



# ANNUAL ACCOUNTS 2017-18



**NTPC SAIL POWER COMPANY LIMITED.**



## NTPC SAIL POWER COMPANY LTD.

## BALANCE SHEET AS AT

PARTICULARS	NOTE NO.	₹ In Lakhs	
		31.03.2018	31.03.2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	155561.00	168607.61
Capital work in progress	3	90340.33	22036.74
Intangible assets	4	104.73	372.97
Intangible assets under development	5	-	-
<b>Financial assets</b>			
Investments	6	-	-
Trade Receivables	7	-	-
Loans	8	1610.83	1342.35
Other financial assets	9	27358.27	25508.41
Other non-current assets	10	3944.22	2392.73
<b>Total non-current assets</b>		<b>278919.38</b>	<b>220260.81</b>
<b>Current Assets</b>			
Inventories	12	10189.54	13953.43
<b>Financial assets</b>			
Investments	13	9765.58	-
Trade receivables	14	2533.72	7114.64
Cash and cash equivalents	15	4344.46	514.37
Bank balances other than cash and cash equivalents	16	19552.07	38002.07
Loans	17	579.48	709.88
Other financial assets	18	12441.02	12679.98
Current Tax Assets (Net)	19	-	-
Other current assets	20	21354.96	19591.90
<b>Total current assets</b>		<b>80760.83</b>	<b>92566.27</b>
<b>TOTAL ASSETS</b>		<b>359680.21</b>	<b>312827.08</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	21	98050.01	98050.01
Other equity	22	120370.86	99301.14
<b>Total equity</b>		<b>218420.87</b>	<b>197351.15</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	23	71129.25	53976.27
Trade payables	24	-	-
Other financial liabilities	25	2297.72	3036.42
Provisions	26	2190.37	3588.16
Deferred tax liabilities (Net)	27	2680.17	9353.34
Other non-current liabilities	28	3801.54	3502.25
<b>Total non-current liabilities</b>		<b>82099.05</b>	<b>73456.44</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	29	17074.71	23147.32
Trade payables	30	8708.17	7837.87
Other financial liabilities	31	22114.48	8549.12
Other current liabilities	32	5511.97	338.27
Provisions	33	5299.41	1836.93
Current tax liabilities (net)	34	451.55	309.98
<b>Total current liabilities</b>		<b>59160.29</b>	<b>42019.49</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>359680.21</b>	<b>312827.08</b>
Contingent Liability	35	6816.80	7309.12

## Significant accounting policies

The accompanying notes 1 to 68 form an integral part of these financial statements.

(Umang Vats)  
Company Secretary

(Nirahjan Ghosh)  
Chief Finance Officer

(P.K. Bondriya)  
Chief Executive Officer

(Tej Veer Singh)  
Director

(Saptarshi Roy)  
Chairman

As per our report of even date

For Amit Ray & Co.  
Chartered Accountants  
FRN No.000483C

(Pradeep Mukherjee)  
Partner

Membership No.070693



Place : New Delhi  
Date : 21.05.2018



# NTPC SAIL POWER COMPANY LTD.

## STATEMENT OF PROFIT AND LOSS

₹ in Lakhs

PARTICULARS	NOTE NO.	For the year ended 31.03.2018	For the year ended 31.03.2017
<b>Revenue</b>			
Revenue from operations	36	260217.35	252631.01
Other income	37	4228.30	10409.40
<b>Total Revenue</b>		<b>264445.65</b>	<b>263040.41</b>
<b>Expenses</b>			
Fuel	38	143000.50	130741.19
Employee benefits expense	39	18208.93	16351.73
Finance costs	40	4119.34	7651.67
Depreciation, amortization and impairment expense	41	15037.94	14720.01
Other expenses	42	49613.61	50015.67
<b>Total expenses</b>		<b>229980.32</b>	<b>219480.27</b>
<b>Profit before tax</b>		<b>34465.33</b>	<b>43560.14</b>
<b>Tax expense</b>			
<b>Current tax</b>			
Current year		7979.29	8816.98
Earlier years		(12.28)	(8.00)
Deferred tax (asset)/liability		(2637.04)	(1058.11)
Less : MAT credit available		(4036.12)	(3077.51)
<b>Total tax expense</b>		<b>1293.84</b>	<b>4673.36</b>
<b>Profit for the year</b>		<b>33171.49</b>	<b>38886.78</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss (net of tax)			
Net actuarial (gains) / losses on defined benefit plans		68.68	208.48
<b>Other comprehensive (income) / Expenses for the year, net of income tax</b>		<b>68.68</b>	<b>208.48</b>
<b>Total comprehensive income for the year</b>		<b>33102.81</b>	<b>38678.30</b>
Expenditure during construction period (net)	43	5098.38	2242.02
<b>Earnings per equity share (Par value ₹ 10/- each)</b>			
Basic & Diluted (₹)		3.38	3.97
Significant accounting policies	1		

The accompanying notes 1 to 68 form an integral part of these financial statements.



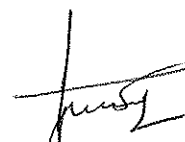
(Umang Vats)  
Company Secretary



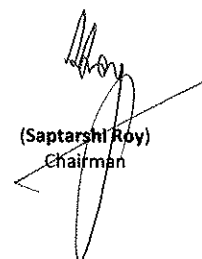
(Niranjana Ghosh)  
Chief Finance Officer



(P.K. Bondriya)  
Chief Executive Officer



(Tejveer Singh)  
Director



(Saptarshi Roy)  
Chairman

As per our report of even date  
For Amit Ray & Co.  
Chartered Accountants  
FRN No.000483C

  
(Pradeep Mukherjee)  
Partner  
Membership No.070693

Place : New Delhi  
Date : 21.05.2018

## STATEMENT OF CASH FLOWS

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	34,465.33	43,560.14
Adjustment for:		
Depreciation & Amortisation	15,813.98	15,436.00
Other Comprehensive Income	(68.68)	(208.48)
Profit on disposal of Fixed Assets	(0.84)	(3.88)
Provision for Tariff Adjustment	920.24	585.42
Provision for MAT Credit	-	77.16
Provision for Doubtful Debts/Beneficiary Claim	2,586.60	3,502.25
Provision for Shortage & Obsolescence in stores	34.04	0.48
Provision Written Back		
Obsolescence in stores	(2.47)	-
Tariff	-	(854.22)
MAT Credit	-	(4,714.00)
Arbitration Case	-	(11.54)
Fly Ash Utilisation Fund (Net)	2.78	-
Loss on Sale of Fixed Assets	158.78	-
Interest Income on term deposits/investments	(2,718.53)	(3,695.29)
Finance Costs	4,119.34	7,651.67
Income on Sale of Investment	(399.53)	(339.55)
Operating profit before working capital changes	54,911.03	60,986.16
Adjustment for:		
Trade Receivables	2,293.60	(5,263.58)
Inventories	3,732.32	4,426.24
Trade payables / Provisions and other liabilities	20,233.60	238.20
Loans, advances and other assets	(3,139.43)	(4,412.42)
Other current assets	(1,763.07)	(16,696.16)
Cash generated from operations	76,268.04	39,278.44
Direct Taxes Refund/ (Paid) ((Net))	(8,710.70)	(6,062.75)
Net cash from operating activities - A	67,557.34	33,215.69
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Income on term deposits/investments	3,301.20	3,407.26
Profit on Sale of Fixed Assets	0.84	3.88
Income on Sale of Investment	399.53	339.55
Loss on Sale of Fixed Assets	(158.78)	-
Purchase of Investment	(9,765.58)	-
Purchase of Fixed Assets	(70,802.47)	(77,025.25)
Net cash used in Investing activities - B	(77,025.25)	(11,877.77)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowing	81,076.06	25,325.85
Repayment of long term borrowings	(69,995.70)	(23,326.40)
Interest paid	(4,196.50)	(7,734.92)
Dividend paid	(10,000.00)	(14,000.00)
Tax on dividend	(2,035.87)	(2,850.07)
Net cash used in financing activities - C	(5,152.00)	(22,585.54)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(14,619.91)	(1,247.62)
Cash and cash equivalents at beginning of the year (See Reco. Below)	38,516.44	39,764.06
Cash and cash equivalents at end of the year (See Reco. Below) *	23,896.53	38,516.44

Net cash increase / (decrease)	(14,619.91)	(1,247.62)
<b>Reconciliation of Cash &amp; Cash Equivalents</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Note 15 - Cash & Cash Equivalents	4,344.46	514.37
Note 16- Other Bank Balances	19,552.07	38,002.07
<b>Total</b>	<b>23,896.53</b>	<b>38,516.44</b>

Note:

- i) Cash and cash equivalents consist of balance with banks and fixed deposits.  
ii) Previous Year's figures have been regrouped/ rearranged wherever necessary.  
\* Includes an amount in Fly Ash bank balance which is not available for Business Purpose, current year ₹ 25.27 lakhs (previous year ₹ 35.38 lakhs).

- iii) Disclosure of changes in liabilities arising from financing activities.

Particulars	Long-term borrowings	Short-term borrowings	Interest on borrowings
Opening balance as at 1 April 2017	77,123.59	-	77.17
Loan draws/interest accrued during the year (in cash)	81,076.06	-	8,205.43
Loan repayments/interest payment during the year (in cash)	(69,995.70)	-	(5,501.02)
Changes due to variation in exchange rate (non-cash)	-	-	-
Changes due to amortisation of transaction costs on borrowings (non-cash)	-	-	-
Closing balance as at 31 March 2018	88,203.95	-	2,781.58

(Umang Vats)  
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(Niranjan Ghosh)  
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(Pradeep Mukherjee)  
Partner  
Membership No.070693



Place : New Delhi  
Date : 21.05.2018



# NTPC SAIL POWER COMPANY LTD.

## STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital  
For the year ended 31 March 2018

₹ in Lakhs		
Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31st March 2018
98,050.00	-	98,050.00

(B) Other Equity  
For the Financial Year ended 31 March, 2018


Particulars	Reserves & Surplus							Items of other comprehensive income		Total
	Capital reserve	Securities premium account	Bonds/ Debentures redemption reserve	Fly ash utilisation reserve fund	Corporate social responsibility (CSR) reserve	General reserve	Retained Earnings	Remeasurement of defined benefit plans	Equity Instruments through Other Comprehensive Income	
Balance as at 1 April 2017	-	-	-	-	-	2,630.98	96,879.59	(209.43)	-	99,301.14
Profit for the period							33,171.49			33,171.49
Other comprehensive Income								(68.68)	-	(68.68)
<b>Total Comprehensive Income</b>	-	-	-	-	-	2,630.98	130,051.08	(278.11)	-	132,403.95
Addition during the year	-		9,600.00	2.78	-		-			9,602.78
Transfer to fly ash utilisation reserve										-
Transfer from bonds/debentures redemption reserve										-
Transfer from CSR reserve										-
Transfer to bonds/debentures redemption reserve							(9,600.00)			(9,600.00)
Transfer to capital reserve										-
Transfer to general reserve										-
Interim Dividend							(10,000.00)			(10,000.00)
Tax on interim dividend							(2,035.87)			(2,035.87)
Dividends										-
Corporate dividend tax										-
<b>Balance as at 31 March 2018</b>	-	-	9,600.00	2.78	-	2,630.98	108,415.21	(278.11)	-	120,370.86

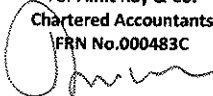
  
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Partner  
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Place : New Delhi  
Date : 21.05.2018

# **NTPC-SAIL POWER COMPANY LTD**

## **Note 1. Company Information and Significant Accounting Policies**

### **A. Reporting Entity**

NTPC-SAIL Power Company Ltd (the "Company") is a company domiciled in India and limited by shares (CIN: U74899DL1999PLC098274). The Company is a joint venture company of NTPC & SAIL as 50% each of paid up share capital is held by NTPC & SAIL. The address of the Company's registered office is 4th Floor, NBCC Tower, 15 Bhikaiji Cama Place, New Delhi -110066. The Company is primarily involved in the generation and sale of power to SAIL and State Power Utilities.

### **B. Basis of preparation**

#### **1. Statement of Compliance**

These financial statements are prepared on going concern basis following accrual basis of accounting and comply with 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 Board of Directors on 21.05.2018.

#### **2. Basis of measurement**

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

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

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

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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 lakhs (upto two decimals), except as stated otherwise.

### **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.

#### **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.

Expenditure on major inspection and overhauls of production plant is capitalized, when it meets the asset recognition criteria.

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 Cost**

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 Statement 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 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 or loss.

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

The cost of self-constructed assets includes the cost of materials and 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 to 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 expected future economic benefits associated that are attributable to the asset will flow to the company and the cost of the item 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 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 and has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalization 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 and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal 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 related plant, whichever is less.

## **4. Regulatory deferral accounts balances**

Expense/income recognized in the Statement of Profit & Loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per Central Electricity Regulatory Commission (the 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/expenses associated with such balances will flow to the entity. If these criteria are not met, the regulatory deferral account balances are derecognized.

## **5. Fly ash utilisation 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.

## **6. Borrowing costs**

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 that the assets are substantially ready





for their intended use. Qualifying assets are assets which take a 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.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of (a) interest expense (b) finance charges in respect of finance leases recognized in accordance with Ind AS 17 – 'Leases' (c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and (d) other costs that an entity incurs in connection with the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

All 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 and surplus stores & spares is ascertained on review and provided for accordingly.

Steel Scrap is valued at estimated realizable value.

#### **8. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprises of 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.

#### **9. 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 statement of 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 & equipment recognized upto 31 March 2016 are adjusted to carrying cost of property, plant & equipment.

Non-monetary items are measured in terms of historical cost in foreign currency and are translated using the exchange rate at the date of the transaction.

#### **10. Revenue**

The Company's operations in India are regulated under the Electricity Act, 2003. Revenue earned from the generation and sale of electricity is regulated as below:

- In respect of supply by Captive Power Plants (CPP-II) - Based on Power Purchase Agreement with SAIL



- In respect of Bhilai Expansion Power Project (PP-III) - Based on tariff rates prescribed by the Central Electricity Regulatory Commission (CERC)

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 Return on Equity, Incentive, depreciation, cost of capital, cost of working capital and operating and maintenance expenses and energy charge i.e. a variable charge primarily based on fuel costs.

