous Year
Power charges	784	711
Less: Recovered from contractors/employees	120	93
	664	618
Water charges	813	759
Stores consumed	277	246
Rent	190	145
Less: Recoveries	76	50
	114	95
Repairs & Maintenance		
Buildings	789	730
Plant & Machinery		
Power station	9,568	8,613
Construction equipment	10	8
	9,578	8,621
Others	430	331
Insurance	552	666
Rates and taxes	199	152
Water Cess & Environment Protection Cess	229	269
Training & Recruitment expenses	356	298
Less: Fees for training and application	17	16
	339	282
Communication expenses	288	222
Travelling Expenses	1,186	1,073
Tender expenses	150	123
Less: Receipt from sale of tenders	14	17
	136	106
Payment to Auditors	22	19
Advertisement and publicity	96	99
Security expenses	1,739	1,337
Entertainment expenses	121	106
Expenses for guest house	84	70
Less: Recoveries	11	10
	73	60
Education expenses	181	171
Brokerage & commission	13	12
Donations	6	3
Community development and welfare expenses	159	95
Less Grants-in-aid	22	7
	137	88
Ash utilisation & marketing expenses	69	105
Less: Sale of ash products	-	13
	69	92
Books and periodicals	28	30
Professional charges and consultancy fees	310	509
Legal Expenses	67	73
EDP hire and other charges	107	83
Printing and stationery	91	87
Oil & gas exploration Expenses	107	77
Waiver of Interest	-	640
Miscellaneous expenses	818	707
Stores written off	2	1
Claims/Advances written off	32	-
Deferred revenue expenditure written off	-	3
Survey & Investigation expenses written off	31	100
Loss on disposal/write-off of fixed assets	137	155
	19,781	18,622
Less: Allocated to fuel cost	1,134	911
Transferred to Development of Coal Mines	173	361
Transferred to incidental expenditure during construction - Schedule 26	1,632	1,344
Total	16,842	16,006
Spares consumption included in repairs and maintenance	5,856	5,427
Includes Rs.508 million (Previous Year Rs.392 million) share of jointly controlled entities		

Schedule 23

PROVISIONS

	Current Year	Previous Year
Doubtful debts	3	1
Doubtful advances and claims	13	4
Doubtful advances for construction	1	1
Shortage in stores	14	17
Obsolete/diminition in value of surplus stores	31	85
Shortage in construction stores	5	3
Unserviceable capital work in progress	2	3
Others	5	2
Total	74	116

Includes **Rs.2 million** (Previous Year Rs.1 million) share of jointly controlled entities

Schedule 24

INTEREST AND FINANCE CHARGES

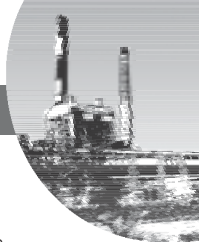
Interest on :

Bonds	5,002	4,000
Loans from Government of India	11	25
Foreign Currency Term Loans	1,728	1,473
Rupee Term loans	10,401	8,083
Public deposits	13	29
Foreign currency Bonds/Notes	1,461	1,636
Amount payable to Customers	15	2,091
Others	176	160
Exchange differences regarded as adjustment to interest cost	(1,255)	(1,227)
	17,552	16,270

Finance Charges :

Bonds servicing & public deposit expenses	10	17
Guarantee Fee	334	367
Management Fee	41	154
Commitment charges/ Exposure premium	15	7
Rebate to customers	7,200	8,583
Reimbursement of L.C. Charges on Sales Realisation	85	63
Bank Charges	19	17
Bond Issue Expenses	1	1
Legal Expenses on Foreign Currency Loans	1	3
Exchange differences	490	16
Foreign currency bonds/notes expenses	1	3
Others	24	55
	8,221	9,286
Sub Total	25,773	25,556
Less: Interest and Finance charges capitalised by transfer to incidental expenditure during construction - Schedule 26	7,192	6,683
Total	18,581	18,873

Includes **Rs.619 million** (Previous Year Rs.122 million) share of jointly controlled entities



Schedule 25

PRIOR PERIOD INCOME/EXPENDITURE (NET)

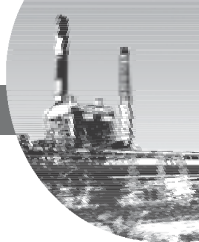
	Current Year	Previous Year
		Rs. million
INCOME		
Sales	(5,561)	(19)
Others	2	5
	<u>(5,559)</u>	<u>(14)</u>
EXPENDITURE		
Salary, wages,bonus, allowances & benefits	17	(8)
Repairs and Maintenance	6	(178)
Depreciation	61	-
Interest	7	1
Rebate to Customers	(399)	-
Advertisement and publicity	(1)	5
Professional consultancy charges	5	7
Rates & Taxes	6	-
Power Charges	12	(14)
Rent	-	1
Fuel	(2,502)	-
Others	5	44
	<u>(2,783)</u>	<u>(142)</u>
Net Expenditure / Income	2,776	(128)
Less: Transferred to incidental expenditure during construction- Schedule 26	28	(19)
Total	<u>2,748</u>	<u>(109)</u>

