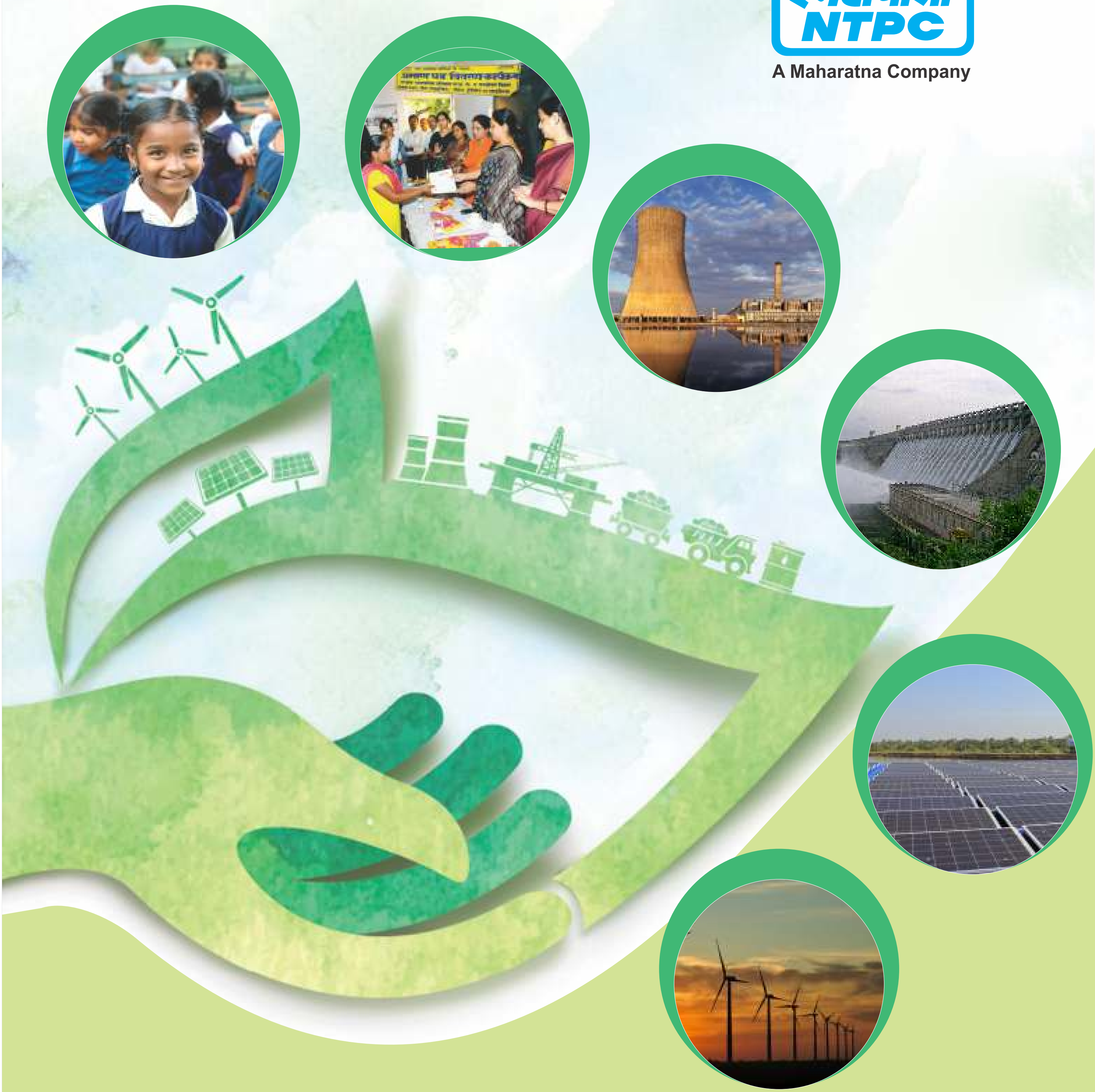
एनटीपीसी
NTPC
A Maharatna Company



# SUBSIDIARY COMPANIES ANNUAL REPORT 2018-19

# CONTENTS

# NTPC ELECTRIC SUPPLY COMPANY LIMITED

## (A wholly owned subsidiary of NTPC Limited)

**DIRECTORS' REPORT**

To

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report on the working of the Company for the financial year ended on 31st March 2019 together with Audited Financial Statement, Auditors' Report and Review by the Comptroller & Auditor General of India for the reporting period.

**FINANCIAL RESULTS**

(₹ Lakh)

| | 2018-19 | 2017-18 |
|---|---|---|
| Total Revenue | **0.42** | 0.41 |
| Total Expenses | **0.55** | 0.31 |
| Profit/(Loss) before Tax | **(0.13)** | 0.10 |
| Tax expenses | **9.03** | 0.02 |
| Profit/(Loss) after Tax | **(9.16)** | 0.08 |

**DIVIDEND**

During the financial year 2018-19, Directors have not recommended any dividend.

**OPERATIONAL REVIEW**

Your Company has transferred and vested all its operations, with effect from April 1, 2015, to NTPC Limited, the holding company.

Your Company was incorporated for the distribution business and later started deposit and consultancy works. The transfer and vesting of existing operations would enable a focused business approach in the area of distribution, the objective for which your Company was incorporated.

Currently your Company does not have any business operations in retail distribution, the same will be taken-up at an appropriate time when opportunity becomes visible.

A detailed discussion on operations and performance for the year is given in "Management Discussion and Analysis", Annexure - I included as a separate section to this report.

**FIXED DEPOSITS**

Your Company has not accepted any fixed deposit during the financial year ended on 31st March 2019.

**AUDITORS' REPORT**

The Comptroller & Auditor General of India (C&AG) appointed M/s. Nemani Garg Agarwal & Co., Chartered Accountants as the Statutory Auditors of your Company for the financial year 2018-19.

There is no qualification, reservation or adverse remark or disclaimer in the Auditors' Report on financial statements of the Company.

The shareholders of the Company in its Extra-Ordinary General Meeting held on March 24, 2015, inter alia, approved the proposal for transfer and vesting of all operations of the Company together with all assets and liabilities relating to such operations to NTPC Limited, the holding company, with effect from April 1, 2015. After obtaining aforesaid approval, your Company entered into an agreement with NTPC Limited to implement such transfer. Accordingly, your Company does not have any operations w.e.f. April 1, 2015. However, since all the assets and liabilities were transferred to NTPC Limited at the same values appearing in the books of the Company as on March 31, 2015, all the assets and liabilities were reflected in the same manner as done previously as a going concern, i.e., at their book values. Although your Company does not have any business operations in retail distribution, the same will be taken-up at an appropriate time when the opportunity becomes visible.

**C&AG REVIEW**

The Comptroller and Auditor General (C&AG) of India, through letter dated July 15, 2019 have communicated that based on the financial reporting by the Management and the independent audit carried out by Statutory Auditors, C&AG has decided not to conduct the Supplementary Audit of the Financial Statements of the Company for the year ended 31st March 2019 under Section 143(6)(a) of the Act. A copy of the letter issued by C&AG in this regard is placed after report of Statutory Auditors of your Company.

**PARTICULARS OF EMPLOYEES**

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. The aforesaid information is not included as a part of the Directors' Report, as your Company neither required being a Government company nor have any full-time employee during the financial year under review.

**REPORTING OF FRAUD**

The Statutory Auditors and CAG have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

**COMPLIANCE OF SECRETARIAL STANDARDS**

Your Company has complied with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 (3) (c) and Section 134(5) of the Companies Act, 2013, 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 2018-19 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, 2013 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 a going concern basis; and

(v) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**DIRECTORS**

The Board of Directors of the Company comprises of Shri Saptarshi Roy, Chairman (DIN: 03584600), Shri Sudhir Arya, Director (DIN: 05135780) and Shri Praveen Saxena, Director (DIN: 07944144).

In accordance with the provisions of Companies Act, 2013, Shri Sudhir Arya, Director (DIN: 05135780) shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers himself for reappointment.

**Number of meetings of the Board**

During the financial year under review, 4 meetings of the Board of Directors were held on the following dates:

| Date of Board Meeting | Total strength of the Directors | No. of Directors present |
|---|---|---|
| May 18, 2018 | 3 | 3 |
| July 31, 2018 | 3 | 3 |
| November 20, 2018 | 3 | 3 |
| January 18, 2019 | 3 | 3 |

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

| Name of the Director | Designation | Attendance during 2018-19 |
|---|---|---|
| Shri Saptarshi Roy | Chairman | 4 out of 4 |
| Shri Sudhir Arya | Director | 4 out of 4 |
| Shri Praveen Saxena | Director | 4 out of 4 |

**CORPORATE SOCIAL RESPONSIBILITY**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted the Corporate Social Responsibility (CSR) Committee consisting of Shri Saptarshi Roy, Chairman, Shri Sudhir Arya, Director and Shri Praveen Saxena, Director.

As per Rule 3(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, your company is not required to spend, during the financial year 2018-19, on CSR activities, as the company ceases to be covered under Section 135(1) of the Companies Act, 2013, for three consecutive years.

In view of the above during the financial year under review neither any expenses were incurred on CSR activities nor any meetings of the CSR committee were held.

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

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

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments, have taken place between financial year ended March 31, 2019, to which the financial statements relate and the date of this Directors' Report, which affects the financial position of your Company.

**EXTRACT OF ANNUAL RETURN**

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

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

Your company has not entered into any contracts or arrangements with related parties during the financial year 2018-19.

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

During the financial year under review your Company does not have any operations and has no significant particulars, relating to conservation of energy, technology absorption under Rule 8 of the Companies (Accounts) Rules, 2014.

During the period under review, there were no foreign exchange earnings and expenditure in foreign currency.

**ACKNOWLEDGEMENT**

The Board of Directors wishes to place on record its appreciation for the support, contribution and co-operation extended by the Ministry of Power, the Auditors, the Bankers and NTPC Limited.

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

**Shri Saptarshi Roy,**
**Chairman**
**(DIN: 03584600)**

Place: New Delhi
Date: July 25, 2019

# MANAGEMENT DISCUSSION AND ANALYSIS INDUSTRY STRUCTURE AND DEVELOPMENTS

## DISTRIBUTION

The electricity sector in India has been operated under a monolithic structure. With the growing requirements for improvement in the sector, various models to bring in improvements and investments into the sector have been contemplated. Unbundling of the state electricity boards into functional companies is already a reality. In order to bring in accelerated improvements, further restructuring of the distribution segment is being contemplated. Restructuring contemplates breaking down the distribution business into smaller business units, with induction of expertise from private sector management, through -Distribution Franchisee Operations.

Distribution and retail supply is the most important component in the power sector value chain which interfaces with end customers and provides revenue for the entire value chain. Sustenance of other sector like manufacturing & production etc. is dependent on the commercial performance and financial viability of the distribution sector in India. Over the past 16-17 years, a number of states have worked to improve the commercial performance of their state utilities, unbundling state entities, creating independent regulatory systems, and putting in place measures to control losses and theft. However, progress has been difficult and slower than envisaged.

There is substantial potential for reform and growth in distribution sector where industrial and commercial consumers are willing to pay commensurate tariffs for quality and reliable power whereas Discoms due to their poor financial condition are unable to purchase power and service the customers. Keeping this in mind, your Company is contemplating for acquisition of distribution circles either through franchisee bidding mode/ PPP or through acquisition on nomination basis.

## STRENGTH AND WEAKNESS

Your Company's strength lies in its association with a strong promoter viz. NTPC Limited having a formidable track record in power project, engineering, construction, commissioning, operation and maintenance for more than 40 years. NTPC's formidable network, rapport and credibility with customer utilities, Discoms, its downstream power market and trading arm are added advantages to your Company.

## OPPORTUNITIES AND OUTLOOK

The Electricity Act, 2003 and Government of India scheme for Financial Restructuring of State owned Distribution Companies for financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism, has provided an opportunity to your Company to get involved aggressively in distribution business in cities and other areas. In the Financial Restructuring program, involvement of private participation in any mode has been made a mandatory condition for getting financial assistance from government. To bring in competition and efficiency in the supply of electricity with more than one supply licensee offering supply of electricity to consumers in the same area, separation of carriage (wire network) and content (electricity) in the distribution sector is being looked at by the Government of India. Ministry of Power is planning to introduce multiple supply licensees in the content (electricity supply business) based on market principles. In this regard Power Ministry has proposed various amendments in certain sections of the Electricity Act, 2003. The proposed amendments will mandate distribution licensees to only operate and maintain the distribution system (wire business) with no concern for commercial supply of electricity. Your Company is continuously looking into these opportunities for making a footprint in this changed scenario of electricity distribution business as Distribution Network Operator and supply licensee as well.

## RISKS AND CONCERNS

So far, the main thrust area of your Company was on project implementation on deposit work basis under RGGVY. On transfer of all business operations to NTPC, all manpower has been repatriated back to NTPC.

Although new Electricity Act, 2003 provides ample opportunities to new players in the field of retail distribution but in reality, the state owned Discoms have not implemented the same in spirit. The Act envisaged growth of electricity distribution business through private licensees, introduction of open access and phased withdrawal of cross subsidy. But, so far, these goals are quite far from realization. Therefore, one of the major risks anticipated by your Company is inability to make a perceptible presence in the distribution sector under prevalent scenario.

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

## INTERNAL CONTROL

Your Company has adequate internal control systems and procedures in place commensurate with the size and nature of its business. Currently your Company is not having any business operations but your Company has adopted the internal control system of its holding company viz. NTPC Limited. During the days of business operations, authorities vested in various levels were exercised within framework of appropriate checks and balances. The effectiveness of the checks and balances and internal control systems were reviewed during internal audit carried out by Internal Audit Department of NTPC Limited. An independent internal audit was also carried out by experienced firm of Chartered Accountants in close co-ordination with departments of the Company and Internal Audit Department of NTPC Limited. As the systems and procedures of Internal control are in place, the same will get activated as the Company starts its business operations.

## PERFORMANCE DURING THE YEAR

### Operations

Currently the Company does not have any business operations in retail distribution, the same will be taken-up at an appropriate time when the opportunity becomes visible.

**Financial Performance**

During the financial year under review the Company did not have any operations and the main revenue of your Company is derived from Interest on bank deposits.

(₹ Lakh)

| | 2018-19 | 2017-18 |
|---|---|---|
| Revenues from Operations | - | - |
| Other income | **0.42** | 0.41 |
| Total | **0.42** | 0.41 |

The expenditure incurred by your Company on account of Other expenses for the current financial year as well as previous financial year is as follows:

(₹ Lakh)

| | 2018-19 | 2017-18 |
|---|---|---|
| Other expenses | **0.55** | 0.31 |
| Total operating expenses | **0.55** | 0.31 |

During the financial year under review, the increase in expenses were mainly on account of increase in miscellaneous expenses.

(₹ Lakh)

| | 2018-19 | 2017-18 |
|---|---|---|
| Profit/(Loss) before tax | **(0.13)** | 0.10 |
| Tax expenses | **9.03** | 0.02 |
| Profit /(Loss) for the year | **(9.16)** | 0.08 |

During the current financial year, the Company has incurred a loss of ₹9.16 Lakh as compared to profit of ₹0.08 Lakh during the previous financial year. During the financial year under review a provision of ₹9.03 Lakh was made due to decision of The Commissioner Appeal, Income Tax Department for disallowing expenditure made on Corporate Social Responsibility for the financial years 2012-13 and 2013-14. Your Company has filed an appeal to Tribunal against aforesaid Order and the matter was pending for adjudication.

**Reserves & Surplus**

During the current financial year, a sum of (₹9.16) Lakh has been adjusted to Reserves and Surplus as compared to 0.08 Lakh transferred during the previous financial year.

**Current Assets**

The current assets at the end of the financial year under review were ₹18.37 Lakh as compared to ₹18.01 Lakh in previous year.

(₹ Lakh)

| | 31.3.2019 | 31.3.2018 |
|---|---|---|
| Cash and cash equivalent | **18.37** | 18.01 |
| Total Current Assets | **18.37** | 18.01 |

The increase in current assets was mainly on account of increase in cash and cash equivalent due to receipt of interest income.

**Current Liabilities**

During the financial year 2018-19, current liabilities have increased to ₹ 3539.01 Lakh as compared to ₹3528.88 Lakh in the financial year 2017-18 mainly on account of increase in other financial liabilities.

(₹ Lakh)

| | 31.3.2019 | 31.3.2018 |
|---|---|---|
| Other financial liabilities | **3539.01** | 3528.88 |
| Total Current Liabilities | **3539.01** | 3528.88 |

**Cash Flow Statement**

(₹ Lakh)

| | 2018-19 | 2017-18 |
|---|---|---|
| Opening Cash and cash equivalents | **18.01** | 17.65 |
| Net cash from operating activities | **(0.06)** | (0.05) |
| Net cash from investing activities | **0.42** | 0.41 |
| Net cash flow from financing activities | - | - |
| Net Change in Cash and cash equivalents | **0.36** | 0.36 |
| Closing cash and cash equivalents | **18.37** | 18.01 |

The closing cash and cash equivalents for the financial year ended March 31, 2019 has increased to ₹18.37 Lakh from ₹18.01 Lakh.

**Financial Indicators**

The various performance indicators for the current year as compared to previous year are as under:

| | 2018-19 | 2017-18 |
|---|---|---|
| Capital employed in ₹Lakh | **4237.72** | 4246.88 |
| Net worth in ₹ Lakh | **4237.72** | 4246.88 |
| Return on capital employed (PBT/CE) | **(0.003%)** | 0.002% |
| Return on net worth (PAT/NW) | **(0.216%)** | 0.002% |
| Dividend as % of equity capital | - | - |
| Earning per share in ₹ | **(11.32)** | 0.10 |

The capital employed as well as net worth has slightly decreased due to loss incurred during the financial year 2018-19.

**PROCUREMENT FROM MSEs**

Your Company does not have any operations during the financial year under review, hence no procurement of goods and services were made from Micro and Small Enterprises

(MSEs) (including MSEs owned by SC/ST entrepreneurs), as required under the Public Procurement Policy for Micro and Small Enterprises, Order, 2012.

**SEXUAL HARASSMENT OF WOMEN AT WORKPLACE.**

During the financial year under review the company did not have any employee. Since incorporation all the employees of the company were on secondment basis from holding company viz. NTPC Limited. In line with the requirement of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, all the employees were regulated under the NTPC's Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

**HUMAN RESOURCES**

As on 31st March 2019, there were no employees posted on secondment basis from holding company viz NTPC Limited. The NESCL manpower structure/resource is reviewed from time to time to align it with the requirements of its assignments.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "forward-looking" statements within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the markets in which the Company operates, changes in Government regulations & policies, tax laws and other statutes and incidental factors.

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

**Shri Saptarshi Roy,**
**Chairman**
**(DIN: 03584600)**

Place: New Delhi
Date: July 25, 2019

**Form No. MGT-9**
**Extract of Annual Return**
as on the financial year ended on March 31, 2019

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

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) | **CIN** | : U40108DL2002GOI116635 |
| ii) | **Registration Date** | : August 21, 2002 |
| iii) | **Name of the Company** | : NTPC Electric Supply Company Limited |
| iv) | **Category / Sub-Category of the Company** | : Company Limited by shares |
| v) | **Address of the Registered office and contact details** | : NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110 003, Ph. No. 011-24360071 |
| vi) | **Whether listed company Yes / No** | : NO |
| vii) | **Name, Address and Contact details of Registrar and Transfer Agent, if any** | : N.A. |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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

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

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a)Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b)Central Govt. | - | - | - | - | - | - | - | - | - |
| c)State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d)Bodies Corp. **(NTPC Limited)** | - | 80,210 | 80,210 | 99 | - | 80,210 | 80,210 | 99 | - |
| e)Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other... **(Nominees of NTPC)** | - | 700 | 700 | 1 | - | 700 | 700 | 1 | - |
| **Sub-total (A) (1):-** | - | **80,910** | **80,910** | **100** | - | **80,910** | **80,910** | **100** | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| **(2) Foreign** | | | | | | | | | |
| a)NRIs- individuals | - | - | - | - | - | - | - | - | - |
| b)Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other.... | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1) +A(2)** | - | **80,910** | **80,910** | **100** | - | **80,910** | **80,910** | **100** | - |
| **B. Public Shareholding** | | | | | | | | | |
| 1.Institutions | | | | | | | | | |
| a)Mutual Funds | - | - | - | - | - | - | - | - | - |
| b)Banks/FI | - | - | - | - | - | - | - | - | - |
| c)Central Govt. | - | - | - | - | - | - | - | - | - |
| d)State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e)Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f)Insurance Companies | - | - | - | - | - | - | - | - | - |
| g)FIIs | - | - | - | - | - | - | - | - | - |
| h)Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1):-** | - | - | - | - | - | - | - | - | - |
| **2.Non-institutions** | | | | | | | | | |
| a)Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b)Individuals | | | | | | | | | |
| i)Individual Shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c)Others(specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (2):- | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+(B) (2)** | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | - | **80,910** | **80,910** | **100** | - | **80,910** | **80,910** | **100** | - |

(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in the shareholding during the year |
| 1. | NTPC Limited | 80,210 | 99 | - | 80,210 | 99 | - | - |
| 2. | Nominee of NTPC | 700 | 1 | - | 700 | 1 | - | - |

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

| Sl No. | | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 80,910 | 100 | 80,910 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | No change | No change | No change | No change |
| | At the End of the year | 80,910 | 100 | 80,910 | 100 |

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For each of the Directors and KMP | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Shri Saptarshi Roy, Director, (As Nominee of NTPC Limited) | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): | No change | No change | No change | No change |
| | At the End of the year | 100 | - | 100 | - |

| Sl No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For each of the Directors and KMP | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 2. | Shri Sudhir Arya, (As Nominee of NTPC Limited) | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): | No change | No change | No change | No change |
| | At the End of the year | 100 | - | 100 | - |
| 3. | Shri Praveen Saxena, (As Nominee of NTPC Limited) | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): | No change | No change | No change | No change |
| | At the End of the year | 100 | - | 100 | - |

## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

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

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company secretary | CFO | Total |
| 1. | Gross Salary | N.A | N.A | N.A | N.A |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | N.A | N.A | N.A | N.A |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | N.A | N.A | N.A | N.A |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | N.A | N.A | N.A | N.A |
| 2. | Stock Option | N.A | N.A | N.A | N.A |
| 3. | Sweat Equity | N.A | N.A | N.A | N.A |
| 4. | Commission - as % of profit | | | | |
| | - others, specify... | N.A | N.A | N.A | N.A |
| 5. | Others, please specify | N.A | N.A | N.A | N.A |
| | **Total** | N.A | N.A | N.A | N.A |

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

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

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

**Shri Saptarshi Roy,**
**Chairman**
**(DIN: 03584600)**

**Place: New Delhi**
**Date: July 25, 2019**

# NTPC ELECTRIC SUPPLY COMPANY LIMITED

## BALANCE SHEET AS AT 31 MARCH 2019

(Amount in ₹ Lakhs )

| Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Other non-current assets | 2 | **7,758.36** | 7,757.75 |
| **Total non-current assets** | | **7,758.36** | 7,757.75 |
| **Current assets** | | | |
| **Financial assets** | | | |
| Cash and cash equivalent | 3 | **18.37** | 18.01 |
| **Total current assets** | | **18.37** | 18.01 |
| **TOTAL ASSETS** | | **7,776.73** | 7,775.76 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 4 | **8.09** | 8.09 |
| Other equity | 5 | **4,229.63** | 4,238.79 |
| **Total equity** | | **4,237.72** | 4,246.88 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Other financial liabilities | 6 | **3,539.01** | 3,528.88 |
| **Total current liabilities** | | **3,539.01** | 3,528.88 |
| **TOTAL EQUITY AND LIABILITIES** | | **7,776.73** | 7,775.76 |
| Significant accounting policies | 1 | | |

The accompanying notes 1 to 15 form an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For **NEMANI GARG AGARWAL & CO.**
Chartered Accountants

Firm Reg. No. 010192N

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

| | | | |
|---|---|---|---|
| **S K Nemani** | **(Ajay Dua)** | **(Sudhir Arya)** | **(Saptarshi Roy)** |
| Partner | Chief Executive Officer | Director | Chairman |
| M. No. 037222 | | | |

Place : New Delhi
Dated : 20.5.19

# NTPC ELECTRIC SUPPLY COMPANY LIMITED
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹ Lakhs )

| Particulars | Note No. | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| **Revenue** | | | |
| Other income | 7 | **0.42** | 0.41 |
| **Total revenue** | | **0.42** | 0.41 |
| **Expenses** | | | |
| Other expenses | 8 | **0.55** | 0.31 |
| **Total expenses** | | **0.55** | 0.31 |
| Profit / ( Loss ) before tax | | **(0.13)** | 0.10 |
| **Tax expense** | | | |
| Current tax | | | |
| Current year (MAT) | | - | 0.02 |
| Earlier years | | **9.03** | - |
| **Total tax expense** | | **9.03** | 0.02 |
| **Profit / (Loss) for the year** | | **(9.16)** | 0.08 |
| Other comprehensive income / ( Loss ) | | | |
| Other comprehensive income / ( Loss ) for the year, net of income tax | | - | - |
| **Total comprehensive income / ( Loss ) for the year** | | **(9.16)** | 0.08 |
| Significant accounting policies | 1 | | |
| Earnings per equity share ( Par value ₹ 10 each ) | 10 | | |
| Basic & Diluted ( Amount in ₹ ) | | **(11.32)** | 0.10 |

The accompanying notes 1 to 15 form an integral part of these financial statements.
This is the Statement of Profit & Loss referred to in our report of even date.

For **NEMANI GARG AGARWAL & CO.**
Chartered Accountants

Firm Reg. No. 010192N

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

| | | | |
|---|---|---|---|
| **S K Nemani** | **(Ajay Dua)** | **(Sudhir Arya)** | **(Saptarshi Roy)** |
| Partner | Chief Executive Officer | Director | Chairman |
| M. No. 037222 | | | |

Place : New Delhi
Dated : 20.5.19

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹ Lakhs)

| | Particulars | | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| | Net Profit / ( Loss ) before tax | | **(0.13)** | 0.10 |
| | Adjustment for: | | | |
| | Depreciation | | - | - |
| | Provisions | | - | - |
| | Interest Received | | **(0.42)** | (0.41) |
| | **Operating Profit before Working Capital Changes** | | **(0.55)** | (0.31) |
| | Adjustment for: | | | |
| | Trade Payables & Other Liabilities | 10.13 | | 0.30 |
| | Loans & Advances | - | **10.13** | - |
| | **Cash generated from operations** | | **9.58** | (0.01) |
| | Direct Taxes Paid | | **9.64** | 0.04 |
| | **Net Cash from Operating Activities - A** | | **(0.06)** | (0.05) |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| | Purchase / Sale of Fixed Assets | | - | - |
| | Interest Received | | **0.42** | 0.41 |
| | Investment in Joint Venture | | - | - |
| | **Net cash flow from Investing Activities - B** | | **0.42** | 0.41 |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| | Dividend Paid | | - | - |
| | Tax on Dividend | | - | - |
| | **Net Cash flow from Financing Activities - C** | | - | - |
| | **Net Increase/Decrease in Cash & Cash equivalents (A+ B+C)** | | **0.36** | 0.36 |
| | **Cash & cash equivalents (Opening balance) (see Note below)** | | **18.01** | 17.65 |
| | **Cash & cash equivalents (Closing balance) (see Note below)** | | **18.37** | 18.01 |

**Notes:** Cash & Cash equivalents consist of Balance with Banks. Cash and cash equivalent included in the cash flow statement comprise of following balance sheet amount as per Note 3.

| | | |
|---|---|---|
| Cash and cash equivalents | 18.37 | 11.22 |
| Demand deposit included in other bank balance | - | 6.79 |
| | **18.37** | **18.01** |

In terms of our Audit Report attached

For **NEMANI GARG AGARWAL & CO.**
Chartered Accountants

Firm Reg. No. 010192N

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

| | | | |
|---|---|---|---|
| **S K Nemani** | **(Ajay Dua)** | **(Sudhir Arya)** | **(Saptarshi Roy)** |
| Partner | Chief Executive Officer | Director | Chairman |
| M. No. 037222 | | | |

Place : New Delhi
Dated : 20.5.19

# NTPC ELECTRIC SUPPLY COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

**A. Equity share capital**

**For the year ended 31 March 2019**

(Amount in ₹ Lakhs )

| | |
|---|---|
| Balance as at 1st April 2018 | 8.09 |
| Changes in equity share capital during the year | - |
| Balance as at 31st March 2019 | 8.09 |

**For the year ended 31 March 2018**

(Amount in ₹ Lakhs )

| | |
|---|---|
| Balance as at 1st April 2017 | 8.09 |
| Changes in equity share capital during the year | - |
| Balance as at 31st March 2018 | 8.09 |

**B. Other equity**

**For the year ended 31 March 2019**

(Amount in ₹ Lakhs )

| | General reserve | Retained earnings | Equity instruments through OCI | Total |
|---|---|---|---|---|
| Balance as at 1 April 2018 | 920.59 | 3,318.20 | - | 4,238.79 |
| Profit for the year | - | (9.16) | - | (9.16) |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income** | - | (9.16) | - | (9.16) |
| Adjustment during the year | - | - | - | - |
| Transfer to retained earnings | - | - | - | - |
| Transfer from retained earnings | - | | - | - |
| **Balance as at 31 March 2019** | 920.59 | 3,309.04 | - | 4,229.63 |

**For the year ended 31 March 2018**

(Amount in ₹ Lakhs )

| | General reserve | Retained earnings | Equity instruments through OCI | Total |
|---|---|---|---|---|
| Balance as at 1 April 2017 | 920.59 | 3318.12 | - | 4238.71 |
| Profit for the year | - | 0.08 | - | 0.08 |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income** | - | 0.08 | - | 0.08 |
| Adjustment during the year | - | - | - | - |
| Transfer to retained earnings | - | - | - | - |
| Transfer from retained earnings | - | - | - | - |
| **Balance as at 31 March 2018** | 920.59 | 3,318.20 | - | 4,238.79 |

This is the Statement of Changes in Equity referred to in our report of even date.

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

For **NEMANI GARG AGARWAL & CO.**
Chartered Accountants

Firm Reg. No. 010192N

**S K Nemani**
Partner
M. No. 037222

**(Ajay Dua)**
Chief Executive Officer

**(Sudhir Arya)**
Director

**(Saptarshi Roy)**
Chairman

Place : New Delhi
Dated : 20.5.19

# Notes Forming part of the Financial Statements

## Note No.1 - Company Information & Significant Accounting Policies

### A. Reporting Entity

NTPC Electric Supply Co. Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: U40108DL2002GOI116635). The address of the Company's registered office is NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi - 110003. The company is wholly owned by NTPC Limited. The Company was incorporated for the distribution business and later started deposit and consultancy works, all operations of which have been transferred to the parent Company w.e.f. 1 April 2015.

### B. Basis of preparation

#### 1 Statement of Compliance

These separate financial statements are prepared on accrual basis of accounting and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, and the Companies Act, 2013 (to the extent notified and applicable).

#### 2 Basis of Measurement

The financial statements have been prepared on the historical cost basis as prescribed under Ind AS 101 except otherwise stated.

#### 3 Functional and Presentation Currency

These financial statements are presented in Indian Rupees ₹ (INR), which is the Company's functional currency.

#### 4 Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle or
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle or
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### C. Significant Accounting Policies

A summary of significant accounting policies applied in preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

#### 1. Property, Plant & Equipment (PPE)

There is no property plant or equipment with the company, However the policies adopted till previous year and the policy of NTPC group companies is as follows. The same will be maintained in future, if required.

##### 1.1 Initial Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

##### 1.2 Derecognition

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

##### 1.3 Depreciation / Amortisation

Depreciation is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation on the following assets is provided on their estimated useful life ascertained on technical evaluation:

| | |
|---|---|
| a) | Photocopiers and Fax Machines: 5 years |
| b) | Water coolers and refrigerators: 5 years |

Depreciation on additions to/deductions from property, plant & equipment during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

2 **Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3 **Provisions and Contingent Liabilities**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. 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.

4 **Revenue**

The Company's revenues arise from other income comprising interest from bank which is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

5 **Income Tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in the Statement of Profit & Loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognized in the Statement of Profit & Loss, except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

6 **Material Prior Period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

7 **Earnings per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

8 **Cash Flow Statement**

Cash flow statement is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

9 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**9.1 Financial Assets**

**9.1.a Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

**9.1.b. Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**9.2 Financial Liabilities**

**9.2.a. Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**9.2.b. Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**D. Use of Estimates and Management Judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under :

**Provisions and Contingencies**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

**Note 2. Other non current assets**

(Amount in ₹ Lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Advances other than capital advances** | | |
| Advance tax & tax deducted at source | **10,344.49** | 10,334.85 |
| Less: Provision for tax | **2,586.13** | 2,577.10 |
| **Total** | 7,758.36 | 7,757.75 |

## Note 3. Cash and cash equivalents

(Amount in ₹ Lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balances with banks | | |
| Current accounts | **18.37** | 11.22 |
| Deposits with original maturity of more than three months and maturing within one year (including interest accrued) | - | 6.79 |
| **Total** | **18.37** | 18.01 |

## Note 4. Equity Share capital

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Authorised** | | |
| **1,00,00,000 shares of par value ₹ 10 each (1,00,00,000 shares of par value ₹ 10 each as at 31 March 2018) wholly owned by NTPC Ltd.** | **1,000.00** | 1,000.00 |
| Issued, subscribed and fully paid up | | |
| 80,910 shares of par value ₹ 10 each (80,910 shares of par value ₹ 10 each as at 31 March 2018 ) wholly owned by NTPC Ltd. | **8.09** | 8.09 |

a) Movements in equity share capital

During the year, the Company has neither issued nor bought back any shares.

b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

c) 80,910 equity shares valuing ₹ 8,09,100 (previous year 80,910 equity shares valuing ₹ 8,09,100) are held by the holding company i.e. NTPC Ltd. and its nominees.

## Note 5. Other equity

(Amount in ₹ Lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| General reserve | **920.59** | 920.59 |
| Retained earnings | **3,309.04** | 3,318.20 |
| **Total** | **4,229.63** | 4,238.79 |
| | | |
| **(a) General reserve** | | |
| Opening balance | **920.59** | 920.59 |
| Add : Transfer from retained earnings | - | - |
| Less: Adjustments during the year | - | - |
| **Closing balance** | **920.59** | 920.59 |
| **(b) Retained earnings** | | |
| Opening balance | | |
| Add: Profit /(Loss) for the year as per Statement of Profit and Loss | **3,318.20** | 3,318.12 |
| **Closing balance** | **(9.16)** | 0.08 |
| | **3,309.04** | 3,318.20 |

## Note 6. Other current financial liabilities

(Amount in ₹ Lakhs)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Other payables | | |
| Others - Related Parties | | |
| Parent Company | **3,539.01** | 3,528.88 |
| **Total** | 3,539.01 | 3,528.88 |

## Note 7. Other income

(Amount in ₹ Lakhs)

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Other non-operating income** | | |
| **Miscellaneous income** | | |
| Interest on Deposits with banks | **0.42** | 0.41 |
| **Total** | **0.42** | 0.41 |

## Note 8. Other expenses

(Amount in ₹ Lakhs)

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| Payment to auditors | **0.30** | 0.30 |
| Bank charges | **0.01** | 0.01 |
| Miscellaneous expenses | **0.24** | - |
| **Total** | **0.55** | 0.31 |
| Details in respect of payment to auditors: | | |
| As auditor | | |
| Audit fee including GST | **0.30** | 0.30 |
| **Total** | **0.30** | 0.30 |

## Other Notes to Financial Statements

**Note 9** Shareholders of the Company, in the Extra-ordinary General Meeting held on 24th March 2015, inter alia, approved the proposal for transfer and vesting of all existing operations of the company together with all assets and liabilities relating to such operations to NTPC Limited, the holding company, with effect from 1st April, 2015. Thereafter, the Company entered into an agreement with NTPC Limited to implement the transfer. In pursuance of the above decision, all transactions have been recorded / carried out at their carrying value in the books of the Company as on 1st April 2015 . The Company does not have any operations w.e.f 1st April 2015.

**Note 10 Disclosure as per Ind AS 33 on 'Earnings Per Share'**

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

| Particulars | Unit | Current Year | Previous Year |
|---|---|---|---|
| Net Profit after Tax used as numerator | (Amount in ₹ Lakhs) | **(9.16)** | 0.08 |
| Face value per share | (Amount in ₹) | **10.00** | 10.00 |
| Weighted average number of equity shares used as denominator | (Nos.) | **80910** | 80910 |
| Earning Per Share (Basic & Diluted) | (Amount in ₹) | **(11.32)** | 0.10 |

Note 11 The common services being utilized by the Company for it's office are provided without any charges by the Holding Company.

**Note 12 Disclosure as per Ind AS 24 on 'Related Party Disclosures'**

a) The Company is a wholly owned subsidiary of NTPC Ltd, which is the only related party with which various transactions have taken place.

b) Key Managerial Personnel (KMP) :

i) Shri Saptarshi Roy - Chairman

ii) Shri Sudhir Arya - Director

iii) Shri Praveen Saxena - Director

c) Details of transactions with related parties are given below :-

(Amount in ₹ Lakhs)

| Details | Current Year | Previous Year |
|---|---|---|
| Expenses paid by NTPC Ltd. on behalf of the company | **0.55** | 0.30 |

d) Outstanding balances with related parties are as follows :

(Amount in ₹ Lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Amount payable to NTPC Ltd - Holding company | **3539.01** | 3528.88 |

**Note 13 Disclosure as per Ind AS 12 'Income Taxes'**
MAT Credit available to the Company in future but not recognised in the books :

| Financial Year | (Amt. in ₹ Lakhs ) | Expiry Date |
|---|---|---|
| For the year 2018-19 | - | - |
| For the year 2017-18 | **0.02** | 31.03.2031 |

**Note 14 Contingent Liabilities:**

**14.1** Orders to pay service tax along with interest and penalty have been served on the company for various years by the Commissioner of Service Tax as tabled below. For serial numbers 1 to 3 and 5 , the demands are a pass through item, the liability of which is on REC Ltd. as per terms of contract. The orders have been challenged before CESTAT and are pending disposal. Demand at serial number 4 pertains to services provided to Cochin Port Trust by the company, against which an appeal has been filed.

| Sl. | Particulars | Financial Year | (Amount in ₹ Lakhs ) | |
|---|---|---|---|---|
| | | | As at 31.3.19 | As at 31.3.18 |
| 1 | Service Tax on Deposit Works ( RGGVY ) | 2007-2011 | 113,236.03 | 106,303.76 |
| 2 | Service Tax on Deposit Works ( RGGVY ) | 2011-2012 | 7,467.81 | 6,842.01 |
| 3 | Service Tax on Deposit Works ( RGGVY ) | 2012-2013 | 460.76 | 418.61 |
| 4 | Service Tax on Deposit Works ( others ) | 2011-2012 | 45.08 | 42.42 |
| 5 | Service Tax on Deposit Works ( RGGVY ) | 2013-2015 | 444.80 | - |
| | **Total** | | **121,654.48** | **113,606.82** |

14.2 The company has received notice of demand from the Income Tax Department and in relation to such demand the company has filed an appeal with the appropriate authorities and the same has been tabled below :

| No. | Particulars | Financial Year | (Amount in ₹ Lakhs ) | | Remarks for 2018-19 |
|---|---|---|---|---|---|
| | | | As at 31.3.19 | As at 31.3.18 | |
| 1 | Taxability of interest income on advances received from REC | 2008-09 | - | 1,038.10 | Department's appeal against the order of High Court dismissed by SUPREME Court on 23rd April 2018. |
| 2 | Demand u/s 143 (3) | 2010-11 | - | 2,255.93 | Department's appeal against the order of ITAT dismissed by Delhi HC on 6.5.18. |
| 3 | Order U/S 271(1)(C) | 2011-12 | 1.95 | 1.95 | In appeal with CIT(A) |
| 4 | Order U/S 271(1)(C) | 2012-13 | 7.10 | - | Order date 28.03.19 |
| 5 | Demand u/s 143 (3) | 2012-13 | - | 1,451.87 | Decided in favour of NESCL by CIT(A). Tax Department's appeal pending before ITAT. |
| 6 | Demand u/s 143 (3) | 2013-14 | - | 1,842.80 | |
| | **Total** | | **9.05** | **6,590.65** | |

**14.3** The SL No. 1, has been decided in favour of NESCL by Supreme Court vide order dated 23.04.2018 hence not included as contingent liability as on 31st March 2019. Similarly the cases at SL No. 2, 5 and 6 of item no. 14.2 above have been decided in favour of NESCL by CIT. The cases are similar to the case at SL No. 1 of table at 14.2 above hence does not included in contingent liability as on 31.03.2019.

**Note 15** a In the absence of profit during the year the company is not required to incur any expenditure towards CSR as per section 135 of the Companies Act, 2013.

b Previous year's figures have been regrouped/rearranged wherever necessary.

These are the notes referred to in the Balance Sheet and the Statement of Profit and Loss.

For **NEMANI GARG AGARWAL & CO.**
Chartered Accountants
Firm Reg. No. 010192N

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

**S K Nemani**
Partner
M. No. 037222

**(Ajay Dua)**
Chief Executive Officer

**(Sudhir Arya)**
Director

**(Saptarshi Roy)**
Chairman

Place : New Delhi
Dated : 20.5.19

# Independent Auditor's Report

## Opinion

We have audited the accompanying stand-alone Ind AS financial statements of NTPC Electricity Supply Company Limited ("the Company"), which comprise the Balance Sheet as at 31March 2019, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information ( hereinafter referred to as Standalone Financial Statements ).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs).

Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### 1. Key Audit Matter

Evaluation of uncertain tax positions :The Company has material uncertain direct and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 2, 5 and 14 to the Standalone Financial Statements.

**Auditor's Response.**

Principal Audit Procedures : We obtained from the Company's management, details of the status as of 31 March 2019 concerning tax assessments and demands for current as well as past years. We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes to evaluate whether any change was required to management's position on these uncertainties.

**Going concern concept :**

**Auditor's response**

We draw attention to the following matter in Note – 1 'Accounting Policies' Part B related to Basis of Preparation of Financial Statements of the company based on Going Concern read along with Note 9 of the Notes to Financial Statements :

The Company has ceased to have business operations from 1 April 2015, consequent to the transfer of its business to the holding company NTPC in terms of the EGM resolution dated 24.3.15.

NTPC continues to bear any expenses pertaining to NESCL and has taken full responsibility for discharging all liabilities of NESCL in terms of the **Agreement** dated 30.3.15, (more particularly vide clauses 6, 7 and indemnity under clause 10 ) implementing the transfer of the business.

While the Agreement provides for transfer of the entire business to NTPC, the bank accounts and certain non-current assets pertaining to service tax and income tax demands, have not been transferred to NTPC and continue to be disclosed in the books of NESCL.

In view of NTPC taking responsibility as the holding company, for the continuance of NESCL, our view is that the Company continues to be a going concern, though with limited activities, and hence the accounts for the year ended 31 March 2019 have been prepared on the basis of the "Going Concern concept".

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

  We consider quantitative materiality and qualitative factors in ;

  (i) planning the scope of our audit work and in evaluating the results of our work; and

  (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "**Annexure C**" on the directions and sub-directions issued by The Comptroller and Auditor General of India.

For **Nemani Garg Agarwal & Co.,**

Chartered Accountants
Firm Reg. No.010192N

**SK Nemani**
Partner
Membership no. 037222

Place : New Delhi
Date : 20 May 2019

Annexure-A

## ANNEXURE OF THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/s NTPC Electricity Supply Company Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the stand-alone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls

over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

**Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over

financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or

fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Nemani Garg Agarwal & Co.,**
Chartered Accountants
Firm Reg. No.010192N

**SK Nemani**
Partner
Membership no. 037222

Place : New Delhi
Date : 20 May 2019

**Annexure-B**

## ANNEXURE OF THE INDEPENDENT AUDITOR'S REPORT

**Report on Other Legal and Regulatory Requirements**

(Referred to in paragraph 2 under "Report on other Legal and Regulatory requirements" section in our Report of even date) and Regulatory Requirements" of our report of even date)

(i) The company did not have any fixed assets during the financial year and consequently, clause ( i ) of paragraph 3 of the Order is not applicable,

(ii) The company did not have any inventory and consequently, clause ( ii ) of paragraph 3 of the Order is not applicable.

(iii) According to the information and explanations provided to us, the Company has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and consequently, provisions of sub-clause (iii)(a), (b)&(c) of Paragraph 3 of the Order are not applicable.

(iv) The Company has not given any loan, guarantee, security or made investment as stipulated under Sections 185 & 186 of the Companies Act & consequently, clause (iv) of Paragraph 3 of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted deposits as per the provisions of the Companies Act, 2013 and consequently, directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder are not applicable.

(vi) Provisions for maintenance of cost records as has been specified under Section 148 (1) of the Companies Act, 2013, are not applicable to the company as the company is not engaged in the distribution of electricity.

(vii) (a) According to the information and explanations given to us, the liability related to Income Tax is being discharged by the Holding Company NTPC Ltd. as the entire operations of the company has been transferred to NTPC as of 1.4.15; please see para on **'Emphasis of Matters'** in our report above. However, no other undisputed Statutory Dues is pending as on 31 March 2019.

According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on March 31, 2019 as given below :

| Statute | Nature of Dues | Amount (Rs. in Lacs) | Forum where disputes are pending |
|---|---|---|---|
| Income Tax Act, 1961 | Tax Demanded u/s 143 (3) (FY 2008-09) | 1,038.10 | ITAT Delhi ( Appeal Effect Pending and no appeal by Deptt to High Court ) |
| Income Tax Act, 1961 | Tax Demanded u/s 143 (3) (FY 2010-11) | 1,420.93* | CIT (Appeals) Delhi |
| Income Tax Act, 1961 | Tax Demanded u/s 271 (FY 2011-12) | 1.95 | CIT (Appeals) Delhi |
| Income Tax Act, 1961 | Tax Demanded u/s 143 (3) (FY 2012-13) | 1,451.87 | CIT (Appeals) Delhi |
| Income Tax Act, 1961 | Tax Demanded u/s 143 (3) (FY 2013-14) | 1,842.80 | CIT (Appeals) Delhi |
| Finance Act, 1994 | Service Tax on Deposit Works (2006-07 to 2010-11) | 106,303.76 | CESTAT, Delhi |
| Finance Act, 1994 | Service Tax on Deposit Works (2011-12) | 6,884.44 | CESTAT, Delhi |
| Finance Act, 1994 | Service Tax on Deposit Works (2012-13) | 418.61 | CESTAT, Delhi |

* The demand is netted off with demand paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans

or borrowings, to a financial institution, bank, government or dues to a debenture holder and hence provisions of clause 3 (viii) of the Order is not applicable to the company.

(ix) According to the information and explanations given to us, the company has not raised moneys by way of initial public offer (including debt instruments) and no term loan has been raised during the year and hence provisions of clause (ix) of the Order is not applicable to the company.

(x) In our opinion and according to the information and explanations given to us, no fraud has been noticed or reported by or upon the company during the year and hence the provisions of clause 3 (x) of the Order is not applicable.

(xi) The company has not paid or provided for the managerial remuneration during the financial year under audit ; accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xi) of the Order is not applicable.

(xii) The company is not a Nidhi Company ; hence in our opinion and according to the information and explanations given to us, clause 3 (xii) of the Order is not applicable.

(xiii) The company has transacted with the related party, i.e. NTPC Limited (Parent Company) as per the provisions of Section 177 and 188 of the Companies Act, 2013; however, such transactions have been carried out at arm's length price as per the information and explanations provided to us. Disclosure of such transactions as prescribed by the Ind AS – 24 (Related Party Disclosures) has been done as per the Note 12 to the Financial Statements.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review ; accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xiv) of the Order is not applicable.

(xv) The company has not entered into any non-cash transactions with any director or persons connected with him ; accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xv) of the Order is not applicable.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xvi) of the Order is not applicable.

For **Nemani Garg Agarwal & Co.,**
Chartered Accountants
Firm Reg. No.010192N

**SK Nemani**
Partner
Membership no. 037222

Place : New Delhi
Date : 20 May 2019

Annexure-C

## ANNEXURE OF THE INDEPENDENT AUDITOR'S REPORT

Referred to in our report of even date to the members of NESCL on the accounts for the year ended 31st March 2019

| Sl. No | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the directions | Impact on financial statement |
|---|---|---|---|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The company is maintaining its accounts through IT system on SAP. The Company has system in place to process all the accounting transactions through IT system. No accounting transaction is done manually outside IT system. | NIL |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loan / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | There is no case of restructuring of an existing loan. Also there is no cases of waiver/write off of debts/loan / interest etc. made by a lender to the company due to the company's inability to repay the loan. | NIL |
| 3. | Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation. | During the year, no funds were received or receivable for any specific schemes from Central/ State agencies. | NIL |

For **Nemani Garg Agarwal & Co.,**
Chartered Accountants
Firm Reg. No.010192N

**SK Nemani**
Partner
Membership no. 037222

Place : New Delhi
Date : 20 May 2019

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of NTPC Electric Supply Company Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of NTPC Electric Supply Company Limited for the year ended 31 March 2019 under Section 143 (6)(a) of the Act.

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

**(Raj Kumar)**
**Principal Director of Commercial Audit & Ex-officio Member, Audit Board -III,**
**New Delhi**

**Place: New Delhi**
**Dated: 15, July 2019**

# NTPC Vidyut Vyapar Nigam Limited
## (A wholly owned subsidiary of NTPC Limited)
## Directors' Report

To

Dear Members,

Your Directors have immense pleasure in presenting the Seventeenth Annual Report on the working of the Company for the financial year ended on 31 March 2019 together with Audited Financial Statements, Auditors' Report, Review by the Comptroller & Auditor General of India and Secretarial Audit Report for the reporting period.

**FINANCIAL RESULTS**

(₹ Crore)

| | 2018-19 | 2017-18 |
|---|---|---|
| **Total Revenue** | **4,503.14** | 5,036.93 |
| Total Expenses | **4401.27** | 4942.12 |
| **Profit/(Loss) before Tax** | **101.87** | 94.81 |
| Tax expenses | **36.31** | 33.55 |
| **Profit/(Loss) for the year** | **65.56** | 61.26 |

**DIVIDEND**

During the financial year 2018-19, the Board of Directors have declared an interim dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each. Your Directors have not recommended any final dividend.

**ENERGY TRADING AND OTHER BUSINESS**

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

In the financial year 2018-19, your Company achieved highest ever power trading volume of 17,437 million units (MUs) apart from Renewable Energy Certificates (RECs) equivalent to 97 MUs.

During the financial year under review, your Company has earned revenue of ₹4,481.24 Crore from trade of 17,437 MUs of energy including 5,360 MUs under solar bundled power, 995 MUs under SWAP arrangements, 2,428 MUs bilateral trade, 3,124 MUs through exchange and 5,530 MUs under cross border trading as compared to revenue of ₹5,015.27 Crore from trade of 17,278 MUs of energy including 5,749 MUs under solar bundled power, 1,527 MUs under SWAP arrangements, 2,745 MUs under bilateral trade, 3,344 MUs through exchange and 3,913 MUs under cross border trading during the previous financial year.

The overall volume of energy traded by the Company during the financial year 2018-19 has increased by 0.92%. During the financial year under review, your Company has operating margin (revenue less purchase) of ₹111.53 Crore as compared to ₹112.80 Crore during the previous financial year registering decrease of 1.13%.

**BUSINESS INITIATIVES**

The Government of India designated your Company as the Nodal Agency for Phase I of Jawaharlal Nehru National Solar Mission (JNNSM) with a mandate for purchase of power from the solar power projects connected to grid at 33 KV and above, at tariff regulated by the CERC and for sale of such power, bundled with the power sourced from NTPC coal power stations to Distribution Utilities under Phase I of JNNSM which envisages setting up of 1,000 MW solar capacity. As on 31 March 2019 the total commissioned capacity under the scheme of batch I of Phase I of JNNSM is 733 MW.

During the financial year 2018-19, total of 5,360 MUs of bundled solar power (including 1,107 MUs of Solar Power) have been supplied to Discoms/ Utilities of the states of Rajasthan, Punjab, Maharashtra, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka, Assam, West Bengal, Odisha, Telangana, Chhattisgarh and to Damodar Valley Corporation.

Your Company has signed a Power Purchase Agreement (PPA) on 6 March 2019 with Central Railways for supply of 50.4 MW wind power for 25 years from NALCO.

Your Company has been designated as the nodal agency for cross border trading of power with Bangladesh, Bhutan and Nepal. As per the PPA for supply of 250 MW power for 25 years from NTPC stations, signed with Bangladesh Power Development Board (BPDB), your Company has supplied 1,971 MUs during the financial year 2018-19. Further, your Company has signed PPA on 15 March 2016, with BPDB, for supply of 100 MW power. A supplementary agreement has been signed on 10 April 2017, for supply of additional 60MW power to BPDB. Your Company has signed back-to-back Power Sale Agreement (PSA) with Tripura State Electricity Corporation Limited (TSECL) for supply of 160 MW power under radial mode. During the financial year 2018-19, about 1,006 MUs of energy has been supplied to Bangladesh from TSECL.

In addition to above, your Company has signed PPA in September 2018 with BPDB for supplying 300 MW Round the Clock (RTC) power from Damodar Valley Corporation to Bangladesh. During the financial year 2018-19, about 1,176 MU of energy has been supplied to Bangladesh under this arrangement.

Your Company has signed PPA with Nepal Electricity Authority (NEA) on 12 February 2019, for supply of upto 350 MW power from June 2019 to June 2020 through 400/200 kV Muzaffarpur - Dhalkebar A/C line under radial mode from Indian market. During the financial year 2018-19, about 1,377 MUs of energy has been supplied to Nepal.

Your Company has signed trading agreement with NEA for trading of power in power exchange platform in line with cross border policy issued by Ministry of Power, Government of India.

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

Your Company has played key role in meeting the power demand of Andaman and Nicobar Islands. 5 MW and 15 MW DG Power Plants have already been commissioned on April 29, 2018 and October 17, 2018, respectively, in Andaman Nicobar Islands. Your Company is going to implement 50 MW LNG Dual Fuel Power Project (LNG & Diesel) at Hope Town in South Andaman District. Tender for main plant has been floated and the project is likely to be commissioned by March 2021.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposit during the financial year ended on 31 March 2019.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Management Discussion and Analysis is enclosed at Annexure-I.**

**AUDITORS' REPORT**

The Comptroller and Auditor General of India (C&AG) had appointed M/s S.P. Marwaha & Co., Chartered Accountants as statutory auditors of the Company for the financial year 2018-19.

The statutory auditors have given unqualified report on financial statements of the Company for the financial year 2018-19.

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

The Comptroller and Auditor General (C&AG) of India, through letter dated 8 July 2019 communicated that they have conducted a supplementary audit of the financial statements of your Company for the year 31 March 2019 under section 143 (6) (a) of the Act. On the basis of their audit noting significant has come to their Knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report. As advised by the office of the C&AG, the comments of C&AG for the year 2018-19 are being placed with the report of Statutory Auditors of your company elsewhere in this Annual Report.

**PARTICULARS OF EMPLOYEES**

As per notification dated 5 June 2015 issued by the Ministry of Corporate Affairs, the government companies are exempted to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. Your Company being a government company is not required to include aforesaid information as a part of the Directors' Report.

**SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Agarwal S. & Associates, a firm of company secretaries in practice to undertake the secretarial audit of the Company for the financial year 2018-19. The report of the secretarial auditors is enclosed at Annexure-II.

Secretarial auditors have given unqualified report for the financial year 2018-19.

**REPORTING OF FRAUD**

The statutory auditors, secretarial auditors and C&AG have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

**COMPLIANCE OF SECRETARIAL STANDARDS**

Your Company has complied with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 (3) (c) and Section 134(5) of the Companies Act, 2013, 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 2018-19 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, 2013 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 a going concern basis.

(v) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system was adequate and operating effectively.

**BOARD OF DIRECTORS**

At present, the Board of Directors of the Company comprises of the following:

| S. No. | Name | Designation |
|---|---|---|
| 1. | Shri Prasant Kumar Mohapatra (DIN: 07800722) | Chairman |
| 2. | Shri Chepuru Venkata Anand (DIN: 08087484) | Director |
| 3. | Shri Anil Kumar Gautam (DIN: 08293632) | Director |
| 4. | Ms. Nandini Sarkar (DIN: 08081386) | Director |

NTPC Limited (NTPC), the holding company, by virtue of powers conferred by Articles of Association of the Company, has time-to-time nominated or withdrawn Directors from the Board of Directors of the Company.

The changes in Directors during the financial year under review are as follows:

| Name | Date of appointment (2018-19) | Date of cessation (2018-19) |
|---|---|---|
| Shri Prasant Kumar Mohapatra (DIN: 07800722)[1] | June 29, 2018 | - |
| Shri Anand Kumar Gupta,[2] (DIN: 07269906) | - | June 29, 2018 |
| Smt. A. Sathyabhama[3] (DIN: 06904946) | - | July 31, 2018 |
| Ms. Nandini Sarkar[1] (DIN: 08081386) | August 3, 2018 | - |
| Shri Pramod Kumar,[3] (DIN: 07992859) | - | November 30, 2018 |
| Shri Anil Kumar Gautam[1] (DIN: 08293632 | December 3, 2018 | - |

1 NTPC, the holding company, nominated as Additional Director.

2 NTPC, the holding company, withdrawn the nomination.

3 Consequent upon superannuation from the services of NTPC, the holding company, ceased to be Director of the Company.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Anand Kumar Gupta, Smt. A. Sathyabhama and Shri Pramod Kumar during their association with the Company.

Shri Anil Kumar Gautam holds office up to the date of this Annual General Meeting but is eligible for appointment. The Company has received a requisite notice in writing from NTPC, proposing his candidature for the office of Director liable to retire by rotation.

In accordance with the provisions of Companies Act, 2013, Ms. Nandini Sarkar (DIN: 08081386) shall retire by rotation at this Annual General Meeting of your Company and, being eligible, offers herself for reappointment.

**Number of meetings of the Board**

During the financial year under review, 10 meetings of the Board of Directors were held on the following dates:

| Date of Board Meeting | Total strength of the Directors | No. of Directors present |
|---|---|---|
| 12 April 2018 | 4 | 3 |
| 8 May 2018 | 4 | 4 |
| 3 August 2018 | 4 | 4 |
| 3 August 2018 | 4 | 4 |
| 11 September 2018 | 4 | 3 |
| 6 November 2018 | 4 | 4 |
| 27 December 2018 | 4 | 4 |
| 25 January 2018 | 4 | 4 |
| 13 March 2019 | 4 | 4 |
| 27 March 2019 | 4 | 4 |

The details of the number of meetings attended, during the financial year under review, by each Director are at Annexure – III.

**Declaration of Independent Director.**

The Ministry of Corporate Affairs vide its notification dated 5 July 2017, has exempted wholly owned unlisted public subsidiary companies from appointing Independent Directors. In view of the aforesaid notification, your Company being the wholly owned subsidiary of NTPC is not required to appoint Independent Directors. Hence, requirement of the statement on declaration by Independent Directors under section 149(6) of the Companies Act, 2013, is not applicable.

**AUDIT COMMITTEE**

As per the Ministry of Corporate Affairs vide notification dated 13 July 2017 substituting Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Rule 4, amended vide notification dated 5 July 2017, of the Companies (Appointment and Qualification of Directors) Rules, 2014, now your Company is not required to constitute an Audit Committee under the Companies Act, 2013. Your Company has continued with the constitution of the Audit Committee, as required under the Guidelines for Corporate Governance by Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India.

At present, Audit Committee of the Board of Directors comprise of Shri Anil Kumar Gautam, Chairman, Shri Chepuru Venkata Anand, Director and Ms. Nandini Sarkar, Director.

During the financial year under review 6 meetings of the Audit Committee were held on the following dates:

| Date of Audit Meeting Committee | Total strength of the Directors | No. of Directors present |
|---|---|---|
| 8 May 2018 | 3 | 3 |
| 3 August 2018 | 3 | 3 |
| 11 September 2018 | 3 | 2 |
| 6 November 2018 | 3 | 3 |
| 27 December 2018 | 3 | 3 |
| 13 March 2019 | 3 | 3 |

The details of the number of Audit committee meetings attended by each Director, during the financial year under review are at Annexure – III.

**CORPORATE SOCIAL RESPONSIBILITY**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted the Corporate Social Responsibility (CSR) Committee. At present, CSR Committee consist of Shri Prasant Kumar Mohapatra, Chairman, Shri Chepuru Venkata Anand, Director and Shri Anil Kumar Gautam, Director.

During the financial year under review 2 meeting of the CSR committee were held on the following date:

| Date of CSR Committee Meeting | Total strength of the Directors | No. of Directors present |
|---|---|---|
| 3 August 2018 | 3 | 3 |
| 13 March 2019 | 3 | 3 |

The details of the number of CSR committee meetings attended by each Director, during the financial year under review are at Annexure – III.

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

**Nomination and Remuneration Committee.**

As per the Ministry of Corporate Affairs vide notification dated 13 July 2017 substituting Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Rule 4, amended vide notification dated 5 July 2017, of the Companies (Appointment and Qualification of Directors) Rules, 2014, now your Company is not required to constitute Nomination and Remuneration (NRC) Committee under the Companies Act, 2013. Your Company has continued with the constitution of the NRC Committee, as required under the Guidelines for Corporate Governance by Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India.

At present, NRC Committee comprises of Shri Chepuru Venkata Anand, Chairman, Shri Anil Kumar Gautam, Director and Ms. Nandini Sarkar, Director.

During the financial year under review 2 meeting of the NRC Committee were held on the following date:

| Date of the Nomination and Remuneration Committee | Total strength of the Directors | No. of Directors present |
|---|---|---|
| 3 August 2018 | 3 | 3 |
| 11 September 2018 | 3 | 2 |

The detail of number of the NRC Committee meeting attended by each Director, during the financial year under review are at Annexure – III.

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

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

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments have taken place between financial year ended 31 March 2019, to which the financial statements relate and the date of this Directors' Report, which affects the financial position of your Company.

**EXTRACT OF ANNUAL RETURN**

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

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

As per requirement of Section 188 (2) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014, particulars of contracts or arrangements, during the financial year 2018-19, with related parties referred to in Section 188 (1) of the Companies Act, 2013 in form AOC-2 is given under Annexure-VI.

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

Being a trading company the norms for conservation of energy and technology absorption are not applicable to your Company.

During the financial year under review your Company has earned ₹1,571.59 crore from trade of power in foreign currency as compared to ₹999.35 crore foreign currency earned during the financial year 2017-18. An expenditure of ₹0.18 crore, in foreign currency has been incurred mainly towards travelling of employees and other payments/ reimbursements, during the financial year under review as compared to ₹0.09 crore expenses incurred towards travelling of employees during the financial year 2017-18.

**ACKNOWLEDGMENT**

The Board of Directors of your Company wishes to place on record their appreciation for the support and co-operation extended by NTPC, the Ministry of Power and the Ministry of New and Renewable Energy of Government of India, the Central Electricity Regulatory Commission, the valued customers of the Company, various State Power Utilities, Statutory Auditors, Office of the Comptroller and Auditor General of India, Bankers of the Company and the untiring efforts made by all employees to ensure that the company continues to perform and excel.

For and on behalf of the Board of Directors

**(PRASANT KUMAR MOHAPATRA)**
**CHAIRMAN**
**DIN: 07800722**

Place: New Delhi

Date: July 18, 2019

Annexure-I

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

During the last four years, 43 traders have obtained licenses for serving the needs of the various clients. The traders are issued license under categories I, II or III depending on the volume of units proposed to be traded, net worth, current ratio and liquidity ratio. During financial year 2018-19, out of the electricity generation of approximately 1,245 Billion units (BUs), approximately 120 BUs were traded, representing 9.64% of trading to total generation.

The short term power market volume increased to 120 BUs in financial year 2018-19 as compared to 104 BUs during financial year 2017-18, registering a growth of 15.38%. During the financial year 2018-19 there is substantial growth in the volume of bilateral trading through traders by 24.39% and power exchange by 8.70% as compared to previous year.

Structure of power market in India*

| | | |
|---|---|---|
| (i) | Long –Term (88.34%) | 1,100 |
| (ii) | Power Trading (9.64%) | 120 |
| (iii) | Balancing Market (UI) (2.02 %) | 25 |
| | **Total** | **1,245** |

The trading of Power in India*

| | | |
|---|---|---|
| (i) | Bilateral Trading | 51 BU |
| (ii) | Bilateral Direct | 19 BU |
| (iii) | Through Power Exchange | 50 BU |
| | **Total** | **120 BU** |

*Source: CERC (2018-19).

### STRENGTH AND WEAKNESS

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

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

### OPPORTUNITIES AND THREATS

The inter-regional transmission capacity has increased to 99,050 MW (*Source: Central Electricity Authority website). This is expected to provide considerable opportunities for enhancement of trading volumes. With the passage of time short term power market has shifted from a sellers' market to a buyers' market due to large availability of merchant power and low demand from distribution utilities. Also, with the introduction of DEEP e-bidding portal, the market has become very competitive.

The gap between energy requirement and availability has been reduced. The low demand scenario in power market is due to various reasons including low paying capacity of Distribution companies (DISCOMs). The financial health of DISCOMs is very poor. Government has come up with Ujwal Discom Assurance Yojana (UDAY scheme) to provide financial turnaround and revival of Power DISCOMs. Many states have joined UDAY scheme and with the implementation of UDAY scheme, the financial position of the State DISCOMS is expected to improve.

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

### OUTLOOK

As per PPA for supply of 250 MW power for 25 years from NTPC stations, signed with BPDB, your Company has supplied 1,971 Mus during the financial year 2018-19. Further, your Company has signed PPA on 15 March 2016, with BPDB, for supply of 100 MW power. A supplementary agreement has been signed on 10 April 2017, for supply of additional 60MW power to BPDB. Since 2013, the cross-border trading business of the Company has grown significantly. Existing power supply to BPDB from Tripura and power supply to Nepal from Indian market has increased the visibility of the Company in the power market of neighbouring countries. Guidelines on Cross Border trade of electricity have been issued by Ministry of Power, regulations have been issued by the CERC and further Conduct of Business

Rules of Designated Authority from CEA is expected in financial year 2019-20, will bring transparency in the market and will also result in growth of cross border trade of electricity.

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

Your Company is exploring new avenues to build assets and to enhance future business in the cross-border trading of power, renewable power sector and expects to consolidate its business in these segments for achieving long term growth.

**RISKS, CONCERNS AND THEIR MANAGEMENT**

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

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

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

**INTERNAL CONTROL**

Your Company has adequate internal control systems and procedures in place commensurate with the size and nature of its business. Your Company has adopted the internal control system of its holding company viz. NTPC. A well-defined internal control framework has been developed identifying key controls. The authorities vested in various levels are exercised within framework of appropriate checks and balances. Effectiveness of all checks and balances and internal control systems is reviewed during internal audit carried out by internal audit department of NTPC. An independent internal audit is also carried out by experienced firm of Chartered Accountants in close co-ordination with departments of the Company and internal audit department of NTPC. The internal audit reports are regularly reviewed by the Audit Committee of the Board of Directors.

**PERFORMANCE DURING THE YEAR**

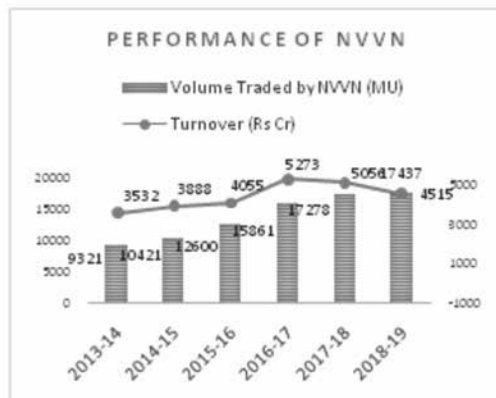
**Operations**

Your Company has been issued license under category "I" which allows trading of 1,000 MUs and above every year without any upper limit.

The details of the energy traded by the Company are as follows:

| Description | 2018-19 | 2017-18 |
|---|---|---|
| Trading of Power | Million units | |
| Bilateral Trading | **2,428** | 2,745 |
| Power SWAP Arrangements | **995** | 1,527 |
| Solar Bundled Power | **5,360** | 5,749 |
| Cross Border Trading | **5,530** | 3,913 |
| Trading through exchange | **3,124** | 3,344 |
| **Total** | **17,437** | 17,278 |

During the financial year 2018-19, your Company traded 17,437 MUs of power, which includes 5,360 MUs of bundled solar power under JNNSM. The overall volume of power traded by Company has increased by 0.92% over last year.




In the past three years your company has developed a good customer base and has served over 100 customers including State Government/Private Power Utilities, Captive Power Generators etc. in all five regions in the country.

**MoU RATING & PERFORMANCE**

The performance of your Company in terms of Memorandum of Understanding (MoU) signed with the NTPC for the financial year 2017-18 has been rated as "Excellent" by Department of Public Enterprises. Your Company successfully accomplished the MoU 2018-19 targets of technology up-gradation under which your Company has completed automation of power trading 14 December 2018, against the MoU target of 15 December 2018. Also under the target of cross border trading, Company has achieved 5,530 MU against the MoU target of 3,500 MU.

**Financial Performance**

The revenue of your Company comprises of mainly sales from Energy traded.

₹ in Crore

| Description | 2018-19 | 2017-18 |
|---|---|---|
| **Revenue from Operations** | | |
| Energy | **4,514.54** | 5,056.05 |
| Rebate on energy sale | **(33.30)** | (40.78) |
| Other income | **21.90** | 21.66 |
| **Total** | **4,503.14** | 5,036.93 |

The total operating expenses of the Company are as follows: -

₹ in Crore

| Description | 2018-19 | 2017-18 |
|---|---|---|
| Purchase of energy | **4,445.61** | 4,979.59 |
| Rebate from sellers | **(75.89)** | (77.13) |
| Employee benefits expense | **17.67** | 17.57 |
| Other expenses | **13.09** | 21.69 |
| **Total operating expenses** | **4,400.48** | 4,941.72 |

The total expenses including operating expenses of the Company are as follows:

₹ in Crore

| Description | 2018-19 | 2017-18 |
|---|---|---|
| Total operating expenses | **4,400.48** | 4,941.72 |
| Finance cost | **0.69** | 0.35 |
| Depreciation, amortization and impairment expense | **0.10** | 0.05 |
| **Total expenses including operating expenses** | **4,401.27** | 4,942.12 |

The depreciation cost as compared to total expense is negligible since the fixed assets in the Company are represented by furniture and fixtures, EDP machines and software etc. and the gross block was of the order of ₹0.54 Crore as on 31 March 2019.

During the year, the Company earned profit after tax of ₹65.56 Crore an increase of 7.02% over the previous year.

₹ in Crore

| Description | 2018-19 | 2017-18 |
|---|---|---|
| **Profit before tax** | **101.87** | 94.81 |
| Tax expenses | **36.31** | 33.55 |
| **Profit for the year** | **65.56** | 61.26 |

**Dividend**

During the financial year 2018-19, the Board of Directors have declared an interim dividend of ₹20 Crore @ ₹10 per equity share on the face value of fully paid-up equity share capital of ₹10 each. Your Directors have not recommended any final dividend.

**Reserves & Surplus**

During the financial year 2018-19, a sum of ₹39.50 Crore have been added to general reserve as compared to ₹1.20 Crore in the previous year.

**Current Assets**

The current assets at the end of the financial year 2018-19 were ₹1,813.47 Crore as compared to ₹1,650.68 Crore in financial year 2017-18 registering an overall increase of 9.86%.

₹ in Crore

| Description | 31.3.2019 | 31.3.2018 |
|---|---|---|
| Trade receivables | **1,063.34** | 796.15 |
| Cash and cash equivalents | **1.81** | 175.99 |
| Other bank balances | **265.66** | 76.84 |
| Other financial assets | **478.24** | 597.34 |
| Other current assets | **4.42** | 4.36 |
| **Total Current Assets** | **1,813.47** | 1,650.68 |

The increase in total current assets was mainly due to increase in trade receivables from ₹796.15 Crore on 31 March 2018 to ₹1,063.34 Crore on 31 March 2019. The major number of receivables has now been recovered from various buyers and balance amount would be realized soon. The other financial assets on account of unbilled revenues has decreased to ₹474.35 Crore on 31 March 2019 against ₹596.32 Crore on 31 March 2018.

**Current Liabilities**

During the financial year 2018-19, current liabilities have increased to ₹1,496.65 Crore as compared to ₹1,374.59 Crore in the financial year 2017-18, mainly on account of increase in trade payables.

₹ in Crore

| Description | 31.03.2019 | 31.03.2018 |
|---|---|---|
| Trade payables | **883.20** | 1,064.60 |
| Other financial liabilities | **577.32** | 274.28 |
| Other current liabilities | **7.52** | 9.35 |
| Provisions | **25.86** | 26.36 |
| Current tax liabilities (net) | **2.75** | - |
| **Total Current Liabilities** | **1,496.65** | 1,374.59 |

**Cash Flow Statement**

₹ in Crore

| Description | 2018-19 | 2017-18 |
|---|---|---|
| Opening cash and cash equivalents | **175.99** | 183.80 |
| Net cash from operating activities | **(130.15)** | 23.77 |
| Net cash from investing activities | **4.15** | 4.53 |
| Net cash flow from financing activities | **(48.18)** | (36.11) |
| Net change in cash and cash equivalents | **(174.18)** | (7.81) |
| Closing cash and cash equivalents | **1.81** | 175.99 |

The closing cash and cash equivalent for the financial year ended March 31, 2019 has decreased to ₹1.81 Crore in the current year from ₹175.99 Crore in the previous year.

**Financial Indicators**

The various performance indicators for the financial year 2018-19 as compared to financial year 2017-18 are as under: -

₹ in Crore

| | Description | 2018-19 | 2017-18 |
|---|---|---|---|
| A | i) Capital employed | **350.71** | 311.12 |
| | ii)Net worth | **350.71** | 311.12 |
| B | i) Return on Capital Employed (PBT/CE) (in %) | **29** | 30 |
| | ii) Return on net worth (PAT/NW) (in %) | **19** | 20 |
| C | Dividend as % of Equity Capital | **100** | 100 |
| **D** | Earning per share in ₹ (EPS) before exceptional item | **32.78** | 30.63 |

The capital employed as well as net worth has increased due to addition of profit earned during the current financial year.

**Procurement from MSEs**

Your Company during the financial year under review has procured goods and services amounting to ₹2.27 Crore out of which procurement of goods and services from Micro and Small Enterprises (MSEs) was ₹0.19 Crore. The percentage procurement from MSEs was 8.37%.

**Sexual Harassment of women at workplace.**

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

**Human Resources**

As on 31 March 2019, there were 34 employees posted on secondment basis from holding company viz. NTPC Limited. To achieve the ambitious growth targets, the Company has drawn professional manpower from NTPC who have rich experience in dealing with various technical, financial and commercial issues.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describes the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the markets in which the Company operates, changes in Government regulations & policies, tax laws and other statutes and incidental factors.

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

**(PRASANT KUMAR MOHAPATRA)**
**CHAIRMAN**
**DIN: 07800722**

Place: New Delhi
Date: July 18, 2019

Annexure-II

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019
{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

**To,**

**The Members,**

**NTPC Vidyut Vyapar Nigam Limited.**

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

Based on our verification of the NVVNL's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by NVVNL ("the Company") for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; Not Applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; Not Applicable

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not Applicable

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- Not Applicable

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The SEBI (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company.

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

(a) Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India-Generally complied with.

(b) Securities & Exchange Board of India (Listings Obligations and Disclosure Requirements) Regulations, 2015. **Not Applicable.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

For Agarwal S. & Associates,

ICSI Unique Code: P2003DE049100

Company Secretaries,
CS Sachin Agarwal
Partner
FCS No. : 5774
C.P No. : 5910

Place: New Delhi
Date: June 25, 2019

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

"Annexure A"

To,
The Members,
**NTPC Vidyut Vyapar Nigam Limited.**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our inspection of records produced before us for Audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covring observations/comments/weakness already pointed out by the other Auditors.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.

5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-Processes compliance- mechanism in place or not.

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Agarwal S. & Associates,
Company Secretaries,

ICSI Unique Code: P2003DE049100

CS Sachin Agarwal
Partner
FCS No. : 5774
C.P No. : 5910

Date: June 25, 2019
Place: New Delhi

Annexure-III

**BOARD OF DIRECTORS**

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

| Name of the Director | Designation | Attendance during 2018-19 |
|---|---|---|
| Shri Anand Kumar Gupta (ceased w.e.f. 29.06.2018) | **Chairman** | 2 out of 2 |
| Shri Prasant Kumar Mohapatra (appointed Chairman w.e.f. 29.06.2018) | **Chairman** | 8 out of 8 |
| Shri Pramod Kumar (ceased w.e.f.30.11.2018) | **Director** | 6 out of 6 |
| Shri Chepuru Venkata Anand | **Director** | 9 out of 10 |
| Mrs. A. Sathyabhama (ceased w.e.f. 31.07.2018) | **Director** | 1 out of 2 |
| Shri Anil Kumar Gautam (appointed w.e.f. 03.12.2018) | **Director** | 4 out of 4 |
| Ms. Nandini Sarkar (appointed w.e.f. 03.08.2018) | **Director** | 8 out of 8 |

**AUDIT COMMITTEE**

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

| Name of the Director | Designation | Attendance during 2018-19 |
|---|---|---|
| Shri Pramod Kumar (ceased w.e.f.30.11.2018) | **Chairman** | 4 out of 4 |
| Shri Anil Kumar Gautam (appointed w.e.f. 03.12.2018) | **Chairman** | 2 out of 2 |
| Shri Chepuru Venkata Anand | **Director** | 5 out of 6 |
| Mrs. A. Sathyabhama (ceased w.e.f. 31.07.2018) | **Director** | 1 out of 1 |
| Ms. Nandini Sarkar (appointed w.e.f. 03.08.2018) | **Director** | 5 out of 5 |

**CORPORATE SOCIAL RESPONSIBILITY**

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

| Name of the Director | Designation | Attendance during 2018-19 |
|---|---|---|
| Shri Prasant Kumar Mohapatra (appointed Chairman w.e.f. 29.06.2018) | **Chairman** | 2 out of 2 |
| Shri Pramod Kumar (ceased w.e.f.30.11.2018) | **Director** | 1 out of 1 |
| Shri Chepuru Venkata Anand | **Director** | 2 out of 2 |
| Shri Anil Kumar Gautam (appointed w.e.f. 03.12.2018) | **Director** | 1 out of 1 |

**Nomination and Remuneration Committee.**

The detail of number of the Nomination and Remuneration Committee meeting attended by each Director, during the financial year under review is as follows:

| Name of the Director | Designation | Attendance during 2018-19 |
|---|---|---|
| Shri Pramod Kumar (ceased w.e.f.30.11.2018) | **Chairman** | 2 out of 2 |
| Shri Chepuru Venkata Anand | **Director** | 1 out of 2 |
| Ms. Nandini Sarkar (appointed w.e.f. 03.08.2018) | **Director** | 2 out of 2 |

Note: Shri Anil Kumar Gautam, the current member of the Nomination and Remuneration Committee (NRC) is not included in the above details as he is appointed w.e.f. December 3, 2018, and no meeting of NRC was held after his appointment.

For and on behalf of the Board of Directors

(PRASANT KUMAR MOHAPATRA)
CHAIRMAN
DIN: 07800722

Place: New Delhi
Date: July 18, 2019

**Annexure-IV**

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

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

   NTPC Limited is executing the CSR activities for long and having a formidable set-up for executing CSR activities. The CSR Policy of NTPC Limited is formulated keeping in view the requirements of the Companies Act, 2013 and the Department of Public Enterprises. The CSR policy focused on health, sanitation, drinking water, education, capacity building, women empowerment, social infrastructure development, support to Physically Challenged Person (PCPs), and activities contributing towards environment sustainability and other subject matter described under schedule VII of the Companies Act, 2013. The CSR policy is also available on the website of the Company: www. nvvn.co.in.

2. **The composition of the CSR Committee as on 31 March 2019.**

| Name of the Director | Designation |
|---|---|
| Shri Prasant Kumar Mohapatra | **Chairman** |
| Shri C.V. Anand | **Director** |
| Shri A.K. Guatam | **Director** |

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

   The average net profit of the Company before tax for three immediately preceding financial years i.e. 2015-16, 2016-17 and 2017-18 is ₹ 97.80 Crore.

4. **Prescribed CSR Expenditure.**

   The Company as per the requirement of the Companies Act, 2013, is required to spend 2% of ₹ 97.80 Crore i.e. ₹ 1.96 Crore in the financial year 2018-19 plus spillover of ₹0.17 Crore from previous financial year 2017-18

5. **Details of CSR spent during the financial year 2018-19.**

| (a) | **Total amount spent for the financial year** | : | **₹ 0.09 Crore** |
|---|---|---|---|
| (b) | **Amount unspent, if any** | : | **₹ 2.04 Crore** |
| (c) | **Manner in which the amount spent during the financial year** | : | **Detailed below** |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| S. No | CSR project or activity identified | Sector in Which the Project is covered | Projects or Programs (1) Local area or other (2) Specify the State and the district where projects or progams was undertaken | Amount outlay (budget) Project or Programs wise (Amount in ₹ Crore) | Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads: (Amount in ₹ Crore) | Cumulative expenditure upto to the reporting period. (Amount in ₹ Crore) | Amount spent: Direct or through implementing agency |
| 1. | Installation of Roof Top Solar Plant (10 kW) at Ram Mandir, Hathin Distt Palwal Haryana | Rural development projects | Village Hathin, Palwal Haryana | 0.09 | 0.09 | 0.09 | Through implementing agency. |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| S. No | CSR project or activity identified | Sector in Which the Project is covered | Projects or Programs (1) Local area or other (2) Specify the State and the district where projects or progams was undertaken | Amount outlay (budget) Project or Programs wise (Amount in ₹ Crore) | Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads: (Amount in ₹ Crore) | Cumulative expenditure upto to the reporting period. (Amount in ₹ Crore) | Amount spent: Direct or through implementing agency |
| 2.* | Providing 11 nos of Portable Compactor Systems (PCTS) to Municipal Corporation Lucknow | Promoting Sanitation | Lucknow, Uttar Pradesh | 1.85 | 0 | 0 | NA |
| 3.** | Construction of 4 rooms along with varandah near Sim Baba Chowk, Tetulmari (Dhandbad) in ward No 04 | Rural development projects | | 0.19 | 0 | 0 | NA |
| | | | **Total** | **2.13** | **0.09** | **0.09** | |

* This project could not be undertaken in the financial year 2018-19.

** Project was considered in financial year 2017-18 but amount was not spent. The same project could not be undertaken in financial year 2018-19.

**6. Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof.**

Entire CSR budget for the financial year 2018-19, as per the provisions of the Companies Act, 2013, has been committed for CSR activities and remaining unspent amount shall be utilized in subsequent financial year 2019-20 onwards as spill over for CSR activities.

**7. A responsibility statement of the CSR Committee**

The Responsibility Statement of the Corporate Social Responsibility Committee is reproduced below:

The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and policy of the Company.

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

**(ASIM KUMAR PODDAR)**
**Chief Executive Officer**

**(PRASANT KUMAR MOHAPATRA)**
**CHAIRMAN**
**DIN: 07800722**

**Place: New Delhi**
**Date: July 18, 2019**

Annexure-V

# Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

| | | | |
|---|---|---|---|
| **1. Details of contracts or arrangements or transactions not at arm's length basis** | | | |
| (a) | Name(s) of the related party and nature of relationship | : | Utility Powertech Limited. A Joint Venture Company of holding company viz. NTPC Limited |
| (b) | Nature of contracts/arrangements/ transactions | : | The contract was for hiring of skilled and non-skilled manpower for carrying out day-to-day activities of the Company. |
| (c) | Duration of the contracts/arrangements/ transactions | : | Contracts were for the durations of 2 months, 3 months and 1 year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | : | Total Contract value would be restricted to maximum ₹1.21 Crore (approx.) including 20% future escalation per annum. |
| (e) | Justification for entering into such contracts or arrangements or transactions | : | Utility Powertech Limited (UPL), a Joint Venture Company of NTPC Limited, the holding Company, is providing manpower to joint ventures and subsidiaries of NTPC. Since incorporation of the Company, UPL is providing skilled and non-skilled manpower. |
| (f) | Date(s) of approval by the Board | : | December 27, 2018 |
| (g) | Amount paid as advances, if any: | : | Nil |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | : | Not Applicable |
| **2. Details of material contracts or arrangement or transactions at arm's length basis** | | | |
| (a) | Name(s) of the related party and nature of relationship | : | Not Applicable |
| (b) | Nature of contracts/arrangements /transactions | : | Not Applicable |
| (c) | Duration of the contracts / arrangements /transactions | : | Not Applicable |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any: | : | Not Applicable |
| (e) | Date(s) of approval by the Board, if any: | : | Not Applicable |
| (f) | Amount paid as advances, if any: | : | Not Applicable |

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

**(PRASANT KUMAR MOHAPATRA)**
**CHAIRMAN**
**DIN: 07800722**

**Place: New Delhi**
**Date: July 18, 2019**

Annexure-VI

# Form No. MGT-9
## Extract of Annual Return
## as on the financial year ended on March 31, 2019
## [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

| | | | |
|---|---|---|---|
| i) | CIN | : | U40108DL2002GOI117584 |
| ii) | Registration Date | : | November 1, 2002 |
| iii) | Name of the Company | : | NTPC Vidyut Vyapar Nigam Limited |
| iv) | Category / Sub-Category of the Company | : | Company Limited by shares |
| v) | Address of the Registered office and contact details | : | NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110 003, Ph. No. 011-24360071 |
| vi) | Whether listed company Yes / No | : | NO |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | KARVY FINTECH PRIVATE LIMITED<br>Karvy Selenium, Tower B, Plot No- 31 & 32,<br>Financial District, Nanakramguda, Serilingampally<br>Hyderabad Rangareddi, Telangana- 500032 |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products/Services | NIC code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1. | Power Trading | N.A. | 100 |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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

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

#### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. **(NTPC Limited)** | - | 1,99,99,300 | 1,99,99,300 | 100 | - | 1,99,99,300 | 1,99,99,300 | 100 | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other (Nominees of NTPC) | - | 700 | 700 | - | - | 700 | 700 | - | - |
| **Sub-total (A) (1):-** | - | **2,00,00,000** | **2,00,00,000** | **100** | - | **2,00,00,000** | **2,00,00,000** | **100** | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs- individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other.... | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1) + A(2)** | - | **2,00,00,000** | **2,00,00,000** | **100** | - | **2,00,00,000** | **2,00,00,000** | **100** | - |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1):-** | - | - | - | - | - | - | - | - | - |
| **2.Non-institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i)Individual Shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+(B) (2)** | - | - | - | - | - | - | - | - | - |
| C.Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | - | **2,00,00,000** | **2,00,00,000** | **100** | - | **2,00,00,000** | **2,00,00,000** | **100** | - |

**(ii) Shareholding of Promoters**

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | **Shri Anand Kumar Gupta, Chairman, (As Nominee of NTPC Limited) (ceased to be Chairman w.e.f. 29.06.2018)** | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | No change | No change | No change | No change |
| | At the End of the year | 100 | - | 100 | - |
| 2. | **Shri Prasant Kumar Mohapatra, Chairman, (As Nominee of NTPC Limited) (Chairman w.e.f. 29.06.2018)** | | | | |
| | At the beginning of the year | Nil | - | Nil | - |
| | Equity shares transferred on 03.08.2018 | 100 | - | 100 | - |
| | At the End of the year | 100 | - | 100 | - |
| 3. | **Shri C.V. Anand, Director, (As Nominee of NTPC Limited)** | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | 100 | - | 100 | - |
| | At the End of the year | 100 | - | 100 | - |
| 4. | **Shri Nandini Sarkar, Director, (As Nominee of NTPC Limited) (appointed to be Director w.e.f. 31.07.2018)** | | | | |
| | At the beginning of the year | Nil | - | Nil | - |
| | Equity shares transferred on 11.09.2018 | 100 | - | 100 | - |
| | At the End of the year | 100 | - | 100 | - |
| 5. | **Shri Pramod Kumar, Director, (As Nominee of NTPC Limited) (ceased to be Director w.e.f. 30.11.2018)** | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Equity shares transferred on 25.01.2019 | 100 | - | 100 | - |
| | At the End of the year | Nil | - | Nil | - |
| 6. | **Shri Anil Kumar Gautam, Director, (As Nominee of NTPC Limited) (Director w.e.f. 03.12.2018)** | | | | |
| | At the beginning of the year | Nil | - | Nil | - |
| | Equity shares transferred on 25.01.2019 | 100 | - | 100 | - |
| | At the End of the year | 100 | - | 100 | - |

## V. INDEBTEDNESS

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

**B. Remuneration to other directors:**

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

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company secretary | CFO | Total |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | 19,38,767 | 30,99,856 | 58,40,816 | 108,79,439 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 6,985 | 95,287 | 7,30,803 | 8,33,075 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit<br>- others, specify | - | - | - | - |
| 5. | Others, please specify(Leave encashment) | - | - | - | - |
| | **Total** | **19,45,752** | **31,95,143** | **65,71,619** | **117,12,514** |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

**(PRASANT KUMAR MOHAPATRA)**
**CHAIRMAN**
**DIN: 07800722**

**Place: New Delhi**
**Date: July 18, 2019**

# BALANCE SHEET AS AT 31 MARCH 2019

₹ Lakh

| Particulars | Note No. | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2 | **24.67** | 9.86 |
| Capital work-in-progress | 3 | **4.37** | 23.72 |
| Deferred tax Asset (net) | 4 | **41.96** | 48.60 |
| Other non-current assets | 5 | **3,522.43** | 3,439.59 |
| **Total non current assets** | | **3,593.43** | 3,521.77 |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | 6 | **106,334.23** | 79,614.54 |
| Cash and cash equivalents | 7 | **180.60** | 17,599.01 |
| Bank balances other than cash and cash equivalents | 8 | **26,565.81** | 7,684.09 |
| Other financial assets | 9 | **47,824.10** | 59,734.02 |
| Other current assets | 10 | **441.81** | 436.29 |
| **Total current assets** | | **181,346.55** | 165,067.95 |
| **TOTAL ASSETS** | | **184,939.98** | 168,589.72 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 11 | **2,000.00** | 2,000.00 |
| Other equity | 12 | **33,275.40** | 29,130.29 |
| **Total equity** | | **35,275.40** | 31,130.29 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade Payables | | | |
| Micro & Small Enterprises | 13 | **2.05** | 23.77 |
| Creditors other than Micro & Small Enterprises | 13 | **88,318.59** | 106,436.73 |
| Other financial liabilities | 14 | **57,731.65** | 27,427.84 |
| Other current liabilities | 15 | **751.73** | 934.60 |
| Provisions | 16 | **2,585.54** | 2,636.49 |
| Current tax liabilities (net) | 17 | **275.02** | - |
| **Total current liability** | | **149,664.58** | 137,459.43 |
| **TOTAL EQUITY AND LIABILITIES** | | **184,939.98** | 168,589.72 |

Significant accounting policies 1

The accompanying notes 1 to 39 form an integral part of these financial statements.

For and on behalf of the Board of Directors

| (Nitin Mehra) | (Kumar Sanjay) | (Rajnish Bhagat) | (A. K. Gautam) | (P. K. Mohapatra) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |
| | | | (DIN 8293632) | (DIN 07800722) |

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

For S. P. Marwaha & Co
Chartered Accountants
FRN: 000229N

Ashutosh Saxena
Partner
M.No.086358

Place: New Delhi
Dated: 10/05/2019

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

₹ Lakh

| Particulars | Note No. | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | **448,124.41** | 501,526.73 |
| Other income | 19 | **2,190.04** | 2,166.34 |
| **Total income** | | **450,314.45** | 503,693.07 |
| **Expenses** | | | |
| Purchase of energy | 20 | **436,971.47** | 490,246.45 |
| Employee benefits expense | 21 | **1,767.41** | 1,756.74 |
| Finance costs | 22 | **69.96** | 35.38 |
| Depreciation, amortization and impairment expense | 23 | **9.55** | 4.47 |
| Other expenses | 24 | **1,308.70** | 2,169.04 |
| **Total expenses** | | **440,127.09** | 494,212.08 |
| **Profit before tax** | | **10,187.36** | 9,480.99 |
| **Tax expense** | | | |
| Current tax | | | |
| Current year | | **3,626.39** | 3,398.00 |
| Earlier years | | **(1.89)** | 0.16 |
| Deferred tax | | **6.64** | (43.58) |
| **Total tax expense** | | **3,631.14** | 3,354.58 |
| **Profit for the year** | | **6,556.22** | 6,126.41 |
| **Other Comprehensive income/(expense)** | | **-** | - |
| **Total Comprehensive income for the year** | | **6,556.22** | 6,126.41 |
| **Earnings per equity share (Par value ₹10/- each)** | | | |
| Basic & Diluted (₹) | 31 | **32.78** | 30.63 |

Significant accounting policies 1
The accompanying notes 1 to 39 form an integral part of these financial statements.