### **Revenue from sale of energy**

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 approved by the Central Electricity Regulatory Commission (CERC) 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, 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 customer and is measured through a regular review of usage meters. Customers are billed on a periodic and regular basis. As at each reporting date, energy revenue includes an accrual for sales delivered to customers but not yet billed i.e. unbilled revenue.

In respect of supply by Captive Power Plants (CPP-II) revenue from sale of energy is based on Power Purchase Agreement with SAIL. Customer are billed on a periodic and regular basis. As at each reporting date, energy revenue includes an accrual for sales delivered to customers but not yet billed i.e. unbilled revenue.

Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue.

The incentives/disincentives are accounted for based on the norms notified/approved by the CERC as per principles enunciated in Ind AS 18. In cases of power stations where the same have not been notified/approved, incentives/ disincentives are accounted for on provisional basis.

## **11. Other Income**

Interest income is recognized, when no significant uncertainty as to measure or collectability exists, on time proportion basis taking into account the amount outstanding and applicable interest rate, using the effective interest rate method (EIR) based on materiality.

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 accruals basis in accordance with the substance of the relevant agreement.

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income (OCI), 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 effective interest rate, 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 sundry debtors 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 basis.

## 12. Depreciation/Amortisation

### Depreciation:

Depreciation is recognized in Statement of profit or 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 or 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 in respect of CERC Regulated plants 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. The Bhilai Expansion Power Project (PP-III) located at Bhilai is the only CERC Regulated plant.

Depreciation on other assets is charged on straight line method following the useful life specified in Schedule II of the Companies Act, 2013, and the depreciation is provided at a rate such that 95% of the gross block is depreciated over the residual life of those assets.

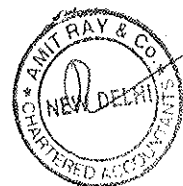
Depreciation on the following assets is provided on their estimated useful life ascertained on technical evaluation:

a) Kutch 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 equipment's, display devices viz. projectors, screens, CCTV, audio video conferencing systems and other communication equipments	6 years

Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.

Major overhaul and inspection costs which has been capitalized is depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier.

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.

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 circumstances, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

**Amortization of lease hold lands and buildings:-**

- In case of Bhilai Expansion Power Project (PP-III), 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 CERC Tariff Regulations.
- In case of other 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.
- Leasehold land acquired on perpetual lease is not amortized.

**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.

Preliminary expenses on account of new projects funded through internal resources incurred prior to approval of feasibility report are charged to Statement of Profit and Loss. Preliminary expenses on account of new projects funded through promoter's equity incurred prior to approval of feasibility report, techno economic clearance and consent of equity contribution from promoters 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. Employee benefits**

**14.1 Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate trust and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in Statement of 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.

A defined contribution pension scheme of the company has been implemented effective from 1st January 2007, for its employees. The scheme is administered through a separate trust in respect of NSPCL employees. The obligation of the Company is to contribute to the trust to the extent of amount not exceeding 30% of basic pay and dearness allowance less employer's contribution towards provident fund, gratuity, post-retirement medical facility (PRMF) or any other retirement benefits. The contributions to the fund for the year are recognized as an expense and charged to the Statement of Profit and Loss.



In terms of arrangements with NTPC, the company is to make a fixed percentage contribution of aggregate of basic pay and dearness allowance for the period of service rendered in the company by the NTPC employees posted on secondment from NTPC to NSPCL. Accordingly, these employee benefits are treated as defined contribution schemes.

#### **14.2 Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's liability towards gratuity, post-retirement medical facility scheme, baggage allowance for settlement at home town after retirement, farewell gift on retirement and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plans.

The Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contributions to the fund for the year are recognised as expense and are charged to the Statement of profit or loss. The obligation of the Company is to make such fixed contributions and to ensure a minimum rate of return to the members as specified by the Government of India (GoI).

The gratuity is funded by the Company and managed by separate trust. The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan 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 unrecognised 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. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities. Any actuarial gains or losses are recognized in other comprehensive income 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 statement of 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 or loss.

#### **14.3 Other long-term employee benefits**

Benefits under the Company's leave encashment, long-service award and economic rehabilitation scheme 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 statement of profit or loss in the period in which they arise.

As per the Company's economic rehabilitation scheme which is optional, the nominee of the deceased employee is paid a fixed amount based on the salary drawn by the employee till the date of superannuation of the employee by depositing the final provident fund and gratuity amount which will be interest free.



#### **14.4 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.

### **15. Leases**

#### **15.1 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 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 over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

#### **15.2 As Lessor**

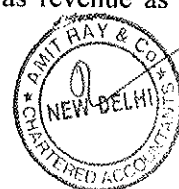
Appendix C, Ind AS 17 deals with the identification of contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset of a Company in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases.

The Company is concerned by this interpretation mainly with respect to certain power purchase agreements (PPA), particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset.

At 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 Finance lease**

Where the Company determines a long term PPA to be or to contain a lease and where the off taker has the principal risk and rewards of ownership of the power plant through its contractual arrangements with the Company, the arrangement is considered a finance lease. Capacity payments are apportioned between capital repayments relating to the provision of the plant, finance income and service income. The finance income element of the capacity payment is recognized as revenue, using a rate of return specific to the plant to give a constant periodic rate of return on the net investment in each period. The service income element of the capacity payment is the difference between the total capacity payment and the amount recognized as finance income and capital repayments and recognized as revenue as it is earned.



The amounts due from lessees under finance leases are recorded in the balance sheet as financial assets, classified as finance lease receivables, at the amount of the net investment in the lease.

Expenses incurred on major overhaul and inspection on assets classified as finance lease as per Appendix C of Ind AS 17, are charged to statement of profit and loss account. Costs related to purchase of major spares in relation to such assets are recognized as finance lease receivables.

#### **Accounting for Operating lease**

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.

### **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 greater of its value in use and its fair value less costs to sell. 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 statement of 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 recognised.

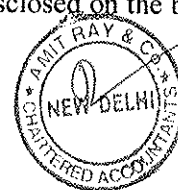
### **17. Provisions, contingent liabilities and contingent assets**

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 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 the receivable can be measured reliably. The expense relating to a provision is presented in the statement of 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.

## **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.

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 corporate expenses, finance expenses and income tax expenses and corporate 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. For the purpose of segment reporting for the year, property, plant and equipment have been allocated to segments based on the extent of usage of assets for operations attributable to the respective 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.

## **19. Income tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in statement of 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 other comprehensive income (OCI) or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted 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 statement of 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 other comprehensive income 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.

## **20. 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.

## **21. 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 prior period presented, the opening balances of assets, liabilities and equity for the earliest prior period presented, are restated.

## **22. Earnings per Share**

Basic earnings per equity share is computed by dividing the net profit 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 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.

## **23. Cash flow statement**

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

## **24. 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.

**25. 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.

**25.1 Financial assets****Initial recognition and measurement**

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

**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 effective interest rate (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 statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

**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.

**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 18.

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.

## **25.2 Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit or loss, loans and 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 loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### **Subsequent measurement -**

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

#### **Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (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 costs in the statement of profit and loss. This category generally applies to trade payables and other contractual liabilities.

#### **Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of 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 as finance costs in the statement of profit and loss.

#### **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 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 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 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 are 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**

The estimated useful life of property, plant and equipment 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.

In case of Bhilai Expansion Power Project (PP-III), 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.

The company reviews at the end of each reporting date the useful life of property, plant and equipment other than the assets of generation of electricity business which are governed by CERC regulations.

#### **3. Recoverable amount of property, plant and equipment**

The recoverable amount of plant and equipment 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

- i) In respect of supply of power from Captive Power Plants (CPP-II), based on Power Purchase Agreement with SAIL.
- ii) In case of Bhilai Expansion Power Project (PP-III), based on Tariff rates approved by the Central Electricity Regulatory Commission (CERC) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable, as per principles enunciated under Ind AS 18. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

#### **6. 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 meets the criteria under Appendix C to Ind AS 17.



## **7. Provisions and contingencies**

The assessments undertaken in recognising 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 judgement by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

## **8. 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.

## **9. Regulatory deferral account balances**

Recognition of regulatory deferral account balances involves significant judgments including about future tariff regulations since these are based on estimation of the amounts expected to be recoverable/payable through tariff in future.

## **10. Income taxes**

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



Note 2 : Non-current assets -Property Plant and Equipment	Gross Block				Depreciation				Netblock		₹ in Lakhs
	AS AT	Addition	Adjustment	AS AT	AS AT	Addition	Adjustment	AS AT	AS AT	Netblock	
	01.04.2017	During the Year	During the Year	31.03.2018	01.04.2017	During the Year	During the Year	31.03.2018	31.03.2018	AS AT	AS AT
Land and Leasehold	8842.11	-	-	8842.11	597.96	298.98	-	896.94	7945.17	-	8244.15
Roads, Bridges & Culverts	1925.31	40.08	(0.01)	1965.40	210.12	94.01	-	304.13	1661.27	-	1715.19
Main Plant Buildings	5619.56	-	-	5619.56	495.08	247.54	-	742.62	4876.94	-	5124.48
Other Buildings	22576.31	300.11	(4.78)	22881.20	1750.59	925.65	(2.99)	2679.23	20201.97	-	20825.72
Temporary Erection	-	-	-	-	-	-	-	-	-	-	-
Water Supply, Drainage & Sewerage System	2233.00	-	14.18	2218.82	219.08	118.44	-	337.52	1881.30	-	2013.92
MGR Track and Signaling System	3857.64	-	-	3857.64	587.21	293.61	-	880.82	2976.82	-	3270.43
Railway Siding	362.47	-	-	362.47	140.76	72.82	-	213.58	148.89	-	221.71
Plant & Machinery	176124.20	3,651.33	943.39	178832.14	29134.22	14387.60	767.47	42754.35	136077.79	-	146989.98
Construction Equipments	793.02	-	20.88	772.14	273.42	92.44	19.84	346.02	426.12	-	519.60
Furniture & Fixtures	1647.74	20.64	14.24	1654.14	319.61	157.64	12.09	465.16	1188.98	-	1328.13
Other Office Equipments	279.67	71.54	9.77	341.44	79.84	47.60	6.46	120.98	220.46	-	199.83
EDP, WP Machines & Satcom Equipments	1272.53	235.33	120.49	1387.37	480.67	286.86	93.12	674.41	712.96	-	791.85
Vehicles including Speedboats	20.70	-	9.11	11.59	9.00	2.36	4.94	6.42	5.17	-	11.70
Electrical Installations	1332.94	6.94	5.59	1334.29	236.53	104.89	0.05	341.37	992.92	-	1096.41
Laboratory & Workshop Equipments	1127.47	81.60	0.06	1209.01	183.20	91.34	-	274.54	934.47	-	944.27
Hospital Equipments	7.69	-	-	7.69	2.58	0.23	-	2.81	4.88	-	5.11
Communication Equipments	270.48	11.00	0.40	281.08	49.86	25.48	-	75.34	205.74	-	220.62
Retired Assets/ Unservicable	-	-	0.05	(0.05)	-	-	-	-	(0.05)	-	-
Capital Expenditure of Assets not Owned by Company	64.85	-	0.01	64.84	64.84	-	-	64.84	-	-	0.01
Capital Spares	2326.43	1,131.55	-	3457.98	349.02	349.04	-	698.06	2759.92	-	1977.41
Major repair and overhaul	1976.94	641.77	-	2618.71	1151.04	718.91	-	1869.95	748.76	-	825.90
	232660.66	6191.89	1133.00	237719.55	36334.63	18315.44	900.98	53749.09	183970.46	-	196326.03
Less Transfer of PP-II assets to SAIL	35563.47	4603.59	1097.75	39069.31	7845.05	3704.97	890.17	10659.85	28409.46	-	27718.42
Total :	197097.19	1588.30	35.25	198650.24	28489.58	14610.47	10.81	43089.24	155561.00	-	168607.61

**Notes**

- a) Leasehold land includes 1758.09 sqm valuing ₹ 2189.65 lakhs (Previous year 1758.09 sqm valuing ₹ 2189.65 lakhs) pertaining to 4th Floor, NBCC Tower, 15 Bhikaji Cama place, New Delhi acquired on perpetual lease and no depreciation has been charged thereof.
- b) As required by Accounting Standard (IndAS) 36 'Impairment of Assets', the company believes that there are no impairment indicators.
- c) As required by IndAS 17, Company has treated PP-II assets of Bhilai, Durgapur & Rourkela as finance lease. Hence Property, plant and equipment (Including Intangible Assets) for which Company has PPA with SAIL is transferred in the books of SAIL and lease recoverable from SAIL accounted in NSPCL books against assets transferred.
- d) Refer Note 23 for information of pledge created by company on property, plant and equipment.
- e) Refer Note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



<b>Note 3 : Non-current assets -Capital Work in Progress</b>	AS AT	Additions during the year	Deductions/ Adjustments during the year	Capitalised during the year	AS AT
	01.04.2017				31.03.2018
Lease Land	12.93	-	(1.19)	-	14.12
Road, Bridges, Culverts & Helipads	-	416.71	-	-	416.71
Building	-	-	-	-	-
Main Plant	-	305.60	-	-	305.60
Others	93.05	433.96	-	282.77	244.24
Water supply Drainage & Sewarage	0.30	-	0.30	-	-
Railway Sidings	265.61	20.82	0.01	-	286.42
Plant & Machinery	15809.57	57231.37	11.22	3592.72	69437.00
Furniture & Fixtures	-	15.88	0.64	15.24	-
Other Office Equipments	0.69	52.31	(0.24)	53.24	-
EDP, WP SATCOM Equipment	-	161.86	3.23	158.63	-
Construction Equipment	-	4536.89	4536.89	-	-
Lab & Workshop Equipment	55.22	26.40	0.02	81.60	-
Communication Equipment	2.12	2.18	0.03	3.80	0.47
Electrical Installation	-	3298.16	-	5.85	3292.31
	16239.49	66502.13	4550.91	4193.85	73996.87
Survey Soil & investigation	124.07	-	55.22	-	68.85
Incidental Expenditure During Construction (Net)	799.30	975.65	-	-	1774.95
	17162.86	67477.77	4606.13	4193.85	75840.67
Prov.Unservice.CWIP	(2.40)	-	-	-	(2.40)
Construction stores (net of Provisions)	4872.25	8356.91	(1269.84)	-	14499.00
Capital Spares	4.04	1131.55	2.02	1130.48	3.09
Major repair and overhaul	(0.01)	-	(0.01)	-	-
<b>Total :</b>	<b>22036.74</b>	<b>76966.23</b>	<b>3338.30</b>	<b>5324.33</b>	<b>90340.33</b>