Includes **Rs.4 million** (Previous Year Rs.Nil) share of jointly controlled entities

Schedule 26

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	<u>Current Year</u>	<u>Previous Year</u>
		Rs. million
A. Employees remuneration and other benefits		
Salaries, wages, allowances and benefits	1,921	1,178
Contribution to provident and other funds	270	91
Welfare expenses	374	225
Total (A)	<u>2,565</u>	<u>1,494</u>
B. Other Expenses		
Power charges	362	307
Less: Recovered from contractors & employees	<u>7</u>	<u>5</u>
	355	302
Water Charges	4	8
Rent	43	43
Repairs & maintenance		
Buildings	60	47
Construction equipment	144	-
Others	<u>79</u>	<u>65</u>
	283	112
Insurance	60	100
Rates and taxes	25	21
Communication expenses	46	34
Travelling expenses	190	178
Tender expenses	32	36
Less: Income from sale of tenders	<u>-</u>	<u>2</u>
	32	34
Payment to Auditors	2	2
Advertisement and publicity	28	22
Security expenses	178	130
Entertainment expenses	20	17
Guest house expenses	14	9
Education expenses	2	8
Books and periodicals	3	3
Community development expenses	20	8
Professional charges and consultancy fee	31	28
Legal expenses	20	42
EDP Hire and other charges	15	11
Printing and stationery	13	13
Miscellaneous expenses	<u>248</u>	<u>219</u>
Total (B)	<u>1,632</u>	<u>1,344</u>
Depreciation (C)	<u>213</u>	<u>180</u>
Total (A+B+C)	<u>4,410</u>	<u>3,018</u>



Schedule 26
INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	Current Year	Previous Year
		Rs. million
D. Interest and Finance Charges Capitalised		
Interest on		
Bonds	2,100	1,181
Foreign Currency Term Loans	899	435
Rupee Term loans	5,191	4,259
Foreign Currency Bonds/Notes	816	1,106
Others	-	7
Exchange Differences regarded as adjustment to Interest Cost	(2,378)	(532)
Finance Charges		
Commitment Charges	15	1
Exposure Premium	-	6
Management fee / arrangers fees	40	154
Legal Expenses on Foreign Currency Loans	1	3
Exchange Differences	464	8
Foreign Currency Bonds/Notes expenses	2	2
Others	42	53
Total (D)	7,192	6,683
E. Less : Other Income		
Interest from		
Indian Banks	76	24
Employees	29	20
Others	126	37
Hire Charges	21	11
Sale of scrap	23	39
Miscellaneous income	261	63
TOTAL (E)	536	194
F. Prior Period Adjustments	28	(19)
G. Income/Fringe Benefit Tax	92	15
GRAND TOTAL (A+B+C+D-E+F+G)	11,186	9,503

Includes **Rs. 628 million** (Previous Year Rs.814 million) share of jointly controlled entities

SCHEDULE 27

NOTES ON ACCOUNTS

1. BASIS OF CONSOLIDATION

1.1 The consolidated financial statements relate to NTPC Ltd. (The Company), its Subsidiaries and interest in Joint Ventures.

a) Basis of Accounting:

- i) The financial statements of the subsidiary companies in the consolidation are drawn up to the same reporting date as of the company.
- ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 - 'Consolidated Financial Statements' and Accounting Standard (AS) 27 - 'Financial Reporting of Interest in Joint Ventures' notified by the Institute of Chartered Accountants of India and generally accepted accounting principles.

b) Principles of consolidation:

The consolidated financial statements have been prepared as per the following principles:

- i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements except as otherwise stated in the notes to the accounts.
- iv) The difference between the cost of investment in the investment in the joint venture and the share of net assets at the time of acquisition of shares in the joint venture is identified in the financial statements as goodwill or capital reserve as the case may be.