For and on behalf of the Board of Directors

| (Nitin Mehra) | (Kumar Sanjay) | (Rajnish Bhagat) | (A. K. Gautam) | (P. K. Mohapatra) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |
| | | | (DIN 8293632) | (DIN 07800722) |

This is the Statement of Profit and Loss referred to in our report of even date

For S. P. Marwaha & Co
Chartered Accountants
FRN: 000229N

Ashutosh Saxena
Partner
M.No.086358

Place: New Delhi
Dated: 10/05/2019

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

₹ Lakh

| | Particulars | For the year ended 31 March, 2019 | For the year ended 31 March, 2018 |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | **Profit before tax** | **10,187.36** | 9,480.99 |
| | **Adjustment for:** | | |
| | Depreciation, amortization and impairment expense | **9.55** | 4.47 |
| | Interest charges | **69.96** | 35.38 |
| | Interest/income on term deposits/investments | **(436.24)** | (541.91) |
| | Provisions | **-** | (5.34) |
| | Loss on disposal of property, plant and equipment | **0.56** | 0.33 |
| | Profit on disposal of property, plant and equipment | **(0.28)** | (0.04) |
| | **Operating Profit before Working Capital Changes** | **9,830.91** | 8,973.88 |
| | **Adjustment for:** | | |
| | Trade and other receivables | **(14,522.72)** | (32,873.63) |
| | Trade payable, provisions and other liabilities | **13,894.31** | 21,434.86 |
| | Bank balances other than cash and cash equivalents | **(18,881.72)** | 8,734.90 |
| | Other financial assets and other assets | **(276.43)** | (92.67) |
| | | **(19,786.56)** | (2,796.54) |
| | **Cash generated from operations** | **(9,955.65)** | 6,177.34 |
| | Income taxes (paid) / refunded | **(3,059.31)** | (3,780.65) |
| | Interest on taxes paid | **-** | (19.99) |
| | **Net Cash from Operating Activities - A** | **(13,014.96)** | 2,376.70 |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of property, plant and equipment | **(5.85)** | (23.72) |
| | Disposal of property, plant and equipment | **0.55** | 0.51 |
| | Interest/income on term deposits/investments received | **420.11** | 476.46 |
| | **Net Cash used in Investing Activities - B** | **414.81** | 453.25 |
| C | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Dividend paid | **(4,000.00)** | (3,000.00) |
| | Tax on dividend | **(818.26)** | (610.73) |
| | **Net Cash from financing activities - C** | **(4,818.26)** | (3,610.73) |
| | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(17,418.41)** | (780.79) |
| | **Cash and cash equivalents at the begining of the year (see note 1 and 2 below)** | **17,599.01** | 18,379.80 |
| | **Cash and cash equivalents at the end of the year (see note 1 and 2 below)** | **180.60** | 17,599.01 |

**Notes:**

1. Cash and Cash Equivalents consist of balances with banks and deposits with original maturity of upto three months.
2. Reconciliation of cash and cash equivalents:
   Cash and cash equivalents as per Note 7

For and on behalf of the Board of Directors

| (Nitin Mehra) | (Kumar Sanjay) | (Rajnish Bhagat) | (A. K. Gautam) | (P. K. Mohapatra) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |
| | | | (DIN 8293632) | (DIN 07800722) |

This is the Statement of cash flows referred to in our report of even date

For S. P. Marwaha & Co
Chartered Accountants
FRN: 000229N

Ashutosh Saxena
Partner
M.No.086358

Place: New Delhi
Dated: 10/05/2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

### (a) Equity Share Capital

**For the year ended 31 March 2019**

₹ Lakh

| | |
|---|---|
| Balance as at 1 April 2018 | 2,000 |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2019** | **2,000** |

**For the year ended 31 March 2018**

₹ Lakh

| | |
|---|---|
| Balance as at 1 April 2017 | 2,000 |
| Changes in equity share capital during the year | - |
| Balance as at 31 March 2018 | 2,000 |

### (b) Other Equity

**For the year ended 31 March 2019**

₹ Lakh

| | Reserves & Surplus | | | |
|---|---|---|---|---|
| **Particulars** | **Corporate social responsibility (CSR) reserve** | **General reserve** | **Retained Earnings** | **Total** |
| **Balance as at 1 April 2018** | 17.64 | 29,099.38 | 13.27 | **29,130.29** |
| Profit for the year | | | 6,556.22 | **6,556.22** |
| Other comprehensive Income/(expense) | | | | - |
| **Total Comprehensive Income** | **17.64** | **29,099.38** | **6,569.49** | **35,686.51** |
| Transfer to retained earnings | (17.64) | | | **(17.64)** |
| Transfer from retained earnings | 204.31 | 3,950.00 | | **4,154.31** |
| Transfer to CSR reserve | | | (204.31) | **(204.31)** |
| Transfer from CSR reserve | | | 17.64 | **17.64** |
| Transfer to general reserve | | | (3,950.00) | **(3,950.00)** |
| Interim dividend paid for FY 2018-19 (Note 11) | | | (2,000.00) | **(2,000.00)** |
| Tax on interim dividend | | | (411.11) | **(411.11)** |
| **Balance as at 31 March 2019** | **204.31** | **33,049.38** | **21.71** | **33,275.40** |

## Statements Of Changes In Equity

For the year ended 31 March 2018

₹ Lakh

| | Reserves & Surplus | | | |
|---|---|---|---|---|
| **Particulars** | **Corporate social responsibility (CSR) reserve** | **General reserve** | **Retained Earnings** | **Total** |
| Balance as at 1 April 2017 | 11.14 | 28,979.38 | 31.24 | 29,021.76 |
| Profit for the year | | | 6,126.41 | 6,126.41 |
| Other comprehensive Income/(expense) | | | | - |
| Total Comprehensive Income | 11.14 | 28,979.38 | 6,157.65 | 35,148.17 |
| Adjustment during the year | | | | |
| Transfer to retained earnings | (11.14) | | | (11.14) |
| Transfer from retained earnings | 17.64 | 120.00 | | 137.64 |
| Transfer to CSR reserve | | | (17.64) | (17.64) |
| Transfer from CSR reserve | | | 11.14 | 11.14 |
| Transfer to general reserve | | | (120.00) | (120.00) |
| Final dividend paid for FY 2016-17 (Note 11) | | | (3,000.00) | (3,000.00) |
| Tax on Final dividend | | | (610.73) | (610.73) |
| Interim dividend paid for FY 2017-18 (Note 11) | | | (2,000.00) | (2,000.00) |
| Tax on interim dividend | | | (407.15) | (407.15) |
| **Balance as at 31 March 2018** | **17.64** | **29,099.38** | **13.27** | **29,130.29** |

# NVVN ACCOUNTING POLICIES

**Note-1 Company Information and Significant Accounting Policies**

**A. Reporting entity**

NVVN Limited (the "Company"), a wholly owned subsidiary of NTPC Limited, is a public Limited Company domiciled in India and limited by shares (CIN: U40108DL2002GOI117584). The address of the Company's registered office is NTPC Bhawan, Core-7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi - 110003. The Company is primarily engaged in the business of trading power within the country and some of its neighbouring countries.

**B. Basis of preparation**

**1. Statement of Compliance**

These financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These financial statements were authorized for issue by the Board of Directors on 10 May 2019.

**2. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following:

- Certain financial assets and liabilities that are measured at fair value (refer accounting policy regarding financial instruments).

The methods used to measure fair values are discussed in notes to the financial statements.

**3. Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakh (upto two decimals), except as stated otherwise.

**4. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

**C. Significant accounting policies**

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

The Company has elected to utilize the option under Ind AS 101 by not applying the provisions of Ind AS 16 & Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS i.e. 1 April 2015. Therefore, the carrying amount of property, plant and equipment and intangible assets as per the previous GAAP as at 1 April 2015, i.e; the Company's date of transition to Ind AS, were maintained on transition to Ind AS.

**1. Property, plant and equipment**

**1.1. Initial recognition and measurement**

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

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.

**1.2. Subsequent costs**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**1.3. Derecognition**

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

**1.4. Depreciation/amortization**

Depreciation is recognized in statement of profit and loss on a straight-line basis over the useful life specified in Schedule II of the Companies Act, 2013.

Depreciation on additions to/deductions from property, plant & equipment during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.

Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

**2. Capital work-in-progress**

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

Unsettled liabilities for price variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

**3. Intangible assets and intangible assets under development**

**3.1. Initial recognition and measurement**

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

**3.2. Subsequent costs:**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

**3.3. De-recognition**

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains & losses on de-recognition of an item of intangible assets are determined by comparing the proceeds from disposal, if any, with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

**3.4. Amortization**

Cost of software recognized as intangible asset, is amortized on straight-line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight-line method over the period of legal right to use or life of the related plant, whichever is less.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end.

**4. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**5. Provisions, Contingent liabilities and Contingent Assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. 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.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

**6. Revenue**

Company's revenues arise from trading of energy, consultancy, project management & supervision services and other income. Revenue from sale of energy is recognized based on the rates & terms and conditions mutually agreed with the beneficiaries and trading of energy through power exchanges. In case of National Solar Mission revenue from sale of energy is as per the directive/guideline of GOI. Revenue from other income comprises interest from banks, surcharge received from customers for delayed payments, management and consultancy fee, sale of asset, other miscellaneous income including liquidated damages recovered, etc.

Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method, applied to the contracts that were not completed as of 1 April 2018 and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The details of accounting policies as per Ind AS 18 and Ind AS 11 are disclosed separately if they are different from those under Ind AS 115.

**6.1. Revenue from sale of energy**

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

In the comparative period, revenue from the sale of energy was measured at the fair value of the consideration received or receivable. Revenue was recognized when the significant risks and rewards of ownership had been transferred to the buyer, recovery of the consideration was probable, the associated costs could be estimated reliably, there was no continuing management involvement and the amount of revenue could be measured reliably.

Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiaries. beneficiaries are billed on a periodic and regular basis. As at each reporting date, revenue from sale of energy includes an accrual for sales delivered to beneficiaries but not yet billed i.e. unbilled revenue.

Revenue from sale of energy is recognized based on the rates & terms and conditions mutually agreed with the beneficiaries. Part of revenue from sale of energy is based on the directive/guideline of GOI under the National Solar Mission Phase I and commission on trading of power through power exchange as agreed with the clients.

Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

**6.2. Revenue from services**

Revenue from consultancy, project management and supervision services rendered is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the services is transferred to a customer.

In the comparative period, revenue from consultancy, project management and supervision services rendered was recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion was assessed by reference to actual progress/technical assessment of work executed, in line with the terms of the respective consultancy contracts.

Reimbursement of expenses are recognized as other income, as per the terms of the service contracts.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catchup basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

**6.3. Other income**

Interest income is recognized, when no significant uncertainty as to measurability or collectability exist.

The interest/surcharge on late payment/overdue trade receivables for sale of energy and liquidated damage is recognized when no significant uncertainty as to measurability or collectability exists.

Management Fees is recognized as per directive of GOI or as agreed with the client.

**7. Other expenses**

Purchase of energy is recognized at the rates contracted based on the REA issued by respective RPC.

Expenses on training & recruitment and research & development are charged to statement of profit and loss in the year incurred.

Rebate received from vendors/suppliers for making early payment is shown as reduction from purchase of energy.

Preliminary expenses on account of new projects incurred prior to approval of feasibility report/ techno economic clearance are charged to statement of profit and loss.

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

**8. Income tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity, respectively.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

**9. Employee benefits**

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

**10. Leases**

**Accounting for operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

**11. Foreign currency transactions and translation**

Transactions in foreign currencies are initially recorded by the company at the functional currency spot rates of exchange at the date of transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in Statement of profit and loss in the year in which it arises.

Non-monetary items are measured in terms of historical cost in a foreign currency and translated using the exchange rate at the date of the transaction. In case of advance consideration received or paid in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**12. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**12.1. Financial assets**

**Initial recognition and measurement**

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI (Fair value through OCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL (Fair value through profit or loss)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  The difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.

(b) Financial assets that are debt instruments and are measured as at FVTOCI.

(c) Lease receivables under Ind AS 17.

(d) Trade receivables and contract assets (i.e. unbilled revenue) under Ind AS 115.

(e) Loan commitments which are not measured as at FVTPL.

(f) Financial guarantee contracts which are not measured as at FVTPL.

For trade receivables and unbilled revenue, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

**12.2. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

**Financial liabilities at fair value through profit or loss**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts and financial guarantee contracts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

**De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**13. Operating segments**

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly common expenses, finance costs, income tax expenses and common income.

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.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Segment assets comprise property, plant and equipment, intangible assets, trade and other receivables, inventories and other assets that can be directly or reasonably allocated to segments. Segment assets do not include investments, income tax assets, capital work in progress, capital advances, corporate assets and other current assets that cannot reasonably be allocated to segments.

Segment liabilities include all operating liabilities in respect of a segment and consist principally of trade and other payables, employee benefits and provisions. Segment liabilities do not include equity, income tax liabilities, loans and borrowings and other liabilities and provisions that cannot reasonably be allocated to segments.

**14. Dividends**

Dividends and interim dividends payable to a Company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

**15. Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

**16. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**17. Cash flow statement**

Cash flow statement is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

**D. Use of estimates and management judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as under:

**1. Revenue**

The Company records revenue from sale of energy as per contracts or as per directive/ guideline of GOI. Any change in the directive of GOI may have a material impact on the revenue of the Company.

**2. Income taxes**

Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**3. Provisions and contingencies**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, - 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

## 2. Non-current assets - Property, plant and equipment

As at 31 March 2019

₹ Lakh

| Particulars | Gross block | | | | Depreciation/amortisation and impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2018 | Additions | Deductions/ adjustments | As at 31 March 2019 | Up to 01 April 2018 | For the year | Deductions/ adjustments | Up to 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Furniture and fixtures | 8.05 | - | - | **8.05** | 4.01 | 1.25 | - | **5.26** | **2.79** | 4.04 |
| Office equipment | 6.82 | - | 0.44 | **6.38** | 3.20 | 1.05 | **0.34** | **3.91** | **2.47** | 3.62 |
| EDP, WP machines and satcom equipment | 9.32 | 25.20 | 3.90 | **30.62** | 7.87 | 7.18 | **3.16** | **11.89** | **18.73** | 1.45 |
| Communication equipments | 0.96 | - | - | **0.96** | 0.21 | 0.07 | - | **0.28** | **0.68** | 0.75 |
| **Total** | **25.15** | **25.20** | **4.34** | **46.01** | **15.29** | **9.55** | **3.50** | **21.34** | **24.67** | **9.86** |

As at 31 March 2018

₹ Lakh

| Particulars | Gross block | | | | Depreciation/amortisation and impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2017 | Additions | Deductions/ adjustments | As at 31 March 2018 | Up to 01 April 2017 | For the year | Deductions/ adjustments | Up to 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| Furniture and fixtures | 8.05 | - | - | 8.05 | 2.70 | 1.31 | - | 4.01 | 4.04 | 5.35 |
| Office equipment | 6.82 | - | - | 6.82 | 2.01 | 1.19 | - | 3.20 | 3.62 | 4.81 |
| EDP, WP machines and satcom equipment | 10.14 | - | 0.82 | 9.32 | 8.06 | 0.58 | 0.77 | 7.87 | 1.45 | 2.08 |
| Communication equipments | 0.96 | - | - | 0.96 | 0.14 | 0.07 | - | 0.21 | 0.75 | 0.82 |
| **Total** | 25.97 | - | 0.82 | 25.15 | 12.91 | 3.15 | 0.77 | 15.29 | 9.86 | 13.06 |

## Non-current assets - Intangible assets

As at 31 March 2019

₹ Lakh

| Particulars | Gross block | | | | Amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2018 | Additions | Deductions/ adjustments | As at 31 March 2019 | Up to 01 April 2018 | For the year | Deductions/ adjustments | Up to 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Software | 7.69 | - | - | **7.69** | 7.69 | - | - | **7.69** | **-** | - |
| **Total** | 7.69 | - | - | **7.69** | 7.69 | - | - | **7.69** | **-** | - |

As at 31 March 2018

₹ Lakh

| Particulars | Gross block | | | | Amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2017 | Additions | Deductions/ adjustments | As at 31 March 2018 | Up to 01 April 2017 | For the year | Deductions/ adjustments | Up to 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| Software | 7.69 | - | - | **7.69** | 6.37 | 1.32 | - | **7.69** | - | 1.32 |
| **Total** | 7.69 | - | - | **7.69** | 6.37 | 1.32 | - | **7.69** | - | 1.32 |

### 3. Non-current assets - Capital work-in-progress

**As at 31 March 2019** ₹ Lakh

| Particulars | As at 1 April, 2018 | Additions | Deductions/ Adjustments | Capitalised | As at 31 March 2019 |
|---|---|---|---|---|---|
| EDP/WP machines & satcom equipment | 27.13 | 1.48 | - | 25.20 | 3.41 |
| Less : Provision for unserviceable CWIP | 3.41 | - | - | - | 3.41 |
| | 23.72 | 1.48 | - | 25.20 | - |
| **Expenditure pending allocation** | | | | | |
| Survey, investigation, consultancy and supervision charges | - | 4.37 | - | - | 4.37 |
| **Total** | **23.72** | **5.85** | **-** | **25.20** | **4.37** |

**As at 31 March 2018** ₹ Lakh

| Particulars | As at 1 April, 2017 | Additions | Deductions/ Adjustments | Capitalised | As at 31 March 2018 |
|---|---|---|---|---|---|
| EDP/WP machines & satcom equipment | 3.41 | 23.72 | - | - | 27.13 |
| Less : Provision for unserviceable CWIP | 3.41 | - | - | - | 3.41 |
| **Total** | - | 23.72 | - | - | 23.72 |

During the year 2017-18, company has made addition in CWIP amounting to ₹ 23.72 lakh for purchase of personal Computers for its employees.

### 4. Non-current assets - Deferred tax assets (net)

**As at 31 March 2019** ₹ Lakh

| Particulars | As at 1 April, 2018 | Additions/ (Adjustments) during the year | As at 31 March 2019 |
|---|---|---|---|
| Deferred tax asset | | | |
| - Provisions & other disallowances for tax purposes | **46.94** | (5.96) | **40.98** |
| Total deferred tax asset (A) | **46.94** | (5.96) | **40.98** |
| Deferred tax liability | | | |
| - Difference in book depreciation and tax depreciation | **(1.66)** | 0.68 | **(0.98)** |
| Total deferred tax liability (B) | **(1.66)** | 0.68 | **(0.98)** |
| **Net deferred tax Asset/ (liability) (A-B)** | **48.60** | (6.64) | **41.96** |

**As at 31 March 2018** ₹ Lakh

| Particulars | As at 1 April, 2017 | Additions/ (Adjustments) during the year | As at 31 March 2018 |
|---|---|---|---|
| Deferred tax asset | | | |
| - Provisions & other disallowances for tax purposes | 3.80 | 43.14 | **46.94** |
| Total deferred tax asset (A) | 3.80 | 43.14 | **46.94** |
| Deferred tax liability | | | |
| - Difference in book depreciation and tax depreciation | (1.22) | (0.44) | **(1.66)** |
| Total deferred tax liability (B) | (1.22) | (0.44) | **(1.66)** |
| **Net deferred tax Asset/ (liability) (A-B)** | 5.02 | 43.58 | **48.60** |

- The net changes in deferred tax has been credited to Profit & Loss account.
- Deferred tax assets and deferred tax liability has been offset as they relate to the same governing law.
- Disclosures as per Ind AS 12 'Income Taxes' are provided in Note 28.

**5. Other non current assets** (Considered good, unless otherwise stated)

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deposits | | |
| Deposit with Sales tax Authority | **0.30** | 0.30 |
| Advances | | |
| Advance tax & tax deducted at source | **20,331.23** | 20,250.78 |
| Less: Provision for tax | **16,809.10** | 16,811.49 |
| | **3,522.13** | 3,439.29 |
| Total | **3,522.43** | 3,439.59 |

**6. Current Financial Assets - Trade receivables**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Unsecured, considered good | **106,334.23** | 79,614.54 |
| Considered doubtful | **113.88** | 132.23 |
| | **106,448.11** | 79,746.77 |
| Less: Allowance for bad & doubtful receivables | **113.88** | 132.23 |
| Total | **106,334.23** | 79,614.54 |

(i) Unbilled revenues of ₹**47,435.34** Lakh (31 March 2018; ₹59,632.31 Lakh) are separately stated in Note 9.

(ii) The margin and other tariff have been billed to Discoms including Rajasthan as per the guidelines of MNRE for JNNSM-I uniformely by Company. However, three Rajasthan Discoms viz AVVNL, JVVNL and JdVVNL have not paid following amounts from the bills issued by Company:

(a) There is an outstanding dues of ₹**8,524.47** lakh (31 March 2018: ₹7,331.40 lakh) towards payment of trading margin @1.5 paise/unit instead of @7 paise/unit.

(b) There are outstanding dues of ₹**3,134.00 lakh** (31 March 2018: ₹3,134.00 lakh) towards unbundled solar power supplied after commissioning of solar projects; ₹**6,103.00 lakh** (31 March 2018: ₹**6,103 lakh**) towards delay in inter-state scheduling (LTA) of power generated in Rajasthan by Solar Power Developers (SPDs) and ₹**7,099.11 lakh** (31 March 2018: ₹7,099.11 lakh) towards deduction of compensation amount due to low CUF of solar projects in Rajasthan.

The above cases are pending before Central Electricity Regulatory Commission (CERC).

Management is of the opinion that there is a high probability of settlement of these disputes by the CERC in favour of the company. Further, legal opinion as to the probable outcome of Company's position in CERC has also been sought from an independent senior advocate and it is his considered opinion that probability of favourable outcome forCompany is very high. Hence, Company has not considered making provision for these outstanding dues in Books of Accounts.

**7. Current Financial Assets - Cash and cash equivalents**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balances with banks | | |
| Current accounts | **180.60** | 17,599.01 |
| | **180.60** | 17,599.01 |

## 8. Current financial assets - Bank balances other than cash and cash equivalents

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deposits with original maturity of more than three months and maturing within one year (incl. accrued interest) | **14,320.28** | 5,583.02 |
| Earmarked balances with banks # | **12,245.53** | 2,101.07 |
| **Total** | **26,565.81** | 7,684.09 |
| **# Earmarked balances with banks towards:** | | |
| Deposit with Sales Tax Authorities | **0.35** | 0.31 |
| Enforcement Directorate of Solar Plant* | **155.28** | - |
| Bank guarantee Fund of MNRE | **22.10** | 500.00 |
| Deposit as per the directive from the Hon'ble High Court of Delhi (Refer Note No 14 & 16) | **1,696.36** | 1,600.76 |
| Payment Security Scheme of MNRE** | **10,371.44** | - |
| | **12,245.53** | **2,101.07** |

* payable to Firestone Trading Private Limited, which has been attached by Enforcement Directorate as per communication received on 24/02/2018.

** Funds received from MNRE under payment security scheme (31st March, 2018 : ₹ 26,056.76 Lakh). For corresponding liability refer Note 14

## 9. Current Assets - Other financial assets

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Advances** | | |
| Others | | |
| Unsecured | **11.89** | 39.84 |
| **Deposits** * | | |
| Others | | |
| Unsecured | **376.87** | 61.87 |
| | **388.76** | 101.71 |
| Unbilled revenue # | **47,435.34** | 59,632.31 |
| **Total** | **47,824.10** | 59,734.02 |

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

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

## 10. Current Assets - Other current assets

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Advances** | | |
| Others | | |
| Unsecured | **426.36** | 423.75 |
| | **426.36** | 423.75 |
| **Others*** | **15.45** | 12.54 |
| **Total** | **441.81** | 436.29 |

* Others include Input GST credit and prepaid membership fees.

**11. Share capital**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Equity share capital** | | |
| **Authorised** | | |
| 22,00,00,000 shares of par value of ₹10/- each | | |
| (Previous year 2,00,00,000 shares of par value of ₹10/- each) | **22,000.00** | 2,000.00 |
| **Issued, subscribed and fully paid up** | | |
| 2,00,00,000 shares of par value of ₹10/- each | | |
| (Previous year 2,00,00,000 shares of par value of ₹10/- each) | **2,000.00** | 2,000.00 |

a) During the period, the company has not issued/bought back any equity shares.

b) The company has only one class of equity shares having par value of ₹10/- each.

c) The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meetings of its shareholders subject to approval of the shareholders.

d) Dividends:

₹ Lakh

| | Paid for the year ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Dividend paid and recognised during the year** | | |
| Final dividend for the year ended 31 March 2018 of ₹ nil (31 March 2017 : ₹ 10) per fully paid share | **Nil** | 3,000 |
| Interim dividend for the year ended 31 March 2019 of ₹ 10 (31 March 2018 : ₹ 10*) per fully paid share | **2,000** | 2,000 |
| * Interim dividend for year ended 31 March 2018 was paid during year ended 31 March 2019 | | |

e) Details of shareholders holding more than 5% shares in the company:

| Particulars | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | %age holdings | No. of shares | %age holdings |
| NTPC Limited and its nominees | **2,00,00,000** | **100** | 2,00,00,000 | 100 |

**12. Other equity**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Corporate social responsibility (CSR) reserve** | | |
| As per last financial statements | **17.64** | 11.14 |
| Add : Transfer from surplus | **204.31** | 17.64 |
| Less: Transfer to surplus | **17.64** | 11.14 |
| | **204.31** | 17.64 |
| **General reserve** | | |
| As per last financial statements | **29,099.38** | 28,979.38 |
| Add : Transfer from surplus | **3,950.00** | 120.00 |
| Less: Adjustments during the year | **-** | - |
| | **33,049.38** | 29,099.38 |
| **Retained earnings** | | |
| As per last financial statements | **13.27** | 31.24 |
| Add: Profit for the year as per Statement of Profit and Loss | **6,556.22** | 6,126.41 |

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Transfer from CSR reserve | **17.64** | 11.14 |
| Less: Transfer to bonds/debentures redemption reserve | **204.31** | 17.64 |
| Transfer to general reserve | **3,950.00** | 120.00 |
| Final dividend | - | 3,000.00 |
| Tax on Final dividend | - | 610.73 |
| Interim dividend | **2,000.00** | 2,000.00 |
| Tax on interim dividend | **411.11** | 407.15 |
| | **21.71** | 13.27 |
| **Total** | **33,275.40** | 29,130.29 |

a) In terms of Section 135 of the Companies Act, 2013 read with guidelines on Corporate Social Responsibility issued by Department of Public Enterprise (DPE) GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The company has spent an amount of ₹ **8.93 Lakh** during the year and unspent balance amounting to ₹ **204.31 Lakh** has been appropriated to CSR reserve from surplus (refer note no. 37).

### 13. Current financial liabilities - Trade payables

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Micro & Small Enterprises | **2.05** | 23.77 |
| Creditors other than Micro & Small Enterprises* | **88,318.59** | 106,436.73 |
| | **88,320.64** | 106,460.50 |

*Including amount payable to Firestone Trading Private Limited ₹ **222.06 Lakhs,** which has been attached by Enforcement Directorate as per communication received on 24 Feb 2018

(a) Disclosure with respect to Micro, Small and Medium Enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006 is made in Note 36.

(b) Amount payable to related party is disclosed in Note 30

### 14. Current liabilities - Other financial liabilities

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Payable for capital expenditure | **3.58** | 27.13 |
| Other payables | | |
| Deposits from contractors and others | **55.76** | 56.61 |
| Payable to holding company | **763.68** | 263.05 |
| Payable to employees | **325.24** | 273.50 |
| Retention on A/c BG encashment (Solar) | **28,673.51** | 23,354.74 |
| Payable to Solar Payment Security Account | **27,667.03** | - |
| Retention on A/c BG encashment | **242.85** | 1,045.66 |
| Interim Dividend | - | 2,000.00 |
| Tax on Interim Dividend | - | 407.15 |
| **Total** | **57,731.65** | 27,427.84 |

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

**For the year ended 31 March 2019**

₹ Lakh

| Particulars | As at 31 March 2018 | For the year 2018-19 | As at 31 March 2019 |
|---|---|---|---|
| Amount received as liquidated damages on late commissioning of solar power plants | 24,991.14 | 4,700.00 | **29,691.14** |
| Add: Interest accrued on above | 1,818.91 | 101.08 | **1,919.99** |
| Less: Legal expenses | 1,374.62 | 184.07 | **1,558.69** |
| Less: Liability on a/c of arbitration cases where award has been pronounced | 2,080.69 | (701.76) | **1,378.93** |
| **Net Balance- Retention on A/c BG encashment (Solar)** | **23,354.74** | **5,318.77** | **28,673.51** |

**For the year ended 31 March 2018**

₹ Lakh

| Particulars | As at 31 March 2017 | For the year 2017-18 | As at 31 March 2018 |
|---|---|---|---|
| Amount received as liquidated damages on late commissioning of solar power plants | 24,491.14 | 500.00 | 24,991.14 |
| Add: Interest accrued on above | 1,818.91 | - | 1,818.91 |
| Less: Legal expenses | 1,115.57 | 259.05 | 1,374.62 |
| Less: Liability on a/c of arbitration cases where award has been pronounced | 1,832.24 | 248.45 | 2,080.69 |
| Net Balance- Retention on A/c BG encashment (Solar) | 23,362.24 | (7.50) | **23,354.74** |

-The above treatment in "Retention on A/c BG encashment (Solar)" is made as per the directions received from the Ministry of New and Renewable Energy (MNRE) vide letter ref. no. 29/5/2010-11/JNNSM(ST) dated 29 Jun 2012 and clarifications thereafter.

-The Company utilised ₹**28,651.41 Lakh** from "Retention on A/c BG encashment (Solar)" for non payment of dues by its customers under JNNSM scheme .

b) Payable to Solar Payment Security Account comprises of:

**For the year ended 31 March 2019**

₹ Lakh

| Particulars | As at 31 March 2018 | For the year 2018-19 | As at 31 March 2019 |
|---|---|---|---|
| Funds received from MNRE | 24,303.00 | - | **24,303.00** |
| Add: Interest accrued on above | 1,764.54 | 1,850.15 | **3,614.69** |
| Add: Surcharge transfer to SPSA | 470.39 | 61.56 | **531.95** |
| Less: Management fees withdrawn | 481.16 | 301.43 | **782.59** |
| Less: Bank Charges | 0.01 | 0.01 | **0.02** |
| **Net Balance-Payable to Solar Payment Security Account** | **26,056.76** | **1,610.27** | **27,667.03** |

SPSA fund was created by MNRE, Government of India vide OM No. 29/5/2010-11/JNNSM(ST) dated 30 June 2011 as Gross Budgetary Support (GBS) by Ministry of New and Renewable Energy (MNRE), Government of India for ensuring timely payment to Solar Power Developers (SPDs) in the event of default by State Utilities/Discoms. This fund is to be recouped after receipt of payment from State Utilities/Discoms against these bills. This fund was incorporated in the Books of Accounts of NVVN with effect from 01 Jan 2019 for better monitoring and control of the fund. The funds not withdrawn are invested in Term deposits and balance amount is kept in Current account (refer Note 8).

As at 31 March 2019, the Company has withdrawn an amount of ₹**17,159.00 lakh** (31 March 2018; ₹ Nil) (other than SPSA Management Fees @ 1% recoverable) on account of default by its customers from Solar Payment Security Account as per the directions received from the Ministry of New and Renewable Energy (MNRE).

c) Other payables - Retention on A/c BG encashment include the amount received on encashment of the Bank Guarantee of ₹950.65 Lakh on 02 Nov 2011 invested in Fixed Deposit as per the directive from the Hon'ble High Court of Delhi. As per award of Hon'ble High Court, Delhi,dt 25 Feb 2018 this amount is to be returned to M/s Coastal Projects Limited with an interest @ 10% from 24 Apr 2012 till the payment of this amount to M/s Coastal Projects Ltd. Accordingly, principal of **₹950.65 lakh** and an interest amount of **₹659.73 Lakh** @ 10% for the period 24 Apr 2012 to 31 Mar 2019 has been transferred to provision for arbitration A/c (Note-16).

d) Considering the directions received from MNRE and opinion of the tax consultant, since Retention on A/c BG encashment (Solar) do not belong to the Company, transfer of proceeds from BG Encashment including interest earned on investments to Retention on A/c BG encashment (Solar) by ovverriding effect, will not attract tax liability.

**15. Current liabilities - Other current liabilities**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advances from customers and others | 349.21 | 491.41 |
| Other payables | | |
| Tax deducted at source and other statutory dues | 402.52 | 443.19 |
| **Total** | 751.73 | 934.60 |

**16. Current liabilities - Provisions**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Arbitration Cases | 2,585.54 | 2,636.49 |
| **Total** | 2,585.54 | 2,636.49 |

Disclosures required by Ind AS 37 'Provisions, Contigent Liabilities and Contingent Assets are made in Note 33.

**17. Current liabilities - Current tax liabilities (net)**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provision for Current Tax ( Net of Advance tax) | 275.02 | - |
| Total | 275.02 | - |

**18. Revenue from operations**

₹ Lakh

| Particulars | | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| Revenue from operations | | | |
| Sale of energy | 449,810.32 | 446,748.49 | 505,143.19 |
| Less: Rebate to beneficiaries | 3,061.83 | | 4,078.37 |
| | | | 501,064.82 |
| Energy sales of agency nature | 1,177.50 | | |
| Less: Rebate to beneficiaries | 268.28 | 909.22 | - |
| Commission | | 466.70 | 461.91 |
| **Total** | | 448,124.41 | 501,526.73 |

a) The Company adopted Ind AS 115 using the cumulative effect method w.e.f. 1 April 2018 and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18. Disclosues required by Ind As 115 “Revenue from contracts with customers” are made in Note 35.

b) Net Revenue from operations includes export sales amounting to ₹**1,51,147.62 lakh** (31 March 2018: ₹1,29,175.89 lakh) to neighbouring countries of Nepal & Bangladesh.

c) Sale of bilateral energy and commission under SWAP arrangements in million units (MUs) are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).

d) Sale of bilateral energy includes compensation received of ₹ **300.46 Lakh** (31 March 2018: ₹ 316.36 Lakh) due to lesser supply/ drawl of power by the supplier/buyers and open access charges on energy trading borne by the company.

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

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

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

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

**19. Other Income**

**₹ Lakh**

| **Particulars** | | **For the year ended 31 March 2019** | For the year ended 31 March 2018 |
|---|---|---|---|
| **Interest from** | | | |
| Deposits with banks | | **436.24** | 541.91 |
| Interest from Solar payment security account | **1,850.15** | - | - |
| Less : Transferred to SPSA fund (Note 14) | **1,850.15** | | |
| Interest on "Retention on A/c BG encashment (Solar)" | **101.08** | - | - |
| Less : Transferred to "Retention on A/c BG encashment (Solar)" (Note 14) | **101.08** | | |
| **Other non-operating income** | | | |
| Surcharge received from customers | | **1,284.02** | 241.16 |
| Management Fee | | **443.79** | 414.83 |
| Miscellaneous income # | | **25.71** | 968.40 |
| Profit on disposal of Property, Plant & Equipment | | **0.28** | 0.04 |
| **Total** | | **2,190.04** | **2,166.34** |

# Miscellaneous income includes sundry balance written back, Incentive on REC trade, creditors w/off, tender receipts etc.

## 20. Purchase of Energy

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Purchase of energy | **444,560.92** | 497,959.02 |
| Less: Rebate from Supplier | **7,589.45** | 7,712.57 |
| **Total** | **436,971.47** | 490,246.45 |

a) Purchase of energy in million units (MUs) are recognized on the basis of monthly Regional Energy Accounts (REA) issued by the concerned Regional Power Committee (RPC).

c) Bilateral energy purchase includes compensation payment of ₹ **305.68 Lakh** (31 March 2018: ₹ 314.52 Lakh) due to lesser supply/drawl of power by the Company.

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

## 21. Employee benefits expense

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Salaries and wages | **1,367.24** | 1,425.48 |
| Contribution to provident and other funds | **318.30** | 253.57 |
| Staff welfare expenses | **81.87** | 77.69 |
| **Total** | **1,767.41** | 1,756.74 |

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

b) An amount of ₹ **234.11 Lakh** (31 March 2018: ₹188.92 Lakh) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹ **84.19 Lakh** (31 March 2018: ₹ 64.65 Lakh) towards leave & other benefits are paid/ payable to the holding Company and are included under Employee benefits.

## 22. Finance costs

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Interest paid** | | |
| Income Tax | **3.88** | 30.83 |
| SPSA account # | **61.56** | - |
| Others | **4.52** | 4.55 |
| **Total** | **69.96** | 35.38 |

# Surcharge received from Discoms against bundled power, proportionately transferred to SPSA Fund

## 23. Depreciation, amortization and impairment expense

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| On property, plant and equipment - Note 2 | | |
| On intangible assets - Note 2 | 9.55 | 3.15 |
| | - | 1.32 |
| | 9.55 | 4.47 |

## 24. Other expenses

₹ Lakh

| Particulars | | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| Power charges | | 15.39 | 25.70 |
| Rent | | 417.45 | 521.78 |
| Repairs & maintenance | | | |
| Buildings | 27.74 | | 13.29 |
| Others | 1.11 | | 8.72 |
| | | 28.85 | 22.01 |
| Insurance | | - | 0.01 |
| Rates and taxes | | 40.00 | 40.00 |
| ROC Fees | | 175.00 | - |
| Training & recruitment expenses | | 1.71 | 0.08 |
| Communication expenses | | 41.45 | 29.17 |
| Travelling expenses | | 78.73 | 69.01 |
| Tender expenses | 29.58 | | 82.30 |
| Less: Receipt from sale of tenders | 2.56 | | 27.85 |
| | | 27.02 | 54.45 |
| Payment to Statutory Auditors - Audit Fees | | 3.07 | 2.59 |
| Other Services | | 0.08 | 0.40 |
| Publicity Expenses | | 13.09 | 11.79 |
| Customer meet expenses | | 55.77 | - |
| Entertainment expenses | | 15.53 | 12.35 |
| Corporate Social Responsibility (CSR) Expenses | | 8.93 | 170.20 |
| Books and periodicals | | 0.16 | 0.21 |
| Professional charges and consultancy fee | | 98.42 | 75.09 |
| Legal expenses | | 1.44 | 6.61 |
| EDP hire and other charges | | 21.74 | 3.19 |
| Printing and stationery | | 1.90 | 0.35 |
| Hiring of vehicles | | 1.07 | 1.09 |
| Bank charges/LC Charges | | 194.13 | 78.34 |
| Loss on sale of Assets held for disposals | | 0.56 | 0.33 |
| Bad debt Written off | | - | 879.74 |
| Miscellaneous expenses | | 67.21 | 39.89 |

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| | **1308.70** | 2044.38 |
| Provision for advance | - | (5.34) |
| Provision for doubtful debts | - | 130.00 |
| **Total** | **1,308.70** | 2,169.04 |

**25. Disclosure as per Ind AS 1 'Presentation of financial statements'**

**A) Changes in significant accounting policies:**

During the year, following changes to the accounting policies have been made:

a) Policy B.1 'Statement of compliance' has been modified by removing the policy pertaining to first time adoption of Ind AS as the same is not applicable in the current year.

b) In addition to above, certain other changes have also been made in the policies nos. A, C, C.1, C.3, C.5, C.6, C.7, C.10, C.11, C.12, C.16 and policy D for improved disclosures.

c) New policies are added at C.2 & C.13 for improved disclosures.

There is no impact on the financial statements due to the above changes, however, the policy numbers have been rearranged in the current year as required.

**B) Reclassifications and comparative figures**

Certain reclassifications have been made to the comparative period's financial statements to:
- enhance comparability with the current year's financial statements.
- ensure compliance with the Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013"

As a result, certain line items have been reclassified in the balance sheet, statement of profit and loss, and statement of cash flows, the details of which are as under:

**Items of balance sheet before and after reclassification as at 31 March 2018**

| S. No. | Particulars | Before reclassification | reclassification | After reclassification |
|---|---|---|---|---|
| 1 | Deposits (Note 5 ) | 3,439.79 | (0.20) | 3,439.59 |
| | Cash and cash equivalents (Note 7) | 18,099.01 | (500.00) | 17,599.01 |
| | Other bank balances (Note-8) | 7,183.89 | 500.20 | 7,684.09 |
| 2 | Other Current assets (Note 10) | 423.75 | 12.54 | 436.29 |
| | Other Current liabilities (Note 15) | 922.06 | 12.54 | 934.60 |

There in no change in the statement of cash flows due to reclassification

**26. Standards / amendments issued but not yet effective:**

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards / amendments:

**1. Ind AS 116 'Leases'**

Ind AS 116 'Leases' will replace the existing Ind AS 17 'Leases', and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Currently, operating lease expenses are charged to the statement of profit and loss. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Further, the new standard contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach)

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

Certain practical expedients are available under both the methods.

The Company will adopt the standard on 1 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ending or ended 31 March 2019 will not be retrospectively adjusted.

**2. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

Appendix C of Ind AS 12, 'Uncertainty over Income Tax Treatments' is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application The Company will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

**3. Amendment to Ind AS 12 'Income taxes'**

The amendments to the guidance in Ind AS 12, 'Income Taxes', clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

**27.** a) The Company has a system of obtaining periodic confirmation of balances from banks and other parties. There are no unconfirmed balances in respect of bank accounts. In addition, reconciliation with beneficiaries and other customers is generally done on a regular interval and therefore separate balance confirmation not required. For trade payables/ advances, balance confirmation letters were sent to the parties. Some of such balances are subject to confirmation/ reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact.

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

28. **Disclosure as per Ind AS 12 'Income taxes'**

**(a) Income tax expense**

**i) Income tax recognised in the statement of profit and loss**

₹ Lakh

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Current tax expense** | | |
| Current year | **3,626.39** | 3,398.00 |
| Adjustment for earlier years | **(1.89)** | 0.16 |
| **Total current tax expense (A)** | **3,624.50** | **3,398.16** |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | **6.64** | (43.58) |
| **Total deferred tax expense (B)** | **6.64** | **(43.58)** |
| **Total income tax expense (C=A+B)** | **3,631.14** | **3,354.58** |

**ii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

₹ Lakh

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Profit before tax** | **10,187.36** | 9,480.99 |
| Tax using the Company's domestic tax rate of 34.944% (31 March 2018 - 34.608%) | **3,559.87** | 3,281.18 |
| Tax effect of: | | |
| Non-deductible tax expenses | **66.52** | **116.66** |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | **6.64** | (43.58) |
| Previous year tax liability | **(1.89)** | 0.32 |
| **Total tax expense recognized in the statement of profit and loss** | **3,631.14** | **3,354.58** |

29. **Disclosure as per Ind AS 17 'Leases'**

The Company's significant leasing arrangement are in respect of operating leases of premises for residential use of the employees amounting to ₹**7.28 Lakh** (31 March 2018: ₹13.32 Lakh) and are included in Note 21-"Employees benefits expense". Similarly, lease payments in respect of premises for office amounting to ₹**417.45 lakh** (31 March 2018: ₹521.78 Lakh) are shown in 'Rent' in Note 24 -"Other expenses". The significant leasing arrangements for such leases are entered into by the Company and its Holding Company i.e. NTPC Limited and these leasing arrangements are usually renewable on mutually agreed terms and conditions but are not non-cancellable.

30. **Disclosure as per Ind AS 24 'Related Party Disclosures'**

a) **List of Related parties:**

i) Holding Company - NTPC Ltd.

ii) Joint Venture company of NTPC Ltd.:

NTPC-Vellur

Aravali Power Company Pvt. Ltd.

Utility Powertech Ltd.

iii) Key Management Personnel (KMP)

| | | |
|---|---|---|
| Shri A.K Jha | - | Director upto 31/07/2017 |
| Shri K.K. Sharma | - | Director upto 31/10/2017 |
| Shri Gurdeep singh | - | Chairman upto 31/10/2017 |

Shri Kulamani Biswal - Chairman upto 30/12/2017
Shri Saptarshi Roy - Chairman upto 30/12/2017
Shri A.K. Gupta - Chairman upto 29/06/2018
Shri P.K. Mohapatra - Chairman w.e.f. 29/06/2018
Shri Pramod Kumar - Director upto 30/11/2018
Shri C.V. Anand - Director w.e.f. 15/03/2018
Ms. A. Satyabhama - Director upto 31/07/2018
Shri A.K. Gautam - Director w.e.f. 03/12/2018
Ms. Nandini Sarkar - Director w.e.f. 03/08/2018
Shri A. K. Garg - CEO upto 14/06/2018
Shri A.K. Juneja - CEO upto 13/08/2018
Shri Rajnish Bhagat - CEO w.e.f. 14/08/2018
Ms. Alka Sehgal - CFO upto 19/07/2017
Mr. Kumar sanjay - CFO w.e.f. 19/07/2017
Shri Nitin Mehra - Company Secretary

iv) Entities under the control of the same government:

The Company is a wholly owned subsidiary of Central Public Sector Undertaking (CPSU) i.e NTPC Limited, controlled by Central Government (refer Note 11). Pursuant to Paragraph 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has availed the exemption available for government related entities and has made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Power System Operations Corporation Limited (POSOCO), Solar Energy Corporation of India Limited, DMICDC Neemrana Solar Power Company Ltd, GAIL (India) Limited, Indian Oil Corporation Limited and Damodar Valley Corporation.

**b) Transactions with the related parties are as follows:**

**1.**

₹ Lakh

| **Particulars** | **Holding Company and Joint Venture Companies of Holding Company** | |
|---|---|---|
| | **For the year ended** | |
| | **31 March 2019** | 31 March 2018 |
| - Contracts for services received from JV of holding company | **102.69** | 66.06 |
| - Rent & other charges to holding company | **456.95** | - |
| - Purchase of goods from holding company | **179,526.56** | 189,249.36 |
| - Purchase of goods from JV of holding companyw | **-** | 4,705.55 |
| - Dividend paid to holding company * | **2,000.00** | 5,000.00 |

* Interim Dividend of ₹ 2,000 lakh for F.Y 2017-18 was paid in F.Y 2018-19

**2.**

₹ Lakh

| **Nature of Transaction** | **Compensation to Key management personnel** | |
|---|---|---|
| | **For the year ended** | |
| | **31 March 2019** | 31 March 2018 |
| - Short term employee benefits | **64.51** | 88.33 |
| - Post employment benefits | **1.94** | 2.44 |
| - Other long term benefits | **14.39** | 17.80 |
| Total Compensation to Key management personnel | **80.84** | 108.57 |

c) **Outstanding balances with related parties are as follows:**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Utility Powertech Ltd. | **13.28** | 19.44 |
| NTPC Ltd.** | **22,594.65** | 22,940.46 |
| Aravali Power Company Pvt. Ltd. | **-** | 821.78 |

** Excluding liability on account of IEX payable to NTPC ₹ **708.91 lakh** (31 March 2018: ₹ 2,676.93 lakh) and expenses incurred by NTPC on behalf of Company and debited to Company on sharing basis.

d) **Transactions with the related parties under the control of the same government:**

₹ Lakh

| Sl. No | Name of the Company | Nature of transaction by the Company | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|---|
| 1 | Power System Operation Corporation Limited | Open Access booking | **29,709.83** | 24,321.50 |
| 2 | Solar Energy Corporation of India Ltd | Sale of solar Energy | **1,302.83** | 1,372.28 |
| 3 | DMICDC Neemrana Solar Power Company Ltd | Sale of solar Energy | **618.06** | 644.79 |
| 4 | GAIL (India) Limited | Sale of solar Energy | **712.47** | 766.87 |
| 5 | Indian Oil Corporation Limited | Sale of solar Energy | **851.14** | 860.92 |
| 6 | Damodar Valley Corporation | Sale of bilateral Energy | **91,706.00** | 24,402.52 |
| | | | **124,900.34** | 52,368.88 |

**Terms and conditions of transactions with the related parties:**

1 Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

2 All Shared services of HR, Finance and Legal are provided by NTPC to Company at free of cost.

3 The Company is assigning job contracts to M/s Utility Powertech Ltd (UPL), a 50:50 joint venture between NTPC Ltd. and Reliance Infrastructure Ltd. These contracts are assigned to UPL based on the Power Station office Maintenance Agreement signed between NTPC Limited (Holding Company) and UPL from time to time. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.

4 NTPC Limited is seconding its personnel to the company as per the terms and conditions agreed between the companies, which are similar to those applicable for secondment of employees to other companies and institutions. The cost incurred by NTPC Limited towards superannuation and employee benefits are recovered from the company.

**31. Disclosure as per Ind AS 33 'Earnings per share'**

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

₹ Lakh

| Particulras | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Net profit/(loss) after Tax used as numerator(₹ Lakh) | **6,556.22** | 6,126.41 |
| Weighted average number of equity shares used as denominator | **20,000,000.00** | 20,000,000.00 |
| Earning per share (Basic & Diluted)-(₹ ) | **32.78** | 30.63 |
| Face Value per share-(₹ ) | **10.00** | 10.00 |

**32. Disclosure as per Ind AS 36 'Impairment of Assets'**

There are no external/internal indicators which leads to any impairment of assets of the company as required by Ind AS 36 'Impairment of Assets'.

**33. Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'**

**Movements in provisions:** **₹ Lakh**

| Particulars | Provision for arbitration cases | | Provision for doubtful debts | | Provision for doubtful advances | | Provision for unserviceable CWIP | |
|---|---|---|---|---|---|---|---|---|
| | For the year ended | | For the year ended | | For the year ended | | For the year ended | |
| | **31 March 2019** | 31 March 2018 | **31 March 2019** | 31 March 2018 | **31 March 2019** | 31 March 2018 | **31 March 2019** | 31 March 2018 |
| Carrying amount at the beginning of the year | **2,636.49** | 1,832.24 | **132.23** | 2.23 | - | 5.34 | **3.41** | 3.41 |
| Additions during the year | **1,406.53** | 804.25 | - | 130.00 | - | - | - | - |
| Amounts used during the year | **198.73** | - | - | - | - | - | - | - |
| Reversal / adjustments during the year | **1,258.75** | - | **18.35** | - | - | 5.34 | - | - |
| Carrying amount at the end of the year | **2,585.54** | 2,636.49 | **113.88** | 132.23 | - | - | **3.41** | 3.41 |

**Contingent liabilities and contingent assets**

a) Various solar power developers challenged the encashment/ forfeiture of EMD/Bid bond under provisions of PPA before arbitrator/High Courts. The contingent liability of ₹ **5,220.58 Lakh** and interest claim of ₹ **3,765.35 Lakh** thereon (31 March 2018: contingent liability ₹ 4,699.09 Lakh and interest claim of ₹ 2,662.32 Lakh) has been estimated. Any possible liability crystalised on the above will be recovered from " Retention on A/c BG encashment (Solar)"( Note 14).

b) One party has challenged the invocation of BG of ₹ **100.00 Lakh** on the ground of non conclusion of contract with the company for Ash Business. Interest on above has been estimated at ₹ **135.57 Lakh** (31 March 2018: ₹ 117.57 Lakh) although company has already transferred the busienss of Fly Ash to NTPC Ltd from 1 Jan 2015 onwards.

c) 232.9623 Million units (31 March 2018: 437.2195 Million units) supplied by the sellers under SWAP arrangements are yet to be returned - Amount unascertainable.

d) Contingent Liability on Account of Income Tax Cases amounting to ₹ **2,411.45 lakh** (Excluding demand deposit of ₹ 602.86 lakh) {(31 March 2018: ₹ 2,202.06 lakh ( Excluding demand deposit of Rs. 550.51 Lakh)}.

e) Pending uncertainity of collection, late payment surcharge amounting to ₹ **28,042.73 lakh** has not been recognised including ₹13,984.89 lakh pending before Central Electricity Regulatory Commission (CERC).

**34. Disclosure as per Ind AS 108 'Operating Segments'**

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108

As on date the Company has no reportable segments as per the Chief operating decision maker (CODM) of the company.

Revenue of approximately ₹ **2,41,683.66 Lakh** (31 March 2018: ₹ 2,02,848.91 Lakh) are derived from external customers each contributing more than 10 per cent of total revenue of the Company.

**Geographical area wise information on revenue is given below**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| India (a) | **296,976.79** | 372,350.84 |
| Other Countries | | |
| Nepal | **45,844.83** | 29,592.20 |
| Bangladesh | **105,302.79** | 99,583.69 |
| Total Other Countries (b) | **151,147.62** | 129,175.89 |
| **Total (a+b)** | **448,124.41** | **501,526.73** |

## 35. Revenue from contracts with customers

### I. Nature of goods and services

The revenue of the Company comprises of income from energy sales, energy sales of agency nature and commission for trading on energy exchange. The Government of India has designated the Company as the Nodal Agency for Phase I of Jawaharlal Nehru National Solar Mission (JNNSM), which envisages setting up of 1000 MW solar capacity with a mandate for purchase of power from the solar power developers at tariff derived through reverse bidding on benchmark tariff fixed by CERC and for sale of such power, bundled with the power sourced from NTPC coal power stations in the ratio of 1:1, to State/Distribution Utilities. In case of National Solar Mission, trading margin on sale of energy is as per the directive/guideline of Government of India.

The Company has also been designated as the nodal agency for cross border trading of power with Bangladesh, Bhutan and Nepal. Further, the Company carries out energy trading operations on energy exchanges.

The following is a description of the principal activities:

**a) Sale of energy**

The Company is primarily engaged in the business of power trading where the Company purchases power from solar power developers, thermal power generators and other power generators and sells it to power distribution companies and other customers.

The Company recognises revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company. The tariff for computing revenue from sale of energy is determined as per the terms of the respective agreement. The amounts are billed on contractually agreed frequency which is generally monthly or at the end of supply in case supply is for a part of the month and are given credit period on sale of power up to 60 days.

**b) Energy sales of agency nature**

For some of its revenue arrangements, the Company has determined that it is acting as an agent and has recognized revenue on such contracts net of power purchase cost based on the following factors:

a. Another party is primarily responsible for fulfilling the contract as the Company does not have the ability to direct the use of energy supplied or obtain benefits from supply of power.

b. The Company does not have inventory risk before or after the power has been delivered to customers as the power is directly supplied to customer.

c. The Company has no discretion in establishing the price for supply of power. The Company's consideration in these contracts is only based on the difference between sales price charged to procurer and purchase price given to supplier.

In the arrangements, the Company is acting as an agent, the revenue is recognised over time on net basis when the units of electricity are delivered to power procurers as the procurers simultaneously receive and consume the benefits from the Company's such agency services. The amount of revenue recognised is adjusted for variable consideration, wherever applicable, which are estimated based on the historical data available with the Company. The amounts are billed as per the terms of the contracts.

**c) Commission for trading on energy exchange**

The Company carries out energy trading operations on commission basis. The Company is a "Trader Member" of India Energy Exchange Ltd. (IEX) & Power Exchange India Ltd (PXIL) and undertakes trading of Power and REC on Power Exchange Platform of IEX and PXIL.

The Company recognises revenue from contracts for commission for trading on energy exchange over time as the customers simultaneously receive and consume the benefits provided by the Company's performance as it performs. The commission for trading of energy is determined as per the terms of the respective agreement. The amount of revenue recognised is adjusted for variable consideration, wherever applicable, which are estimated based on the historical data available with the Company. The amounts are billed as per the terms of the contracts.

## II. Disaggregation of revenue

In the following table, revenue is disaggregated by nature of service, primary geographical market and timing of revenue recognition:

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018* |
|---|---|---|
| **Nature of revenue** | | |
| Sale of energy | **446,748.49** | 501,064.82 |
| Energy sales of agency nature | **909.22** | - |
| Commission for trading on energy exchange | **466.70** | 461.91 |
| **Total** | **448,124.41** | 501,526.73 |
| **Primary geographical markets** | | |
| India | **296,976.79** | 372,350.84 |
| Bangladesh | **105,302.79** | 99,583.69 |
| Nepal | **45,844.83** | 29,592.20 |
| **Total** | **448,124.41** | 501,526.73 |
| **Timing of revenue recognition** | | |
| Over time | **448,124.41** | 501,526.73 |
| At a point in time | - | - |
| **Total** | **448,124.41** | 501,526.73 |

* The Company has initially applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

## III. Reconciliation of revenue recognised with contract price

₹ Lakh

| Particulars | | For the year ended 31 March 2019 |
|---|---|---|
| Contract Price | | **451,454.52** |
| Adjustments For : | | |
| Rebates | | **3,330.11** |
| **Revenue from operations** | | **448,124.41** |

## IV. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

₹ Lakh

| Particulars | As at 31 March 2019 | As at 1 April 2018** |
|---|---|---|
| Trade receivables | **103,592.77** | 76,834.94 |
| Unbilled revenue | **47,435.34** | 59,632.31 |
| Advances from customers | **349.21** | 491.41 |

** The Company recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance as at 1 April 2018.

The Company recognised revenue of ₹ **491.41 Lakhs** arising from opening advances from customers as at 1 April 2018.

The amount of revenue recognised in 2018-19 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to change in transaction prices is (-) ₹ **386.86 Lakhs.**

During the year ended 31 March 2019, **Rs. 59,632.31 Lakh** of unbilled revenue as at 1 April 2018 has been reclassified to trade receivables upon billing to customers as per payment terms defined in respective agreements. There is no other significant change in the contract balance during the year ended 31 March 2019.

**V. Transaction price allocated to the remaining performance obligations**

Revenue is recognized once the electricity has been delivered to the beneficiary and is measured on the basis of energy accounts. Power procurers are billed on a periodic and regular basis. Therefore, transaction price to be allocated to remaining performance obligations cannot be determined reliably for the entire duration of the contract.

**VI. Practical expedients used**

a. The company has not disclosed information about remaining performance obligations that have original expected duration of one year or less.

b. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company has not adjusted any of the transaction prices for the time value of money."

**VII. Incremental costs of obtaining contracts**

The Company has not incurred any incremental costs of obtaining contracts with a customer and therefore, not recognised an asset for such capitalised costs.

**VIII. Significant judgments**

**Significant judgment in determining the timing of satisfaction of performance obligation**

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and transfer of significant risks and rewards to the customer etc.

**Critical judgment in determining the transaction price**

Judgement is also required to determine the transaction price for the contract. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The amount of revenue recognised for energy sales is adjusted for expected rebates for early payments and/or late payment surcharges, which are estimated based on the historical data available with the Company.

**IX. Summary of main impact due to adoption of Ind AS 115**

The Company adopted Ind AS 115 using the cumulative effect method and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18. There was no impact on adotion of Ind AS 115 on the transition date, i.e. 1 April 2018. Due to the adoption of Ind AS 115, the Company evaluated whether it controls the good or service before it is transferred to the customer. The Company is principal if it controls the good or service before it is transferred to the customer. In other arrangements, the Company is acting as an agent and shall recognise revenue net of power purchase cost. Accordingly, adoption of Ind AS 115 resulted in decline in both revenue from operations and cost of sales by ₹ **1,04,638.75 Lakh** for the year ending 31 March 2019.

**36. Information in respect of micro and small enterprises as at 31 March 2019 as required by Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

₹ Lakh

| Particulars | | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| a) | Amount remaining unpaid to any supplier: | | |
| | Principal amount | **2.05** | 23.77 |
| | Interest due thereon | - | - |
| b) | Amount of interest paid in terms of Section 16 of the MSMED Act 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 MSMED Act. | - | - |
| d) | Amount of interest accrued and remaining unpaid | - | - |
| 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 MSMED Act | - | - |

**37. Corporate Social Responsibility (CSR) Expenses**

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

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| A. Amount required to be spent during the year | **195.60** | 176.70 |
| B. Shortfall amount of previous year | **17.64** | 11.14 |
| C. Total (A+B) | **213.24** | 187.84 |
| D. Amount spent during the year on-(in collaboration with NTPC) | | |
| - Construction/ acquisition of any asset | **8.93** | 1.60 |
| - On purposes other than (i) above | - | 168.60 |
| Total | **8.93** | 170.20 |
| **Shortfall amount appropriated to CSR reserve** | **204.31** | 17.64 |

**1) Amount spent during the year ended 31 March 2019**

₹ Lakh

| Particulars | In Cash | Yet to be paid in cash | Total |
|---|---|---|---|
| - Construction/ acquisition of any asset | **8.93** | - | **8.93** |
| - On purposes other than (i) above | - | - | - |

**2) Amount spent during the year ended 31 March 2018**

₹ Lakh

| Particulars | In Cash | Yet to be paid in cash | Total |
|---|---|---|---|
| - Construction/ acquisition of any asset | 1.60 | - | 1.60 |
| - On purposes other than (i) above | 168.60 | - | 168.60 |

3). Break-up of the CSR expenses under major heads is as under:

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| 1. Swachh Vidyalaya Abhiyan | - | 1.60 |
| 2. Environment | **8.93** | - |
| 3. Others (Support for flood affected people in Bihar) | - | 168.60 |
| **Total** | **8.93** | 170.20 |

**38. Financial Risk Management**

The Company's principal financial liabilities comprise trade payables and other payables. The Company's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, cash & cash equivalents and deposits with banks.

**Trade receivables**

Trade receivables of the company can be divided into two parts- solar debtors & non-solar debtors. The company primarily sells electricity to bulk customers comprising mainly state power utilities owned by State Governments in India, Bangladesh & Nepal. A default occurs when, in the view of management, there is no significant possibility of recovery of receivables after considering all available options for recovery.

The Company has not experienced any significant impairment losses in respect of trade receivables in the past years. Since the Company has its customers spread over various states of India and abroad, geographically there is no concentration of credit risk.

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ **180.60 lakh** (31 March 2018: ₹ 17599.01 lakh). The cash and cash equivalents are held with banks with high rating.

**Deposits with banks and financial institutions**

The Company held deposits with banks of ₹ **26,565.81** Lakh (31 March 2018: ₹ 7684.09 Lakh). In order to manage the risk, company accepts only high rated banks.

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Cash and cash equivalents | **180.60** | 17,599.01 |
| Bank balances other than cash and cash equivalents | **26,565.81** | 7,684.09 |
| Other current financial assets | **47,824.10** | 59,734.02 |
| **Total** | **74,570.51** | 85,017.12 |
| **Financial assets for which loss allowance is measured using life-time Expected Credit Losses (ECL)** | | |
| Trade receivables | **106,334.23** | 79,614.54 |
| **Total** | **106,334.23** | 79,614.54 |

(ii) **Provision for expected credit losses**

(a) **Financial assets for which loss allowance is measured using 12 month expected credit losses**

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognized.

(b) **Financial assets for which loss allowance is measured using life-time expected credit losses**

The Company has customers (State government power utilities & utilities of goverment of Nepal & balngladesh) with capacity to meet the obligations and therefore the risk of default is negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and analysis. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.

(ii) **Ageing analysis of trade receivables**

The ageing analysis of the trade receivables is as below:

**₹ Lakh**

| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at 31 March 2019** | **12,416.18** | **32,745.44** | **89.21** | **11,009.65** | **5,287.34** | **44,786.41** | **106,334.23** |
| Gross carrying amount as at 31 March 2018 | 46.05 | 36,762.27 | 12,969.02 | 134.50 | 982.89 | 28,719.81 | **79,614.54** |

**Currency Risk**

The company has no exposure to foreign currency risk as the same is covered on back to back basis.

**Capital Mangement**

Total issued and paid up Share capital of the company as on 31 March 2019 is **Rs. 2,000 Lakh.** Company doesn't have any debt as on 31 March 2019. Company manages its capital structure through dividend payment and issue of fresh share capital.

**39 Fair Value Measurements**

The Financial Assets & Liabilities viz, Trade receivables, Cash & Bank Balances, Trade payables and other Financial Liabilities are measured at amortised cost. The carrying amount of Trade receivables, Cash & Bank Balances, Trade payables and other Financial assets and liabilities are considered to be the same as their fair values, due to their short term nature.

For and on behalf of the Board of Directors

| (Nitin Mehra) | (Kumar Sanjay) | (Rajnish Bhagat) | (A. K. Gautam) | (P. K. Mohapatra) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |
| | | | (DIN 8293632) | (DIN 07800722) |

These are the notes referred to in Balance Sheet and Statement of Profit and Loss

For S. P. Marwaha & Co
Chartered Accountants
FRN: 000229N

Ashutosh Saxena
Partner
M.No.086358

Place: New Delhi
Dated: 10/05/2019

# Independent Auditor's Report

**To the Members of**
**NTPC Vidyut Vyapar Nigam Limited**

**Report On the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of NTPC Vidyut Vyapar Nigam Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (Including other comprehensive income), the Statement of changes in equity and the cash flow statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S.NO. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1. | Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)<br><br>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.<br><br>Refer Notes 1-C(6) and 35 to the Financial Statements | <u>Principal Audit Procedures</u> We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.<br>An independent consultant was assigned the task and terms of reference included to Identify the Contract(s) with a customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to performance obligations identified in the Contract and Recognise revenue when (or as)the entity satisfies a performance obligation.<br>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follow:<br>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.<br>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.<br>• Selected a sample of continuing and new contracts and performed the following procedures:<br>• Read, analysed and identified the distinct performance obligations in these contracts.<br>• Compared these performance obligations with that identified and recorded by the company.<br>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.<br>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.<br>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings. |

| | | |
|---|---|---|
| 2. | Recoverability of amount included in trade receivables under litigation from three Rajasthan Discoms viz AVVNL, JVVNL and Jd VVNL.<br><br>Refer Note- 6(ii)(a) & (b) | <u>Principal Audit Procedures</u><br><br>We have involved our internal experts to review the nature of the amounts recoverable, the nature of disputes, the sustainability and likelihood of recoverability upon final resolution.<br><br>We also considered the opinion of independent Senior Advocate and also that of legal Council of NTPC-NVVN Ltd. |
| 3. | Reflection of unutilized amount in Solar Payment Security Account (SPSA) under Payment Security Scheme (PSS) fund created by MNRE, GOI as budgetary Support to ensure timely payment to SPDs in case of default by State utilities/ Discoms.<br><br>Refer Note- 8 & 14(b) | Principal Audit Procedures<br><br>We obtained information regarding nature of this account and complete scheme of the Ministry.<br><br>We reviewed the design, effective control and monitoring of movement of funds and internal control aspects. |

**Management's Responsibility for the Ind AS Financial Statements.**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made thereunder and the order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the standards on Auditing, issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its Profit, including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to Note No. 6(ii) to the financial statements regarding deductions made/amounts withheld by some customers aggregating to Rs. 24860.58 Lakh (Previous year Rs. 23667.51 Lakh) on various accounts which are being carried as Trade Receivables. The matters are under litigation and ultimate outcome of the above matters cannot presently be determined although the company is of the view that such amounts are recoverable and hence no provision is required thereagainst. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B" on the directions and sub-directions issued by the Comptroller and Auditor General of India.

3. As required by Section 143(3) of the Act, we report that:

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

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

    c) The Balance Sheet, the Statements of Profit and loss including other comprehensive income, the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;

    e) Being a Government company, pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of subsection (2) of section 164 of the Companies Act 2013, are not applicable to the company.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure C" to this report;

    g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- Refer note 6(ii) & 33 to the Ind AS financial statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For S.P. Marwaha & Co.

Chartered Accountants

FRN: 000229N

Ashutosh Saxena

Partner

M. No.- 086358

Place: New Delhi

Date: 10/5/2019

# Annexure - A to the Independent Auditor's Report

The annexure as referred in Paragraph (1) under 'Report on Legal and Regulatory Requirements' of our Independent Auditors' Report to the members of NTPC Vidyut Vyapar Nigam Limited on the financial statements for the year ended 31 March 2019, we report that:

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The company is having a regular programme of physical verification of all fixed assets over a period of three years, 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) There is no immovable property in the name of the company, therefore clause 3(i)(c) of "the order" is not applicable to the company.

ii. There is no inventory in the company during the year under audit. Thus, paragraph 3(ii) of "the order" is not applicable to the company.

iii. The company has not granted any loans secured or unsecured to any company, firm or other party listed in the register maintained under section 189 of the Companies Act, 2013.

Accordingly clause 3(iii) (a), clause 3(iii) (b) and clause 3(iii) (c) are not applicable to the company.

iv. The company has not made any loan, investments, guarantees and security under provisions of section 185 and 186 of the Companies Act, 2013.

Accordingly clause 3(iv) of "the order" is not applicable to the company.

v. The company has not accepted any deposits during the year from the public, therefore provisions of sections 73 to 76 of Companies Act, 2013 is not applicable to the company. According provisions of clause 3(v) of "the order" is not applicable to the company.

vi. The Central Government has not prescribed the maintenance of cost accounts and records under section 148 of the Companies Act, 2013. Accordingly clause 3(vi) of "the order" is not applicable to the company.

vii. a) The employees of the company are on secondment basis from its holding company i.e. NTPC Ltd. As explained to us, the Holding Company is regular in depositing undisputed statutory dues including provident fund, employees estate insurance etc.

According to the information and explanation given to us and according to the records of the company, VAT, service tax and Goods & Service Tax are being deposited by the Company on regular basis with the appropriate authority during the year. According to the information and explanation given to us, apart from outstanding interest on advance tax, there are no undisputed statutory dues in arrear as at 31 March 2019 for a period of more than six months from the date they become payable.

Duty of customs, duty of excise, value added tax, cess and other related statues are not applicable to the company.

b) According to the information and explanations given to us, there are no dues of VAT, income tax, Goods and service tax and service tax which have not been deposited on account of any dispute except as given below. Duty of customs, duty of excise, Sales tax, cess and other related statues are not applicable to the company.

| Name of the statute | Nature of dues | Period to which amount relates | Amount involved (₹) | Pending Amount (₹) | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act 1961 | Income Tax | F/Y 2012-13 | 2,02,99,002/- | 1,62,39,202/- | CIT (Appeals) |
| | | F/Y 2014-15 | 25,49,58,674/- | 20,39,66,934 | CIT (Appeals) |
| | | F/Y 2015-16 | 2,61,73,703/- | 2,09,38,953/- | CIT (Appeals) |

viii. The company does not have any loans or borrowing from any financial institutions, banks, government or debenture holders during the year. Accordingly clause 3(viii) of "the order" is not applicable to the company.

ix. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly clause 3(ix) of "the order" is not applicable to the company.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit. Accordingly clause 3(x) of "the order" is not applicable to the company.

xi. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 is not applicable to the Government companies. . Accordingly provisions of clause 3(xi) of "the order" are not applicable to the company.

xii. In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly clause 3(xii) of "the order" is not applicable.

xiii. The company has complied with the provisions of section 177 and 188 of the Act w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly provisions of clause 3(xiv) of "the order" is not applicable to the company.

xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of "the order" is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable to the company.

For S.P. Marwaha & Co.

Chartered Accountants

FRN: 000229N

Ashutosh Saxena

Partner

M. No.- 086358

Place: New Delhi

Date: 10/5/2019

# Annexure- B to The Independent Auditor's Report

Annexure referred to in paragraph '2' under 'Report on other Legal and Regulatory Requirements' of our report of even date to the members of NTPC Vidyut Vyapar Nigam Limited on accounts for the year ended 31 March 2019.

| S No. | Direction/ Sub-direction u/s 143(5) of the Companies Act, 2013 | Auditor's reply on Actions Taken on the directions | Impact on financial Statement |
|---|---|---|---|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | As per the information and explanations given to us, the company has a system in place to process all the accounting transactions through IT system. SAP-ERP has been implemented.<br>Based on the Audit Procedure carried out and as per the information and explanations given to us, no accounting transactions have been processed/ carried outside the IT system. Accordingly there are no implications on the integrity of the accounts. | Not Applicable |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | Based on the Audit Procedures carried out and as per the information and explanations given to us, there was no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan. | Not Applicable |
| 3 | Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | Based on the Audit Procedures carried out and as per the information and explanations given to us, the funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions.<br>Solar Payment Security Account (SPSA) created by MNRE, Govt. of India vide OM No. 29/5/2010-11/JNNSM(ST) dated 30 June, 2011. This fund was incorporated in the Books of Accounts of the company with effect from 01 Jan, 2019 and full impact has been taken in the books for previous nine months period of the financial year. | Not Applicable |

For S.P. Marwaha & Co.

Chartered Accountants

FRN: 000229N

Ashutosh Saxena
Partner
M. No.- 086358

Date: 10/05/2019

Place: New Delhi

# Annexure – C to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of NTPC Vidyut Vyapar Nigam Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statement of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.P. Marwaha & Co.

Chartered Accountants

FRN: 000229N

Ashutosh Saxena

Partner

M. No.- 086358

Place: New Delhi

Date:

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of NTPC Vidyut Vyapar Nigam Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of he Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 May 2019.

1. on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of NTPC Vidyut Vypar Nigam Limited of the year ended 31 March 2019 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143 (6) (b) of the Act.

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

**(Rajdeep Singh)**
**Principal Director of Commercial Audit &**
**Ex-officio Member, Audit Board-III, New Delhi**

**Place : New Delhi**
**Date: 08.07.2019**

# KANTI BIJLEE UTPADAN NIGAM LIMITED

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present 13th Annual Report on the business and operations of the Company along with Audited Financial Statements and Auditors' Report thereon for year ended on 31st March 2019.

**PERFORMANCE OF THE COMPANY**

Pursuant to Memorandum of Agreement dated 26.12.2005 signed between NTPC, Government of Bihar and Bihar State Electricity Board for reviving and operating Stage-I (2X110 MW), your Company was entrusted with the work of renovating and modernizing (R&M) of existing (2x110 MW) units of Muzaffarpur Thermal Power Plant (MTPP). Further, your company has successfully commissioned MTPS stage-II (2x195MW) in July' 2017.

**Operational Performance**:

After completion of R&M of both the units of 110 MW of Stage-I, first unit is under commercial operation since 01.11.2013 and the second unit from 15.11.2014.

Unit # 1 (Stage-I) generated 415.514 MUs with a PLF of 46.86 % during 2018-2019 as against 468.318 MUs with a PLF of 48.60 % during 2017-18

Unit # 2 (Stage-I) generated 284.242 MUs with a PLF of 29.50 % during 2018-2019 as against 283.835 MUs with a PLF of 29.46 % during 2017-18

Unit # 3 (Stage-II) generated 1216.226 MUs with a PLF of 71.199 % during 2018-2019 as against 488.787 MUs with a PLF of 28.614 % during 2017-18

Unit # 4 (Stage-II) generated 1089.387 MUs with a PLF of 63.77 % during 2018-2019 as against 487.878 MUs with a PLF of 38.05 % during 2017-18

The total commercial generation of the Company was 3041.368 MUs during 2018-19 as against 1728.818 MUs during 2017-18.

**Ash Utilisation:**

Total ash generated during the FY 2018-19 was 811822 MT as against 544450 MT ash generated during FY 2017-18.

Out of 811822 MT of ash produced, 329276 MT of ash has been utilised (13168 MT for brick manufacturing and 316108 MT for other purposes).

**New Initiatives taken for ash Utilization:**

- Development of contingency arrangement for Dry Fly Ash (DFA) extraction from Buffer Hopper.
- 3 Lakhs MT DFA auctioned through MSTC.
- Co-ordination with NHAI for Ash Utilization in NH-527C connecting Majhauli to Chrout.

**Construction Activities under progress:**

Priority stream commissioned & subsequently COD of both the units done. Work in main stream of CHP is in progress. Work of make-up water pump house and intake pump house in Budhi Gandhak River completed and water is available from its designed source w.e.f. 03.12.2018

To take care of environmental norms, your Company is carrying out ambient air quality monitoring, analysis of drinking water and effluent water quality monitoring on monthly basis, from third party, at plant, township & ash dyke area to keep check on emission of pollutants in the air and to maintain the quality of the air and water around the project.

Online monitoring of Effluent quality monitoring system (EQMS), Ambient air quality monitoring system (AAQMS) & Stack emission monitoring system (SEMS) has been started since 15.06.18. Further, connectivity to CPCB has been established for monitoring of the above data. On-line stack monitoring system is available in all the four units of station.

Apart from above, company is also finalized the scheme for separation of plant drain water from storm water in consultation with NTPC for achieving Zero liquid discharge.

**Nature is our treasure:**

Your Company organized environmental awareness programs amongst employees and people in and around plant. World Environment Day was celebrated on 05.06.2019. On this day, more than 1000 nos of saplings were planted. Employees & other habitants took environment walk and oath for environment protection. Distribution of environment friendly carry bags were done to avoid use of polythene bags.

Your company planted total 10000 nos. of plants through Forest Department, Govt of Bihar out of which 3000 nos. trees are planted in township & plant area and 7000 nos. trees are planted in Stage -II Ash Dyke area

**Change in Shareholding Pattern of the Company:**

On 29.06.2018, NTPC Limited acquired the total shares held by Bihar State Power Generation Company Limited. Now, Kanti Bijlee Utpadan Nigam Limited has become the wholly-owned subsidiary of NTPC Limited.

**FINANCIAL REVIEW**

The financial highlights of the Company for the year ended on 31st March 2018 and 31st March 2019 are as under:-

₹ in Crore

| Particulars | FY 2018-19 | FY 2017-18 |
|---|---|---|
| **Balance Sheet** | | |
| Paid-up Share Capital | 1510.67 | 1435.67 |
| Total Assets | 5124.08 | 4792.12 |
| Non-Current Assets | 4316.71 | 4375.31 |
| Current Assets | 807.37 | 416.81 |
| Total Liabilities (other than paid-up capital and deferred revenue) | 3531.97 | 3363.85 |
| Non-Current Liabilities | 2215.55 | 2435.49 |
| Current Liabilities | 1316.42 | 928.36 |
| Deferred revenue | 235.69 | 245.58 |
| Non-Current Borrowings | 2203.02 | 2424.93 |
| Current Borrowings | 491.66 | 180.06 |
| **Statement of Profit and Loss** | | |
| Total Sales | 1563.58 | 820.12 |
| Total Revenue | 1610.41 | 869.05 |
| Total Expenses | 1483.48 | 1050.14 |
| Profit/ (Loss) Before Tax (PBT) | 126.93 | (181.09) |
| Profit/ (Loss) After Tax (PAT) | 98.74 | (181.09) |

| Appropriations | | |
|---|---|---|
| Reserves | Nil | Nil |

CRISIL rating of the company has been improved from BBB- to A+/ Positive in November 2017 and from to A+/ Positive to AA-/ Positive. This rating has further been improved from AA-/ Positive to AA/ Stable in the month of July'19.

**INFORMATION PURSUANT TO STATUTORY AND OTHER REQUIREMENTS**

Information required to be furnished as per the Companies Act, 2013 and other regulations are as under:

**(1) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO**

I. Energy conservation activities

- Thermal scanning of boiler insulation, high energy drains being done.
- Conventional lights are being replaced by energy efficient LED lights. 7130 no's light fittings have been replaced so far. Replacement of balance fitting are being done progressively.
- Replacement of GRP blade with efficient FRP blade for energy saving is completed in Stage # I cooling tower in 06 no Cells . Balance 06 no Cells are also planned in FY 19-20
- Technological Absorption and renewable footprint : Setting up of Roof top Solar PV plant is planned for FY 19-20

II. During the period under review, there was no earning and no outgo in foreign exchange.

**(2) The following information is provided in the Corporate Governance Report which forms part of the Annual Report as Annex-II:**

III. Number of Meetings of the Board held during the year and attendance of Directors in the Board Meeting.

IV. Constitution of the Audit Committee, number of Meetings held during the year and attendance of the Members in the Audit Committee.

V. Constitution of Corporate Social Responsibility Committee, number of Meetings held during the year, if any and attendance of Members in the Meeting.

VI. Information about other Committees of the Board

**(3) CORPORATE SOCIAL RESPONSIBILITY:**

During the three immediately preceding financial years, the Company had incurred average loss of ₹ 92.92 crore. Hence, Company was not required to spend any amount on account of CSR as per provisions of Companies Act. However, the company has spent an amount of ₹ 509.40 Lakhs voluntarily on Construction of PCC & Brick Soling Road in various villages in Aarah District in Bihar. Annual Report on CSR activities is enclosed as Annexure-IV.

**(4) Statutory Auditors**

The Comptroller & Auditor General of India, through letter dated 09.08.2018, had appointed M/s A. R. Sureka & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2018-19. Further, Statutory Auditors for the Financial Year 2019-20 are yet to be appointed by Comptroller & Auditor General of India.

**(5) 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 2018-19.

**(6) Review of accounts by Comptroller & Auditor General of India**

The Comptroller & Auditor General of India, through letter dated 28.06.2019, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2019.

**(7) Cost Audit**

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are being maintained by the Company.

M/s Nishant & Co., Cost Accountants, was appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 for the financial year 2018-19.

The Cost Audit Report for your Company for the Financial Year ended on 31.03.2018 was filed with the Central Government on 11.10.2018.

The Cost Audit Report for the financial year ended March 31, 2019 shall be filed within the prescribed time period under the Companies (Cost Records & Audit) Rules, 2014.

**(8)** Your Company, being a wholly owned subsidiary of NTPC, is covered under the Enterprise Risk Framework established by Holding Co., NTPC Limited. Details about risks with the Company are covered in the Management Discussion & Analysis Report which forms part of this Report and placed at Annex-I.

**(9) Extract of Annual Return**

Extract of Annual Return of the Company is annexed herewith as Annex- III to this Report.

**(10) Performance Evaluation of the Directors and the Board**

Section 178 (2) of the Companies Act, 2013 provides that the Nomination and Remuneration Committee shall, inter-alia, shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

As per Section 134(3) (p) read with Rule 8 (4) of the Companies (Accounts) Rules, 2014, every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Ministry of Corporate Affairs (MCA), through Notification dated 5th June 2015, has exempted Government Companies from the provisions of Section 178 (2) and Section 134 (3) (p). The aforesaid circular of MCA further exempted listed Govt. Companies from provisions of which requires mentioning the manner of formal evaluation of its own performance by the Board and that of its Committees and Individual Director in Board's Report, if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology.

Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV to the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies.

All the Directors on the Board of KBUNL are being nominated by NTPC after takeover of equity from BSPGCL. The Directors nominated by NTPC are being evaluated under a well laid down procedure for evaluation of Functional Directors & CMD as well as of Government Directors by Administrative/ respective Ministry/ Department. Also, the performance of the Board of the Government Companies is evaluated during the performance evaluation of the MOU signed with the Holding Company i.e. NTPC Limited.

**(11) Secretarial Audit**

The Board has appointed M/s Deepak Dhir & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith marked as Annex- V to this Report. The Secretarial Auditor has given unqualified Secretarial Audit Report for the financial year 2018-19.

**(12) Particulars of contracts or arrangements with related parties**

During the period under review, all transactions with related parties were at arm's length and suitable disclosure has been provided in annual accounts. Approval has been taken from the Audit Committee where the transaction with related party falls under the purview of the Companies Act, 2013. All related party transactions were in the ordinary course of business and were negotiated on an arm's length basis. They were intended to further the Company's interests.

Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

**(13) Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:** NIL. Disclosure as per Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets are detailed in Note – 40 of Notes to Accounts to Financial Statements for the FY 2018-19. The details of disputed statutory dues pending before appropriate authorities is detailed in Annexure to Independent Auditors' Report.

**(14) Adequacy of internal financial controls with reference to the financial reporting:** The Company has in place adequate internal financial controls with reference to financial reporting. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**(15) Procurement from MSEs**

The Government of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012. In terms of the said policy, the total procurement made from MSEs (including MSEs owned by SC/ST entrepreneurs) during the year 2018-19 is ₹ 3988.44 Lakh* which is 45 % of total procurement against target of 25% of total procurement made by your Company.

*It excludes STE, LDO & insurance.

**(16) Particulars of Employees**

As per provisions of Section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every company is required to disclose details of employees receiving remuneration exceeding limits as prescribed from time to time in the Directors' Report.

However, as per notification dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Directors' Report.

**(17) Issue of Shares in the Financial Year:**

During the year under review, the Company issued shares to NTPC Limited. The details are as under:

| **Date of Allotment/ Name of Allottee** | **04.12.2018** | **08.02.2019** |
|---|---|---|
| NTPC Limited | 5,00,00,000 shares of ₹ 10/- each ranking pari-passu with existing shares | 2,50,00,000 shares of ₹ 10/- each ranking pari-passu with existing shares |

Pursuant to Memorandum of Understanding (MoU) with State Government of Bihar and its affiliate companies on 15th May 2018 and after execution of Share Sale & Purchase Agreement (SSPA) between NTPC, BSPGCL and KBUNL on 21st June 2018, 27.36% holding in equity share capital of KBUNL held by Bihar State Power Generation Company Limited (Shareholder) (erstwhile Bihar State Electricity Board) has been acquired by NTPC on 29.06.2018. Now, KBUNL has become a wholly owned subsidiary of NTPC.

**(18)** No disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

**(19)** Establishment of vigil mechanism/ whistle blower policy:

Your Company has established Whistle Blower Policy as required under Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.

**(20)** There were no frauds reported by auditors under section 143(12) of the Companies Act, 2013.

**(21)** The Company has not granted any loans, given any guarantee or made any investments under Section 186 of the Companies Act, 2013 during the year.

**(22)** The Company has not accepted any deposits during the year.

**(23)** The Company has no subsidiary or joint venture.

**(24)** No Presidential Directive was issued by the Government during the year under review. However, the Parent Company, i.e. NTPC received a Presidential Directive for revision of pay of executives of the Company. The same was complied for the executives of the Company who were on secondment basis from NTPC.

**(25)** The Company has not declared any dividend during the year.

**(26)** KBUNL has constituted Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case of sexual harassment was received during the FY 2018-19.

**(27)** The Company has complied with the applicable Secretarial Standards.

The particulars of annexures forming part of this report are as under:

| Particulars | Annexure |
|---|---|
| Management Discussion & Analysis | I |
| Report on Corporate Governance | II |
| Extract of Annual Return | III |
| Annual Report on CSR Activities | IV |
| Secretarial Audit Report in Form MR-3 | V |

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 (5) of the Companies Act, 2013, 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 2018-19 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

4. the Directors had prepared the Annual Accounts on a going concern basis; and

5. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, the following changes took place in Directors position:

1) Shri M. P. Sinha, ceased to be the Director of the Company w.e.f. 27.04.2018 consequent upon withdrawal of his nomination by NTPC.

2) Shri S. Narendra, Regional Executive Director (East-I), NTPC was nominated as Director on the Board. He was appointed as Director w.e.f 04.05.2018.

3) Shri P. Amrit ceased to be the Director of the Company w.e.f. 16.08.2018 consequent upon withdrawal of his nomination from BSPGCL.

4) Shri R. Lakshmanan ceased to be the Director of the Company w.e.f. 16.08.2018 consequent upon withdrawal of his nomination from BSPGCL.

The following changes occurred in the position of Key Managerial Personnel of the Company:

1) Shri P. K. Sinha ceased to be the Chief Executive Officer on 21.07.2018.

2) Shri Sanka Gouri Shankar, General Manager, KBUNL was nominated as Chief Executive Officer of the Company. He was appointed by the Board as Chief Executive Officer w.e.f 22.07.2018. He ceased to be the Chief Executive Officer w.e.f. 17.08.2018.

3) Shri Ujjwal Banerjee, Chief General Manager, NTPC was nominated as Chief Executive Officer of KBUNL. He was appointed as Chief Executive Officer w.e.f. 17.08.2018.

   The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri M.P. Sinha, Shri P. Amrit, Shri R. Lakshmanan, Shri P. K. Sinha and Shri Sanka Gouri Shankar during their association with the Company.

   As per the provisions of the Companies Act, 2013, Shri Ajay Dua, Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**ACKNOWLEDGEMENT**

Your Directors acknowledge, with deep sense of appreciation, the co-operation extended by Ministry of Power/ Government of India, Government of Bihar, Bihar State Power Generation Company Limited (erstwhile Bihar State Electricity Board), Niti Aayog, Central Electricity Regulatory Commission, Ministry of Environment, Forests & Climate Change and Department of Public Enterprises.

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Auditors, Bankers, Contractors, Vendors and Consultants of the Company.

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

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

**(Prakash Tiwari)**
**Chairman**
**DIN:08003157**

**Place: New Delhi**
**Dated: 29.07.2019**

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC AND SECTOR OUTLOOK

As per the report on Annual National Income 2018-19, released by National Statistical Office of Ministry of Statistics and Programme Implementation (MoSPI) on 31 May 2019, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices has been provisionally estimated to be 6.8% as against 7.2% for the previous year (2017-18). For the year 2019-20, World Bank has projected a 7.5% GDP growth rate.

Quarterly growth rate analysis depicts that during Q1, 2018-19 (April-June) GDP growth rate peaked at 8.0%, but it has moved in a downward trend with growth rate of 7.0%, 6.6% and 5.8% during Q2, 2018-19 (July-Sep), Q3, 2018-19 (Oct-Dec) and Q4, 2018-19 (Jan-Mar) respectively.

Indices of Industrial Production (IIP), as reported by MoSPI on 10 May 2019, reveal that the cumulative growth in Mining, Manufacturing and Electricity sectors during April-March 2018-19 over the corresponding period of 2017-18 has been 2.9%, 3.5% and 5.2% respectively.

During the year 2018-19, the growth in power sector has been possible due to major reforms focussed on enabling the sector to adapt to the disruptions such as flexibility in thermal power generation, environment protection and capacity addition in RE & Hydro and cross border trading of power etc.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

Power sector is a key enabler for India's economic growth. The sector with its three pillars of generation, transmission and distribution is crucial to India's infrastructure and economic growth. The achievements and various issues/challenges faced by the Power Sector are discussed in the ensuing paragraphs.

### Snap Shot 2018-19

- Gross annual generation of the country (excluding import from Bhutan) increased by 5.2% from 1,308 BUs in the previous year to 1,376 BUs in the current year (including renewables). Generation from renewable sources increased by about 24% from 102 BUs to 127 BUs, while generation from conventional sources increased by 4% from 1,206 BUs to 1,249 BUs.

- Generation capacity of 3,479 MW (excluding renewables) was added during financial year 2018-19 compared to 5,392 MW added during the previous year.

- Renewable energy capacity of 8,619 MW added during the year. Renewable energy capacity has increased by about 12.5% from 69,022 MW as at 31 March 2018 to 77,642 MW as at 31 March 2019.

- 22,437 Ckms of transmission lines added during the year as compared to 23,119 Ckms in the previous year.

- 72,705 MVA of transformation capacity added during the year as against 86,193 MVA in the previous year.

- PLF of coal & lignite based stations increased to 61.1% in financial year 2018-19 from 60.7% in financial year 2017-18.

- During the financial year 2018-19, while the energy deficit decreased marginally from 0.7% to 0.6%, the peak power deficit decreased from 2.0% to 0.8% as compared to that in the previous year.

  (Source: Central Electricity Authority)

### Existing Installed Capacity

The total installed capacity in the country as on 31 March 2019 was 3,56,100 MW (including renewables) with Private Sector contributing 46.2% of the installed capacity followed by State Sector with 29.5% share and Central Sector with 24.3% share.

| | Total Capacity (MW) | % share |
|---|---|---|
| Private | 1,64,428 | 46.2 |
| State | 1,05,076 | 29.5 |
| Central | 86,596 | 24.3 |
| **Total** | **3,56,100** | **100.0** |

Source-wise installed capacity in the country as on 31 March 2019 is as under:

| | Total Capacity (MW) | % share |
|---|---|---|
| Thermal | 2,26,279 | 63.6 |
| Nuclear | 6,780 | 1.9 |
| Hydro | 45,399 | 12.7 |
| RES (Renewables) | 77,642 | 21.8 |
| **Total** | **3,56,100** | **100.0** |

(Source: Central Electricity Authority-Installed Capacity report)

### Capacity Utilization and Generation

**Sector wise PLF in % (Thermal - Coal & Lignite)**

| Sector | 2018-19 | 2017-18 |
|---|---|---|
| State | 58.0 | 56.9 |
| Central | 72.6 | 72.3 |
| Private-IPP | 54.8 | 55.1 |
| Private-Utilities | 61.3 | 60.4 |
| **All India** | **61.1** | **60.7** |

(Source: Central Electricity Authority)

PLF of coal & lignite based power stations has increased marginally from 60.7% to 61.1% on Y-O-Y basis. PLF of Central Generating Thermal Stations has also increased marginally.

In the emerging scenario of high variable renewable energy infusion into the grid, supplying power with reliability has gained prominence over PLF. In this context, it is crucial that the thermal capacities are able to supply fast response balancing power and maintain adequate reserve capacity.

**Generation**

The total conventional power available in the country during the financial year 2018-19 was 1,249 BUs as compared to 1,206 BUs during previous year, registering a growth of 3.6%. (Generation figures pertain to capacity monitored by CEA).