# NTPC SAIL POWER COMPANY LTD.

₹ in Lakhs

	Gross Block				Depreciation				Netblock	Netblock
	AS AT	Addition	Adjustment	AS AT	AS AT	Addition	Adjustment	AS AT	AS AT	AS AT
Note 4 : Non-current assets- Intangible Assets	01.04.2017	During the Year	During the Year	31.03.2018	01.04.2017	During the Year	During the Year	31.03.2018	31.03.2018	31.03.2017
Software	1134.09	47.15	-	1181.24	733.59	325.30	-	1058.89	122.35	400.50
Less Transfer of PP - II assets to SAIL	39.23	2.19	-	41.43	11.71	12.10	-	23.81	17.62	27.53
<b>TOTAL :</b>	<b>1094.86</b>	<b>44.96</b>	<b>-</b>	<b>1139.81</b>	<b>721.88</b>	<b>313.20</b>	<b>-</b>	<b>1035.08</b>	<b>104.73</b>	<b>372.97</b>







# NTPC SAIL POWER COMPANY LTD.

Note 5 : Non-current assets- Intangible Assets Under Development	AS AT	Additions during the year	Deductions/ Adjustments during the year	Capitalised during the year	₹ in Lakhs AS AT
	01.04.2017				31.03.2018
Software	-	49.65	-	49.65	-
<b>Total :</b>	-	<b>49.65</b>	-	<b>49.65</b>	-





Note No. 7 to the Financial Statements

Non-current financial assets- Trade Receivables

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
<b>Trade Receivables</b>		
Unsecured considered good	-	-
Unsecured considered doubtful	3317.84	-
	<b>3317.84</b>	-
Less : Provision for doubtful receivables	3317.84	-
<b>Total</b>	-	-





Note No. 8 to the Financial Statements

Non-current financial assets- Loans

		₹ in Lakhs	
AS AT	31.03.2018	31.03.2017	
LOANS			
Employees (including accrued interest)			
Secured	1257.57	1206.60	
Unsecured	353.26	135.75	
Total	1610.83	1342.35	

a) Due from directors and officers of the Company :

Directors ₹ Nil (31st March 2017 : ₹ Nil)

Officers ₹ 5.86 lakhs (31 March 2017 : ₹ 2.65 lakhs)

b) Details of collateral held as security against Secured Loans:

Employee loans are secured against house property and Vehicles.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 9 to the Financial Statements

### Non-current assets - Other financial assets

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Finance lease recoverable	27358.27	25508.41
<b>Total</b>	<b>27358.27</b>	<b>25508.41</b>

Keeping in view the provisions of Appendix C to Ind AS-17 on 'Leases' w.r.t. determining whether an arrangement contains a lease, the company has ascertained that the PPA entered into for PP-II units viz., Rourkela, Durgapur & Bhilai with the beneficiary falls under the definition of finance lease. Accordingly, the written down value of the specified assets has been derecognized from PPE and accounted as Finance Lease Receivable (FLR). Recovery of capacity charges towards depreciation, interest on loan & return on equity & Incentive(pre-tax) components from the beneficiary are adjusted against FLR. The interest component of the FLR in respect of the above three elements are recognised as 'Interest income on Assets under finance lease' under Note-36-'Revenue from operations'.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 10 to the Financial Statements

### Other non-current assets

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Security deposits (unsecured)	582.04	52.67
Advances		
Unsecured, considered good	-	1.63
Others		
Unsecured	-	2.17
Advance Tax Deposited & Tax Deducted at Source	46236.98	45418.68
Less: Provision for Current Tax	43875.88	43801.26
	<b>2361.10</b>	<b>1621.22</b>
Deferred payroll expense*	720.48	594.41
Regulatory assets	280.60	124.43
<b>Total</b>	<b>3944.22</b>	<b>2392.73</b>

\* Loans given to employees are measured at amortised cost. The deferred payroll expenditure as difference between amortised value of the loan and the actual loan amount represents the benefits accruing to employees. The same is amortised on a straight line basis over the remaining period of the loan.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 12 to the Financial Statements

### Current assets - Inventories

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Coal	1028.75	4785.75
Fuel oil	465.27	454.07
Stores & spares	7545.59	7418.93
Chemicals & consumables	154.64	185.77
Loose tools	31.47	28.61
Others	1014.59	1099.50
	<b>10240.31</b>	<b>13972.63</b>
Less: Provision for shortages / Adjustment	34.80	0.76
Provision for obsolete/unserviceable items	15.97	18.44
<b>Total</b>	<b>10189.54</b>	<b>13953.43</b>

a) Inventory items have been valued as per accounting policy No 7 given at Note No. 1.

b) Inventories - Others includes steel, cement, ash bricks etc.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 13 to the Financial Statements

### Current financial assets - Investments

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Investment in Commercial Paper and Inter		
Corporate Deposit	9765.58	-
Total	9765.58	-





# NTPC SAIL POWER COMPANY LTD.

## Note No. 14 to the Financial Statements Current financial assets - Trade receivables

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
<b>Trade Receivables</b>		
Unsecured, considered good	2533.72	7114.64
Considered doubtful	-	1030.53
	<b>2533.72</b>	<b>8145.17</b>
Less: Allowance for bad & doubtful receivables	-	1030.53
<b>Total</b>	<b>2533.72</b>	<b>7114.64</b>







# NTPC SAIL POWER COMPANY LTD.

## Note No. 15 to the Financial Statements

### Current financial assets - Cash and cash equivalents

	₹ in Lakhs	
AS AT	31.03.2018	31.03.2017
Balance with banks:		
On current account *	425.25	508.67
On cash credit account	55.37	5.70
Deposits with original maturity of less than three months	3863.84	-
Total	4344.46	514.37

\*Includes fly ash bank balance of ₹ 25.27 lakhs (31 March 2017: ₹ 35.38 lakhs).

Cheques & Draft on Hand "NIL" (31 March 2017 : "NIL")





# NTPC SAIL POWER COMPANY LTD.

## Note No. 16 to the Financial Statements

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

	₹ in Lakhs	
AS AT	31.03.2018	31.03.2017
Deposits with original maturity of more than three months and maturing within one year	19552.07	38002.07
<b>Total</b>	<b>19552.07</b>	<b>38002.07</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 17 to the Financial Statements

### Current financial assets - Loans

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
LOANS		
Employees (including accrued interest)		
Secured	262.20	493.89
Unsecured	317.28	215.99
<b>Total</b>	<b>579.48</b>	<b>709.88</b>

a) Due from Directors and Officers of the Company :

Directors ₹ Nil (31st March 2017 : ₹ Nil)

Officers ₹ 5.75 lakhs (31st March 2017 : ₹ 0.25 lakhs)

b) Details of collateral held as security against Secured Loans:

Employee loans are secured against house property and Vehicles.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 18 to the Financial Statements

### Current assets - Other financial assets

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
<b>Advances</b>		
Related parties		
Unsecured	0.88	29.66
Employees		
Unsecured	0.13	0.13
Others		
Unsecured	64.75	0.05
<b>Interest accrued on</b>		
Term deposits	411.92	994.58
<b>Claims recoverable</b>		
Unsecured, considered good	0.73	64.85
<b>Unbilled revenue</b>	10028.80	9253.14
<b>Finance lease receivable</b>	1933.81	2337.57
<b>Total</b>	<b>12441.02</b>	<b>12679.98</b>

Unbilled revenue is net of credits to be passed to beneficiaries and includes for PP-III ₹ 3675.92 lakhs and PP-II ₹ 6352.88 lakhs (31 March 2017: PP-III ₹ 5857.32 lakhs and PP-II ₹ 3395.82 lakhs) billed to the beneficiaries after 31 March for supply of energy.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 20 to the Financial Statements

### Current assets - Other current assets

		₹ in Lakhs	
AS AT	31.03.2018	31.03.2017	
Security deposits (unsecured)	2.67	4.44	
Advances			
Contractors & Suppliers, including materials issued on loan			
Unsecured, considered good	20884.78	14522.04	
Unsecured, considered doubtful	4.29	4.29	
Less: Provision for doubtful advances	4.29	4.29	
Employees			
Unsecured, considered good	14.28	9.84	
Others			
Unsecured	368.19	4998.76	
Advance Tax Deposited & Tax Deducted at Source	0.01	0.10	
Deferred payroll expense *	85.03	56.72	
<b>Total</b>	<b>21354.96</b>	<b>19591.90</b>	

\* Loans given to employees are measured at amortised cost. The deferred payroll expenditure as difference between amortised value of the loan and the actual loan amount represents the benefits accruing to employees. The same is amortised on a straight line basis over the remaining period of the loan.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 21 to the Financial Statements

### Equity share capital

AS AT	₹ in Lakhs	
	31.03.2018	31.03.2017
<b>Authorised</b>		
5,00,00,00,000 shares of par value ₹ 10/- each (previous year 5,00,00,00,000 shares of par value ₹10/- each)	500000.00	500000.00
	500000.00	500000.00
<b>Issued, subscribed and fully paid up</b>		
98,05,00,100 shares of par value ₹ 10/- each (previous year 98,05,00,100 shares of par value ₹10/- each)	98050.01	98050.01
<b>Total</b>	<b>98050.01</b>	<b>98050.01</b>

#### a) Movements in equity share capital:

There is no movement in equity share capital during the year, as 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) Dividend paid :

During the year ended 31 March 2018, the amount of per share dividend recognised as distribution to equity share holders is ₹1.02/- (31 March 2017: ₹1.43).

#### d) Details of shareholders holding more than 5% shares in the Company:

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





# NTPC SAIL POWER COMPANY LTD.

## Note No. 22 to the Financial Statements

### Other equity

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
<b>Fly ash utilisation reserve fund</b>		
As per last financial statements	-	-
Addition during the year (Note 36 & 37)	359.75	242.40
Adjustment during the year (Note 42)	(356.97)	(242.40)
	<b>2.78</b>	<b>-</b>
<b>Corporate social responsibility (CSR) reserve</b>		
As per last financial statements	-	427.47
Addition during the year	-	-
Adjustment/Transfer to Retained Earning	-	(427.47)
	<b>-</b>	<b>-</b>
<b>General reserve</b>		
As per last financial statements	2630.98	2630.98
Addition during the year	-	-
Adjustment during the year	-	-
	<b>2630.98</b>	<b>2630.98</b>
<b>Bond Redemption Reserve</b>		
As per last financial statements	-	-
Addition during the year	9600.00	-
Adjustment during the year	-	-
	<b>9600.00</b>	<b>-</b>
<b>Retained earnings</b>		
As per last financial statements	96670.16	74414.47
Add: Total Comprehensive Income for the year	33102.81	38678.30
Ind AS adjustments	-	-
Transfer to Bond Redemption Reserve	(9600.00)	-
Transfer from Bond Redemption Reserve	-	-
Transfer from CSR Reserve	-	427.47
Dividend paid	(10000.00)	(14000.00)
Tax on dividend paid	(2035.87)	(2850.08)
	<b>108137.10</b>	<b>96670.16</b>
<b>Total</b>	<b>120370.86</b>	<b>99301.14</b>

a) Pursuant to gazette notification dated 3rd 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.

b) During the year, proceeds of ₹ 359.75 lakhs (31 March 2017: ₹ 242.40 lakhs) from sale of ash/ash products Note 36: ₹ 356.97 lakhs (Note 36, 31 March 2017: ₹ 241.57 lakhs) and Interest Income from Fly Ash fund Note 37: ₹ 2.78 lakhs (Note 37, 31 March 2017: ₹ 0.83 lakhs), has been transferred to fly ash utilisation reserve fund. An amount of ₹ 356.97 lakhs (31 March 2017: ₹ 242.40 lakhs) has been utilized from the fly ash utilisation reserve fund on expenses incurred for activities as specified in the aforesaid notification of MOEF.

c) In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (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. During the year the Company has spent an amount of ₹ 773.73 lakhs (Refer Note 57 for details) (31 March 2017: ₹ 1032.81 lakhs).

d) In accordance with applicable provisions of the Companies Act, 2013 read with Rules, the Company has created Debenture Redemption Reserve (DRR) out of profits of the Company @ 25% (approx) of the value of debentures, every year in equal instalments till the year prior to the year of redemption of debentures/bonds for the purpose of redemption of bonds/debentures.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 23 to the Financial Statements

### Non-current financial liabilities -Borrowings

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Term loans		
Secured		
From banks	18173.80	38250.06
From financial institution	-	13278.57
Bonds 7.72% taxable	50000.00	-
Unsecured		
From banks	2955.45	2447.64
<b>Total</b>	<b>71129.25</b>	<b>53976.27</b>

a) There has been no default in repayment of any of the loans or interest thereon as at the end of the year/period.

b) The Secured rupee term loan carries interest rate in the range of 7.72% p.a to 8.30% p.a. The unsecured rupee term loan carries interest rate of 7.90% p.a. These are repayable in instalments as per the terms of respective agreements generally over a period of 5 to 15 years from initial disbursement after a moratorium period as envisaged in respective loan agreements.

c) Secured loan from banks are secured by equitable mortgage of present and future immovable property & hypothecation of movable fixed assets as follows:

i) Power plant II assets of Rourkela, Durgapur and Bhilai are mortgaged / hypothecated to Bank of India.

ii) Power plant III assets of Bhilai are mortgaged / hypothecated in favour of M/s HDFC Bank & Debenture trustee M/s Catalyst Trusteeship Limited for securing 7.72% Secured, Non- Convertible Debenture-Series I of ₹ 50,000 Lakhs.

iii) Assets of Rourkela expansion Plant being constructed are mortgaged /hypothecated to Rural Electrification Corporation, Dena Bank and State Bank of India ( erstwhile State Bank of Mysore.)

iv) Assets of Durgapur expansion are mortgaged to M/s Kotak Mahindra Bank & HDFC Bank.