1.2 The Subsidiary and Joint Venture companies considered in the financial statements are as follows:

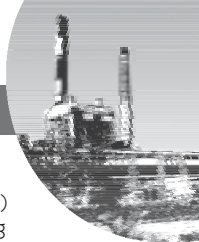
Name of the Company	Proportion (%) of Shareholding as on	
	31.3.2008	31.3.2007
Subsidiary Companies:		
NTPC Electric Supply Company Ltd.	100	100
NTPC Hydro Ltd.	100	100
Pipavav Power Development Company Ltd.	100	100
NTPC Vidyut Vyapar Nigam Ltd.	100	100
Kanti Bijlee Utpadan Nigam Ltd.(formerly Vaishali Power Generation Co. Ltd.)	51	51
Bharatiya Rail Bijlee Company Limited	74	-
Joint Venture Companies:		
Utility Powertech Ltd.	50	50
NTPC - Alstom Power Services Private Ltd.	50	50
PTC India Ltd.	5.28	08
NTPC-SAIL Power Company Private Ltd.	50	50
NTPC-Tamilnadu Energy Company Ltd.	50	50
Ratanagiri Gas & Power Private Limited *	28.33	28.33
Aravali Power Company Private Ltd.	50	50
NTPC-SCCL Global Ventures Private Ltd.	50	-

* The financial statements are un-audited.
All the above Companies are incorporated in India.

1.3 Bhartiya Rail Bijlee Company limited (BRBCL) was incorporated on 22nd November, 2007, in which 74% shares are held by NTPC Ltd. and 26 % shares are held by Indian Railways.

1.4 NTPC-SCCL Global Venture Company Private Limited was incorporated on 31st July, 2007 in which 50% shares are held by NTPC Ltd. and 50 % shares are held by Singareni Collieries Company Limited.

NTPC Limited Consolidated Financial Statements



- 1.5 **Joint Venture Operations:** The Company along-with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., (the consortium) has been allotted an oil and gas block in the State of Arunachal Pradesh. The consortium has entered into a Production Sharing Contract with GOI for exploration and production of oil and gas. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs.563 million** (previous year Rs.606 million) as per the Production Sharing Contract.

The other two consortium partners viz. M/s Geopetrol International Inc. and M/s Canoro Resources Ltd. each initially had 30 % participating interest in the Block. M/s Canoro Resources have since off-loaded 50% of their participating interest to M/s Brownstone Ventures Inc. The consequent amendment to the Production Sharing Contract is in process.

Based on audited statement of accounts of the consortium, the Company's share of assets and liabilities as at 31st March 2008 and expenditure for the year ended on that date in respect of above joint venture operation has been accounted for as under:

(Rs. million)

Item	2007-08 (Audited)	2006-07 (Audited)
Expenses	107	77
Fixed Assets including Capital work-in-progress	14	3
Other Assets	58	5
Current Liabilities	13	12

2. a) The conveyancing of the title to **10,288 acres** of freehold land of value **Rs. 3,563 million** (previous year 9,425 acres of value Rs.2,305 million) and buildings & structures valued at **Rs.782 million** (previous year Nil), as also execution of lease agreements for **9,121 acres** of value **Rs.1,770 million** (previous year 7,776 acres of value Rs.822 million) in favour of the Company are awaiting completion of legal formalities.
- b) Land does not include cost of **1,181 acres** (previous year 1,148 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- c) Land includes **1,334 acres** of value **Rs. 113 million** (previous year 200 acres of value Rs.5 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
- d) Land includes an amount of **Rs.1,590 million** (previous year Rs.1,600 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- e) The cost of right of use of land for laying pipelines amounting to **Rs. 13 million** (previous year Rs.13 million) is included under intangible assets. The right of use is perpetual in nature and accordingly amortisation has not been done.
- f) Cost of land includes 400 acres of freehold land handed over to the Company by the Government of Andhra Pradesh during the year in exchange for 276 acres of land (freehold 108 acres and leasehold 168 acres) which is yet to be handed over to the Government of Andhra Pradesh without any financial implication.
3. a) The Central Electricity Regulatory Commission (CERC) has notified by Regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1st April 2004 for a period of five years. CERC has issued final tariff orders for all the stations/units except for two stations/units, where sales of **Rs.15,028 million**, for the current year (previous year Rs.40,120 million for five stations/units) have been recognised based on provisional tariff orders issued by CERC.
- b) In respect of stations/units where the CERC had issued final tariff orders applicable from 1st April 2004, the Company aggrieved over many of the issues as considered by CERC in the tariff orders, filed an appeal with Appellate Tribunal for Electricity (ATE). The ATE has disposed off the appeal favourably directing CERC to revise the tariff orders as per the directions and methodology given. The CERC has filed an appeal with the Hon'ble Supreme Court on some of the issues decided by the ATE and is yet to issue the revised tariff orders for the balance issues as per directions of ATE. Pending disposal of the appeal, sales for the year in respect of these stations amounting to **Rs.307,013 million** have been accounted for based on provisional tariff worked out by the Company as per the methodology and directions as decided by ATE.
- c) Sales in respect of one of the stations has been provisionally recognised at **Rs. 13,074 million** (previous year Rs.10,449 million for ten months) on the basis of principles enunciated under the Regulations, 2004 of CERC as against billing of **Rs. 13,258 million** (previous year Rs.10,615 million for the ten months) as per tariff order issued by CERC, prior to the takeover of the station by the Company.
- d) Sales of **Rs. 11,336 million** (previous year Rs.5,424 million) pertaining to previous years has been recognised based on the orders issued by CERC/ATE.
4. a) MPGATSV tax on coal was levied by the Government of Madhya Pradesh by notification of MP Grameen Avsanrachana Tatha Sadak Vikas Adhinyam, 2005 (MPGATSV) with effect from September 2005. This tax was challenged by the coal supplier before the Hon'ble Jabalpur High Court and its collection was stayed. Subsequently, the challenge was repealed by the Hon'ble High Court but Special Leave Petitions were filed in the Hon'ble Supreme Court against the decision. The Hon'ble Supreme Court has passed an interim order staying the coercive collection of the tax.

