

National High Power Test Laboratory Pvt. Ltd.

(A Joint Venture of NTPC, NHPC, POWERGRID & DVC)

Annual Accounts of the company

for the period

22.05.2009 to 31.03.2010

Surjit Bhatti & Co.
Chartered Accountants
Off. :- C-1/9, Krishan Nagar, Delhi-51
Phone: - 22094878
Mobile: - 9810420981

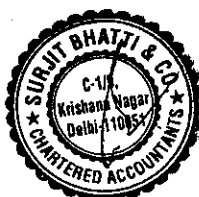
Auditor's Report

- (1) We have audited the attached Balance Sheet of M/s National High Power Test Laboratory Pvt. Ltd. As at 31st March, 2010 and the related Profit & Loss Account for the period starting from 22.05.2009 to 31.03.2010 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.
- (2) We have conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
- (i)
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion, according to the information and explanation given to us, no substantial part of fixed assets has been disposed of by the company during the year.
 - (ii) No inventory was held during the period
 - (iii) The company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firm or parties covered in the register maintained under section 301 of the Act.
 - (iv) In our opinion, the company has adequate internal control procedures commensurate to the size of the company & nature of business for purchase of fixed assets and other activities. Further on the basis of our examination of books & records of the company



and on the basis of information given to us, we have neither come across nor have been informed of any major weakness in the aforesaid internal control procedures.

- (v) In our opinion and according to the information and explanation given to us, no transaction that needs to be entered in the register in pursuance to Section 301 of the Act has been transacted.
- (vi) The company has not accepted any deposits from the public within meaning of Section 58A, 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the company has adequate internal audit system commensurate to the size and nature of the company..
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the company.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, only undisputed statutory due arising on account of tax deducted at source has been regularly deposited.
(b) According to the information and explanations given to us and the records of the company examined by us, there were no disputed dues on account of sales tax, income tax, service tax etc.
- (x) The company was incorporated on 22.05.2009; hence this para is not applicable.
- (xi) According to the records of the company examined by us and the information and explanation given to us, the company has not taken any loan or financial assistance from any bank or financial institution, hence, this para is not applicable.
- (xii) No loans & advances on the basis of security by way of pledge of shares, debentures & other securities have been granted.
- (xiii) The provisions of any special statute applicable to chit fund / societies are not applicable to the company.
- (xiv) In our opinion, the company is not a dealer or traders in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us the company has not given any guarantee for loan taken by others from banks or financial institution during the year.
- (xvi) In our opinion, and according to the information and explanation given to us, the company has not taken any term loan.
- (xvii) On the basis of overall examination of the balance sheet of the company, in our opinion and according to the information and explanation given to us, the company has not raised any fund on a short terms basis which have been used for long term investment, and vice versa.

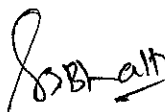


- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The Company has not issued any debentures during the period; hence this para is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Hence, this para is not applicable.
- (xxi) During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Further to and in terms of the above, we also report that:-

- (i) We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit & Loss Accounts dealt with by this report are in agreement with the books of account.
- (iv) In our opinion the attached Balance Sheet and Profit & Loss accounts dealt with by this report comply with the accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.
- (v) In our opinion and to the best of our information and according to the explanation given to us, the said statement of account, read together with notes as appearing in schedule, 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 case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- b) In case of Profit & Loss Account, of the loss of the Company for the period 22.05.2009 to 31.03.2010.
- c) In case of Cash Flow Statement, of the Company for the period 22.05.2009 to 31.03.2010.