# NTPC SAIL POWER COMPANY LTD.

## Note No. 25 to the Financial Statements

### Non-current liabilities - Other financial liabilities

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Other Liabilities		
Payable for capital expenditure	206.53	907.11
Lease payable - Land	2044.18	2083.98
Others	47.01	45.33
<b>Total</b>	<b>2297.72</b>	<b>3036.42</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 26 to the Financial Statements

### Non-current liabilities - Provisions

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Provision for		
Employee benefits	2190.37	3588.16
<b>Total</b>	<b>2190.37</b>	<b>3588.16</b>

Disclosure as per Ind AS 19 on "Employee benefits" is made in Note 46.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 27 to the Financial Statements

### Non-current liabilities - Deferred tax liabilities (net)

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
<b>Deferred Tax Liabilities</b>		
Difference in book depreciation and tax depreciation	38449.30	40093.86
Employee loan adjustment	314.86	249.85
<b>Less: Deferred Tax Assets</b>		
Provisions & other disallowances for tax	5146.41	4088.92
MAT Credit entitlement	29815.44	25779.31
Deferred tax recoverable from beneficiary *	1122.14	1122.14
<b>Total</b>	<b>2680.17</b>	<b>9353.34</b>

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

\* b) Power Purchase Agreement with SAIL provide for recovery of deferred tax liability up to 31 March 2009. Accordingly, deferred tax liability is recoverable on materialization from the SAIL.

### Movement in deferred tax balances

31 March 2018

Particulars	Net balance 1 April 2017	Recognised in statement of profit and loss	Net balance 31 March 2018
Difference in book depreciation and tax depreciation	(40,093.86)	1,644.56	(38,449.30)
Employee Loan Adjustment	(249.85)	(65.01)	(314.86)
Employee Benefits	1,330.71	22.22	1,352.93
Long term liabilities	25.61	19.54	45.15
MAT Credit Entitlement	25,779.31	4,036.13	29,815.44
Other items	2,732.60	1,015.72	3,748.33
<b>Tax assets/(liabilities)</b>	<b>(10,475.48)</b>	<b>6,673.17</b>	<b>(3,802.31)</b>
Recoverable from Beneficiary prior to 31.03.2009	1,122.14	-	<b>1,122.14</b>
<b>Tax assets/(liabilities)</b>	<b>(9,353.34)</b>	<b>6,673.17</b>	<b>(2,680.17)</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 28 to the Financial Statements

### Non-current liabilities - Other non-current liabilities

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Provision for beneficiary claims	3801.54	3502.25
<b>Total</b>	<b>3801.54</b>	<b>3502.25</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 29 to the Financial Statements Current financial liabilities -Borrowings

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Current maturities of long term borrowings		
From Banks		
Secured	16919.16	8768.75
Unsecured	155.55	1100.00
From financial institution		
Secured	-	13278.57
Total	17074.71	23147.32

There has been no default in repayment of any of the loans or interest thereon as at the end of the year.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 30 to the Financial Statements

### Current financial liabilities - Trade payables

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
For goods and services	8708.17	7837.87
Total	8708.17	7837.87

Disclosure with respect to micro and small enterprises as required by the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is made in Note 56.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 31 to the Financial Statements

### Current liabilities - Other financial liabilities

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Payable for capital expenditure	17099.62	4435.21
Other payables		
Deposits from contractors and others	2430.65	1984.49
Others	2584.21	2129.42
<b>Total</b>	<b>22114.48</b>	<b>8549.12</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 32 to the Financial Statements

### Current liabilities - Other current liabilities

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Advances from customers and others	1234.47	131.03
Other payables *	4277.50	207.24
<b>Total</b>	<b>5511.97</b>	<b>338.27</b>

\* Includes interest amount ₹ 2781.32 lakhs (Previous Year ₹ 77.17 lakhs) accrued but not due on domestic borrowings.





**Note No. 33 to the Financial Statements****Current liabilities - Provisions**

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
<b>Provision for</b>		
Employee benefits	3793.76	1251.52
Tariff adjustment	1505.65	585.41
<b>Total</b>	<b>5299.41</b>	<b>1836.93</b>

a) Disclosures required by Ind AS 19 'Employee Benefits' is made in Note 46.

b) Disclosure required by Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is made in Note 55

c) The pay revision of the employees of the Company is due w.e.f 1 January 2017. Department of Public Enterprises, GOI (DPE) has constituted the 3rd Pay Revision Committee to review the structure of pay scales and allowances/benefits of various categories of Central Public Sector Enterprises and suggest changes after taking in to account 7th Central Pay Commission recommendations applicable to central government employees. The report of the committee has been submitted and guidelines are issued by DPE. Based on same, provision for the year has been made towards pay revision on an estimated basis having regard to the report of the 3rd Pay Revision Committee

Further, the 3rd Pay Revision Committee appointed by the GOI has enhanced the ceiling limit of gratuity from ₹ 10 lakhs to ₹ 20 lakhs. Accordingly, provision for gratuity as at 31 March 2018 has been made considering the enhanced ceiling limit based on the actuarial report.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 34 to the Financial Statements

### Current liabilities - current tax liabilities (net)

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Current tax liabilities	451.55	309.98
Total	451.55	309.98





# NTPC SAIL POWER COMPANY LTD.

## Note No. 35 to the Financial Statements Contingent Liability

		₹ in Lakhs
AS AT	31.03.2018	31.03.2017
Claims against the company not acknowledged as debt in respect of		
Capital Works	212.93	100.54
Disputed Income Tax	1171.00	1799.22
Disputed Service Tax demand	3304.37	3185.05
Others	2128.50	2224.31
<b>Total</b>	<b>6816.80</b>	<b>7309.12</b>

Possible reimbursement ₹ 3475.68 lakhs (Previous year ₹ 3974.57 lakhs)





# NTPC SAIL POWER COMPANY LTD.

## Note No. 36 to the Financial Statements

### Revenue from operations

		₹ in Lakhs	
FOR THE PERIOD ENDED		31.03.2018	31.03.2017
Energy sales	157,607.43		150763.82
Electricity Duty *	21,973.96		21564.65
Income Tax / Deferred Tax Billed	-		2287.32
Fuel Cost for PP-II units	73,329.66		69733.03
		<b>252911.05</b>	<b>244348.82</b>
Less: Rebates to customers		2352.39	2039.13
		<b>250558.66</b>	<b>242309.69</b>
Sale of fly ash/ash products	356.97		241.57
Less: Transferred to fly ash utilisation reserve fund (Note 22)	356.97		241.57
		-	-
Energy internally consumed		40.90	37.79
Other operating revenues			
Interest income on Assets under finance lease		9615.32	9445.52
Provisions for tariff adjustments written back		-	837.97
Provisions for stores written back		2.47	-
Excess provision written back		-	0.04
<b>Total</b>		<b>260217.35</b>	<b>252631.01</b>

Keeping in view the provisions of Appendix C to Ind AS-17 on 'Leases' w.r.t. determining whether an arrangement contains a lease, the company has ascertained that the PPA entered into for PP-II units viz., Rourkela, Durgapur & Bhilai with the beneficiary falls under the definition of finance lease. Accordingly, the written down value of the specified assets has been derecognized from PPE and accounted as Finance Lease Receivable (FLR). Recovery of capacity charges towards depreciation, interest on loan & return on equity & Incentive(pre-tax) components from the beneficiary are adjusted against FLR. The interest component of the FLR in respect of the above three elements is recognised as 'Interest income on Assets under finance lease'.

\*The electricity duty in case of Rourkela and Durgapur, PP - II unit is being deposited by SAIL. The amount of electricity duty mentioned above includes ₹ 5086.43 lakhs (Previous year ₹ 4945.21 lakhs) in respect of Rourkela unit and ₹ 1696.27 lakhs (Previous year ₹ 1769.54 lakhs) in respect of Durgapur unit as informed by SAIL.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 37 to the Financial Statements

### Other income

		₹ in Lakhs	
FOR THE PERIOD ENDED		31.03.2018	31.03.2017
Interest income from			
Loan to employees		194.75	193.00
Deposits with banks		2742.91	3695.29
Fly ash utilisation fund	2.78		0.83
Less: Transferred to fly ash utilisation reserve fund (Note 22)	<u>2.78</u>		<u>0.83</u>
Income tax refunds		-	-
Income from current investments		399.53	755.20
Other non-operating income			
Sale of scrap		665.62	553.44
Miscellaneous income *		254.46	155.04
Profit on disposal of fixed assets		0.84	3.88
Provisions for MAT Credit written back		-	4714.00
Less : Transferred to expenditure during construction period (Note 43)		29.81	-
<b>Total</b>		<b>4228.30</b>	<b>10409.40</b>

\* Miscellaneous income includes income from township recoveries, receipts towards insurance claims, income from sale of energy saving certificates and liquidated damages recovered from contractors/suppliers.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 38 to the Financial Statements

### Fuel

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Coal	142316.99	130164.36
Furnace oil	223.34	191.36
LDO	453.66	379.37
HSD	6.51	6.10
Total	143000.50	130741.19





# NTPC SAIL POWER COMPANY LTD.

## Note No. 39 to the Financial Statements

### Employee benefits expense

FOR THE PERIOD ENDED	₹ in Lakhs	
	31.03.2018	31.03.2017
Salaries and wages	15421.75	12949.86
Contribution to provident and other funds	2019.07	2429.42
Unwinding of deferred payroll expense	77.89	70.72
Staff welfare expenses	1874.82	1564.20
Less: Allocated to fuel cost	287.42	298.89
Transferred to expenditure during construction period (Note 43)	897.18	363.58
<b>Total</b>	<b>18208.93</b>	<b>16351.73</b>

a) Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in Note 46.

b) The pay revision of the employees of the Company is due w.e.f 1 January 2017. The required provision towards revision of pay scales and gratuity has been made during the year.





# NTPC SAIL POWER COMPANY LTD.

## Note No. 40 to the Financial Statements

### Finance costs

		₹ in Lakhs
FOR THE PERIOD ENDED	31.03.2018	31.03.2017
<b>Interest on</b>		
Rupee term loans	7023.55	7507.49
Others	-	563.94
Unwinding of discount on account of vendor liabilities	10.34	27.57
	<b>7033.89</b>	<b>8099.00</b>
Other borrowing costs	63.70	30.60
Guarantee fee	-	1.80
Commitment charges	17.56	18.41
Finance cost for leased land	193.46	196.85
<b>Sub total</b>	<b>7308.61</b>	<b>8346.66</b>
Less : Transferred to expenditure during construction period (Note 43)	3189.27	694.99
<b>Total</b>	<b>4119.34</b>	<b>7651.67</b>







# NTPC SAIL POWER COMPANY LTD.

## Note No. 41 to the Financial Statements

### Depreciation, amortization and impairment expense

		₹ in Lakhs
FOR THE PERIOD ENDED	31.03.2018	31.03.2017
On property plant and equipment	15500.77	15053.69
On intangible assets	313.20	382.30
Less: Allocated to fuel cost	705.35	705.12
Transferred to expenditure during construction period (Note 43)	70.68	10.86
<b>Total</b>	<b>15037.94</b>	<b>14720.01</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 42 to the Financial Statements

### Other expenses

FOR THE PERIOD ENDED		₹ in Lakhs	
		31.03.2018	31.03.2017
Power charges	109.48	230.84	230.84
Less: Recovered from contractors & employees	23.23	23.97	23.97
Water charges		86.25	206.87
Stores consumed		3634.27	3940.41
		359.80	365.70
Rent	57.94	62.60	62.60
Less: Recoveries	-	-	-
Repairs & maintenance		57.94	62.60
Buildings		222.52	261.20
Plant & machinery		9691.77	9416.94
Others		1909.08	2316.54
Insurance		515.82	834.88
Brokerage and commission		20.20	37.16
Rates and taxes		275.43	309.45
Water cess & environment protection cess		4.62	27.43
Training & recruitment expenses	250.82	205.62	205.62
Less: Receipts	20.82	4.21	4.21
Communication expenses		230.00	201.41
Travelling expenses		222.52	230.90
		815.92	804.66
Tender expenses	111.43	68.32	68.32
Less: Receipt from sale of tenders	4.39	2.50	2.50
Payment to auditors		107.04	65.82
Advertisement and publicity		17.64	13.65
Electricity Duty		18.97	23.43
Parallel operation charges		21973.96	21564.65
Security expenses		534.62	498.56
Entertainment expenses		2951.90	2639.68
		118.46	94.82
Expenses for guest house	83.99	53.51	53.51
Less: Recoveries	4.15	2.57	2.57
Education expenses		79.84	50.94
Ash utilisation & marketing expenses		1.08	1.28
Professional charges and consultancy fee		756.69	547.61
Legal expenses		1036.38	779.69
EDP hire and other charges		65.16	34.86
Printing and stationery		333.08	267.93
Hiring of vehicles		29.17	25.39
Horticulture expenses		315.34	263.13
Hire charges of construction equipments		126.18	117.38
Loss on disposal of fixed assets (Net)/Write-off of fixed assets		-	-
		158.78	178.46





# NTPC SAIL POWER COMPANY LTD.

## Note No. 42 to the Financial Statements

### Other expenses

	₹ in Lakhs	
<b>FOR THE PERIOD ENDED</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Survey and investigation expenses written off	84.13	165.18
Miscellaneous expenses	101.54	173.31
	<b>46856.10</b>	<b>46521.92</b>
Less: Allocated to fuel cost	231.81	167.94
Discounting of Long Term Liability	12.39	11.33
Transferred to fly ash utilisation reserve fund (Note 22)	356.97	242.40
Transferred to expenditure during construction period (Note 43)	971.06	1172.58
	<b>1572.23</b>	<b>1594.25</b>
Corporate Social Responsibility (CSR) expense	814.88	922.69
<b>Provisions for</b>		
Interest on refund to customers	920.24	585.42
Bad and Doubtful debts/ Beneficiary claims	2287.32	2375.30
Obsolescence in stores	0.06	0.48
Shortage in stores	7.95	-
Others	299.29	1204.11
	<b>3514.86</b>	<b>4165.31</b>
<b>Total</b>	<b>49613.61</b>	<b>50015.67</b>

### Details in respect of payment to auditors as Auditors

Audit Fee	8.90	7.00
Tax Audit Fee	2.75	2.75
<b><u>In Other Capacity</u></b>		
Other services (certification fee)	0.70	-
Reimbursement of expenses & Others	2.65	2.13
Reimbursement of Goods & Service Tax	2.64	1.77
<b>Total</b>	<b>17.64</b>	<b>13.65</b>