The Company had provided the liability in respect of the MPGATSV tax upto 31st March 2007 as the same was being billed to three of its stations by the coal supplier despite its stay and had in turn passed on the burden of the tax to its customers.

During the year, the Ministry of Coal, Government of India (GOI) notified the rates of royalty effective from 1st August 2007 on various grades of coal as per a formula based yield. As per the notification, the royalty is to be adjusted for the local taxes or cess so as to limit

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the overall revenue to the formula based yield. However, the coal supplier continues to bill the MPGATSV tax in addition to the royalty even after the issue of the notification.

The Company made a detailed review of the issues having regard to the GOI notification and also obtained a legal opinion on the applicability of the MPGATSV tax before and after the effective date of the GOI notification.

Based on such review and legal opinion, the Company is of the view that the claim of the coal supplier is not payable and has reversed the liability of Rs. 2,105 million provided up to 31st March 2007 in respect of MPGATSV tax and passed on the resultant benefit to its customers through 'Prior Period Income/Expenditure (net)'. Further, the amount billed by the coal supplier on account of MPGATSV tax up to 31st July 2007 amounting to Rs.2,558 million has been disclosed as contingent liability.

- b) During the year, the Company has reviewed the liability provided for surface transportation charges billed by a coal supplier with effect from November 2005 and disputed by the Company. Based on such review, the Company is of the view that the claim of the coal supplier is not payable and has reversed the liability of Rs.469 million provided up to 31st March 2007 in respect of the same and passed on the resultant benefit to its customers through 'Prior Period Income/Expenditure (net)'. Further, the disputed amount billed by the coal supplier up to 31st March 2008 amounting to Rs.823 million has been disclosed as contingent liability.
5. Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.12.2.1. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, CERC has not notified the rates of depreciation. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Section 616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating Company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supercession of the provisions of the Companies Act, 1956.
6. Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1st April 1986 to 31st May 2006 amounting to **Rs. 1,155 million** (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
7. a) The pay revision of the employees of the Company is due w.e.f 1st January 2007. Pending recommendation of the committee formed by the GOI for pay revision, a provision of **Rs. 4,227 million** (previous year Rs.1020 million for three months period up to 31st March 2007) has been made towards wage revision arrears on an estimated basis during the year.
- b) The pay revision of the Central Government employees is due w.e.f 1st January 2006. Pending acceptance of the recommendations of the VI Pay Commission constituted by the Central Government, a provision of **Rs.526 million** (previous year Rs.280 million for fifteen months period up to 31st March 2007) has been made towards payments to Central Industrial Security Force (CISF) and Kendriya Vidyalaya Sangathan (KVS) on an estimated basis during the year.
8. In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **Rs. 6,070 million** (previous year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the mortgage created by UPSEB on fixed assets in favour of Life Insurance Corporation of India (LIC) before the assets were taken over was not vacated. During the year, Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd (erstwhile UPSEB) has confirmed the repayment of loan to LIC and that the process of de-mortgage of fixed assets of Tanda Power Station is in progress.
9. The amount reimbursable to GOI in terms of Public Notice No.38 dated 5th November, 1999 and Public Notice No.42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to **Rs.2,768 million** (previous year Rs.2,678 million) out of which **Rs.2,696 million** (previous year Rs.2,678 million) has been deposited with the GOI and liability for the balance **Rs.72 million** (previous year Rs. 90 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
10. As per the direction of the Ministry of Power (MOP), a memorandum of understanding was signed between the Company, Gujarat Power Corporation Ltd. (GPCL) and Gujarat Electricity Board (GEB) on 20th February 2004 to set up Pipavav Power Project. Pursuant to the directive, the Company paid a sum of Rs.61 million for acquisition of land and had incurred Rs.10 million towards other direct expenditure on the proposed project.
The Company disassociated from the Pipavav Power Project on 24th May 2007 after obtaining approval from the MOP. Based on the settlement between the Company, GPCL and GEB, an amount of Rs.109 million received by the Company towards final settlement in respect of cost of land inclusive of simple interest @ 10% p.a. thereon has been accounted for. Balance claim of Rs.4 million towards direct expenditure has been accounted as 'Claims recoverable from GPCL' (Schedule 14).
11. The Company acquires land from private land owners and from the State Government for construction/expansion of its projects. The resettlement & rehabilitation (R&R) policy of the Company stipulates the terms and conditions to be fulfilled by the land oustees for receiving various R&R benefits over and above the compensation payable as per the Land Acquisition Act, 1894. The cost of land include compensation paid to the land oustees and the R&R benefits agreed to be paid by the Company for acquisition of land to the land oustees to the extent they fulfil the terms and conditions stipulated in the R&R policy of the Company. The issue regarding provision or disclosure of contingent liability in this regard pending fulfilment of the conditions of the R&R Scheme has been referred to the Expert Advisory Committee of the ICAI during the year for opinion and pending receipt of the opinion, no provision/disclosure in this regard has been made.
12. The Company and Coal India Ltd (CIL) had initialled a Model Coal Supply Agreement (CSA) in March 2007 which inter-alia contains various provisions under which coal would be sourced by the existing and new power stations of the Company from various subsidiary companies of CIL. The Model CSA provides for the agreement to be in force for a continuous period of 20 years with a provision for review after 5 years of operation of the agreement.