Sector-wise and fuel-wise break-up of generation for the year 2018-19 is detailed as under:

In BUs

| Sector | Thermal | Hydro | Nuclear | Bhutan Import | Total |
|---|---|---|---|---|---|
| Central | 368 | 55 | 38 | -- | 461 |
| State | 335 | 66 | -- | -- | 401 |
| Private | 369 | 14 | -- | -- | 383 |
| Bhutan Import | -- | -- | -- | 4 | 4 |
| **Total** | **1072** | **135** | **38** | **4** | **1249** |

(Source: Central Electricity Authority)

As far as thermal generation is concerned, based on the monitored capacity by CEA, the generation contribution of central sector is 36.9% with installed capacity share of 24.3%, state sector contributes 32.1% of generation with installed capacity share of 29.5% and private sector contributes 30.6% of generation with installed capacity share of 46.2%. Central sector utilities have performed better as compared to those of state and private sector utilities.

**Consumption**

The per capita consumption of power in India was 1,149 units in financial year 2017-18 (provisional) (Source: Central Electricity Authority), which is almost one-third of the global average (3,052 units).

(Source: IEA Key World Energy Statistics 2017).

Major end users of power are broadly classified into industrial, agricultural, domestic and commercial consumers. Their shares of electricity consumption were approximately 40%, 18%, 24% and 9%, respectively. During the same period, Traction & Railways and others represented about 9% of power consumption.

(Source: Ministry of Statistics and Programme Implementation- Energy Statistics 2018).

With ambitious target of providing free electricity connections to all households in rural areas and poor families in urban areas by Dec. 2018, the Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in September 2017. As indicated in the Saubhagya Dashboard, 99.99% households have been electrified and only 18,734 households in Chhattisgarh remains to be electrified.

(Source: Saubhagya dashboard)

Other key initiatives taken by Government of India include Integrated Power Development Scheme (for providing 24x7 power supply in the urban areas) and Deen Dayal Upadhyaya Gram Jyoti Yojana (agricultural feeders segregation, strengthening of sub-transmission & distribution infrastructure in rural areas and rural electrification). 100% village electrification has been achieved.

**Transmission**

The transmission network (at voltages of 220 kV and above) in the country has grown at an average rate of ~6% CAGR since the end of 12th Plan in terms of circuit kilometres added.

The total inter-regional transmission capacity of country has increased from 75,050 MW at the end of 12th plan to 99,050 MW as on 31 March 2019. During the financial year 2018-19, 12,600 MW inter-regional capacity was added.

This augmentation of the national grid will help promote competition and enable merit order dispatch of generation leading to lower cost of power for consumers. This is also essential for supporting higher injection of renewables into the grid for transfer of power from RE-rich states to other states. This large-scale integration of renewable energy along-with other factors such as increasing power generation capacity and reforms in fuel sector is slated to increase the demand for transmission capacity significantly in the coming years.

**Distribution**

Distribution is the key link to realize the Government of India's vision of supplying reliable 24x7 Power for All. For this, the distribution companies need to be healthy to be able to discharge their functions & responsibilities efficiently.

To improve the distribution segment's performance, Government of India launched a comprehensive power sector reform scheme, Ujwal Discom Assurance Yojana (UDAY) on 5 November 2015 for operational and financial turnaround of Discoms. The Average Cost of Supply (ACS) and Average Revenue Realised (ARR) gap has reduced from ₹ 0.59 per kWh in 2016 to ₹ 0.24 per kWh by May 2019 and AT&C have also reduced to 18.37%. The proposed amendments in Tariff Policy include several distribution related changes to address the sustainability issues of distribution sector, such as:

- Time-based service level agreements for service to end-consumers and penalties for non-technical outages.
- Discoms to assure adequate tie-up of capacities to enable them to meet their power requirements.

- Subsidy to be given by way of Direct Benefit Transfer directly into consumer accounts and cross subsidy charges for open access are to be brought within 20% of the average cost of supply.

- Electricity supply to be made pre-paid with 100% metering of consumers.

- Regulations by appropriate commissions to make open access information transparent, applications handling time-bound and CSS payable for maximum period of 1 year.

**Power Trading**

In India, power is transacted largely through long-term Power Purchase Agreements (PPA) entered into between Generating companies and the Distribution utilities. A small portion is transacted through various short-term mechanisms like bilateral transactions through licensees, Day-ahead transactions through power exchanges and real time balancing market mechanism (i.e. Deviation Settlement Mechanism).

In the year 2018-19, around 88% of power generated in the Country was transacted through the long-term PPA route and about 12% of the power was transacted through short-term trading mechanisms. Short-term electricity transaction in the current financial year increased to 145 BU, as compared to 128 BU in the previous year, registering about 14% growth.

(Source: Central Electricity Regulatory Commission)

**Key Initiatives/Reforms & Regulatory Changes in Power Sector**

1. **Flexibility in Generation and Scheduling of Thermal Power Stations:** Government of India through its various policy interventions has been trying to enhance flexibility in thermal power generation in order to enable growth in RE. Subsequent to introduction of 'Flexibility in utilization of domestic coal for reducing the cost of power generation' in 2016-17, two more policies – (i) 'Flexibility in generation & scheduling of thermal power stations to reduce emissions' by partially replacing thermal power with cheaper renewable power and (ii) 'Flexibility in generation and scheduling of thermal power stations to reduce the cost of power to the consumer' through National Merit Order, have been introduced in 2018-19. These policies will help in reducing cost of power.

2. **Renewable Purchase Obligation (RPO) targets:** Ministry of Power in consultation with MNRE has notified trajectory to achieve 21% RPO target by the financial year 2021-22, comprising of 10.5% Solar and 10.5% Non-Solar renewables. SERCs may consider to notify RPO for their respective states in line with notification by MOP. To achieve the RPO trajectory, country will need to enhance its renewable assets.

3. **Hydro as renewable power:** To promote hydropower in the country, large hydro projects having capacity more than 25 MW have also been declared as Renewable Energy Source and similar to RPO targets, HPO (Hydro Power Obligations) targets would also be notified by MOP.

   GoI has in-principle agreed to provide budgetary support for flood moderation, enabling infrastructures like road and bridges.

4. **Regulatory certainty regarding new environment norms:** GoI has directed CERC for providing regulatory certainty to thermal power plants regarding recovery of cost involved in meeting new environment norms. CERC in its Tariff Regulations, 2019 has provisioned for supplementary tariff towards implementation of revised emission standards.

5. **Changes proposed in Electricity Act:** GoI has initiated the process to amend the Electricity Act with the objectives such as ensuring availability of electricity to all consumers, optimal utilisation of fossil & non-fossil resources, separation of distribution & supply functions, promote smart grid, ancillary support and decentralised distributed generation.

   For ensuring power supply to all, the distribution licensee or supply licensee, are proposed to have obligation to supply 24x7 power to their consumers and any subsidy to any category of consumer is proposed to be implemented through Direct Benefit Transfer.

6. **National Wind Solar Hybrid Policy:** MNRE has released National Wind Solar Hybrid Policy to promote large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability.

7. **Import/Export (Cross Border) of Electricity:** MoP has issued Guidelines for Import/Export (Cross Border) of Electricity in the current financial year with following key objectives:

   - Facilitate trade of electricity between India and neighbouring countries;
   - Evolve a dynamic and robust electricity infrastructure for trade of electricity;
   - Promote transparency, consistency and predictability in regulatory mechanism pertaining to trade of electricity in the country;
   - Reliable grid operation and transmission of electricity for trade

   All these reform initiatives and regulatory changes will open up opportunities for your Company and across the Indian Power Sector.

**SWOT ANALYSIS**

**Strength/ Opportunity:**

In the scenario of high demand versus low supply of power, implementing the Company's project is justified. It has full support of NTPC, the promoter and major stake holder. The holding Company, i.e. NTPC Limited has provided Engineering and management expertise from planning to commission and operating power plant.

The other promoter i.e. Bihar State Power Generation Company Limited (erstwhile Bihar State Electricity Board) was also the beneficiary of the Company.

Unit#1 and Unit#2 of 110 MW each of Stage-I were declared commercial w.e.f. 01.11.2013 and 15.11.2014 respectively. Unit#3 and Unit # 4 of Stage-II were declared commercial w.e.f. 18.03.2017 and 01.07.2017 respectively.

Long pending acquisition of Land for make up water corridor has been resolved and 90% of land has been acquired.

In house developed AWRS system has been commissioned and in operation since 15th Mar'18. 400-450 Cum/hr water is being taken back to plant from ash dyke for use in ash handling system.

For Stage-I, Power Purchase Agreement for entire power exists with distribution companies of Bihar State Power Holding Company Limited. For Stage-II, Power Purchase Agreement has been signed with distribution companies of Bihar State Power Holding Company Limited for 67.7 % of power and balance has been signed with the GRIDCO, DVC, Sikkim, Jharkhand and West Bengal. Further 7.27 % power is allocated to Bihar from the un-allocated share of 9.7 % vide letter dated 27.06.2017 from Member Secretary, ERPC, Ministry of Power. This will be w.e.f. from 00:00 hrs of COD of Unit # 4 i.e. 01.07.2017. Earlier, for Stage-II except Bihar Dis-coms other beneficiaries were not giving schedule. Now Scheduling for MTPS stage # II has been done by ERLDC w.e.f 01.04.2018 and all beneficiaries except GRIDCO are drawing power.

W.e.f. 01.12.2017, 0.28% capacity from the unallocated portion of MTPS Stage-II has been allocated to Telangana.

CRISIL rating of the company has been improved from BBB- to A+/ Positive in November 2017 and from A+/ Positive to AA-/ Positive resulting into reduction in interest rate on term loan & working capital loan. This rating has further been improved from AA-/ Positive to AA/ Stable in the month of July'19.

**Weakness/ Threats:**

The beneficiaries, South Bihar Power Distribution Co. Ltd. and North Bihar Power Distribution Co. Ltd has overdue payment towards energy bills raised by the Company. Other beneficiaries also have overdue payments towards energy bill. Delayed payment of Energy Bills from Beneficiaries may cause stoppage of coal supply which will result into shutting down of operating units resulting under recovery of fixed cost. It may also cause default in repayment of principal of term loans and interest thereon.

One of the beneficiary, Grid Corporation of Odisha, having PPA for 30 MW of power from MTPS Stage-II, has filed a petition in OERC for de-allocation of power from MTPS Stage-II. Company has filed a petition against GRIDCO in March-2019 for recovery of annual fixed charges. Management believes that as per CERC Guidelines the amount will be recoverable from GRIDCO, otherwise from other beneficiaries, if not recovered from GRIDCO.

Presently being a wholly owned subsidiary of NTPC, Tripartite agreements are required for proper realization of energy bills.

**RISK AND CONCERN**

The risks to which company is exposed and the initiatives taken by the company to mitigate such risks are given below:

**Hazard risks** are related to natural hazards arising out of accidents and natural calamities like fire, earthquake or cyclone, floods etc.

Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the Govt. Authorities. Risk arising out of accidents, fire etc is protected through insurance policies and limited through contractual agreements wherever possible.

**Financial Risks:**

With MTPS Stage-II (2X195 MW) under commercial operation w.e.f. 01.07.2017, the company has managed to avoid the declaration of its assets as NPA in Lender's books of accounts.

The outstanding dues from the beneficiaries on account of Energy Bill stood at ₹ 636.05 crore as on 31.03.2019. The dues beyond 60 days stood at ₹ 107.03 crore & ₹ 26.81 crores beyond 30 days but less than 60 days.

The outstanding dues from the beneficiaries on account of Energy Bill stood ₹ 896.74 crores (including late payment surcharge of ₹ 3.86 Crores) as on 15.07.2019. The dues beyond 60 days stood at ₹ 530.88 crores & ₹ 163.87 crores beyond 30 days but less than 60 days. Realization of dues from the beneficiaries for both the stages should be at utmost priority level so that timely repayment of loan and interest can be made.

**Operational Risks:**

**Water linkage and quantity:**

CWC has given their consent for 45 Cusecs of water on 19.02.2010 from river Budhi Gandak (15 Cusecs for Stage-I and 30 Cusecs for Stage-II). Water Resources Department, GoB has made their commitment of 45 Cusecs of water from Budhi Gandak. One line of makeup water pipe line is made available since 4th Dec, 2018 and presently water requirement is met through Budhi Gandak River through one line of makeup water pipe line. Second line of makeup system shall be made available after completion of 60 Mtrs. length pipeline work, which is under land dispute. Matter is being pursued for resolving the issue with district administration.

**Risk:** Work of makeup water pipe started and 40% pipe line completed. In few stretches there are title disputes. Non-availability of small stretch may hamper the water supply as entire stretch of pipe line is required for supply of water. However, water is being drawn from Canal of Irrigation Deptt. Govt.of Bihar but water availability in canal is for limited periods only (8-9 months).

District Administration is pursuing for resolving the title dispute.

**Ash Disposal System for Stage – I & II and Coal Handling Plant of Stage-II:**

Ash Dyke Stage-I – New Ash dyke (Lagoon –III) & R&M of Lagoon I&II is to be constructed as per directive of CPCB. The work for Ash dyke (Lagoon I, II & III as per above) has been awarded. Work in lagoon # III is in progress whereas lagoon I & II is in operation. In house implemented AWRS for lagoon I & II is in operation. AWRS system for lagoon III is to be constructed. NOC for consent to operate & consent to discharge issued by BSPCB is valid till 30.11.2018.

**Ash Disposal System for Stage – II:**

Ash disposal pipe line corridor- Land oustees of four villages are not agreeing to take the land compensation demanding higher rate of compensation. District administration is being pursued for resolving the issue.

**Risk:** Lagoon- I & II are likely to be exhausted soon, before that lagoon III has to be made ready.

**Ash Dyke & AWRS for Stage # II- Work has been delayed but progressing.**

**Risk:** Physical possession of 15.675 acres out of 35.675 acres land is yet to be taken as land owners are not taking compensation/disbursement. District administration is being pursued to resolve the issue. However, Stage-II ash is being dumped in stage – I dyke as contingency measure, till ash dyke Stage-II & ash pipe line work is completed.

**Coal Handling Plant of Stage-II**

Coal Handling Plant for Stage-II is not yet constructed but CHP of Stage-I has been linked for feeding Stage-II (Priority bay). With this arrangement, commercial operation of both the units have been declared but running of all four units (both Stage – I & Stage – II) is not possible on sustainable basis.

The policies and process framework of the company supported by the proactive approach of management mitigate operational risks to great extent.

**INTERNAL CONTROL**

The Company has robust internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India from time to time and as per the guidelines issued from NTPC Limited. The Company has implemented SAP in all modules. It is helping the Company a lot in retrieving data and maintaining systematic backup.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants in coordination with Internal Audit Department of NTPC Limited. The Company has constituted an Audit Committee to oversee the financial performance of the company. The scope of this Committee includes compliance and adequacy of Internal Control Systems in the Company.

**FINANCIAL DISCUSSION AND ANALYSIS**

The financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013, applicable provisions of the Companies Act, 1956 and the provisions of Electricity Act, 2003 to the extent applicable.

The accounting policies set out in Note 1 to the Financial Statements have been applied in preparing the financial statements for the year ended 31 March 2019.

On 29.06.2018 Bihar State Power Generation Company Limited transferred its entire 27.36% stake in the Company to NTPC Limited. Subsequent to acquisition of entire share of BSPGCL by NTPC Limited, the Company has become a wholly-owned subsidiary of NTPC Limited. During the financial year 2018-19, 7,50,00,000 shares were issued to NTPC Limited. The equity share capital of the Company reached ₹ 1510.67 crore. As on 31.03.2019, share application money pending allotment was Nil.

The shares of the Company were admitted in National Securities Depository Limited in June 2018. The ISIN allotted by Depository to Company's equity share is INE00W301019. The entire shareholding of Promoter is dematerialised, except 600 shares held by individual nominees.

**Non-current assets**

(in Crores)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---|---|---|
| Property, Plant and equipment | **3,835.39** | 3,869.60 | (0.88) |
| Intangible Assets | **0.16** | 0.05 | 242.16 |
| Capital work-in-progress | **395.25** | 428.38 | (7.73) |
| Others | **85.90** | 77.29 | 11.14 |

Total depreciation charged on property, plant and equipment upto 31.03.2019 was ₹ 572.4087 crore. The additions in property, plant and equipment was due to land, plant and equipment, furniture & fixtures and office equipments. The Company capitalised ₹ 14.4994 crore towards the borrowing cost in CWIP.

**Current assets**

(in Crores)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---|---|---|
| Inventory | **97.20** | 50.73 | 91.60 |
| Trade Receivables | **383.91** | 199.04 | 92.89 |
| Cash and cash equivalents | **9.92** | 23.50 | (57.79) |
| Bank Balances other than cash and cash equivalents | **18.57** | - | 100 |
| Other Financial Assets | **259.11** | 106.80 | 142.62 |
| Others | **38.66** | 36.74 | 5.22 |

Inventory included coal, fuel oil, components & spares, steel scrap, loose tools, chemicals & consumables, material-in-transit etc.

Balance with banks deposits with original maturity of more than three months and maturing within one year (₹ 15.70 crore) which has been kept in corporate liquid term deposits with banks and ₹ 2.87 Crore which has been kept as margin against letter of credit.

The Company has deposits with Government Authorities of an amount of ₹ 7.08 crores deposited under protest to Commercial Tax Authorities, Patna against demand for Entry Tax.

**Liabilities – Non-current**

(in Crores)

| Particulars | | As at 31.03.2019 | As at 31.03.2018 | % Change |
|---|---|---|---|---|
| Borrowings | | **2,203.02** | 2,424.93 | (9.15) |
| | Secured Term Loan from Bank | **1,586.44** | 1,707.58 | (7.09) |
| | Secured Loan from others | **506.58** | 516.35 | (1.89) |
| | Unsecured Loan from NTPC Limited | **110.00** | 201.00 | (45.27) |
| Other financial liabilities | | **12.18** | 10.56 | 15.37 |
| Provisions | | **0.35** | - | 100 |

The secured Term Loan has been obtained from consortium led by State Bank of India for development and expansion of MTPS Stage-II at Kanti. The sanctioned amount of loan and guarantee facility is ₹ 3019.75 crore. The Repayment period of the loan is 11 years and repayment has started from 30 September 2017 on quarterly basis. The loan bears floating rate of interest linked to Base Rate of respective lenders subject to minimum interest rate of SBI one year MCLR plus 40 basis points.

The Company has taken an unsecured term loan of' ₹ 121.00 crore from parent company NTPC Limited during the financial year 2016-17 bearing fixed interest rate of 10% per annum payable quarterly. The term loan was repayable in two equal half-yearly installments on 30 June 2019 and 31 December 2019. First installment of the term loan was paid on 20 December 2018 before scheduled date.

A term loan of ₹ 193.00 crore has been sanctioned by the parent company NTPC Limited during the financial year 2017-18 bearing fixed interest rate of 10% per annum payable quarterly. The Company has drawn ₹ 80.00 crore during the financial year 2017-18 and ₹ 30.00 crore during the financial year 2018-19. The term loan is repayable in six equal half-yearly installments starting from 30 September 2020.

There has been no default in repayment of any of the loans or interest thereon as at the end of the year 31.03.2019.

**Current Liabilities**

(in Crores)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % Change |
|---|---|---|---|
| Secured Loans repayable on demand | **491.66** | 180.06 | 173.06 |
| Trade Payables | **174.06** | 111.12 | 56.64 |
| Other financial liabilities | **599.26** | 615.79 | (2.69) |
| Other current liabilities | **3.55** | 3.43 | 3.54 |
| Short term provisions | **18.36** | 17.96 | 2.21 |
| Current tax liabilities | **29.53** | - | 100 |

Other financial liabilities include current maturities of secured and unsecured term loans, payment due for capital expenditure, payment to be made to parent company, employees, deposits from contractors etc. The pay revision of the employees of the Company and employees on secondment basis from NTPC Limited was due with effect from 1 January 2017. A provision towards pay revision on an estimated basis having regard to the recommendations of the 3rd Pay Revision Committee was created in earlier years. During the year ended 31st March 2019, the Presidential directives for revision of the structure of pay scales and allowances/benefits of various categories of Central Public Sector Enterprises have been issued. Accordingly, the Company has paid the amount towards pay revision of employees on secondment from NTPC Limited. The pay revision of Company's own employees is pending. Hence, provision amounting to ₹ 0.22 crore (31 March 2018: ₹ 0.12 crore out of total provision of ₹ 6.77 crore) has been made towards pay revision on an estimated basis.

The grants received from Government of Bihar under Rashtriya Sam Vikas Yojna (RSVY) for renovation and modernisation of Stage-I are recognised initially as deferred income. When there is reasonable assurance that they will be received, then the Company complies with the conditions associated with the grant. The Company received ₹ 30.65 crore as grant during the year. ₹ 40.55 crore was recognised as income during the year.

**Revenue**

(in Crores)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---|---|---|
| Energy sales | **1563.58** | 820.12 | 90.65 |
| Energy internally consumed | **1.14** | 1.31 | (13.44) |
| Recognised from deferred revenue – Government Grant | **40.55** | 40.12 | 1.07 |
| Other income | **5.15** | 7.49 | (31.17) |

Company's revenues arise from generation and sale of energy and other income. The Company's operations in India are regulated under the Electricity Act, 2003. Accordingly, company record revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Tribunal for Electricity. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

Energy sales for the year ended 31 March 2018 amounting to ₹ 519.02 crore were accounted for on provisional basis for MTPS Stage-II (2*195MW) as under :-

i) Fixed Charges @ 85% of amount claimed in Tariff Petition.

ii) Variable Charges based on 210 MW size units since no comparative units of 195 MW were operational.

The CERC has issued Tariff Order for MTPS Stage-II (2*195 MW) on 29 April 2019 for the period up to 31 March 2019. Accordingly, the energy sales include sales of ₹ 0.30 crore and ₹ 5.95 crore (31 March 2018: ₹ Nil) as differential for the Financial Year 2016-17 and 2017-18 respectively based on Tariff Order.

The CERC has issued final tariff order for the period (1 November 2013 to 31 March 2014) for Unit 1 of MTPS Stage-1(2X110MW) on 9 February 2016. Sales for the financial year 2018-19 has been provisionally accounted for both units of Stage-1 (Unit 1 and Unit 2) based on the CERC order dated 9 February 2016. Sales have been provisionally recognized at ₹ 316.66 crore (31 March 2018: ₹ 301.10 crore) on the said basis.

Revenue from operations include ₹ 1.14 crore (31 March 2018: ₹ 1.31 crore) towards energy internally consumed, valued at variable cost of generation and the corresponding amount is included in power charges.

**Expenses**

(in Crores)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---|---|---|
| Fuel | **817.71** | 494.32 | 65.42 |
| Employee benefits expense | **78.26** | 42.50 | 84.13 |
| Finance costs | **249.80** | 231.32 | 7.99 |
| Depreciation and amortization expense | **231.26** | 212.74 | 8.71 |
| Other expenses | **106.46** | 69.25 | 53.72 |

Expenditure on fuel constituted 55% of the total expenditure of the Company during the financial year ended 31.03.2019. The rise in fuel costs are due to increase in Energy sales of the Company for the year ended 31.03.2019.

**Profits**

The Company has made Net Profit after Tax of ₹ 98.74 crore. The main reasons were:

1. During the FY 2018-19, Stage-I and Stage-II could achieve Plant availability factor (PAF) of 48.34% and 83.98% against 46.15% and 44.70% respectively during the FY 2017-18.

2. Due to improvement in plant availability factor, fixed cost recovery improved, especially in MTPS Stage-II.

3. The main reasons for improvement in PAF were nonstop availability of coal and water after commissioning of MUW system in December, 2018.

4. Pursuant to issuance of Final Tariff Order in respect of MTPS Stage-II, energy sales were accounted for as per order which resulted in increase of revenue by Rs 93.12 Crore.

5. Majority of the constraints in progress of KBUNL were resolved during the FY 2018-19.

**HUMAN RESOURCE**

Presently, the Company has total strength of 234 employees, out of which, 230 employees are posted on secondment basis from the holding company i.e. NTPC Limited and 4 employees are on the rolls of KBUNL. Out of the total strength, the company has employed 42 SC candidates, 12 ST candidates, 50 OBC and 04 physically challenged candidates as a socially responsible and conscious organisation. 40 Diploma Trainees are recruited and put on job training.

The Company is paying adequate perks and also making employees part of profit sharing by giving Profit Related Payment. They are being imparted training / participation in seminar for their professional up gradation from time to time as an endeavour of your company to become a learning organisation. The Company had incurred ₹ 81.51 crore (previous year ₹ 54.56 crore) - towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses. Out of ₹ 81.51 crore, the amount transferred to fuel cost amounted to ₹ 3.25 crore. During the period under review, Presidential Directive received by NTPC for revision of pay of executives was made applicable to the executives who were on secondment basis from NTPC.

Safety is being taken on topmost priority. Implementation of Safety pyramid has improved the safety culture & to address the issues at lowest level of the Pyramid. Further policy of reinforcing of Positive Human Behaviour, Coaching Culture, Tracking unsafe behaviours, Focus on last line of Work force are key parameters being monitored & implemented in all areas of Operation & Maintenance and Construction & erection activities for the protection of workers against injury and diseases.

Occupational safety at workplace is given utmost importance. Safety Kiosk has been set up for visitors at main gate for providing basic PPEs & awareness before entering to plant.

**OUTLOOK**

The company's outlook is very bright. It is generating revenue for growth and development of the company after becoming operational. It is also boosting employment opportunities to the local inhabitants.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis, describing objectives, projections and estimates, are forward-looking statements and progressive, within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic condition, Government policies and other incidental/ related factors.

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

**(Prakash Tiwari)**
**Chairman**
**(DIN: 08003157)**

**Place: New Delhi**
**Dated: 29.07.2019**

# Report on Corporate Governance

## 1. Company's Philosophy on Code of Governance

*"Corporate Governance is more than a set of processes and compliances at Kanti Bijlee Utpadan Nigam Limited. It underlines the role that we see for ourselves for today, tomorrow and beyond."*

The aforesaid philosophy is what keeps us at your Company driven to ensure better practices and sustainable growth. The heart of corporate governance is transparency, disclosure, accountability and integrity and therefore, we always encourage a trustworthy, moral and an ethical climate at KBUNL.

We have set processes, customs, policies, code and instructions which directs, administersor controls the Company. The participants in the process include employees, suppliers, partners, customers, government, and regulators, and the communities in which the organization has presence.

Corporate Governance is integral to the existence of the KBUNL. Your Directors are pleased to present the Corporate Governance Report for the financial year ended 31st March 2019.

We believe that our Company shall go beyond adherence to regulatory & statutory framework. The Company expects to realise its Vision by taking such actions as may be necessary in order to achieve its goals of value creation, safety, environment protection and health and progress of people.

Your Company adheres to the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India to the extent such compliances are within the ambit of the Company.

## 2. Board of Directors

The Board of Directors of your Company plays a pivotal role in ensuring good governance. The contribution of Directors on the Board is critical to the way company conducts itself. The Board's responsibilities are derived from law, custom, tradition and prevailing practices and to fulfil corporate responsibility towards our stakeholders.

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. Over the years, the Board has always endeavoured to fulfil corporate responsibility towards our stakeholders. The Board has necessary authority and processes to review and evaluate our operations when required. Further, the Board makes decisions that are independent of the Management.

### i. Composition of the Board

The Company is managed by the Board of Directors which formulates strategies and policies and keeps updating them regularly. As per the Articles of Association, the number of Directors shall not be less than 4 and not more than 12. The parties shall determine the period upto which their respective nominees shall hold office.

During the year under review, the entire shareholding of Bihar State Power Generation Company Limited held in your Company was acquired by NTPC Limited on 29.06.2018. The nomination of Shri Prataya Amrit and Shri R. Lakshmanan, Directors was withdrawn w.e.f. 16.08.2018 by BSPGCL.

As on 31.03.2019, there were 4 (four) Directors on the Board which were nominated by NTPC as under:

| S. No. | Name of Director | Designation | Date of Appointment |
|---|---|---|---|
| 1. | Shri Prakash Tiwari | Chairman | Director w.e.f. 25.11.2017 and Chairman w.e.f. 09.03.2018 |
| 2. | Shri S. Narendra | Director | Director w.e.f. 04.05.2018 |
| 3. | Smt. Sangeeta Bhatia | Director | Director w.e.f. 09.07.2014 |
| 4. | Shri Ajay Dua | Director | Director w.e.f. 12.03.2018 |

### ii. Independent Directors

DPE Guidelines on Corporate Governance for CPSEs requiresthe Company to appoint two Independent Directors on the Board. However, Ministry of Corporate Affairs, through Notification dated 05.07.2017, has exempted the public unlisted wholly-owned subsidiary Companies from appointing Independent Directors.

We understand that the above DPE Guidelines are under revision to align it with the Companies Act, 2013.

### iii. Woman Director

As per the requirement of the Companies Act, 2013, the Company has one Woman Director on its Board.

### iv. Board Meetings

During the year, eight Meetings of the Board were held on 30.04.2018, 17.05.2018, 31.05.2018, 20.07.2018, 17.08.2018, 18.09.2018, 04.12.2018 and 08.02.2019. The attendance of Directors in Board Meetings was as under:

| Date of the Meeting/ Name of the Director | DIN | BOARD MEETINGS | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 30.04.18 | 17.05.18 | 31.05.18 | 20.07.18 | 17.08.18 & (Adj) | 18.09.18 | 04.12.18 | 08.02.19 |
| **Shri Prakash Tiwari, Chairman** | **08003157** | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| **Shri P. Amrit, Director** (upto 16.08.2018) | **01192117** | No | Yes | Yes | No | N.A. | N.A. | N.A. | N.A. |
| **Smt. Sangeeta Bhatia, Director** | **06889475** | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| **Shri R. Lakshmanan, Director** (upto 16.08.2018) | **06908182** | Yes | Yes | Yes | Yes | N.A. | N.A. | N.A. | N.A. |
| **Shri M.P.Sinha, Director** (upto 27.04.2018) | **08073125** | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| **Shri Ajay Dua, Director** | **08084037** | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No |
| **Shri S. Narendra Director** (Nominated by NTPC w.e.f. 04.05.2018) | **08126188** | Yes* | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

*attended the Meeting as a Special Invitee and appointed as Director of KBUNL from the date of obtaining DIN. DIN was obtained on 04.05.2018.

In all Board Meetings, CEO, CFO and Company Secretary were duly present.

v. **Number of Shares held by the Directors as on 31.03.2019**

| Directors | No. of shares |
|---|---|
| **Shri Prakash Tiwari** | 100 |
| **Shri S. Narendra** | 100 |
| **Smt. Sangeeta Bhatia** | 100 |
| **Shri Ajay Dua** | 100 |

### 3. Committees of the Board

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information and approval respectively. Senior functional executives are also invited, as and when required, to provide necessary information/clarification to the Committees of the Board.

We have following sub-committees of the Board as on 31.03.2019:

A. Audit Committee;

B. Nomination and Remuneration Committee;

C. Corporate Social Responsibility Committee;

D. Committee of the Board for Allotment and Post-Allotment Activities of Shares of the Company.

Investment Committee and Contracts Committee were dissolved as they were not required by the Company presently.

**A. Audit Committee**

The term of reference of Audit Committee is in accordance with Section 177(4) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs, which includes the following:

(i) Discussions with the Auditors about the scope of audit including observations of auditors;

(ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement are correct, sufficient and credible;

(iii) Noting appointment and removal of external auditors. Recommending audit fee of external auditors and also approval for payment for any other service;

(iv) Recommending appointment and remuneration of Cost Auditors;

(v) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(vi) Approval or any subsequent modification of transactions of the company with related parties;

(vii) Scrutiny of inter-corporate loans and investments;

(viii) Valuation of undertakings or assets of the company, wherever it is necessary;

(ix) Evaluation of internal financial controls and risk management systems;

(x) Monitoring the end use of funds raised through public offers and related matters;

(xi) Receiving the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a nature and reporting the matter to the Board;

(xii) Consider and review the following with the management, internal Auditor and the independent Auditor:

1. Significant findings during the year, including the status of previous audit recommendations;

2. Any difficulties encountered during audit work including any restrictions on the Scope of the activities or access to required information.

(xiii) Review of all financial reports including Annexure to Cost Audit Reports, Internal Audit reports etc;

(xiv) Review of Management Discussion and Analysis report;

(xv) Review of half-yearly and annual financial statements before submission to the Board for approval, with particular reference to:

1. Change, if any, in accounting policies and practices and reasons for the same;

2. Significant adjustments made in financial statements arising out of audit findings;

3. Disclosure of any related party transactions;

4. Qualifications in audit report.

(xvi) Review of observations of Statutory Auditors and Comptroller and Auditor General of India and

(xvii) Such matters as may be referred to it by the Board of Directors, from time to time.

The constitution of the Audit Committee of the Company as on 31.03.2019 comprised following 3 (three) Members:

i. Smt. Sangeeta Bhatia, Director

ii. Shri S. Narendra, Director and

iii. Shri Ajay Dua, Director

The senior most Director acts as Chairman of the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

During the year, three Meetings of the Committee were held on 17.05.2018, 18.09.2018 and 08.02.2019. The attendance of Directors in these Meetings is as under:

| **Date of the Meeting/ Name of the Member** | **17.05.18** | **18.09.18*** | **08.02.19** |
|---|---|---|---|
| **Shri Pratyaya Amrit** (upto 16.08.2018) | Yes | N.A. | N.A. |
| **Smt. Sangeeta Bhatia** | Yes | Yes | Yes |
| **Shri S. Narendra** (appointed as Committee member w.e.f. 04.05.2018) | Yes | Yes | Yes |
| **Shri R. Lakshmanan** (upto 16.08.2018) | Yes | N.A. | N.A. |
| **Shri Ajay Dua** | Yes | Yes | No |

*Shri Prakash Tiwari, Chairman also attended the Meeting.

During the year, there is no instance, where the Board had not accepted any recommendation(s) of the Audit Committee.

Your Company has ensured to remain in the regime of unqualified statement.

**B. Nomination & Remuneration Committee**

The term of reference of Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, which is as under:

(i) Shall identify who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal;

(ii) Shall formulate the criteria for determining qualifications, positive attributes & recommend to the board a policy relating to the remuneration for, KMP & other employees;

(iii) Shall while formulating the policy, NRC ensure that:

1. Relationship of remuneration to performance is clear & meets appropriate performance benchmarks; and

2. Remuneration to KMP and senior management involves a balance between fixed & incentive pay reflecting short & long-term performance objectives appropriate to the working of the company & its goals.

The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2019 was as under:

i. Smt. Sangeeta Bhatia, Director

ii. Shri Ajay Dua, Director

iii. Shri S. Narendra, Director

The senior most Director acts as the Chairman of the Nomination & Remuneration Committee.

During the year 2018-19, 2 (Two) meetings of the Nomination and Remuneration Committee were held on 20.07.2018 and 17.08.2018. The attendance of Directors in Nomination & Remuneration Committee Meetings is as under:

| Date of the Meeting/ Name of the Member | 20.07.2018 | 17.08.2018 |
|---|---|---|
| **Smt. Sangeeta Bhatia** | Yes | Yes |
| **Shri S. Narendra** (appointed as Committee member w.e.f. 04.05.2018) | * | Yes |
| **Shri R. Lakshmanan** (upto 16.08.2018) | Yes | N.A. |
| **Shri Ajay Dua** | Yes | Yes |

*Shri S. Narendra was an alternate Member of the Nomination and Remuneration Committee. He did not attend the Meeting on 20.07.2018.

**C. Corporate Social Responsibility Committee**

The term of reference of Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013 which is as under:

(i) To formulate & recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as amended from time to time by the Ministry of Corporate Affairs, GOI;

(ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and approve the budget for CSR;

(iii) To monitor the CSR Policy of the company from time to time;

(iv) Shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;

(v) Any other matter as may be delegated by the Board from time to time.

The constitution of the Corporate Social Responsibility Committee of the Company as on 31.03.2019 comprised following 3 (three) Directors:

i. Shri S. Narendra, Director;

ii. Smt. Sangeeta Bhatia, Director; and

iii. Shri Ajay Dua, Director

The senior most Director acts as the Chairman of the Corporate Social Responsibility Committee.

No meeting of the CSR Committee was held during FY 2018-19.

**D. Committee for Allotment and Post-Allotment Activities of Shares of the Company**

The Committee has been constituted for Allotment and Post-allotment activities of Company's Securities. The scope of work of this committee is to approve allotment and transfer of shares.

The constitution of the Allotment and Post-Allotment Committee of the Shares of the Company as on 31.03.2019 was as under:

i. Smt. Sangeeta Bhatia, Director

ii. Shri S. Narendra, Director

iii. Shri Ajay Dua, Director

The senior most Director acts as the Chairman of the Committee for Allotment and Post-Allotment activities.

During the FY 2018-19, 3 (three) meetings of the Committee for Allotment and Post-Allotment Activities of the Shares of the Company was held on 17.05.2018, 04.12.2018 and 08.02.2019. The attendance of Directors in Committee for Allotment and Post Allotment activities of Shares of the Company is as under:

| Date of the Meeting/ Name of the Member | 17.05.2018 | 04.12.2018 | 08.02.2019 |
|---|---|---|---|
| **Shri Pratyaya Amrit** (upto 16.08.2018) | Yes | N.A. | N.A. |
| **Smt. Sangeeta Bhatia** | Yes | Yes | Yes |
| **Shri Ajay Dua** | N.A. | Yes | No |
| **Shri S. Narendra** (appointed as Committee member w.e.f. 04.05.2018) | * | Yes | Yes |

*Shri S. Narendra was an alternate Member of the Nomination and Remuneration Committee. He did not attend the Meeting on 17.05.2018.

**4. Remuneration Policy/ Detail of Remuneration to Directors**

Since the Directors are nominated by NTPC, they are governed by the remuneration policy as applicable to NTPC.

**5. Remuneration to Employees**

As majority of the employees are on secondment basis from NTPC, their remuneration is as per the rules of NTPC. Only few employees are on the rolls of KBUNL which were earlier from Bihar State Electricity Board and had opted to serve in KBUNL. They are also being paid remuneration as per NTPC Rules.

During the year, 40 Diploma Trainees are also recruited in the Company. They are being paid stipend as per their recruitment rules.

Annual Performance Related Payment is decided by the Nomination and Remuneration Committee based on the PRP decided by NTPC for employees on secondment basis to its subsidiaries and joint venture companies.

**6. General Body Meetings**

The attendance of Directors in Annual General Meeting and Extra-Ordinary General Meeting held during the FY 2018-19 is as under:

| Date of the Meeting/ Name of the Director | EGM | AGM |
|---|---|---|
| | 31.05.2018 | 18.09.2018 |
| **Shri Prakash Tiwari, Chairman and Member** | Yes | Yes |
| **Shri Prataya Amrit, Director and Member** (upto 16.08.2018) | Yes | N.A. |
| **Shri S. Narendra, Director and Member** | Yes | Yes |
| **Smt. Sangeeta Bhatia, Director and Member** | Yes | Yes |
| **Shri R. Lakshmanan, Director and Member** (upto 16.08.2018) | Yes | N.A. |
| **Shri Ajay Dua, Director** {Member since 02.07.2018} | * | Yes |

*attended the EGM as Director

The Chairman of the Audit Committee and Nomination and Remuneration Committee were present in the Annual General Meeting.

**Forthcoming AGM: Date, Time and Venue**

The 13th Annual General Meeting of the Company (AGM) is scheduled on Monday, 29th July 2019 at the registered office of the Company situated at NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodi Road, New Delhi-110003.

Location and Time of the last three AGMs

The location, time and details of the special resolutions passed during last three AGMs are as follows:

| For the FY | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|
| **AGM** | 10th | 11th | 12th |
| **Date and Time** | 28.07.2016 3:00 p.m. | 30.08.2017 1:30 p.m. | 18.09.2018 12.00 Noon |
| **Venue** | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 |
| **Special Resolution Passed** | - | - | - |

In the Extra-Ordinary General Meeting held on 31.05.2018, a Special Resolution was passed to amend the Articles of Association in order to facilitate transfer of entire shareholding of BSPGCL, in KBUNL, to NTPC Limited.

**7. Means of Communication**

The Company communicates with its shareholders through its Annual Report and General Meetings.

**8. Dematerialisation of securities of the Company**

During the year, the Company admitted its shares with National Securities Depository Limited (NSDL). The ISIN is INE00W301019. The Registrar and Share Transfer Agent is MCS Share Transfer Agent Limited.

**Address of National Securities Depository Limited (NSDL):** Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013

**Address of Registrar and Transfer Agent (RTA) :** F-65, Ist Floor, Okhla Industrial Area, Phase-I, New Delhi -1100 20.

Secretarial Audit Report for reconciliation of the share capital of the Company for the half-year ended 31st March, 2019 was obtained from Practising Company Secretary and submitted to the Registrar of Companies.

**9. Disclosures**

a. Every Director of the Company had disclosed his nature of interest/ concern in the company or companies or bodies corporate, firms, or other association of individuals as required under the Companies Act, 2013 from time to time.

b. The Annual Financial Statements FY 2018-19 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.

c. The Company has a system in place for monitoring of various statutory and procedural compliances. Further, a compliance certificate on applicable laws is in place on yearly basis.

d. CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.

e. All the Board Members and Senior Management Personnel are governed by the Code of Conduct of NTPC Limited as they are nominated/ deputed by NTPC. The affirmation to the Code of Conduct is given by Board Members and Senior Management Personnel at NTPC.

f. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has implemented Whistle Blower Policy (Vigil Mechanism) under which the employees are free to report violations of applicable laws and regulations. No personnel have been denied access to the Audit Committee.

g. During the year under review, no Presidential Directive was received by your Company. However, the Parent Company, i.e. NTPC received a Presidential Directive for revision of pay of executives of the Company. The same was complied for the executives of the Company who were on secondment basis from NTPC.

10. The information regarding shareholding pattern of Promoters and Directors is given under Extract of Annual Return which is at Annex-III to the Directors' Report.

**11. Training of Board Members**

As the Board Members are the Nominees of NTPC, they are being imparted training by the parent companies. Detailed presentations were made by senior executives/ professionals/ consultants on business-related issues at the Board/Committee meetings as and when required.

**12. Location of Plant**

Muzaffarpur Thermal Power Station, Muzaffarpur, Bihar.

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

**(Shri Prakash Tiwari)**
**Chairman**
**DIN: 08003157**

**Place: New Delhi**
**Dated: 29.07.2019**

# Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certification

We, Ujjwal Banerjee, Chief Executive Officer and Vinay Kumar Mittal, Chief Financial Officer of Kanti Bijlee Utpadan Nigam Limited, to the best of our knowledge and belief, certify that:

(a) We have reviewed financial statements, including all notes to the financial statements and the cash flow statements for the year ended March 31, 2019 and to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal or violative of the company's various code(s) of conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the company's auditors and the Audit Committee of KBUNL's Board of Directors:

(i) significant changes, if any, in internal control over financial reporting during the year;

(ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**(Vinay Kumar Mittal)**
**Chief Financial Officer**

**(Ujjwal Banerjee)**
**Chief Executive Officer**

**Place: New Delhi**
**Date : May 20, 2019**

# CERTIFICATE ON COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2018-19

The Members,
Kanti Bijlee Utpadan Nigam Limited

We have examined the compliance of Guidelines on Corporate Governance for Central Public Sector Enterprise, 2010 as issued by DPE from time to time of your Company.

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

In our opinion and to the best of our information and according to the explanation given to us by the management, we certify that the Company has complied DPE Guidelines on Corporate Governance except with respect to appointment of Independent Directors asrequired thereunder.

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 Deepak Dhir & Associates,**
**Company Secretaries,**

Deepak Kumar Dhir
ACS No.: 45930
CP No.: 17296

Place: New Delhi
Date: 19.07.2019

# Form No. MGT-9
## Extract of Annual Return
## as on financial year ended on March 31, 2019

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

## I. REGISTRATION AND OTHER DETAILS:

| | | | |
|---|---|---|---|
| i) | CIN | : | U40102DL2006GOI153167 |
| ii) | Registration Date | : | September 6, 2006 |
| iii) | Name of the Company | : | Kanti Bijlee Utpadan Nigam Limited |
| iv) | Category / Sub-Category of the Company | : | Public Company / Government Company |
| v) | Address of the Registered office and contact details | : | NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003 Ph. No.: 011-2436 0071<br>Fax No.: 011-24360241<br>E-mail: ruchimittal@ntpc.co.in |
| vi) | Whether listed company (Yes / No) | : | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | MCS Share Transfer Agent Limited |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products/Services | NIC code of the Product/service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Electric Power Generation by coal based thermal power plant | 35102 | 100% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| S.No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | NTPC Limited<br>Address: NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003 | L40101DL1975GOI007966 | Holding | 100%* | 2 (46) of the Companies Act, 2013 |

*NTPC acquired 27.36% share of equity held by Bihar State Power Generation Company Limited in KBUNL on 29.06.2018. Thus, KBUNL became a wholly-owned subsidiary of NTPC w.e.f. 29.06.2018.

## IV. SHARE HOLDING PATTERN (Equity Share Capital break-up as percentage of total equity)

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual<br>**(i) As Nominee of NTPC** | - | 300 | 300 | 0.00 | - | 600 | 600 | 0.00 | +100% |
| **(ii) As Nominee of Bihar State Power Generation Company Limited*** | - | 300 | 300 | 0.00 | - | - | - | 0.00 | -100% |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | | | | | | | | | |
| **NTPC Limited** | - | 1,04,28,88,341 | 1,04,28,88,341 | 72.64% | 1,51,06,73,105 | - | 1,51,06,73,105 | 100 | +44.85% |
| **Bihar State Power Generation Company Limited*** | - | 39,27,84,764 | 39,27,84,764 | 27.36% | - | - | - | - | -100% |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1):-** | - | **1,43,56,73,705** | **1,43,56,73,705** | **100%** | **1,51,06,73,705** | - | **1,51,06,73,705** | **100** | **+5.22%** |
| (2) Foreign | | | | | | | | | |
| a) NRIs- individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other…. | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1) + A(2)** | - | **1,43,56,73,705** | **1,43,56,73,705** | **100%** | **1,51,06,73,705** | - | **1,51,06,73,705** | **100** | **+5.22%** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1):-** | - | - | - | - | - | - | - | - | - |
| **2.Non-institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+(B) (2)** | - | - | - | - | - | - | - | - | - |
| **C.Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | - | **1,43,56,73,705** | **1,43,56,73,705** | **100%** | **1,51,06,73,705** | - | **1,51,06,73,705** | **100** | **+5.22%** |

*NTPC acquired 27.36% of equity held by Bihar State Power Generation Company Limited in KBUNL on 29.06.2018. Thus, KBUNL became wholly-owned subsidiary of NTPC w.e.f. 29.06.2018.

**(ii) Shareholding of Promoters**

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in the shareholding during the year |
| 1. | NTPC Limited | 1,04,28,88,341 | 72.64% | - | 1,51,06,73,105 | | - | +44.85% |
| 2. | Bihar State Power Generation Company Limited | 39,27,84,764 | 27.36% | - | - | - | - | -100% |
| 3. | Nominees of NTPC | 300 | 0.00 | - | 600 | 0.00 | - | +100% |
| 4. | Nominees of Bihar State Power Generation Company Limited | 300 | 0.00 | - | - | - | - | -100% |

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

| Sl No. | Particulars | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 1,43,56,73,705 | 100% | 1,43,56,73,705 | 100% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.): | | | | |
| | Allotment made on 04.12.2018 | 5,00,00,000 | - | 1,48,56,73,705 | - |
| | Allotment made on 08.02.2019 | 2,50,00,000 | - | 1,51,06,73,705 | - |
| | At the end of the year | 1,51,06,73,105 | 100 | 1,51,06,73,705 | 100% |

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | **Shri Prakash Tiwari**<br>**Chairman & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc) | Nil | 0.00 | Nil | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |
| 2. | **Ms. Sangeeta Bhatia**<br>**Director & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): | Nil | 0.00 | Nil | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |
| 3. | **Shri S. Narendra**<br>**Director & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | Nil | 0.00 | Nil | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): Shares transferred from Shri M. P. Sinha, Director & Nominee Shareholder of NTPC on 17.05.2018 | Nil | 0.00 | 100 | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |
| 4. | **Shri Ajay Dua**<br>**Director & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | Nil | 0.00 | Nil | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): Shares transferred from Shri R. Lakshmanan, Director & Nominee Shareholder of BSPGCL on 02.07.2018 | 100 | 0.00 | 100 | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |
| 5. | **Shri M.P. Sinha[1]**<br>**Director & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): Shares transferred to Shri S. Narendra, Director & Nominee Shareholder of NTPC on 17.05.2018 | (100) | 0.00 | (100) | 0.00 |
| | At the End of the year | Nil | 0.00 | Nil | 0.00 |
| 6. | **Shri P. Amrit[2]**<br>**Director & Nominee Shareholder of BSPGCL** | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): Shares transferred to Ms. Nandini Sarkar, Nominee Shareholder of NTPC on 02.07.2018 | (100) | 0.00 | (100) | 0.00 |
| | At the End of the year | Nil | 0.00 | Nil | 0.00 |
| 7. | **Shri R. Lakshmanan[3]**<br>**Director & Nominee Shareholder of BSPGCL** | | | | |
| | At the beginning of the year | 200 | 0.00 | 200 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc): 100 shares transferred to Shri Ajay Dua, Director & Nominee Shareholder of NTPC on 02.07.2018<br>100 shares transferred to Shri Praveen Saxena, Nominee Shareholder of NTPC on 02.07.2018 | (200) | 0.00 | (200) | 0.00 |
| | At the End of the year | Nil | 0.00 | Nil | 0.00 |

**[1]Shri M.P. Sinha ceased to be Director on 27.04.2018**
**[2]Shri P. Amrit ceased to be Director on 16.08.2018**
**[3]Shri R. Lakshmanan ceased to be Director on 16.08.2018**

## V. INDEBTEDNESS

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

₹ in Crore

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 2409.6079 | 201.0000 | 0.0000 | **2610.6079** |
| ii) Interest due but not paid | 0.0000 | 0.0000 | 0.0000 | **0.0000** |
| iii) Interest accrued but not due | 0.0000 | 0.0000 | 0.0000 | **0.0000** |
| **Total (i + ii + iii)** | 2409.6079 | 201.0000 | 0.0000 | **2610.6079** |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 87.6787 | 30.0000 | 0.0000 | **117.6787** |
| • Reduction | 206.2536 | 60.50000 | 0.0000 | **266.7536** |
| **Net Change** | (118.5749) | (30.50000) | 0.0000 | **(149.0749)** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal amount | 2291.0330 | 170.5000 | 0.0000 | **2461.533** |
| ii) Interest due but not paid | 0.0000 | 0.0000 | 0.0000 | **0.0000** |
| iii) Interest accrued but not due | 0.0000 | 0.0000 | 0.0000 | **0.0000** |
| **Total ( i + ii + iii)** | 2291.0330 | 170.5000 | 0.0000 | **2461.533** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

### B. Remuneration to other directors:

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

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | | |
|---|---|---|---|---|---|---|---|
| | | CEO* (Shri P K Sinha) | CEO** (Shri S. Gouri Shanker) | CEO# (Shri Ujjwal Banerjee) | CFO (Shri V.K. Mittal) | Company Secretary^ | Total |
| 1. | Gross Salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | 19,61,614 | 4,63,748 | 40,49,404 | 68,87,434 | 23,96,106 | 1,57,58,306 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 41,724 | 44,225 | 1,61,396 | 5,31,081 | 87,341 | 8,65,767 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - | - |
| 3. | Sweat Equity | - | | | - | - | - |
| 4. | Commission - as % of profit | - | | | - | - | - |
| | - others, specify... | - | | | - | - | - |
| 5. | Others, please specify | - | | | - | - | - |
| | Total | 20,03,338 | 5,07,973 | 42,10,800 | 74,18,515 | 24,83,447 | 1,66,24,073 |

*Ceased to be Chief Executive Officer on 21.07.2018
**Appointed as Chief Executive Officer from 22.07.2018 to 17.08.2018
#Appointed as Chief Executive Officer w.e.f. 17.08.2018
^CS is posted at Delhi. Accordingly, salary is also being debited at Delhi.

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

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

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

**(Prakash Tiwari)**
**Chairman**
**Din: 08003157**

**Place: New Delhi**
**Date: 29.07.2019**

# Annual Report on Corporate Social Responsibility Activities

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

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

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

2. The CSR Committee as on 31.03.2019 comprised Smt. Sangeeta Bhatia, Shri S. Narendra and Shri Ajay Dua, Directors.

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

   The average net profit (loss) of the Company for three immediately preceding financial years i.e. 2015-16, 2016-17 and 2017-18 is ₹ 92.92 Crores.

4. **Prescribed CSR Expenditure.**

   As per requirement of the Companies Act, 2013, the Company is required to spend 2% of the average net profit of the company made during three immediately preceding financial years in CSR activities. As the average net losses of the Company for three immediately preceding financial years was ₹ 92.92 Crore, the Company was not required to spend on CSR activities in the FY 2018-19.

5. **Details of CSR spent during the last five financial years:**

(in lakhs)

| Financial Year | Budget | Spent | Unspent |
|---|---|---|---|
| **2014-15** | 0.00 | 0.00 | 0.00 |
| **2015-16** | 20.23 | 7.73 | 12.50 |
| **2016-17** | - | 1.62 | 10.88 |
| **2017-18** | - | 10.88 | Nil |
| **2018-19** | - | 509.40* | Nil |

*The Company was not required to spend any amount on CSR activity. However, the Company has spent ₹ 509.40 lakh voluntarily during 2018-19.

| | | | |
|---|---|---|---|
| (a) | Total amount to be spent for the financial year 2018-19 | : | Nil |
| (b) | Amount unspent, if any | : | NIL |
| (c) | Manner in which the amount spent during the financial year | : | Detailed below |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| **S.No** | **CSR project or activity identified** | **Sector in Which the Project is covered** | **Projects or Programs (1) Local area or other (2)Specify the State and the district where projects or progams was undertaken** | **Amount outlay (budget) Project or Programs wise (Amount in Lakh)** | **Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads: (Amount in Lakh)** | **Cumulative expenditure upto to the reporting period. (Amount in Lakh** | **Amount spent: Direct or through implementing agency** |
| 1 | Construction of PCC and brick soiling Road in various villages of Arrah, Bihar | Community welfare | Arrah, Bihar | | 509.40 | 509.40 | M/s Rakesh Ranjan |
| | | | | Total | 509.40 | 509.40 | |

**6. A responsibility statement of the CSR Committee**

The Responsibility Statement of the Corporate Social Responsibility Committee is reproduced below:

The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and policy of the Company.

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

**(U. Banerjee)**
**Chief Executive Officer**

**(Prakash Tiwari)**
**CHAIRMAN**
**DIN: 08003157**

**Place: New Delhi**
**Date:29.07.2019**

**Form No. MR-3**

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Kanti Bijlee Utpadan Nigam Limited
CIN: U40102DL2006GOI153167
NTPC Bhawan, Core - 7 Scope Complex,
7, Institutional Area, Lodhi Road
New Delhi-110003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kanti Bijlee Utpadan Nigam Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under **(Not applicable to the Company during the Audit Period);**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under **(Not applicable to the Company during the Audit Period);**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period);**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**

b) The Securities and Exchange Board of India (Prohibition ofInsider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period);**

c) The Securities and Exchange Board of India (Issue of Capitaland Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period);**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

(vi) Compliance processes/systems under other applicable laws to the Company are being verified on the basis of periodic certificate submitted to the Boards of Directors of the Company.

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

a) Secretarial Standards as amended from time to time, issued by The Institute of Company Secretaries of India. Generally complied with.

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 **(Not applicable to the Company during the Audit Period);**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted.The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All the decisions made in the Board/Committee meetings(s) were carried out with majority of the Directors/Members present during the meeting though while the dissenting Directors/member's views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no specific events/actions occurred which had a major bearing on the Company's affairs in pursuance of above referred laws, rules, regulation, guidelines and standards.

**For Deepak Dhir & Associates**
Company Secretaries

Deepak Kumar Dhir
ACS No.: 45930
CP No.: 17296

Date: 13.06.2019
Place: New Delhi

This report is to be read in conjunction with our letter of even date which is marked as '**Annexure A**' and forms an integral part of this report.

**Annexure A**

To,

The Members
**M/s Kanti Bijlee Utpadan Nigam Limited**
CIN: U40102DL2006GOI15316
NTPC Bhawan, Core - 7 Scope Complex,
7, Institutional Area, Lodhi Road
New Delhi-110003

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for ouropinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covering observations/comments/weaknesses already pointed out by the other Auditors.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Deepak Dhir & Associates**
Company Secretaries

Deepak Kumar Dhir
ACS No.: 45930
CP No.: 17296

Date: 13.06.2019
Place: New Delhi

# KANTI BIJLEE UTPADAN NIGAM LIMITED

REGD. OFFICE: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

## BALANCE SHEET AS AT 31 MARCH 2019

₹ Lakhs

| Particulars | Note No. | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2 | **383,539.24** | 386,959.73 |
| Capital work-in-progress | 3 | **39,525.39** | 42,837.58 |
| Intangible assets | 4 | **16.15** | 4.72 |
| Other non current assets | 5 | **8,590.21** | 7,728.86 |
| **Total non-current assets** | | **431,670.99** | 437,530.89 |
| **Current assets** | | | |
| Inventory | 6 | **9,719.63** | 5,072.99 |
| Financial Assets | | | |
| Trade Receivables | 7 | **38,391.29** | 19,903.59 |
| Cash and cash equivalents | 8 | **992.11** | 2,350.47 |
| Bank balances other than cash and cash equivalents | 9 | **1,857.03** | - |
| Other financial assets | 10 | **25,911.06** | 10,679.51 |
| Other current assets | 11 | **3,865.81** | 3,674.07 |
| **Total current assets** | | **80,736.93** | 41,680.63 |
| **TOTAL ASSETS** | | **512,407.92** | 479,211.52 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 12 | **151,067.37** | 143,567.37 |
| Other equity | 13 | **(15,425.41)** | (25,299.26) |
| **Total equity** | | **135,641.96** | 118,268.11 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 14 | **220,302.24** | 242,492.73 |
| Other financial liabilities | 15 | **1,218.27** | 1,055.93 |
| Provisions | 16 | **34.96** | - |
| Deferred tax liabilities (net) | 17 | **-** | - |
| **Total non-current liabilities** | | **221,555.47** | 243,548.66 |

The accompanying notes 1 to 45 form an integral part of these financial statements.

For and on behalf of the Board of Directors

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

# KANTI BIJLEE UTPADAN NIGAM LIMITED

REGD. OFFICE: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

## BALANCE SHEET AS AT 31 MARCH 2019

₹ Lakhs

| Particulars | Note No. | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowing | 18 | **49,165.95** | 18,005.78 |
| Trade payables | 19 | | |
| Total outstanding dues of micro and small enterprises | | **483.08** | 568.19 |
| Total outstanding dues of creditors other than micro and small enterprises | | **16,922.98** | 10,544.03 |
| Other financial liabilities | 20 | **59,925.55** | 61,579.01 |
| Other current liabilities | 21 | **355.21** | 343.08 |
| Provisions | 22 | **1,836.02** | 1,796.31 |
| Current tax liabilities (net) | 23 | **2,953.15** | - |
| **Total current liabilities** | | **131,641.94** | 92,836.40 |
| **Deferred Revenue** | 24 | **23,568.55** | 24,558.36 |
| **TOTAL EQUITY AND LIABILITIES** | | **512,407.92** | 479,211.52 |
| Significant accounting policies | 1 | | |

The accompanying notes 1 to 45 form an integral part of these financial statements.

For and on behalf of the Board of Directors

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

# KANTI BIJLEE UTPADAN NIGAM LIMITED

REGD. OFFICE: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

## STATEMENT OF PROFIT AND LOSS

₹ Lakhs

| Particulars | Note No. | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 25 | **160,526.24** | 86,155.80 |
| Other income | 26 | **515.23** | 748.59 |
| **Total revenue** | | **161,041.47** | 86,904.39 |
| **Expenses** | | | |
| Fuel | | **81,771.27** | 49,432.14 |
| Employee benefits expense | 27 | **7,825.97** | 4,250.29 |
| Finance costs | 28 | **24,979.76** | 23,132.23 |
| Depreciation and amortization expense | 29 | **23,125.90** | 21,273.72 |
| Other expenses | 30 | **10,645.54** | 6,925.25 |
| **Total expenses** | | **148,348.45** | 105,013.63 |
| **Profit before tax** | | **12,693.02** | (18,109.24) |
| **Tax expense** | 42 | | |
| Current year | | | |
| Current tax | | **2,819.17** | - |
| **Total tax expense** | | **2,819.17** | - |
| **Profit for the year** | | **9,873.85** | (18,109.24) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive income for the year** | | **9,873.85** | (18,109.24) |
| Significant accounting policies | 1 | | |
| Expenditure during construction period (net) | 31 | | |
| **Earnings per equity share (Par value ₹10/- each)** | 36 | | |
| From operations including regulatory deferral account balances | | | |
| Basic Earning Per Share (₹) | | **0.68** | (1.53) |
| Diluted Earning Per Share (`) | | **0.67** | (0.72) |

The accompanying notes 1 to 45 form an integral part of these financial statements.

For and on behalf of the Board of Directors

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

This is the Statement of Profit and Loss referred to in our report of even date.

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

# KANTI BIJLEE UTPADAN NIGAM LIMITED

**REGD. OFFICE: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003**

## CASH FLOW STATEMENT

₹ Lakhs

| | Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| A | **Cash Flow From Operating Activities** | | |
| | **Profit before tax and regulatory deferral account balances** | **12,693.02** | (18,109.24) |
| | **Adjustment for** | | |
| | Depreciation/ Amortisation | **23,125.90** | 21,273.72 |
| | Interest Cost | **24,979.76** | 23,132.23 |
| | Grants adjusted as income | **(4,054.80)** | (4,012.00) |
| | **Operating Profit/ (loss) before working capital changes** | **56,743.88** | 22,284.71 |
| | **Adjustment for -** | | |
| | Inventory | **(4,646.64)** | (1,590.30) |
| | Trade Receivable | **(18,487.70)** | (7,962.42) |
| | Other Current Financial Asset | **(15,231.55)** | (8,023.88) |
| | Other Current Asset | **(191.74)** | (955.13) |
| | Trade payables | **6,293.83** | 2,641.51 |
| | Other Current financial liabilities | **2,450.12** | 2,792.33 |
| | Other current liabilities | **12.13** | (1,955.26) |
| | Provisions | **74.67** | (5.17) |
| | Government grant | **3,065.00** | |
| | **Cash generated from operations** | **30,082.00** | 7,226.38 |
| | Less: Income tax paid | **7.99** | 29.72 |
| | **Net cash inflow from operating activities [A]** | **30,074.02** | 7,196.67 |
| B. | **Cash Flow From Investment Activities** | | |
| | Purchase of fixed assets & CWIP | **(28,490.23)** | (15,521.64) |
| | Net investment / (redemption) of bank deposits | **(1,857.03)** | - |
| | **Net cash outflow from investing activities [B]** | **(30,347.26)** | (15,521.64) |
| C. | **Cash Flow From Financing Activities** | | |
| | Proceeds from issue of shares | **7,500.00** | 31,343.07 |
| | Proceeds from share Application Money | **-** | (23,343.07) |
| | Net proceeds from non current borrowings | **(14,907.49)** | 18,273.08 |
| | Net proceeds from current borrowings | **31,160.17** | 6,107.64 |
| | Interest paid | **(24,837.80)** | (23,132.23) |
| | **Net cash inflow / (Outflow) from financing activities [C]** | **(1,085.12)** | 9,248.49 |

For and on behalf of the Board of Directors

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

This is the Statement of cash flows referred to in our report of even date.

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

# KANTI BIJLEE UTPADAN NIGAM LIMITED

REGD. OFFICE: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

## CASH FLOW STATEMENT

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Net increase/(decrease) in cash and cash equivalents [A+B+C]** | **(1,358.36)** | 923.53 |
| Cash and Cash equivalents at the beginning of the year | **2,350.47** | 1,426.94 |
| Cash and Cash equivalents at the end of the year | **992.11** | 2,350.47 |

**Notes to statement of cash flows**

a) Cash and cash equivalents consist of balances with banks and deposits with original maturity of upto three months.
b) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

₹ Lakhs

| Particulars | Non-current borrowings | Current borrowings |
|---|---|---|
| **For the year ended 31 March 2019** | | |
| Balance as at 1 April 2018 | 261,060.79 | 18,005.78 |
| Loan drawals | 11,767.87 | 31,160.17 |
| Loan repayments | (26,675.36) | - |
| Interest accrued during the year | 23,173.42 | 3,096.60 |
| Interest payment during the year | (23,173.42) | (3,096.60) |
| **Balance as at 31 March 2019** | **246,153.30** | **49,165.95** |
| **For the year ended 31 March 2018** | | |
| Balance as at 1 April 2017 | 242,787.71 | 11,898.13 |
| Loan drawls | 30,843.79 | 6,107.65 |
| Loan repayments | (12,570.71) | - |
| Interest accrued during the year | 24,499.98 | 1,624.98 |
| Interest payment during the year | (24,499.98) | (1,624.98) |
| **Balance as at 31 March 2018** | **261,060.79** | **18,005.78** |

For and on behalf of the Board of Directors

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

This is the Statement of cash flows referred to in our report of even date.

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

# KANTI BIJLEE UTPADAN NIGAM LIMITED

REGD. OFFICE: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

## STATEMENT OF CHANGES IN EQUITY

**(A) Equity Share Capital**

**For the year ended 31 March 2019**

₹ Lakhs

| | |
|---|---|
| Balance as at 1 April 2018 | 143,567.37 |
| Changes in equity share capital during the year | 7,500.00 |
| **Balance as at 31 March 2019** | **151,067.37** |

**For the year ended 31 March 2018**

₹ Lakhs

| | |
|---|---|
| Balance as at 1 April 2017 | 112,224.30 |
| Changes in equity share capital during the year | 31,343.07 |
| **Balance as at 31 March 2018** | **143,567.37** |

**(B) Other Equity**

**For the year ended 31 March 2019**

₹ Lakhs

| | Reserves & Surplus | | | Total |
|---|---|---|---|---|
| | Retained Earnings | Corporate Social Responsibility Reserve | Share Application Money Pending Allotment | |
| **Balance as at 1 April 2018** | **(25,299.26)** | - | - | **(25,299.26)** |
| Profit for the year | 9,873.85 | - | - | 9,873.85 |
| Less: Transfered to retained earning | - | - | - | - |
| Share Application Money received | - | - | 7,500.00 | 7,500.00 |
| Less: Shares alloted against share application money | - | - | 7,500.00 | 7,500.00 |
| **Balance as at 31 March 2019** | **(15,425.41)** | - | - | **(15,425.41)** |

**For the year ended 31 March 2018**

₹ Lakhs

| | Reserves & Surplus | | | Total |
|---|---|---|---|---|
| | Retained Earnings | Corporate Social Responsibility Reserve | Share Application Money Pending Allotment | |
| **Balance as at 1 April 2017** | **(7,200.89)** | **10.87** | **23,343.07** | **16,153.05** |
| Loss for the year | (18,109.24) | - | - | (18,109.24) |
| Less: Transfered to retained earning | (10.87) | 10.87 | - | - |
| Share Application Money received | - | - | 8,000.00 | 8,000.00 |
| Less: Shares alloted against share application money | - | - | 31,343.07 | 31,343.07 |
| **Balance as at 31 March 2018** | **(25,299.26)** | - | - | **(25,299.26)** |

For and on behalf of the Board of Directors

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

This is the Statement of cash flows referred to in our report of even date.

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

## 1. Company Information and Significant Accounting Policies

### A. Reporting entity

Kanti Bijlee Utpadan Nigam Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: U40102DL2006GOI153167). The address of the Company's registered office is NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi -110003. The Company is involved in the generation and sale of bulk power to State Power Utilities. During the year, subsequent to acquisition of entire share of Bihar State Power Generating Company Limited (BSPGCL) in equity by NTPC limited on 29 June 2018, the company has become a wholly owned subsidiary of NTPC Limited.

### B. Basis of preparation

#### 1. Statement of Compliance

These standalone financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These financial statements were authorized for issue by the Board of Directors on 20 May 2019.

#### 2. Basis of measurement

The financial statements have been prepared on the historical cost basis.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### 3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakh (up to two decimals), except as stated otherwise.

#### 4. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

### C. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

The Company has elected to utilize the option under Ind AS 101 by not applying the provisions of Ind AS 16& Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS i.e. 1 April 2015. Therefore, the carrying amount of property, plant and equipment and intangible assets as per the previous GAAP as at 1 April 2015, i.e; the Company's date of transition to Ind AS, were maintained on transition to Ind AS.

#### 1. Property, plant and equipment

##### 1.1. Initial recognition and measurement

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

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.

Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/ assessments.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

##### 1.2. Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalized, when it meets the asset recognition criteria.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**1.3. Decommissioning costs**

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**1.4. De-recognition**

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined by comparing the proceeds from disposal, if any, with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

**1.5. Depreciation/amortization**

Depreciation is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on the assets of the generation of electricity business is charged on straight-line method following the rates and methodology notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

Depreciation on the following assets is provided on their estimated useful life ascertained on technical evaluation:

| | |
|---|---|
| a) Kutcha roads | 2 years |
| b) Enabling works | |
| - residential buildings | 15 years |
| - internal electrification of residential buildings | 10 years |
| - non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips. | 5 years |
| c) Personal computers & laptops including peripherals | 3 years |
| d) Photocopiers, fax machines, water coolers and refrigerators | 5 years |
| e) Temporary erections including wooden structures | 1 year |
| f) Telephone exchange | 15 years |
| g) Wireless systems, VSAT equipments, display devices viz. projectors, screens, CCTV, audio video conferencing systems and other communication equipments | 6 years |

Major overhaul and inspection costs which have been capitalized are depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier.

Leasehold land relating to generation of electricity business are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/ disposed.

Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long-term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/amortization.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

The residual values, useful lives and method of depreciation of assets other than the assets of generation of electricity business are reviewed at each financial year end and adjusted prospectively, wherever required.

**2. Capital work-in-progress**

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

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

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

**3. Intangible assets**

**3.1. Initial recognition and measurement**

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

**3.2. Subsequent costs:**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

**3.3. De-recognition**

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains & losses on de-recognition of an item of intangible assets are determined by comparing the proceeds from disposal, if any, with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

**3.4. Amortization**

Cost of software recognized as intangible asset, is amortized on straight-line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight-line method over the period of legal right to use or life of the related plant, whichever is less.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end.

**4. Regulatory deferral account balances**

Expense/income recognized in the statement of profit and loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized as 'Regulatory deferral account balances'.

Regulatory deferral account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

Regulatory deferral account balances are evaluated at each balance sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the regulatory deferral account balances are derecognized.

**5. Borrowing costs**

Borrowing costs consist of interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments'.

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction or erection of the qualifying asset.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

**6. Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

Steel scrap is valued at estimated realizable value.

**7. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**8. Government grants**

Government grants are recognized initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the related asset. Grants that compensate the Company for expenses incurred are recognized over the period in which the related costs are incurred and deducted from the related expenses.

**9. Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. 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.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

**10. Foreign currency transactions and translation**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the year in which it arises with the exception that exchange differences on long term monetary items related to acquisition of property, plant and equipment recognized up to 31 March 2016 are adjusted to the carrying cost of property, plant and equipment.

Non-monetary items are measured in terms of historical cost in a foreign currency and translated using the exchange rate at the date of the transaction. In case of advance consideration received or paid in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**11. Revenue**

Company's revenues arise from generation and sale of energy and other income. Revenue from other income comprises interest from banks, employees, contractors etc., surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc.

Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18 and Ind AS 11. The details of accounting policies as per Ind AS 18 and Ind AS 11 are disclosed separately if they are different from those under Ind AS 115.

**11.1. Revenue from sale of energy**

The Company's operations in India are regulated under the Electricity Act, 2003. Accordingly, the CERC determines the tariff for the Company's power plants based on the norms prescribed in the tariff regulations as applicable from time to time. Tariff is based on the capital cost incurred for a specific power plant and primarily comprises two components: capacity charge i.e. a fixed charge, that includes depreciation, return on equity, interest on working capital, operating & maintenance expenses, interest on loan and energy charge i.e. a variable charge primarily based on fuel costs.

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over the products or services to a customer.

In the comparative period, revenue from the sale of energy was measured at the fair value of the consideration received or receivable. Revenue was recognized when the significant risks and rewards of ownership had been transferred to the buyer, recovery of the consideration was probable, the associated costs could be estimated reliably, there was no continuing management involvement, and the amount of revenue could be measured reliably.

Revenue from sale of energy is accounted for based on tariff rates approved by the CERC (except items indicated as provisional) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case the tariff rates are yet to be approved/items indicated provisional by the CERC in their orders, provisional rates are adopted considering the applicable CERC Tariff Regulations. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. As at each reporting date, revenue from sale of energy includes an accrual for sales delivered to beneficiaries but not yet billed i.e. unbilled revenue.

The incentives/disincentives are accounted for based on the norms notified/approved by the CERC as per principles enunciated in Ind AS 115. In cases the same have not been notified / approved, incentives/disincentives are accounted for on provisional basis.

**11.2. Other income**

Interest income is recognized, when no significant uncertainty as to measurability or collectability exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

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

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

For debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

The interest/surcharge on late payment/overdue trade receivables for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

Interest/surcharge recoverable on advances to suppliers as well as warranty claims wherever there is uncertainty of realization/acceptance are not treated as accrued and are therefore, accounted for on receipt/acceptance.

**12. Employee benefits**

**12.1. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due after more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

In respect of employees from parent company NTPC Limited- Employees benefits includes provident fund, pension, gratuity, post retirement medical facilities, compensated absences, long service award, economic rehabilitation scheme & other terminal benefits. In terms of the arrangement with the parent company, the company is to make a fixed contribution of the aggregate of basic pay and dearness allowance for the period of service rendered in the company. Accordingly theses employee benefits are treated as defined contribution scheme.

The Company pays a defined contribution for provident fund for employees on it's roll to the fund administered and managed by Government of India. Both the employee and the Company make monthly contribution equal to a specified percentage of the employee's salary. The contributions to the fund for the year are recognized as an expense and charged to the statement of profit and loss.

In respect of employees on the roll of the company, expenditure in relation to gratuity and leave encashment was provided on actual basis up to 31 March 2018. With effect from 1 April 2018, the Company is recognizing such expense on the basis of actuarial valuation.

**12.2. Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's liability towards gratuity for the employees on its roll is in the nature of defined benefit plan.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. Any actuarial gains or losses are recognized in OCI in the period in which they arise.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in statement of profit and loss.

**12.3. Other long-term employee benefits**

Benefits under the Company's leave encashment scheme for the employees on its roll constitute other long term employee benefits.

The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**12.4. Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**13. Other expenses**

Expenses on training & recruitment and voluntary community development are charged to statement of profit and loss in the year incurred.

Transit and handling losses of coal as per Company's norms are included in cost of coal.

**14. Income tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income (OCI) or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**15. Leases**

**As lessee**

**Accounting for finance leases**

Leases of property, plant and equipment where the Company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Accounting for operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

**16. Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 - 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**17. Operating segments**

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. In the opinion of the management, there is only one reportable segment ("Generation of Energy").

**18. Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

**19. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

**20. Statement of cash flows**

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of cash flows'.

**21. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**21.1. Financial assets**

**Initial recognition and measurement**

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI (Fair value through OCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL (Fair value through profit or loss)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

• The rights to receive cash flows from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement□ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

In accordance with IndAS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.

(b) Trade receivables under IndAS 115.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

**21.2. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts and payable for capital expenditure.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IndAS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

**De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**D. Use of estimates and management judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as under:

1. **Formulation of accounting policies**

   The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

2. **Useful life of property, plant and equipment and intangible assets**

   The estimated useful life of property, plant and equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

   Useful life of the assets of the generation of electricity business is determined by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

3. **Recoverable amount of property, plant and equipment and intangible assets**

   The recoverable amount of property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

4. **Post-employment benefit plans**

   Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

5. **Revenues**

   The Company records revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Tribunal for Electricity, as per principles enunciated under Ind AS 115. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

6. **Assets held for sale**

   Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 - 'Non-current assets held for sale and discontinued operations'. In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

7. **Regulatory deferral account balances**

   Recognition of regulatory deferral account balances involves significant judgements including about future tariff regulations since these are based on estimation of the amounts expected to be recoverable/payable through tariff in future.

8. **Provisions and contingencies**

   The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, - 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

9. **Impairment test of non-financial assets**

   The recoverable amount of investment in joint ventures companies is based on estimates and assumptions regarding in particular the future cash flows associated with the operations of the investee Company. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

10. **Income taxes**

    Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

## 2 Property, plant and equipment (PPE)
As at 31 March 2019

₹ Lakhs

| Particulars | Gross Block | | | | Depreciation/Amortisation and Impairment | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2018 | Additions | Deductions/ (Adjustments) | As at 31 March 2019 | Upto 1 April 2018 | For the year | Deductions/ Adjustments) | Upto 31 March 2019 | As at 31 March 2019 |
| Land : | | | | | | | | | |
| (including development expenses) | | | | | | | | | |
| Freehold | 17,175.32 | 13.80 | - | **17,189.12** | - | - | - | - | **17,189.12** |
| Leasehold | 6,994.13 | 4,641.62 | - | **11,635.75** | 239.74 | 221.48 | - | **461.22** | **11,174.53** |
| Roads, bridges, culverts & helipads | 2,706.45 | - | - | **2,706.45** | 105.29 | 91.14 | - | **196.43** | **2,510.02** |
| Building : | | | | | | | | | |
| Main plant | 29,518.47 | - | - | **29,518.47** | 1,141.93 | 1,031.88 | - | **2,173.81** | **27,344.66** |
| Others | 2,257.13 | - | - | **2,257.13** | 515.96 | 186.14 | - | **702.10** | **1,555.03** |
| Temporary erection | 345.59 | - | - | **345.59** | 74.88 | 69.12 | - | **144.00** | **201.59** |
| Water Supply, drainage & sewerage system | 30.92 | - | - | **30.92** | 3.21 | 1.07 | - | **4.28** | **26.64** |
| MGR track and signalling system | 6,425.80 | - | (10.41) | **6,436.21** | 265.60 | 406.08 | - | **671.68** | **5,764.53** |
| Plant and equipment (including associated civil works) | 352,589.37 | 8,361.63 | (6,580.49) | **367,531.49** | 30,974.77 | 21,161.61 | - | **52,136.38** | **315,395.11** |
| Furniture and fixtures | 228.99 | 186.85 | - | **415.84** | 51.28 | 37.25 | - | **88.53** | **327.31** |
| Vehicles Owned | 1.34 | - | - | **1.34** | 0.44 | 0.14 | - | **0.58** | **0.76** |
| Office equipment | 166.57 | 3.21 | - | **169.78** | 51.00 | 17.12 | - | **68.12** | **101.66** |
| EDP, WP machines and satcom equip. | 183.42 | 214.57 | - | **397.99** | 66.82 | 60.82 | - | **127.64** | **270.35** |
| Construction equipments | 591.94 | - | - | **591.94** | 153.03 | 60.16 | - | **213.19** | **378.75** |
| Electrical Installations | 1,538.34 | - | (1.21) | **1,539.55** | 159.27 | 88.86 | - | **248.13** | **1,291.42** |
| Communication Equipments | 7.76 | - | - | **7.76** | 2.95 | 1.13 | - | **4.08** | **3.68** |
| Hospital Equipments | 4.78 | - | - | **4.78** | 0.42 | 0.28 | - | **0.70** | **4.08** |
| **Total** | **420,766.32** | **13,421.68** | **(6,592.11)** | **440,780.11** | **33,806.59** | **23,434.28** | - | **57,240.87** | **383,539.24** |

As at 31 March 2018

₹ Lakhs

| Particulars | Gross Block | | | | Depreciation/Amortisation and Impairment | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2017 | Additions | Deductions/ (Adjustments) | As at 31 March 2018 | Upto 1 April 2017 | For the year | Deductions/ Adjustments) | Upto 31 March 2018 | As at 31 March 2018 |
| Land : | | | | | | | | | |
| (including development expenses) | | | | | | | | | |
| Freehold | 17,132.25 | 43.07 | - | **17,175.32** | - | - | - | - | **17,175.32** |
| Leasehold | 6,968.21 | - | (25.92) | **6,994.13** | 18.39 | 221.35 | - | **239.74** | **6,754.39** |
| Roads, bridges, culverts & helipads | 2,672.96 | - | (33.49) | **2,706.45** | 14.34 | 90.95 | - | **105.29** | **2,601.16** |
| Building : | | | | | | | | | |
| Main plant | 17,541.72 | 11,976.75 | - | **29,518.47** | 176.70 | 965.22 | - | **1,141.93** | **28,376.54** |
| Others | 2,184.71 | 72.42 | - | **2,257.13** | 330.23 | 185.73 | - | **515.96** | **1,741.17** |
| Temporary erection | 345.59 | - | - | **345.59** | 5.76 | 69.12 | - | **74.88** | **270.71** |
| Water Supply, drainage & sewerage system | 30.92 | - | - | **30.92** | 2.14 | 1.07 | - | **3.21** | **27.71** |
| MGR track and signalling system | 6,425.80 | - | - | **6,425.80** | 185.36 | 80.24 | - | **265.60** | **6,160.20** |
| Plant and equipment (including associated civil works) | 223,329.03 | 128,577.24 | (683.10) | **352,589.37** | 11,127.05 | 19,847.71 | - | **30,974.77** | **321,614.60** |
| Furniture and fixtures | 191.82 | 37.17 | - | **228.99** | 33.17 | 18.11 | - | **51.28** | **177.71** |
| Vehicles Owned | 1.34 | - | - | **1.34** | 0.29 | 0.15 | - | **0.44** | **0.90** |
| Office equipment | 130.52 | 36.05 | - | **166.57** | 33.89 | 17.11 | - | **51.00** | **115.57** |
| EDP, WP machines and satcom equip. | 181.99 | 1.98 | 0.55 | **183.42** | 25.99 | 41.35 | 0.52 | **66.82** | **116.60** |
| Construction equipments | 456.13 | 135.81 | - | **591.94** | 98.24 | 54.79 | - | **153.03** | **438.91** |
| Electrical Installations | 1,446.28 | - | (92.06) | **1,538.34** | 71.73 | 87.54 | - | **159.27** | **1,379.07** |
| Communication Equipments | 7.60 | 0.16 | - | **7.76** | 1.85 | 1.10 | - | **2.95** | **4.81** |
| Hospital Equipments | 1.37 | 3.41 | - | **4.78** | 0.18 | 0.24 | - | **0.42** | **4.36** |
| **Total** | **279,048.24** | **140,884.06** | **(834.02)** | **420,766.32** | **12,125.31** | **21,681.78** | **0.52** | **33,806.59** | **386,959.73** |

a) The conveyancing of the title of 22.81 acres of freehold land (31 March 2018: 22.81 acres) in possesssion of the company of value ₹ 1183.45 Lakhs (31 March 2018: ₹ 1,183.45 Lakhs) and 1.24 acres of leasehold land (31 March 2018: Nil acres) in possesssion of the company of value ₹ 777.00 Lakhs (31 March 2018: ₹ Nil), in favour of the Company are awaiting completion of legal formalities.

b) Spare parts of ₹ 5 lakh and above, stand-by equipments and servicing equipments which meet the definition of property, plant and equipment are capitalized.

c) Refer note 14 for information on property, plant and equipment pledged as security by the company.

d) Estimated amount of contracts remaining to be executed on capital works account and not provided for as at 31 March 2019 is ₹ 64,576.88 Lakhs (31 March 2018: ₹ 53,625.02 Lakhs).

e) The Company capitalised the borrowing costs in the capital work-in-progress (CWIP)/PPE. Asset-wise details of borrowing costs included in the cost of major heads of CWIP/PPE through 'Addition' or 'Deductions/ Adjustments' column are given below:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Building: | | |
| Main Plant | - | 428.35 |
| Others | - | 6.17 |
| MGR Track and Signalling system | **15.84** | 14.19 |
| Plant and equipment | **1,434.10** | 3,548.12 |
| Others | - | 0.43 |
| **Total** | **1,449.94** | **3,997.26** |

f) Deduction/adjustments from gross block and depreciation, amortization and impairment for the year includes:

₹ Lakh

| Particulars | Gross block For the year ended | | Depreciation and amortization For the year ended | |
|---|---|---|---|---|
| | **31 March 2019** | **31 March 2018** | **31 March 2019** | **31 March 2018** |
| Disposal of assets | - | 0.55 | - | 0.52 |
| Assets capitalized with retrospective effect/Write back of excess capitalization | **(6,592.11)** | (834.57) | - | - |
| **Total** | **(6,592.11)** | (834.02) | - | 0.52 |

g) Lease hold land is on perpetual lease basis.

# Kanti Bijlee Utpadan Nigam Limited
# Notes to the financial statements

**3. Capital work-in-progress**

**As at 31 March 2019**

₹ Lakhs

| **Particulars** | **As at 1 April 2018** | **Additions** | **Deductions/ (Adjustments)** | **Capitalised** | **As at 31 March 2019** |
|---|---|---|---|---|---|
| Development of land | - | 84.32 | - | - | **84.32** |
| Buildings | | | | | |
| Main plant | 400.78 | 773.43 | 1,174.21 | - | - |
| Others | 280.57 | 84.69 | 13.08 | - | **352.18** |
| Temporary erection | 3.95 | 1.59 | - | - | **5.54** |
| MGR track and signalling system | 292.80 | 25.72 | - | 10.41 | **308.11** |
| Earth dam reservoir | 20.23 | 1,269.15 | - | - | **1,289.38** |
| Plant and equipment | 32,886.58 | 8,987.00 | (1,186.08) | 14,085.84 | **28,973.82** |
| Construction equipments | 13.14 | - | - | - | **13.14** |
| Electrical installations | 52.61 | 6.90 | (1.21) | 1.21 | **59.51** |
| | 33,950.66 | 11,232.80 | 0.00 | 14,097.46 | **31,086.00** |
| **Expenditure pending allocation** | | | | | |
| Survey, investigation, consultancy and supervision charges | 608.71 | (399.32) | - | - | **209.39** |
| Expenditure during construction period (net)* | - | 1,323.43 | - | - | - |
| Less: Allocated to related works | - | 1,323.43 | - | - | |
| | 34,559.37 | 10,833.48 | 0.00 | 14,097.46 | **31,295.39** |
| **Construction stores** | 8,278.21 | (48.21) | | | **8,230.00** |
| **Total** | **42,837.58** | **10,785.27** | **0.00** | **14,097.46** | **39,525.39** |

* Brought from expenditure during construction period (net) - Note 31

# Kanti Bijlee Utpadan Nigam Limited
## Notes to the financial statements

**As at 31 March 2018**

₹ Lakh

| Particulars | As at 1 April 2017 | Additions | Deductions/ (Adjustments) | Capitalised | As at 31 March 2018 |
|---|---|---|---|---|---|
| Development of land | 25.45 | 0.47 | - | 25.92 | - |
| Roads, bridges, culverts & helipads | 32.87 | 0.62 | - | 33.49 | - |
| Buildings | | | | | |
| Main plant | 22,847.93 | 1,036.67 | 11,507.07 | 11,976.75 | **400.78** |
| Others | 308.10 | 44.88 | - | 72.41 | **280.57** |
| Temporary erection | 79.54 | 5.44 | 81.03 | - | **3.95** |
| MGR track and signalling system | 110.61 | 182.19 | - | - | **292.80** |
| Earth dam reservoir | 20.23 | - | - | - | **20.23** |
| Plant and equipment | 129,581.79 | 18,858.72 | (12,723.94) | 128,277.87 | **32,886.58** |
| Construction equipments | 12.90 | 0.24 | - | - | **13.14** |
| Electrical installations | 815.38 | 34.42 | 705.13 | 92.06 | **52.61** |
| | 153,834.80 | 20,163.65 | (430.71) | 140,478.50 | **33,950.66** |
| **Expenditure pending allocation** | | | | | |
| Survey, investigation, consultancy and supervision charges | 330.32 | 278.39 | - | - | **608.71** |
| Precommissiong Expenses (net) | - | 1,119.07 | 1,119.07 | - | - |
| Expenditure during construction period (net)* | - | 6,497.96 | - | - | - |
| Less: Allocated to related works | - | 6,497.96 | - | - | - |
| | 154,165.12 | 21,561.11 | 688.36 | 140,478.50 | **34,559.37** |
| **Construction stores** | 13,755.92 | - | 5,477.71 | - | **8,278.21** |
| **Total** | **167,921.04** | **21,561.11** | **6,166.07** | **140,478.50** | **42,837.58** |

* Brought from expenditure during construction period (net) - Note 31

a) Construction stores are net of provision for shortages pending investigation amounting to ₹ 54.82 Lakhs (31 March 2018: ₹ 54.82 Lakhs).

b) Details of borrowing costs capitalized are disclosed in note 2 (e).

# Kanti Bijlee Utpadan Nigam Limited
# Notes to the financial statements

## 4 Intangible assets

### As at 31 March 2019

₹ Lakhs

| Particulars | Gross Block | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2018 | Additions | Deductions/ (Adjustments) | As at 31 March 2019 | Upto 1 April 2018 | For the Year | Deductions/ (Adjustments) | Upto 31 March 2019 | As at 31 March 2019 |
| Software | 11.20 | 15.70 | - | **26.90** | 6.47 | 4.28 | - | **10.75** | **16.15** |
| **Total** | **11.20** | **15.70** | - | **26.90** | **6.47** | **4.28** | - | **10.75** | **16.15** |

### As at 31 March 2018

₹ Lakhs

| Particulars | Gross Block | | | | Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | 1 April 2017 | Additions | Deductions/ (Adjustments) | As at 31 March 2018 | Upto 1 April 2017 | For the Year | Deductions/ (Adjustments) | Upto 31 March 2018 | As at 31 March 2018 |
| Software | 5.98 | 5.22 | - | **11.20** | 4.38 | 2.09 | - | **6.47** | **4.72** |
| **Total** | **5.98** | **5.22** | - | **11.20** | **4.38** | **2.09** | - | **6.47** | **4.72** |

Depreciation/amortisation of PPE and intangible assets for the year is allocated as given below:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Charged to Statement of Profit & Loss | **23,125.90** | 21,273.72 |
| Transferred to expenditure during construction period (net) - Note 31 | - | 0.08 |
| Allocated to fuel cost | **312.66** | 410.07 |
| **Total** | **23,438.56** | 21,683.87 |

## 5. Other Non Current Assets

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Capital advances** | | |
| Unsecured | | |
| Covered by bank guarantee | **3,342.28** | 3,253.43 |
| Others | **4,799.54** | 4,027.03 |
| | **8,141.82** | 7,280.46 |
| **Advances other than capital advances** | | |
| Security deposits | **84.63** | 84.63 |
| Advance tax & tax deducted at source | **363.76** | 363.76 |
| **Total** | **8,590.21** | 7,728.86 |

a) Advance tax includes income tax deposited under protest of ₹100.00 Lakhs (31 March 2018: ₹ 100.00 Lakhs).

# Kanti Bijlee Utpadan Nigam Limited
# Notes to the financial statements

## 6. Inventories

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Coal | **5,685.59** | 1,775.01 |
| Fuel Oil | **350.47** | 455.71 |
| Components and Spares | **2,754.79** | 2,272.68 |
| Chemicals & consumables | **258.50** | 145.99 |
| Steel scrap | **81.07** | 118.39 |
| Loose tools | **4.26** | 6.18 |
| Others (refer note c below) | **727.34** | 390.42 |
| | **9,862.02** | 5,164.38 |
| Less: Provision for shortages | **93.00** | 42.37 |
| Less: Provision for obsolete/unserviceable items/diminution in value of surplus inventory | **49.39** | 49.02 |
| **Total** | **9,719.63** | **5,072.99** |

**a) Inventories include material-in-transit**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Coal | **122.06** | 191.70 |
| Component & spares | **28.87** | 26.87 |
| Others | **5.32** | 1.63 |
| **Total** | **156.25** | **220.20** |

b) Inventory items, other than steel scrap, have been valued as per accounting policy no. C.6 (note 1). Steel scrap has been valued at estimated realisable value.
c) Inventories-Others includes steel, cement, electrical consumables etc.
d) Refer Note 14 and 18 for inventories pledged as security by the company.
e) Inventory recognised as expense during the year:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Fuel | **81,771.27** | 49,432.14 |
| Stores consumed (other expenses) | **348.88** | 234.69 |
| **Total** | **82,120.15** | 49,666.83 |

## 7. Trade Receivables

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Trade Receivables (Unsecured, considered good) | **38,391.29** | 19,903.59 |
| **Total** | **38,391.29** | 19,903.59 |

a) Refer Note 14 and 18 for trade receivables pledged as security by the company.