# NTPC SAIL POWER COMPANY LTD.

## Note No. 43 to the Financial Statements Expenditure during construction period (net)

		₹ in Lakhs
FOR THE PERIOD ENDED	31.03.2018	31.03.2017
<b>A. Employee benefits expense</b>		
Salaries and wages	842.57	319.76
Contribution to provident and other funds	27.89	30.41
Staff welfare expenses	26.72	13.41
<b>Total (A) (Note 39)</b>	<b>897.18</b>	<b>363.58</b>
<b>B. Finance costs</b>		
Interest on Rupee term loans	3140.27	690.54
Others	49.00	4.45
<b>Total (B) (Note 40)</b>	<b>3189.27</b>	<b>694.99</b>
<b>C. Depreciation and amortisation (Note 41)</b>	<b>70.68</b>	<b>10.87</b>
<b>D. Generation, administration &amp; other expenses</b>		
Repair & maintenance	69.63	670.60
Rates and taxes	34.69	50.06
Communication expenses	5.17	1.94
Travelling expenses	49.87	12.28
Advertisement & publicity	-	0.38
Entertainment expenses	4.96	5.99
Professional charges & consultancy fee	758.78	425.78
Printing and stationery	0.89	0.14
Miscellaneous expenses	47.07	5.41
<b>Total (D) (Note 42)</b>	<b>971.06</b>	<b>1172.58</b>
<b>E. Less: Other income</b>		
Interest on term deposit	24.38	-
Interest on employee loan	3.67	-
Miscellaneous income	1.76	-
<b>Total (E) (Note 37)</b>	<b>29.81</b>	<b>-</b>
<b>Grand total (A+B+C+D-E)</b>	<b>5098.38</b>	<b>2242.02</b>





## 44. Disclosure as per Indian Accounting Standard - 12 on 'Income taxes'

## FOR THE PERIOD ENDED

₹ in Lakhs

31.03.2018 31.03.2017

## (A) Income Tax Expense

## i) Income tax recognised in statement of profit and loss

## Current tax expense

Current year

7,979.29 8,816.98

Adjustment for prior periods (Written Back)/ Created

(12.28) (8.00)

7,967.01 8,808.98

## Deferred tax expense

Origination and reversal of temporary differences

(2,637.04) (1,058.11)

MAT Credit Entitlement

(4,036.12) (3,077.51)

Reduction in tax rate

- -

(6,673.17) (4,135.62)

## Total Income tax recognised in statement of profit and loss

1,293.84 4,673.36

## ii) Income tax recognised in other comprehensive income

₹ in Lakhs

## FOR THE PERIOD ENDED

	31.03.2018			31.03.2017		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
- Net actuarial gains/(losses) on defined benefit plans	(87.30)	(18.62)	(68.68)	(265.04)	(56.56)	(208.48)
- Net gains/(losses) on fair value of equity instruments measured through other comprehensive income	-	-	-	-	-	-
	(87.30)	(18.62)	(68.68)	(265.04)	(56.56)	(208.48)

## (iii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

₹ in Lakhs

## FOR THE PERIOD ENDED

## Profit before tax

31.03.2018 31.03.2017

34,465.33 43,560.14

Tax using the Company's domestic tax rate of 21.34% (31 March 2017 - 21.34%)

7,355.45 9,296.43

## Tax effect of:

Non-deductible tax expenses

750.12 888.94

Others

(126.29) (1,368.39)

Prior Period

(12.28) (8.00)

Deferred Tax (Asset)/Liability

(2,637.04) (1,058.11)

MAT Credit Entitlement

(4,036.12) (3,077.51)

1,293.84 4,673.36

At the effective income tax rate of 3.75 % (31 March 2017: 10.73%)

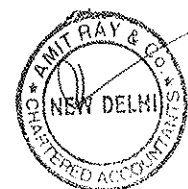
3.75 10.73

₹ in Lakhs

## (B) MAT Credit available to the Company in future:

AS AT	31.03.2018	Expiry date	31.03.2017	Expiry date
<b>Financial years</b>				
For the year 2017-18	3,968.82	31.03.2033	-	-
For the year 2016-17	2,943.74	31.03.2032	2,818.81	31.03.2032
For the year 2015-16	4,669.74	31.03.2031	4,669.74	31.03.2031
For the year 2014-15	1,146.03	31.03.2030	1,146.03	31.03.2030
For the year 2013-14	-	-	-	-
For the year 2012-13	7,272.69	31.03.2028	7,272.69	31.03.2028
For the year 2011-12	6,252.53	31.03.2027	6,252.53	31.03.2027
For the year 2010-11	3,776.91	31.03.2026	3,776.91	31.03.2026

The company has opted for Section 80IA benefit from financial year 2014-15 to 2023-24 in respect of Bhilai PP-III unit commissioned in financial year 2009-10. As a result of the said benefit, the entire taxable profit generated from PP-III is exempted from payment of Income Tax and Company is liable to compute & pay its taxes under MAT provisions for the financial year 2017-18.



**NTPC SAIL POWER COMPANY LTD.****45. Disclosure as per Ind AS 33 on 'Earnings per Share'**

<b>FOR THE PERIOD ENDED</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Basic and diluted earnings per share (₹)</b>		

From operations	3.38	3.97
<b>Total (₹)</b>	<b>3.38</b>	<b>3.97</b>

Nominal value per share (₹)	10.00	10.00
-----------------------------	-------	-------

<b>FOR THE PERIOD ENDED</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Profit attributable to equity shareholders</b>		

₹ in Lakhs

From operations	33,171.49	38,886.78
<b>Total</b>	<b>33,171.49</b>	<b>38,886.78</b>

<b>FOR THE PERIOD ENDED</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Weighted average number of equity shares</b>		

Opening balance of issued equity shares	980500100	980500100
Effect of shares issued during the year, if any	-	-
<b>Weighted average number of equity shares for Basic and Diluted EPS</b>	<b>980500100</b>	<b>980500100</b>



**46. Disclosures as per Ind AS 19 on "Employee Benefits"**

**(I) In respect of NSPCL own employees, the various defined employee benefit schemes are as under :**

**(i) Defined Contribution Plans:**

**A. Provident Fund**

The Company pays fixed contribution to provident fund at pre-determined rate, for its own employees to a separate trust namely NSPCL Employees Provident Fund Trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of ₹ 574.77 lakhs made to the trust for the year 2017-18 (31 March 2017: ₹598.97 lakhs) is charged to the statement of Profit and Loss.

**B. Pension**

The defined contribution pension scheme of the Company for its own employees which is effective from 1st January 2007, is administered through a separate trust. The obligation of the Company is to contribute to the trust to the extent of amount not exceeding 30% of basic pay and dearness allowance less employer's contribution towards provident fund, gratuity, post retirement medical facility (PRMF) or any other retirement benefits. The contribution of ₹ 529.69 lakhs made to the fund for the year 2017-18 (31 March 2017: ₹ 543.91 lakhs) is charged to the Statement of Profit and Loss.

**(ii) Defined Benefit Plan:**

**A. Gratuity**

a) The Company has a defined benefit gratuity plan. Every employee including non executive absorbed from SAIL, who have rendered continuous service of five years or more is entitled to get gratuity at 15 days salary  $\{15/26 \times (\text{last drawn basic salary plus dearness allowance})\}$  for each completed year of service subject to a maximum of ₹ 10 lakhs on superannuation, resignation, termination, disablement or on death. The maximum ceiling of ₹ 10.00 lakh has been approved for enhancement to ₹ 20.00 Lakhs by the Report of the 3rd Pay Revision Committee appointed by the GOI. The Company has carried out actuarial valuation of gratuity benefit considering the enhanced ceiling.

The scheme is funded by the Company and is managed by a separate trust namely NSPCL Employees Gratuity Fund Trust. The liability for the same is recognized on the basis of actuarial valuation and charged to statement of profit and loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and the amounts recognised in the Company's financial statements as at balance sheet date:

**FOR THE PERIOD ENDED**

Net defined benefit (asset)/liability :

Gratuity

Non-current

Current

	₹ in Lakhs	
	31.03.2018	31.03.2017
Gratuity	2,871.15	2,627.35
Non-current	2,467.19	2,368.36
Current	403.96	258.99

b) Movement in net defined benefit (asset)/liability

**FOR THE PERIOD ENDED**

**Opening balance**

Included in statement of profit and loss:

Current service cost

Past service cost

Interest cost (income)

**Total amount recognised in statement of profit and loss**

Included in OCI:

Remeasurement loss (gain):

Actuarial loss (gain) arising from:

Demographic assumptions

Financial assumptions

Experience adjustment

Return on plan assets excluding interest income

**Total amount recognised in OCI**

Others

Contributions paid by the employer

Benefits paid

**Total**

**Closing balance**

		₹ in Lakhs			
		Defined benefit obligation		Fair value of plan assets	
				Net defined benefit (asset) liability	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Opening balance</b>		2,627.35	1,932.91	1,940.47	1,860.64
Included in statement of profit and loss:					
Current service cost		187.08	175.23	-	-
Past service cost		-	331.75	-	-
Interest cost (income)		197.05	154.63	145.54	154.63
<b>Total amount recognised in statement of profit and loss</b>		<b>384.13</b>	<b>661.61</b>	<b>145.54</b>	<b>154.63</b>
Included in OCI:					
Remeasurement loss (gain):					
Actuarial loss (gain) arising from:					
Demographic assumptions		46.67	113.53	-	-
Financial assumptions		(52.84)	68.45	-	-
Experience adjustment		-	-	23.52	2.08
Return on plan assets excluding interest income		(6.17)	181.98	23.52	2.08
<b>Total amount recognised in OCI</b>		<b>(6.17)</b>	<b>181.98</b>	<b>23.52</b>	<b>2.08</b>
Others					
Contributions paid by the employer		-	-	118.41	72.27
Benefits paid		(134.17)	(149.15)	(134.17)	(149.15)
<b>Total</b>		<b>(134.17)</b>	<b>(149.15)</b>	<b>(15.77)</b>	<b>(76.88)</b>
<b>Closing balance</b>		<b>2,871.15</b>	<b>2,627.35</b>	<b>2,093.76</b>	<b>1,940.47</b>

**B. Post-Retirement Medical Facility (PRMF)**

(a) The Company has Post-Retirement Medical Facility (PRMF), under which the retired employees and their spouses are provided medical facilities in the Company's empanelled hospitals. They can also avail treatment as out-patient subject to a ceiling fixed by the Company. The liability for the same is recognised annually on the basis of actuarial valuation and charged to statement of profit and loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the Post-Retirement Medical Facility (PRMF) and the amounts recognised in the Company's financial statements as at balance sheet date:



# NTPC SAIL POWER COMPANY LTD.

## FOR THE PERIOD ENDED

Net defined benefit (asset)/liability :  
Post-Retirement Medical Facility (PRMF)  
Non-current  
Current

₹ in Lakhs	
31.03.2018	31.03.2017
1,005.08	813.86
978.84	793.00
26.24	20.86

(b) Movement in net defined benefit (asset)/liability

## FOR THE PERIOD ENDED

### Opening balance

Included in statement of profit and loss:

Current service cost

Past service cost

Interest cost (income)

Total amount recognised in statement of profit and loss

Included in OCI:

Remeasurement loss (gain):

Actuarial loss (gain) arising from:

Demographic assumptions

Financial assumptions

Experience adjustment

Return on plan assets excluding interest income

Total amount recognised in other comprehensive income

Other

Contributions paid by the employee

Contributions paid by the employer

Benefits paid

Total

Closing balance

₹ in Lakhs					
Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
813.86	686.65	692.03	-	121.83	686.65
48.75	41.06	-	-	48.75	41.06
61.04	54.74	50.85	41.81	10.19	12.92
109.79	95.79	50.85	41.81	58.94	53.98
140.64	81.53	15.66	3.61	124.98	77.92
-	-	6.35	10.07	(6.35)	(10.07)
-	-	121.83	686.65	(121.83)	(686.65)
(59.21)	(50.11)	(59.21)	(50.11)	-	-
(59.21)	(50.11)	68.97	646.60	(128.18)	(696.72)
1,005.08	813.86	827.51	692.03	177.57	121.83

### C. Provident Fund

The Company has an obligation to ensure minimum rate of return as notified by the EPFO to the members as per the terms of deed of NSPCL employees' provident fund trust. Accordingly, the company has obtained report of the actuary, based on which overall interest earnings and cumulative surplus is more than the statutory interest payment requirement for the periods presented.

The above mentioned schemes is funded by NSPCL and its employees.

## FOR THE PERIOD ENDED

Provident Fund

Present value of obligation as at year end

Fair value of plan assets as at year end

Surplus/(Deficit)

₹ in Lakhs	
31.03.2018	31.03.2017
12,321.49	10,767.39
12,426.53	10,996.96
105.05	229.57

### D. Other retirement benefit plans

a) Other retirement benefit plans include baggage allowance for settlement at home town for employees & dependents and farewell gift to the superannuating employees.