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Separate agreements, on the lines of the Model CSA are required to be signed by each existing/ operating power station with the concerned subsidiary company of CIL and would be effective prospectively on signing.

Ministry of Coal issued the new Coal Distribution Policy in October 2007, which necessitates revisiting some of the provisions of the model CSA. Discussions are on with CIL for early settlement of the issues and finalization of CSA for individual stations with the subsidiary companies of CIL

13. In line with the agreement with GAIL, the Company has paid along with the cost of gas, entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act. In case Company gets refund from GAIL on judgement of the High Court, same will be passed on to beneficiaries.

14. a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realised/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, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

15. Effect of changes in Accounting Policies:

- a) In compliance to the Accounting Standard (AS) 11 notified in Companies (Accounting Standards) Rules, 2006 issued by Ministry of Company Affairs, GOI, exchange differences in respect of loans (other than regarded as borrowing cost)/deposits/liabilities relating to fixed assets/capital work-in-progress acquired from a country outside India, arising out of transactions entered after 1st April 2004, which were hitherto adjusted in the carrying cost of related assets have been recognised as income/expense in the Profit & Loss Account. Consequently, profit for the year and fixed assets are lower by Rs.2 million.
- b) As per CERC Tariff Regulations, 2004 exchange rate variation on interest payments and loan repayments corresponding to the normative loans considered for tariff of stations/units is payable/ recoverable to/from the beneficiaries on repayment of the loans and interest thereon. During the year, based on an opinion issued by the Expert Advisory Committee of the Institute of Chartered Accountants of India, foreign exchange variation on restatement of foreign currency loans as at the Balance Sheet date which is payable/recoverable to/from customers later on settlement is accounted for by creating a deferred liability/asset in the accounts instead of adjusting in profit & loss account. Accordingly, adjustments arising as a result of retrospective implementation of the opinion w.e.f. 1st April 2004 being the date from which such variations are to be passed on/recovered from customers by virtue of CERC Tariff Regulations, 2004 up to 31st March 2007 is accounted as 'Prior Period Income/Expenditure (net)' amounting to **Rs. 2,918 million** by debit to prior period sales (Schedule 25).

Out of the above, an amount of **Rs. 114 million** has been adjusted during the year on becoming due to customers on repayment of loans.

Such exchange differences for the year 2007-08 amounting to **Rs. 250 million** have been accounted for during the year by debit to 'Deferred Foreign Currency Fluctuation Liability' and corresponding credit to 'Sales - Exchange Fluctuation receivable from Customers (Schedule 18)'.

Due to the above, profit for the year is lower and 'Deferred Foreign Currency Fluctuation Liability' is higher by **Rs. 2,554 million**.

16. Railways wagons for transportation of coal dispatched by a vendor to one of the stations against a purchase order placed by the Company were diverted by Railways for its own use in the year 2006-07 and the same have been returned to the station in defective condition during the year. Pending rectification of defects by the vendor at his cost, the cost of such wagons amounting to Rs.241 million has been disclosed as Material-under-inspection (Schedule-8).
17. During the year, the Company has implemented SAP-ERP System at some of the units of the Company. However, fixed asset module has been implemented at all the locations of the Company. As a result:
- i) For computation of depreciation, life of the assets has been rounded down to nearest month as against fractional year. Due to the above change, profit for the year and fixed assets are higher by Rs.37 million.
- ii) The valuation of inventory items issued has undergone a change from monthly weighted average to moving weighted average at these units. Due to the above change, impact on profit for the year if any is not ascertainable.