For Surjit Bhatti & Co.
Chartered Accountants


(S.S. Bhatti)
Partner



Place: Delhi
Date: 14/05/10

National High Power Test Laboratory Pvt. Ltd.
(A joint venture of NTPC, NHPC, POWERGRID & DVC)


Core 3, 6th Floor, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi-110003

Balance Sheet as at 31.03.2010

Particulars	Sch. No.	Amount (Rs.) as on 31.03.2010
SOURCE OF FUNDS		
Shareholders' Funds :		
Equity Share Capital	1	3,50,00,000.00
Total		3,50,00,000.00
APPLICATION OF FUNDS		
Fixed Assets :		
Gross Block	2	4,88,393.00
Less : Depreciation		32,052.00
Net Block		4,56,341.00
Current Assets, Loans and Advances		
Cash & Bank balances	3	2,87,52,105.00
Loans & Advances	4	72,997.00
Other Current Assets	5	2,90,481.00
		2,91,15,583.00
Less : Current Liabilities & Provisions		
Current Liabilities	6	1,69,46,211.00
Net Current Assets		1,21,69,372.00
Miscellaneous Expenditures		
Profit & Loss A/c		2,23,74,287.00
Total		3,50,00,000.00
Notes to the Accounts	7	

For Surjit Bhatti & Co.
Chartered Accountants

S.S. Bhatti
S.S. Bhatti
(Partner)
M.No. 081964



For and on behalf of Board of Directors of
National High Power Test Laboratory Pvt. Ltd.

N.N. Misra
N.N. Misra
(Chairman)

M.C. Bhatnagar
M.C. Bhatnagar
(Director)

Dr. L. Hari
Dr. L. Hari
(CEO)

Date: 14/05/10
Place: Delhi

National High Power Test Laboratory Pvt. Ltd.
(A joint venture of NTPC, NHPC, POWERGRID & DVC)

Core 3, 6th Floor, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi-110003

Profit & Loss A/c for the period 22.05.2009 to 31.03.2010

Particulars	Schedule No.	Amount (Rs.)
Income		
Other Income	8	8,32,957.00
Total	(A)	8,32,957.00
Expenditure		
Reimbursement of Remuneration		24,29,026.00
Manpower Supply Expenses		5,71,979.00
Consultant Fees		1,80,91,913.00
Depreciation		32,052.00
Administrative & Other Expenses	9	20,82,274.00
Total	(B)	2,32,07,244.00
Net Profit (Loss)	(A-B)	-2,23,74,287.00
Carried forward to Balance Sheet		

For Surjit Bhatti & Co.
Chartered Accountants

S.S. Bhatti
(Partner)
M.No. 081964



Date: 14/05/10
Place: Delhi

For and on behalf of Board of Directors of
National High Power Test Laboratory Pvt. Ltd.

N.N. Misra
(Chairman)

M.C. Bhatnagar
(Director)

Dr. L. Hari
(CEO)

NATIONAL HIGH POWER TEST LABORATORY PRIVATE LIMITED
(A joint venture of NTPC, NHPC, POWERGRID & DVC)

Particulars	Amount (Rs.) as at 31.03.2010
Schedule No. - 01	
Share Capital	
Authorised Share Capital	<u>10,00,00,000.00</u>
(1,00,00,000 Equity Shares @ Rs. 10 each)	
Issued, Subscribed & Paidup Share Capital	
35,00,000 Equity Shares @ Rs. 10 each)	3,50,00,000.00
Out of the above 75,820 shares has been allotted as fully paid-up to NTPC Ltd. for consideration other than cash	
	<u>3,50,00,000.00</u>
Schedule No. - 03	
	Amount (Rs.) as at 31.03.2010
Cash & Bank Balances	
Bank Balance in C/A with Scheduled bank	23,03,279.00
Corporate Liquid Term Deposit (CLTD)	87,53,931.00
Term Deposit Receipts (TDR)	<u>1,76,94,895.00</u>
	<u>2,87,52,105.00</u>
Schedule No. - 04	
	Amount (Rs.) as at 31.03.2010
Loans & Advances	
TDS Deducted by SBH	72,997.00
	<u>72,997.00</u>
Schedule No. - 05	
	Amount (Rs.) as at 31.03.2010
Other Current Assets	
Interest Accrued on CLTD's and TDR's	2,89,080.00
Prepaid Expenses-Insurance	<u>1,401.00</u>
	<u>2,90,481.00</u>