**8. Cash and Cash Equivalents**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balances with banks | | |
| Current accounts | **909.11** | 162.12 |
| Deposits with original maturity upto three months (including interest accrued) | **83.00** | 2,188.35 |
| **Total** | **992.11** | 2,350.47 |

**9. Bank balances other than cash and cash equivalents**

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Deposits with original maturity of more than three months and maturing within one year (including interest accrued) | **1,570.41** | - |
| Margin money against letter of credit (including interest accrued) | **286.62** | - |
| **Total** | **1,857.03** | - |

a) Deposits with original maturity of more than three months and maturing within one year include ₹ 1,570.41 Lakh (31 March 2018: ₹ Nil) which has been kept in corporate liquid term deposits with bank. These deposits represents unutilized balance of equity contribution by parent company NTPC Limited to partly finance the capital expenditure of ongoing capital works in MTPS stage I.

**10. Other financial assets**

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Unbilled revenue (Unsecured, considered good) | **25,213.80** | 10,679.51 |
| Others | **697.26** | - |
| **Total** | **25,911.06** | 10,679.51 |

a) Unbilled revenue of ₹ 25,213.80 Lakhs (31 March 2018: ₹10,679.51 Lakhs) have been billed to the beneficiaries after 31 March for energy sales.

**11 Other current assets**

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Unsecured Advances | | |
| Employees | **0.33** | 2.54 |
| Contractors & suppliers | **2,513.59** | 2,468.51 |
| Prepaid insurance | **250.64** | 199.77 |
| Claims recoverable | | |
| Unsecured, considered good | **263.91** | 294.69 |
| Deposits with Government Authorities | **836.51** | 708.08 |
| Assets held for disposal | **0.48** | 0.48 |
| Others | **0.35** | - |
| **Total** | **3,865.81** | 3,674.07 |

a) Deposits with Government Authorities includes an amount of ₹ 708.08 Lakhs (31 March 2018: ₹ 708.08 Lakhs) deposited under protest to Commercial Taxes Authorities against demand for Entry Tax.

# Kanti Bijlee Utpadan Nigam Limited
# Notes to the financial statements

## 12 Share capital

₹ Lakhs

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| **Equity share capital** | | | | |
| **Authorised** | | | | |
| Equity shares of par value ₹10/- each | 2,000,000,000 | 200,000.00 | 2,000,000,000 | 200,000.00 |
| **Issued, subscribed and fully paid up** | | | | |
| Equity shares of par value ₹10/- each | 1,510,673,705 | 151,067.37 | 1,435,673,705 | 143,567.37 |

### a) Movements in equity share capital:

₹ Lakhs

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Opening number of shares | 1,43,56,73,705 | 143,567.37 | 1,12,22,43,040 | 112,224.30 |
| Shares issued during the year | 7,50,00,000 | 7,500.00 | 31,34,30,665 | 31,343.07 |
| Closing number of shares | 1,51,06,73,705 | 151,067.37 | 1,43,56,73,705 | 143,567.37 |

### b) Terms and rights attached to equity shares:

The Company has only one class of equity shares having a par value ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

### c) Details of shareholders holding more than 5% shares in the Company:

₹ Lakhs

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | %age holding | No. of shares | %age holding |
| NTPC Ltd. (including nominees) | 1,51,06,73,705 | 100.00 | 1,04,28,88,641 | 72.64 |
| Bihar State Power Genration Co. Ltd | - | - | 39,27,85,064 | 27.36 |

During the year, subsequent to acquisition of entire share of Bihar State Power Generating Power Company Limited (BSPGCL) in equity by NTPC limited on 29 June 2018, the company has become a wholly owned subsidiary of NTPC Limited.

## 13 Other equity

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Retained earnings | (15,425.41) | (25,299.26) |
| **Total** | (15,425.41) | (25,299.26) |

### a) Share application money pending allotment

₹ Lakhs

| Reconciliation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | - | 23,343.07 |
| Add: Share application money received during the year | 7,500.00 | 8,000.00 |
| Less: Shares issued against share application money | 7,500.00 | 31,343.07 |
| **Closing balance** | - | - |

b) Corporate social responsibility (CSR) reserve

₹ Lakhs

| Reconciliation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | - | 10.87 |
| Less: Transfer to Retained earnings | - | 10.87 |
| **Closing balance** | - | - |

In terms of section 135 of Companies Act, 2013 read with guidelines on corporate social responsibility (CSR) issued by Department of Public Enterprises (DPE), GoI, every Company is required to spend, in every financial year, at least two percent of the average net profits of the company made during the three immedialtely preceeding financial years in accordance with its CSR policy. The Company was not required to spend any amount on account of CSR as per the said provision. The Company has spent an amount of ₹509.40 Lakhs (voluntarily) (31 March 2018: ₹10.87 Lakhs) during the year.

c) Retained earnings

₹ Lakhs

| Reconciliation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | **(25,299.26)** | (7,200.89) |
| Add: Profit/(Loss) for the year from Statement of Profit and Loss | **9,873.85** | (18,109.24) |
| Add: Transfer from CSR Reserve | - | 10.87 |
| **Closing balance** | **(15,425.41)** | (25,299.26) |

14 Non-current borrowings

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Term loans** | | |
| **From Banks** | | |
| Secured | | |
| Rupee term loan | **175,604.38** | 187,085.24 |
| **From Others** | | |
| **Secured** | | |
| Rupee term loan | **53,498.92** | 53,875.55 |
| **Unsecured** | | |
| **Rupee term loan** | **17,050.00** | 20,100.00 |
| | **246,153.30** | 261,060.79 |
| **Less: Current maturities of term loan** | | |
| **From Banks** | | |
| Secured rupee term loan | **16,960.44** | 16,327.44 |
| **From Others** | | |
| Secured rupee term loan | **2,840.62** | 2,240.62 |
| Unsecured rupee term loan | **6,050.00** | - |
| | **25,851.06** | 18,568.06 |
| **Total** | **220,302.24** | 242,492.73 |

**a) Secured term loans**

i) Loan from consortium led by State Bank of India for expansion project ( 2*195MW) at Kanti is secured by a first priority charge on all immovable properties, movable properties, both present & future, pertaining to project, including land measuring 975.05 acres and second charge on all inventories and receivables of the company. The security will rank pari-passu with all term lenders of the project. The charge has been created in favor of Security trustee i.e. SBI Cap Trustee Co. Ltd. Legal mortgage of land in favor of security trustee has been executed for 877.18 acres (out of 975.05 acres) of land.

ii) Total sanctioned amount of loan and guarantee facility is ₹ 3,01,975.00 lakhs and ₹ 10,000.00 lakhs respectively. Repayment period of the loan is 11 years and repayment has started from 30 September 2017 on quarterly basis.

iii) The loan bears floating rate of interest linked to Base Rate of respective lenders subject to minimum interest rate of SBI one year MCLR plus 40 basis points.

iv) In first phase the charge with Registrar of Companies (ROC) was filed on 27 September 2011 for 594.84 Acres of Land and ROC issued certificate of Registration of Mortgage on 28 September 2011. In second phase 282.34 Acres of land was mortgaged on 7 November 2014. ROC issued certificate of Registration of Mortgage on 5 December 2014, certifying that the Mortgage/charge has been registered for ₹ 244,128.00 Lakhs in their office in accordance with the provisions contained in section 125 to 130 of the Companies Act, 1956.

**b) Unsecured term loans**

i) The Company has taken an unsecured term loan of' ₹ 12,100.00 lakhs from parent company NTPC Limited during the financial year 2016-17 bearing fixed interest rate of 10% per annum payable quaterly. The term loan was repayable in two equal half yearly installments on 30 June 2019 and 31 December 2019. First installment of the term loan was paid on 20 December 2018 before scheduled date.

ii) A term loan of ₹ 19,300.00 lakhs has been sanctioned by the parent company NTPC Limited during the financial year 2017-18 bearing fixed interest rate of 10% per annum payable quaterly. The Company has drawn ₹ 8,000.00 lakhs during the financial year 2017-18 and ₹ 3,000.00 lakhs during the financial year 2018-19. The term loan is repayable in six equal half yearly installments starting from 30 September 2020.

c) There has been no default in repayment of any of the loans or interest thereon as at the end of the year.

**15 Other financial liabilities**

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Other liabilities | | |
| Payable for capital expenditure | 1,218.27 | 1,055.93 |
| **Total** | 1,218.27 | 1,055.93 |

a) Payable for capital expenditure represents liability towards equipment suppliers and erection vendors pending evaluation of performance and guarantee test results.

**16 Non-current provisions**

₹ Lakhs

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Provision for employee benefits | | |
| Leave encashment | 18.28 | - |
| Gratuity | 16.68 | - |
| **Total** | 34.96 | - |

a) Disclosures required by Ind AS 19 'Employee Benefits' is made in note 34.

### 17 Deferred tax liabilities (net)

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deferred tax liability | | |
| Difference in book depreciation and tax depreciation | **39,925.87** | - |
| Less: Deferred tax asset | | |
| Unabsorbed depreciation | **39,778.80** | - |
| **Provisions** | **147.07** | - |
| **Total** | **-** | - |

a) Disclosures required by Ind AS 12 'Income Taxes' is made in note 42.

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

### 18 Current borrowings

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Secured loans repayable on demand** | | |
| From Banks | **49,165.95** | 18,005.78 |
| **Total** | **49,165.95** | 18,005.78 |

a) The loan is secured by hypothecation of trade receivables and inventories of the company.

b) The loan is secured by second charges on all immovable properties, movable properties, both present & future, pertaining to project, including land measuring 975.05 acres.

c) The loan bears a floating rate of interest linked to one month MCLR of Canara bank (31 March 2018: SBI MCLR-Y plus 40 basis point).

d) There has been no default in repayment of any of the loans or interest thereon during the year.

### 19 Trade payables

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| For goods and services | | |
| Total outstanding dues of micro and small enterprises | **483.08** | 568.19 |
| Total outstanding dues of creditors other than micro and small enterprises | **16,922.98** | 10,544.03 |
| **Total** | **17,406.06** | 11,112.22 |

a) Refer note no. 35 for amounts due to related parties.

b) Information in respect of micro and small enterprises is disclosed in note 37.

### 20 Other financial liabilities

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Current maturities of term loan | | |
| From Banks | | |
| Secured rupee term loan | **16,960.44** | 16,327.44 |
| From Others | | |
| Secured rupee term loan | **2,840.62** | 2,240.62 |
| Unsecured rupee term loan | **6,050.00** | - |
| Payable for capital expenditure | **20,712.87** | 32,113.78 |
| Other payables | | |
| Deposits from contractors and others | **84.28** | 69.95 |
| Parent company | **9,098.99** | 7,760.69 |
| Payable to employees | **1,208.11** | 368.25 |
| Others | **2,970.24** | 2,698.28 |
| **Total** | **59,925.55** | 61,579.01 |

a) Details in respect of rate of interest and terms of repayment of current maturities of secured and unsecured long term borrowings indicated above are disclosed in note 14.

b) The pay revision of the employees of the Company and employees on secondment basis from NTPC Limited was due with effect from 1 January 2017. A provision towards pay revision on an estimated basis having regard to the recommendations of the 3rd Pay Revision Committee was created in earlier years. During the year ended 31 March 2019, the Presidential directives for revision of the structure of pay scales and allowances/benefits of various categories of Central Public Sector Enterprises have been issued. Accordingly, the Company has paid the amount towards pay revision of employees on secondment from NTPC Limited. The pay revision of Company's own employess is pending. Hence, provision amounting to ₹ 22.35 Lakhs (31 March 2018: ₹ 11.94 Lakhs out of total provision of ₹ 677.46 Lakhs) has been made towards pay revision on an estimated basis.

c) Other payables - others includes balance payable to BSPGCL/ Discoms, etc.

## 21 Other current liabilities

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Tax deducted at source and other statutory dues | 277.52 | 177.30 |
| Advance from Customers | 77.69 | 165.78 |
| **Total** | 355.21 | 343.08 |

## 22 Short-term provisions

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provision for employee benefits | | |
| Leave encashment | 6.21 | - |
| Gratuity | 5.63 | - |
| Other provisions | | |
| Provisions for obligations incidental to land acquisition | 1,647.34 | 1,769.37 |
| Shortages in property, plant and equipment pending investigation | 176.84 | 26.94 |
| **Total** | 1,836.02 | 1,796.31 |

a) Disclosures required by Ind AS 19 'Employee Benefits' is made in note 34.

b) Provision for obligations incidental to land acquisition includes expenditure on rehabilitation & resettlement (R&R) including the amounts payable to the project affected persons (PAPs) towards expenditure for providing community facilities and expenditure in connection with environmental aspects of the project. Company has estimated the provision based on the Rehabilitation Action Plan (RAP) approved by the board/competent authority. The outflow of said provision is expected to be incurred immediately on fulfilment of conditions.

**Movements in provisions for obligations incidental to land acquisitions**

₹ Lakhs

| Reconciliation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Carrying amount at the beginning of the year | 1,769.37 | 1,799.75 |
| Add: Additions during the year | - | - |
| Less: Amounts used during the year | 122.03 | 30.37 |
| **Carrying amount at the end of the year** | 1,647.34 | 1,769.37 |

c) **Movement in provisions for shortages in property, plant and equipment pending investigations**

₹ Lakhs

| Reconciliation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Carrying amount at the beginning of the year | **26.94** | 1.74 |
| Add: Additions during the year | **149.90** | 25.78 |
| Less: Amounts used during the year | **-** | 0.58 |
| **Carrying amount at the end of the year** | **176.84** | 26.94 |

d) The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

**23 Current tax liabilities**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provision for income tax | **2,961.14** | - |
| Less: Tax deducted at source | **7.99** | - |
| **Total** | **2,953.15** | - |

**24 Deferred revenue**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| On account of government grants | **23,568.55** | 24,558.36 |
| **Total** | **23,568.55** | 24,558.36 |

a) Government grants represents amount received from Government of India through Government of Bihar under Rashtriya Sam Vikas Yojna (RSVY) for renovation and modernisation of stage I (2*110 MW).

b) There are no unfulfilled conditions or other contingencies attached to above grant.

**Movements in government grants:**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Carrying amount at the beginning of the year | **24,558.36** | 28,570.35 |
| Add: Additional grant received during the year | **3,065.00** | - |
| Less: Grant recognised as income during the year | **4,054.80** | 4,012.00 |
| **Carrying amount at the end of the year** | **23,568.55** | 24,558.36 |

## 25 Revenue from operations

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| Energy sales | **156,357.67** | 82,012.36 |
| Energy internally consumed | **113.77** | 131.44 |
| Other operating revenues | | |
| Recognized from deferred revenue - government grant | **4,054.80** | 4,012.00 |
| **Total** | **160,526.24** | 86,155.80 |

a) Energy sales for the year ended 31 March 2018 amounting to ₹ 51,902.02 Lakhs were accounted for on provisional basis for MTPS Stage-II (2*195MW) as under :-

i) Fixed Charges @ 85% of amount claimed in Tariff Petition.

ii) Variable Charges based on 210 MW size units since no comparative units of 195MW were operational.

The CERC has issued Tariff Order for MTPS Stage-II (2*195 MW) on 29 April 2019 for the period up to 31 March 2019. Accordingly, the energy sales include sales of ₹ 30.25 Lakhs and ₹ 594.95 Lakhs (31 March 2018: ₹ Nil) as differencial for the Financial Year 2016-17 and 2017-18 respectively based on Tariff Order.

b) The CERC has issued final tariff order for the period (1 November 2013 to 31 March 2014) for Unit 1 of MTPS Stage-1(2*110MW) on 9 February 2016. Sales for the financial year 2018-19 has been provisionaly accounted for both units of Stage-1 (Unit 1 and Unit 2) based on the CERC order dated 9 February 2016. Sales have been provisionally recognized at ₹ 31,666.05 Lakhs (31 March 2018: ₹ 30,110.34 Lakhs) on the said basis.

c) Revenue from operations include ₹ 113.77 lakhs (31 March 2018: ₹ 131.44 lakhs) towards energy internally consumed, valued at variable cost of generation and the corresponding amount is included in power charges (note-30).

d) Refer note 43 for detailed disclosure in respect of revenue from contract with customers.

## 26 Other income

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Interest from** | | |
| Advance to contractors | **126.51** | 288.06 |
| Deposits with banks | **0.28** | 111.48 |
| **Other non-operating income** | | |
| Surcharge income from beneficiaries | **-** | 405.94 |
| Sale of scrap | **94.55** | 134.75 |
| Provision written back | **-** | 54.78 |
| Miscellaneous income | **420.40** | 34.11 |
| | **641.73** | 1,029.12 |
| Less: Transferred to expenditure during construction period (net)- Note 31 | **126.51** | 280.53 |
| **Total** | **515.23** | 748.59 |

a) In line with accounting policy No C.11.2 (note 1), the surcharge income recoverable from the beneficiaries has been accounted as ₹Nil (31 March 2018 : ₹ 405.94 Lakhs).

b) Miscellaneous income includes liabilities written back, rent recoveries from employees/others, insurance claim receipts etc.

## 27 Employee benefits expense

₹ Lakhs

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| Salaries and wages | **6,217.65** | 4,252.83 |
| Contribution to provident and other funds | **1,260.64** | 900.91 |
| Staff welfare expenses | **672.96** | 302.71 |
| | **8,151.25** | 5,456.45 |
| Less: Allocated to fuel cost | **325.28** | 229.43 |
| Less: Transferred to expenditure during construction period (net)- Note 31 | **-** | 976.73 |
| **Total** | **7,825.97** | 4,250.29 |

a) In accordance with the Accounting Policy no. C.12 (note-1), an amount of ₹ 938.50 Lakhs (31 March 2018: ₹ 704.25 Lakhs) towards provident fund, pension, gratutity, post retirement medical facilities & other terminal benefits and ₹ 492.17 lakhs (31 March 2018: ₹197.45 Lakhs) towards leave & other benefits, are paid /payable to the parent company NTPC Limited and included in 'Employee Benefits'.

b) Disclosures required by Ind AS 19 'Employee Benefits' is made in note 34.

## 28 Finance costs

₹ Lakhs

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| Finance charges on financial liabilities measured at amortised cost | | |
| Rupee term loans | **21,080.96** | 23,285.60 |
| Cash credit | **3,096.60** | 1,624.98 |
| Loan from parent company | **2,092.45** | 1,214.38 |
| Unwinding of discount on vendor liabilities | **0.38** | 690.69 |
| Others | **17.34** | - |
| | **26,287.73** | 26,815.65 |
| Other borrowing costs- upfront fee | **-** | 313.84 |
| Interest under Income Tax Act | **141.97** | - |
| | **26,429.70** | 27,129.49 |
| Less: Transferred to expenditure during construction period (net)- Note 31 | **1,449.94** | 3,997.26 |
| **Total** | **24,979.76** | 23,132.23 |

## 29 Depreciation and amortization expense

₹ Lakhs

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| On property, plant and equipment- Note 2 | **23,434.28** | 21,681.78 |
| On intangible assets- Note 4 | **4.28** | 2.09 |
| | **23,438.56** | 21,683.87 |
| Less: | | |
| Less: Transferred to expenditure during construction period (net)- Note 31 | **-** | 0.08 |
| Allocated to fuel cost | **312.66** | 410.07 |
| **Total** | **23,125.90** | 21,273.72 |

## 30 Other expenses

₹ Lakhs

| Particulars | | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| Power charges | 113.77 | | 1,637.86 |
| Less: Recovered from contractors & employees | 5.68 | | 4.05 |
| | | 108.09 | 1,633.81 |
| Stores consumed | | 348.88 | 234.69 |
| Rent | | - | 2.58 |
| Repairs & maintenance | | | |
| Buildings | | 274.42 | 410.53 |
| Machinery | | 4,501.83 | 2,430.12 |
| Others | | 259.35 | 339.02 |
| Load dispatch center charges | | 27.02 | - |
| Insurance | | 909.91 | 896.49 |
| Rates and taxes | | 13.32 | 40.65 |
| Water Charges (refer note a below) | | 437.69 | - |
| Training & recruitment expenses | | 97.60 | 12.66 |
| Communication expenses | | 100.88 | 58.65 |
| Travelling expenses | | 430.73 | 258.98 |
| Foreign Travel | | - | 3.60 |
| Tender expenses | 24.98 | | 37.64 |
| Less: Receipt from sale of tenders | 0.41 | | 0.10 |
| | | 24.57 | 37.54 |
| Payment to auditors | | 3.43 | 3.61 |
| Advertisement and publicity | | 1.26 | 1.31 |
| Security expenses | | 1,864.05 | 1,593.84 |
| Entertainment expenses | | 76.61 | 33.75 |
| Expenses for guest house | 72.77 | | 155.55 |
| Less: Recoveries | - | | 0.56 |
| | | 72.77 | 154.99 |
| Brokerage & commission | | 2.08 | 4.83 |
| Ash utilisation & marketing expenses | | 2.31 | - |
| Books and periodicals | | 0.14 | 0.16 |
| Professional charges and consultancy fee | | 425.22 | 276.88 |
| Legal expenses | | 83.73 | 60.73 |
| EDP hire and other charges | | 3.58 | - |
| Printing and stationery | | 14.38 | 3.10 |
| Hire charge of vehicles | | 123.38 | 140.46 |
| Bank charges | | 51.93 | 25.13 |
| Miscellaneous expenses | | 254.25 | 316.34 |
| | | 10,513.40 | 8,974.45 |
| Less: Allocated to fuel cost | | 578.16 | 367.78 |
| Less: Transferred to expenditure during construction period (net)- Note 31 | | - | 1,804.42 |
| | | 9,935.24 | 6,802.25 |

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Corporate Social Responsibility (CSR) expense | **509.40** | 10.87 |
| Provisions for | | |
| Shortage in stores | **50.64** | 37.83 |
| Shortage in property, plant and equipment | **149.90** | 25.78 |
| Obsolete/Dimnuition in the value of surplus store | **0.37** | 48.51 |
| | **10,645.54** | 6,925.25 |

a) Water Charges includes amount provided against the demand of ₹ 231.23 Lakhs (31 March 2018: ₹ Nil) by the State Authority for earlier years.

b) Miscellaneous expenses includes demmurage charges, expenses on operating construction equipment, etc.

c) Details in respect of payment to auditors (Inclusive of GST):

₹ Lakhs

| | | |
|---|---|---|
| **As auditor** | | |
| Audit fee | **1.65** | 2.63 |
| Tax audit fees | **0.35** | 0.30 |
| Limited review | **1.06** | - |
| **In other capacity** | | |
| Other services (certification fee) | **0.37** | - |
| **Reimbursement of expenses** | **-** | 0.68 |
| **Total** | **3.43** | 3.61 |

## 31 Expenditure during construction period (net)

₹ Lakhs

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **A. Employee benefits expense** | | |
| Salaries and wages | - | 866.57 |
| Contribution to provident and other funds | - | 76.72 |
| Staff welfare expenses | - | 33.45 |
| **Total (A)** | - | 976.73 |
| **B. Finance costs** | | |
| Interest on | | |
| Rupee term loans | **1,449.56** | 3,680.51 |
| Unwinding of discount on account of vendor liabilities | **0.38** | 316.74 |
| **Total (B)** | **1,449.94** | 3,997.26 |
| **C. Depreciation and amortisation** | - | 0.08 |
| **D. Generation, administration & other expenses** | | |
| Power charges | - | 1,514.16 |
| Insurance | - | 8.05 |
| Communication expenses | - | 2.47 |
| Travelling expenses | - | 17.25 |
| Security expenses | - | 176.91 |
| Entertainment expenses | - | 1.82 |
| Expenses for guest house | - | 32.20 |
| Professional charges and consultancy fee | - | 29.19 |
| Printing and stationery | - | 0.03 |
| Hiring of vehicles | - | 17.64 |

₹ Lakhs

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| Bank charges | - | 3.17 |
| Miscellaneous expenses | - | 1.53 |
| **Total (D)** | - | 1,804.42 |
| **E. Less: Other income** | | |
| Interest from contractors | **126.51** | 280.53 |
| **Total (E)** | **126.51** | 280.53 |
| **Grand total (A+B+C+D-E)** | **1,323.43** | 6,497.96* |

*** Carried to Capital work-in-progress - Note 3**

**32 Fair Value Measurements**

**a) Financial instruments by category**

All financial assets and liabilities viz. trade receivables, cash and cash equivalents, borrowings, trade payables, employee related liabilities, payable to related parties, deposits from contractors and supplilers and payable for expenses are measured at amortized cost.

**b) Fair value hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value of financial instruments measured at amortised cost for which fair value is being disclosed, the company has classified these into levels prescribed under the Ind AS 113, ' Fair value measurement' details of which are as under:

₹ Lakhs

| Financial liabilities which are measured at amortised cost for which fair values are disclosed | Level 2* | |
|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 |
| Rupee term loan | **244,152.80** | 270,177.00 |
| Payable for capital expenditure | **1,602.51** | 1,091.90 |
| Total | **245,755.31** | 271,268.90 |

* Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**c) Fair value of financial liabilities measured at amortized cost**

₹ Lakhs

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Rupee term loan | **246,153.30** | **244,152.80** | 261,060.79 | 270,177.00 |
| Payable for capital expenditure | **1,218.27** | **1,602.51** | 1,055.93 | 1,091.90 |
| **Total** | **247,371.57** | **245,755.31** | 262,116.72 | 271,268.90 |

The carrying amounts of short term trade receivables, cash and cash equivalents, borrowings, trade payables, employee related liabilities, payable to related parties, deposits from contractors and supplilers and payable for expenses are considered to be the same as their fair values, due to their short-term nature.

The fair values for Rupee term loans and payable for capital expenditure were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable market inputs.

**33 Financial risk management**

The Company's principal financial liabilities comprise loans in domestic currency and payables for capital expenditure. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and short-term deposits. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company is exposed to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. It arises principally from loans and advances, cash and cash equivalents and deposits with banks and financial institutions.

**Trade receivables and Unbilled Revenue**

The Company primarily sells electricity to bulk customers comprising, mainly Discoms owned by State Governments. The risk of default in case of power supplied to these state owned companies is considered to be insignificant. The Company has not experienced any significant impairment losses in respect of trade receivables in the past years. A default occurs when in the view of management there is no significant possibility of recovery of receivables after considering all available options for recovery.

**Cash and cash equivalents and Deposits with banks**

The company has banking operations with State Bank of India and Canara Bank which are scheduled banks and are owned by Government. The risk of defalut with state controlled entities is considered to be insignificant.

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Financial assets for which loss allowance is measured using lifetime Expected Credit Losses (ECL)** | | |
| Trade Receivables | **38,391.29** | 19,903.59 |
| Unbilled Revenue | **25,213.80** | 10,679.51 |
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Cash and cash equivalent | **992.11** | 2,350.47 |
| Bank balances other than cash and cash equivalents | **1,857.03** | - |
| Other current financial asset | **697.26** | - |
| **Total** | **67,151.49** | 32,933.57 |

**(ii) Provision for expected credit losses**

**Financial assets for which loss allowance is measured using lifetime expected credit losses**

The Company has customers (Government utilities) with capacity to meet the obligations and therefore the risk of default is negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectable in full. Hence, no impairment loss has been recognised in respect of trade receivables.

**Financial assets for which loss allowance is measured using 12 month expected credit losses**

The company has trade receivables and other assets where the counter- parties have strong capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Company believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

**(iii)Ageing analysis of trade receivables**

The ageing analysis of the trade receivables and unbilled revenue is as below:

₹ Lakhs

| Ageing | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
|---|---|---|---|---|---|---|
| **As at 31 March 2019** | **25,007.24** | **2,680.68** | **2,138.13** | **2,173.44** | **6,391.80** | **38,391.29** |
| As at 31 March 2018 | 5,493.82 | 7,306.42 | 7,103.35 | - | - | 19,903.59 |

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by Treasury. The Board of directors has established policies to manage liquidity risk and the Company's treasury department operates in line with such policies.Any breaches of these policies are reported to the Board of Directors.Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period: ₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Floating-rate borrowings** | | |
| Term loans | **95,546.70** | 77,639.21 |
| **Fixed-rate borrowings** | | |
| Term loans | **8,300.00** | 11,300.00 |

**(ii) Maturitites of financial liabilities**

The following are the contractual maturities of financial liabilities, based on contractual cash flows:

**As at 31 March 2019** ₹ Lakhs

| Contractual maturities of financial liabilities | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Rupee term loan from banks | 4,240.11 | 12,720.33 | 16,960.44 | 48,642.99 | 93,040.51 | **175,604.38** |
| Rupee term loan from others | 710.15 | 2,130.46 | 3,020.30 | 10,016.00 | 37,622.01 | **53,498.92** |
| Rupee term loan from NTPC Limited | - | 6,050.00 | 3,666.67 | 7,333.33 | - | **17,050.00** |
| Trade Payables | 16,542.41 | - | - | - | - | **16,542.41** |
| Payable for Capital Expenditure | 20,712.87 | | 1,218.27 | | | **21,931.14** |
| Loans repayable on demand from bank | 49,165.95 | - | - | - | - | **49,165.95** |
| Deposits from contractors and others | 84.28 | - | - | - | - | **84.28** |
| Payable to related parties | 9,962.64 | - | - | - | - | **9,962.64** |
| Payable to employees | 1,208.11 | - | - | - | - | **1,208.11** |
| Others | 2,970.24 | - | - | - | - | **2,970.24** |
| **Total** | **105,596.76** | **20,900.79** | **24,865.68** | **65,992.32** | **130,662.52** | **348,018.07** |

As at 31 March 2018

₹ Lakhs

| Contractual maturities of financial liabilities | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Rupee Term Loan | 4,642.01 | 13,926.05 | 18,568.06 | 55,704.17 | 168,220.51 | **261,060.79** |
| Trade Payables | 10,550.30 | - | - | - | - | **10,550.30** |
| Payable for Capital Expenditure | 32,113.78 | | 1,055.93 | | | **33,169.71** |
| Loans repayable on demand from bank | 18,005.78 | - | - | - | - | **18,005.78** |
| Deposits from contractors and others | 69.95 | - | - | - | - | **69.95** |
| Payable to related parties | 8,322.61 | - | - | - | - | **8,322.61** |
| Payable to employees | 368.25 | - | - | - | - | **368.25** |
| Others | 2,698.28 | - | - | - | - | **2,698.28** |
| **Total** | **76,770.97** | **13,926.05** | **19,623.98** | **55,704.17** | **168,220.51** | **334,245.67** |

**c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the company. At present, any gain or loss on account of exchange risk variation shall be recognised in the statement of profit and loss after declaration of Commercial Operation Date (COD).

**(i) Currency risk**

The Company executes import agreements for the purpose of purchase of capital goods. Upto March 31, 2016 the company till the date of commercial operation capitalised the exchange gain/loss on account of re-instatement/actual payment of the vendor liabilities. Such capital cost is allowed by CERC as recovery from benefiaries. From 1 April 2016 exchange gain/loss on long term foreign currency monetary item will be recovered from benefiaries as a part of rate regulated asset. Hence there is no risk in case of foreign exchange gain/loss on long term foreign currency monetary items.The exposure in case of foreign exchange gain/loss on short term foreign currency monetary items is considered to be insignificant.

The currency profile of financial assets and financial liabilities are as below:

₹ Lakhs

| Particulars | As at 31 March 2019 | | | As at 31 March 2018 | | |
|---|---|---|---|---|---|---|
| | **USD** | **JPY** | **Total** | USD | JPY | Total |
| **Financial Liabilities** | | | | | | |
| Payable for capital expenditure | **44.49** | **38.70** | **83.19** | 41.85 | 37.85 | 79.70 |

**Sensitivity analysis**

As per the CERC regulations, the gain/loss on account of exchange rate variations on all long term and short term foreign currency monetary items (up to COD) is recoverable from beneficiaries. Hence, the impact of strengthening or weakening of Indian rupee against USD and JPY on the statement of profit and loss would not be very significant. Therefore, sensitivity analysis for currency risk is not disclosed.

**Interest rate risk**

The Company is exposed to interest rate risk arising from long term borrowing with floating interest rate. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowing will fluctuate with changes in interest rate.

Refer note 14 and 18 for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

**Cash flow sensitivity analysis for variable-rate instruments**

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) CWIP and/or profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the previous year.

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | **50 bp increase** | **50 bp decrease** | 50 bp increase | 50 bp decrease |
| Rupee term loans | **1,262.33** | **(1,262.33)** | 1,207.48 | (1,207.48) |
| Cash credit | **185.43** | **(185.43)** | 84.20 | (84.20) |

Of the above mentioned increase in the interest expense, major portion will be recognised in statement of profit and loss.

**34 Employee benefits**

**a) Defined contribution plans:**

**(i) Employees on secondment from parent company NTPC Limited**

In accordance with the accounting policy no. C.12 (note 1), an amount of ₹ 938.50 Lakhs (31 March 2018: ₹ 704.25 Lakhs) towards provident fund, pension, gratutity, post retirement medical facilities & other terminal benefits and ₹492.17 lakhs (31 March 2018: ₹ 197.45 Lakhs) towards leave & other benefits, are paid /payable to the parent company (NTPC) and included in 'Employee Benefits'.

**(ii) Employees on the roll of the Company**

The company deposits contribution for Provident Fund in funds administered and managed by Government. During the year, amount of ₹ 3.85 Lakhs (31 March 2018: ₹ 4.04 Lakhs) is recognized as expense in Statement of profit and loss.

During the year ended 31 March 2018, the company recognised an expense of ₹ 16.22 Lakhs and ₹ 21.50 Lakhs in respect of gratuity and leave encashment on actual basis. With effect from 1 April 2018, same is being recognised on the basis of actuarial valuation.

**b) Defined benefit plan (Gratuity):**

The Company operates an unfunded gratuity plan which provides lump sum benefits linked to the qualifying salary and completed years of service with the Company at the time of separation. Every employee who has completed 5 years of continuous service is entitled to receive gratuity at the time of his superannuation or separation from the organisation, whichever is earlier. The gratuity benefit that is payable to any employee, is computed in accordance with the provisions of 'The Payment of Gratuity Act, 1972'.

Based on the actuarial valuation report, the following tables set out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

**(i) Defined benefit liability**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Provision for gratuity** | | |
| Non-current | **16.68** | - |
| Current | **5.63** | - |
| **Total** | **22.31** | - |

**(ii) Movement in net defined benefit liability**

₹ Lakhs

| Particulars | For the Year Ended 31 March 2019 | For the Year Ended 31 March 2018 |
|---|---|---|
| **Opening balance** | - | - |
| Included in profit or loss: | | |
| Current service cost | **2.62** | - |
| Past service cost | **19.69** | - |
| Interest cost/income | - | - |
| **Total amount recognized in profit or loss** | **22.31** | - |
| Included in OCI: | | |
| Remeasurement loss/(gain) arising from: | | |
| Financial assumptions | - | - |
| Experience adjustment | - | - |
| Return on plan assets excluding interest income | - | - |
| **Total amount recognized in OCI** | - | - |
| Contributions from the employer | - | - |
| Benefits paid | - | - |
| **Closing balance** | **22.31** | - |

**(iii) Plan assets**

The company does not have any plan assets.

**(iv) Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting **date:**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Discount rate | **7.75%** | NA |
| Salary escalation rate | **6.50%** | NA |
| Retirement age (years) | **60 years** | NA |
| Mortality rates inclusive of provision for disability | **IALM (2006-08)** | NA |
| Withdrawal rate | | |
| Up to 30 years | **3.00%** | NA |
| From 31 to 44 years | **2.00%** | NA |
| Above 44 years | **1.00%** | NA |

The principal assumptions are the discount rate & salary growth rate. The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases and takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business and industry, retention policy, demand and supply in employment market, standing of the company, business plan, HR Policy etc. as provided in the relevant accounting standard.

**(v) Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

₹ Lakhs

| Particulars | Increase | Decrease |
|---|---|---|
| **As at 31 March 2019** | | |
| Discount rate (1% movement) | **(0.41)** | **0.43** |
| Salary escalation rate (1% movement) | **0.44** | **(0.42)** |
| **As at 31 March 2018** | | |
| Discount rate (1% movement) | - | - |
| Salary escalation rate (1% movement) | - | - |

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

**(vi) Risk exposure**

**Salary Increases:** Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

**Investment Risk:** If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

**Discount Rate:** Reduction in discount rate in subsequent valuations can increase the plan's liability.

**Mortality & disability:** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

**Withdrawals:** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**(vii) Expected maturity analysis of the gratuity benefits is as follows**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Less than 1 year | **5.63** | - |
| Between 1-2 years | **0.29** | - |
| Between 2-5 years | **11.57** | - |
| Over 5 years | **4.82** | - |
| **Total** | **22.31** | - |

Expected contributions to post-employment benefit plans for the year ending 31 March 2020 are ₹ 6.34 Lakhs.
The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 22.29 years.

c) **Other long term employee benefit plans:**
**Compensated Absence**
The company provides for earned leave benefit which accrues at 30 days per year. The earned leaves are encashable while in service or on separation. Total number of leaves that can be accumulated are 300 days. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. A provision of ₹ 24.50 Lakhs for the year have been made on the basis of actuarial valuation at the year end and debited to the Statement of Profit and Loss.

**35 Related party disclosures**

**a) List of Related parties:**

**i) Parent Company:**
NTPC Limited

**ii) Joint venture/Subsidiary of parent company:**
Utility Powertech Limited
Bhartiya Rail Bijlee Company Limited (BRBCL)

**iii) Subsidiary of shareholder:**
North Bihar Power Distribution Company Limited (NBPDCL)
South Bihar Power Distribution Company Limited (SBPDCL)

**iv) Key Managerial Personnel (KMP):**

| | | |
|---|---|---|
| Shri K.K. Sharma | Chairman (Non-Executive) | (upto 31 October 2017) |
| Shri A.K. Gupta | Chairman (Non-Executive) | (wef 24 November 2017 upto 28 February 2018) |
| Shri Prakash Tiwari | Non-Executive Director | (wef 25 November 2017) |
| Shri Prakash Tiwari | Chairman (Non-Executive) | (wef 9 March 2018) |
| Shri P. Amrit | Non-Executive Director | (upto 16 August 2018) |
| Shri R. Lakshmanan | Non-Executive Director | (upto 16 August 2018) |
| Shri K.S. Garbryal | Non-Executive Director | (upto 31 January 2018) |
| Shri Ajay Dua | Non-Executive Director | (wef 12 March 2018) |
| Shri M.P. Sinha | Non-Executive Director | (wef 9 March 2018 upto 27 April 2018) |
| Mrs. Sangeeta Bhatia | Non-Executive Director | |
| Shri S. Narendra | Non-Executive Director | (wef 4 May 2018) |
| Shri R.K. Sinha | Chief Executive Officer | (upto 6 September 2017) |
| Shri P.K. Sinha | Chief Executive Officer | (wef 11 September 2017 upto 21 July 2018) |
| Shri S. Gaurishankar | Chief Executive Officer | (wef 22 July 2018 upto 17 August 2018) |
| Shri U. Banerjee | Chief Executive Officer | (wef 17 August 2018) |
| Shri K.K. Mishra | Chief Finance Officer | (upto 18 May 2017) |
| Shri V.K.Mittal | Chief Finance Officer | (wef 18 May 2017) |
| Mrs.Ruchi Aggarwal | Company Secretary | |

v) **Entities under the control of the same government:**

The Company is a subsidiary of Central Public Sector Undertaking (CPSU) controlled by Central Government by holding 100% shares (31 March 2018: 72.64% shares). Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Eastern Coalfields Ltd., Bharat Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd., Central Coalfields Ltd., Bharat Heavy Electricals Ltd., RITES Ltd. etc.

b) **Transactions with the related parties are as follows:**

₹ Lakhs

| Name of related party | Nature of transaction | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **Transactions with parent company** | | | |
| NTPC Limited | Equity contribution | **7,500.00** | 8,000.00 |
| NTPC Limited | Equity share issued | **7,500.00** | 31,343.07 |
| NTPC Limited | Unsecured loan taken | **3,000.00** | 8,000.00 |
| NTPC Limited | Unsecured loan repaid | **6,050.00** | - |
| NTPC Limited | Deputation of employees | **1,054.58** | 1,700.03 |
| NTPC Limited | Consultancy services | **280.77** | 358.94 |
| NTPC Limited | Purchase of PPE | **62.89** | - |
| **Transactions with joint venture/ subsidiary of parent company** | | | |
| Utility Powertech Limited | Manpower supply services | **2,287.89** | 1,730.24 |
| Bhartiya Rail Bijlee Company Limited | Services | **-** | 12.74 |
| **Transactions with subsidiary of shareholder** | | | |
| NBPDCL/SBPDCL | Sales of power | **126,869.93** | 75,395.73 |

₹ Lakhs

| Name of related party | Nature of transaction | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **Transactions with entities under the control of the same government** | | | |
| Eastern Coalfields Ltd. | Purchase of coal | **19,611.02** | 11,991.53 |
| Bharat Petroleum Corporation Ltd. | Purchase of LDO | **1,819.44** | 3,049.23 |
| Hindustan Petroleum Corporation Ltd. | Purchase of LDO | **22.43** | 266.43 |
| Central Coalfields Ltd. | Purchase of coal | **38,156.19** | 18,501.85 |
| Bharat Heavy Electricals Ltd. | Purchase of capital goods & services | **372.70** | 1,564.55 |
| RITES Ltd. | Technical consultancy services | **453.59** | 1,773.83 |

**Compensation to Key Managerial Personnel**

₹ Lakhs

| Name | Nature of compensation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| Rajiva Kumar Sinha | Short term benefits | **-** | 15.16 |
| Rajiva Kumar Sinha | Post retirement benefits | **-** | 0.50 |
| Rajiva Kumar Sinha | Other Long term benefits | **-** | 1.04 |
| Prabhat Kumar Sinha | Short term benefits | **12.73** | 17.05 |
| Prabhat Kumar Sinha | Post retirement benefits | **1.03** | 0.72 |
| Prabhat Kumar Sinha | Other Long term benefits | **5.47** | 6.88 |
| S. Gaurishankar | Short term benefits | **2.91** | - |
| S. Gaurishankar | Post retirement benefits | **0.26** | - |
| S. Gaurishankar | Other Long term benefits | **1.25** | - |
| U. Banerjee | Short term benefits | **36.49** | - |
| U. Banerjee | Post retirement benefits | **1.73** | - |

₹ Lakhs

| Name | Nature of compensation | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| U. Banerjee | Other Long term benefits | **15.69** | - |
| K K Mishra | Short term benefits | **-** | 2.11 |
| K K Mishra | Post retirement benefits | **-** | 0.07 |
| K K Mishra | Other Long term benefits | **-** | 0.15 |
| V K Mittal | Short term benefits | **56.06** | 35.97 |
| V K Mittal | Post retirement benefits | **3.04** | 1.22 |
| V K Mittal | Other Long term benefits | **24.10** | 19.50 |
| **Total** | | **160.76** | 100.37 |

c) **Outstanding balances with related parties are as follows:**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Amount recoverable for sale/purchase of goods and services | | |
| - From NBPDCL/SBPDCL | **39,635.09** | 13,734.75 |
| Amount payable for unsecured term loans | | |
| - To NTPC Limited | **17,050.00** | 20,100.00 |
| Amount payable for sale/purchase of goods and services | | |
| - To NTPC Limited | **9,098.99** | 8,032.44 |
| - To Utility Powertech Limited | **579.93** | 290.17 |

d) **Terms and conditions of transactions with the related parties:**

(1) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

(2) The Company is assigning jobs on contract basis, for sundry works in plants/stations/offices to M/s Utility Powertech Ltd (UPL), a 50:50 joint venture between NTPC Ltd. and Reliance Infrastructure Ltd. UPL inter-alia undertakes jobs such as overhauling, repair, refurbishment of various mechanical and electrical equipments of power stations. The Company has entered into Power Station Office Maintenance Agreement with UPL from time to time. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.

(3) The parent company NTPC Limited has seconded its personnel to the company as per the terms and conditions agreed between the companies, which are similar to those applicable for secondment of employees to other companies and institutions. The cost incurred by NTPC Limited towards superannuation and employee benefits are recovered from the company. For loans taken from NTPC Limited, refer note 14.

## 36 Disclosure as per Ind AS-33 on Earnings per share

in ₹

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Basic earnings per share | **0.68** | (1.53) |
| Diluted earnings per share | **0.67** | (0.72) |
| Nominal value per share | **10.00** | 10.00 |
| (a) Profit attributable to equity shareholders (₹ Lakhs) | **9,873.85** | (18,109.24) |
| (b) Weighted average number of equity shares | | |
| Opening balance of issued equity shares | **1,435,673,705** | 1,122,243,040 |
| Effect of shares issued during the year, if any | **19,726,027** | 63,948,807 |
| **Weighted average number of equity shares for Basic EPS** | **1,455,399,732** | 1,186,191,847 |
| Opening balance of issued equity shares | **1,435,673,705** | 1,122,243,040 |
| Effect of shares issued during the year, if any | **34,589,041** | 1,392,495,623 |
| **Weighted average number of equity shares for Diluted EPS** | **1,470,262,746** | 2,514,738,663 |

**37 Information in respect of micro and small enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006:**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| a) Amount remaining unpaid to any supplier: | | |
| Principal amount | **483.08** | 568.19 |
| Interest due thereon | **17.34** | - |
| b) Amount of interest paid in terms of Section 16 of the MSMED Act 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 MSMED Act. | - | - |
| d) Amount of interest accrued and remaining unpaid | **17.34** | - |
| 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 MSMED Act | - | - |

**38 Disclosure as per Ind AS-17 on Leases**

a) 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 for a period of one to three years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable.

b) Expenses (net) on operating lease of the premises for residential use of the employees amounting to ₹ 0.44 Lakhs (31 March 2018: ₹ 14.24 Lakhs) are included in note no. 27.

**39 Capital Management**

The Company's objectives when managing capital are to:

Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Total Debt | **295,319.25** | 279,066.57 |
| Less : Cash and cash equivalent | **992.11** | 2,350.47 |
| **Net debt** | **294,327.14** | 276,716.10 |
| Total equity | **135,641.96** | 118,268.11 |
| **Net debt to equity ratio** | **2.17** | 2.34 |

**40 Disclosure as per Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets' Contingent Liability**

**a) Arbitration/Civil court cases against the company in respect of capital works:**

Some contractors for supply and installation of equipment and execution of works at our project have made claims on the Company for ₹15,142.80 Lakh (31 March 2018: ₹ 10,147.80 Lakh) seeking revision of L2 rate for supply contract and erection contract, non-imposition of LD, payment of over stay compensation, compensation for the extended period of work, idle charges etc. These claims are being contested by the company as being not admissible in terms of the provisions of the respective contracts. The company is pursuing various options under the dispute resolution mechanism available in the contracts for settlement of these claims.

**b) Disputed Income Tax/Sales Tax/ Excise Matters:**

Disputed Income Tax demand for the assessment year 2012-13 & 2015-16 amounting to ₹ Nil (31 March 2018: ₹ 600.26 Lakh) has been settled during FY 2018-19. Disputed entry tax demand amounting to ₹ 723.61 Lakh (31 March 2018: ₹723.61 Lakh) in respect of interest and penalty on differential Entry Tax on purchase of LDO and Steel pertaining to FY 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 & 2012-13 is pending before different authorities of Commercial Tax.

**c) Power Bills raised by NBPDCL**

North Bihar Power Distribution company Limited (NBPDCL) raised power bills for power consumed by KBUNL in construction activities as well as colony for ₹3058.70 lakhs, ₹1880.60 Lakhs, ₹576.00 Lakhs and ₹670.59 Lakhs for the years 2015-16, 2016-17, 2017-18 and 2018-19 respectively. KBUNL observed that neither the prevalent rules and regulations were adhered to while raising the bills by NBPDCL nor reconciliation was done till date. The Issue was already brought to the notice of NBPDCL with a request for resolution of issue. Hence, the aggregate sum of ₹ 6,185.89 Lakhs (31 March 2018: ₹ 5,515.30 Lakhs) has been shown as contigent liabilities.

**d) Others:**

Other contingent liabilities amount to ₹18,644.42 Lakhs (31 March 2018: ₹1,339.17 Lakhs) relating to Water Charges, Industrial Dispute and Labour Court cases.

**Capital and other commitments**

Estimated amount of contracts remaining to be executed on capital works account and not provided for as at 31 March 2019 is ₹ 64,576.88 Lakhs (31 March 2018: ₹ 53,625.02 Lakhs).

**Contingent asset**

CERC (Terms & Conditions of Tariff) Regulations 2014-19 provide for levy of Late Payment Surcharge by generating company in case of delay in payment by beneficiaries beyond 60 days from the date of presentation of bill. Surcharge income is recognised only when no significant uncertainty of ultimate collection exists. Accordingly, late payment surcharge of ₹ 99.05 Lakhs (31 March 2018: ₹ 49.01 Lakhs) has not been recognised.

**41 Operating segment**

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'). In the opinion of the management, there is only one reportable segment ("Generation of energy"). Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company. Further, the Company operates only in one geographical segment which is India.

**Entity wide disclosures**

**a) Information about products and services**

The Company is involved in the generation and sale of bulk power to State Power Utilities.

**b) Information about geographical areas**

The entire sales of the Company are made to customers which are domiciled in India. Also, all the non-current assets of the Company are located within India.

**c) Information about major customers (from external customers)**

Revenue of approximately ₹1,26,869.93 Lakhs (31 March 2018: ₹75,395.73 Lakhs) are derived from external customers accounting for more than 10 per cent of total revenue of the Company.

**42 Income taxes**

**a) Income tax recognised in Statement of Profit and Loss**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Current tax expense** | | |
| Current year | **2,819.17** | - |
| Pertaining to earlier years | - | - |
| **Total** | **2,819.17** | - |
| **Deferred tax expense (MAT Credit entitlement)** | | |
| Origination of temporary differences | - | - |
| **Total** | - | - |
| **Total income tax expense** | **2,819.17** | - |

b) **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Current tax expense** | | |
| Profit before tax | **12,693.02** | (18,109.24) |
| Tax at Company's domestic tax rate of 34.944% (31 March 2018: Nil) | **4,435.45** | - |
| Tax effect of: | | |
| Difference on account of MAT rate | **(1,700.26)** | - |
| Permanent difference | **30.59** | - |
| Temporary difference not recognised in books of accounts | **53.39** | - |
| **Total** | **2,819.17** | - |

c) **Movement in deferred tax balances**

₹ Lakhs

| Particulars | Opening balance | Recognised in profit and loss | Closing balance |
|---|---|---|---|
| **For the year ended 31 March 2019** | | | |
| **Deferred tax liability** | | | |
| Difference in book depreciation and tax depreciation | - | 39,925.87 | 39,925.87 |
| **Less: Deferred tax asset** | | | |
| Unabsorbed depreciation | - | 39,778.80 | 39,778.80 |
| Provisions | - | 147.07 | 147.07 |
| **Deferred tax liabilities (net)** | - | - | - |

d) The Company has not recognised deferred tax asset of ₹ 21,271.03 Lakhs, considering uncertainty of future taxable profit against which such deferred tax asset can be utilised on unabsorbed depreciation. In terms of provisions of Income Tax Act, 1961, unabsorbed depreciation can be carried forward indefinitely for set off.

**43 Revenue from contracts with customers**

a) **Nature of goods and services**

The revenue of the Company comes from energy sales. The Company sells electricity to bulk customers, mainly electricity utilities owned by State Governments as well as private Discoms operating in States. Sale of electricity is generally made pursuant to long-term Power Purchase Agreements (PPAs) entered into with the beneficiaries.

**Nature, timing of satisfaction of performance obligations and significant payment terms**

The Company recognises revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company. The tariff for computing revenue from energy sales is determined in terms of CERC Regulations as notified from time to time. The amount of revenue recognised for energy sales is adjusted for variable consideration, wherever applicable, which are estimated based on the historical data available with the Company. The amounts are billed on a monthly basis and invoices are payable within contractually agreed credit period.

b) **Disaggregation of revenue**

In the following table, revenue is disaggregated on the basis of major customer and timing of revenue recognition:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018* |
|---|---|---|
| **Major customers** | | |
| NBPDCL/SBPDCL | **126,869.93** | 75,395.73 |
| Others | **29,487.74** | 6,616.63 |
| **Total** | **156,357.67** | 82,012.36 |
| **Timing of revenue recognition** | | |
| Over time | **156,357.67** | 82,012.36 |
| At a point in time | - | - |
| **Total** | **156,357.67** | 82,012.36 |

* The Company has applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

c) **Contract balances**

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The contract liabilities primarily relate to the advance consideration received from the customers which are referred as 'advances from customers'.

The following table provides information about receivables and contract assets from contracts with customers:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Trade receivables | **38,391.29** | 19,903.59 |
| Unbilled revenue | **25,213.80** | 10,679.51 |
| Advance from customers | **77.69** | 165.78 |

During the year ended 31 March 2019, ₹10,679.51 Lakhs of unbilled revenue as of 1 April 2018 has been reclassified to trade receivables upon billing to customers as per payment terms defined in respective agreements. There is no other significant change in the contract balance during the year ended 31 March 2019 .

The amount of revenue recognised in 2018-19 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to issuance of Tariff Order dated 29 April 2019 in respect of MTPS Stage-II (2*195 MW), is ₹ 625.21 Lakhs.

d) **Reconciliation of revenue recognised with contract price:**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 |
|---|---|
| **Contract price** | **156,357.67** |
| Adjustments | - |
| **Revenue recognised** | **156,357.67** |

e) Applying the practical expedients as given in Ind AS 115:

i) The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

ii) The Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

h) The Company has not incurred any incremental costs of obtaining contracts with a customer and therefore, not recognised an asset for such capitalised costs.

i) There is no impact on account of adoption of Ind AS 115 by the Company as compared to Ind AS 18.

44 **Standards issued but not yet effective**

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards/ appendix/ amendments which will come into force from 1 April 2019:

a) **Ind AS 116, 'Leases'**

The new leasing standard will replace the existing leases standard, Ind AS 17 Leases, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Currently, operating lease expenses are charged to the statement of profit and loss on a straight line basis. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Further, the new standard contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach)

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods. Certain practical expedients are available under both the methods.

The Company will adopt the standard on 1 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ending or ended 31 March 2019 will not be retrospectively adjusted.

b) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

Appendix C of Ind AS 12, 'Uncertainty over Income Tax Treatments' is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application.

The Company will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

c) **Amendment to Ind AS 12 'Income taxes'**

The amendments to the guidance in Ind AS 12, 'Income Taxes', clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

d) **Amendment to Ind AS 19 'Employee benefits'**

The amendments to the guidance in Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

e) **Amendment to Ind AS 23, 'Borrowing Costs'**

The amendments to the guidance in Ind AS 23, 'Borrowing Costs', clarifies the following:

- while computing the capitalisation rate for funds borrowed generally, borrowing costs applicable to borrowings made specifically for obtaining a qualified asset should be excluded, only until the asset is ready for its intended use or sale.
- borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for its intended use or sale would subsequently be considered as part of the general borrowing costs.

f) **Amendment to Ind AS 109 'Financial Instruments'**

The amendments relate to the existing requirements in Ind AS 109, 'Financial Instruments' regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

45 The company does not maintain cash book since it does not have dealing in cash transactions.

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

| (Ruchi Aggarwal) | (V.K. Mittal) | (U. Banerjee) | (Sangeeta Bhatia) | (Prakash Tiwari) |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |

Place: New Delhi
Date : 20 May 2019

These are the notes referred to in Balance Sheet and Statement of Profit and Loss.

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

# Independent Auditor's Report

To the members of
**KANTI BIJLEE UTPADAN NIGAM LIMITED**

**Report on the Audit of Financial Statements**

Opinion

We have audited the accompanying Financial Statements of **Kanti Bijlee Utpadan Nigam Limited ("the Company")** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the financial performance and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. We have determined that there are no key audit matters to be communicated in our report.

**Information Other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and those charged with governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure "B"** on the directions and sub-directions issued by the Comptroller and Auditor General of India.
3. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity, dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules of the Companies (Accounts) Rules, 2014.
   e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) Being a Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Company;

g) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"** to this report.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 41 of the financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended on 31 March, 2019.

For A. R. Sureka & Co
Chartered Accountants
Firm Reg.No.000360C

(Neeraj Kumar Sureka)
Partner
M.No.056920

Place: New Delhi
Date: 20 May 2019

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant & Equipment).

(b) There is a regular programme of physical verification of all fixed assets (Property, Plant & Equipment) over a period of two years 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) The title deeds of all the immovable properties are held in the name of the Company except as follows:-

| Description of Assets | Area in acres | Gross Block as On 31.03.2019 (₹ in lakhs) | Remarks (if any) |
|---|---|---|---|
| Land Free Hold | 22.81 | 1183.45 | The Company is taking appropriate steps for completion of legal formalities |
| Land lease Hold | 1.24 | 777.00 | |

(ii) The management has conducted the physical verification of inventory at reasonable intervals. No material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any loans, secured or unsecured to any companies, firms, Limited Liability Partnership or other parties covered in the Register maintained under section 189 of the Act. In view of the above, the clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) The Company has not granted any loans or given any guarantee or provided any security covered under section 185 and 186 of the Act.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed there under. Therefore, the provision of clause 3(v) of the order is not applicable on the company.

(vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain Cost Records as specified under Sec 148(1) of the act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, Cess, goods and service tax (GST) and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed statutory dues outstanding as on 31 March 2019 for a period of more than six months from the date they became payable. We have been informed that employees' state insurance is not applicable to the Company.

(b) According to information and explanations given to us, against disputed statutory dues amounting to **Rs. 723.61** lakhs, the company has deposited ₹ 708.08 lakhs under protest, on account of matters pending before appropriate authorities as detailed below :

| Sl. No. | Name of Statute | Nature of Dues | Forum where the dispute is pending | Amount ₹ (lakhs) |
|---|---|---|---|---|
| 1 | The Bihar Tax on Entry of Goods into Local Area for Consumption, Use or Sale therein Act,1993 | Entry Tax Pertaining to FY 2007-08 to 2012-13 | Commissioner of Commercial Taxes, Patna & Commercial Tax Tribunal, Patna | 723.61 |
| TOTAL | | | | 723.61 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a financial institution or banks at the balance sheet dates. The company has neither issued any debenture nor has taken any loan or borrowing from the Government as at the balance sheet date.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations given to us, the money raised by the Company by way of term loans have been applied for the purposes for which they were obtained.

(x) According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) As per notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 of the Act is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) of the Order are not applicable to the Company.

(xii) The provisions of Clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.

(xiii) The Company has complied with the provisions of Section 177 and 188 of the Act w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. However, right issues to its shareholders were made during the year under review, and the requirements of section 42 of the Act have been complied with, and the money raised has been used for the purpose for which it was raised.

(xv) The Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under section 192 of the Act.

(xvi) According to information and explanations given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the company.

**For A. R. Sureka & Co**
Chartered Accountants
Firm Reg.No.000360C

**(Neeraj Kumar Sureka)**
Partner
M.No.056920

Place: New Delhi
Date: 20 May 2019

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

| Sl. No. | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the direction | Impact on financial statement |
|---|---|---|---|
| 1 | Whether the Company has system in place all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | As per the information and explanations given to us, the Company has a system in place to process all the accounting transactions through IT system. SAP-ERP has been implemented for all the processes like Financial Accounting (FI), Controlling(CO), Sales and Distribution (SD), Payroll / Human Capital Management (HCM), Material Management (MM), Commercial billing / Industry Solution Utilities (ISU), etc.<br>Based on the audit procedures carried out and as per the information and explanations given to us, no accounting transactions have been processed/carried outside the IT system. Accordingly, there are no implications on the integrity of the accounts. | NIL |
| 2 | Whether there are any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | Based on the audit procedures carried out and as per the information and explanations given to us, there was no restructuring of existing loans or cases of waiver/write off of debts/ loans/interest etc. made by the lender to the company due to the company's inability to repay the loan. | NIL |
| 3 | Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.. | Based on the audit procedures carried out and as per the information and explanations given to us, the Funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per the respective terms and conditions. | NIL |

For **A. R. Sureka & Co**
Chartered Accountants
Firm Reg.No.000360C

Place: New Delhi
Date: 20 May 2019

**(Neeraj Kumar Sureka)**
Partner
M.No.056920

## ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 3(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **KANTI BIJLEE UTPADAN NIGAM LIMITED,** ("the Company") as at 31 March 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Notes on Audit of Internal Financial Controls Over

Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **A. R. Sureka & Co**
Chartered Accountants
Firm Reg.No.000360C

**(Neeraj Kumar Sureka)**
Partner
M.No.056920

Place: New Delhi
Date: 20 May 2019

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KANTI BIJLEE UTPADAN NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of financial statements of Kanti Bijlee Utpadan Nigam Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Kanti Bijlee Utpadan Nigam Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. 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 supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 143(6)(b) of the Act.

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

**(Indu Agrawal)**
**Principal Director of Commercial Audit &**
**Ex-officio Member, Audit Board, Ranchi.**

Place: Ranchi
Date: 28 June 2019

# BHARTIYA RAIL BIJLEE COMPANY LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present 12th Annual Report on the business and operations of the Company along with Audited Financial Statements and Independent Auditors' Report thereon for year ended on 31st March 2019.

**PERFORMANCE OF THE COMPANY**

Your Company is setting up 1000 MW (4X250 MW) Thermal Power Project at Nabinagar in Aurangabad district of Bihar to meet the traction and non-traction electric power requirement of Railways.

Unit#3 was declared commercial on 26.02.2019.

**Construction Activities under progress:**

COD of U#4 have been targeted in Mar'20. Construction activities of Unit#4 are going on in full swing. Total land acquired is 1410.58 acres out of total requirement of 1526.82 acres for the project.

**Ash Utilisation:**

610088.10 MT of ash was generated during the financial year 2018-19, out of which fly ash generated was 427061.70 MT. ash utilized was 209969.20 MT which was 34.41% of total ash generated. The ash was issued to cement industry.

**FINANCIAL REVIEW**

The financial highlights of the Company for the year ended on 31st March 2018 and 31st March 2019 are as under:-

₹ Lakh

| Particulars | FY 2018-19 | FY 2017-18 |
|---|---|---|
| **Balance Sheet** | | |
| Paid-up Share Capital | 216153.25 | 216153.25 |
| Total Assets | 872253.85 | 841891.68 |
| Non-Current Assets | 796295.63 | 747632.85 |
| Current Assets | 75958.22 | 58485.27 |
| Total Liabilities (other than paid-up capital) | 635739.84 | 618572.07 |
| Non-Current Liabilities | 538414.48 | 534689.97 |
| Current Liabilities | 97320.75 | 83882.10 |
| Non-Current Borrowings | 537441.48 | 497993.21 |
| Current Borrowings | | |
| **Statement of Profit and Loss** | | |
| Total Sales | 116972.74 | 69740.98 |
| Total Revenue | 121001.80 | 69983.81 |
| Total Expenses | 119831.61 | 67461.40 |
| Profit/ (Loss) Before Tax (PBT) | 1170.19 | 2522.41 |
| Profit/ (Loss) After Tax (PAT) | 887.53 | 2721.20 |

**Transfer to reserve**

(Amount in ₹ Lakhs)

| | For the year ended 31-03-2019 | For the year ended 31-03-2018 |
|---|---|---|
| **CSR Reserve** | | |
| Opening Balance | 6.39 | - |
| Transfer during the year | 28.88 | 6.39 |
| Closing Balance | 35.27 | 6.39 |
| **Retained Earnings** | | |
| Opening Balance | 7159.83 | 4445.02 |
| Transfer during the year | 858.65 | 2714.81 |
| Closing Balance | **8018.48** | **7159.83** |
| **Fly Ash utilization reserve fund** | | |
| Opening Balance | - | - |
| Transfer during the year | 147.87 | - |
| Closing Balance | **147.87** | - |

**INFORMATION PURSUANT TO STATUTORY AND OTHER REQUIREMENTS**

Information required to be furnished as per the Companies Act, 2013 and other regulations are as under:

**(1) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO**

(i) Your company has installed following equipments for pollution control & conservation of energy:

Electrostatic Precipitator, Chimney, Cooling Towers, Ash handling equipments, Ash Dyke, Ash water recirculation system, Effluent treatment plant, Dust extraction & suppression system, fire detection system, DM plant waste treatment system, Sewerage treatment plant & disposal, Environmental Lab equipment etc.

(ii) The steps taken by the company for utilizing alternate sources of energy: Provision of Solar lights in plants as well as Project Affected Villages

(iii) The capital investment on energy conservation equipments: Approx. 350 Crore INR has been earmarked for the above mentioned equipments.

During the period under review, there was no earning in the foreign exchange. Further, there was no outgo in foreign exchange during the year

**(2) The following information is provided in the Corporate Governance Report which forms part of the Annual Report as Annex-II:**

a. Number of Meetings of the Board held during the year and attendance of Directors in the Board Meeting.

b. Constitution of the Audit Committee, number of Meetings held during the year and attendance of the Members in the Audit Committee.

c. Constitution of Corporate Social Responsibility Committee, number of Meetings held during the year, if any and attendance of Members in the Meeting.

d. Constitution of Nomination and Remuneration Committee, number of Meetings held during the year, if any and attendance of Members in the Meeting.

**(3) Corporate Social Responsibility**

During the three immediately preceding financial years, the Company had average profit of ₹ 1474.07 Lakhs. As such, the Company had transferred ₹ 29.49 Lakh to Corporate Social Responsibility (CSR) Reserve during 2018-19, out of which ₹ 60,748 was incurred on CSR activities and ₹ 35.27 lakh remain unspent during the year (which included ₹ 6.39 lakh remain unspent during previous year).

**(4)** During the year the Company undertook the activities under Resettlement & Rehabilitation Plan as a responsible corporate citizen in and around plant, details of which are covered under the Management Discussion and Analysis Report attached as Annex-I to this Report.

**(5) Statutory Auditors**

The Comptroller & Auditor General of India through letter dated 27.07.2018 had appointed M/s Chamaria & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2018-19. The Statutory Auditors of the Company for the financial year 2019-20 are yet to be appointed by the Comptroller & Auditor General of India.

**(6) 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 2018-19.

The Statutory Auditors have drawn emphasis of matter, through its Report dated 21.05.2019, which is as under:

(i) The conveyance of 130.606707 acres of freehold land valued at 41,47,60,274.84 is still pending for registration since long although validity period of agreement for sale of land has expired.

(ii) Confirmation of some of the balances and / or statement of accounts in respect of Other advance Capex (GL Code-1034106), Initial advance(s) construction (GL code- 1034100), Advances contractors -O & M (GL Code-1101300), Railway claim recoverable (GL Code-1100837), Advance against material (O&M) (GL Code 1101300) and Other Claims (GL Code- 1100822) etc. were not available. In view of above, authenticity of such balances remained unverified.

(iii) The confirmation of balances appearing under head construction stores lying with the contractors could not be verified in absence of joint verification statements in this regard.

**(7) Review of accounts by Comptroller & Auditor General of India**

The Comptroller & Auditor General of India (C&AG), through letter dated 15.07.2019, has given 'Nil' comments on the financial statements of your Company for the year ended on 31.03.2019. As advised by the C&AG, the contents of letter dated 15.07.2019 are being placed with the report of the Statutory Auditors elsewhere in the Annual Report.

**(8) Cost Audit**

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are maintained by the Company.

M/s Niran & Co., Cost Accountants, had been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 for the financial year 2018-19.

The Cost Audit Report for your Company for the Financial Year ended on 31.03.2018 was filed with the Central Government on 09.10.2018.

The Cost Audit Report for the financial year ended March 31, 2019 shall be filed within the prescribed time period under the Companies (Cost Records & Audit) Rules, 2014.

**(9)** Your Company, being subsidiary of NTPC, is covered under the Enterprise Risk Framework established by NTPC (Holding Co.). Details about risks with the Company are covered in the Management Discussion & Analysis Report which forms part of this Report and placed at Annex-I.

**(10) Extract of Annual Return**

Extract of Annual Return of the Company is annexed herewith as Annex- III to this Report.

**(11) Performance Evaluation of the Directors and the Board**

Section 178 (2) of the Companies Act, 2013 provides that the Nomination and Remuneration Committee shall, inter-alia, shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

As per Section 134(3) (p) read with Rule 8 (4) of the Companies (Accounts) Rules, 2014, every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Ministry of Corporate Affairs (MCA), through Notification dated 5th June 2015, has exempted Government Companies from the provisions of Section 178 (2) and Section 134 (3) (p). The aforesaid circular of MCA further exempted listed Govt. Companies from provisions of which requires mentioning the manner of formal evaluation of its own performance by the Board and that of its Committees and Individual Director in Board's Report, if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology.

Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV to the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies.

As per the Articles of Association of BRBCL, all the Directors are nominated by NTPC and Ministry of Railways (MOR). The Directors nominated by NTPC or MOR are being evaluated under a well laid down procedure for evaluation of Functional Directors & CMD as well as of Government Directors by Administrative/ respective Ministry/ Department. Also, the performance of the Board of the Government Companies is evaluated during the performance evaluation of the MOU signed with the Holding Company i.e. NTPC Limited.

**(12) Secretarial Audit**

The Board has appointed M/s Deepak Dhir & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith marked as Annex- V to this Report. The Secretarial Auditor has given unqualified Secretarial Audit Report for the financial year 2018-19.

**(13) Particulars of contracts or arrangements with related parties**

During the period under review, all transactions with related parties were at arm's length and suitable disclosure has been provided in annual accounts. Approval has been taken from the Audit Committee where the transaction with related party falls under the purview of the Companies Act, 2013. All related party transactions were in the ordinary course of business and were negotiated on an arm's length basis. They were intended to further the Company's interests.

Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

**(14) Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:** NIL. Contingent Liabilities are detailed in Note – 39 of Notes to Accounts to Financial Statements for the FY 2018-19. The details of disputed statutory dues pending before appropriate authorities is detailed in Annexure to Independent Auditors' Report.

**(15)** Adequacy of internal financial controls with reference to the financial reporting: The Company has in place adequate internal financial controls with reference to financial reporting. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

**(16) Particulars of Employees:**

As per provisions of Section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every company is required to disclose details of employees receiving remuneration exceeding limits as prescribed from time to time in the Directors' Report.

However, as per notification dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Directors' Report.

**(17) Issue of Shares in the Financial Year:**

During the year under review, no issue of shares was made.

**(18)** No disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any schemes.

**(19)** Establishment of vigil mechanism/ whistle blower policy:

Your Company has established Whistle Blower Policy as required under Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.

**(20)** There were no frauds reported by auditors under section 143(12) of the Companies Act, 2013.

**(21)** The Company has not granted any loans, given any guarantee or made any investments under Section 186 of the Companies Act, 2013 during the year.

**(22)** The Company has not accepted any deposits during the year.

**(23)** The Company has no subsidiary or joint venture.

**(24)** No Presidential Directive was issued by the Government during the year under review.

**(25)** The Company has not declared any dividend during the year.

**(26)** BRBCL has constituted the Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case of sexual harassment was received during the FY 2018-19.

**(27) Procurement from MSEs:**

The Government of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012. In terms of the said policy, the total contract placed on and procurement made from MSEs (including MSEs owned by SC/ST entrepreneurs) during the year 2018-19 was ₹ 260668890* which was 18.46 % of total procurement & contracts against target of 20% of total procurement made by the Company.

*It excludes Primary fuel, Secondary fuel, Steel & Cement, the Project procurement including R&M packages and procurement from OEM, OES & PAC sources.

**(28)** The Company has complied with the applicable Secretarial Standards.

The particulars of annexures forming part of this report are as under:

| Particulars | Annexure |
|---|---|
| Management Discussion & Analysis | I |
| Report on Corporate Governance | II |
| Extract of Annual Return | III |
| Annual Report on CSR | IV |
| Secretarial Audit Report in Form MR-3 | V |

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 (5) of the Companies Act, 2013, 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 2018-19 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the Directors had prepared the Annual Accounts on a going concern basis; and
5. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, the following changes took place in Directors position:

1) Shri Shalabh Goel, Executive Director (EEM), Railway Board was nominated as Director on the Board of BRBCL by the Ministry of Railways in place of Shri Sudhir Garg. The Board appointed him as the Director of the Company w.e.f. 22.02.2018. He ceased to be the Director of the BRBCL consequent upon withdrawal of his nomination by Ministry of Railways on 15.06.2018.

2) Shri Rajesh Kumar Jain, Executive Director (Development, Railway Board was nominated as Director on the Board of BRBCL by the Ministry of Railways. The Board appointed him as the Director of the Company w.e.f. 16.07.2018.

3) Shri M.P. Sinha (nominee Director from NTPC) ceased to be the Director w.e.f. 27.04.2018. Shri S. Narendra, Regional Executive Director (East-I), NTPC was nominated as Director on the Board by NTPC. He was appointed as Director w.e.f 23.05.2018.

No change occurred in the position of Key Managerial Personnel of the Company:

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Shalabh Goel during his association with the Company.

As per the provisions of the Companies Act, 2013, Shri S. Narendra, Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**ACKNOWLEDGEMENT**

Your Directors acknowledge with deep sense of appreciation for the co-operation extended by Ministry of Power and Ministry of Railways.

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Power Finance Corporation Limited, Rural Electrification Corporation Limited, auditors, bankers, contractors, vendors and consultants of the Company.

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

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

**(A.K. Gupta)**

**Chairman**

**(DIN: 07269906)**

**PLACE: New Delhi**
**DATE: 30.07.2019**

**Annex-1 to the Directors' Report of BRBCL**

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

**ECONOMIC AND SECTOR OUTLOOK**

As per the report on Annual National Income 2018-19, released by National Statistical Office of Ministry of Statistics and Programme Implementation (MoSPI) on 31 May 2019, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices has been provisionally estimated to be 6.8% as against 7.2% for the previous year (2017-18). For the year 2019-20, World Bank has projected a 7.5% GDP growth rate.

Quarterly growth rate analysis depicts that during Q1, 2018-19 (April-June) GDP growth rate peaked at 8.0%, but it has moved in a downward trend with growth rate of 7.0%, 6.6% and 5.8% during Q2, 2018-19 (July-Sep), Q3, 2018-19 (Oct-Dec) and Q4, 2018-19 (Jan-Mar) respectively.

Indices of Industrial Production (IIP), as reported by MoSPI on 10 May 2019, reveal that the cumulative growth in Mining, Manufacturing and Electricity sectors during April-March 2018-19 over the corresponding period of 2017-18 has been 2.9%, 3.5% and 5.2% respectively.

During the year 2018-19, the growth in power sector has been possible due to major reforms focussed on enabling the sector to adapt to the disruptions such as flexibility in thermal power generation, environment protection and capacity addition in RE & Hydro and cross border trading of power etc.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

Power sector is a key enabler for India's economic growth. The sector with its three pillars of generation, transmission and distribution is crucial to India's infrastructure and economic growth. The achievements and various issues/challenges faced by the Power Sector are discussed in the ensuing paragraphs.

**Snap Shot 2018-19**

- Gross annual generation of the country (excluding import from Bhutan) increased by 5.2% from 1,308 BUs in the previous year to 1,376 BUs in the current year (including renewables). Generation from renewable sources increased by about 24% from 102 BUs to 127 BUs, while generation from conventional sources increased by 4% from 1,206 BUs to 1,249 BUs.
- Generation capacity of 3,479 MW (excluding renewables) was added during financial year 2018-19 compared to 5,392 MW added during the previous year.
- Renewable energy capacity of 8,619 MW added during the year. Renewable energy capacity has increased by about 12.5% from 69,022 MW as at 31 March 2018 to 77,642 MW as at 31 March 2019.
- 22,437 Ckms of transmission lines added during the year as compared to 23,119 Ckms in the previous year.
- 72,705 MVA of transformation capacity added during the year as against 86,193 MVA in the previous year.
- PLF of coal & lignite based stations increased to 61.1% in financial year 2018-19 from 60.7% in financial year 2017-18.
- During the financial year 2018-19, while the energy deficit decreased marginally from 0.7% to 0.6%, the peak power deficit decreased from 2.0% to 0.8% as compared to that in the previous year.

(Source: Central Electricity Authority)

**Existing Installed Capacity**

The total installed capacity in the country as on 31 March 2019 was 3,56,100 MW (including renewables) with Private Sector contributing 46.2% of the installed capacity followed by State Sector with 29.5% share and Central Sector with 24.3% share.

| | Total Capacity (MW) | % share |
|---|---:|---:|
| Private | 1,64,428 | 46.2 |
| State | 1,05,076 | 29.5 |
| Central | 86,596 | 24.3 |
| **Total** | **3,56,100** | **100.0** |

Source-wise installed capacity in the country as on 31 March 2019 is as under:

| | Total Capacity (MW) | % share |
|---|---:|---:|
| Thermal | 2,26,279 | 63.6 |
| Nuclear | 6,780 | 1.9 |
| Hydro | 45,399 | 12.7 |
| RES (Renewables) | 77,642 | 21.8 |
| **Total** | **3,56,100** | **100.0** |

(Source: Central Electricity Authority-Installed Capacity report)

**Capacity Utilization and Generation**

**Sector wise PLF in % (Thermal - Coal & Lignite)**

| Sector | 2018-19 | 2017-18 |
|---|---:|---:|
| State | 58.0 | 56.9 |
| Central | 72.6 | 72.3 |
| Private-IPP | 54.8 | 55.1 |
| Private-Utilities | 61.3 | 60.4 |
| **All India** | **61.1** | **60.7** |

(Source: Central Electricity Authority)

PLF of coal & lignite based power stations has increased marginally from 60.7% to 61.1% on Y-O-Y basis. PLF of Central Generating Thermal Stations has also increased marginally.

In the emerging scenario of high variable renewable energy infusion into the grid, supplying power with reliability has gained prominence over PLF. In this context, it is crucial that the thermal capacities are able to supply fast response balancing power and maintain adequate reserve capacity.

**Generation**

The total conventional power available in the country during the financial year 2018-19 was 1,249 BUs as compared to 1,206 BUs during previous year, registering a growth of 3.6%. (Generation figures pertain to capacity monitored by CEA).

Sector-wise and fuel-wise break-up of generation for the year 2018-19 is detailed as under:

In BUs

| Sector | Thermal | Hydro | Nuclear | Bhutan Import | Total |
|---|---|---|---|---|---|
| Central | 368 | 55 | 38 | -- | 461 |
| State | 335 | 66 | -- | -- | 401 |
| Private | 369 | 14 | -- | -- | 383 |
| Bhutan Import | -- | -- | -- | 4 | 4 |
| **Total** | **1072** | **135** | **38** | **4** | **1249** |

(Source: Central Electricity Authority)

As far as thermal generation is concerned, based on the monitored capacity by CEA, the generation contribution of central sector is 36.9% with installed capacity share of 24.3%, state sector contributes 32.1% of generation with installed capacity share of 29.5% and private sector contributes 30.6% of generation with installed capacity share of 46.2%. Central sector utilities have performed better as compared to those of state and private sector utilities.

**Consumption**

The per capita consumption of power in India was 1,149 units in financial year 2017-18 (provisional) (Source: Central Electricity Authority), which is almost one-third of the global average (3,052 units).

(Source: IEA Key World Energy Statistics 2017).

Major end users of power are broadly classified into industrial, agricultural, domestic and commercial consumers. Their shares of electricity consumption were approximately 40%, 18%, 24% and 9%, respectively. During the same period, Traction & Railways and others represented about 9% of power consumption.

(Source: Ministry of Statistics and Programme Implementation-Energy Statistics 2018).

With ambitious target of providing free electricity connections to all households in rural areas and poor families in urban areas by Dec. 2018, the Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in September 2017. As indicated in the Saubhagya Dashboard, 99.99% households have been electrified and only 18,734 households in Chhattisgarh remains to be electrified.

(Source: Saubhagya dashboard)

Other key initiatives taken by Government of India include Integrated Power Development Scheme (for providing 24x7 power supply in the urban areas) and Deen Dayal Upadhyaya Gram Jyoti Yojana (agricultural feeders segregation, strengthening of sub-transmission & distribution infrastructure in rural areas and rural electrification). 100% village electrification has been achieved.

**Transmission**

The transmission network (at voltages of 220 kV and above) in the country has grown at an average rate of ~6% CAGR since the end of 12th Plan in terms of circuit kilometres added.

The total inter-regional transmission capacity of country has increased from 75,050 MW at the end of 12th plan to 99,050 MW as on 31 March 2019. During the financial year 2018-19, 12,600 MW inter-regional capacity was added.

This augmentation of the national grid will help promote competition and enable merit order dispatch of generation leading to lower cost of power for consumers. This is also essential for supporting higher injection of renewables into the grid for transfer of power from RE-rich states to other states. This large-scale integration of renewable energy along-with other factors such as increasing power generation capacity and reforms in fuel sector is slated to increase the demand for transmission capacity significantly in the coming years.

**Distribution**

Distribution is the key link to realize the Government of India's vision of supplying reliable 24x7 Power for All. For this, the distribution companies need to be healthy to be able to discharge their functions & responsibilities efficiently.

To improve the distribution segment's performance, Government of India launched a comprehensive power sector reform scheme, Ujwal Discom Assurance Yojana (UDAY) on 5 November 2015 for operational and financial turnaround of Discoms. The Average Cost of Supply (ACS) and Average Revenue Realised (ARR) gap has reduced from ₹ 0.59 per kWh in 2016 to ₹ 0.24 per kWh by May 2019 and AT&C have also reduced to 18.37%. The proposed amendments in Tariff Policy include several distribution related changes to address the sustainability issues of distribution sector, such as:

- Time-based service level agreements for service to end-consumers and penalties for non-technical outages.

- Discoms to assure adequate tie-up of capacities to enable them to meet their power requirements.
- Subsidy to be given by way of Direct Benefit Transfer directly into consumer accounts and cross subsidy charges for open access are to be brought within 20% of the average cost of supply.
- Electricity supply to be made pre-paid with 100% metering of consumers.
- Regulations by appropriate commissions to make open access information transparent, applications handling time-bound and CSS payable for maximum period of 1 year.

**Power Trading**

In India, power is transacted largely through long-term Power Purchase Agreements (PPA) entered into between Generating companies and the Distribution utilities. A small portion is transacted through various short-term mechanisms like bilateral transactions through licensees, Day-ahead transactions through power exchanges and real time balancing market mechanism (i.e. Deviation Settlement Mechanism).

In the year 2018-19, around 88% of power generated in the Country was transacted through the long-term PPA route and about 12% of the power was transacted through short-term trading mechanisms. Short-term electricity transaction in the current financial year increased to 145 BU, as compared to 128 BU in the previous year, registering about 14% growth.

(Source: Central Electricity Regulatory Commission)

**Key Initiatives/Reforms & Regulatory Changes in Power Sector**

1. **Flexibility in Generation and Scheduling of Thermal Power Stations:** Government of India through its various policy interventions has been trying to enhance flexibility in thermal power generation in order to enable growth in RE. Subsequent to introduction of 'Flexibility in utilization of domestic coal for reducing the cost of power generation' in 2016-17, two more policies – (i) 'Flexibility in generation & scheduling of thermal power stations to reduce emissions' by partially replacing thermal power with cheaper renewable power and (ii) 'Flexibility in generation and scheduling of thermal power stations to reduce the cost of power to the consumer' through National Merit Order, have been introduced in 2018-19. These policies will help in reducing cost of power.
2. **Renewable Purchase Obligation (RPO) targets:** Ministry of Power in consultation with MNRE has notified trajectory to achieve 21% RPO target by the financial year 2021-22, comprising of 10.5% Solar and 10.5% Non-Solar renewables. SERCs may consider to notify RPO for their respective states in line with notification by MOP. To achieve the RPO trajectory, country will need to enhance its renewable assets.
3. **Hydro as renewable power:** To promote hydropower in the country, large hydro projects having capacity more than 25 MW have also been declared as Renewable Energy Source and similar to RPO targets, HPO (Hydro Power Obligations) targets would also be notified by MOP.

   GoI has in-principle agreed to provide budgetary support for flood moderation, enabling infrastructures like road and bridges.
4. **Regulatory certainty regarding new environment norms:** GoI has directed CERC for providing regulatory certainty to thermal power plants regarding recovery of cost involved in meeting new environment norms. CERC in its Tariff Regulations, 2019 has provisioned for supplementary tariff towards implementation of revised emission standards.
5. **Changes proposed in Electricity Act:** GoI has initiated the process to amend the Electricity Act with the objectives such as ensuring availability of electricity to all consumers, optimal utilisation of fossil & non-fossil resources, separation of distribution & supply functions, promote smart grid, ancillary support and decentralised distributed generation.

   For ensuring power supply to all, the distribution licensee or supply licensee, are proposed to have obligation to supply 24x7 power to their consumers and any subsidy to any category of consumer is proposed to be implemented through Direct Benefit Transfer.
6. **National Wind Solar Hybrid Policy:** MNRE has released National Wind Solar Hybrid Policy to promote large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability.
7. **Import/Export (Cross Border) of Electricity:** MoP has issued Guidelines for Import/Export (Cross Border) of Electricity in the current financial year with following key objectives:
   - Facilitate trade of electricity between India and neighbouring countries;
   - Evolve a dynamic and robust electricity infrastructure for trade of electricity;
   - Promote transparency, consistency and predictability in regulatory mechanism pertaining to trade of electricity in the country;
   - Reliable grid operation and transmission of electricity for trade.

All these reform initiatives and regulatory changes will open up opportunities for your Company and across the Indian Power Sector.

**SWOT ANALYSIS**

**Strength/ Opportunity**

The Company is backed by strong promoters i.e. Ministry of Railways and NTPC Limited. NTPC is the consultant for the Company which is having a wide experience in engineering and management expertise from planning to commissioning and operating power plants. Indian Railways, being a big transport organization, consumes about 2% of the total power generation of the country which is likely to go up with the current pace of electrification. Presently, the peak power requirement of IR is about 4000 MW which is being fed to the electric traction network of IR through its odd 400 traction sub stations spread across the length and breadth of the country. Out of this requirement, Nabinagar power plant having 1000 MW capacity will cater the need of 900 MW of Indian Railways and 100 MW will be given to the Bihar Government. Thus BRBCL has good future prospects of dealing with the organisation like IR having sound financial fundamentals.

The Company is able to acquire major portion of land for establishing the project. Bharat Heavy Electricals Limited is the main plant contractor. The Company has tied up loan with Power Finance Corporation Limited, Vijaya Bank and Canara Bank for meeting its debt portion. The Company has coal linkage for 4X250 MW capacity.

**Weakness/ Threats:**

The major threat the company is facing in acquiring parts of land. Law and order situation and project security have also been a concern for the Company.

**RISKS AND CONCERN**

The risk to which company is exposed and the initiatives taken by the company to mitigate such risks are given below:

The project is delayed as there is delay in the land acquisition due to which contractors are demanding additional compensation. This issues are being dealt as per provision of the contract and project implementation is being expedited to minimize the time overrun.

**Hazard risks** are related to natural hazards arising out of accidents and natural calamities like fire, earthquake etc.

**Operational risks** are associated with systems, processes & people and cover areas such as succession planning, retaining of people at project, operational failure or interruption, disruption in supply chain, failure of research & development facilities and faulty application of information technology and non-compliance of regulatory provisions.

Also, non-receipt of schedule for generation of power and non-receipt of equity in time from Railways.

**INTERNAL CONTROL**

The Company has robust internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards issued by Institute of Chartered Accountants of India from time to time and as per the guidelines issued from NTPC Limited. The Company has implemented SAP in all modules. It is helping the Company a lot in retrieving data and maintaining systematic backup.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants in coordination with Internal Audit Department of NTPC Limited. The Company has constituted an Audit Committee to oversee the financial performance of the company. The scope of this Committee includes compliance with Internal Control Systems.

**FINANCIAL DISCUSSION AND ANALYSIS**

The financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013, and the provisions of Electricity Act, 2003 to the extent applicable. The Company is involved in the generation and sale of bulk power to Indian Railways and State Power Utilities.

The accounting policies set out in Note 1 have been applied in preparing the Financial Statements for the year ended 31st March 2019.

**Non-current assets**

(in Lakh)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---:|---:|---:|
| Property, Plant and equipment | 6,34,891.59 | 3,80,007.34 | 67.07 |
| Intangible Assets | 28.63 | 1.53 | 1771.24 |
| Capital work-in-progress | 1,56,598.54 | 3,62,158.44 | (56.76) |
| Others | 4,776.87 | 5,465.54 | (12.60) |

Total depreciation charged on property, plant and equipment upto 31.03.2019 was ₹ 40,282.63 Lakh. The Gross carrying amount of fully depreciated property, plant and equipment that are still in use as at 31.03.2019 is ₹ 1,451.81 Lakh as against ₹ 1,134.39 Lakh as at 31.03.2018.

**Current assets**

(in Lakh)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---:|---:|---:|
| Inventories | 3,086.51 | 2,882.91 | 7.06 |
| Trade Receivables | 24,937.69 | 20,701.71 | 20.46 |
| Cash and cash equivalents | 13,674.62 | 11,895.42 | 14.96 |
| Bank Balances other than cash and cash equivalents | 8,273.17 | 100.00 | 8173.17 |
| Other Financial Assets | 15,957.00 | 8,771.01 | 81.93 |
| Others | 10,029.23 | 14,134.22 | (29.04) |

Inventories include coal, fuel oil, stores and spares, chemicals & consumables, steel, loose tools, etc.

Balance with banks includes deposits with original maturity upto three months (₹ 9,277.82 Lakh) and deposits with original maturity of more than three months and maturing within one year (₹ 8,013.81 Lakh).

The Company has to recover freight charges from Railways and Nabinagar Power Generating Company Limited.

**Liabilities – Non-current**

(in Lakh)

| Particulars | | As at 31.03.2019 | As at 31.03.2018 | % Change |
|---|---|---|---|---|
| Borrowings | | 5,37,441.48 | 4,97,993.21 | 7.92 |
| | Secured Term Loan from Bank | 1,49,875.00 | - | 100 |
| | Secured Loan from others | 3,95,428.87 | 5,05,356.16 | (21.75) |
| Other financial liabilities | | 973.00 | 1,201.25 | (19.00) |
| Deferred tax liabilities | | - | 35,495.51 | (100) |

The Company had an initial term loan facility of ₹ 3,74,675.00 Lakh (PFC: ₹ 2,24,800.00 Lakh and REC: ₹ 1,49,875.00 Lakh). The repayment schedule is for a period of 15 years, beginning after 6 months from COD of the station, in 60 quarterly instalments.

During the year, entire term loan from REC of ₹ 1,49,875.00 Lakh has been transferred to Vijaya Bank. The term loan is repayable in 60 equal quarterly installments with effect from 30.09.2019. The Company has paid prepayment charges of ₹5,305.58 Lakh.

The Company has 2nd term loan agreement of ₹ 25,325.00 Lakh from PFC. The repayment schedule of loan is 15 years, beginning after 6 months from COD of the station, in 60 quarterly instalments.

The Company has also taken 3rd term loan from PFC with repayment schedule of 15 years beginning after 6 months from COD of the station in 60 quarterly instalments.

There have been no defaults in repayment of the loan or interest thereon as at the end of the year.

**Current Liabilities**

(in Lakh)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % Change |
|---|---|---|---|
| Trade Payables | 9,656.08 | 5,416.80 | 78.26 |
| Other financial liabilities | 70,630.69 | 66,362.17 | 6.43 |
| Other current liabilities | 89.71 | 241.27 | (62.82) |
| Provisions | 16,944.27 | 11,861.86 | 42.85 |

Other financial liabilities include Payment due for capital expenditure (for micro and small enterprises and other than micro and small enterprises), Interest accrued but not due on borrowings, payment to be made to Contractors, NTPC Ltd, Employees and others.

Regulatory deferral account credit balances on account of exchange differences for the year ended 31.03.2019 is ₹ 4.61 Lakh.

**Revenue**

(in Lakh)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---|---|---|
| Energy sales | 1,16,972.74 | 69,739.92 | 67.73 |
| Sale of fly ash | 154.81 | - | 100 |
| Interest from customers | - | 1.06 | (100) |
| Other income | 4,029.06 | 242.83 | 1559.21 |

Company's revenues arise from sale energy and other income. Revenue from other income comprises interest from banks, employees, contractors, sale of scrap and other miscellaneous income. The majority of the Company's operations in India are regulated under the Electricity Act, 2003. Accordingly, the CERC determines the tariff for the Company's power plants based on the norms prescribed in the tariff regulations as applicable from time to time.

Energy sales are net of rebate to beneficiaries amounting to ₹ 342.17 Lakh as at 31.03.2019 as against ₹ 165.72 Lakh as at 31.03.2018.

It is pertinent to note that the complete amount of sale of fly ash is transferred to fly ash utilisation reserve fund.