The scheme above is unfunded and liability for the same is recognised on the basis of actuarial valuation.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of other retirement benefit plans and the amounts recognised in the Company's financial statements as at balance sheet date:

## FOR THE PERIOD ENDED

Net defined benefit (asset)/liability :

Terminal Benefits

Non-current

Current

₹ in Lakhs	
31.03.2018	31.03.2017
198.74	172.79
187.82	163.05
10.92	9.74

(b) Movement in net defined benefit (asset)/liability

## FOR THE PERIOD ENDED

### Opening balance

Included in profit or loss:

Current service cost

Past service cost

₹ in Lakhs					
Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
172.79	136.09	-	-	172.79	136.09
25.94	24.74	-	-	25.94	24.74







# NTPC SAIL POWER COMPANY LTD.

Interest cost (income)	12.96	10.89	-	-	12.96	10.89
<b>Total amount recognised in profit or loss</b>	<b>38.90</b>	<b>35.63</b>	-	-	<b>38.90</b>	<b>35.63</b>
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions						
Financial assumptions	9.08	8.96	-	-	9.08	8.96
Experience adjustment	(17.07)	(1.74)	-	-	(17.07)	(1.74)
Return on plan assets excluding interest income						
<b>Total amount recognised in other comprehensive income</b>	<b>(7.99)</b>	<b>7.22</b>	-	-	<b>(7.99)</b>	<b>7.22</b>
Other						
Contributions paid by the employer					-	-
Benefits paid	(4.96)	(6.15)	-	-	(4.96)	(6.15)
<b>Total</b>	<b>(4.96)</b>	<b>(6.15)</b>	-	-	<b>(4.96)</b>	<b>(6.15)</b>
<b>Closing balance</b>	<b>198.74</b>	<b>172.79</b>	-	-	<b>198.74</b>	<b>172.79</b>

## OTHER DISCLOSURES

### a. Plan assets

Plan assets comprise the following

#### FOR THE PERIOD ENDED

State government securities  
Central government securities  
Corporate bonds/debentures  
Funds managed by insurer  
Bank balance  
Other receivables

₹ in Lakhs					
31.03.2018			31.03.2017		
Quoted	Unquoted	Total	Quoted	Unquoted	Total
172.96	-	172.96	24.27	-	24.27
109.64	-	109.64	109.64	-	109.64
673.08	-	673.08	673.08	-	673.08
1,988.68	-	1,988.68	1,835.41	-	1,835.41
28.79	-	28.79	29.59	-	29.59
-	-	-	-	-	-
<b>2,973.16</b>	<b>-</b>	<b>2,973.16</b>	<b>2,671.99</b>	<b>-</b>	<b>2,671.99</b>

### b. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Discount rate	7.60%	7.50%
Expected return on plan assets		
Gratuity	7.60%	7.50%
PRMF	7.60%	7.50%
Annual increase in costs	6.50%	6.00%
Salary escalation rate	6.50%	6.00%

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

### c. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

₹ in Lakhs				
FOR THE PERIOD ENDED	31.03.2018		31.03.2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-222.66	235.54	-196.91	203.32
Annual increase in costs (0.5% movement)-For PRMF, Baggage & Farewell	104.58	-102.62	79.72	-83.73
Salary escalation rate (0.5% movement)-For Gratuity	68.79	-71.25	79.99	-83.77

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

### d. Risk Exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

#### (i) Asset volatility





## NTPC SAIL POWER COMPANY LTD.

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

### (ii) Changes in discount rate

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

### (iii) Inflation risks

In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

### (iv) Life expectancy

The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

### e. Expected contributions to the defined benefit plan in future years (Maturity analysis)

	₹ in Lakhs				
	less than 1 Year	Between 1-2 Year	Between 2-5 Years	Over 5 Years	Total
<b>31 March 2018</b>					
Gratuity	403.95	113.94	309.58	2,043.68	2,871.14
Post-retirement medical facility (PRMF)	26.23	29.59	106.04	843.21	1,005.08
Other retirement benefit plans	10.92	9.65	24.71	153.46	198.74
<b>Total</b>	<b>441.10</b>	<b>153.18</b>	<b>440.33</b>	<b>3,040.34</b>	<b>4,074.95</b>
	less than 1 Year	Between 1-2 Year	Between 2-5 Years	Over 5 Years	Total
<b>31 March 2017</b>					
Gratuity	258.99	341.93	322.63	1,703.80	2,627.34
Post-retirement medical facility (PRMF)	20.86	23.36	86.22	683.41	813.86
Other retirement benefit plans	9.74	8.39	20.44	132.22	170.78
<b>Total</b>	<b>289.58</b>	<b>373.69</b>	<b>429.29</b>	<b>2,519.43</b>	<b>3,611.98</b>

Expected contributions to post-employment benefit plans for the year ending 31 March 2019 are ₹ 385.42 lakhs.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.44 years (31 March 2017: 17.81 years).

f. Total amount booked under OCI for (ii) A(b), B(b) & D(b) is ₹ 68.68 lakhs (net of taxes) gross ₹ 87.30 lakhs (31 March 2017: ₹ 208.48 lakhs (net of taxes) gross ₹ 265.04 lakhs).

### E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. Earned leave is en-cashable while in service and on separation upto a maximum of 300 days. Half-pay leaves (HPL) are en-cashable on separation up to the maximum of 300 days as per company's policy. However, total number of leave that can be encashed on superannuation shall be restricted to 300 days and no commutation of half-pay leave shall be permissible. The scheme is unfunded and provision amounting to ₹ 822.88 lakhs (31 March 2017: ₹ 1151.58 lakhs) for the year has been made on the basis of actuarial valuation at the year end and debited to the statement of Profit and Loss.

### F. Other Employee Benefits

Provision for long service award amounting to ₹ 11.34 lakhs (31 March 2017: ₹ 35.33 lakhs) and economic rehabilitation scheme amounting to ₹ 23.24 lakhs (31 March 2017: ₹ 51.95 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.

### (II) In respect of employees of NTPC Ltd on Secondment basis to NSPCL:

In accordance with Significant Accounting Policy No. 14.1 an amount of ₹ 815.59 lakhs (previous Year ₹ 824.43/- lakhs) towards provident fund, Pension, Gratuity, Post retirement medical facilities & other terminal benefits and ₹ 290.63 lakhs (Previous Year ₹ 274.47/- lakhs) towards leave & other benefits, are paid/ payable to the promoter Company, NTPC Ltd and included under, "Employee benefits expense".





**47. Disclosure as per Ind AS 17 on 'Leases'**

**a) Operating leases**

**Leases as lessee**

The Company's significant leasing arrangements are in respect of operating leases of premises, for residential use of employees, for a period of one to two years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Note 39 - Employee benefits expense includes ₹ 78.75 lakhs (31 March 2017: ₹ 70.75 lakhs) towards lease payments (net of recoveries) in respect of premises for residential use of employees.

**b) Finance leases**

**Leases as lessor**

The Company has classified the arrangement with its customer for Rourkela, Durgapur & Bhilai PP-II, Power Project in the nature of lease, based on the principles enunciated in Appendix C of Ind AS 17, 'Leases' and accounted for as finance lease in accordance with those principles.

**Major Terms of PPAs are as below:**

**Tenure of PPA** - The Validity of PPA as on 31st March 2018 & 31st March 2017 is upto November 2019 with Commitment of SAIL to buy power upto March 2024.

**Renewal Clause of PPA** - The PPA will be renewed or replaced by another Agreement on such terms and conditions and for such further period as the parties may mutually agree.

	31.03.2018		31.03.2017	
	MLPs	Present value of MLP	MLPs	Present value of MLP
Less than one year	109.20	19.35	107.05	19.84
Between one and five years	393.03	104.94	451.11	105.70
More than five years	198.76	168.64	181.11	152.93
<b>Total minimum lease payments</b>	<b>700.99</b>	<b>292.93</b>	<b>739.27</b>	<b>278.47</b>
Less amounts representing finance income	408.06		460.80	
<b>Present value of minimum lease payments</b>	<b>292.93</b>	<b>292.93</b>	<b>278.47</b>	<b>278.47</b>





**48. Contingent liabilities and commitments (to the extent not provided for)**

**1. Contingent liabilities**

**a. Claims against the company not acknowledged as debts**

**Capital works**

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for ₹ 212.93 lakhs as on 31 March 2018 (31 March 2017: ₹ 284.06 lakhs ) seeking enhancement of the contract price, revision of work schedule with price escalation, 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. It is not practicable to make a realistic estimate of the outflow of resources if any, for settlement of such claims pending resolution.

The Company estimate possible reimbursement of ₹ NIL as on 31 March 2018. (31 March 2017: ₹ NIL).

**b. Disputed tax matters**

Disputed income tax/Service Tax and other tax matters pending before various Appellate Authorities amount to ₹ 4475.37 Lakhs as on 31 March 2018 (31 March 2017: ₹ 4984.27 lakhs ). Many of these matters were disposed off in favour of the Company but are disputed before higher authorities by the concerned departments.

In respect of disputed cases, the Company estimate possible reimbursement of ₹ 3304.37 lakhs as on 31 March 2018 (31 March 2017: ₹ 3870.76 lakhs).

**c. Others**

Other contingent liabilities amount to ₹ 2128.5 lakhs as on 31 March 2018 (31 March 2017: ₹ 2040.79 lakhs).

The Company estimate possible reimbursement of ₹ 171.31 lakhs as on 31 March 2018 (31 March 2017: ₹ 103.81 lakhs).

**2. Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31 March 2018 is ₹ 126069.29 lakhs (31 March 2017: ₹ 189105.16 lakhs).



**49. Fair Value Measurements**
**(a) Financial instruments by category**

₹ in Lakhs

Particulars	31.03.2018			31.03.2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets</b>						
Trade Receivables	-	-	2,533.72	-	-	7,114.64
Loans	-	-	2,190.31	-	-	2,052.23
Cash and cash equivalents	-	-	4,344.46	-	-	514.37
Other bank balances	-	-	19,552.07	-	-	38,002.07
Claims recoverable	-	-	0.73	-	-	64.85
Finance lease receivables	-	-	29,292.08	-	-	27,845.98
Unbilled revenue	-	-	10,028.80	-	-	9,253.14
Other financial assets	-	-	477.68	-	-	1,024.42
<b>Total</b>	-	-	<b>68,419.85</b>	-	-	<b>85,871.70</b>
<b>Financial liabilities</b>						
Borrowings	-	-	88,203.95	-	-	77,123.59
Trade payables	-	-	8,708.17	-	-	7,837.87
Payable for capital expenditure	-	-	17,306.15	-	-	5,342.32
Other financial liabilities	-	-	7,106.05	-	-	6,243.20
<b>Total</b>	-	-	<b>1,21,324.32</b>	-	-	<b>96,546.98</b>

**(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 the three levels prescribed under Ind AS 113, 'Fair value measurement'. An explanation of each level follows underneath the table.

₹ in Lakhs

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at 31 March 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Loans	-	2,775.23	-	2,775.23
Claims recoverable	-	-	0.73	0.73
Finance lease receivables	-	-	29,292.08	29,292.08
<b>Total</b>	-	<b>2,775.23</b>	<b>29,292.82</b>	<b>32,068.05</b>
<b>Financial liabilities:</b>				
Borrowings	-	50,000.00	38,203.95	88,203.95
Trade payables	-	397.10	8,301.13	8,698.23
Payable for capital expenditure	-	6,144.57	10,849.79	16,994.36
<b>Total</b>	-	<b>56,541.67</b>	<b>57,354.87</b>	<b>1,13,896.54</b>

₹ in Lakhs

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at 31 March 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Loans	-	2,158.80	-	2,158.80
Claims recoverable	-	-	64.85	64.85
Finance lease receivables	-	-	27,845.98	27,845.98
<b>Total</b>	-	<b>2,158.80</b>	<b>27,910.83</b>	<b>30,069.63</b>
<b>Financial liabilities:</b>				
Borrowings	-	27,987.00	50,566.45	78,553.45
Trade payables	-	48.28	7,788.71	7,836.99
Payable for capital expenditure	-	352.38	4,958.31	5,310.69
<b>Total</b>	-	<b>28,387.66</b>	<b>63,313.47</b>	<b>91,701.13</b>

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.  
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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.

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.

**Valuation technique used to determine fair**

- Fair value of finance lease receivables is determined by periodically evaluating credit worthiness of customer and providing allowance for estimated losses based on this evaluation.
- Fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**(c) Fair value of financial assets and liabilities measured at amortised cost**

₹ in Lakhs

Particulars	31.03.2018		31.03.2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans	2,190.31	2,775.23	2,052.23	2,158.80
Claims recoverable	0.73	0.73	64.85	64.85
Finance lease receivables	29,292.08	29,292.08	27,845.98	27,845.98
<b>Total</b>	<b>31,483.13</b>	<b>32,068.05</b>	<b>29,963.06</b>	<b>30,069.63</b>
<b>Financial liabilities</b>				
Term loans	88,203.95	88,203.95	77,123.59	78,553.45
Trade payables	8,708.17	8,698.23	7,837.87	7,836.99
Payable for capital expenditure	17,306.15	16,994.36	5,342.32	5,310.69
<b>Total</b>	<b>1,14,218.27</b>	<b>1,13,896.54</b>	<b>90,303.77</b>	<b>91,701.13</b>

i) The carrying amounts of short term trade receivables, trade payables, capital creditors and cash and cash equivalents and borrowings 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.

ii) The carrying values for finance lease receivables approximates the fair value as these are periodically evaluated based on credit worthiness of customer and allowance for estimated losses is recorded based on this evaluation.

iii) The fair values for employee loans were calculated based on cash flows discounted using weighted average of borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

iv) The fair values of borrowings, non-current trade payables and capital creditors are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.



## 50. 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 loans, trade and other receivables, and cash and short-term deposits & investments 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>(a) Credit Risk</b>	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
<b>(b) Liquidity risk</b>	Borrowings and other liabilities	Monitoring Receipt & Payment	Keeping Two Month Working Capital
<b>(c) Market risk – interest rate risk</b>	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

### 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. In order to institutionalize the risk management in the Company, an elaborate Enterprise wide Risk Management (ERM) framework has been developed. As a part of the implementation of ERM framework, an Enterprise Risk Management Committee (ERMC) with various Directors on NSPCL Board is its members, has been constituted with an objective to develop and monitor the Company's risk management policies and strengthen the risk management framework. Enterprise risk management committee after deliberations has identified enterprise wide risk and various action plans for short term as well as long term have been formulated to mitigate these risks.

The Committee is also responsible for reviewing and updating the risk profile, monitoring the effectiveness of the risk management framework and reviewing periodically the implementation of the risk management policy and framework. The Committee reports regularly to the Board of Directors on its activities.

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.



**50 (a) Financial Risk Management****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, unbilled receivable, cash & cash equivalents, deposits with banks and financial institutions and short term investments.

**Trade receivables**

The Company primarily sells electricity to SAIL and to other state electrical utilities owned by State Governments. Based on the business environment in which the Company operates, management considers that trade receivables are in default (credit impaired), if the payment are more than 180 days past due.

Since the Company has its customers within different states of India, geographically there is no concentration of credit risk. However, management considers the factors that may influence the credit risk of its customer base, including the default risk of the industry.

At March 31st, 2018 the Company's most significant customer i.e SAIL, accounted for ₹ 972.67 lakhs out of the total carrying amount of trade and other receivables (March 31st, 2017 : ₹ 4031.72 Lakhs)

**Loans & advances**

The company has given loans & advances to employees. Loans to the employee are secured against the mortgage of the house properties and hypothecation of vehicles for which such loans have been given in line with the policies of the Company.

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 4344.46 lakhs as on 31 March 2018. (31 March 2017: ₹ 514.37 lakhs ). The cash and cash equivalents are held with high rated Banks /Institutions.