Schedule No. - 06**Amount (Rs.)
as at 31.03.2010****Current Liabilities & Provisions****Sundry Creditors**

M/s CESI- Italy	1,50,52,180.00
Payable to UPL	75,952.00
Payable to NTPC	8,42,784.00
Payable to POWERGRID	2,53,413.00
Payable to NHPC	7,04,647.00

Outstanding Expenses

Audit Fees Payable	10,000.00
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Other Current Liabilities

Security Deposits	7,235.00
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1,69,46,211.00**Schedule No. - 08****Amount (Rs.)
For the Period 22.05.2009
to 31.03.2010****Other Income**

Interest on TDR's	2,93,510.00
Interest on CLTD	4,25,827.00
Difference on Exchange Rate	1,13,620.00

8,32,957.00**Schedule No. - 9****Amount (Rs.)
For the Period 22.05.2009
to 31.03.2010****Administrative & Other Expenses**

Printing & Stationery	64,101.00
Books & Periodicals	4,398.00
Entertainment & Hospitality Expenses	27,932.00
Local Conveyance	1,69,630.00
Meeting Expenses	36,596.00
Postage & Courier	5,061.00
Reimbursement of Rent to NTPC	8,23,890.00
Telephone Expenses	31,701.00
Tours & Travels	28,088.00
Consultancy Charges	13,988.00
Electricity Expenses	18,094.00
Preliminary Expenses	7,77,996.00
Administrative Expenses	25,290.00
Audit Fees	20,000.00
Bank Charges	31,950.00
Insurance Expenses	223.00
Miscellaneous Expenses	3,336.00

20,82,274.00

SCHEDULE - 02

SCHEDULE OF FIXED ASSETS AS PER COMPANIES ACT AS ON 31.03.2010

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	BAL. AS ON 22.05.2009	ADDITIONS	BAL. AS ON 31.03.2010	BAL AS ON 22.05.2009	For the Period	BAL. AS ON 31.03.2010	BAL. AS ON 22.05.2009	BAL. AS ON 31.03.2010
Computer & Peripherals	0	3,65,151.00	3,65,151.00	-	21,018.00	21,018.00	-	3,44,133.00
Photocopier Machine	0	1,09,742.00	1,09,742.00	-	4,284.00	4,284.00	-	1,05,458.00
Computer Software	0	13,500.00	13,500.00	-	6,750.00	6,750.00	-	6,750.00
Total	-	4,88,393.00	4,88,393.00	-	32,052.00	32,052.00	-	4,56,341.00



Schedule No. – 07

NOTES TO THE ACCOUNTS

1. Company is incorporated on 22nd May 2009 as private limited company under Companies Act, 1956. Company is a joint venture of NTPC, NHPC, POWERGRID and DVC. Being the first annual accounts of the company, previous year's figures have not been given.
2. **Earnings per share**

	Current Year
Net Profit (Loss) After Tax used as numerator (in Rupees)	(2,23,74,287.00)
Weighted average number of equity shares used as denominator	7,01,370
Earnings per share (Basic and Diluted) Rupees	(31.90)
Face value per share (Rupees)	10/-
3. Deferred tax Assets (DTA) has not been recognised as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax Asset can be realized.
4. NTPC has incurred Rs. 7,58,200/-, being payment of stamp duty for stamping of Memorandum and Article of Association of the company and registration fees to ROC. The aforesaid amount has been adjusted against consideration for allotment of shares by the company to NTPC Ltd.

SIGNIFICANT ACCOUNTING POLICIES

5. 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.

6. 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.

7. FIXED ASSETS

- a. Fixed Assets are carried at historical cost less accumulated depreciation.

8. Foreign Currency Transaction

- a. Foreign currency transactions are initially recorded at the rates of exchange prevailing on the date of transaction.
- b. At the balance sheet date, foreign currency monetary items are reported using the closing rate.

- c. Exchange differences arising from transaction of foreign currency are recognised in the period in which they arise.