**Expenses**

(in Lakh)

| Particulars | As at 31.03.2019 | As at 31.03.2018 | % change |
|---|---|---|---|
| Fuel | 52,233.39 | 18,088.49 | 188.77 |
| Employee benefits expense | 5,813.10 | 4,583.14 | 26.84 |
| Finance costs | 31,790.60 | 23,931.84 | 32.84 |
| Depreciation and amortization expense | 20,238.31 | 14,827.80 | 36.49 |
| Other expenses | 9,756.21 | 6,030.13 | 61.79 |

Expenditure on fuel constituted 43% of the total expenditure of the Company during the financial year ended 31.03.2019. The rise in fuel costs are due to increase in Energy sales of the Company for the year ended 31.03.2019.

**Profits**

The Company has made Net Profit after Tax of ₹ 887.53 Lakh.

**HUMAN RESOURCE**

Presently, the Company has total strength of 252 employees (including 13 Non-Executives and excluding 39 Diploma Trainees). All employees, excluding 39 DTs trainees, have been deputed from the Holding Company i.e. NTPC Limited. As a social responsible and social conscious organization, the Company has deployed 34 SC employees, 13 ST employees and 57 OBC (NCL) & 7 OBC(CL) employees out of total strength of 252 employees deputed from NTPC.

The Company is paying Performance Related Pay to its employees in order to boost their morale and also extending the facility of retention of family anywhere in India. Quarters have been hired at Dalmianagar also as a Temporary Township until Permanent Township at the site becomes ready to accommodate all the employees. Further to this, various welfare measures including cultural activities for employees and their family members are also undertaken for boosting employee's morale.

Further to this, we have Executive club and Ladies club which takes care of sports and cultural activities.

The employee benefits expense (salaries & wages, contribution to provident & other funds and staff welfare expenses) was ₹ 5813.10 lakh for the financial year 2018-19. An amount of ₹ 769.97 lakh was included in employee benefits expense towards provident fund, pension, gratuity, post-retirement medical benefits facilities and other terminal benefits and ₹ 554.01 lakh was payable to NTPC Limited towards leave and other benefits. Similarly, an amount of ₹ 2.01 lakh was included in employee benefits expense towards provident fund, pension, gratuity, post-retirement medical benefits facilities and other terminal benefits and ₹ Nil lakh was payable to Ministry of Railways towards leave and other benefits.

**REHABILITATION AND RESETTLEMENT ACTIVITIES**

Your Company has taken up number of steps towards rehabilitation and resettlement like restoration of Pond in Khaira village, construction of culvert in Dhundua village, installation of 26 nos. hand pumps for drinking water in PAP villages, ₹ 91 lakhs spent on construction of ITI building and ₹ 1,40,000/- spend towards ITI scholarship to wards of PAPs.

**OUTLOOK**

The company's outlook is very bright. It will generate sufficient revenue for the growth and development of the company as well as of the nearby community at large once the plant becomes operational.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis, describing objectives, projections and estimates, are forward-looking statements and progressive, within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic condition, Government policies and other incidental/ related factors.

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

**(A.K. Gupta)**
**Chairman**
**(DIN: 07269906)**

**Place: New Delhi**
**Dated: 30.07.2019**

## Report on Corporate Governance

### 1. Company's Philosophy on Code of Governance

Bhartiya Rail Bijlee Company Limited (BRBCL) has made a strong commitment to ensure trust in the Company and to enhance shareholders' value through effective decision-making and improved communication between the management, the Board of Directors (the "Board") and the shareholders. Corporate Governance philosophy of BRBCL is as under:

*"Enhancement of stakeholders' value through pursuit of excellence, efficiency of operations, quest for growth and continuous innovation."*

The Company's framework for Corporate Governance is intended to decrease business risk, maximise value and utilise the Company's resources in an efficient, sustainable manner for the benefit of shareholders, employees and society at large.

The Company believes that sound Corporate Governance is vital to enhance and retain stakeholder trust. Good Governance is one of the essential pillars for building an efficient and sustainable environment and to ensure that the affairs of the Company are being managed in a way which ensure accountability, transparency and responsibility in all its transactions in the widest sense and meeting its stakeholder's aspirations and societal expectations. Implementation of good governance indicates not only the compliance of the laws and regulations of the land but also indicates the values, practices and culture of the organisation.

Your Company adheres to the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India to the extent such compliances are within the ambit of the Company.

### 2. Board of Directors

At BRBCL, the Board fulfils the following four major roles viz. overseeing the risk profile of Company, monitoring the integrity of business and control mechanisms, ensuring the expert management and maximising the interests of its stakeholders. The responsibilities of Board of Directors are well defined and every director is familiarised on the functioning of the Company. The Board has always made decisions that are independent of management.

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. Over the years, the Board has always endeavoured to fulfil corporate responsibility towards our stakeholders. The Board has necessary authority and processes to review and evaluate our operations when required. Further, the Board makes decisions that are independent of the Management.

#### i. Composition of the Board

The Company is managed by the strong Board who are well acquainted about their duties and responsibilities. As per the Articles, the company shall have a minimum of 4 Directors and not more than 15 Directors, Directors are to be nominated by both parties i.e. NTPC and Ministry of Railways in accordance with their equity shareholding. The respective parties shall determine the period for which their respective nominees shall hold office.

The Chairman of the Board shall always be a Director nominated by NTPC.

#### ii. Independent Directors

DPE Guidelines on Corporate Governance for CPSEs requires the Company to appoint two Independent Directors on the Board. However, Ministry of Corporate Affairs, through Notification dated 05.07.2017, has exempted the public unlisted wholly-owned subsidiary Companies from appointing Independent Directors.

We understand that the above DPE Guidelines are under revision to align it with the Companies Act, 2013.

#### iii. Woman Directors

As per the requirements of the Companies Act, 2013, the Company has appointed one Woman Director on its Board.

#### iv. Board Meetings

As on 31.03.2019, there were 4 (four) Directors on the Board as under:

| S. No. | Name of Director | Designation | Date of Appointment |
|---|---|---|---|
| 1. | Shri A.K. Gupta | Chairman (nominated by NTPC) | Chairman w.e.f. 18.11.2017 |
| 2. | Shri R.K. Jain | Director (nominated by Ministry of Railways) | Director w.e.f. 16.07.2018 |
| 3. | Shri S. Narendra | Director (nominated by NTPC) | Director w.e.f. 23.05.2018 |
| 4. | Smt. Sangeeta Bhatia | Director (nominated by NTPC) | Director w.e.f. 10.07.2014 |

During the year, four Meetings of the Board were held on 23.05.2018, 17.09.2018, 09.01.2019 and 12.03.2019. The attendance of Directors in Board Meetings was as under:

| Date of the Meeting/ Name of the Director | DIN | BOARD MEETINGS | | | |
|---|---|---|---|---|---|
| | | 23.05.18 & Adj. | 17.09.18 | 09.01.19 | 12.03.19 |
| Shri A. K. Gupta | 07269906 | Yes | Yes | Yes | Yes |
| Shri Shalabh Goel (Nomination withdrawn by Ministry of Railways w.e.f. 15.06.2018) | 01192117 | Yes | N.A. | N.A. | N.A. |
| Smt. Sangeeta Bhatia | 06889475 | Yes | No | Yes | Yes |
| Shri S. Narendra Director | 08126188 | Yes | Yes | Yes | Yes |
| Shri R. K. Jain | 08180329 | N.A. | Yes | Yes | Yes |

In all Board Meetings, CEO, CFO and Company Secretary were duly present.

**v. Number of Shares held by the Directors as on 31.03.2019**

| Directors | No. of shares |
|---|---|
| Shri A. K. Gupta | 100 |
| Shri S. Narendra | 100 |
| Smt. Sangeeta Bhatia | 100 |
| Shri R. K. Jain | Nil |

**3. Committees of the Board**

The Board committees are considered as pillars of corporate governance. Our Board has constituted Committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information and approval respectively. Senior functional executives are also invited, as and when required, to provide necessary information/clarification to the Committees of the Board. We have following sub-committees of the Board as on 31.03.2019:

A. Audit Committee

B. Nomination and Remuneration Committee

C. Corporate Social Responsibility Committee

**A. Audit Committee**

The term of reference of Audit Committee is in accordance with Section 177(4) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs, which includes the following:

(i) Discussions with the Auditors about the scope of audit including observations of auditors;

(ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement are correct, sufficient and credible;

(iii) Noting appointment and removal of external auditors. Recommending audit fee of external auditors and also approval for payment for any other service;

(iv) Recommending appointment and remuneration of Cost Auditors;

(v) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(vi) Approval or any subsequent modification of transactions of the company with related parties;

(vii) Scrutiny of inter-corporate loans and investments;

(viii) Valuation of undertakings or assets of the company, wherever it is necessary;

(ix) Evaluation of internal financial controls and risk management systems;

(x) Monitoring the end use of funds raised through public offers and related matters;

(xi) Receiving the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a nature and reporting the matter to the Board;

(xii) Consider and review the following with the management, internal Auditor and the independent Auditor:

1. Significant findings during the year, including the status of previous audit recommendations;
2. Any difficulties encountered during audit work including any restrictions on the Scope of the activities or access to required information.

(xiii) Review of all financial reports including Annexure to Cost Audit, Reports, Internal Audit reports etc;

(xiv) Review of Management Discussion and Analysis report;

(xv) Review of half-yearly and annual financial statements before submission to the Board for approval, with particular reference to:

1. Change, if any, in accounting policies and practices and reasons for the same;
2. Significant adjustments made in financial statements arising out of audit findings;
3. Disclosure of any related party transactions;
4. Qualifications in audit report.

(xvi) Review of observations of Statutory Auditors and Comptroller and Auditor General of India and

(xvii) Such matters as may be referred to it by the Board of Directors, from time to time.

The constitution of the Audit Committee of the Company as on 31.03.2019 comprised 3 (three) Members as under

(i) Smt. Sangeeta Bhatia, Chairman of the Committee

(ii) Shri R. K. Jain, Director

(iii) Shri S. Narendra, Director

The Company Secretary acts as the Secretary to the Committee.

During the year, two Meetings of the Committee were held on 23.05.2018 and 17.09.2018. The attendance of Directors in these Meetings was as under:

| Date of the Meeting/ Name of the Member | 23.05.18 | 17.09.18 |
|---|---|---|
| Smt. Sangeeta Bhatia | Yes | No |
| Shri S. Narendra (Member w.e.f. 23.05.2018) | Yes | Yes |
| Shri Shalabh Goel | Yes | N.A. |
| Shri R. K. Jain (Member w.e.f. 16.07.2018) | N.A. | Yes |

During the year, there is no instance, where the Board had not accepted any recommendation(s) of the Audit Committee.

Your Company has ensured to remain in the regime of unqualified statement.

**B. Nomination & Remuneration Committee**

The term of reference of Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, which is as under:

(i) Shall identify who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal;

(ii) Shall formulate the criteria for determining qualifications, positive attributes & recommend to the board a policy relating to the remuneration for, KMP & other employees;

(iii) Shall while formulating the policy, NRC ensure that:

1. Relationship of remuneration to performance is clear & meets appropriate performance benchmarks; and
2. Remuneration to KMP and senior management involves a balance between fixed & incentive pay reflecting short & long-term performance objectives appropriate to the working of the company & its goals.

The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2019 was as under:

i. Smt. Sangeeta Bhatia, Chairman of the Committee

ii. Shri S. Narendra, Director

iii. Shri R. K. Jain, Director

No meeting of the Nomination and Remuneration Committee was held during the year 2018-19.

**C. Corporate Social Responsibility Committee**

The term of reference of Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013 which is as under:

(i) To formulate & recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as amended from time to time by the Ministry of Corporate Affairs, GOI;

(ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and approve the budget for CSR;

(iii) To monitor the CSR Policy of the company from time to time;

(iv) Shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;

(v) Any other matter as may be delegated by the Board from time to time.

The constitution of the Corporate Social Responsibility Committee of the Company as on 31.03.2019 comprised 3 (three) Directors as under:

(i) Shri S. Narendra, Chairman of the Committee

(ii) Smt. Sangeeta Bhatia, Director

(iii) Shri R. K. Jain, Director

During the year 2018-19, only 1 (one) meeting of the Corporate Social Responsibility Committee was held on 09.01.2019. The attendance of Directors in Corporate Social Responsibility Committee Meeting was as under:

| Date of the meeting/ Name of the member | 09.01.2019 |
|---|---|
| Shri S. Narendra (Member w.e.f. 23.05.2018) | Yes |
| Shri R. K. Jain (Member w.e.f. 16.07.2019) | Yes |
| Smt. Sangeeta Bhatia | Yes |

**4. Remuneration Policy/ Detail of Remuneration to Directors**

Since, the Directors are nominated by NTPC and Ministry of Railways, they are governed by the remuneration policy as applicable to their parent organisations.

**5. Performance Related Payment to Employees**

As majority of the employees are on secondment basis from NTPC, their remuneration is as per the rules of NTPC.

During the year, 39 Diploma Trainees are also recruited in the Company. They are being paid stipend as per their recruitment rules.

Annual Performance Related Payment is decided by the Nomination and Remuneration Committee based on the PRP decided by NTPC for employees on secondment basis to its subsidiaries and joint venture companies.

**6. General Body Meetings**

The attendance of Directors in Annual General Meeting held during the FY 2018-19 are as under:

| Date of the Meeting/ Name of the Director | AGM |
|---|---|
| | 17.09.2018 |
| Shri A. K. Gupta, Chairman and Member | Yes |
| Shri R. K. Jain, Director | Yes |
| Shri S. Narendra, Member and Director | Yes |
| Smt. Sangeeta Bhatia, Member and Director | No |

The Chairman of the Audit Committee and Nomination and Remuneration Committee could not be present in the Annual General Meeting. Other Members of the Committees were present to answer the queries of the shareholders.

**Forthcoming AGM: Date, Time and Venue**

The 12th Annual General Meeting of the Company (AGM) is scheduled on Tuesday, 30th July 2019 at the registered office of the Company situated at NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodi Road, New Delhi-110003.

**Location and Time of the last three AGMs**

The location, time and details of the special resolutions passed during last three AGMs are as follows:

| For the FY | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|
| AGM | 9th | 10th | 11th |
| Date and Time | 27.07.2016 12:00 noon | 25.08.2017 05:30 p.m. | 17.09.2018 3:00 p.m. |
| Venue | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 |
| Special Resolution Passed | - | - | - |

7. **Means of Communication**

The Company communicates with its shareholders through its Annual Report and General Meetings.

8. **Disclosures**

a. Every Director of the Company had disclosed his nature of interest/ concern in the company or companies or bodies corporate, firms, or other association of individuals as required under the Companies Act, 2013 from time to time.

b. The Annual Financial Statements FY 2018-19 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.

c. The Company has a system in place for monitoring of various statutory and procedural compliances. Further, a compliance certificate on applicable laws is in place on yearly basis.

d. CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.

e. All the Board Members and Senior Management Personnel are governed by the Code of Conduct of NTPC Limited as they are nominated/ deputed by NTPC. The affirmation to the Code of Conduct is given by Board Members and Senior Management Personnel at NTPC.

f. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has implemented Whistle Blower Policy (Vigil Mechanism) under which the employees are free to report violations of applicable laws and regulations. No personnel have been denied access to the Audit Committee.

g. During the year under review, no Presidential Directive was received by your Company. However, the Parent Company, i.e. NTPC received a Presidential Directive for revision of pay of executives of the Company. The same was complied for the executives of the Company who were on secondment basis from NTPC.

9. The information regarding shareholding pattern of Promoters and Directors is given under Extract of Annual Return which is at Annex -III to the Directors' Report.

10. **Training of Board Members**

As the Board Members are the Nominees of NTPC and Ministry of Railways, they are being imparted training by their parent organisations. Detailed presentations were made by senior executives/ professionals/ consultants on business-related issues at the Board/Committee meetings as and when required.

11. **Location of Plant**

Nabinagar Thermal Power Project (4x250 MW), Distt. Aurangabad, Nabinagar, Bihar.

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

**(Shri A. K. Gupta)**
**Chairman**
**DIN: 07269906**

**Place: New Delhi**
**Dated: 30.07.2019**

# Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certification

We, C. Sivakumar, Chief Executive Officer and Manoj Srivastava, Chief Financial Officer of Bhartiya Rail Bijlee Company Limited, to the best of our knowledge and belief, certify that:

(a) We have reviewed financial statements, including all notes to the financial statements and the cash flow statements for the year ended March 31, 2019 and to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal or violative of the company's various code(s) of conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the company's auditors and the Audit Committee of BRBCL's Board of Directors:

(i) significant changes, if any, in internal control over financial reporting during the year;

(ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

| | |
|---|---|
| **(Manoj Srivastava)** | **(C. Sivakumar)** |
| **Chief Financial Officer** | **Chief Executive Officer** |

**Place: New Delhi**

**Date : May 14, 2019**

# CERTIFICATE ON COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2018-19

The Members,

Bhartiya Rail Bijlee Company Limited

We have examined the compliance of Guidelines on Corporate Governance for Central Public Sector Enterprise, 2010 as issued by DPE from time to time of your Company.

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

In our opinion and to the best of our information and according to the explanation given to us by the management, we certify that the Company has complied DPE Guidelines on Corporate Governance except with respect to appointment of Independent Directors as required thereunder.

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 Deepak Dhir & Associates**

**Company Secretaries**

Deepak Kumar Dhir

ACS No.: 45930

CP No.: 17296

Date: 19.07.2019

Place: New Delhi

**Annexure – III to the Directors' Report of BRBCL**

# Form No. MGT-9
# Extract of Annual Return
# as on financial year ended on March 31, 2019

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

**I. REGISTRATION AND OTHER DETAILS:**

| | | | |
|---|---|---|---|
| i) | CIN | : | U40102DL2007GOI170661 |
| ii) | Registration Date | : | November 22, 2007 |
| iii) | Name of the Company | : | Bhartiya Rail Bijlee Company Limited |
| iv) | Category / Sub-Category of the Company | : | Public Company / Government Company |
| v) | Address of the Registered office and contact details | : | NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003, Ph. No.: 011-2436 0071<br>Fax No.: 011-24360241, E-mail: vishalgarg@ntpc.co.in |
| vi) | Whether listed company Yes / No | : | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Not Applicable* |

*Beetal Financial & Computer Services Private Limited was appointed as RTA for shares of the Company in FY 2019-20

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

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

| Sl. No. | Name and Description of main products/Services | NIC code of the Product/service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Electric Power Generation by coal based thermal power plants | 35102 | 100% |

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

| S.No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | NTPC Limited<br>Address: NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003 | L40101DL1975GOI007966 | Holding | 74% | 2 (46) of the Companies Act, 2013 |

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

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF<br>**(i) As Nominee of NTPC** | - | 500 | 500 | 0.00 | - | 500 | 500 | 0.00 | - |
| **(ii) As Nominee of Ministry of Railways** | - | 100 | 100 | 0.00 | - | 100 | 100 | 0.00 | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| b) Central Govt. **(Ministry of Railways)** | - | 56,19,98,746 | 56,19,98,746 | 26.00 | - | 56,19,98,746 | 56,19,98,746 | 26.00 | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. **NTPC Limited** | - | 1,59,95,33,144 | 1,59,95,33,144 | 74.00 | - | 1,59,95,33,144 | 1,59,95,33,144 | 74.00 | - |
| e)Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1):-** | - | **2,16,15,32,490** | **2,16,15,32,490** | **100%** | - | **2,16,15,32,490** | **2,16,15,32,490** | **100%** | - |
| **(2) Foreign** | | | | | | | | | |
| a)NRIs- individuals | - | - | - | - | - | - | - | - | - |
| b)Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1) + A(2)** | - | **2,16,15,32,490** | **2,16,15,32,490** | **100%** | - | **2,16,15,32,490** | **2,16,15,32,490** | **100%** | - |
| **B. Public Shareholding** | | | | | | | | | |
| **1.Institutions** | | | | | | | | | |
| a)Mutual Funds | - | - | - | - | - | - | - | - | - |
| b)Banks/FI | - | - | - | - | - | - | - | - | - |
| c)Central Govt. | - | - | - | - | - | - | - | - | - |
| d)State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e)Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f)Insurance Companies | - | - | - | - | - | - | - | - | - |
| g)FIIs | - | - | - | - | - | - | - | - | - |
| h)Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1):-** | - | - | - | - | - | - | - | - | - |
| **2.Non-institutions** | | | | | | | | | |
| a)Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b)Individuals | | | | | | | | | |
| i)Individual Shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| c) Others(specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (2):- | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | - | - | - | - | - | - | - | - | - |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | - | 2,16,15,32,490 | 2,16,15,32,490 | 100% | - | 2,16,15,32,490 | 2,16,15,32,490 | 100% | - |

**(ii) Shareholding of Promoters**

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in the shareholding during the year |
| 1. | NTPC Limited | 1,59,95,33,144 | 74.00 | - | 1,59,95,33,144 | 74.00 | - | - |
| 2. | Ministry of Railways | 56,19,98,746 | 26.00 | - | 56,19,98,746 | 26.00 | - | - |
| 3. | Nominees of NTPC | 500 | 0.00 | - | 500 | 0.00 | - | - |
| 4. | Nominees of Ministry of Railways | 100 | 0.00 | - | 100 | 0.00 | - | - |

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

| Sl No. | Particulars | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 2,16,15,32,490 | 100.00 | 2,16,15,32,490 | 100.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | - | - | - | - |
| | At the End of the year | 2,16,15,32,490 | 100.00 | 2,16,15,32,490 | 100.00 |

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

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

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | **Shri A.K. Gupta<br>Chairman & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): | Nil | 0.00 | Nil | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |
| 2. | **Ms. Sangeeta Bhatia<br>Director & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): | Nil | 0.00 | Nil | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |
| 3. | **Shri S. Narendra[1]<br>Director & Nominee Shareholder of NTPC** | | | | |
| | At the beginning of the year | Nil | 0.00 | Nil | 0.00 |
| | Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): Shares transferred from Shri M.P. Sinha, Director & Nominee shareholder of NTPC on 23.05.2018. | 100 | 0.00 | 100 | 0.00 |
| | At the End of the year | 100 | 0.00 | 100 | 0.00 |

**1 Appointed as Director w.e.f. 23.05.2018**

## V. INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 49,79,93,20,797 | | | 49,79,93,20,797 |
| ii) Interest due but not paid | - | | | - |
| iii) Interest accrued but not due | 73,62,94,966 | | | 73,62,94,966 |
| **Total (i + ii + iii)** | 50,53,56,15,763 | | | 50,53,56,15,763 |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 3,94,48,27,450 | | | 3,94,48,27,450 |
| • Reduction | - | | | - |
| **Net Change** | | | | |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal amount | 53,74,41,48,247 | | | 53,74,41,48,247 |
| ii) Interest due but not paid | - | | | - |
| iii) Interest accrued but not due | 78,62,38,531 | | | 78,62,38,531 |
| **Total ( i + ii + iii)** | 54,53,03,86,778 | | | 54,53,03,86,778 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| 1. | **Gross Salary** | | | | | |
| 1 | (a) Salary as per provisions contained in section 17(1) if the Income-tax Act,196<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission<br>- as % of profit<br>- others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| | Total (A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

**B. Remuneration to other directors:**

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

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | CFO | Company Secretary^ | Total |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | 61,56,668 | 58,52,883 | 36,33,209 | 1,56,42,760 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 4,28,265 | 1,59,224 | 1,06,153 | 6,93,642 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit<br>-others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | **Total** | **65,84,933** | **60,12,107** | **37,39,362** | **1,63,36,402** |

**^CS is posted at Delhi. Accordingly, salary is also being debited at Delhi.**

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

| Type | Section of the Companies Act | Brief description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / COURT) | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |

| Type | Section of the Companies Act | Brief description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / COURT) | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| Compounding | - | - | - | - | - |
| **B. DIRECTORS** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

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

**(A.K. Gupta)**
**Chairman**
**(DIN: 07269906)**

**Place: New Delhi**
**Dated: 30.07.2019**

**Annex-IV to Directors' Report of BRBCL**

# Annual Report on Corporate Social Responsibility Activities

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

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

   The CSR Policy is formulated keeping in view the requirements of the Department of Public Enterprises and the Companies Act, 2013. The CSR policy focused on Health, Sanitation, Drinking Water, Education, Capacity Building, Women Empowerment, Social Infrastructure Development, support to Physically Challenged Person (PCPs), and activities contributing towards Environment Sustainability and other subject matter described under Schedule VII of the Companies Act, 2013.

2. The CSR Committee as on 31.03.2019 comprised Shri S. Narendra, Shri R.K. Jain and Ms. Sangeeta Bhatia, Directors.

3. **Average net profit (loss) of the company for last two financial years.**

   The average net profit (loss) of the Company for three immediately preceding financial years i.e., 2015-16, 2016-17 and 2017-18 is ₹ 14.74 Crore.

4. **Prescribed CSR Expenditure.**

   As per requirement of the Companies Act, 2013, the Company is required to spend 2% of the average net profit of the company made during three immediately preceding financial years in CSR activities. As the average net profit (loss) of the Company for three immediately preceding financial years was ₹ 14.74 Crore, the Company is required to spend ₹ 29.48 lakh on CSR activities in the FY 2018-19.

5. Details of CSR spent during the financial year 2018-19:

| | | | |
|---|---|---|---|
| (a) | **Total amount to be spent for the financial year 2018-19** | : | ₹ 35.87 Lakh (for the FY 2018-19, ₹ 29.48 Lakh is to be spent and ₹ 6.39 lakh was carried forward from last years' unspent amount) |
| (b) | **Amount unspent, if any** | : | ₹ 35.27 Lakh |
| (c) | **Manner in which the amount spent during the financial year** | : | In the table |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| **S.No** | **CSR project or activity identified** | **Sector in Which the Project is covered** | **Projects or Programs (1) Local area or other (2)Specify the State and the district where projects or progams was undertaken** | **Amount outlay (budget) Project or Programs wise (Amount in Lakh)** | **Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads: (Amount in Lakh)** | **Cumulative expenditure upto to the reporting period. (Amount in Lakh** | **Amount spent: Direct or through implementing agency** |
| 1 | Distribution of Tri cycle/ Wheel chair / Ultra Sound hard stick for the blind | - | BRBCL | 0.61 | - | 0.61 | Direct |

* Medical for 16 PAP villages is under award stage and the Company has planned to undertake construction / repairing of nearby village roads, school building repairing and facility improvement, drinking water facilities in nearby school etc

**6. Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof.**

- At present CD activities are going on in full swing in and around the plant premises.
- The Company has undertaken voluntarily the work of construction of roads in Udwant Nagar and Sandesh Block of Arrah District, Bihar to the tune of about ₹ 5.0 crore.
- In addition to the CD activities, numbers of Govt. sponsored projects are also being allocated by local administration.
- Our project works are going on and in consultation with local administration & stakeholders, CSR activities are being planned to avoid repetition of activities (launched by GOI) and will take shape in this financial year i.e. 2019-20.
- Last year, budget allocated in the 1st week of Jan 2019 and as such remaining total balance corpus will be spent in the present financial year 2019-20. However, as per the need and emergent requirements of the locality, we are organizing various activities in addition to the CD activities.
- It will take some time to finalize the consolidated CSR activities in this locality in consultation with local villagers, VDAC and District Admn., which will be beneficial for the Project Affected areas in and around our project. Sustainable development like livelihood training, Self Help Groups formation are our focussed endeavour in FY 2019-20 and corpus will be allocated accordingly to fulfil the aspiration of PAPs' and affected people in and around our project.
- The balance activities are under award stage and will be accomplished in the present FY 2019-20.

**7. A responsibility statement of the CSR Committee**

The Responsibility Statement of the Corporate Social Responsibility Committee is reproduced below:

The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and policy of the Company.

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

**(C. Sivakumar)**
**Chief Executive Officer**

**(A.K. Gupta)**
**CHAIRMAN**

**Place: New Delhi**
**Date: 30.07.2019**

Form No. MR-3

# SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

**Bhartiya Rail Bijlee Company Limited**

CIN: U40102DL2007GOI170661

NTPC Bhawan, Core - 7 Scope Complex,

7, Institutional Area, Lodhi Road

New Delhi-110003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bhartiya Rail Bijlee Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under **(Not applicable to the Company during the Audit Period);**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under **(Not applicable to the Company during the Audit Period);**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period);**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period);**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period);**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period); and**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

(vi) Compliance processes/systems under other applicable laws to the Company are being verified on the basis of periodic certificate submitted to the Boards of Directors of the Company.

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

a) Secretarial Standards as amended from time to time, issued by The Institute of Company Secretaries of India. Generally complied with.

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 **(Not applicable to the Company during the Audit Period);**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All the decisions made in the Board/Committee meetings(s) were carried out with majority of the Directors/Members present during the meeting though while the dissenting Directors/member's views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no specific events/actions occurred which had a major bearing on the Company's affairs in pursuance of above referred laws, rules, regulation, guidelines and standards.

**For Deepak Dhir & Associates**

Company Secretaries

Deepak Kumar Dhir

ACS No.: 45930

CP No.: 17296

Date: 20.06.2019

Place: New Delhi

This report is to be read in conjunction with our letter of even date which is marked as '**Annexure A**' and forms an integral part of this report.

**Annexure A**

To,

The Members

**M/s Bhartiya Rail Bijlee Company Limited**

CIN: U40102DL2007GOI170661

NTPC Bhawan, Core - 7 Scope Complex,

7, Institutional Area, Lodhi Road

New Delhi-110003

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covering observations/comments/weaknesses already pointed out by the other Auditors.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Deepak Dhir & Associates**

Company Secretaries

Deepak Kumar Dhir

ACS No.: 45930

CP No.: 17296

Date: 20.06.2019

Place: New Delhi

# Bhartiya Rail Bijlee Company Limited

**Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003**

## BALANCE SHEET AS AT 31 MARCH 2019

₹ Lakhs

| Particulars | Note No. | As at 31 March 2019 | As at 31 March 2018* | As at 1 April 2017* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2 | **634,891.59** | 380,007.34 | 250,496.42 |
| Capital work-in-progress | 3 | **156,598.54** | 362,158.44 | 434,915.65 |
| Intangible assets | 4 | **28.63** | 1.53 | 3.19 |
| Other non-current assets | 5 | **4,776.87** | 5,465.54 | 6,676.60 |
| Deferred tax asset | 17 | **-** | - | 199.38 |
| **Total non-current assets** | | **796,295.63** | 747,632.85 | 692,291.24 |
| **Current assets** | | | | |
| Inventories | 6 | **3,086.51** | 2,882.91 | 1,393.88 |
| Financial assets | | | | |
| Trade receivables | 7 | **24,937.69** | 20,701.71 | 5,277.98 |
| Cash and cash equivalents | 8 | **13,674.62** | 11,895.42 | 541.49 |
| Bank balances other than cash and cash equivalents | 9 | **8,273.17** | 100.00 | - |
| Other financial assets | 10 | **15,957.00** | 8,771.01 | 3,408.69 |
| Other current assets | 11 | **10,029.23** | 14,134.22 | 9,562.96 |
| **Total current assets** | | **75,958.22** | 58,485.27 | 20,185.00 |
| Regulatory deferral account debit balances | 12 | **-** | 35,773.56 | - |
| **TOTAL ASSETS** | | **872,253.85** | 841,891.68 | 712,476.24 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 13 | **216,153.25** | 216,153.25 | 158,461.39 |
| Other equity | 14 | **20,360.76** | 7,166.36 | 29,238.02 |
| **Total equity** | | **236,514.01** | 223,319.61 | 187,699.41 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 15 | **537,441.48** | 497,993.21 | 447,491.58 |
| Other financial liabilities | 16 | **973.00** | 1,201.25 | 3,777.88 |
| Deferred tax liabilities (net) | 17 | **-** | 35,495.51 | - |
| **Total non-current liabilities** | | **538,414.48** | 534,689.97 | 451,269.46 |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | 18 | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | | **348.67** | 90.04 | 32.23 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | **9,307.41** | 5,326.76 | 2,950.34 |
| Other financial liabilities | 19 | **70,630.69** | 66,362.17 | 56,895.73 |
| Other current liabilities | 20 | **89.71** | 241.27 | 630.79 |
| Provisions | 21 | **16,944.27** | 11,861.86 | 11,948.48 |
| Current tax liabilities | | **-** | - | 191.36 |
| **Total current liabilities** | | **97,320.75** | 83,882.10 | 72,648.93 |
| Regulatory deferral account credit balances | 22 | **4.61** | - | 858.44 |
| **TOTAL EQUITY AND LIABILITIES** | | **872,253.85** | 841,891.68 | 712,476.24 |

* Restated (refer note 32)

Significant accounting policies 1

The accompanying notes 1 to 48 form an integral part of these financial statements.

For Chamaria & Co.
Chartered Accountants

For and on behalf of the Board of Directors

**Vishal Garg**
Company Secretary

**Manoj Srivastava**
Chief Financial Officer

**C. Sivakumar**
Chief Executive Officer

Sunil Kumar Chamaria
Partner
Membership No. : 094316
Firm Reg. No.: 514619C
Place : New Delhi
Dated : 21 May 2019

**R.K. Jain**
Director

**A.K. Gupta**
Chairman

# Bhartiya Rail Bijlee Company Limited

**Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003**

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

₹ Lakhs

| Particulars | Note No. | For the year ended 31 March 2019 | For the year ended 31 March 2018* |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 23 | **116,972.74** | 69,740.98 |
| Other income | 24 | **4,029.06** | 242.83 |
| **Total revenue** | | **121,001.80** | 69,983.81 |
| **Expenses** | | | |
| Fuel expense | | **52,233.39** | 18,088.49 |
| Employee benefits expense | 25 | **5,813.10** | 4,583.14 |
| Finance costs | 26 | **31,790.60** | 23,931.84 |
| Depreciation and amortisation expense | 27 | **20,238.31** | 14,827.80 |
| Other expenses | 28 | **9,756.21** | 6,030.13 |
| **Total expenses** | | **119,831.61** | 67,461.40 |
| **Profit before tax** | | **1,170.19** | 2,522.41 |
| **Tax expense** | | | |
| Current tax | | - | 538.33 |
| Deferred tax expense | | **(35,495.51)** | 35,694.90 |
| **Total tax expense** | | **(35,495.51)** | 36,233.23 |
| **Profit for the period before regulatory deferral account balances** | | **36,665.70** | (33,710.82) |
| Net movements in regulatory deferral account balances- Income/(Expense) | | **(35,778.17)** | 36,632.01 |
| Less: Tax expense/(saving) pertaining to regulatory deferral account balances | | - | 199.99 |
| **Profit for the year** | | **887.53** | 2,721.20 |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income for the year** | | **887.53** | 2,721.20 |
| * Restated (refer note 32) | | | |
| Significant accounting policies | 1 | | |
| **Earnings per equity share (Par value ₹ 10/- each)** | 44 | | |
| From operations including regulatory deferral account balances | | | |
| Basic Earning Per Share (₹) | | **0.05** | 0.15 |
| Diluted Earning Per Share (₹) | | **0.05** | 0.15 |
| From operations excluding regulatory deferral account balances | | | |
| Basic Earning Per Share (₹) | | **2.02** | (1.85) |
| Diluted Earning Per Share (₹) | | **2.02** | (1.85) |

The accompanying notes 1 to 48 form an integral part of these financial statements.

For Chamaria & Co.
Chartered Accountants

For and on behalf of the Board of Directors

**Vishal Garg**
Company Secretary

**Manoj Srivastava**
Chief Financial Officer

**C. Sivakumar**
Chief Executive Officer

Sunil Kumar Chamaria
Partner
Membership No. : 094316
Firm Reg. No.: 514619C

**R.K. Jain**
Director

**A.K. Gupta**
Chairman

Place : New Delhi
Dated : 21 May 2019

# Bhartiya Rail Bijlee Company Limited

**Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003**

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019

₹ Lakhs

| | Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **A.** | **Cash Flow From Operating Activities** | | |
| | Profit before tax | **1,170.19** | 2,522.41 |
| | Add: Net movements in regulatory deferral account balances | **(35,778.17)** | 36,632.01 |
| | | **(34,607.98)** | 39,154.42 |
| | Adjustment for | | |
| | Depreciation and amortisation expense | **20,238.31** | 14,827.80 |
| | Finance costs | **31,603.51** | 23,931.84 |
| | Unwinding of discount on vendor liabilities | **187.09** | |
| | **Provisions created during the year** | **5,637.16** | - |
| | **Fly ash utilisation reserve fund** | **147.87** | - |
| | Net movements in regulatory deferral account balances | **35,778.17** | (36,632.01) |
| | Operating profit before working capital changes | **58,984.13** | 41,282.05 |
| | Adjustment for - | | |
| | Inventory | **(203.60)** | (1,489.03) |
| | Trade receivable | **(4,235.98)** | (15,423.73) |
| | Bank balances other than cash and cash equivalent | **(8,173.17)** | (100.00) |
| | Other financial assets | **(7,185.99)** | (5,362.32) |
| | Other current assets | **(389.83)** | 128.63 |
| | Other non current assets | - | 313.11 |
| | **Trade payables** | **4,239.28** | 2,434.23 |
| | Other financial liabilities | **6,569.24** | 143.28 |
| | **Other current liabilities** | **(151.56)** | (389.52) |
| | **Provisions** | **(554.75)** | (86.62) |
| | **Cash generated from operations** | **48,897.77** | 21,450.08 |
| | Less: Income taxes paid | **1,314.14** | 1,243.81 |
| | Net cash outflow from operating activities [A] | **47,583.63** | 20,206.27 |
| **B.** | **Cash Flow From Investment Activities** | | |
| | Purchase of property plant and equipment and capital work-in-progress | **(66,307.64)** | (69,227.96) |
| | Net cash outflow from investing activities [B] | **(66,307.64)** | (69,227.96) |
| **C.** | **Cash Flow From Financing Activities** | | |
| | Proceeds from share application money | **12,159.00** | 32,899.00 |
| | Proceeds from long term borrowings | **39,448.27** | 50,501.63 |
| | Interest paid | **(31,104.06)** | (23,025.01) |
| | Net cash inflow from financing activities [C] | **20,503.21** | 60,375.62 |
| | Net increase/(decrease) in cash and cash equivalents [A+B+C] | **1,779.20** | 11,353.93 |
| | Cash and Cash equivalents at the beginning of the year | **11,895.42** | 541.49 |
| | Cash and Cash equivalents at the end of the year | **13,674.62** | 11,895.42 |

a) Cash and cash equivalents consist of balances with banks and deposits with original maturity of upto three months.

b) Reconciliation of cash and cash equivalents

| | | |
|---|---|---|
| Cash and cash equivalent as per note 8 | 13,674.62 | 11,895.42 |

c) Refer note no. 31 for details of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments.

d) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

₹ Lakhs

| Particulars | Non-current borrowings | Current borrowings | Interest on borrowings |
|---|---|---|---|
| **For the year ended 31 March 2019** | | | |
| Balance as at 1 April 2018 | 497,993.21 | - | 7,362.95 |
| Loan drawals (in cash) /interest accrued during the year | 39,448.27 | - | 50,072.49 |
| Loan repayments/interest payment during the year (in cash) | - | - | 49,573.05 |
| **Balance as at 31 March 2019** | **537,441.48** | **-** | **7,862.39** |
| **For the year ended 31 March 2018** | | | |
| Balance as at 1 April 2017 | 447,491.58 | - | 6,456.12 |
| Loan drawals (in cash) /interest accrued during the year | 50,501.63 | 20,017.62 | 48,483.85 |
| Loan repayments/interest payment during the year (in cash) | - | 20,017.62 | 47,577.02 |
| **Balance as at 31 March 2018** | **497,993.21** | **-** | **7,362.95** |

There are no non-cash changes on account of effect of changes in foreign exchange rates and fair values.

For and on behalf of the Board of Directors

| Vishal Garg | Manoj Srivastava | C. Sivakumar | R.K. Jain | A.K. Gupta |
|---|---|---|---|---|
| Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman |

Place : New Delhi
Dated : 21 May 2019

For Chamaria & Co.
Chartered Accountants

Sunil Kumar Chamaria
Partner
Membership No. : 094316
Firm Reg. No.: 514619C

Place : New Delhi
Dated : 21 May 2019

# Bhartiya Rail Bijlee Company Limited

Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

### (A) Equity share capital

| For the year ended 31 March 2019 | ₹ Lakhs |
|---|---|
| Balance as at 1 April 2018 | 216,153.25 |
| Changes in equity share capital during the year | - |
| **Balance as at 31 March 2019** | **216,153.25** |

| For the year ended 31 March 2018 | ₹ Lakhs |
|---|---|
| Balance as at 1 April 2017 | 158,461.39 |
| Changes in equity share capital during the year | 57,691.86 |
| **Balance as at 31 March 2018** | **216,153.25** |

### (B) Other equity

For the year ended 31 March 2019 ₹ Lakhs

| Particulars | Reserves & Surplus | | | | Total |
|---|---|---|---|---|---|
| | Share Application Money Pending Allotment | Corporate Social Responsibility Reserve | Fly ash utilisation reserve fund | Retained Earnings | |
| **Balance as at 1 April 2018** | **0.14** | **6.39** | - | **7,159.83** | **7,166.36** |
| Profit/(Loss) for the year | - | - | - | 887.53 | 887.53 |
| Other comprehensive income for the year | - | - | - | - | - |
| Share application money received | 12,159.00 | - | - | - | 12,159.00 |
| Transferred to fly ash reserve | - | - | 147.87 | - | 147.87 |
| Transfer from retained earning | - | 29.49 | - | (29.49) | - |
| Transfer to retained earning | - | (0.61) | - | 0.61 | - |
| **Balance as at 31 March 2019** | **12,159.14** | **35.27** | **147.87** | **8,018.48** | **20,360.76** |

For the year ended 31 March 2018 ₹ Lakhs

| Particulars | Reserves & Surplus | | | | Total |
|---|---|---|---|---|---|
| | Share Application Money Pending Allotment | Corporate Social Responsibility Reserve | Fly ash utilisation reserve fund | Retained Earnings | |
| **Balance as at 1 April 2017** | **24,793.00** | - | - | **4,445.02** | **29,238.02** |
| Profit/(Loss) for the year | - | - | - | 2,721.20 | 2,721.20 |
| Other comprehensive income for the year | - | - | - | - | - |
| Share application money received | 32,899.00 | - | - | - | 32,899.00 |
| Shares allotted against share application money | (57,691.86) | - | - | - | (57,691.86) |
| Transfer from retained earning | - | 6.39 | - | (6.39) | - |
| Balance as at 31 March 2018 | 0.14 | 6.39 | - | 7,159.83 | 7,166.36 |

For and on behalf of the Board of Directors

| Vishal Garg | Manoj Srivastava | C. Sivakumar | R.K. Jain | A.K. Gupta |
|---|---|---|---|---|
| Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman |

Place : New Delhi
Dated : 21 May 2019

For Chamaria & Co.
Chartered Accountants

Sunil Kumar Chamaria
Partner
Membership No. : 094316
Firm Reg. No.: 514619C

Place : New Delhi
Dated : 21 May 2019

# 1. Company Information and Significant Accounting Policies

## A. Reporting entity

Bhartiya Rail Bijlee Company Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: U40102DL2007PLC170661). The address of the Company's registered office is NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi - 110003. The Company is involved in the generation and sale of bulk power to Indian Railways and State Power Utilities.

## B. Basis of preparation

### 1. Statement of Compliance

These financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These financial statements were authorized for issue by the Board of Directors on 14th May 2019.

### 2. Basis of measurement

The financial statements have been prepared on the historical cost.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakh (upto two decimals), except as stated otherwise.

### 4. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

## C. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

The Company has elected to utilize the option under Ind AS 101 by not applying the provisions of Ind AS 16 & Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS i.e. 1 April 2015. Therefore, the carrying amount of property, plant and equipment and intangible assets as per the previous GAAP as at 1 April 2015, i.e; the Company's date of transition to Ind AS, were maintained on transition to Ind AS.

### 1. Property, plant and equipment

#### 1.1. Initial recognition and measurement

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

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.

Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

**1.2. Subsequent costs**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalized, when it meets the asset recognition criteria.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**1.3. Decommissioning costs**

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**1.4. De-recognition**

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined by comparing the proceeds from disposal, if any, with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

**1.5. Depreciation/amortization**

Depreciation is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on the assets of the generation of electricity business and on the assets of Corporate & other offices is charged on straight-line method following the rates and methodology notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

Depreciation on the following assets is provided on their estimated useful life, which are different from the useful life as prescribed under Schedule II to the Companies Act, 2013, ascertained on the basis of technical evaluation:

| | |
|---|---|
| a) Kutcha roads | 2 years |
| b) Enabling works | |
| - residential buildings | 15 years |
| - internal electrification of residential buildings | 10 years |
| - non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips. | 5 years |
| c) Personal computers & laptops including peripherals | 3 years |
| d) Photocopiers, fax machines, water coolers and refrigerators | 5 years |
| e) Temporary erections including wooden structures | 1 year |
| f) Telephone exchange | 15 years |
| g) Wireless systems, VSAT equipments, display devices viz. projectors, screens, CCTV, audio video conferencing systems and other communication equipments | 6 years |
| h) Energy saving electrical appliances | 2-7 years |

Major overhaul and inspection costs which have been capitalized are depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier.

Leasehold land and buildings relating to generation of electricity business are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

Leasehold land and buildings relating to corporate and other offices are fully amortized over lease period or twenty-five years whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.

Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long-term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/amortization.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

The residual values, useful lives and method of depreciation of assets other than the assets of generation of electricity business are reviewed at each financial year end and adjusted prospectively, wherever required.

**2. Capital work-in-progress**

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

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

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

**3. Intangible assets and intangible assets under development**

**3.1. Initial recognition and measurement**

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

**3.2. Subsequent costs:**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

**3.3. De-recognition**

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains & losses on de-recognition of an item of intangible assets are determined by comparing the proceeds from disposal, if any, with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

**3.4. Amortization**

Cost of software recognized as intangible asset, is amortized on straight-line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight-line method over the period of legal right to use or life of the related plant, whichever is less.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

4. **Regulatory deferral account balances**

Expense/income recognized in the statement of profit and loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized as 'Regulatory deferral account balances'.

Regulatory deferral account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

Regulatory deferral account balances are evaluated at each balance sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the regulatory deferral account balances are derecognized.

5. **Borrowing costs**

Borrowing costs consist of (a) interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments' (b) finance charges in respect of finance leases recognized in accordance with Ind AS 17 – 'Leases' and (c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

6. **Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

Steel scrap is valued at estimated realizable value.

7. **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

8. **Government grants**

Government grants are recognized initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the related asset. Grants that compensate the Company for expenses incurred are recognized over the period in which the related costs are incurred and deducted from the related expenses.

9. **Fly ash utilization reserve fund**

Proceeds from sale of ash/ash products along-with income on investment of such proceeds are transferred to 'Fly ash utilization reserve fund' in terms of provisions of gazette notification dated 3 November 2009 issued by Ministry of Environment and Forests, Government of India. The fund is utilized towards expenditure on development of infrastructure/facilities, promotion & facilitation activities for use of fly ash.

10. **Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. 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.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

11. **Foreign currency transactions and translation**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the year in which it arises with the exception that exchange differences on long term monetary items related to acquisition of property, plant and equipment recognized upto 31 March 2016 are adjusted to the carrying cost of property, plant and equipment.

Non-monetary items are measured in terms of historical cost in a foreign currency and translated using the exchange rate at the date of the transaction. In case of advance consideration received or paid in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

12. **Revenue**

Company's revenues arise from sale energy and other income. Revenue from other income comprises interest from banks, employees, contractors etc., sale of scrap, other miscellaneous income, etc.

Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method, applied to the contracts that were not completed as of 1 April 2018 and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18 "Revenue". The details of accounting policies as per Ind AS 18 are disclosed separately if they are different from those under Ind AS 115.

12.1. **Revenue from sale of energy**

The majority of the Company's operations in India are regulated under the Electricity Act, 2003. Accordingly, the CERC determines the tariff for the Company's power plants based on the norms prescribed in the tariff regulations as applicable from time to time. Tariff is based on the capital cost incurred for a specific power plant and primarily comprises two components: capacity charge i.e. a fixed charge that includes depreciation, return on equity, interest on working capital, operating & maintenance expenses, interest on loan and energy charge i.e. a variable charge primarily based on fuel costs.

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

In the comparative period, revenue from the sale of energy was measured at the fair value of the consideration received or receivable. Revenue was recognized when the significant risks and rewards of ownership had been transferred to the buyer, recovery of the consideration was probable, the associated costs could be estimated reliably, there was no continuing management involvement, and the amount of revenue could be measured reliably.

Revenue from sale of energy is accounted for based on tariff rates approved by the CERC (except items indicated as provisional) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case of power stations where the tariff rates are yet to be approved/items indicated provisional by the CERC in their orders, provisional rates are adopted considering the applicable CERC Tariff Regulations. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. As at each reporting date, revenue from sale of energy includes an accrual for sales delivered to beneficiaries but not yet billed i.e. unbilled revenue.

The incentives/disincentives are accounted for based on the norms notified/approved by the CERC as per principles enunciated in Ind AS 115. In cases of power stations where the same have not been notified/approved, incentives/disincentives are accounted for on provisional basis.

Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

Exchange differences arising from settlement/ translation of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per the CERC Tariff Regulations are accounted as 'Regulatory deferred account balances' and adjusted from the year in which the same becomes recoverable/payable.

Exchange differences on account of translation of foreign currency borrowings recognized upto 31 March 2016, recoverable from or payable to the beneficiaries in subsequent periods as per the CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset'. The increase or decrease in depreciation for the year due to the accounting of such exchange differences as mentioned above is adjusted in depreciation. Fair value changes in respect of forward exchange contracts of derivative contracts recoverable from/ payable to the beneficiaries as per the CERC Tariff Regulations, are recognized in sales.

**12.2. Other income**

Interest income is recognized, when no significant uncertainty as to measurability or collectability exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

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

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

For debt instruments measured either at amortized cost or at fair value through other comprehensive income (OCI), interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

The interest/surcharge on late payment/overdue trade receivables for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

Interest/surcharge recoverable on advances to suppliers as well as warranty claims wherever there is uncertainty of realization/acceptance are not treated as accrued and are therefore, accounted for on receipt/acceptance.

**13. Employee benefits**

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

**14. Other expenses**

Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and voluntary community development are charged to statement of profit and loss in the year incurred.

Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to statement of profit and loss.

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

Transit and handling losses of coal as per Company's norms are included in cost of coal.

**15. Income tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity, respectively.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**16. Leases**

**16.1. As lessee**

**Accounting for finance leases**

Leases of property, plant and equipment where the Company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fairvalue of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability.

The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Accounting for operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

**17. Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 - 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**18. Operating segments**

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place. The Company has only one segment "Generation of energy".

**19. Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

**20. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issued during the financial year.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

**21. Statement of cash flows**

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of cash flows'.

**22. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**22.1. Financial assets**

**Initial recognition and measurement**

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI (Fair value through OCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL (Fair value through profit or loss)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.

(b) Financial assets that are debt instruments and are measured as at FVTOCI.

(c) Lease receivables under Ind AS 17.

(d) Trade receivables, unbilled revenue and contract assets under Ind AS 115.

(e) Loan commitments which are not measured as at FVTPL.

(f) Financial guarantee contracts which are not measured as at FVTPL.

For trade receivables and unbilled revenue, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

**22.2. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

**De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**22.3. Derivative financial instruments**

Initial recognition and subsequent measurement.

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks of foreign currency loans. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to statement of profit and loss.

**22.4. Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**D. Use of estimates and management judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

1. **Formulation of accounting policies**

   The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

2. **Useful life of property, plant and equipment and intangible assets**

   The estimated useful life of property, plant and equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

   Useful life of the assets of the generation of electricity business is determined by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

3. **Recoverable amount of property, plant and equipment and intangible assets**

   The recoverable amount of property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

4. **Revenues**

   The Company records revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Tribunal for Electricity, as per principles enunciated under Ind AS 115. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

5. **Leases not in legal form of lease**

   Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying asset, substance of the transactions including legally enforceable agreements and other significant terms and conditions of the arrangements to conclude whether the arrangement needs the criteria under Appendix C to Ind AS 17.

6. **Regulatory deferral account balances**

   Recognition of regulatory deferral account balances involves significant judgements including about future tariff regulations since these are based on estimation of the amounts expected to be recoverable/payable through tariff in future.

7. **Provisions and contingencies**

   The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, - 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

8. **Income taxes**

   Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

## 2. Property, plant and equipment

As at 31 March 2019

₹ Lakhs

| Particulars | Gross Block | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2018 | Additions | Adjustments/ Deductions | As at 31 March 2019 | Upto 01 April 2017 | For Additions | Adjustments/ Deductions | Upto 31 March 2019 | As at 31 March 2019 |
| Land (including development expenses) | | | | | | | | | |
| Freehold | 44,730.91 | - | (6,399.88) | **51,130.79** | - | - | - | - | **51,130.79** |
| Leasehold | 82.06 | - | - | **82.06** | 5.74 | 3.28 | - | **9.02** | **73.04** |
| Roads, bridges, culverts & helipads | 313.58 | 5,039.78 | (4.81) | **5,358.17** | 162.90 | 177.13 | - | **340.03** | **5,018.14** |
| Building | | - | | | | - | | | |
| Main Plant | 40,245.01 | 17,052.43 | - | **57,297.44** | 1,469.54 | 1,439.25 | - | **2,908.79** | **54,388.65** |
| Others | 11,891.61 | 3,334.64 | (1,229.89) | **16,456.13** | 843.28 | 504.61 | - | **1,347.89** | **15,108.24** |
| Temporary erection | 656.31 | 19.94 | (10.54) | **686.79** | 656.31 | 30.48 | - | **686.79** | - |
| Water supply, drainage & sewerage system | 688.70 | 11.64 | (1,355.36) | **2,055.70** | 23.69 | 50.08 | - | **73.77** | **1,981.93** |
| Plant and equipment | 296,723.36 | 180,335.36 | (59,381.15) | **536,439.87** | 15,177.67 | 18,798.07 | - | **33,975.74** | **502,464.13** |
| Furniture and fixtures | 1,142.05 | 148.59 | (38.19) | **1,328.83** | 108.03 | 76.54 | - | **184.57** | **1,144.26** |
| Vehicles (Owned) | 1.52 | 0.00 | - | **1.52** | 0.07 | 0.15 | - | **0.22** | **1.30** |
| Office equipment | 258.84 | 95.18 | (18.09) | **372.11** | 52.57 | 35.50 | - | **88.07** | **284.04** |
| EDP, WP machines and satcom equipment | 137.45 | 196.98 | - | **334.43** | 49.88 | 54.86 | - | **104.74** | **229.69** |
| Construction equipments | 629.12 | 1.67 | - | **630.79** | 161.46 | 70.95 | - | **232.41** | **398.38** |
| Electrical Installations | 1,229.95 | 1,185.17 | (153.56) | **2,568.68** | 187.50 | 104.37 | - | **291.87** | **2,276.81** |
| Communication Equipments | 72.60 | 17.30 | (7.83) | **97.73** | 23.45 | 10.37 | - | **33.82** | **63.91** |
| Hospital equipments | | 0.17 | - | **0.17** | - | - | - | - | **0.17** |
| Laboratory and workshop equipments | 13.87 | 205.12 | - | **218.99** | 0.31 | 3.38 | - | **3.69** | **215.30** |
| Capital spares | 114.01 | | | **114.01** | 1.21 | - | - | **1.21** | **112.80** |
| **Total** | **398,930.95** | **207,643.98** | **(68,599.29)** | **675,174.22** | **18,923.61** | **21,359.02** | - | **40,282.63** | **634,891.59** |

As at 31 March 2018

₹ Lakhs

| Particulars | Gross Block | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2017 | Additions | Adjustments/ Deductions | As at 31 March 2018 | Upto 01 April 2017 | For Additions | Adjustments/ Deductions | Upto 31 March 2018 | As at 31 March 2018 |
| Land (including development expenses) | | | | | | | | | |
| Freehold | 44,562.37 | - | (168.54) | **44,730.91** | - | - | - | - | **44,730.91** |
| Leasehold | 82.07 | - | 0.01 | **82.06** | 2.46 | 3.28 | - | **5.74** | **76.32** |
| Roads, bridges, culverts & helipads | 1.03 | 258.97 | (53.58) | **313.58** | 0.46 | 162.44 | - | **162.90** | **150.68** |
| Building | | | | | | | | | |
| Main Plant | 38,173.55 | 9,469.61 | 7,398.15 | **40,245.01** | 318.79 | 1,212.53 | 61.78 | **1,469.54** | **38,775.47** |
| Others | 2,258.74 | 3,490.90 | (6,141.97) | **11,891.61** | 308.14 | 476.32 | (58.82) | **843.28** | **11,048.33** |
| Temporary erection | 580.62 | 1.28 | (74.41) | **656.31** | 580.62 | 75.69 | - | **656.31** | - |
| Water supply, drainage & sewerage system | 3.66 | 685.05 | 0.01 | **688.70** | 1.79 | 21.90 | - | **23.69** | **665.01** |
| Plant and equipment | 164,322.36 | 103,853.27 | (28,547.73) | **296,723.36** | 2,493.66 | 12,653.67 | (30.34) | **15,177.67** | **281,545.69** |
| Furniture and fixtures | 2,408.92 | 185.90 | 1,452.77 | **1,142.05** | 71.62 | 63.83 | 27.42 | **108.03** | **1,034.02** |
| Vehicles (Owned) | 0.04 | 1.47 | (0.01) | **1.52** | 0.04 | 0.03 | - | **0.07** | **1.45** |
| Office equipment | 197.56 | 61.78 | 0.50 | **258.84** | 29.16 | 23.60 | 0.19 | **52.57** | **206.27** |
| EDP, WP machines and satcom equipment | 44.38 | 93.19 | 0.12 | **137.45** | 27.59 | 22.41 | 0.12 | **49.88** | **87.57** |
| Construction equipments | 628.69 | 0.27 | (0.16) | **629.12** | 90.55 | 70.91 | - | **161.46** | **467.66** |
| Electrical Installations | 1,228.99 | - | (0.96) | **1,229.95** | 97.61 | 89.89 | - | **187.50** | **1,042.45** |
| Communication Equipments | 41.79 | 30.83 | 0.02 | **72.60** | 15.86 | 7.59 | - | **23.45** | **49.15** |
| **Laboratory and workshop equipments** | - | **13.87** | - | **13.87** | - | **0.31** | - | **0.31** | **13.56** |
| **Capital spares** | - | **114.01** | - | **114.01** | - | **1.21** | - | **1.21** | **112.80** |
| **Total** | **254,534.77** | **118,260.40** | **(26,135.78)** | **398,930.95** | **4,038.35** | **14,885.61** | **0.35** | **18,923.61** | **380,007.34** |

a) The conveyancing of the title to 130.61 acres of freehold land of value ₹ 4,147.60 Lakhs (31 March 2018: 137.70 acres of value ₹ 5,714.51 Lakhs) in favour of the Company are awaiting completion of legal formalities.

b) Refer note 15 for information on property, plant and equipment pledged as security by the company.

c) Spare parts of ₹ 5 lakh and above, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized.

d) Deduction/adjustments from gross block and depreciation for the year represents cost adjustments.

e) Estimated amount of contracts remaining to be executed on capital account and is not provided for as at 31 March 2019 is ₹ 96,027.77 Lakhs (31 March 2018: ₹ 1,00,623.60 Lakhs).

f) Gross carrying amount of fully depreciated property, plant and equipment that are still in use is given below:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Roads, bridges, culverts & helipads | **54.60** | 54.60 |
| Building others | **368.12** | 368.12 |
| Temporary erection | **880.19** | 656.31 |
| Plant and equipment | **1.50** | 0.28 |
| Furniture and fixtures | **27.50** | 12.40 |
| Vehicles (Owned) | **0.04** | 0.04 |
| Office equipment | **6.94** | 1.44 |
| EDP, WP machines and satcom equipment | **111.91** | 40.58 |
| Communication Equipments | **0.81** | 0.62 |
| Water supply, drainage & sewerage system | **0.04** | - |
| Laboratory and workshop equipments | **0.18** | - |
| **Total** | **1,451.81** | **1,134.39** |

3 **Capital work-in-progress**
**As at 31 March 2019**

₹ Lakhs

| Particulars | As at 01 April 2018 | Additions | Deductions/ Adjustments | Capitalized | As at 31 March 2019 |
|---|---|---|---|---|---|
| Development of land | 7,244.09 | 6,221.03 | 12,735.89 | - | **729.23** |
| Roads, bridges, culverts & helipads | 385.83 | 11.30 | (4,643.49) | 5,039.79 | **0.83** |
| Buildings | | | | | |
| Main plant | 20,822.18 | 3,961.86 | (3,908.57) | 17,052.42 | **11,640.19** |
| Others | 5,582.76 | 4,116.06 | 826.88 | 3,334.64 | **5,537.30** |
| Temporary erection | 155.38 | 27.56 | 135.09 | 19.94 | **27.91** |
| Water supply, drainage and sewerage system | 116.09 | 26.52 | (1.21) | 11.64 | **132.18** |
| MGR track and signalling system | 24,412.71 | 3,571.76 | 23,847.45 | - | **4,137.02** |
| Plant and equipment | 265,300.13 | 48,891.87 | 26,068.84 | 179,675.23 | **108,447.93** |
| Furniture and fixtures | 60.25 | 89.05 | 38.19 | 16.59 | **94.52** |
| EDP/WP machines & satcom equipment | 11.12 | 8.40 | 19.15 | - | **0.37** |
| Electrical installations | 11,320.24 | 1,728.30 | 7,712.32 | 1,185.17 | **4,151.05** |
| Office equipment | 19.02 | - | 18.68 | - | **0.34** |
| Hospital equipments | 0.17 | - | 0.17 | - | **-** |
| Laboratory and workshop equipments | 21.94 | 1.06 | - | - | **23.00** |
| | 335,451.91 | 68,654.77 | 62,849.39 | 206,335.42 | **134,921.87** |
| **Expenditure pending allocation** | | | | | |
| Survey, investigation, consultancy and supervision charges | 4,264.05 | - | 2,132.03 | - | **2,132.02** |
| Pre-commisioning expenses (net) | 433.03 | 3,163.02 | - | 3,596.05 | **-** |
| Others expenses attributable to Project (Adj) | 1,352.94 | 158.28 | 753.21 | - | **758.01** |
| Expenditure during construction period (net)* | - | 25,884.85 | - | - | **-** |
| Less: Allocated to related works | - | 25,884.85 | - | - | **-** |
| | 341,501.93 | 71,976.07 | 65,734.63 | 209,931.47 | **137,811.90** |
| **Construction stores** | 20,656.51 | (1,869.87) | - | - | **18,786.64** |
| **Total** | **362,158.44** | **70,106.20** | **65,734.63** | **209,931.47** | **156,598.54** |

* Brought from expenditure during construction period (net) - note 29

3 **Capital work-in-progress (Continued)**

**As at 31 March 2018**

₹ Lakhs

| Particulars | As at 01 April 2017 | Additions | Deductions/ Adjustments | Capitalized | As at 31 March 2018 |
|---|---|---|---|---|---|
| Development of land | 6,578.88 | 833.76 | 168.55 | - | **7,244.09** |
| Roads, bridges, culverts & helipads | 457.24 | 179.13 | (8.43) | 258.97 | **385.83** |
| Buildings | | | | | |
| Main plant | 20,491.80 | 3,427.53 | (6,372.46) | 9,469.61 | **20,822.18** |
| Others | 6,441.91 | 3,196.67 | 564.92 | 3,490.90 | **5,582.76** |
| Temporary erection | 139.84 | 148.49 | 132.95 | - | **155.38** |
| Water supply, drainage and sewerage system | 35.16 | 91.43 | (674.55) | 685.05 | **116.09** |
| MGR track and signalling system | 18,479.17 | 6,142.15 | 208.61 | - | **24,412.71** |
| Plant and equipment | 334,905.58 | 53,286.31 | 19,158.52 | 103,733.24 | **265,300.13** |
| Furniture and fixtures | 32.42 | 166.05 | (8.89) | 147.11 | **60.25** |
| EDP/WP machines & satcom equipment | 23.80 | 11.88 | 24.56 | - | **11.12** |
| Electrical installations | 16,904.79 | 2,005.63 | 7,590.18 | - | **11,320.24** |
| Office equipment | - | 36.09 | 17.07 | - | **19.02** |
| Hospital equipments | - | 0.17 | - | - | **0.17** |
| Laboratory and workshop equipments | - | 21.94 | - | - | **21.94** |
| | 404,490.59 | 69,547.23 | 20,801.03 | 117,784.88 | **335,451.91** |
| **Expenditure pending allocation** | | | | | |
| Survey, investigation, consultancy and supervision charges | 6,396.07 | - | 2,132.02 | - | **4,264.05** |
| Pre-commisioning expenses (net) | 337.49 | 2,255.22 | 2,159.68 | - | **433.03** |
| Others expenses attributable to Project (Adj) | 1,774.99 | 169.55 | 591.60 | - | **1,352.94** |
| Expenditure during construction period (net)* | - | 27,984.67 | - | - | - |
| Less: Allocated to related works | - | 27,984.67 | - | - | - |
| | 412,999.14 | 71,972.00 | 25,684.33 | 117,784.88 | **341,501.93** |
| **Construction stores** | 21,916.51 | (1,260.00) | - | - | **20,656.51** |
| **Total** | **434,915.65** | **70,712.00** | **25,684.33** | **117,784.88** | **362,158.44** |

* Brought from expenditure during construction period (net) - note 29

**3 Capital work-in-progress (Continued)**

a) Exchange differences capitalised are disclosed in the 'Addition' column of CWIP and allocated to various heads of CWIP in the year of capitalisation through 'Deductions/Adjustment' column of CWIP. Exchange differences in respect of assets already capitalised are disclosed in the 'Deductions/Adjustments' column of PPE. Asset-wise details of exchange differences and borrowing costs included in the cost of major heads of PPE and CWIP through 'Addition' or 'Deductions/Adjustments' column are given below:

₹ Lakhs

| | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Exchange difference | Borrowing costs | Exchange difference | Borrowing costs |
| Building: | | | | |
| Main Plant | - | **1,579.33** | - | 1,501.35 |
| Others | - | **489.92** | - | 353.27 |
| Plant & Machinery | **(298.19)** | **19,783.13** | 481.42 | 20,936.62 |
| MGR Track and Signalling system | - | **933.26** | - | 1,418.00 |
| Electrical Installation | - | **843.76** | - | 948.02 |
| Roads, bridges, culverts & helipads | - | **26.77** | - | 23.21 |
| Temporary erection | - | **6.81** | - | 6.14 |
| Water supply, drainage and sewerage system | - | **9.25** | - | 4.15 |
| Furniture and fixtures | - | **4.21** | - | 1.66 |
| EDP/WP machines & satcom equipment | - | **0.36** | - | 0.89 |
| Others including pending allocation | - | **97.77** | - | - |
| **Total** | **(298.19)** | **23,774.57** | **481.42** | **25,193.30** |

b) Pre-commisioning expenditure for the year amount to ₹ 3,637.98 Lakhs (31 March 2018: ₹ 2,801.40 Lakhs) after adjustment of pre-commisioning sales of ₹ 474.96 Lakhs (31 March 2018: ₹ 546.18 Lakhs) resulted in net pre-commisioning expenditure of ₹ 3,163.02 Lakhs (31 March 2018: ₹ 2,255.22 Lakhs).

**4 Intangible assets**

**As at 31 March 2019**

₹ Lakhs

| Particulars | Gross block | | | | Amortization | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2018 | Additions | Deductions | As at 31 March 2019 | Upto 01 April 2018 | For Additions | Deductions | Upto 31 March 2019 | As at 31 March 2019 |
| Software | 6.04 | 2.12 | - | **8.16** | 4.51 | 2.00 | - | **6.51** | **1.65** |
| Right to use land | - | 28.10 | - | **28.10** | - | 1.12 | - | **1.12** | **26.98** |
| **Total** | **6.04** | **30.22** | - | **36.26** | **4.51** | **3.12** | - | **7.63** | **28.63** |

**As at 31 March 2018** ₹ Lakhs

| Particulars | Gross block | | | | Amortization | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2017 | Additions | Deductions/ Adjustments | As at 31 March 2018 | Upto 01 April 2017 | For Additions | Deductions/ Adjustments | Upto 31 March 2018 | As at 31 March 2018 |
| Software | 6.04 | - | - | **6.04** | 2.85 | 1.66 | - | **4.51** | **1.53** |
| **Total** | **6.04** | - | - | **6.04** | **2.85** | **1.66** | - | **4.51** | **1.53** |

a) Depreciation/amortization of tangible and intangible assets for the year is allocated as given below:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Transferred to expenditure during construction period (net) - note 29 | **64.98** | 37.57 |
| Allocated to fuel cost | **1,058.85** | 21.90 |
| Recognised in profit and loss | **20,238.31** | 14,827.80 |
| **Total** | **21,362.14** | **14,887.27** |

b) Gross carrying amount of fully depreciated intangible assets that are still in use is given below:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Software | **17.06** | 1.05 |
| **Total** | **17.06** | **1.05** |

## 5 Other non-current assets

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Capital advances** | | |
| Unsecured, considered good | | |
| Covered by bank guarantee | **652.59** | 2,591.68 |
| Others | **2,180.41** | 2,244.12 |
| | **2,833.00** | 4,835.80 |
| **Advances other than capital advances** | | |
| Advance tax and tax deducted at source | **2,894.17** | 1,580.04 |
| Less: Provision for tax | **950.30** | 950.30 |
| | **1,943.87** | 629.74 |
| **Total** | **4,776.87** | **5,465.54** |

a) Disclosure with respect to advances to related parties is made in note 38.

## 6 Inventories

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Coal | **148.10** | 145.04 |
| Fuel Oil | **1.29** | 833.00 |
| Stores and Spares | **1,684.81** | 279.26 |
| Chemicals & consumables | **177.13** | 37.84 |
| Steel | **751.63** | 1,049.78 |
| Loose tools | **10.36** | 1.88 |
| Others | **313.19** | 536.11 |
| **Total** | **3,086.51** | **2,882.91** |

a) There is no material in transit as on reporting date.

b) Other includes electrical consumables.

c) Refer note 15 for information on inventory pledged as security by the company.

d) Inventory recognised as expense during the year:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Fuel Expense | 52,233.39 | 18,088.49 |
| Others (recognised in other expenses) | 2,514.85 | 367.90 |
| **Total** | **54,748.24** | **18,456.39** |

## 7 Trade receivables

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Trade receivables (unsecured, considered good) | 24,937.69 | 20,701.71 |
| **Total** | **24,937.69** | **20,701.71** |

a) The company's exposure to credit risk is disclosed in note 31.

b) Refer note 38 for related party disclosures.

## 8 Cash and cash equivalents

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balances with banks | | |
| Current accounts | 4,396.10 | 2,971.24 |
| Deposits with original maturity upto three months (including interest accrued) | 9,277.82 | 8,923.81 |
| Cheques on hand | 0.70 | 0.37 |
| **Total** | **13,674.62** | **11,895.42** |

## 9 Bank balances other than cash and cash equivalents

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deposits with original maturity of more than three months and maturing within one year (including interest accrued) | 8,013.81 | - |
| Margin money against letter of credit issued to vendor (including interest accrued) | 106.37 | 100.00 |
| Earmarked balance for fly ash utilization reserve fund | 152.99 | - |
| **Total** | **8,273.17** | **100.00** |

## 10 Other financial assets

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Unbilled revenue (unsecured, considered good) | 15,957.00 | 8,771.01 |
| **Total** | **15,957.00** | **8,771.01** |

a) Unbilled revenue represents amount billed to the beneficiaries after 31 March for energy sales.

b) The company's exposure to credit risk is disclosed in note 31.

## 11 Other current assets

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deposits with Government Authorities | 1,955.81 | 8,515.91 |
| Other recoverable | 1,539.95 | 696.60 |
| Unsecured Advances | | |
| Employees | 18.84 | 12.14 |
| Contractors & suppliers | 6,068.40 | 4,846.47 |
| Others | 446.23 | 63.10 |
| **Total** | 10,029.23 | 14,134.22 |

a) Other recoverable include amount recoverable from Railways and Nabinagar Power Generating Company Limited to wards freight charges, supply of steel etc.

b) Other advances represents insurance premium paid in advance.

## 12 Regulatory deferral account debit balances

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| On account of | | |
| Exchange differences | - | 278.05 |
| Deferred tax | - | 35,495.51 |
| **Total** | - | 35,773.56 |

a) CERC Tariff Regulations, 2014 provide for grossing-up the rate of return on equity based on effective tax rate for the financial year based on the actual tax paid during the year on the generation income. Accordingly, deferred tax liability will be reversed in future years when the related DTL forms part of current tax. Hitherto the Company was disclosing tax expense recoverable from the beneficiaries as a deduction from the related tax expense. Further, 'Deferred asset for deferred tax liability' was hitherto disclosed as a deduction from the DTL (net) of the Company. During the year, the EAC of the ICAI has issued an opinion with regard to presentation of 'Deferred asset for the deferred tax liability', wherein it has opined that 'Deferred asset for DTL' is in the nature of a 'Regulatory Deferral Account Balance' and should be shown as 'Regulatory deferral account balance'. Considering the EAC opinion, 'Deferred asset for the deferred tax liability' which was hitherto shown as a deduction from 'deferred tax liabilities (net) has been transferred to 'Regulatory deferral account debit balance'.

b) Regulatory deferral account balances have been accounted in line with Accounting policy no. C.4 (Note 1). Refer Note 42 for detailed disclosures.

## 13 Equity share capital

₹ Lakhs

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| **Authorised** | | | | |
| Equity shares of par value ₹10/- each | 2,500,000,000 | 250,000.00 | 2,500,000,000 | 250,000.00 |
| **Issued, subscribed and fully paid up** | | | | |
| Equity shares of par value ₹10/- each | 2,161,532,490 | 216,153.25 | 2,161,532,490 | 216,153.25 |

### a) Movements in equity share capital:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| Opening balance | 2,161,532,490 | 216,153 | 1,584,613,850 | 158,461.39 |
| Shares issued during the year | | | 576,918,640 | 57,691.86 |
| **Closing balance** | 2,161,532,490 | 216,153.25 | 2,161,532,490 | 216,153.25 |

**b) Terms and rights attached to equity shares:**

The Company has only one class of equity shares having a par value `10/- per share. The equity shareholders are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Details of shareholders holding more than 5% shares in the Company:**

₹ Lakhs

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| NTPC Ltd. | **1,59,95,33,644** | **74.00** | 1,59,95,33,644 | 74.00 |
| Ministry of Railways | **56,19,98,846** | **26.00** | 56,19,98,846 | 26.00 |

## 14 Other equity

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Share application money pending allotment | **12,159.14** | 0.14 |
| Corporate social responsibility reserve (refer note 37) | **35.27** | 6.39 |
| Fly ash utilisation reserve fund | **147.87** | - |
| Retained earnings | **8,018.48** | 7,159.83 |
| **Total** | **20,360.76** | **7,166.36** |

**a) Share application money pending allotment**

The shares are likely to be allotted in the next financial year. The authorized share capital of the company is sufficient to cover the share capital amount on allotment of shares out of the above share application money. No amount is refundable out of above share application money and no interest is payable. Share application money has been received from NTPC Limited ₹ 12,159.02 Lakhs (Previous year ₹ 0.02 Lakhs) and Ministry of Railways ₹ 0.12 Lakhs (31 March 2018: ₹ 0.12 Lakhs).

₹ Lakhs

| Reconciliation of share application money pending allotment | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | **0.14** | 24,793.00 |
| Add: Share application money received during the year | **12,159.00** | 32,899.00 |
| Less: Shares allotted against share application money | - | 57,691.86 |
| **Closing balance** | **12,159.14** | **0.14** |

**b) Corporate social responsibility reserve**

₹ Lakhs

| Reconciliation of corporate social responsibility reserve | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | **6.39** | - |
| Less: Transfer to retained earning | **29.49** | 6.39 |
| Less: Transfer to retained earning | **0.61** | - |
| **Closing balance** | **35.27** | **6.39** |

**c) Fly ash utilisation reserve fund**

Pursuant to Gazette Notification dated 3 November 2009, issued by the Ministry of Environment and Forest (MOEF), Government of India (GOI), the amount collected from sale of fly ash and fly ash based products should be kept in a separate account head and shall be utilized only for the development of infrastructure or facility, promotion & facilitation activities for use of fly ash until 100 percent fly ash utilization level is achieved. The fund balance has been kept in 'Bank balances other than cash & cash equivalents' (Note 9).

₹ Lakhs

| Reconciliation of fly ash utilisation reserve fund | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | - | 3,679.11 |
| Add: Transferred during the year: | | 765.91 |
| Revenue from operations | 154.81 | - |
| Less: Utilised during the year: | | 4,445.02 |
| Employee benefits expense | 6.94 | |
| **Closing balance** | 147.87 | |

d) **Retained earnings**

₹ Lakhs

| Reconciliation of retained earnings | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | 7,159.83 | 4,445.02 |
| Add: Profit/ (Loss) for the year from Statement of Profit and Loss | 887.53 | 2,721.20 |
| Less: Transfer to corporate social responsibility reserve | 29.49 | 6.39 |
| Less: Transfer from corporate social responsibility reserve | 0.61 | - |
| **Closing balance** | 8,018.48 | 7,159.83 |

## 16 Borrowings

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Secured term loans | | |
| From bank | | |
| Rupee loans | 149,875.00 | - |
| From financial institution | | |
| Rupee loans | 395,428.87 | 505,356.16 |
| | 545,303.87 | 505,356.16 |
| Less: Interest Accrued | 7,862.39 | 7,362.95 |
| **Total** | 537,441.48 | 497,993.21 |

a) The company had an initial term loan facility of ₹3,74,675.00 Lakhs (PFC : ₹ 2,24,800.00 Lakhs + REC: ₹ 1,49,875.00 Lakhs). The company has fully utilised the borrowing limit. Interest on initial term loan is payable at the applicable three year “”AAA”” Bond yield rate plus agreed margin. The Moratorium period for the project is up to 6 months from the COD of the station. The facility is available for a period of 48 months from the date of documentation or till the actual completion of the project plus 06 months (moratorium period), whichever is earlier. The repayment schedule is for a period of 15 years, beginning after 06 months from COD of the station, in 60 quarterly instalments. The term loan was secured by equitable mortgage/hypothecation of all present and future fixed and movable assets of Nabinagar TPP (4x250 MW), as first charge, ranking pari pasu with charge created with PFC and with REC. During the year, entire term loan from REC of ₹ 1,49,875.00 Lakhs has been transferred to Vijaya Bank. The term loan is secured on pari passu basis on the project assets (Units - I to IV). The term loan is repayable in 60 equal quarterly installments with effect from 30 September 2019.

b) The company has 2nd term loan agreement of ₹ 25,325.00 Lakhs from PFC. The company has fully utilised the borrowing limit. The interest rate on this facility is @ 9.36% p.a. with repayment schedule of 15 years, beginning after 06 months from COD of the station, in 60 quarterly instalments.

c) The company has taken 3rd term loan of ₹ 1,59,860.00 lakhs from PFC. The company has drawn ₹ 1,37,441.48 Lakhs (31 March 2018: ₹97,993.21 Lakhs) from this facility of loan till the reporting date. The interest rate on this facility is @ 9.36% p.a. with repayment schedule of 15 years, beginning after 06 months from COD of the station, in 60 quarterly instalments.

d) Canara Bank has sanctioned a borrowing limit of ₹ 30,000.00 Lakhs (fund based limit including non-fund based sub limit of ₹ 10,000.00 Lakhs) (31 March 2018: ₹ 75,000.00 Lakhs (₹ 60,000.00 Lakhs fund based and ₹ 15,000.00 Lakhs non-fund based)). There is no balance outstading on reporting date. The sanctioned limit is secured by way of first charge on trade receivables and inventories and second charge on tangible fixed assets.

e) There has been no defaults in repayment of the loan or interest thereon as at the end of the year.

**16 Other financial liabilities**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Payable for capital expenditure | | |
| Total outstanding dues of micro and small enterprises | **1.59** | 1.59 |
| Total outstanding dues of creditors other than micro and small enterprises | **971.41** | 1,199.66 |
| **Total** | **973.00** | **1,201.25** |

a) Payable for capital expenditure represents liability towards equipment supplier and erection vendors pending evaluation of performance and guarantee test results.
b) Refer note 38 for related party disclosures.
c) The company's exposure to currency and liquidity risks related to above financial liability is disclosed in note 31.
d) Detailed disclosures as required under MSMED Act, 2006 is made in note 40.

**17 Deferred tax liabilities (net)**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deferred tax liability | | |
| Difference in book depreciation and tax depreciation | **55,270.36** | 36,433.21 |
| Less: Deferred tax asset | | |
| Unabsorbed depreciation | **54,332.66** | - |
| Difference in tax profit and profit as per MAT | **937.70** | 937.70 |
| **Total** | **-** | **35,495.51** |

a) Refer note 36 for disclosure related to income tax.
b) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing laws.
c) The Company has restated its financial statements on the basis of EAC opinion pronounced by ICAI. Refer note 32 for details on restatement.

d) Movement in deferred tax balances

₹ Lakhs

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **For the year ended 31 March 2019** | | | |
| Deferred tax liability | | | |
| Difference in book depreciation and tax depreciation | 36,433.20 | 18,837.16 | **55,270.36** |
| Less: Deferred tax asset | | | |
| Unabsorbed depreciation | - | 54,332.66 | **54,332.66** |
| Difference in tax profit and profit as per MAT | 937.70 | - | **937.70** |
| | **35,495.50** | **(35,495.50)** | **-** |
| **For the year ended 31 March 2018** | | | |
| Deferred tax liability | | | |
| Difference in book depreciation and tax depreciation | - | 36,433.20 | **36,433.20** |
| Less: Deferred tax asset | | | |
| Difference in tax profit and profit as per MAT | 199.38 | 738.32 | **937.70** |
| | **(199.38)** | **35,694.88** | **35,495.50** |

## 18 Trade payables

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Trade payable for goods and services | | |
| Total outstanding dues of micro and small enterprises | 348.67 | 90.04 |
| Total outstanding dues of creditors other than micro and small enterprises | 9,307.41 | 5,326.76 |
| **Total** | **9,656.08** | **5,416.80** |

a) Refer note 38 for related party disclosures.

b) Detailed disclosures as required under MSMED Act, 2006 is made in note 40.

c) The company's exposure to liquidity risks related to trade payable is disclosed in note 31.

## 19 Other financial liabilities

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Payable for capital expenditure | | |
| - micro and small enterprises | 559.41 | 421.96 |
| - other than micro and small enterprises | 53,625.02 | 56,411.10 |
| Interest accrued but not due on borrowings | 7,862.39 | 7,362.95 |
| Other payables | | |
| Deposits from contractors | 37.52 | 51.60 |
| NTPC Ltd | 7,474.17 | 1,058.27 |
| Payable to employees | 890.88 | 970.02 |
| Others | 181.30 | 86.27 |
| **Total** | **70,630.69** | **66,362.17** |

a) Payable for capital expenditure represents liability towards equipment supplier and erection vendors pending evaluation of performance and guarantee test results.
b) Detailed disclosures as required under MSMED Act, 2006 is made in note 40.
c) Other payables - others include stale cheque, administration expenses payable etc.
d) The company's exposure to currency and liquidity risks related to above financial liability is disclosed in note 31.
e) Refer note 38 for related party disclosures.

## 20 Other current liabilities

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Tax deducted at source and other statutory dues | 21.51 | 173.07 |
| Others (includes material received on loan) | 68.20 | 68.20 |
| **Total** | **89.71** | **241.27** |

## 21 Provisions

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provisions for obligations incidental on acquisition | 16,943.25 | 11,861.86 |
| Shortages in property, plant and equipment pending investigation | 1.02 | - |
| **Total** | **16,944.27** | **11,861.86** |

a) Refer note 39 for disclosure as per Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'.

## 22 Regulatory deferral account credit balances

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| On account of | | |
| Exchange differences | 4.61 | - |
| **Total** | 4.61 | - |

a) Regulatory deferral account balances have been accounted in line with Accounting policy no. C.4 (Note 1). Refer Note 42 for detailed disclosures.

## 23 Revenue from operations

₹ Lakhs

| Particulars | | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| Energy sales | | 116,972.74 | 69,739.92 |
| Sale of fly ash | 154.81 | | - |
| Less: Transferred to fly ash utilisation reserve fund | 154.81 | | - |
| | | - | - |
| Other operating income | | | |
| Interest from customers | | - | 1.06 |
| **Total** | | 116,972.74 | 69,740.98 |

a) Energy sales are net of rebate to beneficiaries amounting to ₹ 342.17 Lakhs (31 March 2018: ₹ 165.72 Lakhs).
b) Refer note 45 for detailed disclosure in respect of revenue from contract with customers.

## 24 Other income

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Interest from** | | |
| Financial assets measured at amortised cost- Bank deposits | 589.53 | 219.50 |
| Advance to contractors | 51.09 | 3.52 |
| Income tax refunds | - | 2.79 |
| **Other non-operating income** | | |
| Late payment surcharge from beneficiaries | 3,233.49 | - |
| Profit on disposal of property, plant and equipment | - | - |
| Net gain in foreign currency transactions and translations | 129.46 | - |
| Provision written back | - | 0.50 |
| Miscellaneous income (refer note below) | 25.49 | 16.52 |
| | 4,029.06 | 242.83 |
| Less: Transferred to expenditure during construction period (net)- note 29 | - | - |
| **Total** | 4,029.06 | 242.83 |

a) Miscellaneous income includes income from Hire Charges, rent received, risk & cost recovery etc.

**25 Employee benefits expense**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Salaries and wages | **5,619.81** | 4,894.79 |
| Contribution to provident and other funds | **1,325.99** | 902.63 |
| Staff welfare expenses | **763.23** | 395.34 |
| | **7,709.03** | 6,192.76 |
| Less: Allocated to fuel cost | **76.94** | 36.25 |
| Less: Transferred to fly ash utilisation reserve fund | **6.94** | - |
| Less: Transferred to expenditure during construction period (net)- note 29 | **1,812.05** | 1,573.37 |
| **Total** | **5,813.10** | **4,583.14** |

a) In accordance with Accounting Policy no. C.11 (note 1), an amount of ₹ 769.97 Lakhs (31 March 2018: ₹ 711.92 Lakhs) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹ 554.01 Lakhs (31 March 2018: ₹ 189.09 Lakhs) towards leave & other benefits, are paid /payable to the holding company (NTPC Ltd) and included in 'Employee Benefits'.

b) In accordance with Accounting Policy no. C.11 (note 1), an amount of ₹ 2.01 Lakhs (31 March 2018: ₹ 1.10 Lakhs) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹ Nil (31 March 2018: ₹ 0.48 Lakhs) towards leave & other benefits, are paid /payable to the other promoting partner (Indian Railways) and included in 'Employee Benefits'.

**26 Finance costs**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | | |
| Rupee term loans | **50,071.75** | 48,369.77 |
| Unwinding of discount on vendor liabilities | **187.09** | 641.29 |
| Cash credit account | **0.74** | 114.08 |
| Interest on Income Tax | **0.01** | - |
| | **50,259.59** | 49,125.14 |
| Other borrowing cost (refer note a below) | **5,305.58** | - |
| | **55,565.17** | 49,125.14 |
| Less: Transferred to expenditure during construction period (net)- note 29 | **23,774.57** | 25,193.30 |
| **Total** | **31,790.60** | **23,931.84** |

a) Term loan from REC amounting to ₹ 1,49,875.00 Lakhs has been transferred to Vijaya Bank. The Company has paid prepayment charges of ₹ 5,305.58 Lakhs.

**27 Depreciation and amortisation expense**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| On property, plant and equipment- Note 2 | **21,359.02** | 14,885.61 |
| On intangible assets- Note 4 | **3.12** | 1.66 |
| | **21,362.14** | 14,887.27 |
| Less: Allocated to fuel cost | **1,058.85** | 21.90 |
| Less: Transferred to expenditure during construction period (net)- note 29 | **64.98** | 37.57 |
| **Total** | **20,238.31** | **14,827.80** |

## 28 Other expenses

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Power charges (net of recoveries) | **257.64** | 401.03 |
| Water charges | **537.62** | 509.62 |
| Stores consumed | **5.79** | 15.22 |
| Rent | **1.90** | 28.23 |
| Repairs and maintenance | | |
| Buildings | **192.93** | 237.04 |
| Machinery | **3,584.14** | 1,230.41 |
| Others | **1,728.06** | 709.04 |
| Load dispatch center charges | **39.71** | 18.05 |
| Insurance | **768.34** | 340.49 |
| License Fee | **9.71** | 13.96 |
| Training & recruitment expenses | **123.55** | 13.02 |
| Communication expenses | **184.11** | 125.17 |
| Inland Travel | **410.71** | 270.82 |
| Foreign Travel | **1.39** | 4.53 |
| Tender expenses (net of recoveries) | **(0.94)** | 30.84 |
| Payment to auditors | **3.07** | 3.68 |
| Advertisement and publicity | **22.79** | 3.46 |
| Security expenses | **1,430.12** | 1,047.31 |
| Entertainment expenses | **65.52** | 21.48 |
| Expenses for guest house (net of recoveries) | **-** | 0.01 |
| Brokerage and commission | **26.41** | - |
| Books and periodicals | **0.04** | 0.23 |
| Professional charges and consultancy fee | **226.94** | 701.01 |
| Legal expenses | **84.49** | 72.08 |
| EDP hire and other charges | **7.28** | 6.99 |
| Printing and stationery | **13.10** | 11.21 |
| Hire charge of vehicles | **247.06** | 232.74 |
| Bank charges | **31.34** | 22.88 |
| Net loss in foreign currency transactions and translations | **-** | 937.11 |
| Corporate social responsibility expense | **0.61** | - |
| Miscellaneous expenses | **268.81** | 203.11 |
| | **10,272.24** | 7,210.77 |
| Less: Allocated to fuel cost | **282.78** | 0.21 |
| Less: Transferred to expenditure during construction period (net)- note 29 | **233.25** | 1,180.43 |
| **Total** | **9,756.21** | **6,030.13** |
| Miscellaneous expenses includes Horticulture expenses, hiring of DG set etc. | | |
| Details in respect of payment to auditors: | | |
| Statutory audit fee | **1.96** | 2.22 |
| Tax audit fee | **0.36** | 0.30 |
| Other services (certification fee) | **0.28** | 0.20 |
| Reimbursement of expenses | **-** | 0.65 |
| Reimbursement of GST/service tax | **0.47** | 0.31 |
| **Total** | **3.07** | **3.68** |

## 29 Expenditure during construction period (net)

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **A. Employee benefits expense** | | |
| Salaries and wages | **1,292.32** | 1,263.69 |
| Contribution to provident and other funds | **311.20** | 223.45 |
| Staff welfare expenses | **208.53** | 86.23 |
| **Total (A)** | **1,812.05** | 1,573.37 |
| **B. Finance costs** | | |
| Interest on | | |
| Rupee term loans | **23,587.48** | 24,552.01 |
| Unwinding of discount on account of vendor liabilities | **187.09** | 641.29 |
| **Total (B)** | **23,774.57** | 25,193.30 |
| **C. Depreciation and amortisation** | **64.98** | 37.57 |
| **D. Generation, administration & other expenses** | | |
| Power charges | **63.95** | 327.82 |
| Water charges | - | 130.60 |
| Rent | - | 22.96 |
| Repairs & maintenance | | |
| Buildings | - | 31.59 |
| Machinery | **0.68** | 3.72 |
| Others | **180.88** | 131.51 |
| License Fee | - | 5.72 |
| Communication expenses | - | 0.90 |
| Travelling expenses | **(10.45)** | 40.66 |
| Security expenses | - | 369.61 |
| Entertainment expenses | - | 0.24 |
| Books and periodicals | - | 0.14 |
| Professional charges and consultancy fee | - | 9.76 |
| Legal expenses | **0.40** | 33.24 |
| EDP Hire and other charges | - | 0.36 |
| Printing and stationery | **0.03** | 1.76 |
| Hiring of vehicles | - | 44.04 |
| Bank charges | - | 2.29 |
| Miscellaneous expenses | **(2.24)** | 23.51 |
| **Total (D)** | **233.25** | 1,180.43 |
| **Grand total (A+B+C+D)** | **25,884.85 *** | **27,984.67*** |

*** Carried to Capital work-in-progress - (note 3)**

## 30 Fair value measurements

### a) Financial instruments by category

All financial assets and liabilities viz. cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, unbilled revenue, term loans, payable for capital expenditure, trade payables, interest accrued on borrowings, employee related liabilities, payable to related parties, deposits from contractors and suppliers and payable for expenses are measured at amortized cost.