18. **Disclosure as required by Accounting Standard (AS) 15:**

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the profit & loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

B. Gratuity & Pension

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs.0.35 million, on superannuation, resignation, termination, disablement or on death.

The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility.

These schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised on the basis of actuarial valuation.

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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 Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

D. Terminal Benefits

Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of taken over employees from erstwhile State Government Power Utility at another station.

E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75% of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

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

The summarised position of various defined benefits recognized in the profit and loss account, balance sheet and the funded status are as under: (Figures given in { } represents previous year).

i) Expenses recognised in Profit & Loss Account

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current Service Cost	407 {208}	68 {65}	313 {216}	423 {28}
Interest cost on benefit obligation	368 {373}	116 {90}	313 {271}	72 {43}
Expected return on plan assets	(353) {(334)}	- {-}	- {-}	- {-}
Net actuarial (gain)/loss recognized in the year	150 {(194)}	143 {189}	1,071 {370}	(372) {20}
Expenses recognized in the Profit & Loss A/c	572 {53}	327 {344}	1,697 {857}	123 {91}

ii) The amount recognized in the Balance Sheet

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.3.2008 (i)	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}
Fair value of plan assets as at 31.3.2008 (ii)	4,623 {4,415}	- {-}	- {-}	- {-}
Difference (ii) – (i)	(738) {(184)}	(1,750) {(1,452)}	(5,160) {(3,916)}	(1,017) {(896)}
Net asset /(liability) recognized in the Balance Sheet	(738) {(184)}	(1,750) {(1,452)}	(5,160) {(3,916)}	(1,017) {(896)}

iii) Changes in the present value of the defined benefit obligations :

Rs. million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 1.4.2007	4,599 {4,367}	1,452 {1,128}	3,916 {3,390}	896 {807}
Interest cost	368 {373}	116 {90}	313 {271}	72 {43}
Current Service Cost	407 {208}	68 {65}	314 {216}	423 {28}
Benefits paid	(167) {(145)}	(29) {(20)}	(454) {(331)}	(2) {2}
Net actuarial (gain)/loss on obligation	154 {(204)}	143 {189}	1,071 {370}	(372) {20}
Present value of the defined benefit obligation as at 31.3.2008	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}

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iv) Changes in the fair value of plan assets:

Rs. Million

	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 1.4.2007	4,421 {4,236}	- {-}	- {-}	- {-}
Expected return on plan assets	353 {334}	- {-}	- {-}	- {-}
Contributions by employer	- {-}	- {-}	- {-}	- {-}
Benefit paid	(155) {(145)}	- {-}	- {-}	- {-}
Actuarial gain / (loss)	4 {(10)}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.3.2008	4,623 {4,415}	- {-}	- {-}	- {-}

v) The effect of one percentage in the medical cost of PRMF will impact the liability as under:

- Cost increase by 1% Rs.1,935 Million
- Cost decrease by 1% Rs.1,590 Million

vi) During the year, the Company has provided liability towards contribution to the Gratuity Trust/Pension of **Rs.572 million**, to PRMF of **Rs.327 million**, leave **Rs.1,697 million** and to terminal benefits of **Rs.123 million** (previous year towards gratuity trust/pension Rs.53 million, PRMF Rs.344 million, leave Rs.857 million and terminal benefits Rs.91 million).

E. Other Employee Benefits

Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to **Rs. 34 million** (previous year Rs.53 million) for the year have been made on the basis of actuarial valuation at the year end and charged to the Profit & Loss Account.

F. Details of the Plan Asset

The details of the plan assets at cost as on 31st March are as follows:

(Rs.million)

	2008	2007
i) State Government securities	903	859
ii) Central Government securities	1,643	1,570
iii) Corporate Bonds/ debentures	1,825	1,708
iv) RBI Special Deposit	240	240
Total	4,611	4,377

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i) Method used	Projected Unit Credit Method
ii) Discount rate	8.00 %
iii) Expected rate of return on assets - Gratuity	8.00 %
- Pension	8.11 %
iv) Future salary increase	5.50 %

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

19. The effect of foreign exchange fluctuation during the year is as under:

- i) The amount of exchange differences (net) credited to the Profit & Loss Account is **Rs.106 million** (previous year Rs.3 million).
- ii) The amount of exchange differences credited to the carrying amount of fixed assets and Capital Work-in-Progress is **Rs. 234 million** (previous year Rs.427 million).

20. Revenue Grants recognised during the year in respect of expenditure incurred in the earlier years amount to **Rs. 11 million** (previous year Rs. Nil).

21. Borrowing costs capitalised during the year **Rs. 6,685 million** (previous year Rs.6,683 million).

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22. Segment information:

a) Business Segments:

The Company's principal business is generation and sale of bulk power to SEBs/State utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

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.