9. PROFIT AND LOSS ACCOUNT

a. EXPENDITURE

- i. 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:

Personal Computer and Laptops including peripherals	19.00%
Photocopiers and fax machines	19.00%

- b. 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.
- c. Preliminary expenses on account of new project incurred prior to approval of feasibility report are charged to revenue.
- d. Assets costing up to Rs. 5000/- are fully depreciated in the year of acquisition.

10. 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.

11. CASH FLOW STATEMENT

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

NATIONAL HIGH POWER TEST LABORATORY PRIVATE LIMITED

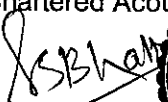
(A joint venture of NTPC, NHPC, POWERGRID & DVC)

Core 3, 6th Floor, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi-110003

Cash Flow Statement for the period 22.05.2009 to 31.03.2010

(A) Cash Flow from Operating Activities	
Net Profit before Tax	-2,23,74,287.00
Adjustments for:	
Depreciation	32,052.00
Operating Profit before Working Capital changes	<u>-2,23,42,235.00</u>
Adjustments for:	
Less : Increase in Current Assets	3,63,478.00
Add : Increase in Current Liabilities	<u>1,69,46,211.00</u>
Cash generated from operations	<u>-57,59,502.00</u>
Net Cash used in Operating Activities	(A) <u>-57,59,502.00</u>
(B) Cash Flow from Investing Activities	
Purchase of Fixed Assets	<u>-4,88,393.00</u>
Net Cash used in Investing Activities	(B) <u>-4,88,393.00</u>
(C) Cash Flow from Financing Activities	
Issue of Equity Shares	3,50,00,000.00
Share Application Money Pending Allotment	
Net Cash from Financing Activities	(C) <u>3,50,00,000.00</u>
Net Increase / Decrease in Cash & Cash Equivalents (A+B+C)	2,87,52,105.00
Cash & Cash Equivalent (Opening Balance)	<u>-</u>
Cash & Cash Equivalent (Closing Balance)	<u>2,87,52,105.00</u>

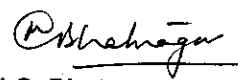
For Surjit Bhatti & Co.
Chartered Accountants



S.S. Bhatti
(Partner)
M.No. 081964



For and on behalf of Board of Directors of
National High Power Test Laboratory Pvt. Ltd.


N.N. Misra
(Chairman)


M.C. Bhatnagar
(Director)


Dr. L. Hari
(CEO)

Date: 14/05/10
Place: Delhi

Balance Sheet Abstract and company's General Business Profile

I Registration No. U73100DL2009PTC190541 State Code 55
Balance Sheet Date 31.03.2010

II Capital Raised During the Year (Rs. In thousands)

Public Issue	0	Right Issue	0
Bonus Issue	0	Private Placment	3,50,00,000.00

III Position of Mobilisation and Deployment of Funds (Rs. In thousands)

Total Liabilities	5,19,46,211.00	Total Assets	5,19,46,211.00
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Sources of Funds

Paid Up Capital	3,50,00,000.00	Reserve & Surplus	0
Secured Loans	0	Unsecured Loans	0
Net Deferred Tax Liability	0		

Application of Funds

Net Fixed Assets	4,56,341.00	Investments	0
Net Current Assets	1,21,69,372.00	Misc. Expenditure	0
Accumulated Losses	2,23,74,287.00		

IV Performance of Company (Rs. In thousands)

Turnover	0	Total Expenditure	2,32,07,244.00
Profit Before Tax	-2,23,74,287.00	Profit After Tax	-2,23,74,287.00
Earning Per share (in Rs.)	-31.9	Dividend Rate %	

V Generic names of three Principal Products / Services of Company (as per Monetary terms)

Item Code No. (ITC Code) :

Product Description


Item Code No. (ITC Code) :


Product Description


Item Code No. (ITC Code) :

Product Description

For and on behalf of Board of Directors of
National High Power Test Laboratory Pvt. Ltd.


N.N. Misra
(Chairman)


M.C. Bhatnagar
(Director)


Dr. L. Hari
(CEO)