### b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

**Level 2** ₹ Lakhs

| Financial instruments which are measured at amortized cost for which fair values are disclosed | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Financial liabilities:** | | |
| Rupee Term Loan | **547,689.15** | 518,339.70 |
| Payable for capital expenditure | **55,157.51** | 57,057.90 |
| **Total** | **602,846.66** | **575,397.60** |

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

### c) Fair value of financial assets and liabilities measured at amortised cost

₹ Lakhs

| Fair value of financial liabilities measured at amortized cost | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Rupee term loans | **537,441.48** | **547,689.15** | 497,993.21 | 518,339.70 |
| Payable for capital expenditure | **55,157.43** | **55,157.51** | 58,034.31 | 57,057.90 |
| **Total** | **592,598.91** | **602,846.66** | **556,027.52** | **575,397.60** |

The carrying amounts of short term cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, unbilled revenue, trade payables, interest accrued on borrowings, employee related liabilities, payable to related parties, deposits from contractors and suppliers and payable for expenses are considered to be the same as their fair values, due to their short-term nature.

The fair values for Rupee term loans and payable for capital expenditure were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

## 31 Financial risk management

The Company's principal financial liabilities comprise loans in domestic currency and payables for capital expenditure. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash at bank and deposits with bank.

The Company is exposed to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

**Risk management framework**

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Board of directors is responsible for setting up of policies and procedures to manage market risks of the company.

**Interest rate risk**

The Company is exposed to interest rate risk arising from long term borrowing with floating interest rate. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowing will fluctuate with changes in interest rate.

Refer note 15 for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

**Cash flow sensitivity analysis for variable-rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the previous year.

₹ Lakhs

| Particulars | Profit (Loss) | |
|---|---|---|
| | 100 bp increase | 100 bp decrease |
| **Rupee term loans** | | |
| For the year ended 31 March 2019 | (5,069.93) | 5,069.93 |
| For the year ended 31 March 2018 | (4,814.19) | 4,814.19 |

**Currency risk**

The Company executes import agreements for the purpose of purchase of capital goods. As per the CERC regulations, the gain/ loss on account of exchange rate variations on all long term and short term foreign currency monetary items (up to COD) is recoverable from beneficiaries. Hence, the impact of strengthening or weakening of Indian rupee against USD and Euro on the statement of profit and loss would not be very significant.

The currency profile of financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Payable for capital expenditure** | | |
| USD | **128.95** | 110.54 |
| EURO | **8,685.30** | 11,424.25 |
| **Total** | **8,814.25** | **11,534.79** |

**b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, cash & cash equivalents and deposits with banks and financial institutions.

**Trade receivables and unbilled revenue**

The Company primarily sells electricity to bulk customers comprising, mainly railways owned by central government and state electrical utilities owned by State Government. The risk of default in case of power supplied to these state owned companies is considered to be insignificant. Unbilled revenue primarily relates to the Company's right to consideration for work completed but not billed at the reporting date and have substantially the same risk characteristics as the trade receivables for the same type of contracts.

A default occurs when in the view of management there is no significant possibility of recovery of receivables after considering all available options for recovery.

**Cash and cash equivalents and Deposits with banks**

The company has banking operations with State Bank of India, Canara Bank and ICICI Bank which are scheduled banks. These banks have high credit rating and risk of default with these banks is considered to be insignificant.

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Financial assets for which loss allowance is measured using Lifetime Expected Credit Losses (ECL)- Simplified approach** | | |
| Trade Receivable | **24,937.69** | 20,701.71 |
| Other financial assets (Unbilled Revenue) | **15,957.00** | 8,771.01 |
| **Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)** | | |
| Cash and cash equivalent | **13,674.62** | 11,895.42 |
| Other bank balances | **8,273.17** | 100.00 |
| **Total** | **62,842.48** | **41,468.14** |

**(ii) Provision for expected credit losses**

**Financial assets for which loss allowance is measured using 12 month expected credit losses**

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Company believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

**Financial assets for which loss allowance is measured using life time expected credit losses**

The Company has customers (Railways and state government utilities) with capacity to meet the obligations and therefore the risk of default is negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognised during the reporting periods in respect of trade receivables.

**(iii) Ageing analysis of trade receivables**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| 0-60 days past due | **15,522.27** | 6,486.32 |
| 61-90 days past due | **9,415.42** | 5,658.65 |
| 91-120 days past due | - | 8,451.33 |
| >120 days | - | 105.41 |
| Total | **24,937.69** | **20,701.71** |

**c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by Treasury. The Board of directors has established policies to manage liquidity risk and the Company's treasury department operates in line with such policies. Any breaches of these policies are reported to the Board of Directors. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Floating-rate borrowings** | | |
| Term loans | **22,418.52** | 61,866.79 |
| Working capital limit | **30,000.00** | 60,000.00 |

**(ii) Maturities of financial liabilities**

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

**As at 31 March 2019** ₹ Lakhs

| Particulars | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Rupee Term Loan | - | 13,953.19 | 35,829.44 | 107,488.30 | 380,170.55 | 537,441.48 |
| Trade Payables | 9,656.08 | - | - | - | - | 9,656.08 |
| Payable for Capital Expenditure* | 54,184.43 | - | 1,105.98 | - | - | 55,290.41 |
| Interest accrued but not due on borrowings | 7,862.39 | - | - | - | - | 7,862.39 |
| Deposits from contractors and others | 37.52 | - | - | - | - | 37.52 |
| Payable to related parties | 7,474.17 | - | - | - | - | 7,474.17 |
| Payable to employees | 890.88 | - | - | - | - | 890.88 |
| Others | 181.30 | - | - | - | - | 181.30 |
| **Total** | **80,286.77** | **13,953.19** | **36,935.42** | **107,488.30** | **380,170.55** | **618,834.23** |

**As at 31 March 2018** ₹ Lakhs

| Particulars | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Rupee Term Loan | - | - | 19,097.69 | 99,598.64 | 379,296.88 | 497,993.21 |
| Trade Payables | 5,416.80 | - | - | - | - | 5,416.80 |
| Payable for Capital Expenditure* | 54,812.39 | 2,020.67 | 1,465.45 | - | - | 58,298.51 |
| Interest accrued but not due on borrowings | 7,362.95 | - | - | - | - | 7,362.95 |
| Deposits from contractors and others | 51.60 | - | - | - | - | 51.60 |
| Payable to related parties | 1,058.27 | - | - | - | - | 1,058.27 |
| Payable to employees | 970.02 | - | - | - | - | 970.02 |
| Others | 86.27 | - | - | - | - | 86.27 |
| **Total** | **69,758.30** | **2,020.67** | **20,563.14** | **99,598.64** | **379,296.88** | **571,237.63** |

* Payable for Capital Expenditure is inclusive of finance cost on account of winding up of vendor liabilities.

**32 Restatement for the year ended 31 March 2018 and as at 1 April 2017**

**d) Notes on restatement**

As per CERC Regulations, 2014, the Company is entitled to a fixed return on its investment, net of tax. Consequently, tax is a pass-through cost. The Company follows a practice of recognising liability ('Deferred liability for Deferred tax asset') for the deferred tax asset recognised in the financial statements which is payable to the beneficiaries.The Company used to offset deferred asset for deferred tax liability with deferred tax liability and expense on account of deferred liability for deferred tax asset was also adjusted with the tax expense recognised in the Statement of Profit and Loss.

During the year, as per an opinion pronounced by Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), the Company has recognised Deferred liability for Deferred tax asset as a regulatory deferral account debit/credit balance in accordance with Ind AS 114, Regulatory Deferral Accounts.

As a result, regulatory deferral account debit/credit balance has increased with a corresponding increase in deferred tax asset as under:
As at 1 April 2017: ₹ 199.38 Lakhs
As at 31 March 2018: ₹ 35,495.51 Lakhs

33 The Company has a system of obtaining periodic confirmation of balances from banks and other parties. There are no unconfirmed balances in respect of bank accounts and borrowings from banks & financial institutions. In addition, reconciliation with beneficiaries and other customers is generally done on quarterly basis. So far as trade/other payables and loans and advances are concerned, the balance confirmation letters with the negative assertion as referred in the Standard on Auditing (SA) 505 (Revised) 'External Confirmations', were sent to the parties. Some of such balances are subject to confirmation/reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact. In the opinion of the management, the value of assets, other than property, plant and equipment, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

34 The amount of exchange differences (net) recognised as income in the Statement of Profit & Loss is ₹ 129.46 Lakhs (31 March 2018: (-) ₹ 937.11 Lakhs).

35 Borrowing costs capitalised during the year is ₹ 23,774.57 Lakhs (31 March 2018: ₹ 25,193.30 Lakhs).

**36 Income taxes**

**a) Income tax expense**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Current tax expense** | | |
| Current year | - | 538.33 |
| Pertaining to regulatory deferral accounts | - | 199.99 |
| | - | 738.32 |
| **Deferred tax expense (MAT Credit entitlement)** | | |
| Origination of temporary differences | (35,495.51) | - |
| | (35,495.51) | - |
| **Total income tax expense** | **(35,495.51)** | **738.32** |

**b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Profit before tax including movement in regulated deferral account balances | (34,607.98) | 39,154.42 |
| Tax at Company's domestic tax rate of 0% (31 March 2018: 21.3416%) | - | 8,356.18 |
| MAT Liability | - | 8,356.18 |
| Temporary differences of previous year recognised in current year | (35,495.51) | - |
| **Tax expense** | **(35,495.51)** | **8,356.18** |

c) The company has recognized deferred tax liability after adjustment of depreciation difference likely to be reversed during the tax holiday as Unit 1 of the company is eligible for tax holiday u/s 80IA of Income Tax Act, 1961.

d) The Company has not recognised deferred tax asset of ₹ 402.20 Lakhs, considering uncertainty of future taxable profit against which such deferred tax asset can be utilised on unabsorbed depreciation of ₹1,150.98 Lakhs. Unabsorbed depreciation can be carried forward indefinitely for set off as per income tax laws.

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

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Amount required to be spent during the year | **29.49** | 6.39 |
| Amount spent during the year* | **0.61** | - |

*Amount spent on gifting cycles and blind sticks to villagers

**37 Related party disclosures**

**a) List of related parties:**

**(i) Parent company:**

NTPC Limited

**(ii) Entity having significant influence:**

**Ministry of Railways**

**(iii) Key managerial personnel (KMP):**

| | |
|---|---|
| Ms. Sangeeta Bhatia | Non-executive Director |
| Shri S.C. Pandey (upto 31-Aug-17) | Non-executive Director |
| Shri Sudhir Garg (upto 9-Feb-18) | Non-executive Director |
| Shri S. Narendra (w.e.f. 23-May-18) | Non-executive Director |
| Shri R.K. Jain (w.e.f. 16-Jul-18) | Non-executive Director |
| Shri Shalabh Goel (upto 15-June-18) | Non-executive Director |
| Shri K.S. Garbyal (upto 31-Jan-18) | Non-executive Director |
| Shri K.K. Sharma (w.e.f. 22-Sep-17 to 31-Oct-17) | Non-executive Director |
| Shri A.K. Gupta (w.e.f. 18-Nov-17) | Non-executive Director |
| Shri M.P. Sinha (upto 27-April-18) | Non-executive Director |
| Shri C Sivakumar | Chief Executive Officer |
| Shri Dipankar Nandy (upto 2-Nov-17) | Chief Finance Officer |
| Shri Manoj Srivastava (w.e.f. 3-Nov-17) | Chief Finance Officer |
| Shri Vishal Garg (w.e.f. 30-Oct-17) | Company Secretary |

**(iv) Joint venture of parent company:**

Utility Powertech Ltd

**(v) Entities under the control of the same government:**

The Company is a subsidiary of Central Public Sector Undertaking (CPSU) controlled by Central Government by holding majority of shares (refer note 13). Pursuant to Paragraph 25 & 26 of Indian Accounting Standard 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Central Coalfields Ltd, BHEL Ltd., SAIL Ltd., Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd., NBCC Ltd, ERLDC, PGCIL, Rashtriya Ispat Nigam Ltd, Rites Limited, Durgapur Chemicals Ltd, Bridge And Roof Co. (India) Ltd., Central Industrial Security Forces, etc.

b) **Transactions with the related parties are as follows:**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **(i) Transaction with parent company NTPC Limited** | | |
| Consultancy services received | **302.23** | 428.27 |
| Equity contribution received | **12,159.00** | 17,899.00 |
| Equity shares issued | **-** | 42,691.98 |
| Deputation of Employees | **1,671.25** | 2,265.44 |
| **(ii) Transaction with entity having significant influence- Ministry of Railways** | | |
| Sale of energy | **102,325.21** | 66,236.65 |
| Equity contribution received | **-** | 15,000.00 |
| Equity shares issued | **-** | 14,999.88 |
| Deputation of Employees | **2.02** | 30.61 |
| **(iii) Compensation to key managerial personnel** | | |
| Short term employee benefits | **123.49** | 112.63 |
| Post employment benefits | **29.04** | 17.60 |

**38 Related party disclosures (continued)**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **(iv) Transactions with joint venture of parent company** | | |
| Utility Powertech Ltd (Operation and maintenance services) | **1,331.95** | 1,161.34 |
| **(v) Transactions with the related parties under the control of the same government** | | |
| BHEL Ltd (Procurement & erection of plant & machinery) | **11,101.35** | 15,864.04 |
| Rites Limited (deposit Work for Coal transportation system) | **2,798.05** | 4,183.77 |
| Power Grid Corporation Of India Ltd (transmission charges paid) | **84.46** | 258.12 |
| National Buildings Construction Corporation Ltd (civil construction) | **2,952.61** | 5,152.85 |
| The Oriental Insurance Company Ltd (insurance services) | **-** | 163.81 |
| Central Coalfields Ltd (purchase of coal) | **28,109.19** | 12,361.73 |
| Hindustan Petroleum Corporation Ltd (purchase of fuel) | **567.11** | 861.97 |
| SAIL Ltd (purchase of capital goods) | **647.77** | 33.00 |
| BEML Ltd (purchase of capital goods) | **54.01** | 2.99 |
| Indian Oil Corporation Limited (purchase of fuel) | **24.35** | - |
| HMT Machine Tools Limited (purchase of capital goods) | **51.46** | - |
| Bharat Petroleum Corporation Limited (purchase of fuel) | **1,303.82** | - |

c) **Outstanding balances with related parties are as follows:**

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Amount payable to parent company- NTPC Ltd | **7,483.79** | 1,338.80 |
| Amount payable to joint venture of parent company- Utility Powertech Ltd | **368.17** | 17.26 |
| Amount receivable from Ministry of Railways for sale of energy | **21,473.88** | 33,481.85 |

**d) Terms and conditions of transactions with the related parties**

(i) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

(ii) The Company is assigning jobs on contract basis, for sundry work in plant to M/s Utility Powertech Ltd (UPL), a 50:50 joint venture between NTPC Limited and Reliance Infrastructure Ltd. UPL inter-alia undertakes jobs such as overhauling, repair, refurbishment of various mechanical and electrical equipments of plant. The Company has entered into Power Station Maintenance Agreement with UPL from time to time. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.

(iii) NTPC Limited is seconding its personnel to the company as per the terms and conditions agreed between the companies, which are similar to those applicable for secondment of employees to other companies and institutions. The cost incurred by NTPC Limited towards superannuation and employee benefits are recovered from the company.

**39 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'**

**a) Movements in provisions:**

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Provisions for obligations incidental on land acquisition** | | |
| Carrying amount at the beginning of the year | **11,861.86** | 11,947.68 |
| Add: Additions during the year | **5,636.14** | - |
| Less: Amounts used during the year | **554.75** | 85.82 |
| **Carrying amount at the end of the year** | **16,943.25** | **11,861.86** |

b) Provision for obligations incidental to land acquisition includes expenditure on rehabilitation & resettlement (R&R) including the amounts payable to the project affected persons (PAPs) towards land, expenditure for providing community facilities and expenditure in connection with environmental aspects of the project. Company has estimated the provision based on the Rehabilitation Action Plan (RAP) approved by the board/competent authority. The outflow of said provision is expected to be incurred immediately on fulfilment of conditions by the land oustees/ receipts of directions of the local/ government authorities.

**c) Sensitivity of provisions**

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

**39 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' (continued)**

**d) Contingent liabilities**

(i) The Assessing officer of income tax had made an addition of ₹ 1,008.75 lakhs as Income from other sources for the assessment year 2012-13. In the appeal filed by the company, the Commissioner of Income Tax (Appeal)-V had, in the order, deleted the addition made by assessing officer. The assessing officer has, however, filed appeal with the Appellate Tribunal against the deletion by the CIT Appeal. Income Tax refund of ₹ 18.61 lakhs of AY 2015-16 & ₹ 20.61 lakhs of AY 2016-17 was adjusted with Income tax liability. The total demand on account of deletion (net of Income Tax refund adjustment) amount to ₹ 571.25 lakhs including interest up to 31 March 2019.

(ii) The Assessing officer of income tax had made an addition of ₹ 225.87 lakhs as income from other sources for the assessment year 2011-12. In the appeal filed by the company, the Commissioner of Income Tax (Appeal)-V had, in the order, deleted the addition made by assessing officer. The assessing officer has, however, filed appeal with the Appellate Tribunal against the deletion by the CIT Appeal. The total demand on account of deletion amount to ₹ 110.04 lakhs including interest up to 31 March 2019.

(iii) The work 'Contract for residential quarter etc was awarded to a contractor .The contract was terminated due to poor progress in job. The Contractor has gone in arbitration invoking arbitration under general condition contract for losses incurred by them. A claim has been sumbitted by the contractor amounting ₹ 5,442.01 Lakhs before Learned sole Arbitrator on 30 November 2016. BRBCL has also sumbitted counter claim amounting to ₹ 8,608.94 Lakhs.

(iv) The work 'Contract for civil work and ash dyke' was awarded to a contractor. The contract was terminated due to poor progress in job. The Contractor has gone in arbitration with a claim of ₹ 15,043.89 Lakhs invoking arbitration under general condition contract for losses incurred by them during strike period. Award has been pronounced by arbitrator. Award has been challanged by contractor and Company. As per the company's contention claim is not tenable.

(v) The work 'Contract for Electrical equipments supply & erection package' was awarded to a contractor. The Contractor demanded compensation of ₹ 329.58 lakhs on account of extended stay, overhead expenses and reimbursement of expenses incurred for establishing Temporary structure for beyond the original contract period. As per the company's contention claim is not tenable.

(vi) Demand notice received for VAT from the Commercial Tax Office, Aurangabad, Bihar for ₹ 590.30 lakhs on account of tax, penalty and interest under the Bihar VAT Act, 2005 for the FY 2013-14 & 2014-15. In the appeal filed by the company, the Commissioner of Commercial Taxes, Patna , in the order dated 17 March 2017, has given stay with direction to deposit the amount of ₹ 300.00 lakhs on or before 25 March 2017. The same was deposited on time by the company and the case is under consideration.

(vii) Demand notice received for VAT from the Commercial Tax Office, Aurangabad, Bihar for ₹ 48.28 lakhs on account of tax, penalty and interest under the Bihar VAT Act, 2005 for the FY 2015-16 on 25 April 2017. Memorandum of appeal filled by company on 14 November 2017 with JCCT (Appeal) Gaya & the case is under consideration.

(viii) Demand Notice received for entry tax from the Commercial Tax Office, Aurangabad, Bihar on 22nd August 2017 for ₹ 16.55 lakhs on account of tax, penalty and interest under the Bihar VAT Act, 2005 for the FY 2014-15. Memorandum of Appeal filed by Company on 27 December 2017 with JCCT (Appeal) Gaya & the demand has not yet been withdrawn.

(ix) Demand notice received for entry tax from the Commercial Tax Office, Aurangabad, Bihar on 20 July 2017 for ₹ 106.70 lakhs on account of tax, penalty and interest under the Bihar VAT Act, 2005 for the FY 2013-14. Stay petition filed by company on 3 February 2018 with DCCT, Aurangabad.

(x) Demand notice received for entry tax from the Commercial Tax Office, Aurangabad, Bihar on 24 August 2017 for ₹ 42.57 lakhs on account of tax, penalty and interest under the Bihar VAT Act, 2005 for the FY 2014-15. Stay petition filed by company on 3 February 2018 with DCCT, Aurangabad.

(xi) Notice received for entry tax from the Commercial Tax Office, Aurangabad, Bihar by which department claimed that company has purchased Iron & steel from outside the state using D-IX form of total ₹ 77.82 lakhs for financial year 2012-13,2015-16,2016-17 & 2017-18. While company has paid entry tax @5% on iron & steel purchased of total ₹ 26,314.33 lakhs, notice has been served to consider entry tax @ 8% as per rule 17 of entry tax act, tax payable on electrical goods, implements, appartus and appliance including electrical fittings and all other machineries, device used in generation of electricity Considering all the aforesaid notices. Continget liability for differential entry tax work out to be ₹ 555.97 lakhs. This matter is pending at DCCT, Aurangabad.

(xii) The work 'Contract for Air Conditioning System Package' was awarded to a contractor. The Contractor demanded compensation of ₹ 556.95 Lakhs from BRBCL on account of supply of material /Erection & Installation / Escalation towards supply works carried out further after expiry of contractual period. Additional cost incurred during prolongation period of more than 4 years and Invocation and encashment of performance Bank Guarantees and interest there on for beyond the original contract period. As per the BRBCL contention claim is not tenable.

40 Information in respect of micro and small enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| (a) Amount remaining unpaid to any supplier: | | |
| Principal amount | 909.67 | 513.59 |
| Interest due thereon | - | - |
| (b) Amount of interest paid in terms of Section 16 of the MSMED Act 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 MSMED Act. | - | - |
| (d) Amount of interest accrued and remaining unpaid | - | - |
| (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 MSMED Act | - | - |

**41 Operating leases**

a) 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 for a period of one to three years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable.

b) Expenses (net) on operating lease of the premises for residential use of the employees amounting to ₹ 29.87 Lakhs (31 March 2018: ₹ 61.37 Lakhs) are included in employee benefits expense.

**42 Regulatory deferral accounts**

**a) Nature of rate regulated activities**

The Company is mainly engaged in generation and sale of electricity. The price to be charged by the Company for electricity sold to its customers is determined by the CERC which provides extensive guidance on the principles and methodologies for determination of the tariff for the purpose of sale of electricity. The tariff is based on allowable costs like interest, depreciation, operation & maintenance expenses, etc. with a stipulated return.

This form of rate regulation is known as cost-of-service regulations which provide the Company to recover its costs of providing the goods or services plus a fair return.

The Company is eligible to apply Ind AS 114, Regulatory Deferral Accounts. The standard permits an eligible entity to continue previous GAAP (Guidance note on accounting for rate regulated activities) accounting policy for its regulatory deferral account balances. Hence, Company has opted to continue with its previous GAAP accounting policy for such balances.

**b) Recognition and measurement**

As per the CERC Tariff Regulations, any gain or loss on account of exchange risk variation during the construction period shall form part of the capital cost till the declaration of Commercial Operation Date (COD) to be considered for calculation of tariff. Accordingly, exchange difference arising during the construction period is within the scope of Ind AS 114.

In view of the above, exchange differences arising from settlement/translation of monetary item denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized on an undiscounted basis as 'Regulatory deferral account debit/credit balance' by credit/debit to 'Movements in Regulatory deferral account balances' during construction period and adjusted from the year in which the same becomes recoverable from or payable to the beneficiaries.

**c) Risks associated with future recovery of rate regulated assets:**

i) demand risk due to changes in consumer attitudes, the availability of alternative sources of supply

ii) regulatory risk on account of changes in regulations and submission or approval of a rate-setting application or the entity's assessment of the expected future regulatory actions

iii) other risks including currency or other market risks, if any.

**d) Reconciliation of the carrying amounts:**

Regulatory asset/(liability) recognized in the books to be recovered from or payable to beneficiaries in future periods are as follow:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Opening regulatory deferral account debit/(credit) balance | 35,773.57 | (858.44) |
| Addition during the year | (35,778.17) | 36,632.01 |
| Recovery / payment during the year | - | - |
| **Closing regulatory deferral account debit/(credit) balance** | **(4.60)** | **35,773.57** |

*Above balances have not been discounted.

**42 Regulatory deferral accounts (continued)**

| | | |
|---|---|---|
| d) Tax expense/(saving) pertaining to regulatory deferral account balances | - | (199.99) |

e) The Company expects to recover the carrying amount of regulatory deferral account debit balance over a period of 10 years.

f) Refer note 32 for impacts on restatement on previous year amounts.

## 43 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Total liabilities | 545,303.87 | 505,356.16 |
| Less : Cash and cash equivalent | 13,674.62 | 11,895.42 |
| **Net debt** | **531,629.25** | **493,460.74** |
| **Total equity** | 236,514.01 | 223,319.61 |
| **Net debt to equity ratio** | **2.25** | **2.21** |

## 44 Earning per shar

### a) Profit attributable to equity shareholders [A]

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| From operations including regulatory deferral account balances | 887.53 | 2,721.20 |
| Less: From regulatory deferral account balances | (35,778.17) | 36,432.02 |
| From operations excluding regulatory deferral account balances | **36,665.70** | **(33,710.82)** |

### b) Basic earnings per share

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Weighted average number of equity shares for basic earnings per share [B]** | | |
| Opening balance of issued equity shares | 1,584,613,850 | 1,584,613,850 |
| Effect of shares issued during the year, if any | 53,988,648 | 233,022,940 |
| **Weighted average number of equity shares** | **1,817,636,790** | **1,817,636,790** |
| **Basic earnings per share [A / B]** | | |
| From operations including regulatory deferral account balances | 0.05 | 0.15 |
| Less: From regulatory deferral account balances | (1.97) | 2.00 |
| From operations excluding regulatory deferral account balances | **2.02** | **(1.85)** |

c) **Diluted earnings per share**

₹ Lakhs

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2018 |
|---|---|---|
| **Weighted average number of equity shares for diluted earnings per share [C]** | | |
| Opening balance of issued equity shares | 1,584,613,850 | 1,584,613,850 |
| Effect of shares issued during the year, if any | 53,988,648 | 233,023,763 |
| **Weighted average number of equity shares** | **1,817,637,613** | **1,817,637,613** |
| **Diluted earnings per share [A / C]** | | |
| From operations including regulatory deferral account balances | 0.05 | 0.15 |
| Less: From regulatory deferral account balances | (1.97) | 2.00 |
| From operations excluding regulatory deferral account balances | **2.02** | **(1.85)** |

d) Nominal value per share (in ₹) **10.00** **10.00**

**45 Revenue from contracts with customers**

**a) Nature of goods and services**

The Company is involved in the generation and sale of bulk power to Railways and state power utilities. In the opinion of the management, there is only one reportable segment ("Generation of Electricity"). Sale of electricity is generally made pursuant to long-term Power Purchase Agreements (PPAs) entered into with the beneficiaries.

**Nature, timing of satisfaction of performance obligations and significant payment terms**

The Company recognises revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company. The tariff for computing revenue from energy sales is determined in terms of CERC Regulations as notified from time to time. The amount of revenue recognised for energy sales is adjusted for variable consideration, wherever applicable, which are estimated based on the historical data available with the Company. The amounts are billed on a monthly basis and invoices are payable within contractually agreed credit period.

**b) Disaggregation of revenue**

In the following table, revenue is disaggregated by customer and timing of revenue recognition:

₹ Lakhs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Customer** | | |
| Railways | 102,325.21 | 66,236.65 |
| Others | 14,647.53 | 3,503.27 |
| **Total** | **116,972.74** | **69,739.92** |
| **Timing of revenue recognition** | | |
| Over time | 116,972.74 | 69,739.92 |
| At a point in time | - | - |
| **Total** | **116,972.74** | **69,739.92** |

* The Company has initially Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

**c) Contract balances**

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The contract liabilities primarily relate to the advance consideration received from the customers which are referred as 'advances from customers'.

The following table provides information about trade receivables and unbilled revenue from contracts with customers:

₹ Lakhs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Trade receivables | 24,937.69 | 20,701.71 |
| Unbilled revenue | 15,957.00 | 8,771.01 |

* The Company recognised the cumulative effect of applying Ind AS 115 as an adjustment to the opening balance as at 1 April 2018.

During the year ended 31 March 2019, ₹ 8,771.01 Lakhs of unbilled revenue as of 1 April 2018 has been reclassified to trade receivables upon billing to customers as per payment terms defined in respective agreements. There is no other significant change in the contract balance during the year ended 31 March 2019.

**d) Reconciliation of revenue recognised with contract price:**

₹ Lakhs

| Particulars | For the year ended 31 March 2018* |
|---|---|
| **Contract price** | 117,314.91 |
| Adjustments for: | |
| Rebates | 342.17 |
| **Revenue recognised** | **116,972.74** |

e) Applying the practical expedients as given in Ind AS 115:

i) The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value.

ii) The Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

f) The Company has not incurred any incremental costs of obtaining contracts with a customer and therefore, not recognised an asset for such capitalised costs.

g) There is no impact on account of adoption of Ind AS 115 by the Company as compared to Ind AS 18.

**46 Operating segment**

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'). In the opinion of the management, there is only one reportable segment ("Generation of Electricity"). Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company. Further, the Company operates only in one geographical segment which is India.

**Entity wide disclosures**

**a) Information about products and services**

The Company is involved in the generation and sale of bulk power to Indian Railways and State Power Utilities.

**b) Information about geographical areas**

The entire sales of the Company are made to customers which are domiciled in India. Also, all the non-current assets of the Company are located in India.

**c) Information about major customers (from external customers)**

Revenue of approximately ₹ 1,02,325.21 Lakhs (31 March 2018: ₹ 66,236.65 Lakhs) are derived from single external customer (Ministry of Railways) accounting for more than 10 per cent of total revenue of the Company.

**47** Certain contracts of the company for construction of power plants with vendors awarded through ICB (International competitive bidding) which are denominated in third currency (i.e. a currency which is not the functional currency of any of the parties to the contract) are falling under the purview of guidance provided as per Ind AS 109, 'Financial instruments' on derivatives and embedded derivatives. NTPC Limited (Promoter Company) has sought opinion from the Expert Advisory Committee (EAC) constituted by Institute of Chartered Accountants of India on the above matter. On receipt of opinion / clarification from EAC, company will account for such contracts.

**48 Standards issued but not yet effective**

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards/ appendix/ amendments which will come into force from 1 April 2019:

**a) Ind AS 116, 'Leases'**

The new leasing standard will replace the existing leases standard, Ind AS 17 Leases, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Currently, operating lease expenses are charged to the statement of profit and loss on a straight line basis. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Further, the new standard contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

**The standard permits two possible methods of transition:**

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach)

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

Certain practical expedients are available under both the methods.

The Company will adopt the standard on 1 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ending or ended 31 March 2019 will not be retrospectively adjusted.

**b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

Appendix C of Ind AS 12, 'Uncertainty over Income Tax Treatments' is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application.

The Company will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

**48 Standards issued but not yet effective (continued)**

**c) Amendment to Ind AS 12 'Income taxes'**

The amendments to the guidance in Ind AS 12, 'Income Taxes', clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

**d) Amendment to Ind AS 19 'Employee benefits'**

The amendments to the guidance in Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

**e) Amendment to Ind AS 23, 'Borrowing Costs'**

The amendments to the guidance in Ind AS 23, 'Borrowing Costs', clarifies the following:

- while computing the capitalisation rate for funds borrowed generally, borrowing costs applicable to borrowings made specifically for obtaining a qualified asset should be excluded, only until the asset is ready for its intended use or sale.

- borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for its intended use or sale would subsequently be considered as part of the general borrowing costs.

**f) Amendment to Ind AS 109 'Financial Instruments'**

The amendments relate to the existing requirements in Ind AS 109, 'Financial Instruments' regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

For and on behalf of the Board of Directors

| **Vishal Garg** | **Manoj Srivastava** | **C. Sivakumar** | **R.K. Jain** | **A.K. Gupta** |
|---|---|---|---|---|
| Company Secretary | Chief Financial Officer | Chief Executive Officer | Director | Chairman |

For Chamaria & Co.
Chartered Accountants

Sunil Kumar Chamaria
Partner
Membership No. : 094316
Firm Reg. No.: 514619C

Place : New Delhi
Dated : 21 May 2019

# INDEPENDENT AUDITORS' REPORT

**To**

**The Members of BHARTIYA RAIL BIJLEE COMPANY LIMITED**

**Report on the Audit of Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Ind AS financial statements of BHARTIYA RAIL BIJLEE COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31st March 2019 and its losses, cash flows and the change in equity for the year ended on that date.

**Emphasis of Matters**

We draw the attention to the following matters:

The conveyance of 130.606707 acres of freehold land valued at 41,47,60,274.84 is still pending for registration since long although validity period of agreement for sale of land has expired.

Confirmation of some of the balances and /or statement of accounts in respect of "Other Advance Capex (GL Code 1034106), Initial advance(s) construction (GL code -1034100), Advances contractors - O & M (GL Code-1101300), Railway Claim recoverable (GL Code-1100837), Other Claims (GL Code 1100822 and Advance against material (O & M ) (GL Code 1101300) etc. were not available. In view of above, authenticity of such balances remained unverified.

The confirmation of balances under head construction stores lying with the contractors could not be verified in absence of joint verification statements in this regard.

However, our report is not qualified in respect of the items as commented under the head of "Emphasis of Matters" as above.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the code of ethics issued by the institute of chartered accountant of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the companies Act, 2013 and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other informations. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's information, but does not include the standalone financial statement and our Auditors Report thereon.

Our Opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our Audit of the standalone financial statement, our responsibility is to read the other information and, in doing so, consider whether the information materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations , or has no realistic alternative but to do so.

Those boards of Directors are also responsible for overseeing the company's financial reporting process.

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure-1** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure-2** on the directions and sub-directions issued by Comptroller and Auditor General of India.
3. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (As amended);
   (e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to **Annexure-3.**
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note- 39 to the financial statements;
      II. The company does not have any long-term contracts including derivative contracts as at 31.03.2019 for which there were any material foreseeable losses.
      III. There were no amounts which were required to be transferred to the Investors and Education and Protection Fund by the company during the year ended March 31, 2019.

For Chamaria & Co.
Chartered Accountants
Firm Registration No. 514619C

Sunil Kumar Chamaria
Partner
Membership No. 094316

Date: 21.05.2019
Place: New Delhi

# ANNEXURE-1 TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in our report of even date to the members of BHARTIYA RAIL BIJLEE COMPANY LIMITED on the accounts for the year ended 31st March, 2019)

1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) A major portion of the fixed assets has been physically verified by the Management in accordance with a phased programmed of verification once in two years adopted by the company. In our opinion, the frequency of the verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.

(c) As informed, the title deeds of all the immovable properties are held in the name of the Company.

2 As explained to us, the management during the year has physically verified inventories at reasonable interval and in respect of stores and spares, there is a perpetual inventory system and a substantial part of such stock has been verified during the year. However, stocks in the possession and custody of third parties and stock in transit as at 31st March 2019 have been verified by the management with reference to confirmation or statement of account or correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of verification is reasonable. The discrepancies noticed during physical verification of inventories as compared to book records were not material and the same have been properly dealt within the books of accounts.

3. According to the information and the explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable to the company and hence not commented upon.

4. The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iv) of the order are not applicable to the company and hence not commented upon.

5. According to the information given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the companies Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time. No order has been passed with respect to Section 73 to 76, by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.

6. We have broadly reviewed the books of accounts and records maintained by the company pursuant to the rules made by the central government for the maintenance of cost records under section 148 (1) of the Companies Act 2013 in respect of the company's products and are of the opinion that, prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate or complete.

7. (a) Undisputed statutory dues including provident fund, employee' state insurance, income tax, GST, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of GST, sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax and entry tax have not been deposited by the Company on account of disputes:

| Name of the statute | Nature of dues | Amount (in ₹) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Bihar Entry Tax Act | VAT | 5,90,29,995 | FY 2013-14 to FY 2014-15 | Dy. Commissioner of Commercial Tax, Aurangabad |
| Income Tax Act, 1961 | Income Tax | 11,004,319 | AY 2011-12 | Income Tax Appellate Tribunal, New Delhi |
| Income Tax Act, 1961 | Income Tax | 57,124,678 | AY 2012-13 | Income Tax Appellate Tribunal, New Delhi |
| Bihar Entry Tax Act | VAT | 48,27,518 | FY 2015-16 | Dy. Commissioner of Comm. Tax, Aurangabad |
| Bihar Entry Tax Act | Entry Tax | 16,55,089 | FY 2014-15 | Dy. Commissioner of Comm. Tax, Aurangabad |
| Bihar Entry Tax Act | Entry Tax | 1,06,70,227 | FY 2013-14 | Dy. Commissioner of Comm. Tax, Aurangabad |
| Bihar Entry Tax Act | Entry Tax | 42,56,582 | FY 2014-15 | Dy. Commissioner of Comm. Tax, Aurangabad |
| Bihar Entry Tax Act | Entry Tax | 55,597,176 | FY 2012-13/ FY 2015-16/ FY 2016-17 & FY 2017-18 | Dy. Commissioner of Comm. Tax, Aurangabad |

8. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions. There is no amount of dues to banks.

9. The Company has not raised any money by way of initial public offer or further public offer or debt instruments. According to the information and explanations given to us, the money raised by the Company by way of term loans have been applied for the purpose for which they were obtained.

10. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the year.

11. As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

12. The company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13. The Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, where applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind AS).

14. The Company has not made any preferential allotment or private allotment of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with the directors or persons connected with him as covered under Section 192 of the Companies Act, 2013.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.

For Chamaria & Co.
Chartered Accountants
Firm Registration No. 514619C

Sunil Kumar Chamaria
Partner
Membership No. 094316

Date: 21.05.2019
Place: New Delhi

# ANNEXURE-2 TO INDEPENDENT AUDITORS' REPORT

**Annexure referred to in our report of even date to the members of BHARTIYA RAIL BIJLEE COMPANY LIMITED on the accounts for the year ended 31st March, 2019**

**Report on the directions under section 143 (5) of Companies Act 2013 applicable from the year 2018-19 and onwards**

Q (1) Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Reply: As per the information and explanations given to us, the Company has a system in place to process all the accounting transactions through IT system. SAP-ERP has been implemented for all the processes like Financial Accounting (FI), Controlling (CO), Sales and Distribution (SD), Payroll / Human Capital Management (HCM), Material Management (MM), Commercial billing / Industry Solution Utilities (ISU), etc.

Based on the audit procedures carried out and as per the information and explanations given to us, no accounting transactions have been processed/carried outside the IT system. Accordingly, there are no implications on the integrity of the accounts.

Q (2) Whether there is any restructuring of an existing loan or case of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Reply: Based on the audit procedures carried out and as per the information and explanations given to us, there was no restructuring of existing loans or cases of waiver/write off of debts/ loans/interest etc. made by the lender to the company due to the company's inability to repay the loan.

Q (3) Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Reply: Based on the audit procedures carried out and as per the information and explanations given to us, no such funds has been granted to/ received by the company during the year.

For Chamaria & Co.
Chartered Accountants
Firm Registration No. 514619C

Sunil Kumar Chamaria
Partner
Membership No. 094316

Date: 21.05.2019
Place: New Delhi

# ANNEXURE-3 TO INDEPENDENT AUDITORS' REPORT

**Annexure referred to in our report of even date to the members of BHARTIYA RAIL BIJLEE COMPANY LIMITED on the accounts for the year ended 31st March, 2019**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Bhartiya Rail Bijlee Company Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For Chamaria & Co.
Chartered Accountants
Firm Registration No. 514619C

Sunil Kumar Chamaria
Partner
Membership No. 094316

Date: 21.05.2019
Place: New Delhi

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHARTIYA RAIL BIJLEE COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of financial statements of Bhartiya Rail Bijlee Company Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Bhartiya Rail Bijlee Company Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. 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 143(6)(b) of the Act.

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

**(Indu Agrawal)**
**Principal Director of Commercial Audit &**
**Ex-officio Member, Audit Board, Ranchi.**

Place: Ranchi
Date: 15 July 2019

# PATRATU VIDYUT UTPADAN NIGAM LIMITED

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting 4th Annual Report on the working & operations along with Audited Financial Statements of the Company for the year ended 31st March, 2019.

**IMPLEMENTATION, PROGRESS & STATUS OF PATRATU VIDYUT UTPADAN NIGAM LIMITED**

Govt. of Jharkhand has notified "The Jharkhand State Electricity Reforms (Transfer of Patratu Thermal Power Station) Scheme 2015" on 1st April, 2016 for transfer of Patratu Thermal Power Station (PTPS) to Patratu Vidyut Utpadan Nigam Limited (PVUN). Status of various activities relating to existing units and expansion of the projects is given under:-

**(i) For Old Units**

The Old 10 units of PTPS was having De-rated Capacity of 770 MW (4x40 MW + 2x90 MW + 2x105 MW + 2x110 MW). At the time of takeover of PTPS, only Unit 10 was operational and plant is under shut down since 24th January, 2017.

Out of the above, Unit # 1, 2, 3, 5 & 8 were retired by your Company and Central Electricity Authority (CEA) has deleted these units from records of installed capacity. CEA has advised your Company to retire Unit 4, 6 & 7 and for unit 9 & 10, PVUN was advised to take decision based on techno economic reason.

Meanwhile, your Company approached Ministry of Environment and Forests (MOEF) for Environmental Clearance (EC) of Phase-I (3X800MW) expansion project in terms of Joint Venture Agreement (JVA) and MOEF had put a condition to submit an undertaking that existing units are closed and permanently shut down from 24th January, 2017. After getting clearance from Jharkhand Bijli Vitran Nigam Limited (JBVNL) and declaration by your Company to MOEF, MOEF granted EC for Phase-I (3X800 MW) on 7th November, 2017. CEA has also deleted Unit No.-4, 6, 7, 9 & 10 from records of all India installed capacity.

**(ii) For Expansion of Project**

The configuration of expansion of 4000 MW consists of 5 units of 800 MW to be implemented in two phases; Phase I: 3X800 MW and Phase II: 2X800 MW. Presently, your Company is establishing Phase I: 3X800 MW project named Patratu Super Thermal Power Project (PSTPP) Expansion, Phase-I (3X800 MW).

PSTPP, Phase-I (3X800MW) financial appraisal was carried out by Crisil Risk and Infrastructure Solutions Limited (CRIS).

The Board of your Company had, in its 10th Meeting held on 30th August, 2017, approved the proposal to award the work of Engineering, Procurement and Construction (EPC) package for PSTPP, Phase-I (3X800MW) to Bharat Heavy Electricals Limited (BHEL), New Delhi subject to investment approval of the Board.

The Board of your Company had, in its 11th Meeting held on 30th October, 2017, approved investment approval at an estimated cost of Rs.17,112 Crore including Interest during Construction (IDC) and Financing Charges (FC) of Rs.1,656 Crore and Working Capital Margin (WCM) of Rs.301 Crore as of Qtr.I, 2017 price level and corresponding indicative estimated completed cost of Rs. 18,668 Crore including IDC and FC of Rs.1,744 Crore and WCM of Rs. 311 Crore subject to Environmental Clearance of MOEF.

MOEF granted Environmental Clearance on 7th November, 2017 which is the Zero date of the Project.

There was a need of change/modification of some of the clauses in Joint Venture Agreement signed on 29th July, 2015 w.r.t. the closure of old units. To implement those changes, a Supplementary Joint Venture Agreement (SJVA) was signed on 1st March, 2018.

The EPC Package order has been placed on BHEL on 8th March, 2018 and BHEL has since started construction activities.

REC Limited (REC) had agreed to extend a loan of Rs.14,000 Crore to PVUN at an interest rate i.e. 3 years "AAA" Bond yield rate on the date of disbursement with a margin of 115 bps with reset after 3 years. The interest rate shall be on quarterly rest basis. Rupee Term Loan facility extended by REC will be with 20 years door to door maturity including 6 years moratorium period. The repayment shall be made in 56 equal quarterly installments (168 months) after the moratorium period. The loan agreement with REC was signed on 13th November, 2017.

For Phase-I, total 1234 acres land is identified and out of that, 1199.03 acres land has been registered and mutated in the name of your Company. Transfer of balance 34.97 acres land is under process. For township, 25 acres of land out of 1199.03 acres land is earmarked at a distance of approx. 3 km from the Project and concentina fencing carried out. The township contract has been awarded to BHEL on 23rd June, 2018. BHEL has started Township Construction from 18.03.19. Environmental clearance for township construction obtained from SEIAA of Govt. of Jharkhand on 22.01.2019. To mitigate accommodation problem of employees, 48 nos. pre-fabricated bachelor accommodation are under construction and it will be completed by August, 2019.

Consent to establish for PSTPP (Phase-I) accorded by JSPCB on 19.10.2018.

Foundation stone for PSTPP (Phase-I) was laid by Hon'ble Prime Minister on 25.05.2018.

Your Company has transplanted 803 nos. of trees of girth size 4 to 7 inches from the project area as per forest department guidelines by a modern Volvo Transplanter. Another 3600 trees have been planted through forest department on deposit basis.

**Further, other major achievements during the period under review are as follows:-**

- Unit # 1 & 2 Chimney work started on 20.07.18. Unit # 1 Chimney raft casting completed on 13.01.2019 and thus achieved GoI MOU in excellent category. Unit # 2 Chimney raft casting completed on 10.04.2019.
- Unit # 1 Boiler to Chimney civil work started on 06.09.2018 and Unit # 1 Mill and Bunker raft casting completed.
- Main Boundary wall work started on 13.09.2018 and 50% work has been completed.
- About 20 Lakh Cubic Meter soil excavation and 11 Lakh Cubic Meter soil backfilling have been done.
- In the new Project area, 132 KV/220 KV Overhead Transmission lines of old PTPS plant presently exist which need to be relocated for ease of erection of equipment. Your Company has taken up the relocation of these transmission lines and towers on top most priority. The work is being executed by PGCIL and BHEL in full swing and it is anticipated that it would be completed by August/ September, 2019.
- Construction Power connection from JBVNL has been taken to provide required construction power to M/s BHEL, the EPC contractor. Construction power grid is partially completed and remaining work of pole erection and stringing of construction power grid are in progress.
- Some facilities in old plant premises like few cooling towers, wagon tipplers and CHP conveyor system have been dismantled and front handed over to the agencies.
- Your Company has established a well equipped Field Quality Assurance (FQA) laboratory with sufficient quality executives so as to ensure quality job by agencies.
- Your Company has sold out majority of scrap materials in old plant premises and store items & spares lying inside stores of old plant etc. using E-Auction mechanism through MSTC.
- Your Company has established a Primary Health Centre for treatment of its employees, locals and contract labourers.
- Your Company has also established two spacious labour rest rooms (separate for Gents and Ladies) with all facilities including drinking water and toilets.

Your Company gives utmost importance in Safety. All Safety measures before and during execution of any job is carried out in true manner. NTPC safety policy is strictly adhered to. In 2018-19, no reportable incident occurred.

Your Company has started various community development activities such as providing drinking water to localities, regular medical camps at nearby villages. ITI training to 35 nos. local youths at nearby JSPCL training centre. A MoU is also signed with JSPCL. The nearby schools have been renovated and basic facilities have been extended. Tailoring course for under privileged women carried out. Beautician course for local ladies done.

Power Purchase Agreement has been signed with Govt. of Jharkhand for 85% power. Balance 15% power is under Ministry of Power (MoP).

Agreement for water supply from the Nalkari Dam for 27 cusecs water for Phase-I and 13 cusecs water for Phase-II with air cooled condenser has been signed with JUUNL.

Ministry of Coal had accorded approval for transfer/assignment of Banhardih coal block of Latehar Distt. (Jharkhand) for the coal requirement of Phase-I expansion project (3X800 MW) to your Company. Deed of adherence in this regard was signed on 2nd June, 2017. Deed of assignment was signed on 18th May, 2018. Presently Geological Report is under preparation. Feasibility Report for railway siding at Banhardih mining end approved by Eastern Central Railway (ECR). Patratu plant end PMC assignment is under process of award. Patratu project end railway siding FR, DPR and ESP are already approved. Coal Mining area Forest land verification completed. Section-4 notification under CBA act of coal mine issued and coal mine block boundary recertification by CMPDIL on the basis of section-4 applied for Section -7 notification by MOC.

PSTPP, Phase-I (3X800 MW) is designed for ultra super critical parameter, turbine inlet temperature being 6000 C for both main steam and hot reheat lines with latest MOEF emission norms dated 07.12.2015. New Units will have highly efficient Electrostatic Precipitator (ESP) for Suspended Particulate Matter (SPM) emission restricted to 30 mg/$Nm^3$ Wet Lime Flue Gas Desulfurization for SOx control within 100 mg / $Nm^3$ and Selective Catalytic Reactor (SCR) for Nox control Systems within 100 mg/$Nm^3$. New Units have air cooled condenser technology and dry bottom Ash Disposal System which will save significant quantity of water to the tuned of 2/3rd compared to water cooled condenser. It also have rail loading facility for transportation of ash aimed towards its utilisation, zero liquid discharge system for curbing soil/water pollution and Gas Insulated Switchgear (GIS) switchyard for land economy.

Phase-II expansion of 2X800 MW is to be taken up after commissioning of Phase-I and dismantling of existing old units.

Power evacuation from Phase-I (3X800MW) units will take place through 400 KV Patratu-Patratu Double circuit lines, 400 KV Patratu-Chandil Double circuit lines and 400 KV Patratu-Koderma Double circuit lines operating as STUs for which Govt. of Jharkhand is in advanced of tendering.

For Phase-II, 625 acres (including 200 acres occupied by existing units) is to be transferred by GoJ at the time of commencement of Phase-II at the then prevailing circle rate.

**FINANCIAL REVIEW**

Your Company has incurred capital expenditure of Rs. 1,821.71 Crore till 31st March, 2019 which till 31st March, 2018 was Rs. 1,076.49 Crore. This includes capitalization of land admeasuring 1,199.03 acres for the 3X800 MW Phase-I Project & building thereon amounting to Rs. 812.94 Crore. The total amount recognized as Capital Work in Progress (CWIP) is Rs. 596.53 Crore (Rs. 259.62 Crore as on 31st March, 2018) which mainly includes Rs. 87.58 Crore for Development of Banhardih Coal Block, Rs. 105.84 Crore as Survey, Investigation and Consultancy expenditure for the 3X800 MW, Phase-I Project and Rs. 283.68 Crore as Expenditure during construction apart from expenditure accounted for the EPC contract. As per the terms of the JV Agreement, the cost of land & building thereon i.e. Rs. 812.94 Crore has been recognized as Deemed Loan from the date of signing of 'Deed of Conveyance' on 9th December, 2017 and interest is getting accrued on the Deemed Loan at the rate specified in the Joint Venture Agreement. The deemed loan is being utilized for allotment of shares to Jharkhand Bijli Vitran Nigam Limited corresponding to the equity infusion from NTPC Ltd. from time to time.

In the year 2016-17, based on consent accorded by all the Stakeholders, it was decided to close and dismantle the existing plant and the proceeds actually realized from its sale net of dismantling expenses was to be credited to Government of Jharkhand or its designated affiliate. This decision has been ratified in the Supplementary Joint Venture Agreement (SJVA) signed on 1st March 2018. Further, in terms of the SJVA, current assets i.e. inventory of the existing plant has also been mandated for disposal. With the disposal of scrap and current assets of the old plant and its accounting in line with SJVA, an amount of Rs.158.20 Crore (Previous year Rs. 185.48 Crore) has been recognized as 'Assets held for Disposal', which comprises fair realizable value both of the existing plant and remaining current assets, scrap etc.

The existing PTPS plant has been shut down with effect from 24th January, 2017 resulting in no generation of electricity during the year 2018-19. Hence, there is no revenue on account of generation in the year 2018-19.

## CAPITAL & BORROWINGS

### Capital

The paid up Equity share capital as at 31st March, 2019 was Rs. 316.38 Crore with the promoters NTPC Ltd. and JBVNL holding shares valuing Rs. 234.12 Crore and Rs. 82.26 Crore respectively. Further, no amount is appearing as share application money pending for allotment as on 31st March, 2019.

### Borrowings

The Company has a total borrowing of Rs.1,459.36 Crore as on 31st March, 2019. This comprises deemed loan of Rs. 832.36 Crore from the Govt. of Jharkhand on account of value of land with interest getting accrued at weighted average rate of borrowing of the Company accounted for on quarterly basis. This loan shall be utilized as consideration for subsequent issue and allotment of shares to JBVNL. Further, REC and NTPC with respective loans of Rs.620.00 Crore and Rs.7.00 Crore are the other lenders contributing to borrowing as on 31st March, 2019. Loan from REC carries interest rate at '3 year AAA Bond yield rate' plus agreed margin of 115 bps p.a. as on the date of disbursement with reset after every 3 years on quarterly rests basis. Loan from NTPC carries interest rate of 10% p.a. with quarterly rests.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review is placed at Annexure-I.

## MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have taken place between financial year ended on 31st March, 2019 to which the financial statements relate and the date of this Directors' Report, which affects the financial position of the Company.

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

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

## FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period under review.

## STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s Rajesh Srivastava & Co., Chartered Accountants, Ranchi were appointed as Statutory Auditors of the Company for the Financial Year 2018-19. C&AG is yet to appoint the Statutory Auditors of the Company for the Financial Year 2019-20 as prescribed under provisions of Section 139 of the Companies Act, 2013.

## MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given an unqualified report on the financial statements of the Company for the Financial Year 2018-19.

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

The Comptroller & Auditor General of India (C&AG), vide its letter dated 28th June, 2019, has given 'NIL' comments on the financial statements of the Company for the Financial Year 2018-19 after conducting supplementary audit under Section 143(6)(b) of the Companies Act, 2013.

## COST AUDIT

As the project is under implementation stage, your Company is not required to maintain Cost Records and subject them to Cost Audit for the Financial Year 2018-19 as per the Companies Act, 2013.

## SECRETARIAL AUDITOR

The Board had appointed M/s Agarwal S. & Associates, Company Secretaries, to conduct Secretarial Audit of the Company for the Financial Year 2018-19. The Secretarial Audit

Report for the Financial Year ended 31st March, 2019 is annexed herewith as Annexure-II to this Report. The Management's comments on the observation given in the Secretarial Audit Report are as follows:-

| Observation | Management's Comments |
|---|---|
| Non-compliance of sub Section 1 of Section 149 of Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the composition of Board was not as per requirements for the period from 1st April, 2018 to 22nd August, 2018, due to absence of woman Director on the Board. | Complied w.e.f. 23.8.2018. |

**PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD**

Ministry of Corporate Affairs (MCA), through General Circular dated 5th June, 2015, has exempted Government Companies from the provisions of Section 178 (2) of the Companies Act, 2013 which provides about manner of performance evalution of Board of Directors, Committee of Board of Directors and Director by the Nomination and Remuneration Committee. The aforesaid circular of MCA further exempted Govt. Companies from provisions of Section 134 (3) (p) of the Companies Act, 2013 which requires mentioning the manner of formal annual evaluation of the performance of the Board, its Committees and Individual Directors in Board's Report, if Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology.

Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV to the Companies Act, 2013 with respect to performance evaluation of Directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government Companies, such provisions of Schedule IV are exempt for the Government Companies.

All the Directors of your Company are nominated by NTPC/ JBVNL who are subject to evaluation in their respective Parent Company as per existing system and procedure.

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

Particulars relating to conservation of energy and technology absorption in accordance with Section 134(3) of the Companies Act, 2013 read with Company (Accounts) Rules 2014 are as follows:-

PSTPP will be based on new emission norms with High Efficiency ESP, Flue Gas Desulfurization and Nox Emission Control Systems. It will have an air cooled condenser system, zero liquid discharge system, Dry Ash Disposal System, rail loading facility for transportation of ash.

During the year under review, the foreign currency outgo was USD 3.176 Million (equivalent Rs. 23.18 Crore) and Euro 6.151 Million (equivalent Rs. 51.23 Crore) for the purpose of making initial advance payment to EPC contractor as per contract terms.

**PARTICULARS OF EMPLOYEES**

As per provisions of Section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended vide Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, every Company is required to include a statement in the Board's Report showing the names of top ten employees in terms of remuneration drawn and the name of every employee giving details of remuneration received by the employee was in aggregate Rupees One Crore and Two Lakh or more, if employed throughout the year and details of remuneration received by the employee was in aggregate Rupees Eight Lakh and Fifty Thousand per month or more, if employed for part of the year.

However, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Directors' Report.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Company's major related party transactions are with its Holding Company and Subsidiary of its Holding Company which are considered in the ordinary course of business and on an arm's length basis. Accordingly, disclosure as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not required.

However, details of the aforementioned transactions with its Holding Company (NTPC) and Subsidiary of its Holding Company (NPGC) are as follows:-

a. The Owners Engg. Consultancy works contract for Patratu 3x800 MW project has been awarded to NTPC for Rs. 250 Crore in line with the provisions of Joint Venture Agreement. Post award, in March 2019, the contract has been amended to Rs. 200 Crore (approx.).

b. The Owners Engg. Consultancy works contract for Development of Banhardih Coal Mine has been awarded to NTPC for Rs. 75 Crore as the main thermal power plant consultancy has been given to NTPC. NTPC also has sufficient in-house expertise in coal mine development like Pakri Barwadih, Kerandari, Dulanga etc.

c. In June 2019, 193 Kl of LDO which was purchased by PVUN for running of old PTPS plant, has been disposed off to NPGC at landed price (at NPGC) for Rs. 88 Lakh (approx.) as LDO is hazardous and inflammable liquid which became surplus due to stoppage of old PTPS plant. The transaction has achieved more value than compared to value obtained through consecutive E-auctions.

## BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Following changes have occurred in the Board of Directors and Key Managerial Personnel during the Financial Year 2018-19 and subsequent to the end of the Financial Year 2018-19:

a) Consequent upon change in nomination received from NTPC, Shri G. Venu was appointed as Additional Director (part-time Director) of the Company w.e.f. 21st May, 2018 in place of Shri P.K. Mohapatra who ceased to be the Director of the Company w.e.f. 30th April, 2018.

b) Consequent upon further change in nomination received from NTPC, Shri T. R. Datta was appointed as Additional Director (part-time Director) of the Company w.e.f. 18th July, 2018 in place of Shri Saptarshi Roy who ceased to be the Chairman of the Company w.e.f. 25th June, 2018.

   Further, Shri S. K. Roy, who was already a Director of the Company, was appointed as part-time Chairman of the Company w.e.f. 18th July, 2018 in place of Shri Saptarshi Roy.

c) Consequent upon further change in nomination received from NTPC, Mrs. Sangeeta Bhatia was appointed as Additional Director (part-time Director) of the Company w.e.f. 23rd August, 2018 in place of Shri G. Venu who ceased to be the Director of the Company w.e.f. 21st August, 2018.

d) Consequent upon change in nomination received from Govt. of Jharkhand (JBVNL), Ms. Vandana Dadel, IAS had been appointed as Additional Director (part-time Director) of the Company w.e.f. 21st November, 2018 in place of Dr. Nitin Madan Kulkarni, IAS who ceased to be the Director of the Company w.e.f. 31st October, 2018.

e) Shri Sudarsan Chakrabarti was appointed as CEO of the Company w.e.f. 2nd August, 2018 in place of Shri A. K. Sinha who had ceased to be CEO of the Company w.e.f. 25th July, 2018.

The Board wishes to place on record its appreciation of the services rendered by Shri P.K. Mohapatra, Shri Saptarshi Roy, Shri G. Venu, Dr. Nitin Madan Kulkarni, IAS as Directors and Shri A. K. Sinha as CEO of the Company.

In accordance with the provisions of the Companies Act, 2013 and the provisions of the Articles of Association of the Company, Shri S. K. Roy shall retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offers himself for re-appointment.

## CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of the Companies Act, 2013 and rules made thereunder, the provisions with regard to Corporate Social Responsibility are so far not applicable to the Company.

However, during the year, your Company has organized medical camp, supplied drinking water tanks, provided financial assistance for Patratu Block level sports meet of school children under initial community development in nearby villages around the plant. Further, for community development, your Company has contributed computers to nearby PTPS college, renovated schools, given tailoring and beautician training to local women folk around the project.

## DETAILS REGARDING MEETINGS OF THE BOARD AND COMMITTEES

The details regarding meetings of the Board and Committees held during the Financial Year under review are as follows:-

### Board Meetings

During the Financial Year 2018-19, 5 (five) meetings of the Board were held.

Details of the meetings and attendance of the Directors at the meetings are as follows:

| Name of the Director (s) | Meeting No. | | | | | %age of No. of Meetings attended against the No. of Meetings held during the Financial Year/ Tenure |
|---|---|---|---|---|---|---|
| | 13 | 14 | 15 | 16 | 17 | |
| | Meeting Date | | | | | |
| | 21.5.2018 | 23.8.2018 | 21.11.2018 | 16.1.2019 | 11.3.2019 | |
| Shri Saptarshi Roy* | Yes | N.A. | N.A. | N.A. | N.A. | 100% |
| Shri G. Venu** | Yes | N.A. | N.A. | N.A. | N.A. | 100% |
| Dr. Nitin Madan Kulkarni, IAS*** | Yes | Yes | N.A. | N.A. | N.A. | 100% |
| Shri S. K. Roy | Yes | Yes | Yes | Yes | Yes | 100% |
| Shri T. R. Datta^ | N.A. | Yes | Yes | Yes | Yes | 100% |
| Mrs. Sangeeta Bhatia^^ | N.A. | Yes | Yes | No | Yes | 75% |
| Ms. Vandana Dadel, IAS^^^ | N.A. | N.A. | Yes | Yes | Yes | 100% |

* ceased w.e.f. 25th June, 2018
** appointed w.e.f. 21st May, 2018 and ceased w.e.f. 21st August, 2018
*** ceased w.e.f. 31st October, 2018
^ appointed w.e.f. 18th July, 2018
^^ appointed w.e.f. 23rd August, 2018
^^^ appointed w.e.f. 21st November, 2018

### Committee Meetings

No Committee of the Board was formed till the end of the Financial Year 2018-19.

## COMPLIANCE OF SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards.

## VIGIL MECHANISM

Employees of the Company who are on secondment from NTPC are primarily governed by the policies of NTPC including the Whistle Blower Policy and conduct & Discipline and Appeal

Rules. Further, being a subsidiary Company of NTPC Limited, the Board of Directors of the Company had accorded approval to the proposal to appoint Chief Vigilance Officer (CVO), NTPC Limited as Chief Vigilance Officer (CVO), PVUN to oversee the vigilance function of PVUN.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act, 2013, 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 2018-19 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, 2013 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 a going concern basis;

(v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating efficiently; and

(vi) the Directors had devised proper systems to ensure compliance within the provisions of all applicable laws and that such systems were adequate and operating effectively.

**INTERNAL CONTROL**

The details regarding internal control and their adequacy are included in the Management Discussion & Analysis (Annexure-I), which forms part of this report.

**RISK MANAGEMENT**

The risks to which Company is exposed and the initiatives taken by the Company to mitigate such risks are included in the Management Discussion & Analysis (Annexure-I), which forms part of this report.

**MISSION**

Mission of your Company is as follows:-

"To provide reliable and affordable power in most efficient and environment friendly manner, by adopting new technology and by optimal utilization of resources"

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment for all employees.

During the year 2018-19, no sexual harassment complaint had been filed.

**EXTRACT OF ANNUAL RETURN**

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

**ACKNOWLEDGEMENT**

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by NTPC Limited, Jharkhand Bijli Vitran Nigam Limited, Ministry of Power - Govt. of India, State Government of Jharkhand, the Auditors, Bankers and Lenders of the Company.

The Board also appreciates the contribution of contractors, vendors and consultants in implementation of various contracts.

We wish to place on record our appreciation for the untiring efforts and contribution made by employees at all levels to ensure the effective functioning of the Company.

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

**(S.K.Roy)**

**CHAIRMAN**

**DIN : 07940997**

**Place: New Delhi**

**Date: July 31, 2019**

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC AND SECTOR OUTLOOK

As per the report on Annual National Income 2018-19, released by National Statistical Office of Ministry of Statistics and Programme Implementation (MoSPI) on 31 May 2019, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices has been provisionally estimated to be 6.8% as against 7.2% for the previous year (2017-18). For the year 2019-20, World Bank has projected a 7.5% GDP growth rate.

Quarterly growth rate analysis depicts that during Q1, 2018-19 (April-June) GDP growth rate peaked at 8.0%, but it has moved in a downward trend with growth rate of 7.0%, 6.6% and 5.8% during Q2, 2018-19 (July-Sep), Q3, 2018-19 (Oct-Dec) and Q4, 2018-19 (Jan-Mar) respectively.

Indices of Industrial Production (IIP), as reported by MoSPI on 10 May 2019, reveal that the cumulative growth in Mining, Manufacturing and Electricity sectors during April-March 2018-19 over the corresponding period of 2017-18 has been 2.9%, 3.5% and 5.2% respectively.

During the year 2018-19, the growth in power sector has been possible due to major reforms focused on enabling the sector to adapt to the disruptions such as flexibility in thermal power generation, environment protection and capacity addition in RE & Hydro and cross border trading of power etc.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Power sector is a key enabler for India's economic growth. The sector with its three pillars of generation, transmission and distribution is crucial to India's infrastructure and economic growth. The achievements and various issues/challenges faced by the Power Sector are discussed in the ensuing paragraphs.

**Snap Shot 2018-19**

- Gross annual generation of the Country (excluding import from Bhutan) increased by 5.2% from 1,308 BUs in the previous year to 1,376 BUs in the current year (including renewables). Generation from renewable sources increased by about 24% from 102 BUs to 127 BUs, while generation from conventional sources increased by 4% from 1,206 BUs to 1,249 BUs.
- Generation capacity of 3,479 MW (excluding renewables) was added during Financial Year 2018-19 compared to 5,392 MW added during the previous year.
- Renewable energy capacity of 8,619 MW added during the year. Renewable energy capacity has increased by about 12.5% from 69,022 MW as at 31 March 2018 to 77,642 MW as at 31 March 2019.
- 22,437 Ckms of transmission lines added during the year as compared to 23,119 Ckms in the previous year.
- 72,705 MVA of transformation capacity added during the year as against 86,193 MVA in the previous year.
- PLF of coal & lignite based stations increased to 61.1% in Financial Year 2018-19 from 60.7% in Financial Year 2017-18.
- During the Financial Year 2018-19, while the energy deficit decreased marginally from 0.7% to 0.6%, the peak power deficit decreased from 2.0% to 0.8% as compared to that in the previous year.

(Source: Central Electricity Authority)

**Existing Installed Capacity**

The total installed capacity in the Country as on 31 March 2019 was 3,56,100 MW (including renewables) with Private Sector contributing 46.2% of the installed capacity followed by State Sector with 29.5% share and Central Sector with 24.3% share.

| | Total Capacity (MW) | % share |
|---|---|---|
| Private | 1,64,428 | 46.2 |
| State | 1,05,076 | 29.5 |
| Central | 86,596 | 24.3 |
| **Total** | **3,56,100** | **100.0** |

Source-wise installed capacity in the Country as on 31 March 2019 is as under:

| | Total Capacity (MW) | % share |
|---|---|---|
| Thermal | 2,26,279 | 63.6 |
| Nuclear | 6,780 | 1.9 |
| Hydro | 45,399 | 12.7 |
| RES (Renewables) | 77,642 | 21.8 |
| **Total** | **3,56,100** | **100.0** |

(Source: Central Electricity Authority-Installed Capacity report)

**Capacity Utilization and Generation**

**Sector wise PLF in % (Thermal- Coal & Lignite)**

| Sector | 2018-19 | 2017-18 |
|---|---|---|
| State | 58.0 | 56.9 |
| Central | 72.6 | 72.3 |
| Private-IPP | 54.8 | 55.1 |
| Private-Utilities | 61.3 | 60.4 |
| **All India** | **61.1** | **60.7** |

**(Source: Central Electricity Authority)**

PLF of coal & lignite based power stations has increased marginally from 60.7% to 61.1% on Y-O-Y basis. PLF of Central Generating Thermal Stations has also increased marginally.

In the emerging scenario of high variable renewable energy infusion into the grid, supplying power with reliability has gained prominence over PLF. In this context, it is crucial that the thermal capacities are able to supply fast response balancing power and maintain adequate reserve capacity.

**Generation**

The total conventional power available in the Country during the Financial Year 2018-19 was 1,249 BUs as compared to 1,206 BUs during previous year, registering a growth of 3.6%. (Generation figures pertain to capacity monitored by CEA).

Sector-wise and fuel-wise break-up of generation for the year 2018-19 is detailed as under:

**In BUs**

| Sector | Thermal | Hydro | Nuclear | Bhutan Import | Total |
|---|---|---|---|---|---|
| **Central** | 368 | 55 | 38 | -- | 461 |
| **State** | 335 | 66 | -- | -- | 401 |
| **Private** | 369 | 14 | -- | -- | 383 |
| **Bhutan Import** | -- | -- | -- | 4 | 4 |
| **Total** | **1072** | **135** | **38** | **4** | **1249** |

**(Source: Central Electricity Authority)**

As far as thermal generation is concerned, based on the monitored capacity by CEA, the generation contribution of central sector is 36.9% with installed capacity share of 24.3%, state sector contributes 32.1% of generation with installed capacity share of 29.5% and private sector contributes 30.6% of generation with installed capacity share of 46.2%. Central sector utilities have performed better as compared to those of state and private sector utilities.

**Consumption**

The per capita consumption of power in India was 1,149 units in Financial Year 2017-18 (provisional) (Source: Central Electricity Authority), which is almost one-third of the global average (3,052 units).

(Source: IEA Key World Energy Statistics 2017).

Major end users of power are broadly classified into industrial, agricultural, domestic and commercial consumers. Their shares of electricity consumption were approximately 40%, 18%, 24% and 9%, respectively. During the same period, Traction & Railways and others represented about 9% of power consumption.

(Source: Ministry of Statistics and Programme Implementation- Energy Statistics 2018).

With ambitious target of providing free electricity connections to all households in rural areas and poor families in urban areas by Dec. 2018, the Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in September 2017. As indicated in the Saubhagya Dashboard, 99.99% households have been electrified and only 18,734 households in Chhattisgarh remains to be electrified.

(Source: Saubhagya dashboard)

Other key initiatives taken by the Government of India include Integrated Power Development Scheme (for providing 24x7 power supply in the urban areas) and Deen Dayal Upadhyaya Gram Jyoti Yojana (agricultural feeders segregation, strengthening of sub-transmission & distribution infrastructure in rural areas and rural electrification). 100% village electrification has been achieved.

**Transmission**

The transmission network (at voltages of 220 kV and above) in the Country has grown at an average rate of ~6% CAGR since the end of 12th Plan in terms of circuit kilometres added.

The total inter-regional transmission capacity of Country has increased from 75,050 MW at the end of 12th plan to 99,050 MW as on 31 March 2019. During the Financial Year 2018-19, 12,600 MW inter-regional capacity was added.

This augmentation of the national grid will help promote competition and enable merit order dispatch of generation leading to lower cost of power for consumers. This is also essential for supporting higher injection of renewables into the grid for transfer of power from RE-rich states to other states. This large-scale integration of renewable energy along-with other factors such as increasing power generation capacity and reforms in fuel sector is slated to increase the demand for transmission capacity significantly in the coming years.

**Distribution**

Distribution is the key link to realize the Government of India's vision of supplying reliable 24x7 Power for All. For this, the distribution companies need to be healthy to be able to discharge their functions & responsibilities efficiently.

To improve the distribution segment's performance, Government of India launched a comprehensive power sector reform scheme, Ujwal Discom Assurance Yojana (UDAY) on 5 November 2015 for operational and financial turnaround of Discoms. The Average Cost of Supply (ACS) and Average Revenue Realised (ARR) gap has reduced from ₹ 0.59 per kWh in 2016 to ₹ 0.24 per kWh by May 2019 and AT&C have also reduced to 18.37%. The proposed amendments in Tariff Policy include several distribution related changes to address the sustainability issues of distribution sector, such as:

- Time-based service level agreements for service to end-consumers and penalties for non-technical outages.
- Discoms to assure adequate tie-up of capacities to enable them to meet their power requirements.
- Subsidy to be given by way of Direct Benefit Transfer directly into consumer accounts and cross subsidy charges for open access are to be brought within 20% of the average cost of supply.
- Electricity supply to be made pre-paid with 100% metering of consumers.
- Regulations by appropriate commissions to make open

access information transparent, applications handling time-bound and CSS payable for maximum period of 1 year.

**Power Trading**

In India, power is transacted largely through long-term Power Purchase Agreements (PPA) entered into between Generating Companies and the Distribution utilities. A small portion is transacted through various short-term mechanisms like bilateral transactions through licensees, Day-ahead transactions through power exchanges and real time balancing market mechanism (i.e. Deviation Settlement Mechanism).

In the year 2018-19, around 88% of power generated in the Country was transacted through the long-term PPA route and about 12% of the power was transacted through short-term trading mechanisms. Short-term electricity transaction in the current Financial Year increased to 145 BU, as compared to 128 BU in the previous year, registering about 14% growth.

(Source: Central Electricity Regulatory Commission)

**Key Initiatives/Reforms & Regulatory Changes in Power Sector**

1. Flexibility in Generation and Scheduling of Thermal Power Stations: Government of India through its various policy interventions has been trying to enhance flexibility in thermal power generation in order to enable growth in RE. Subsequent to introduction of 'Flexibility in utilization of domestic coal for reducing the cost of power generation' in 2016-17, two more policies – (i) 'Flexibility in generation & scheduling of thermal power stations to reduce emissions' by partially replacing thermal power with cheaper renewable power and (ii) 'Flexibility in generation and scheduling of thermal power stations to reduce the cost of power to the consumer' through National Merit Order, have been introduced in 2018-19. These policies will help in reducing cost of power.

2. Renewable Purchase Obligation (RPO) targets: Ministry of Power in consultation with MNRE has notified trajectory to achieve 21% RPO target by the Financial Year 2021-22, comprising of 10.5% Solar and 10.5% Non-Solar renewables. SERCs may consider to notify RPO for their respective states in line with notification by MOP. To achieve the RPO trajectory, Country will need to enhance its renewable assets.

3. Hydro as renewable power: To promote hydropower in the Country, large hydro projects having capacity more than 25 MW have also been declared as Renewable Energy Source and similar to RPO targets, HPO (Hydro Power Obligations) targets would also be notified by MOP.

   GoI has in-principle agreed to provide budgetary support for flood moderation, enabling infrastructures like road and bridges.

4. Regulatory certainty regarding new environment norms:GoI has directed CERC for providing regulatory certainty to thermal power plants regarding recovery of cost involved in meeting new environment norms. CERC in its Tariff Regulations, 2019 has provisioned for supplementary tariff towards implementation of revised emission standards.

5. Changes proposed in Electricity Act: GoI has initiated the process to amend the Electricity Act with the objectives such as ensuring availability of electricity to all consumers, optimal utilisation of fossil & non-fossil resources, separation of distribution & supply functions, promote smart grid, ancillary support and decentralised distributed generation.

   For ensuring power supply to all, the distribution licensee or supply licensee, are proposed to have obligation to supply 24x7 power to their consumers and any subsidy to any category of consumer is proposed to be implemented through Direct Benefit Transfer.

6. National Wind Solar Hybrid Policy: MNRE has released National Wind Solar Hybrid Policy to promote large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability.

7. Import/Export (Cross Border) of Electricity: MoP has issued Guidelines for Import/Export (Cross Border) of Electricity in the current Financial Year with following key objectives:

   - Facilitate trade of electricity between India and neighbouring countries;
   - Evolve a dynamic and robust electricity infrastructure for trade of electricity;
   - Promote transparency, consistency and predictability in regulatory mechanism pertaining to trade of electricity in the Country;
   - Reliable grid operation and transmission of electricity for trade

All these reform initiatives and regulatory changes will open up opportunities for your Company and across the Indian Power Sector.

**SWOT ANALYSIS**

**Strength/ Opportunity:**

The Company is planning to set up 5X800 MW coal based thermal power project at Patratu in Distt. Ramgarh Jharkhand. NTPC Limited, one of the Promoter Company, is providing engineering and management expertise from planning to commissioning and operating of the power plant. The other promoter Jharkhand Bijli Vitran Nigam Limited is also the beneficiary of the project. The captive coal block has been allocated to the Company for end use of Patratu expansion.

With NTPC's substantial experience in implementation & operation of power plants and with the support of JBVNL, the Company foresees timely completion of the project.

**Weakness/Threats:**

The EPC vendor has taken the contract on condition that they will arrange land for their infrastructural facilities like storage of project construction materials. Presently, they are facing difficulties in arranging land. Your Company has allocated 42 Acres land to the EPC Vendor, BHEL from Ash Dyke area on lease rent basis for 02 years tenure with a Bank Guarantee lodged with PVUN for vacating the land with due notice from PVUNL to overcome the crisis. Further, some delay has occurred due to non-finalisation of order of Air Cooled Condenser by BHEL, which can be arrested with stepped up manufacturing & supply of the same once ordered. Also due to some delay in removal of High Voltage (HV) lines (132 KV/220 KV) from new project area, Work progress /schedule is slightly getting hampered , but work of removal is going on in full swing.

**RISK, CONCERNS AND THEIR MANAGEMENT**

In the Company, JBVNL has cashless equity. In the event of exhaustion of JBVNL cashless equity, both the promoters shall mutually discuss for the modalities of funding requirement of the Company.

**INTERNAL CONTROL**

The Company has adequate internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The financial statements are prepared in accordance with generally accepted accounting principles in India, accounting standards notified under Companies (Accounting Standards) Rules, 2006, read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs, the Companies Act, 2013 (to the extent notified and applicable) and the provisions of the Electricity Act, 2003 to the extent applicable from time to time and as per the guidelines issued from NTPC Limited.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants. Further, in order to strengthen the internal control mechanism in the Company, your Company has implemented ERP System in all modules and it is helping the Company in retrieving data and maintaining systematic backup.

Time to time safety audits by internal team as well as external team also do take place to keep a strict vigil on construction process & methodology apart from deployment of adequate Safety equipments & manpower following defined safety system with strong safety culture.

**PERFORMANCE DURING THE YEAR**

**Operational Performance**

The existing plant has been shut down with effect from 24th January, 2017. Hence, there has been no generation of electricity during the year.

**Financial Performance**

**Overview**

The financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956 and the provisions of the Electricity Act, 2003 to the extent applicable. The Accounts of the Company for the year ended 31st March, 2019 have been audited by the Statutory Auditors and Comptroller & Auditor General of India (C&AG) have also conducted the supplementary audit of the financial statements for the period from 1st April, 2018 to 31st March, 2019. Comptroller & Auditor General of India (C&AG) issued NIL comment for their supplementary audit of the financial statements for the period from 1st April, 2018 to 31st March, 2019. The accounting policies adopted by the Company and the estimates and judgements relating to the financial statements have been made on prudent basis and in accordance with the applicable Accounting Standards.

**Revenue from Operations**

As the existing plant has been shut down with effect from 24th January, 2017, there has been no generation of electricity during the year 2018-19. No revenue is attributable to generation for the year 2018-19.

However, expense of Rs. 137.65 Lakh has been recognized in the Profit and Loss Statement for the year 2018-19 which includes an amount of Rs.129.00 Lakh accounted for as provision based on reconciliation of energy dues with the beneficiary.

**Share Capital**

The paid up Equity share capital as on 31st March, 2019 was Rs. 316.38 Crore with the promoters NTPC and JBVNL holding equity of Rs. 234.12 Crore and Rs. 82.26 Crore respectively.

**Borrowings**

Financial closure of the 3X800 MW project of your Company has been achieved by tying up the entire debt requirement of Rs. 14,000 Crore with REC Ltd. (REC) and a loan agreement was executed for the same on 13th November, 2017. During this Financial Year, loan of Rs. 540 Crore (Previous year Rs. 80 Crore) was drawn for meeting the expenditure of the project. The cumulative loan drawn from REC as on 31st March 2019 is Rs. 620 Crore.

Your Company has also availed loan of Rs. 50 Crore from NTPC out of which Rs. 8.25 Crore was repaid in the year 2017-18. During the year 2018-19, repayment of Rs. 34.75 Crore has been made and the loan balance appearing in books as on 31st March, 2019 is Rs. 7.00 Crore which was to be repaid by 30th September, 2019 as per terms of the loan agreement. However, the Company has made full and final payment of NTPC loan on 18th May, 2019.

Further, as per terms of the SJVA, the value of the land transferred i.e. Rs. 812.94 Crore has been considered as interest bearing 'Deemed Loan'. This amount along with accrued interest is being utilized for allotment of shares to JBVNL on proportionate basis corresponding to the equity infusion by NTPC from time to time. The amount of Deemed Loan outstanding including accrued interest after allotment of shares to JBVNL as on 31st March, 2019 is Rs. 832.36 Crore.

**HUMAN RESOURCE**

As on 31.3.2019, total 96 nos. executives and 2 nos. non-executives were on secondment basis from NTPC and 11 nos. JUUNL employees were posted on deputation basis in the Company.

The Company is paying adequate perks and also making employees part of profit sharing by giving Performance Related Payment. They are being imparted training for their professional upgradation from time to time as an endeavour of your Company to become a learning organisation.

Safe methods are practised in all areas of Operation & Maintenance and Construction & erection activities for the protection of workers against injury and diseases. Occupational safety at workplace is given utmost importance with Advanced Cardiac Life Support ambulance in place and Health Centres both within & outside project area are operational since beginning of project to cater to employees & contract labourers alike.

**OUTLOOK**

The Company's outlook appears to be good, keeping in view of the shortage of power available in the Country.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis, describing objectives, projections and estimates, are forward-looking statements and progressive, within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

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

**(S. K.Roy)**
**CHAIRMAN**
**DIN :07940997**

**Place: New Delhi**
**Date: July 31, 2019**

Annexure-II to Directors' Report

## SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To,

The Members,

Patratu Vidyut Utpadan Nigam Limited.

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by Patratu Vidyut Utpadan Nigam Limited (hereinafter called PVUN/the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the PVUN's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by PVUN for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not Applicable**

(iii) The Depositories Act, 1996 and the Regulations' and Bye-laws framed thereunder; **Not Applicable**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct investment, Overseas Direct investment and External Commercial Borrowings; **Not Applicable**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011; Not Applicable

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable

(d) The SEBI (Share Based Employee Benefits) Regulations, 2014; Not Applicable

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer

Agents} Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998; **Not Applicable**

(vi) Compliances/ processes/ systems under other applicable Laws to the Company are not being verified by us.

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

(a) Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India- Generally complied, with

(b) Securities & Exchange. Board of India (Listings Obligation, and Disclosure Requirements) Regulations, 2015. Not Applicable.

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

**Observation:** Non-compliance of sub Section 1 of Section 149 of Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the composition of Board was not as per requirements for the period from 1st April, 2018 to 22nd August, 2018, due to absence of women Director on the board.

**We further report that** the Board of Directors of the Company is duly constituted, except absence of women Director for the period from 1st April, 2018 to 22nd August, 2018 as indicated above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the Board Meetings were carried out with unanimous consent of all the Directors/Members present during the meeting and dissent, if any, have been duly incorporated in the Minutes.

**We further report that** the Company has adequate systems and processes within the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

**For Agarwal S. & Associates,**
**Compony Secretaries,**
**ICSI Unique Code: P2003DE049100**

**CS Anuradha Jain**
**Partner**
**ACS No. : 36639**
**C.P No. : 14180**

**Place: New Delhi**
**Date: 06.07.2019**

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

**Annexure A**

**To,**

**The Members,**

**Patratu Vidyut Utpadan Nigam Limited**

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

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

**For Agarwal S. & Associates,**
**Compony Secretaries,**
**ICSI Unique Code: P2003DE049100**

**CS Anuradha Jain**
**Partner**
**ACS No. : 36639**
**C.P No. : 14180**

**Place: New Delhi**
**Date: 06.07.2019**

Annexure – III to Directors' Report

# Form No. MGT-9

Extract of Annual Return

as on the Financial Year ended on March 31, 2019

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

## I. REGISTRATION AND OTHER DETAILS:

| | | | |
|---|---|---|---|
| i) | CIN | : | U40300DL2015GOI286533 |
| ii) | Registration Date | : | October 15, 2015 |
| iii) | Name of the Company | : | Patratu Vidyut Utpadan Nigam Limited |
| iv) | Category / Sub-Category of the Company | : | Company Limited by shares/Public Limited Company |
| v) | Address of the Registered office and contact details | : | NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003<br>Ph. 0655-3286031 (Patratu) |
| vi) | Whether listed Company Yes / No | : | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Not Applicable |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products/Services | NIC code of the Product/service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Electricity Power Generation by coal based power plant | 35102 | N.A. |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | NTPC Limited<br>NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | L40101DL1975GOI007966 | Holding | 74 | 2 (46) |

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

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a)Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b)Central Govt. | - | - | - | - | - | - | - | - | - |
| c)State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d)Bodies Corp. | | | | | | | | | |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| **(NTPC Limited) (Including Nominee Shareholders)** | - | 9,21,24,000 | 9,21,24,000 | 74 | - | 23,41,24,000 | 23,41,24,000 | 74 | - |
| **Jharkhand Bijli Vitran Nigam Limited (Including Nominee Shareholder)** | - | 3,23,67,880 | 3,23,67,880 | 26 | - | 8,22,59,772 | 8,22,59,772 | 26 | - |
| e)Banks/FI | - | - | - | - | - | | | - | - |
| f) Any Other... | - | - | - | - | - | | | - | - |
| **Sub-total (A) (1):-** | - | 12,44,91,880 | 12,44,91,880 | 100 | - | 31,63,83,772 | 31,63,83,772 | 100 | - |
| **(2) Foreign** | | | | | | | | | |
| a)NRIs- individuals | - | - | - | - | - | - | - | - | - |
| b)Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other.... | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) = (A)(1) + A(2)** | - | **12,44,91,880** | **12,44,91,880** | **100** | - | **31,63,83,772** | **31,63,83,772** | **100** | - |
| **B. Public Shareholding** | | | | | | | | | |
| **1.Institutions** | | | | | | | | | |
| a)Mutual Funds | - | - | - | - | - | - | - | - | - |
| b)Banks/FI | - | - | - | - | - | - | - | - | - |
| c)Central Govt. | - | - | - | - | - | - | - | - | - |
| d)State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e)Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f)Insurance Companies | - | - | - | - | - | - | - | - | - |
| g)FIIs | - | - | - | - | - | - | - | - | - |
| h)Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1):-** | - | - | - | - | - | - | - | - | - |
| **2.Non-institutions** | | | | | | | | | |
| a)Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b)Individuals | | | | | | | | | |
| i)Individual Shareholders holding nominal share capital upto Rs. 1 Lakh | - | - | - | - | - | - | - | - | - |
| ii) Individuals | | | | | | | | | |
| shareholders holding nominal share capital in excess of Rs. 1 Lakh | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| c)Others(specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (2):-** | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | - | 12,44,91,880 | 12,44,91,880 | 100 | - | 31,63,83,772 | 31,63,83,772 | 100 | - |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | % change in the shareholding during the year |
| 1. | NTPC Limited (Including Nominee Shareholders) | 9,21,24000 | 74 | - | 23,41,24,000 | 74 | - | - |
| 2. | Jharkhand BijliVitran Nigam Limited (Including Nominee Shareholders) | 3,23,67,880 | 26 | - | 8,22,59,772 | 26 | - | - |

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

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 12,44,91,880 | 100% | 12,44,91,880 | 100% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) : | Note-I | | | |
| | At the End of the year | 31,63,83,772 | 100% | 31,63,83,772 | 100% |

**Note-I Details of Date wise Increase/Decrease in Promoters Shareholding during the year along with reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)**

| Sl. No. | Name | Shareholding at the beginning of the year | | Increase/Decrease during the year | | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | Date | Increase/ (Decrease) -No. of Shares | Reason | No. of shares | % of total shares of the Company |
| 1. | (NTPC Limited) (Including Nominee Shareholders) | 9,21,24,000 | 74 | - | - | - | 9,21,24,000 | 74 |
| | | | | 21.05.2018 | 3,20,00,000 | Allotment-Right Issue | 12,41,24,000 | 74 |
| | | | | 11.03.2019 | 11,00,00,000 | Allotment-Right Issue | 23,41,24,000 | 74 |
| 2. | Jharkhand Bijli Vitran Nigam Limited (Including Nominee Shareholder) | 3,23,67,880 | 26 | - | - | - | 3,23,67,880 | 26 |
| | | | | 21.05.2018 | 1,12,43,200 | Allotment-Right Issue | 4,36,11,080 | 26 |
| | | | | 11.03.2019 | 3,86,48,692 | Allotment-Right Issue | 8,22,59,772 | 26 |
| **Total** | | **12,44,91,880** | **100%** | | **19,18,91,892** | | **31,63,83,772 (Cumulative at the end)** | **100 (Cumulative at the end)** |

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

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

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl No. | | Shareholding at the beginning of the year | | Transaction during the year | | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|
| | For each of the Directors and KMP | No. of shares | % of total shares of the Company | Date | Increase/ decrease in shareholding | Reason | No. of shares | % of total shares of the Company |
| 1. | Shri Saptarshi Roy* | 100 | - | 18.7.2018 | 100 | Transfer out | - | - |
| 2. | Shri S. K. Roy | 100 | - | - | - | - | 100 | - |
| 3. | Shri P. K. Mohapatra** | 100 | - | 21.5.2018 | 100 | Transfer out | - | - |
| 4. | Shri G. Venu^ | - | - | 21.5.2018 | 100 | Transfer in | 100 | - |
| | | | | 23.8.2018 | 100 | Transfer out | - | - |
| 5. | Shri T. R. Datta^^ | - | - | 18.7.2018 | 100 | Transfer in | 100 | - |
| 6. | Mrs. Sangeeta Bhatia^^^ | - | - | 23.8.2018 | 100 | Transfer in | 100 | - |

* ceased w.e.f. 25th June, 2018
**ceased w.e.f. 30th April, 2018
^appointed w.e.f. 21st May, 2018 and ceased w.e.f. 21st August, 2018
^^appointed w.e.f. 18th July, 2018
^^^ appointed w.e.f. 23rd August, 2018

## V. INDEBTEDNESS

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

(Amount in Rs. Lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the Financial Year** | | | | |
| i) Principal Amount | 12175.00 | 79434.82 | - | 91609.82 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.69 | - | - | 0.69 |
| **Total (i + ii + iii)** | **12175.69** | **79434.82** | - | **91610.51** |
| **Change in Indebtedness during the Financial Year** | | | | |
| • Addition | 54000.00 | 7665.65 | - | 61665.65 |
| • Reduction | 3475.69 | 3864.86 | - | 7340.55 |
| **Net Change** | **50524.31** | **3800.79** | - | **54325.10** |
| **Indebtedness at the end of the Financial Year** | | | | |
| i) Principal amount | 62700.00 | 83235.61 | - | 145935.61 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total ( i + ii + iii)** | **62700.00** | **83235.61** | - | **145935.61** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: No such position is there**

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

**B. Remuneration to other directors:**

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| 1. | 1. Independent Directors<br>• Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify | - | - | - | - | - |
| | Total (1) | | | | | |

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

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | |
|---|---|---|---|---|---|---|
| | **Remuneration details of KMP, PVUN** | **CEO** | | | | |
| | | **Sh. A. K. Sinha*** | **Sh. Sudarsan Chakrabarti**** | **Company Secretary (Shri Sipan K. Garg) ***** | **CFO (Shri A. K. Acharya) ***** | **Total** |
| 1. | Gross Salary | - | - | - | - | - |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961 | 2692419 | 4210796 | 3792757 | 6606326 | 17302298 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | 133748 | 44270 | 263505 | 120456 | 561979 |
| | (c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961 | - | - | | - | - |
| 2. | Stock Option | - | - | | - | - |
| 3. | Sweat Equity | - | - | | - | - |
| 4. | Commission - as % of profit<br>- others, specify... | - | - | | - | - |
| 5. | Others, please specify<br>Rent towards accommodation, medical expenses etc. | - | - | | - | - |
| | **Total** | **2826167** | **4255066** | **4056262** | **6726782** | **17864277** |

*From 01/04/2018 to 25/07/2018
** From 02/08/2018 to 31/03/2019
***From 01/04/2018 to 31/03/2019

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

| Type | Section of the Companies Act | Brief description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / COURT) | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| There were no penalties/punishment/compounding of offences for breach of any Section of the Companies Act against the Company or its Directors or other officers in default, if any, during the year. | | | | | |

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

**(S. K. Roy)**
**CHAIRMAN**
**DIN :07940997**

**Place: New Delhi**
**Date: July 31, 2019**

# BALANCE SHEET AS AT 31st MARCH 2019

₹ Lakh

| Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant & equipment | 2 | **81,916.53** | 81,632.32 |
| Capital work-in-progress | 3 | **59,653.38** | 25,961.85 |
| Intangible assets | 4 | **11.67** | 9.81 |
| Other non-current assets | 5 | **40,589.18** | 45.29 |
| **Total non-current assets** | | **182,170.76** | 107,649.27 |
| **Current assets** | | | |
| Inventories | 6 | **334.00** | 335.07 |
| Financial assets | | | |
| Trade receivables | 7 | **8,197.88** | 13,286.60 |
| Cash and cash equivalent | 8 | **44.49** | 407.04 |
| Bank balances other than cash and cash equivalent | 9 | **6,776.86** | 868.57 |
| **Other Financial Asset** | 10 | **17.76** | - |
| **Other current assets** | 11 | **16,104.78** | **18,551.53** |
| **Total current assets** | | **31,475.77** | **33,448.81** |
| **TOTAL ASSETS** | | **213,646.53** | 141,098.08 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 12 | **31,638.38** | 12,449.19 |
| Other equity | 13 | **(142.52)** | 4,319.45 |
| **Total equity** | | **31,495.86** | 16,768.64 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 14 | **145,235.61** | 87,434.82 |
| Trade Payable: | 15 | | |
| **Total Outstanding to MSME** | | **-** | - |
| **Total Outstanding to Creditor other than MSME** | | **3.66** | - |
| Other Financial Liabilities | 16 | **2068.79** | 5.24 |
| **Total non-current liabilities** | | **147,308.06** | 87,440.06 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables: | 17 | | |
| Total Outstanding to MSME | | **5.12** | 2.47 |
| Total Outstanding to Creditor other than MSME | | **6,801.71** | 11,852.48 |
| Other financial liabilities | 18 | **9,456.98** | 7,036.60 |
| Other current liabilities | 19 | **18,578.80** | 17,997.83 |
| **Total current liabilities** | | **34,842.61** | 36,889.38 |
| **TOTAL EQUITY AND LIABILITIES** | | **213,646.53** | 141,098.08 |
| Significant accounting policies | 1 | | |

**The accompanying notes 1 to 44 form an integral part of these financial statements.**

**(Sipan K Garg)**
Company Secretary

**(A K Acharya)**
Chief Financial Officer

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

**( S Chakrabarti)**
Chief Executive Officer

**(T R Datta)**
Director

**(Sangeeta Bhatia)**
Director

This is the Balance Sheet referred to in our report of even date
For Rajesh Srivastava & Co,
Chartered Accountants
Firm Reg. No 012000C

( Rajesh Srivastava)
Partner
M No.. 074792

**Place : Ranchi**
**Dated : 10.05.2019**

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

₹ Lakh

| Particulars | Note No. | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 20 | - | (53.34) |
| Other income | 21 | - | 0.19 |
| **Total revenue** | | - | (53.15) |
| **Expenses** | | | |
| Fuel | | - | 212.62 |
| Employee benefits expense | 22 | - | 200.42 |
| Finance costs | 23 | - | (383.26) |
| Depreciation and amortization expense | 24 | - | - |
| Other expenses | 25 | **137.65** | (78.73) |
| **Total expenses** | | **137.65** | (48.95) |
| **Profit before tax** | | **(137.65)** | (4.20) |
| **Tax expense** | | | |
| Current tax | | - | - |
| | | - | |
| Deferred tax | | - | (6.75) |
| **Total tax expense** | | - | (6.75) |
| **Profit for the year** | | **(137.65)** | 2.55 |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income for the year** | | **(137.65)** | 2.55 |
| Significant accounting policies | 1 | | |
| Expenditure during construction period (net) | 26 | | |
| **Earnings per equity share (Par value ₹ 10/- each)** | | | |
| **Basic and diluted (₹)** | 36 | **(0.08)** | 0.00 |

**The accompanying notes 1 to 44 form an integral part of these financial statements.**

**(Sipan K Garg)**
Company Secretary

**(A K Acharya)**
Chief Financial Officer

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

**( S Chakrabarti)**
Chief Executive Officer

**(T R Datta)**
Director

**(Sangeeta Bhatia)**
Director

This is the Statement of Profit & Loss referred to in our report of even date
For Rajesh Srivastava & Co,
Chartered Accountants
Firm Reg. No 012000C

( Rajesh Srivastava)
Partner
M No.. 074792

**Place : Ranchi**
**Dated : 10.05.2019**

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st, 2019

₹ Lakh

| | | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|---|
| A | **Cash flows from operating activities** | | |
| | **Profit before tax** | **(137.65)** | (4.20) |
| | Adjustments for: | | |
| | **Depreciation and amortization** | **177.11** | 112.14 |
| | Interest income on fixed deposits | **(98.61)** | (39.35) |
| | Interest expense | **10907.82** | 2491.37 |
| | **Operating Profit before working capital changes** | **10,848.67** | 2,559.96 |
| | **Adjustments for increase/(decrease) in operating liabilities:** | | |
| | Trade payables | **(5044.46)** | 882.52 |
| | Other Non- current financial liabilities | **2063.55** | 5.24 |
| | Other current financial liabilities | **2420.38** | (5309.19) |
| | Other current liabilities | **580.97** | (598.73) |
| | **Adjustments for (increase)/decrease in operating assets:** | | |
| | Other non-current assets | **(40543.89)** | 32.87 |
| | Inventories | **1.07** | 2919.70 |
| | Trade receivables | **5088.72** | 1954.74 |
| | Other current assets | **(3479.30)** | (853.13) |
| | **Net cash generated from operations** | **(28,064.29)** | 1,593.98 |
| | Less: Taxes paid, net of refund | - | - |
| | **Net cash from operating activities (A)** | **(28,064.29)** | 1,593.98 |
| B | **Cash flows from investing activities** | | |
| | Purchase of property, plant and equipment | **(454.14)** | (294.00) |
| | Purchase of Intangible assets | **(9.04)** | (11.97) |
| | Capital work in progress | **(33,691.53)** | (12,937.93) |
| | Interest income on fixed deposits | **98.61** | 39.35 |
| | **Net cash from investing activities (B)** | **(34,056.10)** | (13,204.55) |
| C | **Cash flows from financing activities** | | |
| | Equity Capital Received | **11,000.00** | 7,842.85 |
| | Borrowing | **54,000.00** | 4,337.18 |
| | Interest paid | **(3242.16)** | (475.56) |
| | **Net cash from/ (used in) financing activities (C)** | **61,757.84** | 11,704.47 |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | | **(362.55)** | 93.90 |
| **Cash and cash equivalents at the beginning of the year** | | **407.04** | 313.14 |
| **Cash and cash equivalents at the end of the year** | | **44.49** | 407.04 |

**Notes:**

a) The cash flow has been prepared under the indirect method as set out in Ind AS 7 Cash Flow Statements.

b) Amounts in brackets represent a cash outflow or a loss.

c) Components of cash and cash equivalents included under cash and bank balances (note 8) are as under:

| | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| Cash and cash equivalents (Note 8) | | |
| Balances with banks | | |
| - In current account | 44.04 | 266.66 |
| - Cheques & Draft on hand | 0.45 | 4.04 |
| -Deposits with original maturity of up to 3 months | - | 136.34 |
| **Total** | **44.49** | **407.04** |

d) Refer note no. 27 and 29, the Company accounted 'Assets held for Disposal' which has been transferred by GoJ, of which consideration was payble on realisation, net of dismantling cost etc. and acquired land from GOJ of which consideration accounted as Deemed Loan as per Transfer Scheme, accordingly these transaction were considered as Non Cash Transaction. Further, to the extent deemed loan utilised for raising share application money and allotment of Equity has also been considered as Non Cash Transaction.