Rs. Million

	Business Segments				Total	
	Generation		Others			
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees*	373,783	326,473	12,567	11,919	386,350	338,392
Internal Consumption of Electricity	409	365	-	-	409	365
Total	374,192	326,838	12,567	11,919	386,759	338,757
Segment Result#	91,754	75,307	617	392	92,371	75,699
Unallocated Corporate Interest and Other Income					27,988	25,548
Unallocated Corporate expenses, interest and finance charges					16,849	11,633
Income Taxes (Net)					28,811	20,631
Profit after Tax					74,699	68,983
Segment assets	345,569	302,637	5,492	2,099	351,061	304,736
Unallocated Corporate and other assets					584,472	536,564
Total assets	345,569	302,637	5,492	2,099	935,533	841,300
Segment liabilities	64,671	51,612	4,180	1,596	68,851	53,208
Unallocated Corporate and other liabilities					336,811	300,489
Total liabilities	64,671	51,612	4,180	1,596	405,662	353,697
Depreciation	21,885	20,803	6	6	21,891	20,809
Non-cash expenses other than Depreciation	63	97	4	1	67	98
Capital Expenditure	96,701	85,490	168	483	96,869	85,973

* Includes **Rs. 11,336 million** (previous year Rs.5,424 million) for sales related to earlier years.

Segment result would have been **Rs.80,418 million** (previous year Rs.69,883 million) without including the sales related to earlier years.

d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

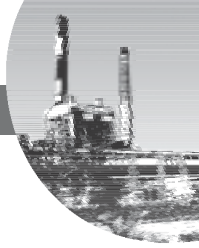
23. Related party disclosures

a) Related parties:

i) List of joint ventures:

Utility Powertech Limited, NTPC-Alstom Power Services Private Ltd., PTC India Ltd.

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ii) Key Management Personnel:

- Shri T. Sankaralingam
- Shri R.S. Sharma
- Shri Chandan Roy
- Shri R.K. Jain
- Shri A.K. Singhal
- Shri R.C.Shrivastav
- Shri K.B.Dubey
- Shri T.N.Thakur
- Shri S.K.Dubey Ceased to be Director w.e.f. 6th August, 2007
- Shri Sashi Sekhar
- Shri Deepak Amitabh
- Shri K.K.Seth Ceased to be Director w.e.f. 31st January, 2008
- Shri Rakesh Amol

b) Transactions with the related parties at a (i) above are as follows :

(Rs/Million)

Particulars	Current Year	Previous Year
Contracts for Works/ Services for services received by the Company		
• Transactions during the year	4,095	1,622
• Amount recoverable from related parties	29	153
• Amount payable to related parties	536	234
Contracts for Works/ Services for services provided by the Company		
• Transactions during the year	4	21
• Amount recoverable from related parties	*	5
(Rs.11,634/-)		
Dividend Received	28	44
Deputation of Employees		
• Transactions during the year	20	14
• Amount recoverable from the related parties	11	3

The Company has received guarantees from Utility Powertech Ltd. for an amount of **Rs.3 million** (previous year Rs.3 million).

c) Remuneration to key management personnel is **Rs. 15 million** (previous year Rs.9 million) and amount of dues outstanding to the Company as on 31st March 2008 are **Rs.1 million** (previous year Rs.1 million).

24. Disclosure regarding leases

a) Finance leases

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

Rs. million

		31.03.2008	31.03.2007
a)	Outstanding balance of minimum lease payments		
	• Not later than one year	4	4
	• Later than one year and not later than five years	5	2
	Total	9	6
b)	Present value of (a) above		
	• Not later than one year	3	3
	• Later than one year and not later than five years	4	2
	Total	7	5
c)	Finance Charges	2	1

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b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of:

1. Premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are non-cancellable. Employees' remuneration and benefits include **Rs.245 million** (previous year Rs.233 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 22- Generation, Administration and Other expenses.
2. Land at one of the stations given by the GOI for a period of 50 years on lease rent of 10% p.a. on the notional value of the land on the Balance Sheet date. During the year, the Company has paid **Rs.58 million** (Previous year Rs.45 million) as lease rent.

25. Earnings per share:

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

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs. Million)	74,699	68,983
Weighted average number of equity shares used as denominator	8245,464,400	8245,464,400
Earnings per share (Basic and Diluted) Rupees	9.06	8.37
Face value per share (Rupees)	10/-	10/-

26. The item-wise details of deferred tax liability (net) are as under:

(Rs. Million)

	31.03.2008	31.03.2007
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	71,088	65,109
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	12,237	8,168
ii) Disallowed u/s 43B of the Income Tax Act,1961	2,808	2,414
	15,045	10,582
Deferred tax liability (net)	56,043	54,527

The net increase in the deferred tax liability is **Rs.1,516 million** (previous year increase Rs.1,048 million) and the same is recoverable from the customers, on becoming part of the current tax .