**Deposits with banks and financial institutions and short term investments**

The company held deposits with banks and financial institutions & short term investments of ₹ 29317.65 lakhs as on 31 March 2018 (31 March 2017: ₹ 38002.07 lakhs ). In order to manage the risk, company makes deposit only with highly rated banks/institutions.

**(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:

	₹ in Lakhs	
	31.03.2018	31.03.2017
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Non-current loans	1,610.83	1,342.35
Other non-current financial assets	27,358.27	25,508.41
Cash and cash equivalents	4,344.46	514.37
Short term investments	9,765.58	-
Deposits with banks and financial institutions	19,552.07	38,002.07
Current loans	579.48	709.88
Other current financial assets	12,441.02	12,679.98
<b>Total</b>	<b>75,651.71</b>	<b>78,757.06</b>







	₹ in Lakhs	
	31.03.2018	31.03.2017
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	2,533.72	7,114.64
<b>Total</b>	<b>2,533.72</b>	<b>7,114.64</b>

**(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, loss allowance for impairment has been recognised as disclosed later in this note under "Reconciliation of impairment loss provisions".

**(b) Financial assets for which loss allowance is measured using life time expected credit losses**

The company has customers (Central and 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. Loss allowance for impairment has been recognised as disclosed later in this note under "Reconciliation of impairment loss provisions".

**(iii) Ageing analysis of trade receivables**

The ageing analysis of the trade receivables is as below:

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							
31.03.2018	-	1,864.98	668.74	-	-	-	2,533.72
31.03.2017	-	4,683.05	940.37	187.06	-	1,304.16	7,114.64

**(iv) Reconciliation of impairment loss provisions**

The movement in the allowance for impairment in respect of financial assets during the year was as follows:

	Investments	Trade receivables	Loans	Advances	Claims recoverable	Total
<b>Balance as at 1 April 2017</b>	-	1,030.53	-	4.29	0.06	1,034.88
Impairment loss recognised	-	2,287.32	-	-	-	2,287.32
Amounts written off	-	-	-	-	0.06	0.06
<b>Balance as at 31 March, 2018</b>	-	3,317.85	-	4.29	(0.00)	3,322.14

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of any other assets .



**50 (b) Financial Risk Management**
**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 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.

As part of the CERC regulations & PPA with SAIL, tariff inter alia includes recovery of capital cost. The tariff regulations also provide for recovery of fuel cost, operations and maintenance expenses and interest on normative working capital requirements. Since billing to the customers are generally on a monthly basis, the Company maintains sufficient liquidity to service financial obligations and to meet its operational requirements.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in Lakhs		
Particulars	31.03.2018	31.03.2017
<b>Fixed-rate borrowings</b>		
Term loans	1,00,000.00	1,00,000.00
Cash Credit Facility	26,500.00	26,500.00
<b>Floating-rate borrowings</b>		
Term loans	68,681.18	41,481.00
<b>Total</b>	<b>1,95,181.18</b>	<b>1,67,981.00</b>

**(ii) Maturities of financial liabilities**

The following are the contractual maturities of derivative and non-derivative financial liabilities, based on contractual cash flows:

₹ in Lakhs						
Contractual maturities of financial liabilities	Contractual cash flows					
	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>						
Term loans from banks	1,106.95	15,812.21	4,051.48	51,348.80	12,773.52	85,092.95
Term loans from others	-	-	-	-	-	-
Finance lease obligations	-	43.50	47.54	170.79	1,782.34	2,044.17
Unsecured loans from banks and financial institutions	-	155.55	622.20	1,866.60	466.65	3,111.00
Trade and other payables	35,251.44	999.94	472.97	315.36	0.00	37,039.71
<b>Total</b>	<b>36,358.38</b>	<b>17,011.20</b>	<b>5,194.19</b>	<b>53,701.55</b>	<b>15,022.51</b>	<b>1,27,287.83</b>

₹ in Lakhs						
Contractual maturities of financial liabilities	Contractual cash flows					
	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>						
Term loans from banks	2,354.91	7,064.73	8,594.32	13,098.39	15,906.46	47,018.81
Term loans from others	-	13,278.57	13,278.57	-	-	26,557.14
Finance lease obligations	-	41.81	45.78	156.28	1,844.39	2,088.26
Unsecured loans from banks and financial institutions	275.00	825.00	1,100.00	1,347.64	-	3,547.64
Trade and other payables	27.00	17,368.95	322.82	263.97	-	17,982.73
<b>Total</b>	<b>2,656.91</b>	<b>38,579.06</b>	<b>23,341.49</b>	<b>14,866.28</b>	<b>17,750.85</b>	<b>97,195.25</b>





## NTPC SAIL Power Company Limited

### 50 (c). Financial Risk Management

#### Interest rate risk

The Company is exposed to interest rate risk arising mainly from long term borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing Borrowings is as follows:

Particulars	₹ in Lakhs	
	31.03.2018	31.03.2017
<b>Fixed Rate Borrowings</b>		
Fixed Rate Rupee term loans	50,000.00	26,557.14
<b>Total</b>	50,000.00	26,557.14
<b>Variable-rate Borrowings</b>		
Rupee term loans	38,203.95	50,566.45
<b>Total</b>	38,203.95	50,566.45

#### i) 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.

#### ii) Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points (BP) 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, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the previous year.

	₹ in Lakhs	
	Profit or loss	
	100 bp increase	100 bp decrease
<b>31 March 2018</b>		
Rupee term loans	(382.04)	382.04
<b>Total</b>	(382.04)	382.04
<b>31 March 2017</b>		
Rupee term loans	(505.66)	505.66
<b>Total</b>	(505.66)	505.66





## NTPC SAIL Power Company Limited

### 51. 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 markets so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholder's equity. The Board of Directors also monitors the level of dividends to equity shareholders.

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:

₹ in Lakhs		
Particulars	31.03.2018	31.03.2017
Total Debt	88,203.95	77,123.59
Less : Cash and cash equivalent	4,344.46	514.37
Net debt	83,859.50	76,609.22
Total equity	2,18,420.87	1,97,351.15
Gearing ratio	38.39%	38.82%



## 52. Disclosure as per Ind AS 108 on 'Operating segments'

### A. General Information

The Company has two reportable segments, as described below, based on the risk and reward and regulatory authority associated with the sale of power.

The following summary describes the operations in each of the Company's reportable segments:

- Generation of energy from PP-III: Generation and sale of energy to SAIL & State Power Utilities in respect of PP-III power project
- Generation of energy from PP-II: Generation and sale of energy to SAIL in respect of PP-II power projects

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax.

### B. Information about reportable segments and reconciliations to amounts reflected in the financial statements

Particulars	Generation of energy from PP-III		Generation of energy from PP-II		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Segment revenue</b>						
Sale of energy	1,38,478.94	1,34,781.00	1,21,738.41	1,17,850.01	2,60,217.35	2,52,631.01
Other income	342.54	267.43	745.11	619.48	1,087.65	886.91
	1,38,821.48	1,35,048.43	1,22,483.52	1,18,469.49	2,61,305.00	2,53,517.92
Unallocated corporate interest and other income					3,140.65	9,522.49
<b>Total</b>					<b>2,64,445.64</b>	<b>2,63,040.41</b>
<b>Segment result</b>						
Unallocated corporate Results	43,181.11	47,584.54	12,059.67	8,344.63	55,240.77	55,929.17
Interest expenses		-		-	(1,618.16)	10,002.65
Unallocated corporate Interest expenses	3,205.26	5,961.75	884.99	1,102.37	4,090.25	7,064.12
Depreciation and amortization		-		-	29.09	587.55
Unallocated corporate Depreciation & amortization	13,651.02	13,575.10	890.24	587.49	14,541.26	14,162.59
Income Tax					496.68	557.42
Deferred Tax		-		-	3,930.88	5,731.47
					(2,637.04)	(1,058.11)
<b>Profit after tax</b>	<b>26,324.83</b>	<b>28,047.68</b>	<b>10,284.43</b>	<b>6,654.77</b>	<b>33,171.49</b>	<b>38,886.77</b>

₹ in Lakhs

Particulars	Generation of energy from PP-III		Generation of energy from PP-II		Total	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
<b>Segment assets</b>						
Unallocated corporate and other assets	1,72,829.14	1,79,206.01	47,617.61	47,367.68	2,20,446.74	2,26,573.69
	-	-	-	-	39,468.83	54,331.18
<b>Total assets</b>	<b>1,72,829.14</b>	<b>1,79,206.01</b>	<b>47,617.61</b>	<b>47,367.68</b>	<b>2,59,915.57</b>	<b>2,80,904.87</b>
<b>Segment liabilities</b>						
Unallocated corporate and other liabilities	15,103.73	9,404.62	5,490.32	5,318.16	20,594.04	14,722.78
					1,03,951.83	98,022.03
<b>Total liabilities</b>	<b>15,103.73</b>	<b>9,404.62</b>	<b>5,490.32</b>	<b>5,318.16</b>	<b>1,24,545.88</b>	<b>1,12,744.81</b>
Non-cash expenses other than depreciation	1,219.62	4,164.83	2,329.27	0.48	3,548.89	4,165.31

#### Note :

- Segment/ unallocated corporate Assets and Liabilities does not include, assets and liabilities relating to expansion projects, viz Rourkela 1x 250 MW & Durgapur 2x 20 MW.
- The Company has not disclosed geographical segments as operations of the company are mainly carried out within the country.

### C. Information about major customers

- Revenues from one customer i.e, from SAIL, in case of PP-III segment, represents approximately ₹ 86115.49 lakhs during FY 2017-18 (FY 2016-17: ₹ 86630.01 lakhs) which is 62.19 % (FY 2016-17: 64.27 %) of revenue from Sale of Energy of the unit.
- Revenue in case of PP-II Units viz, Rourkela, Durgapur & Bhilai Comes from Single Customer Viz, SAIL.





# NTPC SAIL Power Company Limited

## 53. Disclosure as per Indian Accounting Standard(IAS) - 24 'Related Party Disclosures'

### A) Related parties:

#### i) Jointly Controlled by Government Entities

NTPC and SAIL with 50% shareholding of each company

#### ii) Joint Venture & Subsidiary of Promoters Company NTPC

##### Subsidiaries of NTPC:

1. NTPC Vidyut Vyapar Nigam Limited.(NVVN)

##### Joint ventures of NTPC:

1. Utility Powertech Limited, 2. NTPC-GE Power Services Private Limited (Previously NTPC-Alstom Power Services Private Limited).

### B) Key Managerial Personnel (KMP):

	In Position in NSPCL	
	From	To
Shri Saptarshi Roy* Chairman	15.11.2017	Till date
Shri.K.K.Sharma* Chairman	07.11.2014	31.10.2017
Shri Sudhir Arya* Director	27.04.2015	Till date
Shri Tej Veer Singh* Director	19.10.2012	Till date
Shri M.C.Jain* Director	04.02.2016	Till date
Shri.S.S.Isser* Director	18.12.2014	Till date
Shri A.K.Mathur* Director	01.03.2017	Till date
Shri Ram Gopal* Director	20.06.2017	Till date
Ms. A. Sathyabhama* Director	20.10.2017	Till date
Shri Revti Raman* Director	02.12.2016	20.10.2017
Shri T.B. Singh* Director	19.04.2017	31.05.2017
Shri P. K. Bondriya Chief Executive Officer	03.01.2018	Till date
Shri Manash Sarkar Chief Executive Officer	24.08.2015	26.12.2017
Shri N. Ghosh Chief Financial Officer	21.07.2017	Till date
Shri S.V. Shahi Chief Financial Officer	24.08.2015	20.07.2017
Smt. Umang Vats Company Secretary	24.08.2015	Till date

\* Non executive directors having authority and responsibility for planning, directing and controlling the activities of the entity are included in KMP.

### C) Post Employment Benefit Plans:

1.NSPCL Employees Provident Fund, 2.NSPCL Employees Gratuity Fund, 3.NSPCL Post Retirement Employees Medical Benefit Fund, 4. NSPCL Defined Contribution Pension Trust

### D) Entities under the control of the same government:

The Company is a Joint Venture of Central Public Sector Undertaking (CPSU) in which majority of shares are held by Central Government. Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence over, then both the reporting entity and other entities shall be regarded as related parties and limited disclosures are required to be made in the Ind AS financial statements. Such entities with which the Company has significant transactions regarded as related parties. The Company has applied the exemption available for government related entities such as Coal India Limited, Singareni Coalfields Ltd, BHEL, SAIL, NTPC, Indian Oil Corporation Limited, Bharat Petroleum Corporation Ltd. etc. As per Ind AS 24, Commercial transactions with such entities needs to be disclosed.