**The accompanying notes 1 to 44 form an integral part of these financial statements.**

(Sipan K Garg)
Company Secretary

(A K Acharya)
Chief Financial Officer

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

( S Chakrabarti)
Chief Executive Officer

(T R Datta)
Director

(Sangeeta Bhatia)
Director

This is the Cash Flow Statement referred to in our report of even date
For Rajesh Srivastava & Co,
Chartered Accountants
Firm Reg. No 012000C

( Rajesh Srivastava)
Partner
M No.. 074792

**Place : Ranchi**
**Dated : 10.05.2019**

# STATEMENT OF CHANGES IN EQUITY

**(A) Equity share capital**

| | |
|---|---|
| **For the year ended 31st March 2019** | **₹ Lakh** |
| Balance as at 1st April 2018 | **12,449.19** |
| Changes in equity share capital during the year | **19,189.19** |
| **Balance as at 31st March 2019** | **31,638.38** |
| For the year ended 31st March 2018 | ₹ Lakh |
| Balance as at 1st April 2017 | 10.00 |
| Changes in equity share capital during the year | 12,439.19 |
| Balance as at 31st March 2018 | 12,449.19 |

**(B) Other equity**

**For the year ended 31 March 2019**

₹ Lakh

| | Share Application Money | Reserve & Surplus | | Total |
|---|---|---|---|---|
| | | Other comprehensive | Retained Earning | |
| Balance as at 1st April 2018 | 4,324.32 | - | (4.87) | **4,319.45** |
| **Addition during the year** | | | | |
| Profit during the year | | | (137.65) | **(137.65)** |
| Other comprehensive income | | - | | - |
| **Total** | 4,324.32 | - | (142.52) | **4,181.80** |
| Share Application Money received | 14,864.87 | - | - | **14,864.87** |
| Less: Utilised for Allotment of Equity Share | 19,189.19 | - | - | **19,189.19** |
| **Balance as at 31st March 2019** | - | - | (142.52) | **(142.52)** |

**For the year ended 31 March 2018**

₹ Lakh

| | Share Application Money | Reserve & Surplus | | Total |
|---|---|---|---|---|
| | | Other comprehensive income | Retained Earning | |
| Balance as at 1st April 2017 | 4,662.16 | - | (7.42) | 4,654.74 |
| Addition during the year | | | | |
| Profit during the year | | | 2.55 | 2.55 |
| Other comprehensive income | | - | | - |
| Total | 4,662.16 | - | (4.87) | 4,657.29 |
| Share Application Money received | 12,101.35 | - | - | 12,101.35 |
| Less: Utilised for Allotment of Equity Share | 12,439.19 | - | - | 12,439.19 |
| Balance as at 31st March 2018 | 4,324.32 | - | (4.87) | 4,319.45 |

**The accompanying notes 1 to 44 form an integral part of these financial statements.**

(Sipan K Garg)
Company Secretary

(A K Acharya)
Chief Financial Officer

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

( S Chakrabarti)
Chief Executive Officer

(T R Datta)
Director

(Sangeeta Bhatia)
Director

This is the Statement of Changes in Equity referred to in our report of even date
For Rajesh Srivastava & Co,
Chartered Accountants
Firm Reg. No 012000C

( Rajesh Srivastava)
Partner
M No.. 074792

**Place : Ranchi**
**Dated : 10.05.2019**

# Note 1: Significant Accounting Policies

## Company Information and Significant Accounting Policies

Reporting entity

Patratu Vidyut Utpadan Nigam Limited is a Company incorporated in India on 15th Oct., 2015 (CIN:U40300DL2015GOI286533). The Company is a public limited company limited by shares and is a subsidiary of the NTPC Limited. The Company's registered office is NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi - 110003. The Government of Jharkhand (GoJ) desirous of capacity expansion in the State of Jharkhand, accordingly, a Joint Venture agreement with the NTPC Limited and Jharkhand Bijli Vitran Nigam Limited was executed where by NTPC Limited and JBVNL are holding 74% and 26% equity shares issued by the Company. The Company is primarily engaged in setting up a new power project of 3 x 800 MW capacity at Patratu, Dist. Ramgarh for generation of the electricity and coal mining at Banhardih Dist. Latehar.

### A Basis of preparation

### 1. Statement of Compliance

These standalone financial statements are prepared on going concern basis following accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These financial statements were authorized for issue by the Board of Directors on10th May, 2019.

### 2. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy regarding financial instruments)

The methods used to measure fair values are discussed in notes to the financial statements.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakh(upto two decimals), except as stated otherwise.

### 4. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

### B Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

The Company has elected to utilize the option under Ind AS 101 by not applying the provisions of Ind AS 16& Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS i.e. 1 April 2015. Therefore, the carrying amount of property, plant and equipment and intangible assets as per the previous GAAP as at 1 April 2015, i.e; the Company's date of transition to Ind AS, were maintained on transition to Ind AS.

### 1. Property, plant and equipment

#### 1.1. Initial recognition and measurement

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

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.

Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

**1.2. Subsequent costs**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalized, when it meets the asset recognition criteria.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**1.3. Decommissioning costs**

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**1.4. De-recognition**

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined by comparing the proceeds from disposal, if any, with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

**1.5. Depreciation/amortization**

Depreciation is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on the assets of the generation of electricity business and on the assets of Corporate & other offices is charged on straight-line method following the rates and methodology notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

Depreciation on the assets of the coal mining and consultancy business is charged on straight-line method following the useful life specified in Schedule II of the Companies Act, 2013 except for the assets referred in policy no. B.5.

Depreciation on the following assets is provided on their estimated useful life ascertained on technical evaluation:

| | |
|---|---|
| a) Kutcha roads | 2 years |
| b) Enabling works | |
| - residential buildings | 15 years |
| - internal electrification of residential buildings | 10 years |
| - non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips. | 5 years |
| c) Personal computers & laptops including peripherals | 3 years |
| d) Photocopiers, fax machines, water coolers and refrigerators | 5 years |
| e) Temporary erections including wooden structures | 1 year |
| f) Telephone exchange | 15 years |
| g) Wireless systems, VSAT equipments, display devices viz. projectors, screens, CCTV, audio video conferencing systems and other communication equipments | 6 years |
| h) Energy saving electrical appliances and fittings | 2-7 years |

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

Major overhaul and inspection costs which have been capitalized are depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier.

Leasehold land and buildings relating to generation of electricity business are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

Leasehold land and buildings relating to corporate and other offices are fully amortized over lease period or twenty-five years whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

Land acquired for mining business under Coal Bearing Areas (Acquisition & Development) Act, 1957 is amortized on the basis of balance useful life of the project. Other leasehold land acquired for mining business is amortized over the lease period or balance life of the project whichever is less.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.

Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long-term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is charged off prospectively over the remaining useful life determined following the applicable accounting policies relating to depreciation/ amortization.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

The residual values, useful lives and method of depreciation of assets other than the assets of generation of electricity business are reviewed at each financial year end and adjusted prospectively, wherever required.

**2. Capital work-in-progress**

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

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

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

**3. Intangible assets and intangible assets under development**

**3.1. Initial recognition and measurement**

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

**3.2. Subsequent costs:**

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

**3.3. De-recognition**

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains & losses on de-recognition of an item of intangible assets are determined by comparing the proceeds from disposal, if any, with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

**3.4. Amortization**

Cost of software recognized as intangible asset, is amortized on straight-line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight-line method over the period of legal right to use or life of the related plant, whichever is less.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end.

**4. Exploration for and evaluation of mineral resources**

**Coal mining exploration costs**

Exploration and evaluation costs comprise capitalized costs which are attributable to the search for coal, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter-alia the following:

- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies;
- exploratory drilling, trenching and sampling;
- determining & examining the volume and grade of the resource; and
- surveying transportation and infrastructure requirements.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as exploration and evaluation assets (intangible assets under development) and stated at cost less impairment. Exploration and evaluation assets are assessed for impairment indicators at least annually.

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

**5. Development expenditure on coal mines**

Once proved reserves are determined and development of mines/project is sanctioned, exploration and evaluation assets are transferred to 'Development of coal mines' under Capital work-in-progress. However, if proved reserves are not determined, the exploration and evaluation costs are derecognized.

The development expenditure capitalized is net of value of coal extracted during development phase.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/ producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Mines under development are capitalised on occurrence of earliest of the following milestones except when commercial readiness is stated in the project report:

a) From the beginning of the financial year immediately after the year in which the project achieves physical output of 25% of rated capacity as per approved project report; or

b) From the beginning of the financial year in which the value of production is more than total expenses; or

c) 2 years of touching of coal.

On being brought to revenue, the assets under capital work-in-progress are reclassified as a component of property,plant and equipment under 'Mining property'.

Gains and losses on de-recognition of tangible/intangible assets, as referred above, are determined by comparing the proceeds from disposal, if any, with the carrying amount of respective assets and are recognized in the statement of profit and loss.

**5.1 Stripping activity expense/adjustment**

Expenditure incurred on removal of mine waste materials(overburden) necessary to extract the coal reserves is referred to as stripping cost. The Company has to incur such expenses over the life of the mine as technically estimated.

Cost of stripping is charged on technically evaluated average stripping ratio at each mine with due adjustment for stripping activity asset and ratio-variance account after the mines are brought to revenue.

Net of the balances of stripping activity asset and ratio variance at the Balance Sheet date is shown as 'Stripping activity adjustment' under the head 'Non-current assets/Non-current provisions' as the case may be.

**5.2 Mines closure, site restoration and decommissioning obligations**

The Company's obligations for land reclamation and decommissioning of structure consist of spending at mines in accordance with the guidelines from Ministry of Coal, Government of India. The Company estimates its obligations for mine closure, site restoration and decommissioning based on the detailed calculation & technical assessment of the amount and timing of future cash spending for the required work and provided for as per approved mine closure plan. The estimate of expenses is escalated for inflation and then discounted at a discount rate that reflect current market assessment of the time value of money and risk, such that the amount of provision reflects the present value of expenditurerequired to settle the obligation.The Company records a corresponding asset under property, plant and equipment associated with the obligation.

The value of the obligation is progressively increased over time as the effect of discounting unwinds and the same is recognized as finance costs.

**5.3 Amortization**

On being brought to revenue, the mines closure, site restoration and decommissioning obligations areamortized over the balance life of the mine. Mining propertyis amortized from the year in which the mine is brought under revenue, in 20 years or life of mine whichever is less.

**6. Borrowing costs**

Borrowing costs consist of (a) interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments' (b) finance charges in respect of finance leases recognized in accordance with Ind AS 17 – 'Leases' and (c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

**7. Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

Steel scrap is valued at estimated realizable value.

**8. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks,cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**9. Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. 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.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

**10. Foreign currency transactions and translation**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the year in which it arises with the exception that exchange differences on long term monetary items related to acquisition of property, plant and equipment recognized upto 31 March 2016 are adjusted to the carrying cost of property, plant and equipment.

Non-monetary items are measured in terms of historical cost in a foreign currency and translated using the exchange rate at the date of the transaction. In case of advance consideration received or paid in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**11. Revenue**

Company's revenues arise from sale of energy and other income. Revenue from other income comprises interest from banks, employees, contractors etc., surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc.

Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18 and Ind AS 11. The details of accounting policies as per Ind AS 18 and Ind AS 11 are disclosed separately if they are different from those under Ind AS 115.

**11.1. Revenue from sale of energy**

Company's revenues arise from sale of energy and other income. Revenue from sale of energy is mostly regulated and governed by the applicable CERC Tariff Regulations under Electricity Act, 2003. Presently revenue from sale of energy is recognized based on the rates & terms and conditions mutually agreed with the beneficiaries.

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

In the comparative period, revenue from the sale of energy is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement, and the amount of revenue can be measured reliably. Revenue from sale of energy is accounted for based on tariff rates as mutually agreed.

**11.2. Other income**

Interest income is recognized, when no significant uncertainty as to measurability or collectability exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

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

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

The interest/surcharge on late payment/overdue trade receivables for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

Interest/surcharge recoverable on advances to suppliers as well as warranty claims wherever there is uncertainty of realization/acceptance are not treated as accrued and are therefore, accounted for on receipt/acceptance.

Dividend income is recognized in profit or loss only when the right to receive is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**12. Employee benefits**

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

The Cost of Employees on deputation from State Government and other Power Generating / Utilities organization for the period of the service rendered in the company are reimbursed and accounted as expenses which are inclusive of provident fund and other terminal benefits.

**13. Other expenses**

Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and voluntary community development are charged to statement of profit and loss in the year incurred.

Expenditure on research is charged to revenue as and when incurred. Expenditure on development is charged to revenue as and when incurred unless it meets the recognition criteria for intangible asset as per Ind AS 38- 'Intangible assets'.

Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearance are charged to statement of profit and loss.

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

Transit and handling losses of coal as per Company's norms are included in cost of coal.

**14. Income tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

**15. Leases**

**15.1 As Lessee**

**Accounting for operating lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

**15.2 As lessor**

At the inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the customer the right to control the use of the underlying asset. Arrangements that do not take the legal form of a lease but convey rights to customers/ suppliers to use an asset in return for a payment or a series of payments are identified as either finance leases or operating leases.

**Accounting for operating leases**

Where the Company determines a long term PPA to be or to contain a lease and where the Company retains the principal risks and rewards of ownership of the power plant, the arrangement is considered an operating lease.

For operating leases, the power plant is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating leases is recognized on a straight line basis over the term of the arrangement unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

16. **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 - 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

17. **Dividends**

Dividends and interim dividends payable to a Company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

18. **Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

19. **Earnings per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

20. **Statement of cash flows**

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of cash flows'.

21. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**21.1. Financial assets**

**Initial recognition and measurement**

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**Subsequent measurement**

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.

(b) Lease receivables under Ind AS 17.

(c) Trade receivables under Ind AS 115.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12month ECL.

**21.2. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

**De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**C Use of estimates and management judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

1. **Formulation of accounting policies**

   The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

2. **Useful life of property, plant and equipment and intangible assets**

   The estimated useful life of property, plant and equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

   Useful life of the assets of the generation of electricity business is determined by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

3. **Recoverable amount of property, plant and equipment and intangible assets**

   The recoverable amount of property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

4. **Revenues**

   The Company records revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Tribunal for Electricity, as per principles enunciated under Ind AS 115. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

5. **Leases not in legal form of lease**

   Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying asset, substance of the transactions including legally enforceable agreements and other significant terms and conditions of the arrangements to conclude whether the arrangement needs the criteria under Appendix C to Ind AS 17.

6. **Assets held for sale**

   Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 - 'Non-current assets held for sale and discontinued operations'. In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

7. **Provisions and contingencies**

   The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, - 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeabledevelopments, this likelihood could alter.

8. **Impairment test of non-financial assets**

   The recoverable amount of investment in joint ventures companies is based on estimates and assumptions regarding in particular the future cash flows associated with the operations of the investee Company. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

9. **Income taxes**

   Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**NOTE NO. 2 TO THE FS -NCA- PROPERTY PLANT & EQUIPMENTS**

**As at 31 March 2019**

₹ Lakh

| Particulars | Gross block | | | | Depreciation/amortisation and impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions | Deductions/ adjustments | **As at 31.03.2019** | Up to 01.04.2018 | For the year | Deductions/ adjustments | **Up to 31.03.2019** | **As at 31.03.2019** | As at 31.03.2018 |
| **TANGIBLE ASSETS** | | | | | | | | | | |
| **Land (Including developmental expenses)** | | | | | | | | | | |
| Freehold | 80904.32 | | - | **80,904.32** | - | - | - | - | **80,904.32** | 80,904.32 |
| **Road, bridge, culverts & helipads** | 20.96 | | - | **20.96** | 0.63 | 3.77 | - | **4.40** | **16.56** | 20.33 |
| **Building** | | | | | | | | | | |
| Freehold | | | - | - | | | - | - | - | - |
| Others | 396.18 | 61.03 | - | **457.21** | 5.16 | 14.73 | - | **19.89** | **437.32** | 391.02 |
| Temporary Erection | 94.57 | 30.01 | - | **124.58** | 55.16 | 69.41 | - | **124.57** | **0.01** | 39.41 |
| **Plant and equipment** | | | | | | | | | | |
| Owned | 6.14 | 16.52 | - | **22.66** | 4.53 | 0.67 | - | **5.20** | **17.46** | 1.61 |
| **Furniture and fixtures** | 133.25 | 85.04 | - | **218.29** | 21.02 | 19.82 | - | **40.84** | **177.45** | 112.23 |
| **Office equipment** | 61.02 | 196.55 | - | **257.57** | 9.70 | 24.80 | - | **34.50** | **223.07** | 51.32 |
| **EDP, WP machines and satcom equipment** | 138.39 | 28.13 | - | **166.52** | 33.19 | 32.80 | - | **65.99** | **100.53** | 105.20 |
| **Vehicles - Owned** | - | 1.74 | - | **1.74** | - | 0.15 | - | **0.15** | **1.59** | - |
| **Communication equipments** | 6.92 | 2.01 | - | **8.93** | 0.04 | 2.37 | - | **2.41** | **6.52** | 6.88 |
| **Hospital exuipments** | | 8.12 | - | **8.12** | - | 0.58 | - | **0.58** | **7.54** | - |
| **Laboartory and workshop equipment** | | 24.99 | - | **24.99** | - | 0.83 | - | **0.83** | **24.16** | - |
| **Total** | 81,761.75 | 454.14 | - | **82,215.89** | 129.43 | 169.93 | - | **299.36** | **81,916.53** | 81,632.32 |

**Depreciation/amortisation of tangible assets for the year is allocated as given below:**

₹ Lakh

| | **2018-19** | 2017-18 |
|---|---|---|
| Charged to statement of profit and loss | - | - |
| Transferred to expenditure during construction period (net) - Note 26 | **163.93** | 107.00 |
| **Total** | **163.93** | 107.00 |

## NOTE NO. 2 TO THE FS -NCA- PROPERTY PLANT & EQUIPMENTS

As at 31 March 2018

₹ **Lakh**

| Particulars | Gross block | | | | Depreciation/amortisation and impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Additions | Deductions/ adjustments | As at 31.03.2018 | Up to 01.04.2017 | For the year | Deductions/ adjustments | Up to 31.03.2018 | As at 31.03.2018 | As at 31.03.2017 |
| TANGIBLE ASSETS | | | | | | | | | | |
| Land (Including developmental expenses) | | | | | | | | | | |
| Freehold | - | 80,904.32 | - | 80,904.32 | - | - | - | - | 80,904.32 | - |
| Road, bridge, culverts & helipads | - | 20.96 | - | 20.96 | - | 0.63 | - | 0.63 | 20.33 | - |
| Building | | | | | | | | | | |
| Freehold | | | - | - | | | - | - | - | - |
| Others | 3.08 | 393.10 | - | 396.18 | 0.23 | 4.93 | - | 5.16 | 391.02 | 2.85 |
| Temporary Erection | | 94.57 | - | 94.57 | - | 55.16 | - | 55.16 | 39.41 | - |
| Plant and equipment | | | | | | | | | | |
| Owned | 6.14 | - | - | 6.14 | 4.47 | 0.06 | - | 4.53 | 1.61 | 1.67 |
| Furniture and fixtures | 43.26 | 89.99 | - | 133.25 | 7.36 | 13.66 | - | 21.02 | 112.23 | 35.90 |
| Office equipment | 13.60 | 47.42 | - | 61.02 | 1.50 | 8.20 | - | 9.70 | 51.32 | 12.10 |
| EDP, WP machines and satcom equipment | 107.40 | 27.87 | (3.12) | 138.39 | 8.87 | 24.32 | - | 33.19 | 105.20 | 98.53 |
| Communication equipments | - | 6.92 | - | 6.92 | - | 0.04 | - | 0.04 | 6.88 | - |
| Total | 173.48 | 81,585.15 | (3.12) | 81,761.75 | 22.43 | 107.00 | - | 129.43 | 81,632.32 | 151.05 |

Depreciation/amortisation of tangible assets for the year is allocated as given below:

₹ Lakh

| | 2017-18 | 2016-17 |
|---|---|---|
| Charged to statement of profit and loss | - | 22.43 |
| Transferred to expenditure during construction period (net) - Note 26 | 107.00 | - |
| Total | 107.00 | 22.43 |

**NOTE NO. 3 TO THE FS -NCA- Capital Work in Progress**
**As at 31/03/2019**

₹ Lakh

| Particulars | As at 01/04/2018 | Additions | Deductions/ adjustments | Capitalised | As at 31/03/2019 |
|---|---|---|---|---|---|
| **Capital Work in Progress** | | | | | |
| Development of land | 39.01 | 1,913.16 | - | - | 1,952.17 |
| Road Bridge Culverts & Helipads | 6.03 | 130.08 | - | - | 136.11 |
| Buildings | | | | | |
| Main Plant | - | 735.08 | - | - | 735.08 |
| Other | - | 541.67 | - | 35.55 | 506.12 |
| Temporary Erection | - | 633.30 | - | 30.01 | 603.29 |
| Railway siding | 259.79 | 156.98 | - | - | 416.77 |
| Plant & Equipment | - | 3,555.76 | 83.62 | | 3,472.14 |
| Furniture and fixtures | - | 32.38 | 8.67 | 22.24 | 1.47 |
| Office equipment | - | 48.35 | - | 46.92 | 1.43 |
| EDP/WP machines & satcom equipment | - | 10.54 | 7.04 | - | 3.50 |
| Electrical Installation | - | 18.84 | 18.84 | | - |
| Communication equipment | - | 20.11 | 13.39 | 0.68 | 6.04 |
| Laboratory and workshop equipments | 3.23 | - | - | 3.23 | - |
| Development of coal mines | 8,540.47 | 218.00 | - | - | 8,758.47 |
| Survey,Investigation,Consultancy & Supervision Charges | 7,719.10 | 2,864.52 | - | - | 10,583.62 |
| Expenditure during construction period (net)* | 9,394.22 | 18,974.27 | - | - | 28,368.49 |
| Construction Store: | | | | | - |
| Others: MIT | | 4,108.68 | | | 4,108.68 |
| **Total** | 25,961.85 | 33,961.72 | 131.56 | 138.63 | 59,653.38 |

*Brought from expenditure during construction period (net) - Note 26
EDC Rs. 18852.85 Lakhs for FY 2018-19 includes Interest During Construction Rs 10907.82 Lakhs
*Note: Refer Note 43(b) for disclosure of contractual commitment for the acquisition of Property, Plant & Equipment

NOTE NO. 3 TO THE FS -NCA- Capital Work in Progress
As at 31/03/2018

₹ Lakh

| Particulars | As at 01/04/2017 | Additions | Deductions/ adjustments | Capitalised | As at 31/03/2018 |
|---|---|---|---|---|---|
| Capital Work in Progress | | | | | |
| Development of land | - | 39.01 | - | - | 39.01 |
| Road Bridge Colvets & Helipads | - | 26.99 | - | 20.96 | 6.03 |
| Buildings | | | | | |
| Other | 18.97 | - | 18.97 | - | - |
| Temporary Erection | - | 94.57 | - | 94.57 | - |
| Railway siding | 200.40 | 59.39 | - | - | 259.79 |
| Office equipment | 6.16 | - | - | 6.16 | - |
| EDP/WP machines & satcom equipment | 9.12 | - | - | 9.12 | - |
| Laboratory and workshop equipments | - | 3.23 | - | - | 3.23 |
| Development of coal mines | 7,388.16 | 1,152.31 | - | - | 8,540.47 |
| Survey,Investigation,Consultancy & Supervision Charges | 3,815.00 | 3,904.10 | - | - | 7,719.10 |
| Expenditure during construction period (net)* | 1,586.11 | 8,041.20 | 233.09 | - | 9,394.22 |
| Total | 13,023.92 | 13,320.80 | 252.06 | 130.81 | 25,961.85 |

*Brought from expenditure during construction period (net) - Note 26
EDC Rs. 8041.20 Lakhs for FY 2017-18 includes Interest During Construction Rs 2874.63 Lakhs
*Note: Refer Note 43(b) for disclosure of contractual commitment for the acquisition of Property, Plant & Equipment

## NOTE NO. 4 TO THE FS -NCA - INTANGIBLE ASSETS

**As at 31 March 2019**

₹ Lakh

| Particulars | Gross block | | | | Depreciation/amortisation and impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions | Deductions/ adjustments | As at 31.03.2019 | Up to 01.04.2018 | For the year | Deductions/ adjustments | Up to 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| **Software** | **16.05** | **9.04** | - | **25.09** | **6.24** | **7.18** | - | **13.42** | **11.67** | **9.81** |
| **Total** | **16.05** | **9.04** | - | **25.09** | **6.24** | **7.18** | - | **13.42** | **11.67** | **9.81** |

**Depreciation/amortisation of intangible assets for the year is allocated as given below:**

₹ Lakh

| | **2018-19** | 2017-18 |
|---|---|---|
| Charged to statement of profit and loss | - | - |
| Transferred to expenditure during construction period (net) - Note 26 | 7.18 | 5.14 |
| **Total** | 7.18 | 5.14 |

As at 31 March 2018

₹ Lakh

| Particulars | Gross block | | | | Depreciation/amortisation and impairment | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Additions | Deductions/ adjustments | As at 31.03.2018 | Up to 01.04.2017 | For the year | Deductions/ adjustments | Up to 31.03.2018 | As at 31.03.2018 | As at 31.03.2017 |
| Software | 4.08 | 11.97 | - | 16.05 | 1.10 | 5.14 | - | 6.24 | 9.81 | 2.98 |
| **Total** | 4.08 | 11.97 | - | 16.05 | 1.10 | 5.14 | - | 6.24 | 9.81 | 2.98 |

Depreciation/amortisation of tangible assets for the year is allocated as given below:

₹ Lakh

| | 2017-18 | 2016-17 |
|---|---|---|
| Charged to statement of profit and loss | - | 1.10 |
| Transferred to expenditure during construction period (net) - Note 26 | 5.14 | - |
| Total | 5.14 | 1.10 |

**NOTE NO. 5 TO THE FS -NCA- OTHER NON-CURRENT ASSETS**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Capital advances** | | |
| Unsecured | | |
| Covered by Bank Guarantee | **37,176.92** | - |
| Others | **3,391.87** | 6.62 |
| Advances other than capital advances | - | 34.69 |
| Advance tax & tax deducted at source | **20.39** | 3.98 |
| **Total** | **40,589.18** | 45.29 |

a) Unsecured Capital Advance mainly includes initial advance and advance against material to BHEL

**NOTE NO. 6 TO THE FS -CA- INVENTORIES**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Coal | **49.88** | 49.88 |
| Fuel oil | **103.97** | 108.99 |
| Stores & spares | **61.79** | 54.74 |
| Chemicals & consumables | **20.24** | 23.10 |
| Steel scrap | - | - |
| Others | **98.12** | 98.36 |
| **Total** | **334.00** | 335.07 |

a) Inventory items, other than steel scrap have been valued as per accounting policy no. Note 1. Steel scrap has been valued at estimated realisable value.

b) Inventories - Others includes steel, Pipes etc.

**NOTE NO. 7 TO THE FS-CA-TRADE RECEIVABLES**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Trade receivables | | |
| Unsecured, considered good* | **8,197.88** | - |
| Credit Impaired | **129.00** | 13,286.60 |
| **Sub Total** | **8,326.88** | 13,286.60 |
| Less: Provision for credit impaired trade receivable | **129.00** | - |
| | **8,197.88** | 13,286.60 |

* Receivable from Jharkhand Bijli Vitran Nigam Limited is ₹ 7967.02 Lakhs after adjustment of ₹ 5220.24 Lakh (Refer foot note of Note no. 17) which was payable to JUUNL as per reconciliation with JUUNL & JBVNL towards sale of energy.

**NOTE NO. 8 TO THE FS -CA- CASH & CASH EQUIVALENTS**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Balances with banks | | |
| Current accounts | **44.04** | 266.66 |
| Cheques & Draft on hand | **0.45** | 4.04 |
| Deposits with original maturity up to three months (including interest accrued) | - | 136.34 |
| **Total** | **44.49** | 407.04 |

## NOTE NO. 9 TO THE FS -CA- BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Balances with banks** | | |
| Deposits with original maturity more than three months but not more than 12 Months | **6,759.05** | 854.71 |
| Interest Accrued on deposit | **17.81** | 13.86 |
| **Total** | **6,776.86** | 868.57 |

## NOTE NO. 10 TO THE FS-CA-OTHER FINANCIAL ASSETS

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Less Rent Recoverable* | **17.76** | - |
| **Total** | **17.76** | - |

* Land lease rent on 42 Acre, receivable from BHEL

## NOTE NO. 11 TO THE FS -CA- OTHER CURRENT ASSETS

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Advances | | |
| Deposit with Customs, port trust & others | **225.65** | - |
| Unsecured | | |
| Employees | **2.41** | 3.53 |
| **Contractors & suppliers** | **16.73** | - |
| **Unsecured** | | |
| **Claims Recoverable-Unsecured, considered good** | **37.19** | - |
| | **281.98** | 3.53 |
| **Assets held for disposal** | **15,819.66** | 18,548.00 |
| **Others** | **3.14** | - |
| **Total** | **16,104.78** | 18,551.53 |

a. Assets held for disposal represents assets transferred to the Company by the Scheme notified by the Government of Jharkhand (GoJ) vide notification No. 888 dated 01/04/2016 of Patratu Thermal Power Station, accounted at fair realisable value net of de-commissioning cost based on assessment made by the company in terms of the applicable accounting practices, as during the year 2016-17 it was decided to shut down the existing unit and to dispose off all the existing units, accordingly plant was shut down on 24th Jan 2017. During the year 2017-18 it was further decided to dispose off old inventory including stores and spares, accordingly these assets were further transferred to Assets held for disposal. The proceeds realised during the year from dismantling of the existing units, current assets & Scrap less administrative expenses towards the sale, land lease and any other incidental expenses as specified in SJVA has been credited to GoJ in lieu of the Specified Assets Transfer consideration. The corresponding liability on account of these assets has been created and disclosed after setting off amount recoverable toward dismantling cost in Note No. 19

## NOTE NO. 12 TO THE FS -EQUITY SHARE CAPITAL

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Equity share capital** | | |
| **Authorised** | | |
| 5000,000,000 shares of par value ₹10/- each (500,000,000 shares of par value ₹10/- each as at 31 March 2018) | **500,000.00** | 50,000.00 |
| **Issued, subscribed and fully paid up** | | |
| 316,383,772 equity shares of par value ₹ 10/- each (124,491,880 shares of par value ₹10/- each as at 31 March 2018) | **31,638.38** | 12,449.19 |
| | **31,638.38** | 12.449.19 |

| | | |
|---|---|---|
| a) **Movements in equity share capital:** | | |
| The company has not bought back any equity shares. The total number of Equity shares issued are | **191,891,892** | - |

b) **Terms and rights attached to equity shares:**

The Company has only one class of equity shares having a par value ₹10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders

c) **Details of shareholders holding more than 5% shares in the Company:**

| Particulars | 31.03.2019 | | 31.03.2018 | |
|---|---|---|---|---|
| | No. of shares | %age holding | No. of shares | %age holding |
| - NTPC Limited | **234,124,000** | 74.00 | 92,124,000 | 74.00 |
| - Jharkhand Bijli Vitran Nigam Limited | **82,259,772** | 26.00 | 32,367,880 | 26.00 |

## NOTE NO. 13 TO THE FS -EQUITY - OTHER EQUITY

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Reserve & Surplus** | | |
| **Retained earnings** | | |
| Opening balance | **(4.87)** | (7.42) |
| Add: Profit/(Loss) for the year as per Statement of Profit and Loss | **(137.65)** | 2.55 |
| | **(142.52)** | (4.87) |
| **Share Application Money*** | | |
| Opening balance | **4,324.32** | 4,662.16 |
| Addition during the year | **14,864.87** | 12,101.35 |
| Utilised for Allotment during the year | **19,189.19** | 12439.19 |
| **Closing balance** | **-** | 4,324.32 |
| **Total** | **(142.52)** | 4,319.45 |

*Details of Share Application Money

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Share application money pending for allotment | | |
| Received from NTPC Limited | **11,000.00** | 3,200.00 |
| Received from JBVNL | **3,864.87** | 1,124.32 |
| **Total** | **14,864.87** | 4,324.32 |

*** Pending for Allotment as on 31.03.2019 is Nil**

**NOTE NO. 14 TO THE FS -NCL-BORROWINGS**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Term loans** | | |
| **From Others** | | |
| **Secured** | | |
| Term loans | **62,700.00** | 12,175.69 |
| **Others** | | |
| Unsecured | **83,235.61** | 79,434.82 |
| | **145,935.61** | 91,610.51 |
| Less: Current maturities of term loan - Secured | **700.00** | 4,175.00 |
| Interest Accrued but not due | **-** | 0.69 |
| **Total** | **145,235.61** | 87,434.82 |

**a) Details of terms of repayment and rate of interest**

i) Secured rupee term loans from other carry interest rate at '3 year AAA Bond yield rate' +115 bps p.a with reset after 3 years quarterly rests. The loans are repayable in 56 quarterly instalments after mortorium period of 6 years, having door to door tenure of 20 years, secured by all existing and future movable assets of the project including equipment machineries and other current assets, book debts receivables and all other movables.

ii) Secured rupee term loans from Parent Company NTPC Limited carry interest rate of 10% p.a. with quarterly rests. Outstanding Loan balance of ₹ 700 lakh is payable on 30th September 2019.

iii) Unsecured rupee long term loan from Government of Jharkhand carry interest at the rate of weighted average cost of borrowing of each quarter subject to ceiling of 10% per annum. The said loan is utilised as consideration for issue and allotment of shares in its % ownership as prescribed in JV agreement. During the year a sum of ₹ 3864.87 lakh has been transferred to share application money and utilised towards issue of shares.

**NOTE NO. 15 TO THE FS-NCL-TRADE PAYABLES**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Trade Payable** | | |
| For Goods and Services | | |
| -Micro & Small Enterprises | **-** | - |
| -Other | **3.66** | - |
| **Total** | **3.66** | - |

## NOTE NO. 16 TO THE FS -NCL-OTHER FINANCIAL LIABILITIES

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Payable for capital expenditure** | | |
| -Micro & Small Enterprises | **19.19** | - |
| -Other | **2,049.60** | 4.82 |
| **Other payables** | | |
| Deposits from contractors and others | - | - |
| Others | - | 0.42 |
| **Total** | **2,068.79** | 5.24 |

## NOTE NO. 17 TO THE FS -CL-TRADE PAYABLES

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Trade Payable** | | |
| For goods and services | | |
| -Micro & Small Enterprises | **5.12** | 2.47 |
| -Other* | **6,801.71** | 11,852.48 |
| **Total** | **6,806.83** | 11854.95 |

* Trade payable has been reduced by ₹ 5220.24 Lakh due to reconciliation done with JUUNL and the same payable amount has been adjusted with trade receivable from JBVNL(refer foot note of Note No. 7)

## NOTE NO. 18 TO THE FS -CL-OTHER FINANCIAL LIABILITIES

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Current maturities of long term borrowings** | | |
| From Others | | |
| Secured | | |
| Rupee term loans | **700.00** | 4,175.00 |
| Book overdraft | **154.94** | - |
| Interest accrued but not due on borrowing | - | 0.69 |
| **Payable for capital expenditure** | - | |
| -Micro & Small Enterprises | **109.55** | 4.09 |
| -Other | **7.297.10** | 2,477.64 |
| **Other payables** | | |
| Deposits from contractors and others | **20.46** | 22.85 |
| Payable to employees | **465.05** | 0.27 |
| Others | **10.91** | 0.77 |
| Payable to NTPC Limited | **698.97** | 355.29 |
| **Total** | **9,456.98** | 7,036.60 |

a) Details in respect of rate of interest and terms of repayment of current maturities of secured long term borrowings indicated above are disclosed in Note 14.

b) Payables for capital expenditure include amount ₹ 1999.09 lakh (31 March 2018: ₹ 2359.88 lakh) payable to holding company NTPC Limited.

c) Other payables - Others include amount ₹ 698.97 lakh (31 March 2018 ₹ 355.29 lakh) payable to holding company NTPC Limited.

## NOTE NO. 19 TO THE FS -CL-OTHER CURRENT LIABILITIES

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Advance from customers and others | **153.50** | - |
| Tax deducted at source and other statutory dues | **261.80** | 335.28 |
| **Others** | **18,163.50** | 17,662.55 |
| **Total** | **18,578.80** | 17,997.83 |

a) Others represents amount ₹ 18163.50 lakh (As at 31.03.2018 ₹ 17662.55 lakh) payable to Government of Jharkhand on future disposal of the discarded assets, net of dismantling cost recoverable.

## NOTE NO. 20 TO THE FS -REVENUE FROM OPERATION

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Energy sales** | - | (53.34) |
| **Total** | - | (53.34) |

a) The generation and sale of the electricity of the plant accounted based on actual expenditure incurred during the relevant period.

## NOTE NO. 21 TO THE FS -OTHER INCOME

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Interest from** | | |
| Deposits with bank | **98.61** | 39.35 |
| **Other** | | |
| Miscellaneous income | **20.96** | 1.51 |
| | **119.57** | 40.86 |
| Less: Transferred to expenditure during construction period | **119.57** | 40.67 |
| **Total** | - | 0.19 |

## NOTE NO. 22 TO THE FS -EMPLOYEE BENEFIT EXPENSES

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| Salaries and wages* | **2,745.30** | 1,486.00 |
| Contribution to provident and other funds | **581.23** | 307.66 |
| Staff welfare expenses | **459.99** | 120.01 |
| | **3,786.52** | 1,913.67 |
| Less: Transferred to expenditure during construction period (net)- Note 26 | **3,786.52** | 1,713.25 |
| **Total** | - | 200.42 |

* Provision for Performance Related Pay to Employees for FY 2017-18 was inadvertantly left to be accounted in FY 2017-18 and during the FY 2018-19, actual PRP (Rs 410 Lakh) for FY 2017-18 distributed in FY 2018-19 booked in account during the year.

NOTE NO. 23 TO THE FS -FINANCE COST

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Finance charges on financial liabilities measured at amortised cost** | | |
| Rupee Term loans | **3,237.92** | 475.31 |
| Other Loans | **7,665.65** | 2,015.81 |
| Unwinding of discount on account of vendor liabilities | **4.25** | 0.25 |
| | **10,907.82** | 2,491.37 |
| **Sub-Total** | | |
| Less: Transferred to expenditure during construction period (net) - Note 26 | **10,907.82** | 2,874.63 |
| **Total** | - | (383.26) |

NOTE NO. 24 TO THE FS -DEPRECIATION,AMORTIZATION AND IMPAIRMENT EXPENSES

₹ Lakh

| Particulars | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|
| **Depreciation, amortization and impairment expense** | | |
| On property, plant and equipment - Note 2 | **169.93** | 107.00 |
| On intangible Assets - Note 4 | **7.18** | 5.14 |
| | **177.11** | 112.14 |
| **Sub-Total** | | |
| Less: Transferred to expenditure during construction period (net) - Note 26 | **177.11** | 112.14 |
| **Total** | - | - |

NOTE NO. 25 TO THE FS -OTHER EXPENSES

₹ Lakh

| Particulars | | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| Power charges | 84.99 | | 31.90 |
| Less: Recovered from contractors & employees | 0.69 | | 0.41 |
| | | **84.30** | 31.49 |
| Rent | | **3.40** | 0.78 |
| **Repairs & maintenance** | | | |
| Buildings | 74.29 | | 62.17 |
| Contruction Equipments | - | | 0.20 |
| Others | 904.43 | | 940.25 |
| | | **978.72** | 1,002.62 |
| Insurance | | **3.79** | 16.48 |
| Rates and taxes | | **30.01** | 28.09 |
| Training & recruitment expenses | 7.15 | | 3.23 |
| Less: Receipts | - | | - |
| | | **7.15** | 3.23 |

| Particulars | | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| Communication expenses | | **51.08** | 30.98 |
| Travelling expenses | | **225.59** | 87.88 |
| Foreign travel | | **2.90** | - |
| Tender expenses | 9.00 | | 22.16 |
| Less: Receipt from sale of tenders | 0.63 | - | - |
| | | **8.37** | 22.16 |
| Payment to auditors | | | |
| Audit fee | | **1.06** | 1.23 |
| Other services | | **0.80** | - |
| Advertisment of publicity | | **74.83** | 5.58 |
| Security expenses | | **2,110.54** | 1,647.28 |
| Entertainment expenses | | **34.82** | 12.94 |
| Expenses for guest house | 15.98 | | 15.02 |
| Less : Recoveries | 0.09 | | 0.31 |
| | | **15.89** | 14.71 |
| Professional charges and consultancy fee | | **47.47** | 14.80 |
| Legal expenses | | **0.15** | 3.24 |
| EDP hire and other charges | | **14.38** | 8.83 |
| Printing and stationery | | **16.26** | 8.45 |
| Hiring of vehicles | | **121.91** | 80.04 |
| Bank LC Charges | | **0.61** | 97.53 |
| Miscellaneous expenses | | **275.59** | 282.29 |
| | | **4,109.62** | 3,400.63 |
| Less: Transferred to development of coal mines | | - | 97.51 |
| Transferred to expenditure during construction period (net) - Note 26 | | **4,100.97** | 3,381.85 |
| **Sub Total** | | **8.65** | (78.73) |
| Provision of Doubtful Debt | | **129.00** | - |
| **Total** | | **137.65** | (78.73) |

| | | |
|---|---|---|
| a) Details in respect of payment to auditors: | | |
| As auditor | | |
| Audit fee | **0.90** | 0.83 |
| Tax audit fee | - | 0.22 |
| In other capacity | | |
| Other services (certification fee) | **0.68** | - |
| Reimbursement of taxes | **0.28** | 0.18 |
| Total | **1.86** | 1.23 |

NOTE NO. 26 TO FS -EXPENDITURE DURING CONSTRUCTION PERIOD (NET)

₹ Lakh

| Particulars | | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|---|---|---|---|
| **A. Employee benefits expense** | | | |
| Salaries and wages | | 2,745.30 | 1,285.58 |
| Contribution to provident and other funds | | 581.23 | 307.66 |
| Staff welfare expenses | | 459.99 | 120.01 |
| **Total (A)** | | 3,786.52 | 1,713.25 |
| **B. Finance costs** | | | |
| Finance charges on financial liabilities measured at amortised cost | | | |
| Rupee term loans | | 10,907.82 | 2,874.63 |
| **Total (B)** | | 10,907.82 | 2,874.63 |
| **C. Depreciation and amortisation** | | 177.11 | 112.14 |
| **D. Generation, administration & other expenses** | | | |
| Power Charges | 84.99 | | 31.90 |
| Less : Receipts from Contractors and Employees | 0.69 | | 0.41 |
| | | 84.30 | 31.49 |
| Rent | | 3.40 | 0.78 |
| Repairs & maintenance | | | |
| Buildings | 74.29 | | 62.17 |
| Construction Equipments | - | | 0.20 |
| Others | 904.43 | | 1027.28 |
| | | 978.72 | 1,089.65 |
| Insurance | | 3.79 | 16.48 |
| Rates & Taxes | | 30.01 | 28.09 |
| Communication expenses | | 51.08 | 30.98 |
| Travelling expenses | | 228.49 | 87.88 |
| Tender Expenses | 9.00 | | 22.16 |
| Less : Receipts from Sale of Tender | 0.63 | | - |
| | | 8.37 | 22.16 |
| Advertisement and publicity | | 74.83 | 5.58 |
| Security expenses | | 2,110.54 | 1,643.36 |
| Entertainment expenses | | 34.82 | 12.94 |
| Expenses for guest house | 15.98 | | 15.02 |
| Less : Receipts from Guest House | 0.09 | | 0.31 |
| | | 15.89 | 14.71 |
| Professional Charges and Consultancy fee | | 46.77 | 14.21 |
| Legal expenses | | 0.15 | 3.24 |
| EDP hire and other charges | | 14.38 | 8.83 |
| Printing and stationery | | 16.26 | 8.45 |
| Miscellaneous expenses | | 399.17 | 363.02 |
| **Total (D)** | | 4,100.97 | 3.381.85 |
| **Grand total (A+B+C+D)** | | 18,972.42 | 8,081.87 |
| Less: Other income from Note 21 | | 119.57 | 40.67 |
| **Net Transferred to CWIP (Note 3)** | | 18,852.85 | 8,041.20 |

27 The Government of Jharkhand (GoJ), vide its notification No. 888 dated 1st April 2016, notified 'The Jharkhand State Electricity Reforms (Transfer of Patratu Thermal Power Station) Scheme 2015' for the transfer of the specified assets to the Company. During the year 2016-17, a meeting was held in December 2016 between GoJ and management, where it was agreed that the existing running units shall be stopped and dismantled and the value realised from sale of these units shall be transferred to GoJ in lieu of Specified Assets Transfer Consideration. On the basis of decision, Company had shut down the plant with effect from 24th January 2017. In view of the above decision the Company had accounted the current assets of the station in the accounts based on valuation report of MECON in the year ended 31st March 2017 as per then JV Agreement. Further, Fixed assets of the existing units were considered as assets retired from active use and classified as held for sale and carried at lower of its carrying amount and fair value less cost of sale during the year 2016-17 based on the internal technical assessment.

During the year 2017-18, Supplementary Joint Venture agreement (SJVA) was executed, whereby it was decided that existing Plant & Machinery, Plant Civil & Structural Building, including Current Assets and value of the scrap lying in plant premises shall be trued up on the basis of actual realisation from dismantling and sale of the Existing Units, Current Assets and Scrap. The proceeds realised from dismantling of the existing units, current assets & Scrap less administrative expenses towards the sale, land lease and any other incidental expenses as specified in SJVA shall be credited to GoJ in lieu of the Specified Assets Transfer consideration.

Consequent to this the value of the Coal and LDO and certain items of the store which were consumed in year 2016-17, were accounted in 2017-18 as expenses and credited to GOJ in addition to remaining items of the current assets which includes Store & Spares, HFO and Scrap etc., and are carried in the accounts based on the value determined by MECON as per notified Scheme.

Necessary accounting adjustment were made in the year 2017-18 by derecognition of the current assets (net of consumption) by transferring to 'Assets held for Disposal'. Further deemed loan and interest payable recognised in past were reworked during the year 2017-18 based on SJVA .

The Company had signed the Deed of Adherence with Ministry of Coal and JUUNL for Banhardih Coal Block on 2nd June 2017. Ministry of Coal extended its consent for signing deed of assignment between PVUNL and JUUNL, which has been executed on 18th May 2018. PVUNL has been granted approval under section 3 and section 4 of CBA Act 1957 by Ministry of Coal.

28 The Sale of Energy has been accounted for till the year 2017-18 based on terms agreed in the SJVA i.e. based on actual expenditure made by the company for the generation of electricity. Reconciliation of Energy dues with JBVNL in association with JUUNL has been completed. Only two claims were not admitted by JBVNL i.e. Rs 129 Lakh on account of Interest payable to CCL & Rs 84 Lakh on account of Interest demand from CISF.

29 The land admeasuring 1199.03 Acre was transferred to the Company for the Phase-1 (3x800 MW) by GOJ during the year 2017-18, for which mutation has been done during the current year. The consideration payable towards land was recognised as 'Deemed Loan' in year 2017-18 and interest on the same is being accounted as per terms of SJVA.

30 During the year Stores & Spares and substantial scrap related to old PTPS plant has been disposed as mandated by SJVA. Further, the expenses incurred for dismantling towards the manpower engaged and establishment, fee and charges, security, safety were identified and considered recoverable from GoJ and adjusted with the amount payable on account of discarded assets. With the disposal of stores & spares and substantial scrap related to old plant, the values of stores & spares (Rs 2475.66 Lakh) and Scrap (Rs. 252.68 Lakh) forming part of Asset held for disposal and their corresponding liability has been reversed during the year.

31 a) BHEL was awarded the EPC contract for 3x800 MW Phase-I plant on 8th March 2018. BHEL has mobilised during the year and project execution is in progress. During the year Township(at Patratu) package has been awarded to BHEL in addition to EPC package.

b) The foreign currency outgo during the year was USD 3.176 million (equivalent Rs. 2317.98 Lakh) and EURO 6.151 million (equivalent Rs 5122.83 Lakh) which was for the purpose of making initial advance payment to BHEL as per term of the EPC contract.

32. Amount in the financial statements are presented in ₹ Lakh (up to two decimals) except for per share data and as other-wise stated. Certain amounts, which do not appear due to rounding off, are disclosed separately.

33 a) The Company has a system of obtaining periodic confirmation of balances from banks and other parties. There are no unconfirmed balances in respect of bank accounts. With regard to receivables for sale of energy, the reconciliation with beneficiaries customers has been completed during the year. So far as trade/other payables and loans and advances are concerned, the balance confirmation letters with the negative assertion as referred in the Standard on Auditing (SA) 505 (Revised) 'External Confirmations', were sent to the parties. Some of such balances are subject to confirmation/reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact.

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

**34 Disclosure as per Ind AS 2 'Inventories'**

Amount of inventories recognised as expense during the year is as under:

**₹ Lakh**

| **Particulars** | **For the year ended 31.03.2019** | For the year ended 31.03.2018 |
|---|---|---|
| Fuel | **0.00** | 212.62 |
| Others (included in Note 25 - Other expenses) | **0.00** | 0.00 |
| **Total** | **0.00** | 212.62 |

35. **Disclosure as per Ind AS 24 'Related Party Disclosures'**

a) **List of Related parties:**

i) **Parent**

1. NTPC Limited

ii) **Parent's Joint ventures:**

1. Utility Powertech Ltd.

iii) **Key Managerial Personnel (KMP):**

| | |
|---|---|
| Shri Saptarshi Roy | Chairman (up to 25/6/2018) |
| Shri S. K. Roy | Director & Chairman* (*w.e.f. 18/7/2018) |
| Shri P. K. Mohapatra | Director upto 30/4/2018 |
| Shri G. Venu | Director from 21/5/2018 upto 21/8/2018 |
| Shri T. R. Datta | Director w.e.f. 18/7/2018 |
| Mrs. Sangeeta Bhatia | Director w.e.f. 23/8/2018 |
| Dr. Nitin Madan Kulkarni, IAS | Director upto 31/10/2018 |
| Ms. Vandana Dadel, IAS | Director w.e.f. 21/11/2018 |
| Shri A. K. Sinha | Chief Executive Officer upto 25/7/2018 |
| Shri Sudarsan Chakrabarti | Chief Executive Officer w.e.f. 2/8/2018 |
| Shri A. K. Acharya | Chief Financial Officer |
| Shri Sipan K. Garg | Company Secretary |

iv) **Entities under the control of the same government:**

The Company is a Subsidiary of Central Public Sector Undertaking (CPSU) controlled by Central Government by holding majority of shares . Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Parent company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Coal India Limited, SAIL Ltd., Indian Oil Corporation Ltd, REC Ltd.

v) **Others:**

1. Jharkhand Bijli Vitran Nigam Limited

b) **Transactions with the related parties are as follows:**

₹ Lakh

| Parent, Parent's Subsidiaries and Joint Venture Companies | NTPC Limited | | Utility Powertech Ltd. | |
|---|---|---|---|---|
| **Particulars** | **2018-19** | 2017-18 | **2018-19** | 2017-18 |
| i) Sales/purchase of goods and services during the year | | | | |
| - Contracts for works/services for services received by the Company | **2338.49** | 4875.46 | **255.86** | 133.04 |
| - Sale of Goods to NTPC North Karanpura | **230.83** | - | - | - |
| ii) Deputation of employees and other expenses | **643.68** | 611.36 | - | - |
| iii) Payment of Interest | **337.12** | 467.65 | - | - |
| iv) Equity Contribution made | **11000.00** | 8955.00 | - | - |
| vi) Loans received | - | 1675.00 | - | - |
| vii) Loans repaid | **3475.00** | 825.00 | | |

₹ Lakh

| | **2018-19** | 2017-18 |
|---|---|---|
| **Compensation to Key management personnel** | | |
| - Short term employee benefits | **138.09** | 69.43 |

₹ Lakh

| Transactions with the related parties under the control of the same government: | | | | |
|---|---|---|---|---|
| **Sl. No.** | **Name of the Company** | **Nature of transaction** | **2018-19** | **2017-18** |
| 1 | Bharat Heavy Electricals Ltd. | Advance, Supply & Service for Epc | **51,855.3** | - |
| | Bharat Heavy Electricals Ltd. | Recoveries related to EPC Package | **18.64** | - |
| 2 | Central Coal Field Ltd. | Purchase of coat/Price difference | - | 210.11 |
| 3 | Indian Coal corporation Ltd. | Supply of Oil Products | - | 15.94 |
| 4 | Steal Authority of India Ltd. | Supply of steal and iron products | - | - |
| 5. | BEML | Purchase of spares | **5.15** | 2.29 |
| 6 | Rural Electrification Corporation Ltd | Rupee Term Loan | **56,900.80** | 8007.65 |
| 7. | BCCL | Reimbursement of Expenditure | **167.60** | - |

c) **Outstanding balances with related parties are as follows:**

₹ Lakh

| **Particulars** | **31 March 2019** | 31 March 2018 |
|---|---|---|
| **Loans to/from:** | | |
| - From Holding Company | **700.00** | 4175.00 |
| **Amount payable (other than loans)** | | |
| - To Holding Company | **2697.26** | 2715.17 |
| - To Joint Ventures | **84.25** | 28.09 |
| **Amount Receivable (other than loans)** | | |
| - From Holding Company | **230.83** | 0.00 |

₹ Lakh

d)

| **Transactions with others listed at (a) (v) (1) above** | **2018-19** | 2017-18 |
|---|---|---|
| Transactions during the year | | |
| - Sale of Energy and interest thereon | - | (53.34) |
| - Equity contributions made | **3,864.87** | 3,146.35 |

e) **Terms and conditions of transactions with the related parties**

i) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

ii) The Company is assigning jobs on contract basis, for sundry works in plants/stations/offices to M/s Utility Powertech Ltd (UPL), a 50:50 joint venture between the Parent Company and Reliance Infrastructure Ltd. UPL inter-alia undertakes jobs such as overhauling, repair, refurbishment of various mechanical and electrical equipments of power stations. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.

iii) The holding company is seconding its personnel to our Company as per the terms and conditions agreed between the companies, which are similar to those applicable for secondment of employees to other companies and institutions. The company also reimbursed the cost incurred by the holding company towards superannuation and employee benefits.

iv) The loan from holding Company - NTPC Limited is at 10% interest quarterly rest, the loan is due to be repaid on 30th Sept 2019.

v) The company had entered into a Rupee Term Loan agreement during FY 2017-18 with REC Ltd for meeting the debt requirement of Rs 14000 crores for 3x800 MW Phase -I project at Patratu. During the year disbursement of Rs. 540 Crore (Previous FY 2017-18 Rs 80 Crore) has been received.

**36 Disclosure as per Ind AS 33 'Earnings per Share'**

| **Basic and diluted earnings per share** | **For the year ended 31.03.2019** | For the year ended 31.03.2018 |
|---|---|---|
| Profit attributable to equity shareholders (₹ lakh) | **(137.65)** | 2.55 |
| Nominal value per share (₹) | **10** | 10 |
| **Weighted average number of equity shares (used as denominator)** | | |
| Opening balance of issued equity shares | **124,491,880** | 100,000 |
| Effect of shares issued during the year, if any | **45,871,864** | 103,711,025 |
| **Weighted average number of equity shares for Basic and Diluted EPS** | **170,363,744** | 103,811,025 |
| Earning per Share (Par value ₹ 10/- each) in ₹ | **(0.08)** | 0.00 |

**37 Disclosure as per Ind AS 36 'Impairment of Assets'**

As required by Ind AS 36 : Impairment of Assets, an assessment of impairment of assets was carried out and no indication of any impairment exists at the end of reporting period.

**38 Disclosure as per Ind AS 108 'Operating segments'**

The Company has one reportable segment, which is generation of energy. Information about reportable segment is same as reflected in the financial statements.

**39 Financial Risk Management**

The Company's principal financial liabilities comprise loans and borrowings in domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include capital work in progress and incidental expenses during the construction period, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing analysis<br>Credit ratings | Placement of deposit with Banks having sound financials status and adequate capital ratio, credit limits. |
| Liquidity risk | Borrowings and other liabilities | Cash flow forecasts | Maintaining adequate funds in the form of cash and bank balances and monitoring expected cash inflows on trade receivables |
| Market risk – interest rate risk | Domestic Loan | Analysis of changes in current market interest rate | To maintain adequate mix between variable rate and fixed-rate funding |

**Risk management framework**

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has policies covering specific areas, such as interest rate risk, other price risk, credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed on a continuous basis.

**A. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, cash & cash equivalents and deposits with banks and financial institutions.

**i) Trade receivables**

The Company primarily sells electricity to Jharkhand Bijali Vitran Nigam Limited, owned by State Governments. The beneficiaries at the time of entering into the Power Purchase Agreement with the Company also enters into a Guarantee agreement of the respective State. The guarantor (State Government) unconditionally guarantees to the Company to pay every sum of money which the beneficiary is liable to pay to the Company for supply of power. The Company has not experienced any significant impairment losses in respect of trade receivables in the past years.

**ii) Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 44.49 lakh (31 March 2018: ₹ 407.04 lakh). The cash and cash equivalents are held with banks with high rating.

**iii) Deposits with banks and financial institutions**

Other Bank Balance includes deposits held with banks and financial institutions of ₹ 6776.86 lakh (31 March 2018: ₹ 868.57 Lakh). In order to manage the risk, company accepts only high rated banks/institutions.

**a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

**₹ Lakh**

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Other non-current financial assets | **40568.79** | 41.31 |
| Cash and cash equivalents | **44.49** | 407.04 |
| Bank balances other than cash and cash equivalent | **6776.86** | 868.57 |
| Other current financial assets | **16122.54** | 18551.53 |
| | **63512.68** | 19868.45 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | - |
| Trade receivables | **8197.88** | 13286.60 |
| | **8197.88** | 13286.60 |

b) Provision for expected credit losses

i) Financial assets for which loss allowance is measured using 12 month expected credit losses

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Further it includes assets held for disposal which are valued at fair value, and in case realisation fetch below fair value the consequent loss shall be on the part of GoJ as per arrangement. Hence, no impairment loss has been recognised during the reporting periods.

ii) Financial assets for which loss allowance is measured using life time expected credit losses

The company has customers (State government utilities) with strong capacity to meet the obligations and therefore the risk of default is negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognised during the reporting periods in respect of trade receivables.

iii) Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as below:

**₹ Lakh**

| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount as on 31/03/2019 | - | - | - | - | - | **8197.88** | 8197.88 |
| Gross carrying amount as on 31/03/2018 | - | - | - | - | - | **13286.60** | 13286.60 |

**iv) Reconciliation of impairment loss provisions**

No allowance for impairment in respect of financial assets arises during the year ended on 31st March 2019 and 31st March 2018.

**B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due and to close out market positions. The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ Lakh

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Term loans and deemed loan from GoJ | 0.00 | 0.00 |
| Floating-rate borrowings | 1338000.00 | 1392000.00 |
| Total | 1338000.00 | 1392000.00 |

**(ii) Maturities of financial liabilities**

The following are the contractual maturities of derivative and non-derivative financial liabilities, based on contractual cash flows:

₹ Lakh

| Contractual maturities of financial liabilities As on 31/03/2019 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
| **Non-derivative financial liabilities** | | | | | | |
| Term loans from Parent Company | - | 700.00 | - | - | - | 700.00 |
| Term loans from Other | - | - | - | - | 62,000.00 | 62,000.00 |
| Deemed Loan from GOJ# | - | - | - | - | 83,235.61 | 83,235.61 |
| Trade and other payables | 6,806.83 | - | - | - | - | 6.806.83 |
| Other financial liability | 8,211.40 | 525.15 | 1,195.01 | 873.75 | - | 10,805.31 |
| Derivative financial liabilities | - | - | - | - | - | - |

# Deemed loan shall be repaid through conversion in to equity as per arrangement. No repayment schedule stipulated hence remaining balance considered in bucket more than 5 years.

₹ Lakh

| Contractual maturities of financial liabilities As on 31/03/2018 | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|
| | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
| **Non-derivative financial liabilities** | | | | | | |
| Term loans from Parent Company | - | 4,175.00 | - | - | - | 4,175.00 |
| Term loans from Other | 0.69 | - | - | - | 8,000.00 | 8,000.69 |
| Deemed Loan from GOJ# | - | - | - | - | 79,434.82 | 79,434.82 |
| Trade and other payables | 1,050.55 | 10,804.40 | - | - | - | 11,854.95 |
| Other financial liability | 2,505.62 | 355.29 | 0.42 | 4.82 | - | 2,866.15 |
| Derivative financial liabilities | - | - | - | - | - | - |

# Deemed loan shall be repaid through conversion in to equity as per arrangement. No repayment schedule stipulated hence remaining balance considered in bucket more than 5 years.

**C. Interest rate risk**

The Company is exposed to interest rate risk arising mainly from long term borrowings with varriable interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ Lakh

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| **Fixed-rate instruments** | | |
| Rupee term loans(Short term) | **700.00** | 4175.00 |
| **Variable-rate instruments** | | |
| Other Loans | **145235.61** | 87435.51 |
| **Total** | **145935.61** | 91610.51 |

**Fair value sensitivity analysis for fixed-rate instruments**

The company's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Cash flow sensitivity analysis for variable-rate instruments**

The company is exposed to risk of variable rate instrument as above.

**Equity Price risk**

The Company has no investment in tradeable equity.

**40 Capital Management**

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and

- maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

**41 Fair Value Measurements**

The carrying amounts of short term trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Also, carrying amount of claims recoverable approximates its fair value as these are recoverable immediately.

No effect of fair value measurement of borrowing as the current borrowing rate and documented rate are same.

The Company is not carrying any non-current trade payables and capital creditors where fair value measurement required based on discounted cash flows using a current borrowing rate.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**42 Information in respect of micro and small enterprises as at 31 March 2019 as required by Micro, Small and Medium Enterprises Development Act, 2006**

₹ Lakh

| Particulars | 31 March 2019 | 31 March 2019 |
|---|---|---|
| a) Amount remaining unpaid to any supplier: | | |
| **Principal amount** | **133.86** | 6.56 |
| Interest due thereon | - | - |
| **b) Amount of interest paid in terms of Section 16 of the MSMED Act 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 MSMED Act.** | - | - |
| **d) Amount of interest accrued and remaining unpaid** | - | - |
| **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 MSMED Act** | - | - |
| | **133.86** | 6.56 |

43 **Contingent liabilities and commitments**

**Contingent liabilities**

a. **Claims against the company not acknowledged as debts : ₹ 257.95 Lakhs**

i) Expenses related to development of Banhardih coal mine claimed by JUUNL but not accounted due to following reason:

-- Bills of Indu Project ltd Rs 93.15 lakh (Rs. 81 lakh plus supervision charges @15%) which was not accepted by the JSEB

-- Rs 164.80 Lakh pertains to vendor M/s SWPE. This is a service tax related matter and pending in Court.

b. **Commitments**

a. Estimated amount of contracts remaining to be executed on capital account (property, plant & equipment) and not provided for as at 31 March 2019 and 31st March 2018 are given hereunder:.

**₹ Lakh**

| | **31.03.2019** | 31.03.2018 |
|---|---|---|
| **Property, Plant & Equipment*** | **1158664.08** | 1197121.87 |

Includes with NTPC Limited ₹ 20844.89 lakh (As on 31/03/2018 ₹ 29281.69 lakh)

44 Previous year figures have been regrouped/rearranged/reclassified whereever necessary to make them comparable with those of the current year

(Sipan K Garg)
Company Secretary

(A K Acharya)
Chief Financial Officer

For and on behalf of the Board of Directors

( S Chakrabati )
Chief Executive Officer

(T. R. Datta)
Director

(Sangeeta Bhatia)
Director

For Rajesh Srivastava & Co,
Chartered Accountants
Firm Reg. No 012000C

( Rajesh Srivastava)
Partner
M No.074792

Place : Ranchi
Dated : 10.05.2019

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF PATRATU VIDYUT UTPADAN NIGAM LIMITED**

**REPORT ON THE STANDALONE Ind AS FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying Standalone Ind AS financial statements of PATRATU VIDYUT UTPADAN NIGAM LIMITED ("the Company"), which comprise the Balance sheet as at 31st March 2019, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act' 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1. | Valuation of Inventories | We assessed the Company's process of valuation of inventories and found it satisfactory. We also assessed the internal control system related to inventory and found it satisfactory. We also verified the physical verification report of inventory and found that no excess/shortfall was reported by the auditor. |
| 2. | Impairment Testing & related provision. | We assessed the Company's process of reviewing impairment of assets which is carried out by Company at each reporting date and found that no allowance for impairment of assets arises during the year ended on 31.03.2019 and 31.03.2018. |
| 3. | Related Party transactions | We reviewed Company's transactions with its related parties and nothing adverse was found. |

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Government of India in terms of sub-section (11) of section 143 of 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 1" a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure 2" on the directions and sub-directions issued by The Comptroller and Auditor General of India.

3. As required by Section 143(3) of the Act, we report that:

   a. we have sought and 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, the statement of profit and loss including other comprehensive income, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, relevant rule issued thereunder;

   e. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 3". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of
Rajesh Srivastava & Co.
Chartered Accountants
(Firm Registration No. 012000C)

(CA Rajesh Srivastava)
Partner
Membership No.: 074792

Place: Ranchi
Date : 10.05.2019

# "ANNEXURE 1" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind AS financial statements of the Company for the year ended March 31, 2019:

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of two/three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) The Company has obtained Conveyance Deeds/Title deeds/Mutation for 1199.03 acres of land transferred by Govt. of Jharkhand. The Company has Leasehold Agreement for 200 acres of land.

ii) The management has conducted the physical verification of inventory at reasonable intervals. No material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. In view of the above, the clauses (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable.

(iv) The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of "the Order" is not applicable to the Company.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) 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 sub-section (1) of Section 148 of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014 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.

(vii) (a) Undisputed statutory dues including provident fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2019 for a period of more than six months from the date they became payable. We have been informed that employees' state insurance is not applicable to the Company.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a financial institution, bank, government or dues to debenture holders.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations given to us, the money raised by the Company by way of term loans have been applied for the purpose for which they were obtained.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

(xi) As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

(xii) The provisions of clause 3 (xii) of the Order, for Nidhi Company, are not applicable to the Company.

(xiii) The Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.

(xvi) According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.

For and on behalf of
**Rajesh Srivastava & Co.**
Chartered Accountants

**(CA Rajesh Srivastava)**
Partner
Membership No.: 074792

Place: Ranchi
Date : 10.05.2019

## "Annexure 2" to the Independent Auditors' Report

Referred to in our report of even date to the members of Patratu Vidyut Utpadan Nigam Limited on the accounts for the year ended 31st March 2019

| Sl. No | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the directions | Impact on financial statement |
|---|---|---|---|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The company is maintaining its accounts through IT system on SAP. The Company has system in place to process all the accounting transactions through IT system. No accounting transaction is done manually outside IT system. | NIL |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loan / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | There is no case of restructuring of an existing loan. Also there is no cases of waiver/write off of debts/ loan / interest etc. made by a lender to the company due to the company's inability to repay the loan. | NIL |
| 3. | Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation. | During the year, no funds were received or receivable for any specific schemes from Central/State agencies. | NIL |

For and on behalf of
**Rajesh Srivastava & Co.**
Chartered Accountants

**(CA Rajesh Srivastava)**
Partner
Membership No.: 074792

Place: Ranchi
Date : 10.05.2019

# "ANNEXURE 3" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PATRATU VIDYUT UTPADAN NIGAM LIMITED

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of PATRATU VIDYUT UTPADAN NIGAM LIMITED, ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
**Rajesh Srivastava & Co.**
Chartered Accountants

**(CA Rajesh Srivastava)**
Partner
Membership No.: 074792

Place: Ranchi
Date : 10.05.2019

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PATRATU VIDYUT UTPADAN NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of Patratu Vidyut Utpadan Nigam Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) o the Act. This is stated to have been done by them vide their Audit Report dated10 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementray audit of the fianancial statements of Patratu Vidyut Utpadan Nigam Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. This supplementrary 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 143(6)(b) of the Act.

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

**(Indu Agrawal)**
**Principal Director of Commercial Audit &**
**Ex-officio Member, Audit Board, Ranchi.**

**Place: Ranchi**
**Date: 28 June 2019**

# NABINAGAR POWER GENERATING COMPANY LIMITED

To

The Members,

Your Directors are pleased to present the 11th Directors' Report on the working of the Company along with audited financial statements for the year ended 31st March, 2019.

Your company has become a wholly owned subsidiary of NTPC and a Government Company w.e.f. 29th June, 2018. Subsequently, status of your company has been changed from Private Limited Company to a Public Limited Company and accordingly, word "Private" was removed from its name w.e.f. 17th February 2019.

**FINANCIAL REVIEW**

The major financial highlights of your Company during 2018-19 are as follows:-

Amt. (₹ in Crores)

| Description | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Sources of Fund** | | |
| Share Capital | **3,987.16** | 3,319.87 |
| Share Application Money pending allotment | - | 197.93 |
| Secured Loan | **9,175.00** | 7,620.20 |
| **Total** | **13,162.16** | **11,138.01** |
| **Applications of Fund** | | |
| Net Fixed Assets | **1,196.45** | 1,058.96 |
| CWIP | **13,012.96** | 11,332.76 |
| Construction Advance | **131.46** | 174.14 |
| Net Current assets | **(1,136.33)** | (1,382.26) |
| Retained Earnings | **(42.38)** | (45.59) |
| **Total** | **13,162.16** | **11,138.01** |

Your Company had tied up term loan of Rs.8,775 Crore from REC Ltd. In order to meet further fund requirements, your Company has entered into loan agreement for Rs.1,063 Crore (Including Rs.263 Crore for Working Capital Margin) from Canara Bank.

During the year under review, your company has received Rs.469.36 crore as equity from the promoter. In order to meet the project expenditures, Rs. 1262.76 crore has been drawn from the term loan from REC and Canara Bank (Including Rs.400.46 crore drawn from Canara Bank).

**IMPLEMENTATION & PROGRESS OF POWER PROJECT**

Your Company is presently implementing 3x660 MW Nabinagar Super Thermal Power Project (NSTPP) at Nabinagar in Aurangabad District of Bihar. The Company has entered into Power Purchase Agreements (PPA) with Bihar (1552.5 MW), Uttar Pradesh (209 MW), Jharkhand (60 MW), Sikkim (10 MW) and Un-allocated power is 148.5 MW. Bihar is major beneficiary form this project with 78.41 % of total power.

For setting up the project (including Stage-I & II) , total 2970 acre of land is required, out of which 2934 acres has been acquired by your Company.

In view of increase in land cost, escalation, exchange risk variation, change in taxes, installation of FGD etc. the project cost was revised from Rs.15,131.67 Crore to Rs.17,304.33 Crores. The revised cost estimate of the project was approved by the Board of Directors in its 56th meeting held on 12th March, 2019. The above project cost shall be financed by debt & equity in the ratio of 70:30. Considering the equity requirement for the revised project cost, the promoter has given confirmation of equity investment upto Rs.5,000 Crore. Balance equity need to be met from internal accruals.

**PROJECT STATUS:**

The project execution activities for Stage - I 660 MW is in advanced stage. Unit#1 Synchronized was achieved in January 2019 and full Load with coal was achieved in March 2019. The successful trial operation of Unit#1 for 72 hours was completed on 12th July 2019. Accordingly, Central Electricity Authority vide its letter dated 15th July, 2019 has included 660 MW in the total installed capacity of India. Unit#2 Turbine was put on barring gear in September, 2018 and Unit#3 Boiler Hydro test was completed in July, 2019.

**DEMATERIALISATION OF SHARES**

Your Directors are pleased to inform that your Company has entered its shares into Dematerialization mode. In this regard, your Company has appointed National Depository Services Limited (NSDL) as depository and NSDL Data Management Limited as Registrar & Transfer Agent. Members can now dematerialize their shareholding in the Company by lodging their shares with their Depository Participant alongwith Demat Request Application Form.

**DEPOSITS**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. Hence, the requirement for furnishing details of deposits, which are not in compliance with the Chapter V of the Act, is not applicable.

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

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

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments, have taken place between financial year ended 31st March, 2019 to which the financial statements relate and the date of this Directors' Report, which affects the financial position of your Company.

**STATUTORY AUDITORS**

As per the provisions of Section 139 of the Companies Act, 2013, the Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s D.C.Garg & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors for the financial year 2018-19, who have given their report on the financial statements of the Company and there is no adverse remark or comments in their report.

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

As per Section 143(6)(a) of the Companies Act, 2013, Supplementary Audit of financial statements of your Company for the year ended on 31st March 2019 was conducted by the Comptroller and Auditor General of India (C&AG). C&AG vide letter dated 5th July 2019 have communicated that on the basis of their audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report. Copy of the letter received from C&AG is placed after the report of the Statutory Auditors.

**COST AUDIT**

As the project is under implementation stage, the your Company is not required to maintain Cost Records and subject them to Cost Audit for the 2018-19 as per the Companies Act 2013.

**SECRETARIAL AUDIT & SECRETARIAL STANDARD**

As your Company is now a Public Company, as per requirement of Section 204 of the Companies Act, 2013, your Company is required to annex with its Board's report, a secretarial audit report, given by a company secretary in practice. Accordingly, The Board of Directors of your Company has appointed M/s A.Kaushal & Associates, Practicing Company Secretery as Secretarial Auditors for the FY 2018-19. Secretarial Audit Report for the FY 2018-19 is enclosed at **Annex-III**. The Secretarial Auditor has pointed out issue of refund of excess share application money to NTPC. In absence of matching contribution from BSPGCL & proposed transfer of equity held by BSPGCL to NTPC, excess share application money received from NTPC was retained. Allotment of shares were made to NTPC on completion of Share transfer of 50% equity stake from BSPGCL to NTPC.

Your Company has complied with the applicable Secretarial Standards in respect of Board meetings and General Meetings.

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

As the project of your Company is under the construction stage and your Company is yet to start commercial operation. Therefore, there are no significant particulars which are required to be disclosed relating to conservation of energy, technology absorption under Section 134 (3) (c) read with the Companies (Accounts) Rules, 2014.

During the financial year under review, your Company had no foreign exchange earnings. The details of foreign exchange outgo during the financial year 2018-19 are as follows:

| S. No. | Particulars | Foreign Currency Outgo (In Foreign Currency) | Equivalent Indian Rupees (in '₹') |
|---|---|---|---|
| 1. | Amount (USD) | 17,28,459 | 12,01,63,999 |
| 2. | Amount (EURO) | 76,31,408 | 61,94,23,638 |
| 3. | Amount (GBP) | 6,69,944 | 6,08,37,216 |
| | | **Total** | **Rs.59,35,68,849** |

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

During the year under review, your Company has not entered into any contract with related parties, as defined under the Companies Act, 2013.

**VIGIL MECHANISM**

All employees of your Company are on secondment basis from NTPC Limited and they are governed by the policies of the NTPC Limited including the Whistle Blower Policy and Conduct & Discipline and Appeal Rules. Further, being a subsidiary of NTPC Limited and a Government Company, your Company is subject to vigilance mechanism established by the Holding Company i.e. NTPC Limited.

**PREVENTION, PROHIBITION & REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has zero tolerance for any case of sexual harassment at work place. Your Company has constituted Internal Complaint Committee (ICC). During the period under review, no case of sexual harassment has been reported.

**INTERNAL CONTROL**

Your Company has adequate internal control system commensurate with the size of the Company and nature of business.

**RISK MANAGEMENT**

The Company through its Board of Directors periodically review the project status, Risks associated thereto and risk mitigation measures required for commissioning of the project.

Further, being a subsidiary of NTPC Limited, your Company is also subject to Risk Management Policy of NTPC Limited and all risk factors affecting the by Company is being reviewed by the Risk Management Committee of NTPC Limited.

**EXTRACT OF ANNUAL RETURN**

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

**CORPORATE GOVERNENCE REPORT & MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

In compliance with the provisions of DPE Guidelines on Corporate Governance, Corporate Governance Report & Management Discussion & Analysis Report for the FY 2018-19 are enclosed at Annex-II and III respectively.

**BOARD OF DIRECTOR'S & KEY MANAGERIAL PERSONNEL**

**Board of Directors:**

As on 31st March 2019, the Board of Directors of your Company comprised Shri A. K. Gupta, Chairman and Shri S. Narendra, Shri Sudhir Arya, Mrs. Sangeeta Bhatia, Directors.

During the period under review, following changes occurred in the Board's composition:

i. Shri M.P. Sinha ceased to be Director w.e.f. 26th April 2018 and in his place Shri S. Narendra was appointed as Director w.e.f. 4th May 2018.

ii. Consequent upon transfer of shares held by BSPGCL to NTPC Limited, nominations of Shri Pratyaya Amrit and Shri R. Lakshmanan Directors were withdrawn by BSPGCL the w.e.f. 16th August 2018.

iii. Mrs. Sangeeta Bhatia has been appointed as Director of the Company w.e.f. 6th August 2018.

iv. Shri Sudhir Arya ceased to be Director of the company w.e.f. 29th July, 2019 consequent upon premature retirement from services of NTPC Limited.

Your Directors place on record contributions made by Shri Pratyaya Amrit, Shri R. Lakshmanan, Shri M.P.Sinha and Shri Sudhir Arya.

**Chief Executive Officer:**

In exercise of Powers conferred under the Articles of Association of the Company, the NTPC Limited is nominating the Chief Executive Officer (CEO) of the Company from time to time. During the period under review, there were following changes in the position of CEO:

- Shri Balaji Iyengar ceased to be CEO and in his place Shri M.K.S. Rajpoot was appointed as CEO w.e.f. 13th April 2019 vide NTPC's letter dated 6th April 2019.
- Shri M.K.S.Rajpoot ceased to be CEO and in his place Shri Vijai Singh was appointed as CEO w.e.f. 14th May 2019 vide NTPC letter dated 8th May 2019.

**Chief Financial Officer**

Shri Sanjeeb Kumar Rath has been designated as Chief Financial Officer of the Company w.e.f. 16th May 2019 in place of Shri Manoj Kumar Singh who ceased to be Chief Executive Officer consequent his repatriation to holding Company.

**PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD**

Ministry of Corporate Affairs (MCA), through General Circular dated 5th June, 2015, has exempted Government Companies from the provisions of Section 178 (2) of the Companies Act, 2013 which provides about manner of performance evaluation of Board of Directors, Committee of Board of Directors and Director by the Nomination and Remuneration Committee. The aforesaid circular of MCA further exempted Govt. Companies from provisions of Section 134 (3) (p) of the Companies Act, 2013 which requires mentioning the manner of formal annual evaluation of the performance of the Board, its Committees and Individual Directors in Board's Report, if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology.

Now, MCA, through Notification dated 5th July, 2017, has amended Schedule IV to the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies.

All the Directors of your Company are nominated by NTPC who are subject to evaluation in their respective Parent Company as per existing system and procedure.

**BOARD MEETINGS**

Details of meetings of the Board of Directors held during 2018-19 and attendance of Directors are given in the Corporate Governance Report.

**AUDIT COMMITTEE**

In compliance with the provisions of DPE Guidelines on Corporate Governance and Companies Act, 2013 Your company has constituted Audit Committee of the Board of Directors. The Committee was constituted by the Board of Directors in its meeting held on

As on 31st March 2019, the members of the Audit Committee was as under:

1. Shri Sudhir Arya, Chairman of the Committee*
2. Shri S.Narendra, Director
3. Smt. Sangeeta Bhatia, Director

*ceased to be Director w.e.f. 29th July 2019.

Details of the scope of audit Committee and meetings of the Audit Committee is given in the Corporate Governance Report.

**CORPORATE SOCIAL RESPONSIBILITY**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted a Corporate Social Responsibility (CSR) Committee. As on 31st March 2019, the CSR Committee consist of three members namely Shri A.K.Gupta, Chairman and Shri Sudhir Arya & Shri S.Narendra, Directors. Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

As your Company is yet to start generation and sale of electricity, Company is not having any profit, which is required to be spent on CSR. Therefore, no meeting of the CSR Committee was held during the period under review. Accordingly, separate report on CSR activities are not enclosed with the Directors Report.

**COMMITTEE OF DIRECTORS FOR ALLOTMENT & POST ALLOTMENT ACTIVITIES**

In order to allot shares to the promoters in respect of share application money received from time to time within the period prescribed under the Companies Act, 2013, your Company has constituted a sub-committee of the Board of Directors for allotment and transfer of equity shares of the Company.

As on 31st March, 2019, the Committee comprises Shri Sudhir Arya and Smt. Sangeeta Bhatia, Directors. Details of the committee of the Board of Directors for allotment and transfer of equity shares is given in the Corporate Governance Report. Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134 (5) of the Companies Act, 2013, 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 2018-19 and of the loss 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

4. the Directors had prepared the Annual Accounts on a going concern basis; and

5. the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

6. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGMENT**

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by NTPC Limited, Bihar State Power Generation Company Limited, Ministry of Power, Govt. of India, Government of Bihar, Comptroller & Auditor General of India, Auditors, Lenders and the Bankers of the Company.

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

**(A.K.Gupta)**

**Chairman**

**DIN: 07269906**

**Place: New Delhi**

**Date: 30/07/2019**

Annex-II

# REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a set of policies, rules, standards which aims to improve the management of Company with a view to maximize stakeholders wealth. The Corporate Governance principles are guiding force, which directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the stakeholders.

With a view to enhance governance practices your company has voluntarily adopted some of the good corporate Governance Practices even though it was not required under the Companies Act, 2013. Further, being a Government Company your Company is also subject to compliance of Corporate Governance Guidelines prescribed by Department of Public Enterprises.

The Directors, hereby, present the Company's Report on Corporate Governance for the financial year 2018-19.

## 1. Board of Directors

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. As per the provisions of Articles of Association, the number of Directors of the Company shall be not less than 3 and not more than 15. The Articles of Association further provides that all Directors of the Company are to be nominated by NTPC Limited.

As on 31st March 2019, the Board of Directors comprise of four Directors, namely

1. Shri A.K.Gupta, Chairman

2. Shri Sudhir Arya, Director*

3.Smt.Sangeeta Bhatia, Dircetor

4. Shri S.Narendra, Director

*ceased to be Director w.e.f. 29th July 2019

### i. Independent Directors

As per the provisions of Rule 4(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 as read with the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 a wholly owned subsidiaries are exempted from appointment of Independent Directors.

### ii. Woman Directors

As per the requirements of the Companies Act, 2013, the Company has one Woman Director on its Board.

### iii. Board Meetings

During the financial year 2018-19, Nine (9) meetings of the Board of Directors were held. Details of the meetings and attendance of the Directors at the meetings are as follows:

| Meeting No. | Date of the Meeting | Total No. of Directors | No. of Directors present at the Meeting |
|---|---|---|---|
| 48th | 2nd April 2018 | 5 | 4 |
| 49th | 30th April 2018 | 5 | 4 |
| 50th | 17th May 2018 | 5 | 5 |
| 51st | 24th May 2018 | 5 | 3 |
| 52nd | 6th August 2018 | 6 | 4 |
| 53rd | 12th September 2018 | 4 | 3 |
| 54th | 20th September 2018 | 4 | 3 |
| 55th | 24th December 2018 | 4 | 4 |
| 56th | 12th March 2019 | 4 | 3 |

Attendances of Directors in the Board meeting are as follows:

| Name | No. of meetings held during their tenure in FY 2018-19 | No. of meetings Attended |
|---|---|---|
| Shri A.K.Gupta | 9 | 9 |
| Shri Pratyaya Amrit[1] | 5 | 1 |
| Shri R. Lakshmanan[1] | 5 | 5 |
| Shri Sudhir Arya[5] | 9 | 8 |
| Shri M.P.Sinha[2] | 1 | 1 |
| Shri S.Narendra[3] | 8 | 6 |
| Smt. Sangeeta Bhatia[4] | 5 | 5 |

1. Ceased to be Director w.e.f. 16th August 2018.
2. ceased to be Director w.e.f. 26th April 2018.
3. Appointed as Director w.e.f. 4th May 2018.
4. appointed as Director w.e.f. 6th August 2018.
5. Ceased to be Director w.e.f. 29th July, 2019.

## 2. Committees of the Board

Our Board has constituted sub-committees of Board of Directors to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. All decisions and recommendations of the Committees are placed before the Board for information and approval respectively. Wherever required, Senior functional executives are also invited for the meetings to provide necessary information/clarification to the Committees of the Board. We have following sub-committees of the Board as on 31.03.2019:

I. Audit Committee

II. Nomination and Remuneration Committee

III. Corporate Social Responsibility Committee

IV. Sub-Committee of the Directors for Allotment & Post Allotment Activities

**I. Audit Committee**

The term of reference of Audit Committee is in accordance with Section 177(4) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs, which includes the following:

(i) Discussions with the Auditors about the scope of audit including observations of auditors;

(ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement are correct, sufficient and credible;

(iii) Noting appointment and removal of external auditors. Recommending audit fee of external auditors and also approval for payment for any other service;

(iv) Recommending appointment and remuneration of Cost Auditors;

(v) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(vi) Approval or any subsequent modification of transactions of the company with related parties;

(vii) Scrutiny of inter-corporate loans and investments;

(viii) Valuation of undertakings or assets of the company, wherever it is necessary;

(ix) Evaluation of internal financial controls and risk management systems;

(x) Monitoring the end use of funds raised through public offers and related matters;

(xi) Receiving the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a nature and reporting the matter to the Board;

(xii) Consider and review the following with the management, internal Auditor and the independent Auditor:

1. Significant findings during the year, including the status of previous audit recommendations;

2. Any difficulties encountered during audit work including any restrictions on the Scope of the activities or access to required information.