27. Research and Development expenditure charged to revenue during the year is **Rs. 62 million** (previous year Rs.54 million).

28. Foreign currency exposure not hedged by a derivative instrument or otherwise:

(Rs. Million)

Sl.No	Particulars	Currencies	31.03.2008	31.03.2007
a)	Borrowings, including interest accrued but not due thereon	USD	53,076	46,424
		JPY	25,519	26,059
		Others	649	485
b)	Sundry creditors/deposits and retention monies	USD	6,425	6,281
		EURO	1,720	1,522
		Others	914	648
c)	Sundry debtor and Bank balances	GBP	101	67
		USD	51	4
		EURO	305	-
d)	Unexecuted amount of contracts remaining to be executed	USD	31,842	43,117
		EURO	15,994	7,266
		Others	2,147	1,572

29. As required by Accounting Standard (AS) 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

NTPC Limited Consolidated Financial Statements

30. The pre-commissioning expenses during the year amounting to **Rs.1,750 million** (previous year Rs.1,366 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.721 million** (previous year Rs.488 million) resulting in a net pre-commissioning expenditure of **Rs.1,029 million** (previous year Rs.878 million).
31. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs.294,766 million** (previous year Rs.219,633 million) which include an amount of **Rs.31,256 million** (previous year Rs.8,149 million) in respect of jointly controlled entities.
32. For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.
33. Figures have been rounded off to nearest rupees in millions.
34. Previous year figures have been regrouped/rearranged wherever necessary.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

For Varma and Varma
Chartered Accountants

(Cherian K. Baby)
Partner
M No. 16043

For S.K. Mittal & Co.
Chartered Accountants

(Gaurav Mittal)
Partner
M No 99387

(A.K.SINGHAL)
Director (Finance)

As per our report of even date

For B.C. Jain & Co.
Chartered Accountants

(B.C. Jain)
Partner
M No 5690

For Dass Gupta & Associates
Chartered Accountants

(Naresh Kumar)
Partner
M No 82069

(R.S. SHARMA)
Chairman & Managing Director

For Parakh & Co.
Chartered Accountants

(V.D. Mantri)
Partner
M No. 74678

For S.K. Mehta & Co.
Chartered Accountants

(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NTPC LIMITED AND ITS SUBSIDIARIES AND JOINT VENTURES.

1. We have audited the attached Consolidated Balance Sheet of NTPC LIMITED (the Company) and its Subsidiaries and Joint Ventures (NTPC Group) as at 31st March 2008 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company which have been audited by other auditors, except the financial statements of Ratnagiri Gas and Power Private Ltd. which is unaudited, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(Rs.Million)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Subsidiaries:			
NTPC Electric Supply Company Ltd.	2,228	419	707
NTPC Hydro Ltd.	577	-	(1)
Pipavav Power Development Company Ltd.	-	-	-
NTPC Vidyut Vyapar Nigam Ltd.	1,237	7,816	287
Kanti Bijlee Utpadan Nigam Ltd. (Formerly Vaishali Power Generating Company Ltd.)	2,303	-	-
Bhartiya Rail Bijlee Company Ltd	2,649	-	12
Joint Ventures:			
Utility Powertech Ltd.	540	1100	11
NTPC-Alstom Power Services Pvt. Ltd.	494	504	10
PTC India Ltd.	900	2,055	40
NTPC-SAIL Power Company Pvt. Ltd.	13,534	1,259	(1,097)
NTPC-Tamilnadu Energy Company Ltd.	2,014	-	16
Ratnagiri Gas & Power Private Ltd.	28,825	3,080	363
Aravali Power Company Private Ltd.	5,675	-	161
NTPC-SCCL Global Ventures Private Ltd.	1	-	-

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' notified by the Institute of Chartered Accountants of India.

NTPC Limited Consolidated Financial Statements

5. Further to our comments in para 5 above, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the NTPC group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
- i) in case of Consolidated Balance Sheet, of the state of affairs of the NTPC Group as at 31st March, 2008;
 - ii) in case of Consolidated Profit & Loss Account, of the profit for the year ended on that date; and
 - iii) in case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Varma and Varma
Chartered Accountants

(Cherian K. Baby)
Partner
M No. 16043

For S.K. Mittal & Co.
Chartered Accountants

(Gaurav Mittal)
Partner
M No 99387

For B.C. Jain & Co.
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(B.C. Jain)
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Chartered Accountants

(V.D. Mantri)
Partner
M No. 74678

For S.K. Mehta & Co.
Chartered Accountants

(S.K. Mehta)
Partner
M No 10870

Place : New Delhi
Dated : 29th May 2008

4th Analysts and Investors Meet



CMD and Directors at the Analysts and Investors Meet held in Mumbai recently



NTPC Limited

(A Govt. of India Enterprise)

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