# NTPC SAIL Power Company Limited

## E) Transactions with the related parties are as follows:

₹ in Lakhs

Subsidiaries and Joint Venture & Promoter Companies as per A i & ii	Subsidiaries		Joint Venture Companies				Promoter Companies			
	NVVN		UPL		NTPC-GE Power Services Private Limited		NTPC		SAIL	
Particulars	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Transactions during the year	-	-	-	-	-	-	-	-	-	-
works/services for services received by the Company	5.86	29.98	3,461.02	1,471.13	392.85	2,201.91	4,261.14	1,447.14	506.76	720.16
works/services for services provided by the Company	149.23	3,530.84	-	-	-	-	-	-	-	-
Purchases or Sales of Goods	-	-	-	-	-	-	-	-	151.10	92.48
Sales of Energy	-	-	-	-	-	-	-	-	2,07,853.90	2,04,480.02
Others	-	-	-	-	-	-	-	-	5,740.59	691.76
Dividend paid	-	-	-	-	-	-	5,000.00	7,000.00	5,000.00	7,000.00

## F) Compensation to Key Managerial Personnel as per (B) above

₹ in Lakhs

Details	2017-18	2016-17
-Short term employee benefits	144.59	83.05
-Post employment benefits	3.37	(0.64)
-Other long term benefits	(32.32)	43.74
-Termination benefits	-	-
-Share based payments	-	-
<b>Total Compensation to Key management personnel</b>	<b>115.63</b>	<b>126.15</b>

-Outstanding loan Balance	11.61	2.90
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## G) Transactions with Post Employment Benefit Plans as per (C) above

₹ in Lakhs

Details	2017-18	2016-17
Contributions made during the year	-	-
NSPCL Employees Provident Fund Trust	1,324.19	1,243.40
NSPCL Employees Gratuity Fund Trust	777.38	118.41
NSPCL Defined Contribution Pension Trust	588.81	555.23
NSPCL Employees Post Retirement Medical Benefit Fund	196.25	805.79

Details	2017-18	2016-17
<b>Other Transaction with Trust (Payment)</b>		
NSPCL Employees Provident Fund Trust	119.24	86.03
NSPCL Employees Gratuity Fund Trust	10.00	-
NSPCL Defined Contribution Pension Trust	-	-
NSPCL Employees Post Retirement Medical Benefit Fund	59.21	49.69

Details	2017-18	2016-17
<b>Other Transaction with Trust (Receipt)</b>		
NSPCL Employees Provident Fund Trust	119.24	86.03
NSPCL Employees Gratuity Fund Trust	10.00	-
NSPCL Defined Contribution Pension Trust	-	-
NSPCL Employees Post Retirement Medical Benefit Fund	59.21	49.69

## H) Transactions with the related parties under the control of the same government as per (D) above:

₹ in Lakhs

Sl. No.	Name of the Company	Nature of transaction	2017-18	2016-17
1	COAL INDIA LTD. AND ITS SUBSIDIARIES	Purchase of Coal	40,379.73	4,065.90
2	THE SINGARENI COLLIERIES COMPANY LIMITED	Purchase of Coal	3,604.86	157.40
3	BHARAT HEAVY ELECTRICALS LTD.	Purchase of Equipments & Erection services	21,609.94	24,594.70
		Purchase of Spares	0.76	870.91
		Maintenance services	33,616.69	36.55
		Freight	-	6.79
4	INDIAN OIL CORPORATION LIMITED	Supply of oil products	587.75	379.45
5	BHARAT PETROLEUM CORPORATION LIMITED	Supply of natural gas and oil	257.73	177.97
6	BEML LIMITED	Purchase of Spares	175.13	63.88
		Maintenance services	-	3.65





# NTPC SAIL Power Company Limited

7	POWER GRID CORPORATION OF INDIA LTD	Maintenance services	148.84	20.63
8	MSTC LIMITED	service charges	34.25	3.65
9	RITES LTD	Maintenance services	318.92	48.70
10	HMT LIMITED	Erection services	1.99	0.60
11	BALMER LAWRIE & CO. LTD	Freight	73.61	73.54
12	KONKAN RAILWAY CORPORATION LTD	Consultancy	-	11.11
13	MECON LTD	Consultancy	446.39	489.79
14	MMTC LTD	Coal	21.67	39.30

## I) Outstanding balances with related parties are as follows:

₹ in Lakhs

Amount Recoverable	AS AT 31 March 2018	AS AT 31 March 2017
NTPC	146.24	
SAIL	10,039.40	7,223.36
HMT LIMITED	3.59	-
INDIAN OIL CORPORATION LIMITED	29.06	-
HINDUSTAN PETROLEUM CORPORATION LTD	6.24	
BHARAT HEAVY ELECTRICALS LTD.	8,365.14	14,356.24
BALMER LAWRIE & CO. LTD	8.10	4.07
POWER GRID CORPORATION OF INDIA LTD	-	1.07
NVVN (CUSTOMERS)	-	597.85
COAL INDIA LTD. AND ITS SUBSIDIARIES	5,636.90	
NTPC-GE Power Services Private Limited	6.18	73.84
NSPCL Defined Contribution Pension Trust	64.74	
<b>Total : Amount Recoverable</b>	<b>24,159.36</b>	<b>22,256.43</b>

₹ in Lakhs

Amount Payable	AS AT 31 March 2018	AS AT 31 March 2017
NTPC	3.79	67.03
SAIL	1,070.87	15.57
Subsidiaries of NTPC/SAIL	-	2.20
NSPCL Employees Gratuity Fund	777.38	118.41
NSPCL Defined Contribution Pension Trust	-	6.89
NSPCL Post Retirement Employees Medical Benefit Fund	130.69	86.92
RITES LIMITED	8.47	1.57
BHARAT HEAVY ELECTRICALS LIMITED	1,647.60	457.95
HINDUSTAN PETROLEUM CORPORATION LTD	-	-
HMT LIMITED	0.67	
BHARAT PETROLEUM CORPORATION LTD	2.65	-
UTILITY POWERTECH LIMITED	78.72	29.16
NTPC-GE Power Services Private Limited	709.88	744.70
INDIAN OIL CORPORATION LIMITED	13.59	-
BALMER LAWRIE & CO. LTD	13.59	3.59
NTPC - CONSULTANCY WING	49.38	127.22
NVVN ( VENDOR)	-	4.77
MMTC LTD	972.63	
THE SINGARENI COLLIERIES COMPANY LIMITED	95.14	
POWER GRID CORPORATION OF INDIA LTD	18.78	0.38
<b>Total : Amount Payable</b>	<b>5,593.82</b>	<b>1,666.35</b>

## J) 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) Consultancy services provided by the Promoters are generally on nomination basis at the terms, conditions and principles applicable for consultancy services provided to other parties.
- (3) Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- (4) For the financial year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: ₹ Nil).





**54. Disclosure as per Ind AS 36 on Impairment of Assets**

**Analysis of PP-III as Cash Generating Unit (CGU)** - The actual date of commercial operation of the generating station Unit-I was 22.4.2009 and for Unit-II was 21.10.2009. As per CERC regulation Useful life of Coal based generating station is taken as 25 years. Tariff is based on the capital cost incurred for a specific power plant and primarily comprises two components: fixed charge & variable charge.

Fixed Charges includes Return on Equity which at present is 15.50%, subject to grossing up at applicable tax rate. Incentive at 50 paise/KWh which is payable, if Normal annual PLF exceeds 85%. Cost of project is recovered through depreciation which is allowed upto 90% of the admitted capital cost, cost of working capital and operating and maintenance expenses and variable charge i.e. a primarily based on fuel costs.

As per the tariff allowed by CERC in respect of Bhilai PP-III, the project cost is being recovered through Return on Equity and Interest on Loan. Further depreciation is allowed upto 90% of the Capital Cost. Hence the recoverable amount of PP-III as per above tariff is greater than the carrying amount of PP-III in the books of Accounts.

**Analysis of PP-II as CGU** - After implementation of Ind AS 17, the PP-II fixed assets are transferred in books of SAIL and Finance Lease Recoverable (FLR) is recognized in books of NSPCL. The FLR is amortized based on the life of Power Purchase Agreement on the basis of recovery of fixed charges comprising of ROE, Incentive, Interest on Loan and Depreciation.

Thus based on above analysis of PP-III & PP-II as CGU and also considering external and internal indicators of impairments, there are no such indicators as per Ind AS 36 which suggests impairment of assets as on 31.03.2018. Hence the assets are carried out at their existing value.



**55. Disclosure as per Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'**
**Movements in provisions:**

₹ in Lakhs

Particulars	Provision for tariff adjustment		Others		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Carrying amount at the beginning of the year	585.42	854.22	1,034.88	1,034.88	1,620.30	1,889.10
Additions during the year	-	585.42	2,287.32	-	2,287.32	585.42
Amounts used during the year	920.23	-	-	-	920.23	-
Reversal / adjustments during the year	-	(854.22)	(0.06)	-	(0.06)	(854.22)
<b>Carrying amount at the end of the year</b>	<b>1,505.65</b>	<b>585.42</b>	<b>3,322.14</b>	<b>1,034.88</b>	<b>4,827.79</b>	<b>1,620.30</b>

**i) Provision for tariff adjustment**

The company has made provision for Interest on Refund to PP-III Customers as per 2014-19 CERC Regulations.

**ii) Others**

Other provision includes , provision for UI Charges receivable from Chattisgarh State Electricity Board and provision for Receivable arising from Sale of Energy to Dadra & Nagar Haveli & SAIL.

**iii) 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.





## NTPC SAIL Power Company Limited

### 56. Information in respect of micro and small enterprises as at 31 March 2018 as required by Micro, Small and Medium Enterprises Development Act, 2006

₹ in Lakhs		
Particulars	31.03.2018	31.03.2017
a) Amount remaining unpaid to any supplier:		
Principal amount	16.50	43.21
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	-	-





## NTPC SAIL Power Company Limited

### 57. Corporate Social Responsibility Expenses (CSR)

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 percent 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:

₹ in Lakhs		
Particulars	31.03.2018	31.03.2017
A. Amount required to be spent during the year	648.99	603.55
B. Shortfall amount of previous year	-	427.47
<b>C. Total (A+B)</b>	<b>648.99</b>	<b>1,031.02</b>
D. Amount spent during the year	773.73*	1,032.81
Shortfall amount appropriated to CSR reserve	-	-

\* Does not include an amount of ₹ 41.15 lakhs towards tree plantation recovered as part of revenue.





**58. Disclosure as per Ind AS 114, 'Regulatory Deferral Accounts'**

The Company is engaged in generation and sale of electricity. The tariff to be charged by the Company for electricity in respect of Bhilai PP III (2\*250 MW) sold to its customers is determined by the Central Electricity Regulatory Commission (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.

Revision of pay scales of employees of Public Sector Employees (PSEs) are due w.e.f. 1 January 2017 . The final report of the constituted committee to the Government inter-alia includes superannuation benefits @ 30% of basic +DA to be provided to the employees of CPSEs which includes gratuity at the enhanced ceiling of ₹ 20 lakhs and the enhanced amount from ₹ 10 lakhs to ₹ 20 lakhs will be borne by the company. The company has NTPC employees posted on secondment in NSPCL and the Company follows the same policies for NSPCL employees also. As per Proviso 8(3) of Terms and Conditions of Tariff Regulations 2014 applicable for the period 2014-19, truing up exercise in respect of Change in Law or compliance of existing law will be taken up by CERC. The proposed increase in pay scales of employee of PSEs and increase in gratuity ceiling from ₹ 10 lakhs to ₹ 20 lakhs falls under the category of 'Change in law'.

CERC Tariff Regulations provide truing up of capital expenditure, subject to prudence check, considering inter-alia change in laws. Considering the methodology followed by the Regulator in the previous pay revision and the provisions of CERC Tariff Regulations, 2014, a Regulatory Asset has been created (Regulatory deferral account debit balance) towards the increase in O&M expenditure due to the pay revision. This will be claimed upon implementation of revision of pay scales and discharge of related liabilities.

During the year the Company has provided ₹ 156.17 lakhs (Previous Year ₹ 124.43 lakhs) as regulated assets and recognized the same in the books to be recovered from the beneficiaries in future periods. The Company expects to recover the carrying amount of regulatory deferral account debit balance at the time of truing up.





## **NTPC SAIL Power Company Limited**


59. The pay revision of the employees of the Company is due w.e.f 1 January 2017. Department of Public Enterprises, GOI (DPE) has constituted the 3rd Pay Revision Committee to review the structure of pay scales and allowances/benefits of various categories of Central Public Sector Enterprises and suggest changes after taking in to account 7th Central Pay Commission recommendations applicable to central government employees. The final report of the committee had been submitted and guidelines issued by DPE. Pending issuance of approval of the same by Ministry of Power, provision for the year amounting to ₹ 2678.96 lakhs (Previous Year ₹ 718.32 lakhs) has been made towards pay revision on an estimated basis having regard to the report of the committee.




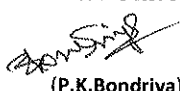


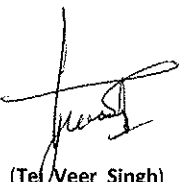
## NTPC SAIL Power Company Limited

- 60 Previous years figures have been re-grouped/rearranged wherever considered necessary.
- 61 Amount in the financial statements are presented in ₹ in Lakhs (upto two decimals) except for earning per share and as other-wise stated.
- 62 Expenditure on account of the shared facilities, services and consumption of stores/ spares/ consumables etc. with respect to taken over plants of SAIL (CPP-II) have been booked as per the advice of SAIL, in accordance with Shared Services and Support Agreement entered into by the Company with SAIL .
- 63 During the year 2017-18, 17.40 Lakhs Tons of Ash has been generated (During the year 2016-17 18.85 Lakhs Tons) and 18.14 Lakhs Tons (Previous year 22.75 Lakhs Tons) ash has been utilized for various productive purposes which is 104.25% (Previous year 120.69%) of the total ash generated.
- 64 (a). The long-term liabilities, current liabilities, loans and advances, current/non-current assets so far as these have since not been realized/ discharged or adjusted, are subject to confirmation/ reconciliation and consequential adjustment, if any.
- (b). In the opinion of the management, the value of current assets, long term loans and advances and other non-current assets on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- 65 Corporate Office expenditure common to CPP-II and Bhilai Expansion Unit (PP-III) are allocated to the respective Units in the proportion of 75:25 from 01.04.2017 to 30.06.2017. After 01.07.2017 , the Company has not transferred Corporate office expenses, incurred in the course of power generation, since Sale of Energy is exempted from payment of Goods & Service Tax Under HSN code 2716 00 00, and consequently no provision for GST has been made.
- 66 During the year, NSPCL received part of its coal requirement from SECL through the existing Coal Supply Agreement (CSA). The balance Coal has been arranged from SCCL through MOU route.
- 67 Under Ministry of Power(MOP) Initiative for Enhance Energy Efficiency (Perform Achieve & Trade) 29244 Energy Saving Certificates (EScerts) have been approved by MOP for NSPCL Bhilai PP-III Power Plant. Out of 29244 ESCerts, 20473 ESCerts has been sold during the year for Rs. 133.25 Lakhs (Excluding Goods & Service Tax). The balance 8771 Certificate are treated a part of Inventory valued at lower of Cost or Net Realisable Value. Since their cost is immaterial they are presently carried at NIL amount in Inventory.
- 68 Note No. 11 of the financial statements Pertains to Inter Unit Accounts.

  
(Umang Vats)  
Company Secretary

  
(Niranjan Ghosh)  
Chief Finance Officer

  
(P.K. Bondriya)  
Chief Executive Officer

  
(Tej Veer Singh)  
Director

  
(Saptarshi Roy)  
Chairman

As per our report of even date  
For Amit Ray & Co.  
Chartered Accountants  
FRN No.000483C

  
(Pradeep Mukherjee)  
Partner  
Membership No.070693



Place : New Delhi  
Date : 21.05.2018