(xiii) Review of all financial reports including Annexure to Cost Audit; Reports, Internal Audit reports etc;

(xiv) Review of Management Discussion and Analysis report;

(xv) Review of half-yearly and annual financial statements before submission to the Board for approval, with particular reference to:

1. Change, if any, in accounting policies and practices and reasons for the same;

2. Significant adjustments made in financial statements arising out of audit findings;

3. Disclosure of any related party transactions;

4. Qualifications in audit report.

(xvi) Review of observations of Statutory Auditors and Comptroller and Auditor General of India and

(xvii) Such matters as may be referred to it by the Board of Directors, from time to time.

The constitution of the Audit Committee of the Company as on 31st March 2019, comprised 3 (three) Members namely Shri Sudhir Arya, Chairman, Shri S.Narendra and Smt. Sangeeta Bhatia. Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

During 2018-19, one meeting of Audit Committee was held on 24th December 2018 which was attended by all members of the Committee.

**II. Nomination & Remuneration Committee**

As per requirement of Section 178 of the Companies Act, 2013, specified categories of Public Companies are required to constitute Nomination and Remuneration Committee. However, Joint Ventures and Wholly Owned Subsidiaries are exempt from this compliance. But DPE Guidelines on Corporate Governance provide that all CPSEs need to reconstitute a Remuneration Committee for PRP for deciding annual bonus/variable pay pool and policy for its distribution.

Accordingly, in compliance with the provisions of the DPE guideline on corporate Governance, a Remuneration Committee for PRP has been constituted.

The constitution of the Nomination & Remuneration Committee of the Company as on 31.03.2019, comprised of three members namely Shri Sudhir Arya, Shri S.Narendra and Smt. Sangeeta Bhatia. Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

**III. Corporate Social Responsibility Committee**

The term of reference of Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013 which is as under:

(i) To formulate & recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as amended from time to time by the Ministry of Corporate Affairs, GOI;

(ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and approve the budget for CSR;

(iii) To monitor the CSR Policy of the company from time to time;

(iv) Shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;

(v) Any other matter as may be delegated by the Board from time to time.

As on 31.03.2019, the Corporate Social Responsibility Committee of the Company comprised three Directors namely Shri A.K. Gupta, Shri Sudhir Arya and Shri S.Narendra. Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

As project of your company is under execution stage and your company is yet to start generation of revenue, during the year 2018-19 there was no profit which is required to be spend as CSR expenditure. Accordingly, no meeting of the CSR Committee was held during 2018-19.

**IV. COMMITTEE OF DIRECTORS FOR ALLOTMENT & POST ALLOTMENT ACTIVITIES**

In order to allot shares to the promoters in respect of share application money received from them within the time frame prescribed under the Companies Act, 2013, your Company has constituted a sub-committee of the Board of Directors for allotment and transfer of equity shares of the Company.

As on 31st March 2019, the Committee comprises Shri Sudhir Arya and Smt. Sangeeta Bhatia, Directors.

During the FY 2018-19, four (4) meetings of the Committee were held on 17th May 2018, 28th September 2018, 1st February 2019 and 29th March 2019.

| Name | No. of meetings held during FY / Tenure | No. of meetings Attended |
|---|---|---|
| Shri Sudhir Arya* | 4 | 4 |
| Shri R. Lakshmanan | 1 | 1 |
| Smt.Sangeeta Bhatia | 3 | 3 |

*Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

**3. Remuneration Policy/ Detail of Remuneration to Directors**

Since the Directors are nominated by NTPC, they are governed by the remuneration policy as applicable to NTPC Limited.

No sitting fee is payable to Directors for any meeting of the Board of Director and Committee thereof.

**4. Performance Related Payment to Employees**

As employees are on secondment basis from NTPC, their remuneration is as per the rules & policies of NTPC.

**5. General Body Meetings**

The attendance of Directors in Annual General Meeting is as under:

| Date of the Meeting/ Name of the Director | AGM 20.09.2018 |
|---|---|
| Shri A.K.Gupta | Yes |
| Shri Sudhir Arya* | Yes |
| Shri S.Narendra | No |
| Smt. Sangeeta Bhatia | Yes |

*Shri Sudhir Arya ceased to be Director w.e.f. 29th July, 2019.

**Forth coming AGM: Date, Time and Venue**

The 11th Annual General Meeting of the Company (AGM) is scheduled on Tuesday, 30th July, 2019 at 3:00 P.M. at the registered office of the Company situated at NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodi Road, New Delhi-110003.

**Location and Time of the last three AGMs**

The location, time and details of the special resolutions passed during last three AGMs are as follows:

| AGM | 8th | 9th | 10th |
|---|---|---|---|
| Date and Time | 28/9/2016 5:45 P.M. | 30/8/2017 2:30 P.M. | 20/9/2018 5:15 P.M. |
| Venue | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003 | NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003 |
| Special Resolution Passed | - | - | - |

**6. Means of Communication**

The Company communicates with its shareholders through its Annual Report and General Meetings.

7. **Disclosures**

a) The Annual Financial Statements FY 2018-19 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.

b) The company has a system in place for monitoring of various statutory and procedural compliances. Further, a compliance certificate on applicable laws is in place on yearly basis.

c) CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.

d) All the Board Members and Senior Management Personnel are governed by the Code of Conduct of NTPC Limited as they are nominated/ deputed by NTPC. The affirmation to the Code of Conduct is given by Board Members and Senior Management Personnel at NTPC.

e) The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company is covered under the Whistle Blower Policy of NTPC under which the employees are free to report violations of applicable laws and regulations. No personnel have been denied access to the Audit Committee.

f) During the year under review, no Presidential Directive was received by your Company.

g) The information regarding shareholding pattern of Promoters and Directors is given under Extract of Annual Return which is at Annex-III to the Directors' Report.

8. **Audit qualifications:**

There is no qualification in the report of Statutory Auditors and Secretarial Auditor for 2018-19.

9. **Training of Board Members**

As the Board Members are the Nominees of NTPC, they are being imparted training by the parent companies.

10. **Location of Plant:**

Nabinagar Super Thermal Power Project (3x660 MW), Distt. Aurangabad, Nabinagar, Bihar.

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

**(A.K. Gupta)**

**Chairman**

**(DIN: 07269906)**

**Place: New Delhi**

**Date: 30/07/2019**

Annex- III

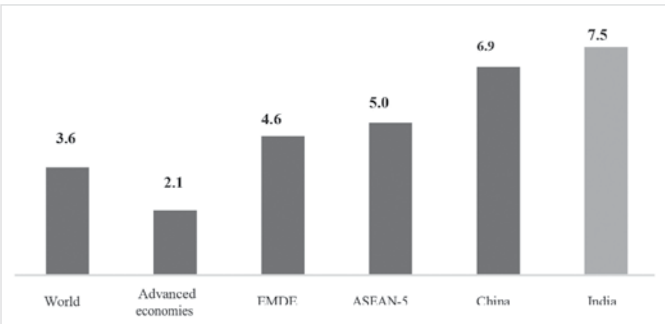
# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ECONOMIC AND SECTOR OUTLOOK

As per data published by the Government of India in the Economic Survey- 2018-19, India became the sixth largest economy by sustaining growth rates higher than China, thereby earning the epaulette of being the fastest growing major economy in the world.

### Growth of GDP in India and the world

Source: Economic Survey 2018-19




Note: (1). EMDE – Emerging Market and Developing Economies; (2). ASEAN-5 composed of 5 countries: Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

The Government of India has also targeted to make India a 5 trillion US$ economy by 2024 envisaging growth of more than 8% in coming years.

During the year 2018-19, the growth in power sector has been possible due to major reforms focused on enabling the sector to adapt to the disruptions such as flexibility in thermal power generation, environment protection and capacity addition in RE & Hydro and cross border trading of power etc.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

Availability of Power at affordable price is essential for economic growth of any country. The power sector is crucial to India's infrastructure and economic growth.The total installed capacity in the country as on 31st March 2019 was 3,56,100 MW (including renewables) with Private Sector contributing 46.2% of the installed capacity followed by State Sector with 29.5% share and Central Sector with 24.3% share.

| | Total Capacity (MW) | % share |
|---|---|---|
| Private | 1,64,428 | 46.2 |
| State | 1,05,076 | 29.5 |
| Central | 86,596 | 24.3 |
| **Total** | **3,56,100** | **100.0** |

(Source: Central Electricity Authority)

Source-wise installed capacity in the country as on 31 March 2019 is as under:

| | Total Capacity (MW) | % share |
|---|---|---|
| Thermal | 2,26,279 | 63.6 |
| Nuclear | 6,780 | 1.9 |
| Hydro | 45,399 | 12.7 |
| RES (Renewables) | 77,642 | 21.8 |
| **Total** | **3,56,100** | **100.0** |

(Source: Central Electricity Authority-Installed Capacity report)

### Generation

The total conventional power available in the country during the financial year 2018-19 was 1,249 BUs as compared to 1,206 BUs during previous year, registering a growth of 3.6%. (Generation figures pertain to capacity monitored by CEA).

Sector-wise and fuel-wise break-up of generation for the year 2018-19 is detailed as under:

In BUs

| Sector | Thermal | Hydro | Nuclear | Bhutan Import | Total |
|---|---|---|---|---|---|
| **Central** | **368** | **55** | **38** | -- | **461** |
| **State** | **335** | **66** | -- | -- | **401** |
| **Private** | **369** | **14** | -- | -- | **383** |
| **Bhutan Import** | -- | -- | -- | **4** | **4** |
| **Total** | **1072** | **135** | **38** | **4** | **1249** |

(Source: Central Electricity Authority)

As far as thermal generation is concerned, based on the monitored capacity by CEA, the generation contribution of central sector is 36.9% with installed capacity share of 24.3%, state sector contributes 32.1% of generation with installed capacity share of 29.5% and private sector contributes 30.6% of generation with installed capacity share of 46.2%. Central Sector utilities have performed better as compared to those of state and private sector utilities.

### Consumption

The per capita consumption of power in India was 1,149 units in financial year 2017-18 (provisional) (Source: Central Electricity Authority), which is almost one-third of the global average (3,052 units).

With ambitious target of providing free electricity connections to all households in rural areas and poor families in urban areas by Dec. 2018, the Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in September

2017. As indicated in the Saubhagya Dashboard, 99.99% households have been electrified and only 18,734 households in Chhattisgarh remains to be electrified. (Source: Saubhagya dashboard)

Other key initiatives taken by Government of India include Integrated Power Development Scheme (for providing 24x7 power supply in the urban areas) and Deen Dayal Upadhyaya Gram Jyoti Yojana (agricultural feeders segregation, strengthening of sub-transmission & distribution infrastructure in rural areas and rural electrification). Under the aforesaid Scheme, 100% village electrification has been achieved.

**SWOT ANALYSIS**

**Strength/ Opportunity:**

The Company is setting up 3X660 MW coal based thermal power project in Aurangabad District of Bihar in Stage-I. Initially the plant was proposed to be developed in Joint Venture with Bihar State Power Generating Company Limited. However, NTPC has acquired all equity held by BSPGCL and w.e.f. 29th June 2018, your Company is a wholly owned subsidiary of NTPC Limited. NTPC Limited as consultant to the project is also providing engineering and management expertise from planning to commissioning and operating the power plants. First unit of 660 MW is likely to be commissioned in July, 2019. Keeping in view the vast expertise of NTPC in implementation of thermal power projects, your Company will get benefit of NTPC's experience in project execution.

**Weakness/Threats:**

The project of your Company is under execution mode. There are several factors like poor financial health of the some of the contractors e.g. ERA, DCIPS etc., delay in land acquisition etc. which had adversely affected timely completion of the projects leading to increase in IDC. Further, installation of FGD system in compliance with the Environment Norms has also increased the total project cost. These factors will subsequently add to the cost of the power generated from the Company.

**RISK, CONCERNS AND THEIR MANAGEMENT**

The Company through its Board of Directors periodically review the project status, Risks associated thereto and risk mitigation measures required for commissioning of the project.

Further being a subsidiary of NTPC Limited, your company is also subject to Risk Management Policy of NTPC Limited and it is reviewed by the Risk Management Committee of NTPC Limited.

**INTERNAL CONTROL**

The Company has adequate internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The financial statements are prepared in accordance with generally accepted accounting principles in India, accounting standards notified from time to time by the Ministry of Corporate Affairs under the Companies Act, 2013 and the provisions of the Electricity Act, 2003 to the extent applicable.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants. Further, in order to strengthen the internal control mechanism in the Company, your Company has implemented ERP System and it is helping the Company in retrieving data and maintaining systematic backup.

**PERFORMANCE DURING THE YEAR**

**Operational Performance**

There has been no generation of electricity during the year 2018-19. The trial run of 72 hrs. has been successfully achieved on 12th July, 2019 and its capacity has been added in the total installed capacity of the Country by Central Electricity Authority.

**Financial Performance**

**Overview**

Your Company is following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956 and the provisions of the Electricity Act, 2003 to the extent applicable. The financial statement of the Company for the year ended 31st March, 2019 have been audited by the Statutory Auditors. The Comptroller & Auditor General of India (C&AG) have also conducted the supplementary audit for the period from 1st April, 2018 to 31st March, 2019. C&AG has issued **NIL** comment based on their supplementary audit. The accounting policies adopted by the Company and the estimates and judgements relating to the financial statements have been made based on previous experience & other factors considered reasonable and prudent in the circumstances and in accordance with the applicable Accounting Standards.

**Revenue from Operations**

NPGCL is presently implementing 3x660 MW Nabinagar Super Thermal Power Project (NSTPP) at Nabinagar in Aurangabad District of Bihar. The project is under construction, there has been no generation during the year 2018-19. Unit #1 of the project was synchronized with the grid in January 2019, full load in March 2019 and trial operation completed on 12th July 2019.

After declaration of COD of the unit, commercial generation of electricity would start giving revenue from operations.

**Share Capital**

Initially, the company was registered as a 50:50 joint venture (JV) promoted by NTPC Ltd and Bihar State Power Generation Company Limited (BSPGCL). Later on, in June, 2018 NTPC Ltd. has purchased all shares of NPGCPL from BSPGCL. Consequently, NPGCPL became wholly owned subsidiary of NTPC Ltd. The paid up Equity share capital as on 31st March, 2019 was Rs. 3987.15 Crore. During 2018-19, Rs. 667.28 Crore were raised through right issue of shares to the promoter, NTPC Limited.

**Borrowings**

Financial closure of the 3X660 MW project of your Company was achieved by tying up the entire debt requirement of Rs. 8,775 Crore with Rural Electrification Corporation Ltd based on the Cost of Project as per Feasibility Report at ₹12,536 Crore. Subsequently, the project cost was revised following independent Financial Appraisal Report in March, 2012, where the estimated completed cost was worked out to ₹15,132 Crore. The same was approved by the then promoters, NTPC Limited and Bihar State Power Generation Company Limited (BSPGCL). This necessitated a loan of ₹10,592.17 Crore to take care of the estimated completed cost of Rs. 15,132 Crore. The project cost was further revised by the board to ₹17,304/- Crore due to change in environmental norms and duty/taxes. The Company has tied-up with Canara Bank for Rs. 800 Crore term loan and Rs. 263 crore towards working capital loan.

**HUMAN RESOURCE**

As on 31.3.2019, your Company had total 262 no. of employees. Out of which 224 employees were posted from NTPC on secondment basis and 38 of employees were recruited as Diploma Trainees.

Training & Development of human resource is also one of the focus areas of your Company and accordingly, provisions for undergoing seven day training in a year has been made.

Safe methods are practised in all areas of Construction & Erection and Operation & Maintenance for the protection of workers against any injury . Occupational safety at work place is given utmost importance.

**OUTLOOK**

The Company's outlook appears to be good, keeping in view of the likely increase in demand of electricity of power available in the Country.

**CORPORATE SOCIAL RESPONSIBILITY**

Your Company is yet to generate revenue from its operations, accordingly no expenditure under the head of Corporate Social Responsibility was incurred during the FY 2018-19.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis, describing objectives, projections and estimates, are forward-looking statements and progressive, within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

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

**(A.K.Gupta)**
**Chairman**
**DIN : 07269906**

**Place: New Delhi**
**Date: 30/07/2019**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**as on financial year ended on 31.03.2019**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

## I REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| i | CIN | U40104DL2008PLC183024 |
| ii | Registration Date | 09.09.2008 |
| iii | Name of the Company | Nabinagar Power Generating Company Limited |
| iv | Category/Sub-category of the Company | Company Limited by Shares |
| v | Address of the Registered office & contact details | NTPC Bhawan, SCOPE Complex, Lodi Road, New Delhi |
| vi | Whether listed company | No |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | NSDL Database Management Limited<br>4th Floor, Trade World, A Wing Kamala Mills Compound, Lower Parel, Mumbai-400013, Ph: 022-49142594 |

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| SL No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|---|---|---|---|
| 1 | Electricity generation by coal based thermal electric plant | 35102 | 100% ( Projects of the Company is in construction stage) |

## III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sl No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARYASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---|---|---|---|---|---|
| 1 | NTPC Limited | L40101DL1975GOI007966 | Holding | 100% | |

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| **A. Promoters** | | | | | | | | | | |
| (1) Indian | | | | | | | | | | |
| a) Individual/HUF | | | | | | | | | | |
| b) Central Govt. or State Govt. | | | | | | | | | | |
| c) Bodies Corporates | 0 | 3319871000 | 3319871000 | 100 | 2207865500 | 1779290000 | 3,987,155,500 | 100 | 20.09971171 | |
| d) Bank/FI | | | | | | | | | | |
| e) Any other | | | | | | | | | | |
| **SUB TOTAL: (A) (1)** | 0 | 3319871000 | 3319871000 | 100 | 2207865500 | 1779290000 | 3987155500 | 100 | 20.09971171 | |
| **(2) Foreign** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| a) NRI- Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| e) Any other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **SUB TOTAL (A) (2)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Total Shareholding of Promoter (A) = (A)(1)+(A)(2)** | 0 | 3319871000 | 3319871000 | 100 | 2207865500 | 1779290000 | 3987155500 | 100 | 20.09971171 | |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| C) Cenntral govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| d) State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| e) Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| g) FIIS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **SUB TOTAL (B)(1):** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **(2) Non Institutions** | | | | | | | | | | |
| a) Bodies corporates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| i) Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| c) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **SUB TOTAL (B)(2):** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **C. Shares held by Custodian for GDRs & ADRs** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Grand Total (A+B+C)** | | **3319871000** | **3319871000** | **100** | **2207865500** | **1779290000** | **3987155500** | **100** | **20.09971171** | |

(ii) Share Holding of Promoters

| Sl No. | Shareholders Name | Shareholding at the begginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | NTPC Limited (including Nominees) | 1659935500 | 50 | NIL | 3987155500 | 100 | NIL | 140 |
| 2 | Bihar State Power Generation Co.Ltd. | 1659935500 | 50 | NIL | 0 | 0 | NIL | -140 |
| | Total | 3319871000 | 100 | NIL | 3987155500 | 100 | NIL | 20 |

(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

| Sl. No. | | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| | At the beginning of the year | 3319871000 | | | |
| | 17.5.18 | 154509000 | 4.65 | 3,474,380,000 | 100 |
| | 28.9.18 | 200675500 | 5.78 | 3,675,055,500 | 100 |
| | 01.02.2019 | 270000000 | 6.84 | 3,945,055,500 | 100 |
| | 29.03.2019 | 42100000 | 1.06 | 3,987,155,500 | 100 |
| | At the end of the year | 3987155500 | | | |

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

| Sl. No | | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Top 10 Shareholders | No.of shares | % of total shares of the company | No of shares | % of total shares of the company |
| | N.A. | | | | |

(v) Shareholding of Directors & KMP

| Sl. No | | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Directors & KMP | No.of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | Shri A.K.Gupta | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 1 | 0 | 1 | 0 |
| 2 | Shri Sudhir Arya | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 1 | 0 | 1 | 0 |
| 3 | Smt.Sangeeta Bhatia | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 1 | 0 | 1 | 0 |
| 4 | Shri S.Narendra | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 1 | 0 | 1 | 0 |

## V INDEBTEDNESS

| Indebtedness of the Company including interest outstanding/accrued but not due for payment | | | | |
|---|---|---|---|---|
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| **Indebtness at the beginning of the financial year** | | | | |
| i) Principal Amount | 79,127,041,196 | - | - | 79,127,041,196 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | 79,127,041,196 | - | - | 79,127,041,196 |
| **Change in Indebtedness during the financial year** | | | | |
| Additions | 12,627,632,092 | - | - | 12,627,632,092 |
| Reduction | - | | | |
| **Net Change** | 12,627,632,092 | - | - | 12,627,632,092 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 91,750,000,000 | - | - | 91,750,000,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 4,673,288 | - | - | 4,673,288 |
| **Total (i+ii+iii)** | 91,754,673,288 | | | 91,754,673,288 |

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

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

### B. Remuneration to other directors:

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

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| 1 | **Gross Salary** | **CEO** | **Company Secretary** | **CFO** | **Total** |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 6,655,450 | 2,225,015 | 5,599,975 | 1,44,80,440 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 84,454 | 52,022 | 63,711 | 2,00,187 |
| | (c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | | - | |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | as % of profit | - | - | - | - |
| | others, specify | - | | - | |
| 5 | Others, please specify | - | | - | |
| | **Total** | **6,739,904** | **2,277,037** | **5,663,686** | **1,46,80,627** |

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

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **B. DIRECTORS** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NABINAGAR POWER GENERATING COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Nabinagar Power Generating Company Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed unde the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This stated to have been done by them vide their Audit Report dated 16 May 2019.

I, on behalf of the comptroller and Auditor General of India have conducted a supplementary audit the financial statements of Nabinagar Power Generating Company Limited for the year ended 31 March 2019 under Section 143(6) (a) of the Act. 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 Aduitors 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 Aduditors' report unde Section 143(6)(b) of the Act.

For an on behalf of the
Comptroller and Auditor General of india

**(Indu Agrawal)**
**Principal Director of Commercial Audit &**
**Ex-officio Member, Audit Board, Ranchi.**

**Place: Ranchi**
**Date: 05 July 2019**

# SECRETARIAL AUDIT REPORT

**For the financial year ended on 31st March, 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To**

**The Members**

**Nabinagar Power Generating Company Limited**

**7-Scope Complex Institutional Area,**

**Lodhi Road, New Delhi- 110003**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "**Nabinagar Power Generating Company Limited**" (Corporate Identity Number U40104DL2008PLC183024) (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Nabinagar Power Generating Company Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made there under;

ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;

iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

iv) As explained by the management, there is no law which is specifically applicable on the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards (SS) issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, etc. mentioned above subject to the following observations under Companies Act, 2013 (the Act) and rule made there under:

The Company made allotment of Equity Shares on Right basis to existing shareholders on 17th May, 2018, 28th September, 2018, 1st February, 2019, 29th March, 2019. However, excess of the application money received on 21st March, 2018 for allotment made on 17th May, 2018 was not refunded to subscribers within 15 days from the date of completion of 60 days.

**We further report that: -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors. Company is exempted vide General Circular No. 09/2017 dated 5th July, 2017 to have Independent Director(s) in its Board. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule the Board Meetings during the financial year under review, agenda and detailed notes on agenda were sent within timeline and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and minutes, we report that all the decisions are carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, the Company has not carried out any specific event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules regulations, guidelines.

**FOR A. KAUSHAL & ASSOCIATES**

**COMPANY SECRETARIES**

**CS AMIT KAUSHAL**

**FCS- 6230, CP No.- 6663**

**PLACE: NEW DELHI**

**DATE: 30/07/2019**

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

Annexure-I

**To**

**The Members**

**Nabinagar Power Generating Company Limited**

**Scope complex 7-Institutional Area,**

**Lodhi Road, New Delhi- 110003**

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

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

**FOR A. KAUSHAL & ASSOCIATES**

**COMPANY SECRETARIES**

**CS AMIT KAUSHAL**

**FCS- 6230, CP No.- 6663**

**PLACE: NEW DELHI**

**DATE: 30/07/2019**

# NABINAGAR POWER GENERATING COMPANY LIMITED

## BALANCE SHEET AS AT 31 MARCH 2019

₹ Lakh

| Particulars | Note No. | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2 | 119,644.98 | 105,895.61 |
| Capital work-in-progress | 3 | 1,301,295.99 | 1,133,275.73 |
| Intangible assets | 4 | - | 0.28 |
| Financial assets | 5 | - | 430.93 |
| Other non-current assets | 6 | 12,879.28 | 17,239.71 |
| **Total non-current assets** | | 1,433,820.25 | 1,256,842.26 |
| **Current assets** | | | |
| Financial assets | | | |
| Cash and cash equivalents | 7 | 3,548.06 | 7,396.05 |
| Bank balances other than cash and cash equivalents | 8 | 1,865.75 | 2,218.87 |
| Current tax assets | 9 | - | 91.19 |
| Other current assets | 10 | 4,268.59 | 1,015.56 |
| **Total current assets** | | 9,682.40 | 10,721.67 |
| Regulatory deferral account debit balance | 11 | 1,194.68 | 1,372.90 |
| **TOTAL ASSETS** | | 1,444,697.33 | 1,268,936.83 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 12 | 398,715.55 | 331,987.10 |
| Other equity | 13 | 4,238.08 | 24,351.98 |
| **Total equity** | | 402,953.63 | 356,339.08 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 917,500.00 | 762,020.41 |
| Other financial liabilities | 15 | 60,298.55 | 52,643.62 |
| **Total non-current liabilities** | | 977,798.55 | 814,664.03 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 16 | | |
| (A) total outstanding dues of micro enterprises and small enterprises | | 24.03 | 223.88 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | 594.18 | 1,019.83 |
| Other financial liabilities | 17 | 53,154.10 | 88,698.31 |
| Other current liabilities | 18 | 510.99 | 526.58 |
| Provisions | 19 | 9,617.98 | 7,465.12 |
| Current tax liabilities (net) | 20 | 43.87 | - |
| **Total current liabilities** | | 63,945.15 | 97,933.72 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,444,697.33 | 1,268,936.83 |
| Significant accounting policies | 1 | | |

The accompanying notes 1 to 37 form an integral part of these financial statements.

For and on behalf of the Board of Directors
**Nabinagar Power Generating Company Limited**
CIN: U40104DL2008PLC183024

| (MANISH KUMAR) | (S.K. RATH) | (VIJAI SINGH) | (SUDHIR ARYA) | (A.K. GUPTA) |
|---|---|---|---|---|
| COMPANY SECRETARY | CFO | CEO | DIRECTOR | CHAIRMAN |

Place: New Delhi
Date : 16 May 2019

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

For D.C. Garg & Co.
Chartered Accountants
Firm Regn . No. 500035N

Sandeep Garg
Partner
Membership No. : 075312
Place: New Delhi
Date : 16 May 2019

# NABINAGAR POWER GENERATING COMPANY LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

₹ Lakh

| Particulars | Note No. | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| **Revenue** | | | |
| Other income | 21 | **259.36** | - |
| **Total revenue** | | **259.36** | - |
| **Expenses** | | | |
| Employee benefits expense | 22 | **0.07** | - |
| Finance costs | 23 | - | - |
| Depreciation and amortization expense | 2 & 4 | - | - |
| Other expenses | 24 | **135.20** | 1,408.89 |
| **Total expenses** | | **135.27** | 1,408.89 |
| **Profit/(Loss) before tax** | | **124.09** | (1,408.89) |
| **Tax expense** | | | |
| Current year | | **66.43** | - |
| Earlier year | | **200.34** | - |
| **Total tax expense** | | **266.77** | - |
| **Loss for the period before regulatory deferral account balances** | | **(142.68)** | (1,408.89) |
| Net movement in regulatory deferral account balances (net of tax) | | **(178.22)** | 1,398.79 |
| **Loss for the year** | | **(320.90)** | (10.10) |
| **Other comprehensive income/(expense)** | | - | - |
| **Total comprehensive income/(expense) for the year** | | **(320.90)** | (10.10) |
| **Earnings per equity share (Par value ₹ 10/- each)** | 29 | | |
| From operations including regulatory deferral account balances | | | |
| Basic earning per share (₹) | | **(0.01)** | (0.00) |
| Diluted earning per share (₹) | | **(0.00)** | (0.00) |
| From operations excluding regulatory deferral account balances | | | |
| Basic earning per share (₹) | | **(0.00)** | (0.05) |
| Diluted earning per share (₹) | | **(0.00)** | (0.05) |
| Significant accounting policies | 1 | | |

The accompanying notes 1 to 37 form an integral part of these financial statements.

For and on behalf of the Board of Directors
**Nabinagar Power Generating Company Limited**
CIN: U40104DL2008PLC183024

| | | | | |
|---|---|---|---|---|
| **(MANISH KUMAR)** | **(S.K. RATH)** | **(VIJAI SINGH)** | **(SUDHIR ARYA)** | **(A.K. GUPTA)** |
| COMPANY SECRETARY | CFO | CEO | DIRECTOR | CHAIRMAN |

Place: New Delhi
Date : 16 May 2019

This is the profit & loss referred to in our report of even date

For D.C. Garg & Co.
Chartered Accountants
Firm Regn . No. 500035N

Sandeep Garg
Partner
Membership No. : 075312
Place: New Delhi
Date : 16 May 2019

# NABINAGAR POWER GENERATING COMPANY LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

₹ Lakh

| | Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|
| A | **Cash flow from operating activities** | | |
| | **Profit before tax** | 124.09 | (1,408.89) |
| | Net movements in regulatory deferral account balances (net of tax) | (178.22) | 1,398.79 |
| | | 54.13 | 10.10 |
| | **Adjustment for** | | |
| | Depreciation and amortization expense | 704.77 | 447.49 |
| | Finance costs | 81,178.18 | 74,777.36 |
| | Unwinding of discount on vendor liabilities | - | 2,084.28 |
| | Provision written back | (81.14) | - |
| | Provision created during the year | 17.91 | 81.14 |
| | **Regulatory deferral account debit balance** | 178.22 | (1,398.79) |
| | Operating loss before working capital changes | 81,943.81 | 75,981.38 |
| | Adjustment for - | | |
| | Trade payables | (625.50) | 712.01 |
| | Other financial liabilities | 1,016.77 | 732.30 |
| | Other current liabilities | 6.53 | (128.51) |
| | Provisions | 2,216.09 | 1,226.03 |
| | Non current financial assets | 430.93 | (430.93) |
| | Bank balances other than cash and cash equivalents | 353.12 | 2,523.93 |
| | Other current assets | (3,253.03) | (718.52) |
| | Cash generated from operations | 82,088.72 | 79,897.69 |
| | **Income taxes paid / (refund)** | 161.91 | (70.12) |
| | Net cash outflow from operating activities- A | 81,926.81 | 79,967.81 |
| B | Cash flow from investment activities | | |
| | Purchase of property plant and equipment and CWIP | (177,808.39) | (229,411.38) |
| | Proceeds from sale of property plant and equipment | - | 0.09 |
| | Net cash outflow from investing activities- B | (177,808.39) | (229,411.29) |
| C | Cash flow from financing activities | | |
| | Proceeds from issue of shares | 66,728.45 | 94,127.10 |
| | Proceeds from share Application Money | (19,793.00) | (13,074.00) |
| | Proceeds from non current borrowings | 126,229.59 | 104,120.41 |
| | Interest paid | (81,131.45) | (74,777.36) |
| | Net cash inflow from financing activities- C | 92,033.59 | 110,396.15 |
| | Net increase/(decrease) in cash and cash equivalents [A+B+C] | (3,847.99) | (39,047.33) |
| | Cash and Cash equivalents at the beginning of the year | 7,396.05 | 46,443.38 |
| | Cash and Cash equivalents at the end of the year | 3,548.06 | 7,396.05 |
| a) | Cash and cash equivalents consist of balances with banks and deposits with original maturity of upto three months. | | |
| b) | **Reconciliation of cash and cash equivalents** | | |
| | Cash and cash equivalent as per Note-7 | 3,548.06 | 7,396.05 |
| c) | Refer Note no. 27 for details of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments. | | |

d) Reconcilitation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

₹ Lakh

| Particulars | Non-current borrowings | Interest on borrowings |
|---|---|---|
| **For the year ended 31 March 2019** | | |
| Balance as at 1 April 2018 | **791,270.41** | - |
| Loan drawals (in cash)/interest accrued during the year | **126,229.59** | 81,178.18 |
| Loan repayments/interest payment during the year (in cash) | - | 81,131.45 |
| **Balance as at 31 Marth 2019** | **917,500.00** | 46.73 |
| **For the year ended 31 March 2018** | | |
| Particulras | **687.150.00** | |
| **Loan drawals (in cash)/interest accured during the year** | **104,120.41** | 69,273.50 |
| Loan repayments/interest payment during the year (in cash) | - | 69,273.50 |
| **Balance as at March 2018** | **791,270.41** | - |

There are no non-cash changes on account of effect of changes in foreign exchange rates and fair value.

For and on behalf of the Board of Directors
**Nabinagar Power Generating Company Limited**
CIN: U40104DL2008PLC183024

| (MANISH KUMAR) | (S.K. RATH) | (VIJAI SINGH) | (SUDHIR ARYA) | (A.K. GUPTA) |
|---|---|---|---|---|
| COMPANY SECRETARY | CFO | CEO | DIRECTOR | CHAIRMAN |

Place: New Delhi
Date : 16 May 2019

For D.C. Garg & Co.
Chartered Accountants
Firm Regn . No. 500035N

Sandeep Garg
Partner
Membership No. : 075312

Place: New Delhi
Date : 16 May 2019

# NABINAGAR POWER GENERATING COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

**(A) Equity share capital**

**For the year ended 31 March 2019**

₹ Lakh

| | |
|---|---|
| **Balance as at 1 April 2018** | **331,987.10** |
| Changes in equity share capital during the year | **66,728.45** |
| Balance as at March 2019 | **398,715.55** |

**For the year ended 31 March 2018**

₹ Lakh

| | |
|---|---|
| **Balance as at 1 April 2017** | **237,860.00** |
| Changes in equity share capital during the year | **94,127.10** |
| Balance as at 31 March 2018 | **331,987.10** |

**(B) Other equity**

**For the year ended 31 March 2019**

₹ Lakh

| **Particulars** | **Reserves & Surplus** | | **Total** |
|---|---|---|---|
| | **Rating Earnings** | **Share Application Money Pendeing Allotment** | |
| **As at 1 April 2018** | **4,558.98** | **19,793.00** | 24,351.98 |
| Add : profit/(loss) for the year | **(320.90)** | - | (320.90) |
| Add : Other comprehensive income | - | - | - |
| Add : Share application money received | - | **46,935.45** | 46,935.45 |
| Less: Shares allotted against share application money | - | **66,728.45** | 66,728.45 |
| **Balance at at 31 March 2019** | **4,238.08** | - | **4,238.08** |

**For the year ended 31 March 2018**

₹ Lakh

| **Particulars** | **Reserve & Surplus** | | **Total** |
|---|---|---|---|
| | **Rating Earnings** | **Share Application Money Pendeing Allotment** | |
| **As at 1 April 2017** | **4,569.08** | **32,867.00** | 37,436.08 |
| Add: Profit/(Loss) for the year | **(10.10)** | - | (10.10) |
| Add: Other comprehensive income | - | - | - |
| Add: Share application money received | - | **81,053.10** | 81,053.10 |
| Less: Shares allotted against share application money | - | **94,127.10** | 94,127.10 |
| **Balance as at 31 March 2018** | **4,558.98** | **19,793.00** | **24,351.98** |

For and on behalf of the Board of Directors
**Nabinagar Power Generating Company Limited**
CIN: U40104DL2008PLC183024

| (MANISH KUMAR) | (S.K. RATH) | (VIJAI SINGH) | (SUDHIR ARYA) | (A.K. GUPTA) |
|---|---|---|---|---|
| COMPANY SECRETARY | CFO | CEO | DIRECTOR | CHAIRMAN |

Place: New Delhi
Date : 16 May 2019

For D.C. Garg & Co.
Chartered Accountants
Firm Regn . No. 500035N

Sandeep Garg
Partner
Membership No. : 075312

Place: New Delhi
Date : 16 May 2019

## 2 PROPERTY, PLANT & EQUIPMENTS

**As at 31 March 2019** ₹ Lakh

| Particulars | Gross block | | | | Accumulated Depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions | Deductions/ adjustments | As at 31.03.2019 | Up to 01.04.2018 | For the year | Deductions/ adjustments | Up to 31.03.2019 | As at 31.03.2019 |
| Freehold land | 99,206.44 | 1,010.89 | - | 101,217.33 | - | - | - | - | 100,217.33 |
| Temporary erection | 555.36 | 274.46 | 26.89 | 802.93 | 205.86 | 147.93 | 2.18 | 351.61 | 451.32 |
| Furniture and fixtures | 288.88 | 466.11 | (218.58) | 937.57 | 40.37 | 53.26 | (13.88) | 107.51 | 866.06 |
| Vehicles | 16.52 | - | - | 16.52 | 2.77 | 1.65 | - | 4.42 | 12.10 |
| Office equipment | 261.99 | 83.01 | 22.74 | 322.26 | 66.32 | 33.22 | 3.91 | 95.63 | 226.63 |
| EDP, WP machine and satcom equipment | 244.34 | 73.18 | (3.46) | 320.98 | 101.76 | 60.17 | (3.13) | 165.06 | 155.92 |
| Electrical installations | 1,710.66 | 41.90 | 446.26 | 1,306.30 | 255.48 | 67.11 | 63.82 | 258.77 | 1,047.53 |
| Communicaton equipments | 18.32 | - | 3.36 | 14.96 | 10.28 | 1.20 | 3.03 | 8.45 | 6.51 |
| Roads | 223.45 | - | - | 223.45 | 7.47 | 7.47 | - | 14.94 | 208.60 |
| Building | 3,762.74 | 9,672.66 | (26.90) | 13,462.30 | 125.62 | 224.25 | (2.19) | 352.06 | 13,110.24 |
| Water supply drainage & sewerage syste | 0.39 | - | - | 0.39 | 0.02 | 0.02 | - | 0.04 | 0.35 |
| Construction equipments | 430.85 | 156.23 | - | 587.08 | 8.47 | 56.87 | - | 65.34 | 521.74 |
| Plant and equipments | - | 2,614.60 | (250.21) | 2,864.81 | - | 50.63 | (53.74) | 104.37 | 2,760.44 |
| Hospital equipments | - | 10.78 | - | 10.78 | - | 0.49 | - | 0.49 | 10.29 |
| Laboratory & workshop equipments | - | 50.14 | - | 50.14 | - | 0.22 | - | 0.22 | 49.92 |
| **Total** | **106,720.03** | **14,453.96** | **0.10** | **121,173.89** | **824.42** | **704.49** | **-** | **1,528.91** | **119,644.98** |

**As at 31 March 2018** ₹ Lakh

| Particulars | Gross block | | | | Accumulated Depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Additions | Deductions/ adjustments | As at 31.03.2018 | Up to 01.04.2017 | For the year | Deductions/ adjustments | Up to 31.03.2018 | As at 31.03.2018 |
| Freehold land | 96,541.23 | 2,665.21 | - | 99,206.44 | - | - | - | - | 99,206.44 |
| Temporary erection | 251.53 | 303.83 | - | 555.36 | 100.10 | 105.76 | - | 205.86 | 349.50 |
| Furniture and fixtures | 90.13 | 198.75 | - | 288.88 | 11.61 | 28.76 | - | 40.37 | 248.51 |
| Vehicles | 16.52 | - | - | 16.52 | 1.43 | 1.34 | - | 2.77 | 13.75 |
| Office equipment | 197.23 | 64.76 | - | 261.99 | 38.25 | 28.07 | - | 66.32 | 195.67 |
| EDP, WP machine and satcom equipment | 151.11 | 95.34 | 0.31 | 244.34 | 55.91 | 46.11 | 0.26 | 101.76 | 142.58 |
| Electrical installations | 1,418.71 | 291.95 | - | 1,710.66 | 163.19 | 92.29 | - | 255.48 | 1,455.18 |
| Communicaton equipments | 18.32 | - | - | 18.32 | 8.44 | 1.84 | - | 10.28 | 8.04 |
| Roads | - | 223.54 | - | 223.54 | - | 7.47 | - | 7.47 | 216.07 |
| Building-Other | - | 3,672.74 | - | 3,672.74 | - | 125.62 | - | 125.62 | 3,637.12 |
| Water supply drainage & sewerage system | - | 0.39 | - | 0.39 | - | 0.02 | - | 0.02 | 0.37 |
| Construction equipments | - | 430.85 | - | 430.85 | - | 8.47 | - | 8.47 | 422.38 |
| **Total** | **98,684.78** | **8,035.56** | **0.31** | **106,720.03** | **378.93** | **445.75** | **0.26** | **824.42** | **105,895.61** |

a) The conveyancing of title of 233.36 acres of freehold land of value ₹ 7,608.54 Lakhs (31 March 2018: 391.07 acres of value ₹ 12,748.93 Lakhs) in favour of the Company are awaiting completion of legal formalities.

b) Refer Note 14 for information on property, plant and equipment pledged as security by the company.

c) Estimated amount of contracts remaining to be executed on capital account and is not provided for as at 31 March 2019 is ₹ 1,20,237.47 Lakhs (31 March 2018: ₹ 2,13,831.97 lakhs).

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

3 **Capital Work in Progress (CWIP)**
**As at 31/03/2019**

₹ Lakh

| Particulars | As at 01 April 2018 | Additions | Deductions/ Adjustments | Capitalized | As at 31 March 2019 |
|---|---|---|---|---|---|
| Development of land | 14,826.51 | 1,589.34 | 1,013.22 | - | 15,402.63 |
| Buildings | 23,408.54 | 14,229.58 | 5,868.15 | 9,672.66 | 22,097.31 |
| Temporary erection | 848.10 | (608.60) | (855.30) | - | 1,094.80 |
| Water supply, drainage and sewerage system | 395.99 | (330.70) | (430.79) | - | 496.08 |
| Plant and equipment | 1,041,526.79 | 146,715.65 | (12,354.91) | - | 1,200,597.35 |
| EDP/WP machines & satcom equipment | 39.14 | 2.87 | - | - | 42.01 |
| Electrical installations | 10,889.32 | 1,686.63 | 1,083.37 | - | 11,492.58 |
| Control & Instrumentation Equipment's | 6,128.32 | 489.07 | 6,617.39 | - | - |
| Roads, bridges, culverts & helipads | - | 175.78 | (1,013.22) | - | 1,189.00 |
| AC Ventilation and Fire Fighting System | 71.94 | 0.15 | 72.09 | - | - |
| Railway sidings | 7,017.76 | 4,599.88 | - | - | 11,617.64 |
| Communication equipments | - | 67.69 | - | - | 67.69 |
| Furniture and fixtures | - | 247.94 | - | 247.50 | 0.44 |
| | 1,105,152.41 | 168,865.28 | - | 9,920.16 | 1,264,097.53 |
| **Expenditure pending allocation** | | | | | |
| Survey, investigation, consultancy and supervision charges | 16,644.60 | 536.75 | - | - | 17,181.35 |
| Pre-commisioning expenses (net) | - | 8,677.35 | - | - | 8,677.35 |
| Expenditure during construction period (net)* | - | 100,900.20 | - | - | 100,900.20 |
| Less: Allocated to related works | - | 100,900.20 | - | - | 100,900.20 |
| | 1,121,797.01 | 178,079.38 | - | 9,920.16 | 1,289,956.23 |
| **Construction stores** | 11,478.72 | (138.96) | - | - | 11,339.76 |
| **Total** | **1,133,275.73** | **177,940.42** | - | **9,920.16** | **1,301,295.99** |

**As at 31/03/2018**

₹ Lakh

| Particulars | As at 01 April 2017 | Additions | Deductions/ Adjustments | Capitalized | As at 31 March 2018 |
|---|---|---|---|---|---|
| Development of land | 12,048.13 | 2,776.64 | - | (1.74) | 14,826.51 |
| Buildings- Main plant | 10,964.02 | 16,872.18 | - | 4,427.66 | 23,408.54 |
| Temporary erection | 751.23 | 151.10 | - | 54.23 | 848.10 |
| Water supply, drainage and sewerage system | 14.04 | 381.95 | - | - | 395.99 |
| Plant and equipment | 824,257.97 | 217,268.82 | - | - | 1,041,526.79 |
| EDP/WP machines & satcom equipment | 32.98 | 6.16 | - | - | 39.14 |
| Electrical installations | 12,031.36 | (1,109.85) | - | 32.19 | 10,889.32 |
| Control & Instrumentation Equipment's | 4,511.10 | 1,617.22 | - | - | 6,128.32 |
| AC Ventilation and Fire Fighting System | 55.12 | 16.82 | - | - | 71.94 |
| Railway sidings | - | 7,017.76 | - | - | 7,017.76 |
| | **864,665.95** | **244,998.80** | - | **4,512.34** | 1,105,152.41 |
| **Expenditure pending allocation** | | | - | - | |
| Survey, investigation, consultancy and supervision charges | 14,337.54 | 2,307.06 | - | - | 16,644.60 |
| Expenditure during construction period (net)* | - | 87,195.27 | - | - | 87,195.27 |
| Less: Allocated to related works | - | 87,195.27 | - | - | 87,195.27 |
| | 879,003.49 | 247,305.86 | - | 4,512.34 | 1,121,797.01 |
| **Construction stores** | 25,228.27 | (13,749.55) | - | - | 11,478.72 |
| **Total** | **904,231.76** | **233,556.31** | - | **4,512.34** | **1,133,275.73** |

*Brought from expenditure during construction period (net) - Note 25

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

a) Exchange differences capitalised are disclosed in the 'Addition' column of CWIP and allocated to various heads of CWIP in the year of capitalisation through 'Deductions/Adjustment' column of CWIP. Exchange differences in respect of assets already capitalised are disclosed in the 'Deductions/Adjustments' column of PPE. Asset-wise details of exchange differences and borrowing costs included in the cost of major heads of PPE and CWIP through 'Addition' or 'Deductions/Adjustments' column are given below:

₹ Lakh

| | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Exchange diferrence | Borrowing cost | Exchange diferrence | Borrowing cost |
| Buildings | - | 1,913.38 | - | 1,312.71 |
| Temporary Erection | - | 70.20 | - | 61.39 |
| Water supply, drainage & sewerage | - | 31.83 | - | 15.82 |
| Plant & equipment | 235.91 | 77,586.89 | 957.55 | 71,817.26 |
| EDP, WP machines & satcom equipment | - | 2.68 | - | 2.78 |
| Electrical installations | - | 742.12 | - | 882.10 |
| Control & instrumentation equipments | - | - | - | 409.61 |
| AC ventilation & fire fighting system | - | - | - | 4.89 |
| Railway sidings | - | 749.95 | - | 270.80 |
| Communication equipments | - | 4.46 | - | - |
| Roads, bridge, culverts & helipads | - | 76.67 | - | - |
| **Total** | **235.91** | **81,178.18** | **957.55** | **74,777.36** |

**4 Intangible assets**

**As at 31 March 2019**

₹ Lakh

| Particulars | Gross block | | | | Accumulated Depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions | Deductions/ adjustments | As at 31.03.2019 | Up to 01.04.2018 | For the year | Deductions/ adjustments | Up to 31.03.2019 | As at 31.03.2019 |
| Software | 5.38 | - | - | 5.38 | 5.10 | 0.28 | - | **5.38** | - |
| **Total** | 5.38 | - | - | **5.38** | 5.10 | 0.28 | - | **5.38** | - |

**As at 31 March 2018**

₹ Lakh

| Particulars | Gross block | | | | Accumulated Depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Additions | Deductions/ adjustments | As at 31.03.2018 | Up to 01.04.2017 | For the year | Deductions/ adjustments | Up to 31.03.2018 | As at 31.03.2018 |
| Software | 5.38 | - | - | 5.38 | 3.36 | 1.74 | - | 5.10 | **0.28** |
| **Total** | 5.38 | - | - | 5.38 | 3.36 | 1.74 | - | 5.10 | 0.28 |

**a) Depreciation/amortization of property, plant and equipment and intangible assets for the year is allocated as given below:**

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Transferred to expenditure during construction period (net) - Note 25 | **704.77** | 447.49 |
| **Total** | **704.77** | 447.49 |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

### 5 Financial assets

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Bank deposit maturing after one year (including interest accrued) | - | 430.93 |
| **Total** | - | 430.93 |

a) Deposit includes interest accrued of Nil (31 March 2018: ₹2.69 Lakhs)

### 6 Other non-current assets

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Capital advance** | | |
| (Unsecured, considered good) | | |
| Covered by bank guarantee | 5,601.83 | 6,953.52 |
| Others | 6,273.63 | 4,049.35 |
| | **11,875.46** | **11,002.87** |
| **Advance other than capital advances** | | ₹ Lakh |
| Security deposit | 973.62 | 6,236.84 |
| Advance tax & tax deducted at source | 30.20 | - |
| **Total** | **12,879.28** | **17,239.71** |

### 7 Cash and cash equivalents

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Balance with banks** | | |
| Current accounts | 3,547.31 | 7,396.05 |
| Deposit with original maturity upto the three months (including interest accrued) | 0.75 | - |
| **Total** | **3,548.06** | **7,396.05** |

a) Deposits with original maturity upto three months includes interest accrued of ₹0.04 Lakhs (31 March 2018: ₹Nil).

### 8 Bank balances other than cash and cash equivalents

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Deposit with original maturity more than three months and maturing within one year (including interest accrued) | 388.67 | 141.60 |
| Earmarked balances with bank (including interest accrued) | 1,477.08 | 2,077.27 |
| **Total** | **1,865.75** | **2,218.87** |

a) Earmarked balances with banks consist of margin money against letter of credit/ bank guarantee maturitng within twelve months. It includes interest accrued of ₹ 22.20 Lakhs (31 March 2018: ₹ 14.71 Lakhs).

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

### 9 Current tax assets

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance tax and tax deducted at source | - | 91.19 |
| **Total** | **-** | **91.19** |

### 10 Other current assets

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Advance to contractors and suppliers secured | - | - |
| Unsecured, considered good (covered by bank guarantee) | 296.62 | 174.18 |
| Advance to employees unsecured, considred good | 2.61 | 4.07 |
| Recoverable from related party (unsecured, considered good) | 398.60 | - |
| Claims recoverable (unsecured, considered good) | 2,295.67 | 12.56 |
| Interest accured on advance to contractors and suppliers | 74.42 | 29.92 |
| Other recoverable | 1,200.67 | 794.83 |
| **Total** | **4,268.59** | **1,015.56** |

a) Other recoverable includes material issued on loan.
b) Refer note no. 28 for amounts recoverable from related party.
c) In the previous year figures, an amount of ₹173.09 Lakhs has been regrouped from Advances - Contractors and suppliers - secured to Advances - Contractors and suppliers - unsecured, since advances covered by bank guarantee are considered unsecured and good to enhance comparability with the current year's financial statements.

### 11 Regulatory deferral account debit balance

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| On account of exchange differences | 1,194.68 | 1,372.90 |
| **Total** | **1,194.68** | **1,372.90** |

a) Regulatory deferral account balances have been accounted in line with Accounting policy no. C.4 (Note 1). Refer note 31 for detailed disclosures.

### 12 Equity share capital

₹ Lakh

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| **Equity share capital** | | | | |
| **Authorised** | | | | |
| Shares of par value ₹10 each | 4,600,000,000 | 460,000.00 | 4,600,000,000 | 460,000.00 |
| **Issued, subscribed and fully paid up** | | | | |
| Shares of par value ₹ 10 each | 3,987,155,500 | 398,715.55 | 3,319,871,000 | 331,987.10 |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**a) Movements in equity share capital:**

₹ Lakh

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Opening balance | 3,319,871,000 | 331,987.10 | 2,378,600,000 | 237,860.00 |
| Shares issued during the year | 667,284,500 | 66,728.45 | 941,271,000 | 94,127.10 |
| **Closing balance** | **3,987,155,500** | **398,715.55** | **3,319,871,000** | **331,987.10** |

**b) Terms and rights attached to equity shares:** The Company has only one class of equity shares having a par value ₹10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

**c) Details of shareholders holding more than 5% shares in the Company:**

₹ Lakh

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | %age holding | No. of shares | %age holding |
| NTPC Ltd. | 3,987,155,500 | 100.00 | 1,65,99,35,500 | 50.00 |
| BSPGCL* | - | | 1,65,99,35,500 | 50.00 |

*'Bihar State Power Generation Company Limited (BSPGCL) (erstwhile B.S.E.B)

During the year, subsequent to acquisition of entire share of Bihar State Power Generating Power Company Limited (BSPGCL) in equity by NTPC limited on 29 June 2018, the company has become a wholly owned subsidiary of NTPC Limited.

**13 Other equity**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Share application money pending allotment | - | 19,793.00 |
| Retained earnings | 4,238.08 | 4,558.98 |
| **Total** | **4,238.08** | **24,351.98** |

**a) Share application money pending allotment**

₹ Lakh

| Share application money pending allotment has been received from | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| NTPC Ltd. | - | 19,793.00 |
| BSPGCL | - | - |
| **Total** | - | **19,793.00** |

₹ Lakh

| Reconciliation of share application money pending allotment | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | 19,793.00 | 32,867.00 |
| Add: Share application money received during the year | 46,935.45 | 81,053.10 |
| Less: Shares allotted during the year | 66,728.45 | 94,127.10 |
| **Closing balance** | - | **19,793.00** |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

₹ Lakh

| b) Reconciliation of retained earnings | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Opening balance | 4,558.98 | 4,569.08 |
| Add: Profit/ (Loss) for the year from Statement of Profit and Loss | (320.90) | (10.10) |
| **Closing balance** | **4,238.08** | **4,558.98** |

**14 Borrowings**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Secured term loan** | | |
| **From bank** | | |
| Term loan from Canara Bank | **40,046.73** | - |
| **From others** | | |
| Rupee loan from Rural Electrification Corporation Limited (REC) | **877,500.00** | **791,270.41** |
| | **917,546.73** | **791,270.41** |
| Less: Current maturities of borrowings | - | **29,250.00** |
| Less: Interest accrued but not due on borrowings | **46.73** | - |
| **Total** | **917,500.00** | **762,020.41** |

a) The term loan from Canara Bank (sanctioned limit ₹80,000.00 Lakhs) is secured by a first pari passu charge on land and building and plant and machinery of the company created out of term loan and margin. Also, there is a continuing first charge on current assets of the company. The term loan is repayable in 57 equal quaterly instalments of ₹1,380.00 Lakhs and 58th installment of ₹1,340.00 Lakhs. Repayment shall commence after six months of COD of third unit. The term loan bears interest rate equal to Canara Bank's one year MCLR (presently 8.65% p.a.) plus annual reset.

b) The term loan from REC is secured by a pari passu charge on all assets of the project, present and future, movable and immovable through a deed of hypothecation and simple mortgage of 2500 acres of land of the company. It is repayable over 15 years commencing from 31 December, 2018 which has been extended upto 30 June 2020 vide letter dated 21 June 2018, quarterly for first two instalments and thereafter every two months. The rate of interest is linked to the prevalent rate notified by the lender for category 'A' public sector undertakings from time to time. If this rate exceeds 9.70% p.a., there is rebate of 170 basis points subject to a minimum rate of 9.70% p.a.

c) The creation of charge against loan sanctioned by Canara Bank is under process. Similarly, certain charge modification formality is under process against rupee term loan from REC.

d) There has been no defaults in repayment of the loan or interest thereon as at the end of the year.

**15 Other financial liabilities**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Payable for capital expenditure | | |
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 60,298.55 | 52,643.62 |
| **Total** | **60,298.55** | **52,643.62** |

a) Payable for capital expenditure represents liability towards equipment supplier and erection vendors pending evaluation of performance and guarantee test results.

b) The company's exposure to currency and liquidity risks related to above financial liability is disclosed in note 27.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

### 16 Trade payables

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **For goods and services** | | |
| Total outstanding dues of micro and small enterprises | 24.03 | 223.88 |
| Total outstanding dues of creditors other than micro and small enterprises | 594.18 | 1,019.83 |
| **Total** | **618.21** | **1,243.71** |

a) Refer note no. 28 for amounts due to related party.

b) The company's exposure to currency and liquidity risks related to above financial liability is disclosed in note 27.

c) Detailed disclosure for information in respect of micro and small enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006 is given in note 34.

### 17 Other current financial liabilities

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Current maturities of non-current borrowings | - | 29,250.00 |
| Interest accrued but not due on borrowings | 46.73 | - |
| Payable for capital expenditure | | |
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 50,846.80 | 58,204.51 |
| Other payables | | |
| Deposits from contractors and others | 113.12 | - |
| NTPC Limited | 540.56 | 709.25 |
| Payable to employees | 1,346.38 | 444.23 |
| Others | 260.51 | 90.32 |
| Total | 53,154.10 | 88,698.31 |

a) Details in respect of interest rate and repayment terms of current maturities of term loan indicated above are disclosed in note14.

b) Payable for capital expenditure represents liability towards equipment supplier and erection vendors pending evaluation of performance and guarantee test results.

### 18 Other current liabilities

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Statutory dues | 399.54 | 393.01 |
| Other Payables | 111.45 | 133.57 |
| **Total** | **510.99** | **526.58** |

a) Other payables includes material received on loan.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

### 19 Provisions

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provisions for obligations incidental on land acquisition | **7,815.67** | **7,383.98** |
| Provision for shortages in construction stores | **17.91** | **81.14** |
| Provision for arbitration cases | **1,784.40** | - |
| **Total** | **9,617.98** | 7,465.12 |

a) Disclosure required by Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is made in note 35.

### 20 Current tax liabilities (net)

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Provision for tax | 66.43 | - |
| Less: Advance tax & tax deducted at source | 22.56 | - |
| **Total** | **43.87** | - |

### 21 Other income

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Interest from** | | |
| Financial assets measured at amortised cost | | |
| Deposits with banks | 230.74 | 652.90 |
| Advance to contractors | 214.83 | 86.71 |
| Income tax refunds | 0.11 | 23.91 |
| **Other non-operating income** | | |
| Sale of scrap | 274.54 | 176.81 |
| Net gain in foreign currency transactions & translations | 178.22 | - |
| Profit on disposal of property, plant and equipment | - | 0.04 |
| Provision for shortage in construction stores written back | 81.14 | - |
| Miscellaneous income (refer note below) | 55.13 | 52.96 |
| | 1,034.71 | 993.33 |
| Less: Transferred to expenditure during construction period (net) - Note 25 | 775.35 | 993.33 |
| **Total** | **259.36** | - |

a) Miscellaneous income includes recoveries from employees/contractors, sale of tender documents, guest houe rent, stale cheques reversed etc.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

### 22 Employee benefits expense

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Salaries and wages | 6,132.43 | 3,723.58 |
| Contribution to provident and other funds | 1,078.13 | 703.22 |
| Staff welfare expenses | 813.11 | 410.03 |
| | **8,023.67** | **4,836.83** |
| Less: Transferred to expenditure during construction period (net) - Note 25 | **8,023.60** | 4,836.83 |
| **Total** | **0.07** | - |

a) In accordance with the accounting policy no. 11, an amount of ₹812.54 lakhs (31 March 2018: ₹703.22 lakhs) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹304.30 Lakhs (31 March 2018: ₹411.45 Lakhs) towards leave & other benefits, are paid /payable to the parent company and included in 'Employee Benefits'.

b) The pay revision of the employees of NTPC Ltd posted on secondment basis to the company was due with effect from 1 January 2017. A provision of ₹Nil (31 March 2018: ₹740.62 lakhs) towards pay revision has been transferred from NTPC Limited and recognised as an expenses.

### 23 Finance costs

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Finance charges on financial liabilities measured at amortised cost | | |
| Rupee term loans | 81,178.18 | 69,273.50 |
| Unwinding of discount on vendor liabilities | - | 5,503.86 |
| | 81,178.18 | 74,777.36 |
| Less: Transferred to expenditure during construction period (net) - Note 25 | **81,178.18** | 74,777.36 |
| **Total** | **-** | - |

### 24 Other expenses

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Power charges | **5,282.85** | 4,006.61 |
| Less: Recovered from contractors & employees | **7.32** | |
| | **5,275.53** | **4,006.61** |
| Rent | - | 7.74 |
| Repairs and maintenance | | |
| Buildings | **125.33** | 150.24 |
| Others | **1,430.58** | 134.44 |
| Brokerage and commission | **11.65** | - |
| Insurance | **3.66** | 7.48 |
| Rates and taxes | **1.23** | 8.65 |
| Training and recruitment expenses | **113.38** | 7.23 |
| Communication expenses | **118.84** | 71.78 |
| Travelling expenses | **432.23** | 274.14 |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Tender expenses (net of receipt from sale of tenders) | - | 12.76 |
| Payment to auditors | **2.49** | 2.87 |
| Advertisement and publicity | **58.75** | 26.71 |
| Security expenses | **2,240.17** | 1,869.39 |
| Entertainment expenses | **117.65** | 81.35 |
| Expenses for guest house (net of recoveries) | - | 7.37 |
| Books and periodicals | **1.04** | 1.56 |
| Professional charges and consultancy fee | **1,084.44** | 774.04 |
| Legal expenses | **31.86** | 31.46 |
| EDP hire and other charges | **4.12** | - |
| Postage and courier charges | **0.96** | 0.68 |
| Printing and stationery | **80.74** | 23.57 |
| Hiring of vehicles | **374.06** | 338.84 |
| Hire charges of construction equipment's | **150.78** | 108.11 |
| DG set operating expenses | **13.97** | 40.48 |
| Bank charges | **50.14** | 49.92 |
| Net loss in foreign currency transactions & translations | - | 1,398.79 |
| Provision for shortages in construction stores | **17.91** | 81.14 |
| Miscellaneous expenses | **162.69** | 18.46 |
| | **11,904.20** | **9,535.81** |
| Less: Transferred to expenditure during construction period (net) - Note 25 | **11,769.00** | 8,126.92 |
| | **135.20** | **1,408.89** |

a) Miscellaneous expenses includes horticulture expenses and other miscellaneous expenses.

b) Details in respect of payment to auditors:

| | | |
|---|---|---|
| Audit fee | **2.00** | 1.80 |
| Reimbursement of expenses | **0.13** | 0.75 |
| Reimbursement of GST / service tax | **0.36** | 0.32 |
| **Total** | **2.49** | **2.87** |

**25 Expenditure during construction period (net)**

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| A. Employee benefits expense | | |
| Salaries and wages | **6,132.36** | 3,723.58 |
| Contribution to provident and other funds | **1,078.13** | 703.22 |
| Staff welfare expenses | **813.11** | 410.03 |
| **Total (A)** | **8,023.60** | 4,836.83 |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **B. Finance costs** | | |
| Finance charges on financial liabilities measured at amortised cost | | |
| Rupee term loans | **81,178.18** | 69,273.50 |
| Unwinding of discount on payable for capital expenditure | - | 5,503.86 |
| **Total (B)** | **81,178.18** | **74,777.36** |
| **C. Depreciation and amortization** | **704.77** | **447.49** |
| **D. Other expenses** | | |
| Power charges | **5,275.53** | 4,006.61 |
| Rent | - | 7.74 |
| Repairs and maintenance | | |
| Buildings | **125.33** | 150.24 |
| Others | **1,430.58** | 134.44 |
| Brokerage and commission | **11.65** | - |
| Insurance | **3.66** | 7.48 |
| Rates and taxes | **1.23** | 8.65 |
| Communication expenses | **118.84** | 71.78 |
| Travelling expenses | **432.23** | 274.14 |
| Tender expenses (net of receipt from sale of tenders) | - | 12.76 |
| Advertisement and publicity | **58.75** | 26.71 |
| Security expenses | **2,240.17** | 1,869.39 |
| Entertainment expenses | **117.65** | 81.35 |
| Expenses for guest house (net of recoveries) | - | 7.37 |
| Books and periodicals | **1.04** | 1.56 |
| Professional charges and consultancy fee | **1,083.02** | 774.04 |
| Legal expenses | **31.86** | 31.46 |
| EDP hire and other charges | **4.12** | |
| Postage and courier charges | **0.96** | 0.68 |
| Printing and stationery | **80.74** | 23.57 |
| Hiring of vehicles | **374.06** | 338.84 |
| Hire charges of construction equipment's | **150.78** | 108.11 |
| DG set operating expenses | **13.97** | 40.48 |
| Bank charges | **50.14** | 49.92 |
| Provision for shortages in construction stores | - | 81.14 |
| Miscellaneous expenses | **162.69** | 18.46 |
| **Total (D)** | **11,769.00** | **8,126.92** |

## NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**25 Expenditure during construction period (net)**

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **E. Less: Other income** | | |
| Interest from financial assets measured at amortised cost | | |
| Indian banks | **230.74** | 652.90 |
| Contractors | **214.83** | 86.71 |
| Interest on income tax refunds | **0.11** | 23.91 |
| Profit on disposal of property, plant and equipment | **-** | 0.04 |
| Sale of scraps | **274.54** | 176.81 |
| Miscellaneous income (refer note below) | **55.13** | 52.96 |
| **Total (E)** | **775.35** | **993.33** |
| **Grand total (A+B+C+D-E)** | **100,900.20 *** | **87,195.27 *** |

* Carried to Capital work-in-progress - (Note 3)

**26 Fair value measurements**

**a) Financial instruments by category**

All financial assets and liabilities viz. cash and cash equivalents, other bank balances, claims recoverable, trade payables, payable for capital expenditure, employee related liabilities, payable to NTPC Limited and other payables are measured at amortized cost.

**b) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortized cost but for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classifies its financial instruments into three levels prescribed under the IND AS. An explanation of relevant level follows underneath the table.

| | **Level3*** | |
|---|---|---|
| **Financial instruments which are measured at amortized cost for which fair values are disclosed** | **As at 31 March 2019** | As at 31 March 2018 |
| Financial liabilities: | | |
| Rupee term loan | **933,651.18** | 767,046.00 |
| Payable for capital expenditure | **54,679.20** | 57,751.98 |
| **Total** | **988,330.38** | **824,797.98** |

*Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value of financial assets and liabilities included in Level 3 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**c) Fair value of financial liabilities measured at amortized cost**

₹ Lakh

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| Rupee term loans | 917,546.73 | 933,651.18 | 791,270.41 | 767,046.00 |
| Payable for capital expenditure | 60,298.55 | 54,679.20 | 62,364.09 | 57,751.98 |
| **Total** | **977,845.28** | **988,330.38** | **853,634.50** | **824,797.98** |

The carrying amounts of short term trade payables, payable for capital expenditure, employee related liabilities, payable to NTPC Limited, other payables, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature. Also, carrying amount of claims recoverable approximates its fair value as these are recoverable immediately.

The fair values for Rupee term loans and payable for capital expenditure were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

**27 Financial risk management**

The Company's principal financial liabilities comprise loans in domestic currency and payables for capital expenditure. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and short-term deposits.

The Company is exposed to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

**Risk management framework**

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**a) Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the company. At present, any gain or loss on account of exchange risk variation shall form part of the capital cost from declaration of COD and shall be considered for calculation of tariff.

**27 Financial risk management (continued)**

**Currency risk**

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. However, as per the CERC Tariff Regulations, any gain or loss on account of exchange risk variation during the construction period shall form part of the capital cost from declaration of COD to be considered for calculation of tariff. Therefore, the company is not exposed to currency risk until COD.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

The currency profile of financial liabilities on reporting date is as below:

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Payable for capital expenditure** | | |
| USD | **7,616.92** | 8,727.74 |
| EURO | **12,781.31** | 16,313.00 |
| GBP | **860.80** | 1,220.02 |
| **Total** | **21,259.03** | **26,260.76** |

**Sensitivity analysis**

A strengthening of the Indian Rupee, as indicated below, against the USD, Euro and GBP at 31 March would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below.

₹ Lakh

| 10% movement | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **Payable for capital expenditure** | | | | |
| USD | **761.69** | (761.69) | 872.77 | (872.77) |
| EURO | **1,278.13** | **(1,278.13)** | 1,631.30 | (1,631.30) |
| GBP | **86.08** | **(86.08)** | 122.00 | (122.00) |
| Total | **2,125.90** | **(2,125.90)** | **2,626.08** | **(2,626.08)** |

**Interest rate risk**

The Company is exposed to interest rate risk arising from long term borrowing with floating interest rate. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowing will fluctuate with changes in interest rate.

Refer Note 14 for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

**Cash flow sensitivity analysis for variable-rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the previous year.

₹ Lakh

| Particulars | For the year ended 31 March 2019 | | For the year ended 31 March 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **Change of 100 basis points in interest rate** | | | | |
| Rupee term loans | **(8,368.88)** | 8,368.88 | (7,141.60) | 7,141.60 |

**b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from cash & cash equivalents and deposits with banks.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**Cash and cash equivalents and Deposits with banks**

The company has banking operations with State Bank of India and its associates which are scheduled banks owned by Government. The risk of default with state controlled entities is considered to be insignificant.

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

₹ Lakh

| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Cash and cash equivalent | **3,548.06** | 7,396.05 |
| Other bank balances | **1,865.75** | 2,218.87 |
| Bank deposits with more than twelve months maturity | - | 430.93 |
| **Total** | **5,413.81** | **10,045.85** |

**(ii) Provision for expected credit losses**

**Financial assets for which loss allowance is measured using 12 month expected credit losses**

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Company believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

**27 Financial risk management (continued)**

**c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by Treasury. The Board of directors has established policies to manage liquidity risk and the Company's treasury department operates in line with such policies. Any breaches of these policies are reported to the Board of Directors. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Floating-rate borrowings | | |
| Term loans | **40,000.00** | 86,229.59 |
| Working capital limit | **18,634.00** | - |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**(ii) Maturities of financial liabilities**

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

**As at 31 March, 2019**

₹ Lakh

| Particulars | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Rupee term loan from REC | - | - | - | 175,500.00 | 702,000.00 | 877,500.00 |
| Rupee term loan from Canara bank | - | - | - | 16,560.00 | 23,486.73 | 40,046.73 |
| Trade Payables | 618.21 | - | - | - | - | 618.21 |
| Other financial liabilities | | | | | | |
| Payable for Capital Expenditure | 111,145.35 | | | | - | 111,145.35 |
| Deposits from contractors and others | 113.12 | - | - | - | - | 113.12 |
| Payable to related parties | 540.56 | - | - | - | - | 540.56 |
| Payable to employees | 1,346.38 | - | - | - | - | 1,346.38 |
| Others | 260.51 | - | - | - | - | 260.51 |
| **Total** | **114,024.13** | - | - | **192,060.00** | **725,486.73** | **1,031,570.86** |

**As at 31March, 2018**

₹ Lakh

| Particulars | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Rupee term loan from REC | - | 29,250.00 | 87,750.00 | 263,250.00 | 411,020.41 | 791,270.41 |
| Trade Payables | 1,243.71 | - | - | - | - | 1,243.71 |
| Other financial liabilities | | | | | | |
| Payable for Capital Expenditure | 48,484.04 | 9,720.47 | 42,122.01 | 12,960.62 | - | 113,287.14 |
| Payable to related parties | 709.25 | - | - | - | - | 709.25 |
| Payable to employees | 444.23 | - | - | - | - | 444.23 |
| Others | 90.32 | - | - | - | - | 90.32 |
| **Total** | **50,971.55** | **38,970.47** | **129,872.01** | **276,210.62** | **411,020.41** | **907,045.06** |

**28 Related party disclosures**

a) List of related parties:

**(i) Parent Company:**

NTPC Limited (wef 29 June 2018)

**(ii) Jointly Controlled by Government Entities:**

NTPC Limited (upto 28 June 2018)

Bihar State Power Generation Company Limited (BSPGCL) (erstwhile B.S.E.B) (upto 28 June 2018)

**(iii) Joint Ventures of Promoters Company (NTPC Limited):**

Utility Powertech Limited

**(iv) Key managerial personnel (KMP):**

| | |
|---|---|
| Shri A. K. Gupta (w.e.f. 13.11.2017) | Chairman |
| Shri Subhash Chandra Pandey (upto 31.08.2017) | Chairman |
| Shri Sudhir Arya | Non-Executive Director |
| Smt Sangeeta Bhatia (w.e.f. 06.08.2018) | Non-Executive Director |
| Shri M.P. Sinha (w.e.f. 21.03.2018 upto 26.04.2018) | Non-Executive Director |
| Shri Raju Lakshmanan (upto 16.08.2018) | Non-Executive Director |

| | |
|---|---|
| Shri Pratyaya Amrit (upto 16.08.2018) | Non-Executive Director |
| Shri S. Narendra (w.e.f. 04.05.2018) | Non-Executive Director |
| Shri K. S. Garbyal (upto 31.01.2018) | Non-Executive Director |
| Shri K. K. Sharma (upto 31.10.2017) | Non-Executive Director |
| Shri Balaji Iyengar (w.e.f. 02.04.2018) | Chief Executive Officer |
| Shri M.K.Singh (w.e.f. 12.09.2018) | Chief Financial Officer |
| Shri Manish Kumar | Company Secretary |

**(v) Entities under the control of the same government:**

During the year, the Company has become a wholly owned subsidiary of NTPC Limited (Central Public Sector Undertaking). Pursuant to Paragraph 25 & 26 of Ind AS 24 entities over which the same government has control or joint control of or significant influence then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Central Coalfield Limited, BHEL Ltd., SAIL Ltd., IRCON International Limited, NBCC (India) Ltd., Bihar State Power Generation Company Ltd., Bihar State Power Transmission Company Ltd, Bihar State Electricity Board, Rural Electrification Corporation Ltd, BSNL.

**b) Transactions with the related parties are as follows:**

₹ Lakh

| Name of Related Party | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Shares issue** | | |
| NTPC Limited | **66,728.45** | 47,063.55 |
| Bihar State Power Generation Company Limited (BSPGCL) (erstwhile B.S.E.B) | - | 47,063.55 |
| **Share Application money received** | | |
| NTPC Limited | **39,210.00** | 50,456.55 |
| Bihar State Power Generation Company Limited (BSPGCL) (erstwhile B.S.E.B) | **7,725.45** | 30,596.55 |
| **Consultancy Service** | | |
| NTPC Limited | **1,092.92** | 2,275.06 |
| Utility Powertech Limited | **933.97** | 645.32 |
| **Purchase of Capital Goods** | | |
| Bharat Heavy Electricals Limited | **11,205.42** | 31,995.73 |
| Steel Authority of India Limited | **2,429.22** | 3,487.92 |
| IRCON International Limited | **3,783.57** | 5,847.41 |
| NBCC (India) Ltd. | **9,590.64** | 12,417.15 |
| HPCL | **5,424.57** | 2,654.43 |
| BPCL | **3,515.45** | 1,727.95 |
| South Bihar Power Distribution Company Limited | **1,308.05** | 4,044.11 |
| Power System Operation Corporation Limited | **899.57** | - |
| Power Grid Corporation Of India Limited- Wheeling charges | **2,919.80** | - |
| South Bihar Power Distribution Company Limited - Deposit Works | **156.29** | - |
| East Central Railway- Frieght charges | **531.12** | - |
| FA & CAO Diesel Locomotive Works- Purchase of PPE | **2,325.22** | - |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

| | | |
|---|---|---|
| Central Coalfields Limited- Purchase of coal | **418.44** | - |
| Bihar State Electricity Board | - | 3.56 |
| **Material (Transfer)/ Receipt on returnable basis** | | |
| Bhartiya Rail Bijlee Company Limited (BRBCL) | **40.44** | 6.54 |
| NTPC Limited | **789.56** | **788.29** |

**28 Related party disclosures (continued)**

**c) Compensation to Key management personnel**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **Short term benefits** | | |
| Balaji Iyengar | 75.86 | - |
| M.K.Singh | 65.60 | - |
| **Total** | **141.46** | - |

**d) Outstanding balances with related parties are as follows:**

₹ Lakh

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| **NTPC Limited** | | |
| Amount payable for sale/purchase of goods and services | 540.56 | 757.17 |
| Amount recoverable (other current assets) | 398.60 | - |
| Commitments | **3,058.67** | **3,163.90** |

**d) Terms and conditions of transactions with the related parties**

(i) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

(ii) The Company is assigning jobs on contract basis for sundry works in plants/stations/offices to M/s Utility Powertech Ltd (UPL) a 50:50 joint venture between NTPC Limited and Reliance Infrastructure Ltd. UPL inter-alia undertakes jobs such as overhauling repair refurbishment of various mechanical and electrical equipments of power stations. The Company has entered into Power Station Maintenance Agreement with UPL from time to time. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.

(iii) NTPC Limited is seconding its personnel to the company as per the terms and conditions agreed between the companies, which are similar to those applicable for secondment of employees to other companies and institutions. The cost incurred by NTPC Limited towards superannuation and employee benefits are recovered from the company.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**29 Earnings per Share**

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| **Basic earnings per share [A / B]** | | |
| From operations including regulatory deferral account balances | **(0.01)** | (0.00) |
| Less: From regulatory deferral account balances | **(0.00)** | 0.05 |
| From operations excluding regulatory deferral account balances | **(0.00)** | **(0.05)** |
| **Diluted earnings per share [A / C]** | | |
| From operations including regulatory deferral account balances | **(0.00)** | (0.00) |
| Less: From regulatory deferral account balances | **-** | 0.05 |
| From operations excluding regulatory deferral account balances | **(0.00)** | **(0.05)** |
| **a) Profit attributable to equity shareholders [A]** | | |
| From operations including regulatory deferral account balances | **(320.90)** | (10.10) |
| Less: From regulatory deferral account balances | **(178.22)** | 1,398.79 |
| From operations excluding regulatory deferral account balances | **(142.68)** | **(1,408.89)** |
| **b) Weighted average number of equity shares for basic earnings per share [B]** | | |
| Opening balance of issued equity shares | **3,319,871,000** | 2,378,600,000 |
| Effect of shares issued during the year, if any | **2,807,387,356** | 650,655,427 |
| Weighted average number of equity shares | **6,127,258,356** | **3,029,255,427** |
| **c) Weighted average number of equity shares for diluted earnings per share [C]** | | |
| Opening balance of issued equity shares | **3,319,871,000** | 2,378,600,000 |
| Effect of shares issued during the year, if any | **3,828,561,603** | 65,662,044 |
| **Weighted average number of equity shares** | **7,148,432,603** | **2,444,262,044** |
| d) Nominal value per share (in ₹) | **10.00** | **10.00** |

**30 Capital Management**

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

The Company monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Borrowings | **917,546.73** | 791,270.41 |
| Less : Cash and cash equivalent | **3,548.06** | 7,396.05 |
| **Net debt** | **913,998.67** | **783,874.36** |
| **Total equity** | **402,953.63** | **356,339.08** |
| **Net debt to equity ratio** | **2.27** | **2.20** |

**31 Regulatory Deferral Accounts**

**a) Nature of rate regulated activities**

The Company is engaged in generation and sale of electricity. The price to be charged by the Company for electricity sold to its customers is determined by the CERC which provides extensive guidance on the principles and methodologies for determination of the tariff for the purpose of sale of electricity. The tariff is based on allowable costs like interest, depreciation, operation & maintenance expenses, etc. with a stipulated return. This form of rate regulation is known as cost-of-service regulations which provide the Company to recover its costs of providing the goods or services plus a fair return.

As per the CERC Tariff Regulations, any gain or loss on account of exchange risk variation during the construction period shall form part of the capital cost till the declaration of Commercial Operation Date (COD) to be considered for calculation of tariff. The CERC during the past period in tariff orders for various stations has allowed exchange differences incurred during the construction period in the capital cost. Accordingly, exchange difference arising during the construction period is within the scope of Ind AS 114.

In view of the above, exchange differences arising from settlement/translation of monetary item denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized on an undiscounted basis as 'Regulatory deferral account debit/credit balance' by credit/debit to 'Movements in Regulatory deferral account balances' during construction period and adjusted from the year in which the same becomes recoverable from or payable to the beneficiaries.

**b) Risks associated with future recovery of rate regulated assets:**

(i) demand risk due to changes in consumer attitudes, the availability of alternative sources of supply

(ii) regulatory risk on account of changes in regulations and submission or approval of a rate-setting application or the entity's assessment of the expected future regulatory actions

(iii) other risks including currency or other market risks, if any.

**c) Reconciliation of the carrying amounts:**

The regulated asset/liability recognized in the books to be recovered from or payable to beneficiaries in future periods are as follows:

**₹ Lakh**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Opening regulatory deferral account debit/(credit) balance | **1,372.90** | (25.89) |
| Add: Addition during the year | **(178.22)** | 1,398.79 |
| Closing regulatory deferral account debit/(credit) balance | **1,194.68** | **1,372.90** |

*Above balances have not been discounted.

The entity expects to reverse regulatory deferral account credit balance over the period of the project, i.e. 25 years.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

### 32 General Note

Certain contracts of the Company for construction of power plants with vendors awarded through ICB (International competitive bidding) which are denominated in third currency (i.e. a currency which is not the functional currency of any of the parties to the contract) are falling under the purview of guidance provided as per Ind AS 109, 'Financial instruments' on derivatives and embedded derivatives. The Parent Company (NTPC Limited) has sought opinion from the Expert Advisory Committee (EAC) constituted by The Institute of Chartered Accountants of India on the above matter. On receipt of opinion/clarification from EAC, Company will account for such contracts.

### 33 Operating leases

a) 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 for a period of one to three years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable.

b) Expenses (net) on operating lease of the premises for residential use of the employees amounting to ₹19.08 Lakhs (31 March 2018: ₹26.36 Lakhs) are included in note no. 21 employee benefits.

c) Expenses (net) on lease payments in respect of premises for offices/transit accommodation ₹ 2.63 Lakhs (31 March 2018: ₹11.80 Lakhs) are shown in rent and guest house expenses in note no. 23 other expenses.

Expenses (net) on lease payments includes Lease rent of ₹Nil (31 March 2019: ₹ 3.56 Lakhs) for using a portion of B.S.P.H.C.L. (BSEB) colony at Sonenagar on operating lease basis.

### 34 Information in respect of micro and small enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006:

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| a) Amount remaining unpaid to any supplier: | | |
| Principal amount | **24.03** | **223.88** |
| Interest due thereon | - | - |
| b) Amount of interest paid in terms of Section 16 of the MSMED Act 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 MSMED Act. | - | - |
| d) Amount of interest accrued and remaining unpaid. | - | - |
| 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 MSMED Act. | - | - |

### 35 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'

**a) Movement in provision during the year:**

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Provision for obligations incidental to land acquisition** | | |
| Carrying amount at the beginning of the year | **7,383.98** | 6,157.95 |
| Add: Additions during the year | **968.32** | 1,663.39 |
| Less: Amounts used during the year | **536.63** | 437.36 |
| Carrying amount at the end of the year | **7,815.67** | **7,383.98** |

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

₹ Lakh

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Provision for shortages in construction stores** | | |
| Carrying amount at the beginning of the year | 81.14 | - |
| Add: Additions during the year | 17.91 | 81.14 |
| Less: Provision written back during the year | 81.14 | - |
| Carrying amount at the end of the year | 17.91 | 81.14 |
| **Provision for arbitration cases** | | |
| Carrying amount at the beginning of the year | - | - |
| Add: Additions during the year | 1,751.12 | - |
| **Carrying amount at the end of the year** | 1,751.12 | - |

b) **Provision for obligations incidental to land acquisition**

Provision for obligations incidental to land acquisition includes expenditure on rehabilitation & resettlement (R&R) including the amounts payable to the project affected persons (PAPs) towards land, expenditure for providing community facilities and expenditure in connection with environmental aspects of the project. The Company has estimated the provision based on the Rehabilitation Action Plan (RAP) approved by the board/competent authority or agreements/directions/ demand letters of the local/government authorities. The outflow of said provision is expected to be incurred immediately on fulfilment of conditions by the land oustees/receipts of directions of the local/government authorities.

c) **Provision for arbitration cases**

The Company has created a provision for an arbitration case decided against the Company by the Sole Arbitrator for vendor's claim towards site levelling and infrastructure works package. The Company will challenge the award in due course.

**35 Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' (continued)**

d) **Sensitivity of estimates on provisions**

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

e) **Contingent liability**

**(i) Disputed income tax matter**

Disputed income tax matters pending before Hon'ble High Court amount to ₹ 191.00 Lakhs (31 March 2018: ₹ 715.22 Lakhs). Many of these matters were adjudicated in favour of the Company but are disputed before higher authorities by the concerned department. In respect of these disputed cases, the Company estimate possible reimbursement of ₹ 191.00 Lakhs (31 March 2018: ₹ 715.22 Lakhs).

**(ii) Capital works**

Contractors providing infrastructure work, installation and fabrication works and supply and erection of electrical equipments at our projects have lodged claim on Company for ₹ 1757.53 Lakhs (31 March 2018: ₹ 2,473.78 Lakhs) seeking price escalation, compensation for extended period, idle charges, revision for work schedule. These claims are being contested by the company as being not admissible in terms of provision of respective contract. It is not practicable to make a realistic estimate of the outflow of resources if any, for settlement of such claims pending resolution.

**(iii) Land compensation cases**

In respect of land acquired for the project the erstwhile landowners have claimed for compensation for ₹ 180.66 Lakhs (31 March 2018: ₹ 163.72 Lakhs) on account of land acquisition by NPGC and rehabilitation benefits before various authorities/courts which are under hearing and yet to be settled.

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

**36 Income tax expenses**

**a) Income tax expense**

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Current tax expense | | |
| Current year | 66.43 | - |
| Earlier year | 200.34 | - |
| **Total income tax expense** | 266.77 | - |

**b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

₹ Lakh

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Profit before tax including movement in regulated deferral account balances | (54.13) | (10.10) |
| Tax at Company's domestic tax rate of 0% (31 March 2018: 0%) | - | - |
| Tax pertaining to earlier years | 200.34 | - |
| Tax pertaining to interest income | 66.43 | - |
| **Tax expense** | 266.77 | - |

**37 Standards issued but not effective**

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards/ appendix/ amendments which will come into force from 1 April 2019:

**a) Ind AS 116, 'Leases'**

The new leasing standard will replace the existing leases standard, Ind AS 17 Leases, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Currently, operating lease expenses are charged to the statement of profit and loss on a straight line basis. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Further, the new standard contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach)

**37 Standards issued but not effective (continued)**

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

Certain practical expedients are available under both the methods.

The Company will adopt the standard on 1 April 2019 by using the modified retrospective approach and accordingly

# NABINAGAR POWER GENERATING COMPANY LIMITED
## Notes to the financial statements

comparatives for the year ending or ended 31 March 2019 will not be retrospectively adjusted.

**b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

Appendix C of Ind AS 12, 'Uncertainty over Income Tax Treatments' is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application.

The Company will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

**c) Amendment to Ind AS 12 'Income taxes'**

The amendments to the guidance in Ind AS 12, 'Income Taxes', clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

**d) Amendment to Ind AS 23, 'Borrowing Costs'**

The amendments to the guidance in Ind AS 23, 'Borrowing Costs', clarifies the following:

- while computing the capitalisation rate for funds borrowed generally, borrowing costs applicable to borrowings made specifically for obtaining a qualified asset should be excluded, only until the asset is ready for its intended use or sale.
- borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for its intended use or sale would subsequently be considered as part of the general borrowing costs.

**e) Amendment to Ind AS 109 'Financial Instruments'**

The amendments relate to the existing requirements in Ind AS 109, 'Financial Instruments' regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

For and on behalf of the Board of Directors
Nabinagar Power Generating Company Limited
CIN: U40104DL2008PLC183024

| | | | | |
|---|---|---|---|---|
| (MANISH KUMAR) | (S.K. RATH) | (VIJAI SINGH) | (SUDHIR ARYA) | (A.K. GUPTA) |
| COMPANY SECRETARY | CFO | CEO | DIRECTOR | CHAIRMAN |

Place: New Delhi
Date : 16 May 2019

For D.C. Garg & Co.
Chartered Accountants
Firm Regn . No. 500035N

Sandeep Garg
Partner
Membership No. : 075312

Place: New Delhi
Date : 16 May 2019

# INDEPENDENT AUDITORS' REPORT

**To**

**The Members of NABINAGAR POWER GENERATING COMPANY LIMITED (Formerly known as NABINAGAR POWER GENERATING COMPANY PRIVATE LIMITED)**

**Report on the Audit of Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Ind AS financial statements of NABINAGAR POWER GENERATING COMPANY LIMITED (Formerly known as NABINAGAR POWER GENERATING COMPANY PRIVATE LIMITED ) ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2019 and, its losses, cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's Responsibility for the Standalone Financial Statements**

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure-1** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure-2** on the directions and sub-directions issued by Comptroller and Auditor General of India.

3. As required by Section 143 (3) of the Act, we report that:

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

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

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

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (As amended);

(e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to **Annexure-3.**

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note- 35 to the financial statements;

II. The Company does not have any long-term contracts including derivative contracts as at 31.03.2019 for which there were any material foreseeable losses.

III. There were no amounts which were required to be transferred to the Investors and Education and Protection Fund by the company during the year ended March 31, 2019.

**For D C GARG & CO.**
**Chartered Accountants**
Firm Registration No. 500035N

Ca. Sandeep Garg
Partner
Membership No. 075312

Date: 16th May 2019
Place: New Delhi

# ANNEXURE-1 TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in our report of even date to the members of NABINAGAR POWER GENERATING COMPANY LIMITED (Formerly known as NABINAGAR POWER GENERATING COMPANY PRIVATE LIMITED) on the accounts for the year ended 31st March, 2019)

1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) A major portion of the fixed assets has been physically verified by the Management in accordance with a phased programmed of verification over a period two years adopted by the company. In our opinion, the frequency of the verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.

(c) *As informed, all the title deeds of the land capitalized in the balance sheet are not available on records. Moreover certain area of land is owned only through registered agreements.*

2 As explained to us, the management has conducted the physical verification of inventory at reasonable intervals. No material discrepancies were noticed on such physical verification.

3. According to the information and the explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable to the company and hence not commented upon.

4. The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iv) of the order are not applicable to the company and hence not commented upon.

5. According to the information given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the companies Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time. No order has been passed with respect to Section 73 to 76, by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.

6. In our opinion and accordance to the information and explanation given to us, the Company has not yet commenced commercial generation of electricity. Thus maintenance of cost records under sub- section (1) of section 148 of the Companies Act,2013 is presently not applicable to the company.

7. (a) Undisputed statutory dues including provident fund, employee' state insurance, income tax, GST, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of GST, sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.

8. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions. There is no amount of dues to banks.

9. The Company has not raised any money by way of initial public offer or further public offer or debt instruments. According to the information and explanations given to us, the money raised by the Company by way of term loans have been applied for the purpose for which they were obtained.

10. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the year.

11. As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

12. The company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13. The Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, where applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards (IND AS).

14. The Company has not made any preferential allotment or private allotment of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with the directors or persons connected with him as covered under Section 192 of the Companies Act, 2013.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.

**For D C GARG & CO.**
**Chartered Accountants**
Firm Registration No. 500035N

Ca. Sandeep Garg
Partner
Membership No. 075312

Date: 16th May 2019
Place: New Delhi

# ANNEXURE-2 TO INDEPENDENT AUDITORS' REPORT

**Annexure referred to in our report of even date to the members of NABINAGAR POWER GENERATING COMPANY LIMITED (Formerly known as NABINAGAR POWER GENERATING COMPANY PRIVATE LIMITED) on the accounts for the year ended 31st March, 2019**

Report on the directions under section 143 (5) of Companies Act 2013 applicable for the year 2018-19

(1) Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Reply: According to information and explanations given to us, all the accounting transactions are process through IT system.

(2) Whether there is any restructuring of an existing loan or case of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Reply: The terms and conditions of the date of repayment of loan from REC have been restructured however it is not due to the company's inability to repay the loan. The delay in COD of the project resulted in said restructuring.

(3) Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Reply: According to information and explanations given to us, there are no cases of specific schemes from central/ state agencies etc.

For **D C GARG & CO.**
Chartered Accountants
Firm Registration No. 500035N

Ca. Sandeep Garg
Partner
Membership No. 075312

Date: 16th May 2019
Place: New Delhi

# ANNEXURE-3 TO INDEPENDENT AUDITORS' REPORT

**Annexure referred to in our report of even date to the members of NABINAGAR POWER GENERATING COMPANY LIMITED (Formerly known as NABINAGAR POWER GENERATING COMPANY PRIVATE LIMITED) on the accounts for the year ended 31st March, 2019**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of NABINAGAR POWER GENERATING Company Limited (Formerly known as NABINAGAR POWER GENERATING COMPANY PRIVATE LIMITED ) ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For D C GARG & CO.**

**Chartered Accountants**
Firm Registration No. 500035N

Ca. Sandeep Garg
Partner
Membership No. 075312

Date: 16th May 2019
Place: New Delhi

CMD and Directors of NTPC Limited


एनटीपीसी
NTPC
A Maharatna Company

NTPC Limited
(A Govt. of India Enterprise)

(CIN : L40101DL1975GOI007966)
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